

**NATIONAL ASSEMBLY**

**QUESTION FOR ORAL REPLY**

**DUE TO PARLIAMENT: FRIDAY, 16 JUNE 2023**

**“2118. Mr J N de Villiers (DA) to ask the Minister of Small Business Development:**

**Whether her department has undertaken any impact assessment to determine to what extent the Department of Employment and Labour’s proposed sectoral determinations in terms of the Employment Equity Amendment Act, Act 4 of 2022, will impact on the competitiveness and viability of small businesses, especially in cases where small businesses may be compelled to prioritise the racial composition of their workforce over crucial skills and experience; if not, why not; if so, what are the relevant details of the (a) impact assessment and (b) findings thereof to date?” NW2402E**

**REPLY:**

**I have been advised:**

(a)&(b) That the Department of Small Business Development (DSBD) has considered the potential impact of the sectoral determinations that may be made by the Minister of Employment and Labour. The understanding is that the determinations will be made in consultation with the relevant sectors and emphasis is placed on the determinations being focused on the employment of suitably qualified candidates. The consultation process will enable the sectors to contribute to the determinations and raise any issues that may affect the sectors adversely. Thus, the determinations will not be a unilateral decision by the Minister, but a decision based on a well consulted process. Moreover, designated employers will be provided an opportunity to submit representations to the Director-General and the Labour Court should they not be able to meet the set numerical goals and targets before any fine is imposed, as set out in the Regulations.

It is DSBD’s considered view that the conceptualisation of the sectoral determinations is not based on unreasonably changing the racial composition of workforces but ensuring the equitable representation of different races. It is not envisaged that small businesses will be negatively affected by the regulations, as any issues that may have an adverse impact on their competitiveness and viability will be considered, fairly.

It should also be noted that Small Businesses that employ less than 50 employees will be excluded from submitting annual EE reports to the Department of Employment and Labour. Therefore, Small Businesses are not affected by the sector EE targets.