**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY TUESDAY, 16 MAY 2023**

**VOTE NO 36 – SMALL BUSINESS DEVELOPMENT**

***PROCEEDINGS OF HYBRID MINIPLENARY – GOOD HOPE CHAMBER***

Members of the mini-plenary session met at Good Hope Chamber at 16:15.

House Chairperson Ms M G Boroto took the Chair and requested members to observe a moment of silence for prayer or meditation.

**APPROPRIATION BILL**

Debate on Vote No 36 – Small Business Development:

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon House

Chairperson and members of the portfolio committee, Deputy Chief Whip, hon members, Deputy Minister, the director-general and officials of our beautiful portfolio, the Small Enterprise Finance Agency, Sefa, the Small Enterprise Development Agency, Seda, chairpersons and CEOs, distinguish guests and

entrepreneurs, I greet you all this afternoon. Speak more about a black child to a black child to liberate a black child. In a country where the scarcity of jobs is the main topic and there is no viable alternative for graduates and semi-skilled people, use what you can to create a living. One day we will win ...

*IsiXhosa*:

... bantwana bomthonyama.

*English*:

Thank you, Seda. These are the words that were expressed by Amlulamele Mbabala, who is the beneficiary of our programmes. It is an honour for me to present progress on the work that has been done by the portfolio since our last Budget Vote and to outline plans for this financial year, which is the end of the sixth administration.

In the last Budget Vote, we committed to providing business finance to start-up businesses and investing in existing businesses to give them the much-needed support for their growth. The Budget Vote we are tabling today sets out achievements from the previous year and highlights our

ambition and allocated decisions for the period ahead. As we approach 30 years of democratic governance, it is important to remind ourselves that life today for most of our citizens is better than it was under apartheid. We are not alone in our economic woes. Like South Africa, The EU is also expected to grow at less than 1%, and the UK is projected to have negative growth.

A recent International Monetary Fund, IMF, report suggests that one-third of countries worldwide may fall into recession this year. The global economic context is highly constrained by the COVID-19 aftereffects, the general slowing of Chinese growth and the Russia-Ukraine conflict. Compounding this is the energy challenge here at home.

Although slightly easing, the world remains in a tight monetary policy cycle to manage inflationary pressures. This means weaker currencies and reduced investment flows to much of the developing world. In this context, SMMEs become even more important to sustain livelihoods and drive growth and jobs. Currently, our 2,5 million SMMEs employ just under

8 million, meaning that we need to more than double the number of SMMEs and co-operatives in the country to come close to the

National Development Plan target of 11 million new jobs by 2030. This means a step change in how we do things and requires both a scale-up of support and more coherence in the SMMEs and co-operatives ecosystem. This is the approach called for in our National Integrated Small Enterprise Development Strategic Framework, which is the third iteration of SMME strategy for our country which was completed in the past financial year, as promised in last year's Budget Vote address.

Our approach to SMMEs and co-operatives development is fivefold. The first pillar of our strategy is to cut red tape and address regulatory impediments facing SMMEs and co- operatives. We've done much work here which the Deputy Minister will give more detail save to say, we have met with the SA Local Government Association, Salga, who will pronounce on the interventions post their national members assembly in August.

The second pillar of our work is to enable access to markets. Our country remains a very concentrated economy by international standards, a legacy of our apartheid past. The ANC’s 55th national conference noted:

The task of ensuring that all South Africans share in the country's wealth is far from complete. The country's unequal distribution of wealth and income is still largely characterised by the racial and gender demographics of our colonial and apartheid past.

Through our market linkage programme, we will link 250 products manufactured by SMMEs and co-operatives to domestic markets this financial year. We have a great collaborative partnership with Proudly SA, and we're currently working together on an e-commerce platform, managed and run by Proudly SA

Hon members and citizens, please support the cause by buying locally. In continuing with the implementation of the localisation policy framework, we have prioritised sectors with low barriers to entry and sunrise sectors like cannabis, and will this year be setting up a cannabis and hemp cluster in the Eastern Cape. This cluster will look both at the industrial hemp value chain, as well as how to mainstream small indigenous cannabis growers for lucrative markets.

Through Seda, we're implementing our comprehensive small business exporter development scheme which is designed to build export readiness and fund emerging exporters to participate in trade shows, exhibitions, and business-to- business engagements outside South Africa with a special focus on African markets. This year, we will allocate R25 million for this trade support. We will also be sending five SMMEs to Turkey for export readiness training in fashion design. The African Continental Free Trade Area presents great opportunities for our SMMEs. In March next year, South Africa will host the Global Entrepreneurship Network Africa Plus, which will bring leaders and entrepreneurs from across the continent to see how we can create a more effective continental SMME and start-up ecosystem.

We are also implementing the SheTradesZA programme, which is an online platform to support our locally-owned businesses. Through our support, Lefakong Consultants a North West-based Moringa Production Company is exporting to Botswana and expanding production to Mauritius. The House of Natural Butters, a Western Cape-based company became a member of SheTradesZA in 2020 and now exports to Namibia, Botswana and Zambia. The other significant market access support we provide

in the portfolio is in the area of Enterprise Supplier Development. Here we have created a community of practice as the basis for the creation of a partnership platform. As Tony Elumelu, one of Africa's prominent entrepreneurs, reminds us:

Companies that incorporate local value creation will be both the most sustainable and profitable in Africa in the long term. By investing in local economies and creating local jobs, they are also increasing the pool of people who can afford their products and services.

Both our agencies, Sefa and Seda are collaborating on this work. The Small Enterprise Development Agency, for example, is partnering with SA Pulp and Paper Industries, Sappi and SA Forestry Company Limited, Safcol, in Mpumalanga, Lafarge in the North West, Pick and Pay in the Western Cape Gold One Mine in the East Rand, Sishen Iron Ore Company, SIOC, in the Northern Cape and the Retail Motor Industry, RMI, in a number of provinces to mention a few.

Sasol has also collaborated with Seda to roll-out pop-up markets in various provinces, and in Mpumalanga and Free State is providing containerised business hubs to support township

businesses. The Small Enterprise Development Agency has supported 51 SMMEs to gain access to corporate value chain markets. This was supported with the R201 million revolving credit facility to provide goods and services to corporates such as Tiger Brands, United Exports, Grain SA, Cotton SA, Rainbow Chicken Limited and Mondi amongst others. The third pillar of our strategies is access to finance.

*IsiXhosa*:

Imali ezandleni.

*English*:

As I have suggested previously, the World Bank estimates our small enterprise credit gap in South Africa to be between R350 billion to R500 billion. This is a national crisis that we all need to work together to resolve.

For this financial year ending 31 March, Sefa, through its development finance interventions and programmes financed

74 762 SMMEs and co-operatives and dispersed R2,4 billion grants to these enterprises. Through these disbursements, Sefa was able to reach 74 486 black-owned SMMEs to the value of R2,1 billion, 15 535 youth-owned SMMEs to the value of

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| --- | --- | --- |
| R564 | million, | 72 651 women-owned SMMEs to the value of |
| R928 | million, | 2 953 township based SMMEs to the value of |
| R541 | million, | 66 302 rural based SMMEs to the value of |
| R952 | million. |  |

Collectively these funding interventions have created 32 665 new jobs and sustained 71 882 existing jobs. Through this Budget Vote, Sefa will seek to approve loan finance to the value of R2,5 billion and disperse R2,2 billion to 93 000 small businesses and co-operatives. We have also finalised the SMMEs and co-operatives funding policy which will accelerate addressing the credit gap through expanded access to finance and early-stage investment. Enabling youth entrepreneurship is a priority for our department.

For this financial year, R122 million has been allocated to the Youth Challenge Fund with regard to township and rural entrepreneurship. We have looked at local productive business ventures and for this financial year, we set a target of supporting 20 000 enterprises and surpassed this target by providing financial and nonfinancial support to 23 344 enterprises, 3 344 extra than what we had committed to.

This year we have increased the target to 30 000 enterprises and have allocated R909,42 million for the programme. It is clear that the ANC-led government is serious about economic inclusion. Of this, R909,42 million allocations, R500 million goes to Seda, broken as follows; R280 million to equipment targeting SMMEs worth a turnover of less than R3 million, and R100 million for product markets piloted in seven district municipalities. We want SMME markets and we urge all of you fellow South Africans and hon members to go to those markets just like you go to the big malls, do provide support so that we can increase our jobs and, therefore, contribute towards our economy, R70 million to energy support for product markets, R50 million for general dealer support as part of reclaiming the informal trader space. Everywhere we went, people are complaining about foreign nationals that are taking over spaza shops and general dealerships. We calling upon all proud South Africans to make sure that they go back and utilise this opportunity.

