



“ I am humbled to stand before you to present the Budget Vote for the Department of Small Business Development.

Thirty years ago having received a resounding support from the electorate the African National Congress true champion of democracy established a government of national unity bringing together all parties to oversee the transitional period through our constitution, and now three decades later the electorate takes us back to ReWalk the journey as a country in a different context wherein it dictates that there should be an inclusive government as led by party the African National Congress – learning from history Honourable members Lets do more together.

It is by no mistake that we are tabling this budget vote in month where we remember and honour uTata uNelson Mandela our struggle icon the father of our democracy. We have no choice but to invoke his spirit and wisdom to guide us successfully through this 7th Administration.

As parties in the GNU we have agreed that we need higher levels of economic growth, and more especially growth that is more inclusive and job creating. One of the main reasons we remain in a low growth trap is because too many of our citizens are unable to participate in productive economic activities. So besides championing reforms to address energy supply constraints, logistics and crime - which is the focus of Operation Vulindlela - we must also focus our energies in reforms that unlock the potential of the SMME and Cooperative sector. This must be our core priority of the 7th Administration, and one for which we bear responsibility as the DSBD portfolio.

As the department we have just celebrated our 10th birthday, and want to assure all members and society that even though we are young and still developing, we are up to the task before us.

We have done an enormous amount of consultation with SMME and co-operatives stakeholders, starting with the Roadshows we undertook in all 9 provinces when we joined the department in 2021. We have done this through a wide range of dialogues, and other consultative processes that also led to development of the NISED.

We also commend the work that was done in the 6th Parliament through the Portfolio Committee that was led by the late Honorable Mme Violet Siwela (May her soul) and the Select Committee of Small Business Development in processing the National Small Enterprise Bill which amongst other things will enable the establishment of the one-stop-shop-center through incorporating the Small Enterprise Finance Agency (Sefa) and the Corporative Bank Development (CBDA) into the Small Enterprise Development Agency (Seda) to form the SEDFA – while also establishing an Office of an Ombuds which will also deal with unfair trade practices towards SMMEs and Cooperatives.

Honourable Chair, we are starting this 7th Administration with a very good sense of the needs and concerns of all small, micro and medium enterprises and cooperatives having tried as much as possible within our 2024/25 fiscal envelope of R2.437 billion to ensure that this Budget Vote accords with these needs.

President Ramaphosa reminds us that, we do not have the luxury of time, we need to act with urgency and unity of purpose to eradicate the triple scourge of poverty, inequality and unemployment.

Now let me focus on our priorities for this administration - market access and localisation.

Honorable members everywhere we've been to and digitally across all platforms, there are concerns about market access for small enterprises and cooperatives. We will do more to tackle market concentration and barriers to entry that exclude our SMMEs and co-operatives.

We have five main areas of focus regarding market access and localisation.

Firstly, we will support 200 SMMEs through our Small Business Exporter's Development Programme to participate in ten (10) Trade events in the 2024/25 financial year – to this regard R20 million has been allocated to exploit our AFCTA, BRICS partnerships and various global trade agreements.

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Second, we will enhance our Market Linkage Programme to ensure placement of SMME products in strategic warehouses of wholesalers and the shelves of retailers. Through our partnership with Proudly SA, and we are developing an e-commerce platform that is likely to go live in the second of this financial year. The appeal is for all South Africans starting with public representatives to buy these products in the digital platforms and in shelves of retailers – LETS BUY LOCAL

Third, we are working with the public sector in order to exploit opportunities which will be presented by the Public Procurement Bill (once signed into law) and we are working with corporates through Community of Practice to influence ESD programmes and procurement of products from small enterprises and cooperatives.

Fourth, we are actively building supplier capacity to meet and sustain the market requirements. Here we provide quality improvement, product testing and certification, as well as productivity improvement through Seda. Through the Small Enterprise Manufacturing Support Programme (SEMP) at Sefa we have allocated an amount of R266.8 million which deepens the black industrialist programme and ensure more participation of small enterprise in the manufacturing sector.

Fifth, priority is also given to new growth drivers with low barriers to entry. In this financial year 2024/25, we will focus on the energy sector, and tech industry – while also implementing our Cannabis Support Programme that will look both at the industrial hemp value chain as well as how to mainstream small indigenous cannabis growers for lucrative markets.

Honourable Chairperson, Access to finance remains one of the key constraints/challenges for small businesses and cooperatives, particularly those owned by previously disadvantaged individuals and those in the start-up phase of the business lifecycle.

To address this, we have developed an SMME and Co-operatives Funding Policy to expand access to finance and early-stage investment. We will be tabling this policy to Cabinet for final approval in this quarter.

