

Budget Vote 31: On Small Business and Cooperatives Development Speech delivered by: Hon. Nozabelo Ruth Bhengu an ANC MP

20 May 2015

Hon. Chairperson
Hon members
Fellow South Africans

I dedicate my speech to Me Ruth Mompati an ANC gallant fighter!

The ANC supports Budget Vote 31, the first budget of the Department of Small Business and Cooperatives Development.

The establishment of this Department demonstrates a commitment of the ANC to radical economic transformation, job creation and poverty reduction.

Adequate support to SMMEs and Cooperatives by government and established businesses will enable SMMEs and Cooperatives to effectively participate in mainstream economy.

South Africa is a mixed economy, driven by active participation of the State, the private sector and cooperatives.

Cooperatives are organised people with organised material and financial resources, collectively used against the exploitative monopoly capital in order to advance the wellbeing of the people.

Cooperatives mobilise communities to participate in the economy and are therefore an important pillar of the economy and deserve to be treated as such.

In South Africa cooperatives formed by black people are currently perceived as Cinderella businesses that deserve bread crumbs, a mentality that needs to change for South Africa to radically transform the economy.

The Department has allocated 2% for cooperatives development in 2015/2016 financial year.

This demonstrates a lack of understanding of the role of cooperatives in realising a mixed economy and building a developmental state.

It is like sending soldiers to war without ammunition.

Therefore Treasury needs to relook at the budget allocated to the Department of Small Business and Cooperative Development moving forward.

Incane kakhulu imali enikezwe lomnyango wokuthuthukiswa kosomabhizinisi abancane namabhizinisi obumbano (Cooperatives) akukho lapho ingasifikisa khona. Siyakhala sithi sinikezwe imvuthu yesinkwa kodwa imisebenzi ewu 800000 ngonyaka ibhekwe kosomabhizinisi abancane nakuma Cooperatives.

The slow pace in establishing the Cooperatives Development Agency, the Cooperatives Academy and a Cooperative Bank is retarding the process of developing sustainable cooperatives.

We therefore urge the Minister of Small Business and Cooperatives Development, Treasury and the

Minister of Higher Education and Training to move with speed to establish these entities which are central to development of cooperatives.

The NDP sets targets for job creation at 11 million more jobs by 2030 with 9.9 million jobs expected from small businesses and cooperatives.

The resolution of the 53rd ANC Congress on developing SMMEs and Cooperatives through public sector procurement and infrastructure spending is a firm commitment of the ANC government in opening a sustainable market for SMMEs and Cooperatives to radically transform the economy.

His Excellency President Jacob Zuma in his State Of The Nation address on 12th February 2015 announced that 30% of goods and services will be procured from SMMEs and Cooperative, another firm commitment by the ANC government on radical economic transformation, job creation and poverty reduction.

Our ability to align the process of developing SMMEs and Cooperatives to service delivery and skills training would enable us to achieve maximum benefits through well coordinated limited resources.

Targeting poor people who depend on government social grants and free basic services would reduce a culture of entitlement and dependency of poor families on social grants and free services.

An integrated planning and implementation approach by different departments and spheres of government would reduce duplication and yield maximum results. Let South Africa use the experience gained by hosting 2010 Soccer World Cup.

The Department of Small Business and Cooperatives Development needs to speed up the process of signing transversal agreements with the private sector, other departments and spheres of government so that the development of SMMEs and Cooperatives could be done in a coordinated manner.

Hon. Chairperson.

Clause three of the Freedom Charter says THE WEALTH OF THE COUNTRY SHALL BE SHARED AMONGST THE PEOPLE.

It further says ALL OTHER INDUSTRY AND TRADE SHALL BE CONTROLLED TO ASSIST THE WELBEING OF THE PEOPLE.

The Portfolio Committee is engaging the retail sector and government departments on policy implementation of 30% procurement from SMMEs and Cooperatives.

The Portfolio Committee resolved to establish a Task Team to further research the size and the behaviour of the retail sector to determine the 30% share of the market and changes that need to be made for SMMEs and Cooperatives to take advantage of this policy and participate in mainstream economy.

The ANC believes that the franchise sector in South Africa is a law unto itself and therefore needs to be transformed to address monopoly capital practices entrenched in the retail sector.

ASIDLALI SIYAQHUBA, UZOPHELA UMKHUBA WOKUNIKEZA UMNDENI OWODWA IZITOLU EZINGAPHEZULU KWEKHULU KUBE KUNABANTU ABAWU 17 MILLION ABONDLIWE WUHULUMENI NGAMA SOCIAL GRANTS.

Honourable Chairperson

The Department is at a transitional stage from being a programme of the Department of Trade and Industry to becoming a stand-alone department that focuses on developing SMMEs and Cooperatives.

The budget allocated to the Department would be used mainly to establish the Department, design programmes and support services that are relevant to the mandate of the Department and employ personnel with relevant skills while at the same continuing to provide services inherited from the Department of Trade and Industry.

