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MINI PLENARY - NATIONAL ASSEMBLY

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VOTE NO 36 - SMALL BUSINESS DEVELOPMENT

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PROCEEDINGS OF MINIPLENARY - GOOD HOPE CHAMBER

Members of the mini-plenary session met at Good Hope Chamber at 10:00.

The House Chairperson Ms Z Majosi took the Chair and requested members observe a moment of silence for prayer or meditation.

APPROPRIATION BILL

Debate on Budget Vote No 36 - Small Business Development:

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Deputy Ministers, members of the portfolio committee, Deputy Ministers, the director-general, members of the board and officials of our department, ladies and gentlemen, yesterday was both a sobering and inspiring moment of national reflection for our country as we celebrated 70 years since the adoption of the Freedom Charter.

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On the 26th of June 1955, people from across racial, gender, class and religious lines gathered in Kliptown, and they did this to articulate a vision for a just, democratic, and inclusive South Africa, a direct opposite of apartheid. Among its many bold declarations, the charter asserted that the "People shall share in the country's wealth." A clarion call that has not yet been fully realised, but as government, we remain inspired by the significant progress that we made in realising a more equitable and just society. The Freedom Charter remains our lodestar.

In his address, President Ramaphosa reminded us of our central mission: to create jobs, reduce poverty, and improve the lives of all South Africans. This Budget Vote also comes at the end of the Youth Month, a time to remember the courage of young South Africans who changed the course of our history in 1976. Today, a different generation stands ready to shape the future of our country through entrepreneurship, innovation, and economic empowerment. Whilst this being the case, too many of our young people languish on the margins of the economy, excluded from meaningful participation in a system into which they were born.

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This Budget Vote therefore reflects our unwavering commitment to that noble cause. As such, we are focussing our efforts on building a more inclusive, efficient, and high-impact micro, small, and medium enterprises, MSMEs, support system, one that empowers our youth, women and people living with disabilities, especially in townships and rural areas.

We are instituting a new service delivery model to better position the department to lead the ecosystem. Aligned to this, we are scaling and integrating our offerings to achieve greater impact and value for money. As the Minister of Finance says, "We must do more with less."

We move from the premise that the small enterprise support ecosystem has legislative and policy gaps. To this end, we are working faster to close those in ensuring that we remove the constraints and create a conducive environment for MSMEs and co-operatives to thrive. Accordingly, the National Small Enterprise Act, which has led to the establishment of two key instruments, the Small Enterprise Development and Finance Agency and the Office of the Small Enterprise Ombuds that must provide recourse and fairness for small enterprises in our ecosystem. We await Parliament to finalise this process as

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Section 17(A) gives that authority to the members of the portfolio committee. And on our side, we have already appointed the staff that we need to appoint, and we are finalising process towards the appointment of the deputy ombuds. - Hon Webster, it is important that you familiarise yourself with these responsibilities as per the law that is passed by Parliament.

Additionally, we have our funding policy approved by Cabinet, and we are now working with partnerships to establish an alternative credit rating system as well as a movable asset registry to address the lack of collateral amongst MSME borrowers. The current risk assessment models used by financiers, your audited financial statements, the credit history, and collaterals are not suitable for small businesses as they are designed for big businesses. And with an alternative credit data model, we can ensure that financiers are able to use alternative data like bill payments, e-commerce activity, mobile money transactions and many other ways to foster financial inclusion for the majority of our entrepreneurs.

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Our funding policy also provided for the establishment of a fund of funds. We are now working with the Ministry of Trade, Industry and Competition to set up the transformation fund. This will fundamentally change the way small and medium-sized enterprises are financed, and we just need to ensure that we improve our efforts to make entrepreneurs more willing to finance themselves.

Through the Small Enterprise Development and Finance Agency, SEDFA, our partnership with the Johannesburg Stock Exchange, JSE, in providing capital and facilitating investment is also being expanded to reach more entrepreneurs, especially in underserved areas. We have recently adopted the National Business Licencing Policy and are now finalising the Business Licencing Bill to simplify business licencing and introduce preferential licencing for the targeted empowerment and promotion of previously disadvantaged groups in economic activities in certain sectors of our country. The Deputy Minister will go into detail on this point and the areas of red tape reduction.

