

**ANC parliamentary caucus**  
**Trade industry and Competition**  
**Budget vote**  
**Hon AS Hlongo**  
**5 minutes**

The historic mandate of the ANC is to respond to the legacy and imbalances created in the past; and to deracialize the South African economy through a radical socio-economic transformation process. This can only be achieved through structural transformation and the proliferation of small and medium-sized enterprises particularly in highly concentrated sectors to enable our economy to address challenges of social reproduction by enabling an environment whereby SMMEs can create jobs.

To realise the objectives set out in the NDP, our economy requires fundamental and structural change.

Structural transformation, as we understand it, has several dimensions. First, it means breaking the chains of our colonially defined place in the imperialist division of labour as producer and exporter of primary products, by moving to higher value-added production. This must involve industrialising in such a way that it supports a broad-based rise in incomes through the creation of higher income and higher quality livelihoods, as well as greater inclusivity. This does not mean just growing the manufacturing

sector in a narrow sense. It would also include promoting mineral beneficiation (adding more value to mineral commodities) rather than exporting them as dirt out of the ground as well as smart agriculture aiming, inter alia, at capturing more of value chains of exported product.

Industrial policy is therefore a central pillar of structural transformation.

Some of the structural constraints that continue to reproduce our challenges include amongst others; high levels of concentration, the lack of coherence between our skills development policy and industrial policy which means that firms tend to privatize the necessary training that merits public provision, which implies a bias against smaller firms. According to the Competition Commission's concentration report, the number of large firms has grown by an average of 3%, while the number of SMEs declined by an average of 9%. This indicates that there is a poor survival rate for SMEs in our economy. SMEs are key creators of jobs and without their increased participation we may not be able to effectively liberate our people from the clutches of poverty and joblessness.

In strengthening the competition commission the entity will over the medium term continue to focus on its internal capacity to enable the execution of its expanded mandate, which includes the prosecution and criminalisation of Anti-competitive conduct as a result the main cost driver for the entity is the compensation of employees which is projected to increase at an average annual rate of 5.8 percent from R311.5 million to in 2023/24 to 368.7million in 2026/27. The total expenditure for the department increase at an average annual rate of 4.2 per cent from R486.9 million to R550.1 million.

A direct consequence of high levels of concentration is the effect of abuse of dominance by firms resulting in higher consumer prices. Which is to an extent responsible for the rising cost of living as some dominant firms use their dominance to unjustifiably inflate the price of goods.

The imperative for addressing high levels of concentration and low levels of participation in the economy extends beyond the competition commission to all areas of government and civil society. Regulatory frameworks, and procurement across government directly impact the spread of ownership and opportunities for effective participation in the economy, which will ultimately impact concentration. Some proactive interventions are achievable through the Competition Commission's ability to undertake market inquiries.

As we adopt this budget let us be reminded that the people spoke on 29 May 2024 and said to the ANC as Amilcar Cabral would say, they are not interested in ideas or the things in anyone's head, they want to see material changes in their lives, they want to live better in a society that is free of poverty, sickness, crime, and underdevelopment. They want to be active participants in the mainstream economy

We support the vote

I thank you