This policy will be a gamechanger as it also proposes an establishment Fund of Funds, which we are currently designing. The Fund will derisk

and leverage investment from the private sector and institutional investors for start-ups amongst other things. We will during also prioritize developing a Startup Policy and legislation as required, and this will done in collaboration with relevant departments.

We will also continue to build on the work we have already under taken in the previous administration to invest more in under-served SMMEs and co-operatives. In these regard Sefa disbursed R2 billion funding facilities against a target of R2.18 billion, to 80 040 SMMEs and Co-operatives which led to 98 378 jobs were facilitated in the economy.

For this financial year, Sefa plans to disburse just under R2.16 billion and facilitate 130 006 jobs. The R2.16 billion disbursements comprise fiscal transfers and Sefa's balance sheet funds.

It is targeted that the R2.16 billion disbursement to SMMEs and Co-operatives will result in the following development impact:

- R1.5 billion to black-owned businesses.
- R866 million to women-owned businesses
- R649 million to youth-owned businesses
- R64 million to businesses owned by persons with disabilities
- R629 million to businesses based in townships
- R1 billion to businesses in rural towns and villages

Honourable Chair, on the township and rural economy, to strengthen impact and accessibility to our Township and Rural Entrepreneurship Programme (TREP) we have reviewed our offerings to strengthen impact and make it more accessible. This year we have allocated R344.2 million for the Township and Rural Entrepreneurship Programme (TREP), which will be administered through Sefa.

An amount of R255million is allocated to our Asset Assist programme which is intended for business with less than R3million annual turnover. We have allocated R45 million to General Dealers as part of reclaiming the township and rural retail space. To ensure safe and decent space for SMMEs and Cooperatives we will spend an amount of R153 million to build new structures.

To deal with counterfeit (fake products) that are destroying our local economy while also exposing our people to harmful products this year we have established Township Economy Task Force – which will also help unlock access to local markets for quality local produced products and the established supply chains. We will also be developing the National Township Economy Policy and a legislation that proposes mechanisms for changing townships from dormitory economic spaces into productive and dynamic micro economies.

We partnering with various stakeholders including merSETA, the Wholesale and Retail SETA, the National Skills Fund, and UIF among others to ensure that we provide quality and detailed support for township and rural enterprises.

Honourable Chair, now I will turn to building a capable and responsive portfolio own capacity as a portfolio.

If we think about an organizational maturity model, as a department we have developed from an establishment phase which was between 2014 and 2019 (5th Administration), and we come of a stabilization phase which was between 2019 and 2024 (6th Administration). Honourable Members will remember that we started as a chief directorate in the dti.

Even if I say so myself we have made good progress in strengthening our internal controls and systems, and improving the delivery of key performance outputs. We now receive clean audits from the Office of the Auditor General and we delivered on 80% of our performance targets. On our big target of supporting 40 000 competitive SMMEs and Co-operatives across the portfolio, we overachieved by supporting 50 077 competitive enterprises.

We are now entering a phase of improvement and optimization. We have the basics in place, and will now focus more on outcomes, impact, client - interface, and integration and partnerships. We will also focus on value for money, directing our budget to where it has the most impact.

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This necessitates that we rapidly sophisticate our research, our knowledge systems, and our Monitoring and Evaluation. Honorable members you will see that these are prioritized in our new organogram and related budget. Shifting to an optimized department during this 7th Administration also means that we must make strategic use of digital platforms. These are things we will do in partnership with stakeholders in the entrepreneurship eco-system.

This year we will also establish a Portfolio War Room to accelerate the execution of priorities. There will be zero tolerance for underperformance or underspending, and we will be strengthening performance management and accountability.

Conclusion

As I conclude, Honourable Members, we stand before you to table a budget that we feel will make a real impact on the lives of our people, even with the budget cuts we received.

In the 2024/25 financial year, the Department is allocated a total of R2.437 billion. This budget is primarily directed towards transfers and subsidies, which account for 83.5% or R2.034 billion, with the remaining 16.5% or R403 million, spread between compensation of employees at R251.6 million, with goods and services accounting for R146 million and capital at R5.2 million.

Of the R2.034 billion for transfers and subsidies, the Small Enterprise Development Agency (Seda) receives R1.316 billion (64.7% of the transfers and subsidies) and the Small Enterprise Finance Agency (sefa) is allocated R642.4 million (31.6% of the transfers and subsidies).

DSBD as the department, manages the remaining R478.1 million accounting for 19.6% of the total budget.

Honourable members, we call on everyone to support the work of our portfolio by buying and procuring local products produced by our SMMEs and Cooperatives.

I thank you.

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MINISTER

Stella Ndabeni-Abrahams



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