As we solidify the MSME policy landscape, we are also finalising the National Entrepreneurship Strategy which seeks

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to embed an entrepreneurship culture and recognise entrepreneurs and innovators as key drivers and agents of socio-economic development. It is focused on the individual entrepreneur and their needs at different stages of development from the informal street trader to their high growth scale up. The last policy initiative I would like to draw your attention to is the Township and Rural Economic Development Revitalisation Policy which will be taken to Cabinet this quarter.

The policy will enable a more consolidated approach by government when it comes to supporting rural and township areas especially with the co-operatives. The policy calls for the creation of vibrant townships and rural small business hubs, which requires a more co-ordinated approach between the three spheres of government in terms of spatial planning, business licencing, infrastructure provision and investment.

This morning, I had a meeting with MEC Maile from Gauteng and MEC Lenkopane from the Northwest to find ways of working together on the redevelopment of existing industrial parks such as Babelegi. We will continue to discuss this with other provinces.

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We are confident that this legislative and policy interventions will make the ecosystem more coherent and ensure that more MSMEs are better served especially those owned by the vulnerable groups. Policy reforms alone are not enough. These reforms must be underpinned by a capable responsive and integrated service delivery model. This brings me to the second model which we are busy with as the department.

Two and a half years ago we developed the National Integrated Small Enterprise Development Framework which gives us the mandate to lead and co-ordinate the ecosystem and ensure accountability from all stakeholders and role players. To ensure this accountability, we are developing a robust monitoring and reporting framework for all ecosystem players which is to be presented to Cabinet this year. We are also establishing internal research capability and undertaking sector-specific value-chain studies to inform targeted interventions in productive sectors of our economy.

Furthermore, we have created a research think tank to support evidence-based policy as well as the formal partnership with the deans of commerce from all higher institutions of learning. We are also finalising the appointment of a new

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small business advisory body. We have improved significantly on performance from 2021-22, where we achieved 60% to 2024/25, where we are at 88%. We are now moving beyond targets towards impact-driven performance, and performance is linked to governance.

Our new service delivery model compels us to be more strategic, outcomes and impact focused. This means targeting sectors and industries where there is a market demand and room for MSMEs growth and expansion. It means specially integrating our limited resources across our various offerings, and this is why we will be focussing all our efforts towards establishing small business hubs in this financial year. I will also focus on our product and service offerings.

We have set ourselves ambitious targets to make our contribution to the government's Medium Term Development Plan, MTDP, of achieving growth of over 3% and reduce unemployment to below 28%. We recognise that this must be achieved by supporting one million MSMEs with both financial and non-financial assistance, and we believe that we will achieve this through direct implementation and strategic partnerships with all players in the ecosystem. We are already working with

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various departments. Although we have set a target of R2,1 billion for disbursement to entrepreneurs, we can proudly announce that we have spent about R3,2 billion, which has flowed to more than 165 000 entrepreneurs.

Looking at the year ahead, I will focus on three key areas: The expanded entrepreneurship funding package. We will establish the young entrepreneurship fund, which we will endow with R300 million, and we know that we need to harness the creativity and innovation of young people here. We will also be setting up a female entrepreneurship fund, which will also be capitalised with R300 million, and of course, we will be splitting SEDFA'S financial offering into a development fund for new entrants and higher risk borrowers and a commercial fund for growth-ready MSMEs.

We are allocating R990 million for approvals for a development fund, R330 million for approvals for the commercial fund. We are also allocating R979 million of value of credit guarantees that must be taken up by small enterprise borrowers. These credit guarantees remain an important part of our offerings, liberating banks and non-bank financial institutions to take on MSMEs' borrowers that are above their ordinary risk

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tolerance. This has been significantly more investment, still more investment by banks and other financial institutions for new entrants in agriculture, agro-processing, automotive and other services.

In terms of economic development in the townships and rural areas, we will set up the small business centres I mentioned earlier. We will have fifty small centres in fifty townships. We are doing this because we need to provide a one-stop shop for our entrepreneurs. This includes bringing SEDFA offices and staff to these townships so that our entrepreneurs do not have to travel to the cities.