Our allocation for Sefa this year is R409 million on the Township and Rural Entrepreneurship Programme, Trep, which goes as follows; R200 million for the township and rural businesses for power purchase products. The energy crisis is a

reality and a nightmare for our small businesses. Therefore, we have no choice but to put in measures that must mitigate the risk and closure of businesses, R209 million goes to the normal Trep spending wherein we borrow money from those businesses in those areas. In addition, Sefa will allocate R220 million for other businesses for the power purchase project; R100 million is set aside by Sefa for automotive aftermarket support. Businesses can get up to R1 million of which R100 000 is a grant, and R32 million for stock for spaza shop support implemented through Sefa and Seda. The other financial support instruments we have as the portfolio include the Informal and Micro Enterprise Development Programme, which is a 100% grant offered to informal and micro enterprises, from a minimum grant of R500 up to a maximum of R15 000 to assist them to improve their competitiveness and sustainability. To this programme, we've allocated R20 million and through this programme, we intend to support 1 333 informal businesses in this financial year. Finally, ... [Interjections.] ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Order! Hon Minister just ... Ma’am Sotyu, please mute. Proceed, Minister.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: We have the Co-

Operative Development Support Programme to which we're allocating R73 million and the Deputy Minister will talk about what we have done and what we're going to do in this financial year. The fourth pillar of our strategy is access to business development services. Our core work here is in the space of incubation and entrepreneurship support. We set a target of establishing 100 incubators through Seda, we have thus far established 110 incubators nationally aligned to the government's priority sectors. These incubators are further broken down into 73 technology business centres, 31 centres for entrepreneurship and rapid incubation and six township and digital hubs. For this financial year, a total of 2 507 SMMEs were supported via the incubation programme, 1 607 jobs were created and 6 995 jobs were sustained, a total of R148 million has been put aside for incubation for the 2023-2024 financial year. Of this, a total of R44 million has been put aside to implement the approved 11 incubators in rural and township areas.

Our Limpopo jewellery business incubator has recently seen two of its SMMEs taking bold steps towards expanding their horizons in the international market. Come Again Holdings Pty

Ltd and SA Swiss Pty Ltd represented the incubator in the International 2023 APLF Dubai Exhibition and the Platinum Guild International India Show respectively. The importance of such representation and exposure cannot be overstated as it provides SMMEs with the opportunity to showcase their products and services, network with potential clients and investors and gain valuable exposure in new global markets. We have just launched the National Mandela Hub and recruited 40 new incubates who will participate in a three-year incubation programme.

The centre also showcased the new technology equipment it bought, including virtual reality headsets and controls. Our Mafikeng Digital Innovation Hub recently partnered with Telkom to host the Future Makers Hackathon for high school learners. The fifth pillar of our strategy is building our capacity and capabilities for effective implementation. We are going to embark on digitisation which will also improve transparency and reduced the scope for fraudulent and unsavoury practices besides improving the turnaround times of applications.

We're also busy with the establishment of a one-stop shop agency for small businesses and co-operatives and in this

regard, the Cabinet has approved the business case and we are in the process of finalising. We've appointed District Development Model, DDM champions, to strengthen the DDM One Plan and mobilised the three spheres behind the work of the department in the local spheres. Ladies and gentlemen, hon members, again, we can't do this by ourselves, therefore, we ventured into partnerships.

In partnership with the Department of Higher Education, we're going to train 1 500 graduates, of which 750 will be trained this financial year and the next one in the next financial year. They will be offered job opportunities for a maximum period of 18 months, working with informal businesses, including spaza shops and general dealers. In addition to this, 12 500 spaza shops and general dealers will receive business development support training and this programme will be rolled out to all provinces but with a bias to rural provinces. This we do because we believe that it is high time that we professionalise businesses. It's not about the size. Business is business. In partnership with the Wholesale and Retail Seta, we are targeting 3 000 spaza shops and general dealers who will be receiving stock of up to R6 000 and training on stock management. This partnership will also

result in 200 graduates being employed for 12 months to assist in the business development support services.

Our partnership with the Manufacturing, Engineering and Related Services Seta, merSeta, will result in recognition of prior learning with 600 employees of SMMEs in the automotive industry, will be trained and given an opportunity to obtain trade centres for two years, and in addition, 300 SMMEs in that sector will receive business training and support and the qualifying businesses will be linked to the KCG Automotive Aftermarket Support Programme that I spoke about. SA Breweries, SAB, through its foundation, is investing an average of R100 million a year in the small businesses that we work with. Tiger Brands will enter into a funding partnership with Sefa to provide access for SMMEs who either exist or are prospective suppliers of Tiger Brands. Our department and its agencies again, will provide the JSE Accelerator Programme, which looks at ensuring that businesses that could not get the amount that they're looking for from us, get the top-up from themselves. They will also provide funding readiness training and support for these businesses. On Seda, we have allocated R301 million towards enterprise development.

In conclusion, I table before you the Budget Vote of the department for this financial year. The budget is an indication of the government's commitment to promote the development of small businesses and co-operatives. The department is allocated a budget of R2,578 billion for the 2023-2024 financial year. Transfers and subsidies amount to R2,226 036 billion, compensation of employees R225 million, goods and services R118 million and capital expenditure R4,94 million. This Budget Vote shows the unwavering commitment of the ANC-led government to SMMEs and co- operatives development.

As I wrap up, let me extend my sincere gratitude to the portfolio committee for guidance as well as to the stakeholders and all the SMMEs and co-operatives, including informal businesses for the continued support of our Ministry. I would like to thank the Deputy Minister Ms Dipuo Peters and the rest of the Ministry team, the director-general and the entire department, as well as the boards and officials of our agencies for their contribution and support towards the work that we do. I would also like to thank the President and Cabinet colleagues for their leadership and the support they provide.

We thank the portfolio committee for their ongoing encouragement and of course, the necessary coaching where it's required. Despite the challenges we face as a country, the people know that the ANC remains the leading force for change in the country and carries the hopes and aspirations of our people.

Unlike the main opposition parties and I quote directly from the resolutions of the ANCs 55th national conference, we are committed to building an economy which is inclusive and in which new businesses are able to emerge and flourish. Where black people and the majority of women and young South Africans are able to advance it to all levels and all economic areas of our economy and where township and rural economies are able to grow.

It is easy to howl and cast aspersions when you are not holding the fort. We do understand that, as the governing party, we owe it to the people that have given us the support that led to us being in the government. We call upon all Members of Parliament, irrespective of the t-shirts they wear, and the slogans that they champion, to try to work with us in resolving the challenges that are faced by our country, and

the only solution to that is when we collectively build towards creating more SMMEs and supporting them instead of running away from where they are ... [Interjections. ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Order! Order! Hon ...

The MINISTER OF SMALL BUSINESS DEVELOPMENT: ... and ensuring

that small businesses are supported by all the hon members who dare speak on their behalf in this House. It can never be acceptable that people see the reason to politic about the challenges that are faced by our people but as members of a caring organisation, we are left with no choice but to do what we have to do. Save the ... [Interjections.] [Inaudible.]

...

The HOUSE CHAIRPERSON (Ms M G Boroto): Order!

The MINISTER OF SMALL BUSINESS DEVELOPMENT: ... create a

conducive environment amongst all the noise that continues to be made. One day we'll sing from the same book. Thank you, hon Chair.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members, there's heckling and there's shouting. Please ... [Interjections.] ... no, no, no, no ... [Interjections.] ... Mr Macpherson, you don't say that in this House. No, no, no, no, no. Please, don't do that.

Ms V S SIWELA: Hon House Chair, hon members, Minister Stella Ndabeni-Abrahams, Deputy Minister Dipuo Peters, all Ministers and Deputy Ministers present, hon Deputy Chief Whip, invited guests, ladies and gentlemen, I greet you all**,** programme director thank you for the opportunity you have afforded me to make introductory remarks this morning about Budget Vote 36.

It is an honour and privilege for me to stand here today in solidarity with millions of our small business owners, co- operatives, street vendors, spaza store owners, the engines of our country’s economy. In retrospect, madam Chair, we must admit that perhaps we are a nation that does not properly recognize these valiant men and women. Their impact to the economy of this country is commonly underestimated, yet according to Productivity SA.

Small and medium-sized enterprises, SMMEs, in the informal economy employed between 50 and 60% of the country’s workforce across all sectors and account for one quarter of private sector job growth.

Madam Chair, this year, marks 10 and third years since the passing of our struggle icons, comrades, Nelson Mandela and Chris Hani respectively. We are internally grateful to these soldiers for their contribution to our struggle for freedom. We are called to do all we can in our little space to emulate their dedication and insight in radical transforming and building a country that we can all be proud of. It is frequently stated that every challenge we face has been overcome by someone we admire, who is willing to show us how these two giants came and conquered.

They paved the way and I have no doubt madam Chair, that South Africa we are seeing today is endured with resilient small business owners who have learned a great deal of lessons about what perseverance entails from these leaders. Indeed, the journey of an entrepreneur is lonesome. But as this portfolio committee has witnessed, the department and its entities, Small Enterprise Development Agency, Seda, and Small

Enterprise Finance Agency, Sefa, have been traversing some of these journeys side by side with these brave men and women.

I’m reminded of Batlhako Temo Agricultural Primary Co-operative in Brits Northwest, that began its journey with Seda in 2010.

Today, it is not only a bigger citrus grower in the province but exporting citrus to Taiwan and the Middle East.

This committee has visited eight provinces since its establishment in 2014. We observed how enthusiastic people are about the work being done by this department and entities, despite limited resources, are recurring theme in almost all of the oversight tips trips, this committee has undertaken.