The budget will also be used to assess financial and nonfinancial services regarding their relevance to the mandate of the Department including their structural design so as to lay a firm foundation for providing adequate support for SMMEs and Cooperatives.

The ANC believes that proper planning and building a firm foundation and capacity would yield better results.

Hon. Chairperson

Transition is a very difficult exercise characterised by resistance and adaptation.

The Department is experiencing such challenges and is managing them with the assistance of the Portfolio Committee.

I thank members of the Portfolio Committee from all political parties for their commitment beyond the call of duty in shaping the thinking and the direction of the Department.

I also thank the Minister and the Deputy Minister for regular attendance of Portfolio Committee meetings as well as listening to issues raised and committing the Department to work on improving them.

Hon. Chairperson

We assessed the budget of the Department on its relevance to service delivery priorities.

We looked at how the budget responds to felt needs by SMMEs and Cooperatives, which include access to finance and market, adequate support for women businesses, adequate infrastructure, Red tape, incentives and skills development.

The committee also assessed the alignment of strategic plans of agencies to the strategic plan and the mandate of the Department of Small Business and Cooperatives Development.

SEFA and SAWEN had not aligned their strategic plans to the strategic plan of the department. The Committee guided them and gave them time to meet with the Department to align their strategic plans and allocate budget to priority areas.

There is now a better understanding on alignment and coordination of efforts and resources between the Department and agencies designed to support SMMEs and Cooperatives.

The Portfolio Committee believes that all support services designed for SMMEs and Cooperatives should fall under the Department of Small Businesses. We also believe that SEDA and SEFA should

merge to reduce red tape and provide complimentary services under one agency and one roof.

In engaging with Statistics South Africa, street vendors, spaza shops, tuck shops owners and small businesses at a survivalist level we realised that our financial support systems do not relate to the felt needs of our target group.

The Portfolio Committee believes that the use of intermediaries by SEFA to provide financial loans to small businesses at 42% to 110% interest rate on loan is a rip off to small businesses that we need to review.

The ANC believes that channelling loans to small business and cooperatives at survivalist levels through Stokvels would make loans easily accessible while at the same time developing Stokvels into Credit Unions, Community Banks and Cooperative Banks a process that would result with community owned financial services.

It may have been dark yesterday, the future is certainly very bright.

I Thank you.

Speech by Hon Xitlhangoma Mabasa on Small Business Development Budget Vote 31

20 May 2015

Mutshami wa xitulo muchaviseki....., Holobye manana Zulu, Xandla xa holobye manana Thabethe, swirho swa huvo na vayeni..... Nza mi xeweta.

ANC yi amukela budget vote 31.

Okjmnkjnhb hv

Even big businesses rely on the infrastructure provided by government to build their businesses. The high ways are used by huge trucks as they ferry goods from one point to another. The rail is also used to ferry goods from inland and sometimes to ports.

Electricity has been the bedrock of building industries that are flourishing in the country. Bridges, pavements, dams, rivers are all constituting infrastructure. IT itself is dependent on infrastructure of copper wires and other forms of conductors of electricity.

The same way Big business needs infrastructure to prosper and therefore Small business also need infrastructure to thrive and prosper. Cabinets need to be built on the street pavements, cabinets that can store the goods that are being sold e.g. bananas and apples. These cabinets on being constructed must be built with the collaboration of health inspectors metal and plastic experts and cabinets manufacturers so that the small pavement stall of a street vendor is well secured, clean to meet hygiene standards and designed to withstand the harsh weather e.g. rain or heat. SABS need to play a role in the collaboration exercise. It must not be seen as a waste to invest in this type of infrastructure. The benefits are enormous. The street vendors can compete with big shops as they sell their fruits and vegetables.

Swiphaza leswi a swi fanelangi ku tshama swi ri swintsongo vutomi bya swona hinkwabyo. Swi fanele ku kula. Maphorisa va fanele ku ta na pulani yo sirhelela swiphaza leswi. Vamasipala va fanele ku pfuneta hi ku basisa minkarhi hinkwayo. Hayijini yi fanele yi landzeleriwa hi vaxavisi na vatirhi va ka masipala. Loko ho landzelela pulani leyi, hi nga sivela nxungeto wa makondlo.

In that process you can see a value chain, right from rearing cattle, milking, sending to the dairy cheese coop, yoghurt coops etc.

The PPPFA.

Preferential Procurement Policy Framework Act is disempowering to black owned small businesses in particular in that it imposes the burden of the price element over other key elements of the PPPFA such as ownership and technical competence.

It places traditionally white owned businesses who are thus able to out compete smaller businesses because of its production critical mass and a much bigger balance sheet through the 90/10 or 80/20 requirement on price which makes lowest price the determining factor.

In essence the PPPFA does not provide any preferential treatment to start ups of black SMMEs and Coops that should give them a competitive edge.