We will support fifty Internet Service Providers, ISPs, because we know how important it is to provide entrepreneurs with affordable broadband connections, but also to ensure that we gain new ownership of the digital infrastructure that our citizens have never had before. For all this work we have budgeted R958 million over the MTEF, which is R310 million for this year and an additional R253 million that will come from SEDFA.

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Again, on Informal Micro Enterprises Development Programme, IMEDP, we will provide support to fifty informal traders in fifty townships, fifty informal traders in fifty rural areas, and we do this specifically because they too cannot be left behind. As a result, R112 million have been set aside.

This financial year, for township and rural enterprise financial support, we are allocating R543 million and on asset support, we are allocating R630 million, and R206 million for this financial year. For co-operatives, we are allocating R100 million this financial year and we will add R125 million for the spaza shop support. For enterprise development and market access, we are allocating R142 million to support 45 000 entrepreneurs. We are pressing ahead with our work on the G20, and in July we will be organising a conference, Startup20, and the Global SME Ministerial meeting.

I hereby present to you our budget for the financial year 2025/26 amounting to R2,918 billion, which is primarily for transfers and subsidies, accounting for 84% or R2,450 billion. The remaining 16% is split between compensation of employees amounting to R265 million, goods and services amounting to R197 million and capital amounting to R6 million. Of the

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R2,450 billion for transfers and subsidies, SEDFA receives R1,9 billion, or 77,9%. The department manages the remaining R542,6 million which accounts for 22%.

Hon members, this budget reflect our unwavering commitment to the spirit of the Freedom Charter. We are building a more inclusive economy that enables youth, women and communities in townships and rural areas to participate meaningfully in shaping South Africa's future through MSME development. As the African proverb says, and I quote:

If you want to go fast, walk alone; but if you want to go far, walk with people.

As we walk together, we will undoubtedly reach our destination sooner rather than later. I therefore table Budget Vote 36.

Thank you.

Ms L SAPO: Hon Chair, when the Department of Small Business Development was established in 2014, South Africa has approximately 2 million SMMEs is operating in our economy, and currently we have around 3 million SMMEs across the country. The difference in the number of SMMEs is from the inception of

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the department and now shows the progress that has happened under the department and the importance of the department itself.

This annual Budget Vote presents a comprehensive overview of the Department of Small Business Development financial allocation, planned expenditure and strategic priorities for the coming fiscal year. To us, it serves as a crucial accountability document, informing Parliament, stakeholders and the public about how allocated funds are going to be used to support SMMEs is across the country.

As the ANC, we are content with the budget, but we are also of the view that the current budget allocated to the department is not sufficient to fully meet the developmental needs of the SMMEs and co-operative sector. This is due to high limited financial resource constraints and its ability to implement large scale and high impact programs.

Given these constraints, there is a pressing need for qualitative and impactful spending to ensure that every rand is used efficiently, with targeted interventions which yield measurable outcomes. This includes prioritising support for

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high potential enterprises, strengthening equal system partnership and improving monitoring and evaluation systems.

Therefore, the department is urged to align its expenditure with transformative goals, such as rural and township development, youth entrepreneurship and digital inclusion, to take into consideration that SMMEs are the engines of economic growth and the only sector that has ability for massive job creation. The ANC acknowledges that the department projected 95% expenditure as a positive improvement from previous trends, reflecting effective use of resources and effective departmental performance that benefits the sector.

However, we remain concerned about the delay in finalising the SMMEs and cooperative funding policy, as access to funding remains a key barrier for small business growth. While the policy was previously gazetted for public comment, it is still not yet concluded. We are also of the view that the Small Enterprise Development Finance Agency Capital Management Program, which focuses on mobilising external funding through strategic partnerships, should be clearly reflected in the policy.

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Therefore, the finalisation is very crucial for improvement of financial support for small businesses. There are, of course, notable policy gaps between Department of Small Business Development and National Treasury, which necessitate regular and sustained engagement. This highlights the importance of ongoing collaborations to ensure that policy objectives are well aligned and effectively implemented.

