

Portfolio Committee on Small Business Development on

Budget Vote 36: Small Business Development for the 2023/24 financial year

Jaco Mulder MP FF Plus

Honourable House chair

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 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.

South Africa continues to have low levels of small business compared to other middle-income economies.

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 honourable 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 has 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 years 2021/2022 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 business 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 and not mentioned in the report.

Voorsitter

Die department vir Klein sake ontwikkeling, sy begroting en programme kan nie in isolasie beoordeel word 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 Klein sake sektor en werkskepping.

Suid Afrika benodig 'n nuwe bedeling met 'n nuwe regering sonder korrupsie en rasgebaseerde verkryging- en indiensnemings beleide wat pretasie gerig is en kan meding met internasionale standaarde.

Dankie voorsitter