The department by extension, the portfolio committee is in charge of a sector that has been severely ravaged by the

covid-19 pandemic. Riots in KwaZulu-Natal and Gauteng flooding in some parts of the country, and most recently ongoing energy crisis. Despite all of this, the sector is still standing firm, partially because of the interventions that the ANC-led government has put in place since 2020.

Madam Chair, writer, scientist and philosopher - Erol Ozan teaches us that and I quote:

Some beautiful paths can’t be discovered without getting lost.

This is the journey we are on with this department. We are not saying it is perfect, but our role as a committee is to guide them where we feel these are not being done well or to the satisfaction of our people. There are indeed areas where we felt as committee that perhaps could have been done better or differently. One of those is in the area of policy regulation and legislation. The Sixth Parliament is approaching the end of term. The committee has not dealt with any legislation, especially the outstanding National Small Business Amendment Bill.

Madam Chair, as you may be aware, in an effort to compliment the department and strengthening the sector, the House recently adopted a committee request to embark on a committee Bill to reinforce the National Small Enterprise Act so that it includes the criteria, the creation of a small enterprise commission and ... [Inaudible.] ... to deal decisively with a

number of concerns from the sector, such as failure by public and private sector to pay invoices on time, the provision of dispute resolution services, investigation of all types of complaints, including corporate bullying.

Equally, we are happy with the work being done by the department in other policy areas such as the finalization of National Integrated Small Enterprise Development strategic framework, and the SMMEs and funding policy recent published in the *Gazette* as well as localization policy framework and the National Integrated Small Development Strategic framework currently being implemented. This is of course a gigantic step towards bolstering the sector.

Chair, it is clear that during the previous financial year, we were confronted with a number of challenges, some old and some new. Occasions by the prolonging energy crisis because the pandemic after effects continue to cause global uncertainty and devastating economic impact locally. We will need to demonstrate great resilience and tenacity in enhancing our efforts to resolutely and consistently overcome these challenges. The country’s energy crisis requires National Treasury and its wide-ranging programme to develop a unique

response to augment the sector. Budget cuts should not even feature in this discuss because of dealing with challenges confronting us today. National Treasury must scale up support to SMMEs and Co-operatives.

We are aggrieved as the committee that budget allocations are not on par with the kind of mandate conferred to this department. The total spending is estimated to rise from R2,6 billion to R2,8 billion. However, given the department’s mandate, to support hundreds of thousands of small businesses, we submit that this is one of the frontline departments comrade Godongwana made mention of in his budget speech in February this year.

The South Africa economy needs a serious injection, and this is one of the few sectors that have been identified for purpose. The department aims to scale up support to SMMEs Co- operative starters and township and rural enterprises access to financial and non-financial support. It seeks to build to infrastructure and expose SMMEs and Co-operatives to international market opportunities. Furthermore, the department will assist 30,000 young entrepreneurs by offering them opportunities for self-employment, administer incentives,

like the craft customized sector programme and to connect 750 SMMEs and Co-operatives with opportunities on the global market.

Madam Chair, we are pleased that in tackling access to market for our small enterprise, the department plans to expand the supply development programme through interacting with the Department of Trade, Industry and Competition on their Broad- Based Black Economic Empowerment, B-BBEE, and codes of good practice. This is of course a standing recommendation of the portfolio committee following its observation that the revised B-BBEE code is placing a great deal or focus on enterprise and supply development. And there is a growing number of private incubators, many of which are being established in response to the Enterprise and Supplier Development, ESD, and B-BBEE solely for compliance purposes.

The committee is on record that current instrument to compel the private sector from playing the part for example, transformation charters and non-binding instrument that requires close monitoring and should be enforced. We identify challenges in our Budget Vote report and we will not repeat them here. We have met with the Minister, Deputy Minister,

director-general, board members, CEOs and agencies to discuss issues that need to be addressed. We are hopeful that. This and other issues contained in our report will be attended to in due course. We support the Budget Vote. I thank you.

Mr J N DE VILLIERS: Hon Chair, small business owners are big dreamers. Although entrepreneurs typically start with small enterprises, bootstrapping their start-ups to be as lean as possible, they always have big hairy dreams of one day making it to the very top. Every so often we hear of these unicorns, these small start-ups that end up being massive success stories that employ thousands of people and give many more the inspiration to start their own business.

Last week I received a call from just such a small business owner, right here in Cape Town. You see chairperson, this resilient entrepreneur walked away from a cushy corporate job to follow his dream of starting his own whiskey distillery.

Five years later and he now has two whisky brands on the shelves of South Africa, employs 10 people and is on the brink of signing the deal of a lifetime to have his whiskey distributed and endorsed by a Hollywood celebrity in the United States of America. This is the type of event that all

entrepreneurs dream of, the opportunity to make it big and especially in the market like the US.

But this massive export and production deal that will bring millions of US dollars into South Africa and create many more local jobs is now at threat due to the threat of the USA retracting South Africa from the advantages of the African Growth and Opportunity Act, or AGOA as it is generally referred to.

Chair, AGOA enhances market access for South African business to the US markets, by essentially giving South African businesses the opportunity to land their products duty free in the US. In short US companies that want to buy our South African products, save money when doing so, because there is no import or duty being charged for these products in the US. This makes our products more price competitive, an advantage currently enjoyed by thousands of local businesses who successfully export to the US. If South Africa loses these AGOA privileges, this small whiskey business will lose years of work and millions of invested capital that was spent to build relationships and access the market in the US, it would be a business killer event.

Chair, it is however not just this small business that stands to lose out. The South African textile industry, with many small and medium-sized enterprises, SMMEs exports a significant percentage of its products to the US under AGOA. If a small textile business needs to pay a normal US Dollar, they face a 16% tariff, which translates to 16% more of costs that needs to be absorbed by the business, meaning it needs to come from its profit margin. SMMEs generally work on slim margins to grow, and there are few that would be able to just pass this increased cost on to get their products sold in the US without losing that business in the process.

In 2022, South Africa exported $66 million worth of wine to the US. Many vineyards are small businesses, who now risk a 6,3% tariff without AGOA, making their wine more expensive compared to wines from other nations, who has trade agreements with the US. This could lead to a significant loss of market share for these small business wineries. The US is also the largest export market for South Africa’s macadamia nuts, many grown by local small-scale farmers. In 2022, 40% of the total macadamia production was exported to the US.

Losing AGOA could mean losing a significant portion of this market, causing a dramatic drop in sales and income for these farmers and their workers. Small business are also significant contributors to the South African automotive parts industry.

The US imported R24 billion worth of parts from South Africa in 2022. If tariffs increase and manufacturers source from elsewhere, small business supplying these parts could lose out on substantial business.

Chair, as emphasized by our President, small businesses are a significant source of employment in South Africa. With AGOA supporting at least 66 000 direct jobs in South Africa, the loss of AGOA could lead to indirect job loses of over 400 000 of jobs, affecting the livelihoods of many and reducing domestic consumer spending, which would further impact local SMMEs. Chair, if the government cares about small business and the creation and protection of jobs, it will not do anything to jeopardise AGOA, because jeopardising AGOA, is jeopardising R400 billions of trade. Jeopardising AGOA, is jeopardising jobs. Jeopardising AGOA, is a direct sign that the ANC-led government does not care about small business, they do not care about jobs, and they do not care about families that are

affected by those jobs and their livelihoods. This means that they really do not care about the residents of this country.

Despite all of this, our ANC government seems to be doing everything in its might to break down AGOA, from placing trade tariffs on US products landing in South Africa, to trying to get away with secretly docking a Russian sanctioned weapons of war cargo ship, it seems the ANC-led government is once again determined to place small business, trade, jobs and the welfare of families below their own political and party agenda, because as much as they care about the ANC, they care very little about South Africans.

I hear the Minister talking about creating an inclusive society but right now her government is working on Employment Equity Act that aims to target certain racial groups in provinces and actually making it illegal for the so-called coloureds and the Indians races to work in certain provinces. That is their definition of apartheid. Thank you Chairperson. [Time expired.]

Ms B MATHULELWA: Greetings to our commander-in-chief, President Julius Malema, Deputy President, Floyd Shivambu, our commissars and fighters.

*IsiXhosa*:

Sihlalo weNdlu, siyi-EFF asihambisani nokucuthwa kohlahlo- lwabiwo mali lweSebe lezoPhuhliso lamaShishini asaKhasayo. La mashishini asakhasayo adlala indima enkulu eqikelelwa kuma-80 ekhulwini kuqoqosho lwelizwe nasekuveliseni amathuba emisebenzi. Ikwangawo kananjalo nathi aphathwe dlakadlaka leli Sebe lezamaShishini asaKhasayo, ingakumbi...

*English*:

...the Small Enterprise Finance Agency, Sefa that is corrupt to the core.

*IsiXhosa*:

Ngexesha sikutyelelo lokongamela eMntla Ntshona sayibeka yacaca gcaa, oku kwekati emhlophe ehlungwini into yokuba malungaphungulwa uhlahlo-lwabiwo mali kwaye lunganikwa le arhente i-Sefa enobugebengu obungaka. Iziphaza zinikwe ama- R3 500...