Given that both these two departments play a key role in shaping national policy, their mandates frequently intersect beyond confines of national Budget processes. The department must effectively implement the red tape reduction initiatives to enable SMMEs and improve business environment.

Hon Chair, the B-BBE policy remains a transformative tool. It is designed to address historically economic inequalities by promoting economic inclusion and advancement of black people. It aims to transform the South African economy by encouraging business to actively participate in the inclusion of black people in ownership, management and skills development. Hence, those who seek to tamper with it will be definitely challenged, and we shall not allow anyone to reverse the gains of our democracy. Yes, we see that the DA is trying their

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luck. We shall meet them, and they will be a challenged as such.

We are, of course, concerned about the prolonged delay in tabling the Business Amendment Bill, which has remained outstanding for years after its review commenced. The department is urged to submit the Bill to Parliament by the end of the third quarter. Failing this, the committee may consider initiating the amendment process itself, under Rule 276 of the National Assembly Rules, as it was previously done with the National Small Business Act. The ANC supports the report. Thanks, Chair.

Ms M C MAFAGANE: Greetings, hon Chair. Hon members, the MK Party stands in a revolutionary defiance of broken promises, one made by the Department of Small Business Development, which was meant to drive an inclusive economic growth and job creation. Yet, despite billions in allocation over the years, our people remain sidelined, strangled by red tape and trapped in cycles of township poverty. The 2025-26 Annual Performance Plan and Strategic Plan offer a polished narrative of supporting SMMEs, cutting red tapes and enabling market

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access. However, on the ground, the reality is that ...

[Interjections.]

The HOUSE CHAIRPERSON (Ms Z Majozi): Hon Mafagane, there is a request that you should please put your microphone closer to your mouth. Yes, the hon members cannot hear you. Yes! Thank you.

Ms M C MAFAGANE: Sorry! The 2025-26 Annual Performance Plan and Strategic Plan offer a polished narrative of supporting SMMEs, cutting red tapes and enabling market access. However, on the ground, the reality is starkly different. Inefficiencies, exclusion and halo slogans, while the National Development Plan aspires to create 11 million jobs by 2030, which would reduce unemployment rate by 6%.

The Department of Small Business Development continues to operate in isolation, lacking co-ordination across government spheres. It is now widely acknowledged that the Intergovernmental Relations Framework Act of 2000 is not just underused; it is systematically ignored. We are told that businesses can now be registered within 24 hours; but what good is that for a young entrepreneur in Libangeni or

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Senwabarwana or in Gugulethu, who cannot afford R500 for a bid document, or to travel hundreds of kilometres to attend compulsory briefings when virtual briefings could have been offered?

These exclusionary procurement practices are more than just obstacles; they are deliberate acts of economic sabotage against black enterprises. Even the Department of Small Business Development officials, including Small Enterprise Development Finance Agency, Sedfa, have admitted that many SMMEs remain unreached, especially in townships and rural areas, due to limited visibility and poor engagement. Worse still, intermediary masquerades as support networks, offering functions like loan sharks, charging vulnerable SMMEs inconsistent and exploitative interest rates.

Meanwhile, the Department of Small Business Development's track record in delivering support is dismal, with growing gaps between planned targets and fulfilled vacancies continue to cripple service delivery. Despite claiming alignment with the NDP, the Department of Small Business Development's 2025-26 budget reflects a paltry 1,3% increase, far below inflation rate and insufficient for meaningful transformation. Analysis

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warns of under underfunding, duplication and insufficiency. The Financial and Fiscal Commission, FFC, has also raised alarms, urging improved co-ordination to better support informal businesses, township entrepreneurs and rural enterprises.

Comrades, the MK Party demands nothing less than a radical overhaul of the system. We propose: Eliminating bid fees for SMMEs and mandating virtual briefing sessions for all tenders; creating a unified SMME digital portal that integrates CIPC, Sars, UIF and CIDP on one window for all services; creating one-stop business hubs in our townships and rural areas; establishing a township and rural enterprise fund, controlled directly by co-operatives and community councils, and not banks; redirecting condition grants towards community-owned business hubs, with transparent public audits; and implementing performance-based budgets, where failures result in dismissal, not a quiet reappointment.

