

**Minister of Public Works
Mr J Radebe
31 January 1997**

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Launch of the Tradenet Buying System

Chairperson,
Southern Metropolitan Substructure Mayor Sophie Masite,
Councillors of the SMSS,
Ladies and gentlemen,
Comrades and friends.

It is indeed a great privilege for me to be present at this launch of the Southern Metropolitan Substructure (SMSS) Buying System. It is not an accident of history that such an event will be held in a place like Soweto, and in the chamber which used to cater of the undemocratic and unrepresentative council but now houses a council which represents the will of the people. Democracy and freedom have finally triumphed over the scourge of racism and apartheid.

The choice of Soweto reflects the deep commitment and stated objective of our ANC movement and Government in building a system of Government that embodies and responds to the needs and interests of the overwhelming majority of our people, particularly the poor and the marginalised. We will play an active role in ensuring that a better life is created for all in our society. This was at the centre of our discussions and debates at the recent Lekgotla of the ANC held in Johannesburg.

Soweto indeed continues to occupy quite a strategic position in the political and economic development of the Greater Johannesburg Metropolitan region. For us, Soweto is not only about the heroic history of struggle that started in 1976. This history will and should remain at the heart of our efforts for reconstruction and development. Soweto continue to reflect this rich history of struggle and heroism whilst at the same time containing and representing elements of a future non-racial and non-sexist society.

Soweto might not have the material resources to fulfil many of its dreams, however it has the greatest resource in its people. We should continue to mobilise this resource and ensure its energies are properly harnessed towards a better future. Our collective failure to mobilise our people has the potential of reversing the most important gains and changes brought about by the ANC Government.

Government at all levels should not fear the self organisation and activity of our people. The critical issue is about ensuring that the efforts and struggles of our mobilised people are located within and directed towards the objectives of reconstruction and development. I am confident, looking at the overall response of our people towards unfolding national and local events, that they will not fail the ultimate test.

Soweto will always remain the pride of the entire nation and a symbol of the aspirations of the black majority suppressed under apartheid.

The launch by the Southern Substructure serves as a reminder of how far we have gone in defending and consolidating democracy in our land. The role that local government play in this process is of critical importance. Today we are all witnesses to the reality that local government is indeed central to our efforts of building a better life for all.

I am encouraged by the role of the SMSS in relation to transformation of the tender system. Its intervention is the first decisive and systematic approach ever initiated by local government in the history of our country. You have taken the lead in an area that requires immediate and radical transformation.

When we deal with the issue of tendering and its accessibility to the majority of our people we are not only dealing with the changing of tender documents. We need to ensure that it is a living process that touches the lives of ordinary men and women in Soweto and the substructure as a whole. Various statements by the substructure reflects this kind of radical orientation. Among other things, the statements commit the substructure to affordable, cost effective, quality services for all the people in its area.

The experience of the Southern Metropolitan Substructure over the last year confirms this outlook. Very important initiatives have been started, including the spending of millions of rands on capital projects in Soweto itself, townships in the South and informal settlements. This resulted in the delivery of important services to communities denied of this basic rights under apartheid local government with its fragmentation

and racial basis of social services.

This principle is being implemented is reflected in the capital budget for Soweto which 1994/95 was in the region of R89 million, increasing to nearly R126 million in 1995/96, and is at R205 million for 1996/97, an increase of 65 per cent.

Approximately R12 million will be spent this year on health services and clinics throughout the substructure, including the provision of mobile clinics.

The significance of all of these and the trident system is the strategic role that the democratic state needs to play in leading society as a whole to better forms of organisation. The state, through its procurement of goods and services and other instruments could have direct leverage in transforming various sectors of our society.

Our excitement is not based solely on the understanding that the transformation of your tender procedures is grounded in the 10 Point Plan. We are encouraged by the fact that other levels of government and our social partners are building on our work on procurement reform and experiences gained over the last few years, including at the local government and community level.

