

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**DUE IN PARLIAMENT: 23 SEPTEMBER 2022**

**2884. Mr V Zungula (ATM) to ask the Minister of Small Business Development:**

**(1) Whether, noting the 2019 study by the North West Chamber of Commerce that indicated that 82% of North West small businesses and most within the Republic are owned by foreigners, she has found that the R5 million restriction bill is successful to combat such; if not, what is the position in this regard; if so, what are the relevant details;**

**(2) whether small and medium-sized enterprises (SMMEs) owned by South Africans will receive exemption from taxes and/or subsidies to recover from the implications of the COVID-19 pandemic; if not, why not; if so, what are the relevant details;**

**(3) how does her department intend to ensure that state (a) contracts and (b) tenders to uplift SMMEs are depoliticised? NW2883E**

**REPLY: I have been advised by the department as follows:**

1. The Department of Small Business Development (DSBD) is aware of the interview of the Chief Executive Officer (CEO) of the North West Chamber of Commerce, and has researched for this study, but to no avail. The DSBD nonetheless note that there is a high number of foreign owned informal and small businesses but unfortunately there is no definite statistics in this regard.

Section 15 of the Immigration Act of 2011 provides for the Minister of Trade and Industry to stipulate the minimal financial and capital contribution or investment required for a Business Visa which as off 2014 has been set at R5million. The Department is of the firm view that this requirement does regulate and manage the entry and participation of foreign nationals in the small business sector. It seems that many foreign owned small businesses are operated by foreign nationals who have applied or secured Refugee or Asylum seeker status, rather that foreign nationals who have secured a business visa. The DSBD perspective is that the Refugee and Asylum seeker system has been heavily abused and corrupted with many economic migrants claiming refugee status. In this regard, the DSBD has engaged and supported the Minister of Home Affairs in his efforts to clamp down on corruption and abuse of our immigration laws.

The Immigration Act of 2011 also provides for designation of sectors that are undesirable for a business visa – meaning that while a foreign national may get a business visa – they may not engage in the sectors that have been designated as undesirable for a business visa. The following business undertakings are currently listed under the regulation or directive of the noted Act as undesirable:

* **List of undesirable business undertakings in relation to an application for Business Visa [Section 15(1A)]**
	1. Business that imports second hand motor vehicles into the Republic of South Africa for the purpose of exporting to other markets outside the Republic of South Africa.
	2. The exotic entertainment industry.
	3. Security industry.
* **List of undesirable business undertakings in relation to an application for a Corporate Visa [Section 21(1A)]**
1. Exotic entertainment.
2. Hospitality industry.
3. Fast food outlets and franchises.
4. Cosmetic and beauty industry.

The DSBD has also been made aware that some South Africans are fronting on behalf of foreign nationals when applying for these work permits, which are then handed over to the foreign nationals upon approval.

The DSBD is currently reviewing the Businesses Act no.71 of 1991 with the intention of introducing provisions that will be aligned to the Immigration and provide for further powers to the Minister of Small Business Development in regulating the entry of foreign nationals to the small business sector; as well as better protections for South African informal traders including spaza shops.

Furthermore, the DSBD is mindful of the extent to which South Africa SMMEs are disadvantaged by the encroachment of foreign owned business. It is for this reason, that the DSBD is supporting the SMMEs especially the micro and informal enterprise through financial and non-financial programmes such as Informal Micro Enterprises Development Programme (IMEDP). To make these South African businesses more competitive, IMEDP provides appropriate tools and equipment to business (spaza shops, hair salons, garden services etc.) and the support is in a form of a grant.

1. DSBD has implemented the support to the SMMEs and Co-operatives that were affected by the Covid 19 through the Debt Relief Fund and Township and Rural Enterprise Programme (TREP). In this regard, DSBD spent an amount of R500m to support Covid affected SMMEs. Regarding tax relief National Treasury as the custodian of tax policy has also implemented tax relief to all business affected by Covid 19.
2. State contract and tenders are regulated by Preferential Procurement Framework and PFMA to ensure their implementation and remove corruption in the process.

**STELLA NDABENI-ABRAHAMS**

**MINISTER: SMALL BUSINESS DEVELOPMENT**