*English*:

...that are more than 10 in one area...

*IsiXhosa*:

... kodwa ezincwadini kuthiwa zinikwe ama-R10 500. Kutheni le nto urhulumente enika izigidi zemali kumzi oncedisa ngemali ekuthengeni iiteksi [Taxi finance] endaweni yokuba anike umnikazi weteksi? Inzala yabo ayikho mthethweni kuba ingaphezulu kwi...

*English:*

...100% Chairperson because taxi business is a guaranteed business where you are sure that you are going to get payment without fail.

*IsiXhosa*:

Kutheni urhulumente enika imali...

*English:*

...the loan pyramid schemes funds and not the companies directly?

*IsiXhosa*:

Yinkohlakalo le yenzala engaphuzulu kwama-39 ekhulwini.

*English*:

We were in the oversight visit in North West from 27 March to

31 March 2023. Many beneficiaries we interacted with still do not know Sefa or Seda let alone their products and services. An argument advanced by Mr Shele of Sefa during the oversight was that the agency does not have the capacity or expertise to evaluate technical applications some of which are sector specific. So, the agency had to outsource to the intermediaries like the Taxi Finance.

The Marong Finance Services is one of the intermediaries that went under with Sefa’s money. It has also been found guilty by the National Credit Regulator for overcharging its clients.

You will find it in the judgement of the hearing held in October 2014. This project has been funded under Sefa Wholesale Funding programme. However, instead of depositing money into a co-operative account, the money was transferred to the service provider’s account without the knowledge of the co-operatives.

We only heard of this for the first when the committee was on the oversight visit hence we reiterate our call to the commission of inquiry and all investigation units to intervene in this regard in all provinces.

*IsiXhosa*:

Siyabubona obu buqhophololo benziwa nguMphathiswa esimemela

...

*English*:

... to the ghost so-called launch of Sefa supported programme here in Cape Town today and tomorrow trying to cover the corrupt Sefa.

*IsiXhosa*:

Sinyanzelisa ukuba le arhente iphindiselwe kwiSebe lezoRhwebo noShishino kuba yohlulekile ukufezekisa amaphupha amashishini asakhasayo. Le arhente ihamba phambili kurhwaphilizo nto leyo ephembelela isiphakamiso sethu...

*English:*

...of opening accountable corrupt free government. We reject these budget cuts of Small Business Development. Thank you.

Mr B N LUTHULI: Hon Chair, the Department of Small Business Development was established to support small businesses and co-operatives which are strongly focused on the programmes speaking to advance the entrepreneurs amongst the most vulnerable groups in the society. However, in the 2023-24 financial year, there have been budget cuts of entities which supports the small business, and this is concerning as these very same entities are the backbone of the survival of the *small, medium and micro enterprises,* SMMEs.

A number of issues such as the conflict of hostility between the local and foreign-owned businesses, and the lack of established legislation intended to specifically safeguard

townships and rural *enterprises* have been raised over and over. The department has done nothing to this effect, despite the concern of calls to find a workable solution between a local and foreign-owned business. Not only will these budget cuts through agencies such as *Small* Enterprise Development

Agency, SEDA, have a direct bearing on the SMME’s access to finance, but they also have a negative impact on the growth of the economy at the SMMEs accounts for 34% of the country’s Gross Domestic Product, GDP.

To address this, the department can establish a working relationship with the commercial banks to make available and expand credit and loans to small businesses. Guaranteed access of loans to small businesses, of course, under monitoring will be encouraged. Also, more and more young people, women, people living with disability, are encouraged to also start their businesses, and subsequently, be able to sustain themselves.

Apart from corruption and mismanagement of funds due to the moral decay in the government, there are a number of issues which stands as a hurdle to small business owners, even to access to this service and funds.

The government institutions are often established in far away from the cities, villages and townships. The red tape experienced by these small businesses located in the rural areas to township is that it is costly to continuously travel while you are being sent from pillar to post to meet the endless needs of a paperwork. Whilst we must ensure that, desk practice, check and balances are implemented. There needs to be a way in which businesses in their infant stages are assisted to meet these criteria. They are often ... [Interjections.] [Time expired.] I support.

Mr F J MULDER: Hon House Chair, hon Minister and hon members, the yearly budgets indicate the resources given to an institution for service delivery, but more importantly, they establish illustrative future budgets throughout the Medium- Term Expenditure Framework, MTEF, period, and show the resource envelope for the upcoming year and two years after it. Small business is often seen as a key potential driver of job creation, equality and innovation in South Africa.

The National Development Plan, NDP, argues that small business can open new opportunities to create jobs, as well as be a route to economic empowerment. In the event, small business currently provides 55% of formal employment, compared to 40% from large companies, but available evidence shows virtually no increase in the number of small businesses since 2008 and only relatively slow employment growth. In the event, small business currently provides more jobs, in other words, than large business. South Africa continues to have low levels of small business as it is.

Chair, South Africa has an unusually low share of employers and self-employed people in the labour force, and a relatively low share of working age adults in employment at all. This,

hon Chair, is a major factor behind high joblessness and the associated inequality and economic exclusion. Over the past 10 years, however, the number of employers and self-employed people have barely budged, while the numbers they employ, their incomes and the structure of production have stagnated.

While small formal business in South Africa makes a significant contribution to employment, small business as a whole remains underdeveloped by international standards. It should be noted that the current budget of R896 million, down from R1,1 billion in the fiscal year 2021-22 due to baseline reductions made in 2022-23 support with a bleak for future recovery, will have a significant effect on service delivery, with the majority of fixed costs such as office leasing, software licensing, and other goods and services, rise at rates that are typically higher than the rate of inflation.

Small businesses are still in disarray after the COVID-19 outbreak and the lock down regulations imposed on the South African economy by the government, while the small business sector is directly affected by power outages and loadshedding. Small enterprises which employ the vast majority of South Africa’s people and suffer greatly from three to four hours

without electricity, are the backbone of the country’s economy. The ability of government to pursue an expansionary fiscal policy was further severely decreased by the aftermath of state capture and corruption, which is unfortunately not mentioned in the report.

*Afrikaans*:

Die Departement vir Kleinsake-Ontwikkeling, sy begroting en programme kan nie in isolasie beoordeel word nie, en is onafwendbaar beïnvloed en benadeel deur die negatiewe impak van swak beleid en swak regering.

Swak dienslewering deur plaaslike owerhede en staatsdepartemente, ’n gebrek aan beleggersvertroue, afgradering van die land se agentskappe en finansiële sektor van Suid-Afrika, asook die potensiële konflik wat tans ontvou tussen die regering en sy grootste handelsvennote, gaan onafwendbaar ’n verdere negatiewe invloed op die uitbou van die kleinsakesektor en werkskepping tot gevolg hê. ’n Groter fokus moet ook op plaaslike ekonomiese ontwikkeling geplaas word. Die ondersteuning van en uitbou van gemeenskapsekonomie sal werkloosheid verminder en volhoubare selfstandige

gemeenskappe bevorder, wat nie noodwending van die staat afhanklik is nie.

Suid-Afrika benodig ’n nuwe bedeling met ’n nuwe regering, sonder korrupsie en rasgebasseerde verkryging- en indiensnemingsbeleide, wat pretasie gerig is en met internasionale standaarde kan meding. Dankie.

Mr M W THRING: Hon House Chairperson, John Dludlu, the CEO of the Small [Business](https://www.engineeringnews.co.za/topic/business) Institute, calls small businesses, “the rock stars of our economy.” Yet, it appears that the government sweeps them aside like a stable-hand shovelling manure. The World Trade Report states that *small, medium and*

*micro enterprise*, SMMEs, in economies such as ours, account for 60% of GDP and 70% of employment. That said, this department was created to focus on enhanced support for these small

businesses and cooperatives.

Following the Covid shutdowns, the lurching rand and the debilitating power cuts, many small businesses have had to close and cite government nonpayment as the biggest contributor to their closure. At the end of March last year SMMEs were owed some R6,1 billion by government, despite

commitments to meet the 30-day payment of suppliers’ target. To make matters worse, this department appears reluctant to engage the national and provincial departments who are the culprits for nonpayment.

This is not only unacceptable but counterproductive to the aim of creating jobs and encouraging entrepreneurship and is contrary to the department’s mandate. The ACDP wishes to point out the missed performance targets of some 30%, together with bill paying shortcomings, putting entrepreneurs out of business. So, the question must be asked, how is the department going to effectively achieve the National Development Plan, NDP, target, of helping SMMEs create nearly

10 million jobs, if they themselves consistently miss their own performance targets?

Hon House Chairperson, millions of SMMEs are hamstrung by reams of red tape, consistently identified as one of the core

elements which restrict businesses. The department sets targets for the implementation of a Red Tape Reduction, RTR, programme, so vital, yet it does not report back on any tangible impact of its programme. The President, in his last

Sona, reaffirmed commitment to the Red Tape Reduction Task Team.

However, recent reports indicate that this Red Tape Task Team’s work has been hampered by, yes you guessed it. The ACDP asserts that the NDP’s vision for SMMEs to provide 90% of employment by 2030, is all but lip service, until this government becomes serious about meaningful structural reform and a reliable energy supply. Thank you.

