**Debate on Vote No 36 – Small Business Development**

**Hon. Inkosi B.N. Luthuli**

Honourable Chairperson,

The Department of Small Business Development was established to support small businesses and cooperatives with a strong focus on programmes seeking to advance entrepreneurship amongst the most vulnerable groups in society. However, in the 2023/2024 financial year, there have been budget cuts on entities which support small businesses and this is concerning as it is these very same entities which are the backbone of the survival of SMMEs.

A number of issues such as the conflict and hostility between local and foreign-owned businesses and the lack of established legislation intended to specifically safeguard township and rural enterprises have been raised over and over. The Department has done nothing to this effect despite the consistent calls to find a workable solution between local and foreign-owned businesses.

Not only will these budget cuts to agencies such as Small Enterprise Development Agency (SEDA) have a direct bearing on SMMEs’ access to finance, but they will also have a negative impact on the growth of the economy as SMMEs account for 34% of the country’s GDP. To address this, the Department can establish a working relationship with commercial banks to make available and expand credit and loans to small businesses. Guaranteed access to loans for small businesses, of course under monitoring, will encourage more and more young people, women and people living with disabilities to also start their own 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 stand as hurdles for small business owners to even be able to access the services and funds. Government institutions are often established in far-away cities, away from villages and townships. The red tape experienced by these small businesses located in rural areas or townships is that it is costly to continuously travel whilst being sent from pillar to post to meet the endless need for paperwork.

Whilst we must ensure that best practice checks and balances are implemented, there needs to be a way in which businesses in their infancy stages are assisted in meeting these criteria. They are often automatically disqualified due to the red tape around access.

Adding to the stress of the red tape in accessing government funding, load-shedding creates greater uncertainty and hardship for the growth of small businesses. Not only is the growth stifled but businesses find it hard to operate under the current terms as load-shedding renders them inoperable for long periods of the working day. The government must find solutions to support the marginalised, small businesses in rural townships and the effect of load-shedding on small businesses.

In consideration of the comments made, the IFP supports the Bill.