

Riots add to SMEs' woes

DOUBLE BLOW: ENTREPRENEURS ALREADY HIT BY LOCKDOWN REGULATIONS

Palesa Mofokeng

Many small black-owned businesses may not survive the aftermath of the riots and looting that has hit parts of South Africa over the last week, the Black Business Council (BBC) warns.

It says the unrest and destruction of property comes as a crippling double blow for these businesses, which have also had to face tougher economic conditions as a result of the Covid pandemic.

BBC president Sandile Zungu notes that many of the affected black-owned small and medium-sized enterprises (SMEs) are not likely to have the relevant insurance cover – not even through the state-run South African Special Risk Insurance Association (Sasria). This could lead to the permanent closure of such SMEs.

"The impact has been severe. Most of the SMEs were hit hard by Covid even before the looting spree," says Zungu.

"Many SMEs are not insured with Sasria cover.... Those that sell fresh produce cannot operate [right now] because the places where they used to work have been trashed. All their inventory is no more, and they can't claim from the insurance.

"This is an absolute disaster. The looting has resulted in a lot of hardships for these small businesses," he adds.

"As much as one talks about the resilience of entrepreneurs and the hopes that they will bounce back ... the reality is that some of them will not be able to."

Former Orlando Pirates

player Lucky Lekgwathi's Klip-town-based eatery Grootman, which was only opened in April this year, was not spared by the looting and destruction in Soweto this week. But he is hopeful that it will reopen.

He says the damage and losses to his business amount to around R400 000, mainly related to equipment and machinery that was stolen or vandalised.

"It took me 20 years to save money and open up the business. I played professional football for 20 years, saving money so that I can have a business [because] I wanted to teach and motivate current players 'to have their own' while they are still playing because after they retire it's going to be tough," he adds.

Lekgwathi says his restaurant was doing well, with more than 100 customers a day.

Despite the setback, he is confident it will reopen as he has been receiving "unbelievable" support from South Africans. He says there has been monetary support from South Africans and others have offered their assistance to clean and fix the plumbing and the electricity to help get it back up and running.

Nafcoc reacts

Reacting to the riots and looting, Gauteng spokesperson for the National African Federated Chamber of Commerce

and Industry (Nafcoc) Refilwe Monageng says the organisation is saddened to see the destruction of businesses, property and threats to the safety of citizens.

"Black-owned businesses in particular cannot afford this turmoil," she says.

"Black entrepreneurs throughout South Africa have already been in crisis mode for well over a year following various forms of lockdown restrictions since March 2020."

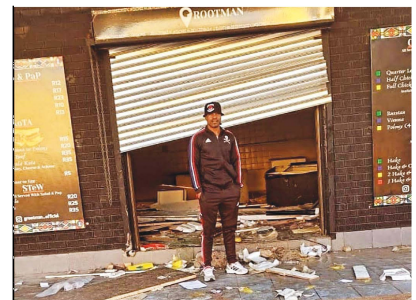
Nafcoc has appealed to government to expedite efforts to provide comprehensive relief to workers, employers and communities affected by the unrest and looting.

Harsh reality

In a radio interview with *Moneyweb's* Fifi Peters last Wednesday, founder of the Township Entrepreneurs Alliance Bubelani Balabala pointed out that in the organisation's most recent report (Lockdown Township Economic Impact Survey) only 2% of entrepreneurs were able to meet the criteria of the UIF Covid Temporary Employer-Employee Relief Scheme.

➔ **Many small businesses don't have insurance cover.**

Reality is that some entrepreneurs will not bounce back



TRASHED. Former Orlando Pirates player Lucky Lekgwathi saved up for 20 years so he could have his own business. Finally opening his Grootman restaurant in Soweto in April. Picture Supplied