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT: House

Chairperson, Minister of Small Business Development hon Stella Ndabeni-Abrahams, Ministers, Deputy Ministers, chairperson of the portfolio committee, members of the portfolio committee, hon members, director-general, DG, from the departed, officials from the department, board members and staff of the Small Enterprise Development Agency, Seda, and the Small Enterprise Finance Agency, Sefa, distinguished guests, entrepreneurs, small, medium and micro business owners, ladies and gentlemen, good afternoon. Hon Chairperson, allow me to dedicate my maiden Budget Vote speech to the mothers and grandmothers in the townships and rural areas who are supporting their families dependent on this sector. I am

talking about those women who wake up every day very early in the morning to go to the markets, corners of the streets, taxi ranks, train stations, etc to sell. These are the people who are the preoccupation of our department, Minister. This sector was hardest hit by Covid-19, and while trying to recover the Russia-Ukraine conflict worsen the situation. Needless to say this contributed immensely to the high rates of employment especially amongst black people, women and the youth.

Hon Speaker and Chairperson, Minister Stella Stella Ndabeni- Abrahams has covered much in her speech and I would then focus on three critical areas which are rapid reduction, corporate development and designated groups. In the South African context with our unfortunate past that was characterised by many laws of economic exclusion, deliberate laws of excessive racist and colonial government, for example, the Land Act of 1913 and 1936, Group Areas Act, Group Areas Development Act, Bantu Education Act, Job Reservation Act, etc, all these laws were meant to exclude the indigenous people from effective economic participation. Our first democratic President, His Excellency President Mandela captured this situation aptly when addressing the National Conference on Small Business when he said, and I quote:

By stifling entrepreneurships amongst the majority, apartheid not only robbed many of their livelihoods, but it deprived the entire nation of critical job creators. It robbed itself for a pool of creativity and drive.

He continued to say in order to develop the small, micro and medium enterprises, SMMEs, sector in South Africa we need to take into account inherited obstacles. This include low levels of education and training, barriers to markets, inaccessible finance and lack of support institutions.

Hon members, let me say this without fear or contradiction, unless and until we get this right with small business, our efforts to row the economy and create the much-needed employment opportunities will come to zero. The fact that about 70% of SMMEs in South Africa only survive for five to seven years means there is something we are not getting right as a country. The SMMEs and co-operatives suffer the same fate in our country. The reasons are many and varied, but the red tape has been identified as one of the reasons. This refers to a series of actions or complicated tasks that are unnecessary that govern government requires SMMEs to do. The President of

South Africa, His Excellency Mr Cyril Ramaphosa in the 2022 Sona he said, and I qupte:

There are too many regulations in this country that are unduly complicated, costly and difficult to comply with. This prevent companies from growing and creating jobs.

He therefore appointed Mr Sipho Nkosi to head up a team in the Presidency to cut red tape across government. That project is ongoing and starting to bear fruits. This in turn will create jobs and stimulate economic growth.

Hon members, the reason why SMMEs are recognised all over the world as economic growth drivers is because the entrepreneurs at this level has a very high propensity to reinvest their profits. They do not hold their profits like big businesses are doing.

As the department, during the 2023-24 financial year, we will have completed the regulatory impediments to SMMEs studied which looked at the full universe of legislation and how it impacts SMMEs. We will walk with sector departments to see how various impediments can be addressed. We will strengthen the

co-ordination of SMMEs and co-operatives red tape reductions work across government. We will be working with the Presidency to build red tape capacity in all provinces, continue supporting municipalities with their red tape work, working with the Department of Co-operative Governance and Traditional Affairs, Cogta, and the SA Local Government Association, Salga, and we will assist 30 municipalities this year to develop red tape reduction action plans building on the 20 supported in the past year.

The final area of our red tape work is of reviewing and amending the Businesses Act, Act 71 of 1991, as amended in 1993. We have completed the review process and we will introduce the amendment Bill to Parliament by the end of 2023-

24 financial year through which the Businesses Act will be repealed and fit for purpose legislation enacted. The Nation al small enterprise Act, Act 102 of 1996 as amended, provides for the establishment of an advisory body. The amendment Act

26 of 2003 repeal the provisions of the establishment of the small business council. According to the Act the national business council was to be established as a juristic person with functions to represent and promote the interests of small business with emphasis on those entities contemplated in the

small business support strategy, advise national, provincial and the local spheres of government on social and economic policy that promotes the development of small business. The national integrated small enterprise development strategic framework has been approved. The department is in the process of finalising the constitution that regulates the affair of the body and the process will be concluded early August or early September.

The process of establishing the ombud’s office which is aimed at ensuring that there is effective and affordable access to justice mechanisms for small business enterprise as business to business disputes and late and nonpayment is a significant reality in the life of small business enterprises across the world with very real implications on the growth. I want to indicate that the process is in abys right now because of the merger of Seda, Sefa and Co-operative Banks Development Agency, CBDA. Co-operatives development is also crucial to our nation’s growth.

We must empower our communities to create opportunities for self-sufficiency and through co-operatives. This will alleviate poverty and give our people a sense of pride. The

ANC government has prioritised co-operatives development and the DSBD prioritised amending legislation for compliance cost. We are busy reviewing the 2012 integrated co-operative development strategy and the research indicates that there are several challenges that are faced by co-operatives, such as overdependent of government, crisis of co-operate identity and barriers to markets and financial services. The government will] also establish a single digitised co-operative database and a provincial co-ordination forum.

The national integrated co-operative strategy is being finalised to addressed challenges that are faced by co- operatives. We are going to be focussing mostly on amending legislation to reduce compliance costs, moving co-operative development support programme to Seda, we will allocate

R73 million for financial and nonfinancial support to 250 co- operatives. I appeal to all government departments and corporates to please pay suppliers timeously.

Liquidity risks are high and SMMEs do not have the savings to ride through the current times of rising costs. The Department of Small Business has paid the service providers within 30,

and we are challenging all departments to present to this Parliament their records on creditor payments.

We have developed the gender, youth and disability strategy to mainstream women and youth participation in the economy. We are rolling out the Youth Challenge Fund whose purpose is to stimulate innovation amongst the young people. The Business development support to youth start-ups to promote innovation and enable them to acquire digital capability. Today, this afternoon we will be visiting Spinach King here in Cape Town. You can call it whatever you want to call, but it shows that we are moving as the department. It owned by Mr Lufefe Nomjane. We have already indicated that tomorrow the Ministry would be supporting the department especially with the launch of a laundry called Sparkle Always.

*Afrikaans*:

Dit is net hier langsaan, want hier in die Wes-Kaap, sê julle altyd dat die ANC-regering stilstaan en dit wys dat hierdie Vulindlela fund besig is om ’n verskil in die mense se lewens te maak.

*English*:

The department through Seda is administering the SheTrades ZA Hub... [Time expired.] As the ANC government we are leaving no one behind.

Mr E T MYENI: Hon House Chair, hon Minister and Deputy Minister, hon members, Small Business Development plays a critical role as it economically empowers the development of small business, small and medium enterprise and thereby positively contributing to the development of micro economy and job creation. The historical necessity for the creation of SMMEs is that apartheid colonialism contribution to civilisation was poverty, inequality and unemployment, as well as historical economic exclusion for the majority of the people of this country.

As part of reversing the historical injustices of the apartheid past and redressing unemployment and historical economics exclusion, government has focused, amongst others, economic measures on supporting development of small business. That is why we are here today, to discuss this Budget Vote, which is geared towards supporting Small Business Development towards in inclusive economic development.

Hon House Chair, the small business sector was placed under tremendous economic pressure during the recent Covid-19 pandemic and the ANC-led government made to ensure the survival continuation of sector through Temporary Employer- Employee Relief Scheme, Ters Scheme and loan schemes with financial institutions as government guaranteed R2 billion in loans to the sector.

This was certainly a historic unpresented intervention by the democratic ANC-led government. This is the government which cares about the people, not withstanding a lot of challenges in the sector, which will be overcome to achieve economic transformation. The sector is still recovering and still being assisted by the state entities to ensure their recovery and growth. At the same time, this provides the department of opportunity to encourage youth, women and people with disability to assess opportunities available through Small Enterprise Development Agency, Seda and Small Enterprise Finance Agency, Sefa, for developed small business opportunities.

This requires the department and its entities to engage in outreach to communities, to ensure that they understand the

economic opportunities which the ANC-led government has made available. The unemployment of youth, women, people with disability can be reduced through participation on the business development sector.

The development of small business is integral to the Economic Reconstruction and Recovery Plan, to reverse historic economic exclusions and to ensure an inclusive economy. Small Business Development is part of micro economic development of local economic development and job creating.

Recently, there are R1,75 million small businesses in the country and growing. The small business sector employs 64% of people who are employed in the country which translate to

10 million people. This is impressive, deliverable and no small accomplishment. It is a clear indication that the ANC- led government strategy on small businesses is working and bearing fruits.

It is creating jobs in local areas to the benefit of our communities. While they may be challenges in the sector, and these challenges need to be dealt with, and will be dealt

with, the Budget Vote through the program of the department indicate that this sector will continue to grow.

