



Trade and Economic Affairs Cluster 2023 SONA Bulletin

Small Business Development

HIGHLIGHTS ON SONA 2022:

- Introduce the Bounce-back Loan Scheme
- Establish a red tape reduction team in Presidency
- Review the Business Act to ease the regulatory burden on SMMEs.
- Expand tax incentives to help SMMEs employ particularly young people.
- Ensure that government pays SMMEs within 30 days.
- Promote access to government procurement opportunities

The following key issues were highlighted: 2023

The President stated that emphasis is not on new plans or full government programme but on those issues that concern South Africans the most, i.e.

- Load shedding.
- Unemployment.
- Poverty and the rising cost of living.
- Crime and corruption.

sefa reported this year that about 70% of its clients were negatively affected by loadshedding. The NDP envisages a small business sector helping to reduce unemployment by creating 90% of new jobs by 2030. These jobs are expected to provide an income and lift people out of poverty. Meanwhile crime and corruption are a barrier to entrepreneurial culture.

Alignment to the MTBPS

- Access to finance: In terms of the MTBPS, the DSBD needs to ensure that it meets its targets of providing financial support to key programmes, namely, township and rural enterprises, cooperatives which are underserved and experience the highest rate of unemployment. This is in line with the pronouncement of providing R1.4 billion worth of financial support to 90 000 entrepreneurs and ensuring that SMMEs are drivers of growth and job creation in the country.
- Access to markets: The MTBPS notes that the DSBD needs to intensify its efforts of linking SMMEs and cooperatives, particularly women-owned enterprises to international markets opportunities, as they are a key aspect of the National Strategic Plan.

SONA PRIORITY AREAS FOR SMALL BUSINESS DEVELOPMENT

The President highlighted the following priority areas:

- Growth and the creation of jobs to be driven by SMMEs, cooperatives and informal businesses.
- DSBD and National Treasury to work together to strengthen the Bounce-back Loan Guarantee Scheme to facilitate the leasing of solar panels to their small businesses.
- **sefa** to provide financial support amounting to R1.4 billion to 90 000 entrepreneurs.
- Government in partnership with the SA SME Fund to establish a R10 billion fund to support SMME growth. R2.5 billion from government and R7.5 billion from private sector.
- Licensing the PostBank to lay a foundation for a state bank as an alternative to commercial banks. It will provide financial services to SMMEs, youth and women-owned businesses and underserved communities.
- Finalise amending of the Business Act to reduce red tape.

KEY ISSUES RELEVANT TO SMALL BUSINESS DEVELOPMENT

The President announced that;

- Government is declaring a state of national disaster with immediate effect. The aim is to mitigate the effects of loadshedding/energy crisis on, among others, SMMEs in affected sectors e.g. retail, food production and storage.
- A key aspect of the National Strategic Plan is the economic empowerment of women. Therefore, IDC has earmarked R9 billion to invest in women-led businesses. **sefa** is a subsidiary of the IDC and therefore this amount should include SMMEs and cooperatives.
- To address the challenge of youth unemployment, the Employment Tax Incentive has been expanded to encourage businesses to hire more young people in large numbers.



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Key areas for oversight

- ✓ Implementation of the R1.4 billion.
- ✓ Finalisation of the Business Act.
- ✓ The Bounce-back Loan Guarantee Scheme in facilitating the leasing of solar panels to small businesses to mitigate the impact of the energy crisis on SMMEs and cooperatives.
- ✓ Progress on the licensing of the PostBank to help the underserved enterprises.
- ✓ Partnership between government and the SA SME Fund in establishing the R10 billion fund.