Your intervention constitute an enrichment of the process of transforming the way government works in our country. Most importantly, we view it as part of our overall challenge for the renewal of a society ravaged by the system of apartheid. It is this understanding that will ensure that we all engage with the 10 Point Plan in a most creative and strategic manner rather than treat it as a "holy cow".

In this respect, the SMSS has indeed confirmed that the 10 Point Plan constitute the basis of procurement reform. It is not there to resolve all the problems inherent in the tender process. We have seen, over the last two years many sectors of our society embracing this set of interim strategies and insisting on their thorough-going implementation by all levels of government and its departments.

I wish to take this opportunity to congratulate Councillors Prema Naidoo, Chris Rabaji, dedicated official sand the Substructure as a whole in continuing to direct efforts towards the development and implementation of this changes. In implementing this important policy of our government, you have chosen a path of radical transformation that remains the central mandate of the ANC-led government.

At the heart of the 10 Point Plan initiative is the need to involve black and emerging contractors in the work given our by the public sector. The Tradenet Buying System is in line with this objectives.

Central to the system is the need to ensure that previously disadvantaged contractors, businesspersons and our people as a whole participate in tenders for the provision of goods and services to the council.

The system is a clear call to our local business community to work for the successful implementation of the system. Let us avoid engagements that could potentially undermine the realisation of its objectives at the local level. That is where it is most needed.

Your council has come to similar conclusions with regard to problems facing black and emerging contractors and businesspersons. One of the first major problems we discovered when we became government was that the procurement policies and procedures in South Africa tend to favour the larger and better established contracting businesses and simultaneously restrict access of SMMEs into the main stream procurement activities funded by the public sector. This remains more so at local government level and the challenge is greater.

The interlocking of ownership enterprises - particularly the large scale ones - involved in construction processes, like contractors, materials manufacturers and suppliers, plant and equipment suppliers and financiers also contributes to the marginalisation of small and emerging enterprises. This has been aggravated by poor access of aspirant entrepreneurs to contracting technical, administrative and business skills.

This state of affairs is inconsistent with the new economic development vision. This issue of economic empowerment, job creation and equitable growth have been place high on the agenda by the ANC-led government, especially that millions of South Africans are unemployed.

It is more than two years since the elections of our ANC-led Government. Within a short space of time, we

brought about changes that are starting to impact on the lives of our people. This includes the various intervention of the ANC led Alliance and civil society in bringing about economic transformation.

The promotion of SMMEs is one key strategy within our overall approach of reducing the enormous gap in wealth between black and white and putting the economy on a new and sustainable path based on full participation by all South Africans. The system we are launching today should be linked to national government policy. The promotion of small, medium and micro enterprises is part of government's integrated strategy to make the economy more diversified, enhance productivity, stimulate investment and encourage entrepreneurship.

SMMEs can also be powerful generators of income and employment opportunities since they generally use less capital investment per unit of output than larger enterprises. They constitute an important vehicle to address the challenges of job creation, economic growth and equity. Given that numerous constraints, both historical and economic, have hindered the full participation of SMMEs in the economy, there is a concerted effort to bring our people from the margins into the heart of a transformed economy.

The Department of Public Works and I are proud to be part of efforts by government to deepen the participation of our people in all spheres of our society, particularly economic activity. We have put a number of programmes into place as part of this commitment, including support for emerging contractors in our country.

Finally, may I take this opportunity to remind the Council and people of the Southern Substructure that the 10 Point Plan is not an end in itself. We appreciate the point that your initiative is still undergoing a process of development. However we should always view our initiatives within the overall process of procurement reform currently underway. The Green Paper on Procurement Reform prepared by the Department of Finance provides us with the opportunity to test our basic approaches.

In this context we might even be required to reconsider some of our initiatives if that is in the interest of transformation more broadly. For me, this is at the heart of a dynamic process of radical change of society.

I thank you

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