These challenges will be raised through the opposition benches in a distorted and propagandistic form as it is incapable of presenting any positive ideas which grow the sector and transform the condition of the people. Therefore, it is imperative to focus on delivery and developing the sector as reflected in the Budget Vote Report and the programs.

The Budget Vote of the department is a reflection of programs, which are intended to enhance and further grow the small business sector. Program 2 in the Budget Vote Report of the sector and market development deals with critical areas for the development of the sector as it focuses on market development, management, business information, ease of doing business and access to market support.

The budget for this program is R163,8 million and it is imperative that this program is implemented. These are the critical errors which create obstacles to the development of small business and must be dealt with to ensure success. The importance of Program 4 and is focused on enterprise

development, meaning further develop of small business sector in this financial year. Implementation required focus and creative in development and sustainability, as conversion method of development of small business globally means that most succeed and some business fail.

The further development of SMMEs will require forecast and ensuring that artisans and skilled people can be afforded an opportunity to develop small business. However, the lack capital to commence trading in the sector must be considered as a creative way of further development and empowerment of the people. Those in the position with skills must be enabled to obtain venture capital to commence the development of the small business venture.

The bulk of the budget is allocated for development finance and enterprise development. It is imperative that as we drive the growth of the sector, to create more economic opportunities for the majority of the people who hail from township and small towns, while we at the same time attempt to move those from the informal sector to small business sector, and from small business sector to medium enterprise.

Our success in creating SMMEs must ensure that we able to also reach the next level of economy transformation until the status quo from the apartheid colonial task is completely eradicated. The ANC supports this Budget Vote. I thank you.

Mr V ZUNGULA: Thank you, Chair. Minister, I am sure you might have been told a million times ...

*IsiXhosa*:

... ukuba ...

*English*:

... with a crisis of unemployment, where more than 43% of their workforce is unemployed, and more than 55% of our people are living in poverty. This crisis threatens to make our country a failed state as a very high number of people are unemployed and in poverty. There is a high risk of social instability.

As we stated before, many successful economies are heavily reliant on small businesses to ensure there are many and diverse players in the economy, unlike our country whereby there is a dominance of oligopolies.

The department, therefore, must play a leading role in ensuring that the South African economy is pro-small businesses. This must start with government spending. It cannot be that 80% of government spending goes to big companies and small businesses are scrambling for less than 20%. Yet, SMMEs are expected to create more than 90% of the jobs, but get less than 20% of government contracts.

*IsiXhosa*:

Njani?

*English*:

The trillion-rand Budget of the state must be strategically used to transform the economy and boost the market for small businesses. There are thousands of SMMEs and co-operatives who need the market to survive. Why must the school uniform sector be dominated by student price. Co-operatives can be preferred suppliers of school uniforms in their respective localities.

This will ensure that money circulate in those communities and jobs will be created.

Also, Minister, the township economy needs special attention. The displacement of South Africans in this sector needs the

department to urgently deal with the matter. The department must employ inspectors, just like the Department of Employment and Labour has inspectors. These inspectors must check: If the operators have invested the required R5 million to trade in South Africa; if more than 80% of the employees are citizens; if they are registered with a CIPC; and most importantly, if they use a South African bank account.

These inspectors must also check if the goods sold are approved by the SA Bureau of Standards, SABS, because currently, we know that majority of these traders are selling fake and expired foods, and ...

*IsiXhosa*:

... urhulumente uthule.

*English*:

Minister, the practice of waiting for more than 90 days for invoices to be paid and having to pay ...

*IsiXhosa:*

... intshontsho...

*English*:

... for their invoices to be paid is killing SMMEs.

The department must propose a Bill for all government entities to spend a certain percentage of their budget on small businesses. Equally, there must be a law that deals with late payments of invoices for SMMEs.

*IsiXhosa*:

Noko Mphathiswa kudala ithethwa le nto.

*English*:

Minister, transformation must be backed by law. If something is in law, then you are able to enforce it because ...

*IsiXhosa*:

... sincediswa ngumthetho. Enkosi.

Mr H C C KRÜGER: Chairperson, although the Department of Small Business Development will spend R8,1 billion over the MTEF on developing small businesses, the SMME failure rate is still one the worst globally, with an estimated 80% of South African SMMEs failing within five years of the opening.

*Afrikaans*:

Vandag wil ek nie met die ANC praat nie, maar eerder met die entrepreneurs en potensiële intrepreneurs van kleinsake ondernemings. Met hulle wat elke oggend werkloos opstaan en werkloos bly, totdat ‘n klient hul besigheid se deur instap.

Die bakker bly werkloos, totdat ’n klant ’n brood koop. Die eienaar van die kwekery is werkloos, totdat iemand ’n boom koop. Die spazashop-eienaar is werkloos, todat iemand in die gemeenskap van die produkte koop. Die tannie wat appels op die sypatjie verkoop, bly werkloos todat iemand ’n appel koop. En so kan ek duisende voorbeelde in Suid-Afrika noem. ANC se beleidsraamwerk verminder die koopkrag van Suid-Afrikaners by die dag.

Die as gevolge van beurtkrag, inflasie, bedrog in die staatmasjien en swak politiese besluite, staar entrepreneurs elke oggend met teleurstelling langer na hul voordeur en wag vir hul eerste klient. Indien ons aanhou om na die ANC se wolhaar stories te luister en glo wat hulle verkondig, gaan daar eersdaags niemand meer instap nie.

Maar luister mooi ek het vir julle goeie nuus, oor minder as ’n jaar stap die DA by jou voordeur in, en bring ons die kleinsake vriendelike beleid saam en verskaf sodoende ’n oneindigheid van geleenthede vir almal.

*English*:

Red tape makes it difficult, to near impossible, for small businesses to access government contracts and tenders.

Unfortunately, businesses who manage to get access to tenders are not paid by government within 30days after delivering the services.

*Afrikaans*:

Die DA verkondig al vanaf 2014 dat rompslomp die nommer-een vyand van kleinsake is. Ons het met die ANC gedabateer, opiniestukke in die media geskryf, hulle probeer om oortuig en selfs twee wetsontwerpe aan Parlement voorgele, om hierdie vyand te vernietig.

En wat doen die ANC? Hulle vee dit bloot van die tafel af en stel mnr Nkosi aan in die President se kantoor om ’n rompslompeenheid te lei. Nog nie ’n enkele rompslomp-knelpunt is vir kleinsake opgelos deur die sogenaamde eenheid nie.

*English*:

According to the World Bank’s Doing Business 2022 report, South Africa ranks 139th out of 190 economies for ease of doing business. But, the Western Cape is the highest-ranked province in the country, and soon the DA governed Cape Town will be the easiest city to business in on the entire African continent.

The good news is that after the 2024 elections, businesses throughout South Africa will experience the DA way of governing.

Ms M L LUBENGO: Hon Chair, hon Minister Ndabeni, hon members, according to Statistics SA, small businesses generate some R2,3 trillion in revenue, which constitute 22% of the

R10,5 trillion of revenue generated from business and trade in South Africa. This clearly indicates that the country has a robust economy and that the small business sector is functional and thriving.

While there are challenges in relation to the electricity supply and issues of timely payment and access funding for SSMEs, the sector is functional and growing.

*Tshivenḓa:*

Bajete iyi ya mabindu maṱuku yo livhanywa u ri i engedze nyaluwo kha mabindu maṱuku kha shango lashu. Naho mahoro madzhi mahanedzi a tshi nga kundelwa u vhona nyaluwo ya mabindu maṱuku a zwi mangadzi ngauri tshavho ndi u sasaladza ngeno vha si na thandululo ya mveledzisamabindu maṱuku.

Nyaluwo ya mabindu maṱuku i a ṱoḓea kha u bveledzisa pulane ya mvusuludzo ya ikonomi kha mabindu maṱuku u bveledza mishumo vhuponi ho fhambanaho kha pulane ya zwiṱiriki. Muvhuso washu wo sika phakha dza nḓowetshumo dzi re na tshivhalo dzi dzizounu dzo khetheango dza ikonomi ya dovha hafhu ya bveledza zwikhala zwa mabindu maṱuku kha zwibveledzwa zwa vhulimi na vhuima zwikepe zwiṱuku.

Mabindu maṱuku a dovha hafhu a vhuelwa kha u bveledzwa ha nḓowetshumo ya fulufulu la mupo na bveledziso ya zwavhudavhidzani ya dovha hafhu ya bveledza zwikhala zwa mvelaphanda kha mabindu maṱuku.

Mafhungo a u thusa nga masheleni ndi a ndeme vhukuma ro sedza ndeme vhukuma kha bveledziso ya ikonomi ya shango. Ngauralo, masheleni a mveledziso a anganyelwaho kha R1,349 bilioni o

vhalelwaho kha phurogireme ya vhuraru ndi maṱuku sa izwi nyangarelo yoṱhe ya masheleni i R2,7 bilioni.

Naho nyimelo ya shango siani la masheleni i fhasi haya mafhungo nga a lingululwe hu u itela u engedza magavhelo a mabindu maṱuku.

