



## economic development

Economic Development Department  
REPUBLIC OF SOUTH AFRICA

**HON EM COLEMAN**  
**Chairperson: Portfolio Committee on Economic Development**  
**Parliament**

Dear Hon Coleman,

**RE: Questions from Portfolio Committee: Economic Development meeting on 5 March 2013**

Kindly find attached the written responses to questions from the Committee to Sefa.

1. Please provide more information on the SAICA Business Hub and Skills Training Programme. At a previous meeting, it was mentioned that the first Business Hub would be established at the sefa Braamfontein office. What is the plan to expand this further?

The pilot site will be launched during April in Braamfontein. This will be followed by Nelspruit (due to sefa's MOU with MEGA), KZN and the Western Cape. Once these pilot sites are tried and tested the programme will be rolled out nationally.

SAICA and FNB are in the process of tailoring a training programme to address the skills gap in sefa's regional staff members (particularly credit related skills)

2. What is the relationship between sefa's direct lending products and the products to be offered by PostBank?

Sefa will engage with the Postbank as soon as it becomes operational with a view of collaborating in terms of products offered to the SMME sector.

3. The Cooperatives Bank Agency is to be housed within the dti. What is the relationship between sefa and the dti regarding cooperatives?

There is a close working relationship between the Co-operative Bank Development Agency ("CBDA") - the Regulator ( National Treasury) whose role is to regulate, promote and develop the co-operative sector including deposit taking and lending co-operatives, the Co-operative Development Agency ("CDA") – (dti) whose role is to support, promote and assist in the development of the co-operative sector with financial and non-financial support. Sefa's role is to grow the sector by providing

on-lending facilities to those institutions which are regulated and have been sufficiently supported by CDA. There is a working committee set up by the regulator which includes representation from the above organisations including sefa, seda and CIPC.

4. Were there any job losses as a result of the sefa merger?

There were no job losses.

5. There has been mention of some people being 'excluded' from the merger (especially amongst the former samaf staff), as well as talk about demotions. Please comment.

All ex-Khula and Ex-samaf staff were absorbed into sefa and there were no demotions. There were concerns that were raised regarding job titles for the merged entity which are different from the previous entities. This has since been clarified. Please see below the spread of staff complement.

Level	Positions	Placed	Company	Vacancy
<b>Executive</b>	6	4	4 external	2
<b>Management</b>	21	19	13 Khula 4 samaf 2 external	2
<b>Professional</b>	117	92	61 Khula 31 samaf	25
<b>Administration</b>	41	39	29 Khula 10 samaf	2
<b>Support</b>	5	5	5 Khula	0
<b>TOTAL</b>	<b>190</b>	<b>159</b>		<b>31</b>

6. Is there a plan to involve SMMEs in the large state infrastructure projects?

Yes there is a plan by sefa through both Direct and Wholesale lending.  
 Direct - sefa, seda and PRASA are in the process of negotiating a co-operation agreement. The objective of the this partnership is for seda to provide business support services and sefa financial assistance to SMMEs that will benefit through PRASA supply chain

Wholesale – The division is presently engaging with Anglo and Transnet to establish a fund which is now being expanded with the Department of Public Enterprise. This is to establish a strategic procurement infrastructure fund.



7. The financial intermediaries which receive wholesale finance from sefa impose high fees on the end-users, making finance inaccessible to SMMEs. What can government do to work around this?

sefa is reviewing its model for intermediaries by playing a more key role with fewer and more strategically placed intermediaries in specific market and sectors. Through this process sefa will be more involved in influencing the strategic direction – including pricing and transformation among others. Furthermore intermediaries are registered with the National Credit Regulator and should operate and comply with NCA requirements.

8. Provide feedback on the sNF Enterprise Development Trust Fund (“sNF”) and the appointed fund manager

The creation of the sNF by the investors was to ensure that the fund was structured with proper governance and compliance. The investors also wanted to ensure that the appointed trustees undertook the responsibility of being involved with the operational management of the fund thus avoiding the pitfalls of the past. The appointment of the fund manager was advertised based on understanding of the market, experience in fund management and advisory. Proper regulatory requirements were necessary. The appointed fund manager brought all the required credentials except sufficient transformation targets. The Trustees of the fund are engaging with appointed fund manager to resolve their equity requirements before we finalise our agreement. Once this is finalised the appointed fund manager will be announced.

9. What is sefa doing to ensure its equitable reach into other priority provinces and people with disabilities?

As part of its strategic plan, sefa is targeting amongst others, at least 45% reach towards priority rural provinces. In addition sefa will target specific initiatives to people with disabilities.

10. How will sefa’s new conditions of employment differ from those of the previous entities?

The conditions of employment of the merged entity will be reviewed in consultation with staff and labour.

11. With regard to the governance structures in sefa, can you please elaborate on the following:

a. What is the role of the Portfolio Committee in the oversight of sefa?

It is expected that the Portfolio Committee will ensure that the interest of the public is well articulated to sefa


b. Which part of the IDC Act informs the activities of sefa?

S(3)(d) –To foster the development of small and medium enterprises and co-operatives

c. How does sefa, as a wholly-owned subsidiary of the IDC, function in terms of accountability?

sefa is accountable through its independent Board of Directors to IDC (its Shareholder) which is ultimately accountable to EDD

We trust that the Committee finds the information helpful.

  
2013.03.20

MS J SCHREINER  
DIRECTOR GENERAL  
Date:

