

**Parliamentary Debate - Small Business Development**  
**By**  
**Ms SJ Nkomo, MP**

20 May 2015

Honourable Chairperson,

Small Business Development in South Africa accounts for approximately 40% of total GDP and nearly 60% of all employment, yet still faces a myriad of challenges, most of which could and must be overcome through greater government support for the sector, particularly support centred around the creation of new entrepreneurs and greater ease of entrance to market.

This is vital if the Department is to meet its vision of a radically transformed economy through effective development and increased participation of SMMEs and Cooperatives in the mainstream economy.

Of concern is that early stage development of entrepreneurial activity rates in our country are presently only half of what they are in other developing countries. Some key proposals to support small business development are to simplify the regulatory environment, implement commitments to 30-day payments to smaller suppliers, make government procurement opportunities more accessible to small businesses, streamline tender processes, improve transparency and get rid of corruption, simplify the regulatory environment and provide access to debt and equity finance. The skills gaps also require address.

Also of critical importance is the issue of small business development in our rural communities and access to land for small, medium and micro enterprises (SMMEs) and Cooperatives in the agricultural sector as this has great potential not only from an empowerment and employment perspective, but also as a key driver of economic growth.

Our rural communities make extensive use of the nearly 860 Traditional Councils in South Africa as these are the primary offices of governance where rural people reside and it is naturally their first port of call when they require assistance. The Councils however are not capacitated and empowered to render the necessary service advice that people require when establishing a small business enterprise. This ineffectiveness is usually as a result of a lack of proper government support. Government must work together with the private sector with the common goal of creating of an environment that facilitates new entry to market for entrepreneurs.

The high rate of youth unemployment which is amongst the highest in the world is being further compounded by a 16% decline in entrepreneurial skills among 18 – 34 year olds. This is a tragedy for our young people, many of whom are beginning their adult lives in poverty, with limited skills, and with very few opportunities to access formal employment. Youth entrepreneurship training programmes are imperative in this regard and we support calls for far greater outreach in respect of same.

It is also of great importance that we fast track the finalization of the establishment of cooperative development agencies and cooperative banks as are crucial to 'unlocking' greater small business development.

In conclusion, this department must get to work in getting South Africa working!

We support the budget vote.

I thank you.