*English*:

However, the President, in his Sona, indicated that the funding will be made available through R1,4 billion in financing over 90 000 entrepreneurs. Furthermore, in partnership with SA SME Fund, the government is working to establish a R10 billion fund to support the SMME growth. The government will provide the seed funding of R2,5 billion and the balance will be raised from the private sector.

These are important steps in the right direction, in terms of developing the small business sector. These are the concrete steps that the ANC government is taking to continue developing the small business sector.

Development of market access and opportunities remain a challenge for many SMMEs and the department’s Programme 2 on

sector and market development, Programme 3 on the development finance and Programme 4 on the enterprise development are geared towards the business viability of SMMEs and co- operatives.

The entities in the department that support the implementation of the department programmes, the Small Enterprise Development Agency, Seda, and the Small Enterprise Finance Agency, Sefa, are able to ensure that it is geared towards ensuring the small business sector is able to grow and transform the economy.

Greater co-operation between the entities is necessary to ensure the development and growth in the sector. It is important that people who are seeking to develop a small business or those who are already in small business can access the support that the ANC government is providing through Seda in the form of business information, business training, access to market, technology assistance and marketing support.

Since its inception, Sefa has assisted more 500 000 small businesses and has invested R9 billion in the domestic economy, in order to ensure the development of small business

in the country. The ANC government will continue to support growth and development of small businesses in the urban and rural sectors, as it is fundamentally part of its programme of transformation and creating a better life for all.

*Tshivenḓa:*

Zwi a ri sumbedza zwauri dzangano la ANC li na nzudzanyo ya na mveledziso dza mabindu maṱuku.

*English*:

The ANC supports the Budget Vote for Small Business. Thank you.

Mr M G E HENDRICKS: Hon House Chair, I am a member of the Portfolio Committee on Small Business. I used to be a member of Standing Committee on Public Accounts, Scopa, but I thought let me make a contribution to Small Business to help the poor micro businesses. Although I gained some valuable experience in Scopa, it was not enough to deal with the corruption that we have in the Department of Small Business in the Ministry, Small Enterprise Development Agency, SEDA, Small Enterprise Finance Agency, SEFA, and the board. We need people with the wisdom of Solomon to root out the rot. That is why it is my

informed position serving as member of this portfolio committee and going on many oversight visits and speaking a lot in the committees, the chairman calls me lastborn – I think lastborn children speak a lot.

Hon House Chair, I would really like to recommend that the Department of Small Business Development be collapsed, lock, sock, and barrel and that their functions be taken over by the Department of Social Development who are really helping small businesses without having the mandate but alleviating poverty, helping the poor and helping people start businesses to get out of poverty. They do not give handouts but have programmes that assist people to get out of poverty.

I hope that the President will carefully consider Al Jama-ah’s proposal that this whole Department of Small Business Development be collapsed, lock, sock, and barrel and that we ask the Department of Social Development to be the caretaker until these matters are sorted out. Small Enterprise Development Agency, SEDA, and SEFA are probably the most corrupt entities that South Africa has seen and will ever see. Thank you very much, hon House Chair.

Mr A M SHAIK EMAM: House Chairperson, while I am here let me take this opportunity to congratulating hon Macphersen on his success. Thank you.

Not long ago I watched President Ramaphosa on the media visibly upset and frustrated to such an extent that he said to the journalist, “... but I am the President and I have Ministers, why can’t they respond to these things?” I think that he was absolutely correct that when we have those responsible in the departments they must lead, and it should not be his responsibility to answer for everything.

We all know and understand that small, medium and micro enterprises, SMMEs, are the lifeblood of this economy and yet I can tell you the small and medium enterprises are terribly suffering in this country. Currently load shedding is one of the issues, but more importantly I think it is the stringent labour conditions which we are under.

I want to make some recommendations. We don’t have wheat in South Africa because of the Ukraine and Russia war, but we have some of the arable land — the whole of Tsitsikamma. Why are we not able to get 20 or 30 people, one from each home,

and let them grow the wheat? It is being done at the moment but Sasko, the big conglomerates, are making the money. Let them grow the wheat and the department put up a mill so they can mill flour and also be directors in the mill. Put up a bakery at the correctional facilities and train the inmates to be bakers and bake the bread, which you are paying R20 a loaf at the moment, and you will be paying about R6,80 a loaf for it. You will also be training those inmates so that when they come back into society, they will be able to be reintegrated. It is a win-win situation in every angle. What stops us from doing that? Nothing.

I gave an example of barbers in South Africa and all of them are foreigners. You have 4 500 wards. Can you imagine if you identified two or four from each ward and spend R2 000 to train them to be barbers, you would have created 18 000 jobs. How difficult is that?

If you take the textile industry, if we speak to the big retail outlets and enhance the small and medium enterprises, remember we had one of the most vibrant textile industries, let us produce and you buy to support the businesses. These are just some of the things I can go on and on about, poultry,

the leather industry and many other industries, you need to give them support on human resource expertise, financial expertise ... [Time expired.] ... My time is running up; three minutes is very little, but the NFP will support the Budget Vote tabled here. Thank you.

Mr M S MABIKA: House Chairperson, the mandate of this department is primarily to develop small businesses, co- operatives, SMMEs by providing financial and nonfinancial support. Minister, that remains a dream and it will remain a dream for as long as that responsibility is entrusted to SEFA. It is up to you whether when the DA takes over next year you want to be remembered as the Minister who just spoke and did nothing.

The Small Enterprise Finance Agency is killing this department because of the following reasons: The Small Enterprise Development Agency is not known to the people, especially those in rural areas who need support. The Small Enterprise Finance Agency does not trust SEDA such that you find that a client will get assisted by SEDA for the development of a bankable business plan and when submitted to SEFA for funding, SEFA declines it. The Small Enterprise Finance Agency gives

money to intermediaries for them to exploit poor people through charging exorbitant interest like 29%.

The CHAIRPERSON (Mr S S Somyo): Hon member, just a moment. I do not know what is happening there. Thank you. Continue.

Mr M S MABIKA: Our oversight visits to the North West province clearly indicated that a lot of money is made by intermediaries and not by the clients themselves. For example, we visited a client Motshoge-Vlaarmuis that got a small loan from small enterprise foundation of R3 000. The lady did not look like she is going anywhere with the support of this department. Guess what, Minister? When we left SEFA offices in Mafikeng to our first visit, SEFA got lost, indicating they have never even been there. What does that mean? It means they didn’t know where their client is. I’m happy that the Deputy Minister was present to witness this embarrassing event with us.

The Small Enterprise Finance Agency claimed to have given spaza shops owners R10 500. However, to our surprise, when we got there all of them had only received R3 500 vouchers ...

*IsiZulu*:

... nawo okumele bayothenga ...

*English*:

... many kilometres away. When we asked, nobody had answers until we were lied to that money was deposited into their accounts in March 2022. If SEFA is serious about wanting to develop small businesses, how can they deposit money and never bother alerting the beneficiaries? Had we not have gone there, what would have happened?

How must we understand the situation like Blossom Bakery where SEFA agreed to provide financial support for them to start a business while knowing very well that the business cannot make enough money to service the loan? Adding to the insanity is that the bakery is unable to deliver the bread they bake, because the same SEFA declined the application for them to buy trucks. [Time expired.]

Mr F JACOBS: House Chair, greetings to all. Let me start by saying that from the river to the sea, Palestine shall be free. Yesterday was the 75th anniversary of the Palestinian Nakba, and so we as the ANC could remain committed to

supporting the Palestinian ... [Inaudible.] and isolating Israeli state. Let me start with the speech. We have gathered here united in our common purpose to deliberate upon Budget Vote 36. I experienced my profound gratitude to Minister Stella Ndabeni-Abrahams for visionary leadership that has breathe life into thousands of entrepreneurial dreams that propelled micro, small and medium enterprises in our great ... [Inaudible.]

The African National Congress remains unwavering in its commitment to rectify the injustice of our past marked by economic exclusion that led to pervasive poverty and unemployment. Our vision for small business extends beyond growth to also a matter of social justice. Our economic reconstruction and recovery plan recognised the role of micro enterprises in the national progress and is driven by this department with its vision to foster transformation, inclusive economies, propel by sustainable and innovative small, medium and micro enterprises, SMMEs, and co-operatives.

We stand here today acknowledge the resilience of our nation’s small business, the lifeblood of our economy despite grappling with the ongoing effects of coronavirus disease, Covid, the

energy crisis, SMMEs have demonstrated indomitable spirit in

... [Interjections.] ... to work collaboratively.

The CHAIRPERSON (Mr S S Somyo): Sorry, hon member, there is a meeting taking place. Just keep it low, colleagues.

*Afrikaans*:

Mnr F JACOBS: Aan al ons mense, veral in die townships en rural areas [landelike gebiede], die budget [begroting] is vir julle. Ons moet die township economy [ekonomie] mainstream [hoofstroom] en opportunities [geleenthede] vir almal create [skep] veral vir die verwaarlose gemeenskappe.

*English:*

... we are committing to bridging the gap in finance and continues to hinder the growth of small business. By addressing these issues we unlock the potential of our SMMEs to contribute significantly to our national income and much- needed employment opportunities. Therefore, we prioritise collaboration between the public sector, private sector, big business to ensure integrated inclusive approach to tackling the challenges which faced by our SMMEs. We specifically call on the Banking Association of South Africa to do more and

create affordable and innovative access to finance. Our determination to empower and support small business co- operatives is reflected in this budget by ... [Inaudible.] support fostering economic growth, increasing access to information and communications technology, ICT, ensuring competitive and accessible markets. We are taking confidence strides to achieving goals of this department.

Moreover, we remain committed to mainstreaming youth, women and people with disabilities into SMMEs and co-operatives with ambitious targets set for the inclusion. Our programme such as the small enterprise manufacturing support and township and rural economic programme have been instrumental in reinforcing the role of small business and ensures job preservation and creation. We are committed to address the urgent issues such as late payments to small businesses and developing markets access. As this portfolio we will quarterly monitor its implementation. We also aimed to establish small enterprise commission and appeals tribunal to enhance the small business echo chamber.

Let me respond to some of the comments that were made by our honoured guests. Real leadership is about serving not about

grandstanding, and serving oneself. The ANC will continue fostering an environment of trust, respect and unity. We will lead by example. Hon De Villiers, we share your concern about African Growth and Opportunity Act. However, I think what is clear for us is that we are sovereign state, and we will never be allowed to be bullied. Therefore, our government is very caring about the jobs. And we are also ensuring that African Growth and Opportunity Act negotiation is continuing, so we must not allow fearmongering and scare tactics to be ... [Inaudible.] ... ourselves. This ANC is a caring government.

Let me respond to your “swart gevaar” and employment equity tactics. You know ... [Interjections.]

The CHAIRPERSON (Mr S S Somyo): Hon members, keep it low ... [Interjections.]

Mr F JACOBS: No, no, let me respond. You know this employment equity. Let me address the Coloured communities and Indian communities. I know that you are tired of the “swart gevaar” of the DA. They are only maintaining white privilege. You know, if it wasn’t for the ANC here in the Western Cape without employment equity, you’d still have 72% of your public service as mainly white males. Therefore, we must ensure that

employment equity because the future of our people of ensuring racial harmony is not guaranteed by the DA.

The CHAIRPERSON (Mr S S Somyo): Keep it low, keep low, colleagues. Keep it low. Keep it low. Keep it low.

Mr F JACOBS: We want to thank Inkosi Luthuli for the support. Hon Mulder, you are right, local economic development, LED, is very important but so is township economy, so is the ... [Inaudible.] economy and we share your sentiments around ensuring local is lekker, and that is the policy that we support. In terms of hon Zungula, we agree. You know the township economy must be formalised. We need to ensure that foreign nationals, everybody that stays in our townships are compliant, are bank registered and do pay taxes, and so we share the broad trust of your sentiments.

Hon Krüger, you talk about the city that is doing more for our people, but I stay in the city, so I know better. You know that the City of Cape Town is still criminalising the poor informal traders from Gatesville, from the Grand Parade and from Athlone. You know, I shop with my mother in town centre, there’s no artist market and there’s no infrastructure for our

people in those communities. Therefore, stop throwing glass stones because things are not working in the city. As we chat our calls for ... [Interjections.] ... we must remain vigilant against corruption and ... [Interjections.]

The CHAIRPERSON (Mr S S Somyo): No, man. No, no, no, don’t ... [Inaudible.]

Mr F JACOBS: As the ANC we are committed to ensuring that every rand allocated towards this programme is effectively used and transparently used. Let us insist on the decisive actions and consequence management where there is in sequence of wrongdoing. I’ve been part of that portfolio committee that did oversight, and it is us as the ANC as part of this committee that is asking for this enquiry and investigation.

Therefore, we must give the department and fair chance to respond to the allegations, and there must be consequences and this ANC government is committed to clean governance.

In conclusion, hon House Chair, let our collective dedication and development of SMMEs and co-operatives guide us towards a brighter future for South African. Together we can build ... [Interjections.]

The CHAIRPERSON (Mr S S Somyo): Don’t drown the speaker. Hon member, just a minute. Hon members! Hon members, you are free to heckle but not that loud and noise. Don’t drown the speaker, please. Hon Jacobs!

Mr F JACOBS: In conclusion, hon House Chair, let our collective dedication to the development of SMMEs and co- operatives guide us towards a brighter future for all as South Africans. Together we can build a thriving inclusive economy that benefits everyone. It is with great pride, confidence and enthusiasm that I support the adoption of Budget Vote 36 of the Department of Small Business Development. As the ANC we urge all potential entrepreneurs and small business owners to seize the opportunity presented by these programmes. Together we can build a prosperous and inclusive South Africans. I thank you.

The CHAIRPERSON (Mr S S Somyo): Thank you very much, hon member. Now we will call the last speaker of the debate, which is the hon Minister of Small Business Development. Minister?

Hon Minister? The Minister has saved two minutes in the initial address, so five minutes plus two minutes is seven minutes. Over to you, hon Minister.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you so much,

hon House Chair. Hon members, I would like to take this opportunity to thank the hon members who have really contributed towards enhancing the work that we do. But of course hon members, I can’t leave this one behind.

*IsiXhosa:*

Umama uKhawula, uyakhalaza ukuba uMphathiswa ugqamile. Ewe, kunjalo ndigqamile kwaye ndimhle, ndinxibe isuti eyenziwe nguNoma Mngoma, onesiphiwo sokwenza nokwangusomashishini.

Ubuso bukaMphathiswa benziwe babuhle ngusomashishini...

*English:*

... and this is what we must all do, hon members – support entrepreneurs. In the reports that we have made here, we have spoken about the contribution made by the informal economy in pour country. The informal economy that requires us as hon members first who must make sure that we support them because they are not only dealing with the livelihoods, they also deal with turning things around in our country. I therefore call upon all of you beautiful women of our country to make sure that you support all the informal sector and then all small businesses.

Various things have been raised, of course, with others stating that the ANC government is really jeopardising the opportunities presented by the African Growth and opportunity Act, Agoa, in relation to small businesses. I want to reiterate what Minister Naledi Pandor has said that South Africa will not compromise its own state. We have agreed that we are going to take a non-alliance stance and those that feel pressured to push us to any position must govern, go to the people and then learn to understand what becomes important for any country that cares about its own citizens. Caring about citizens requires us not to be populistic in approach but to look at what can really endanger what we stand to benefit from all the countries that we trade with, without abandoning that that is important. I don’t expect others to understand that because for them talking about small businesses, talking about everything that they talk about here is just rhetoric and cheap politicking.

Look at them talking about the DA way of doing things. Indeed, fellow entrepreneurs and fellow South Africans, if you dare go and vote for them, just see what they have just done now with the Employment Equity Act. That speaks to transform and make sure that we bridge the gap in terms of addressing the

imbalances of the past in this country by making sure that there is equality in the workplace. No to them, they must remain bosses and madams of our country. Unfortunately, we can’t allow that and we will make sure that we transform this country in the boardroom, in the bedroom and in the streets.

The CHAIRPERSON (Mr S S Somyo): Hon members, you must manage your noise. Manage your noise. Hon members, no man. No, no, no. No, hon members, no. No, no, no. Hon Minister?

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon

Chair. Other people think about bedrooms because there are lots of thongs in their minds. For us, we provide beds and linen as entrepreneurs of this country. When we talk bedroom, we mean exactly that – the bedroom economy that you’ll never think about. I don’t blame you.

Of course, hon members, we full agree with the fact that we can no longer allow the small, medium and micro-sized enterprises, SMMEs, to be thrown from pillar to post. And that is why we spoke of creating a single agency that must make sure that it provides all the services in one house. We also adhere to the fact that we have not being doing well in terms

of the turnaround times, which is why we spoke to digitisation. You gonna miss this, I don’t know what you gonna say to those people out there. You better learn to listen.

We have agreed that is high time that we enhance our business development support and this we do because SMMEs continue to be excluded in the economy, both by public service and also the private sector. This is why you are going to be seeing the Minister of Finance coming to this Parliament with the Public Procurement Bill that has to address - hon Zungula if you are here - the issues that you’ve raised. The ANC government, a caring government has listened to the people of the country.

We learn, next year we are turning 30 years in government and with every year, we get to learn new things and we change how we do things. We’re just doing it, taking our people’s lives higher and higher and making them better. But of course, we don’t want to do that alone. We are a democratic government; we want our people to exercise their rights. We want our people to look at every one who is promising them something or making empty promises and compare that with what we have done. We carry a proud past. We are confident about our future because we are the only movement that carries the aspirations

of South Africans and entrepreneurs out there who continue to be kicked out here in the City of Cape Town. They have no other hope, but the ANC government.

We are here to make sure that we will do our best in transforming this economy whether others are kicking and screaming but is has to be done. We say that there will be economic freedom in our lifetime. Right now, the real hustlers and the real economic freedom fighters are those hustlers who wake up every day and get their doors closed because people don’t want us to unbundle their value chains. Shame to you! We gonna transform everything. We gonna come and take everything you think you have. Our people deserve better! And it is us who bring the best. Thank you, hon House Chair.

The mini plenary arose at 18:15.