We must stop recycling consultants and start investing in black working-class businesses. We reject a DSBD that shelters elite incubators, while sidelining street-level entrepreneurs. We reject the illusion of transformation that leaves the poor

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begging at the gates of the state that they finance. We do not merely oppose this Budget Vote; we reject the neoliberal framework that sustains it. The MK Party calls for a revolutionary people-centred state that dismantle gatekeeping and transfer powers and resources to masses. The MK Party rejects this budget. Thank you.

Mr H C C KRÜGER: Hon House Chair, Minister, small businesses matter. I am not only debating Budget Vote 36 today, but I am also tabling a petition for economic freedom, for the dignity of work and for the aspirations of millions of entrepreneurs who refuse to be broken by a system that was supposed to support them. We stand at the crossroads of resilience collapse. In the heart of every township, every rural village, every town or every metro, there are South Africans with fire in their hearts and ideas in their minds. Still, their pockets are empty and they are trapped. Trapped not by the lack of ambition but trapped by red tape, choking regulations, broken promises and bureaucratic failure.

Small businesses are not small in value. They generate 60% of our jobs and represent the single greatest hope of 20 million South Africans currently excluded from our economy. However,

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they are suffocated by a state that claims to support them while burdening them with devious regulations based on outdated policies and neglect.

Since 2014, this department has introduced only one piece of reform legislation to address the issue, that stifle our small businesses. However, the DA has not sat idle by. We have tabled, not one, but three Private Members Bills, both to reduce red tape and establish a genuine small business ombudsman. Nevertheless, the process to appoint the ombudsman was compromised. Instead of focusing on solutions that allow rural entrepreneurs, the informal sector and co-operatives to grow, they receive little more than symbolic gestures.

The department promised to support 100 000 township rural enterprises. But where are they? The cross sector has been neglected. The global market exposure programme has stagnated. Yet, billions of Rands are spent without clear job creation targets, without performance metrics and without accountability. Chairperson, we cannot fix a 60% problem with a 10% budget and 0 political will. That is why we welcome the Deputy Minister's mission to the revive the township and rural economy, especially in townships. Industrial parks have

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remained neglected for so long. The Deputy Minister has injected new political war into small business development. Make no mistake the Government of National Unity, GNU's commitment has remained unshaken. It must convey a message in this country.

The HOUSE CHAIRPERSON (Ms Z Majozi): Hon members, let us not drown the speaker on the podium.

Mr H C C KRÜGER: The GNU must convey the message in this country. A small business matters. Regulatory compliance costs is a killer for small businesses. According to a report by SA Revenue Service, Sars - you must listen, you will get educated, according to report by Sars, small businesses in South Africa are required to comply with over 100 different regulations. The DA's Startup Nation Plan transforms the small business ecosystem. It is not a dream. It is tested by practical blueprint. It incorporates one stop shops, digital platforms and business starter toolkits. It featured a financial system that reflects best practices in the world. And yes, it includes extensive red tape and regulatory reforms.

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We further believe a genuine independent small business ombudsman is much needed in South Africa. These are not theories. This is what we are doing in the Western Cape. Our employment rate is more than 10% each points lower than our national average. Four out of every five job created in the past five years are created in DA areas. South Africa deserves a government that believes in its people's potential and recognizes that small business matters.

Hon members, the day of survivalist rhetoric are behind us. Now is the moment for courage. Let us unite in this House as through patriots. Let us move beyond politics and consider the young entrepreneur in line holding business, holding a dream in one hand and a rejected application in the other. Let us have the audacity to declare that you matter, your business matter, your future matter. Let us build the nation that fosters entrepreneurship rather than suppressing it. Thank you Chair. [Time expired.]

Ms B MATHULELWA: Greetings to our commander-in-chief and fighters. House Chairperson ...

IsiXhosa:

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... siyiEFF asiluxhasi olu hlahlolwabiwomali. Okokuqala nje, le R2,7 billion ayonelanga ukusungula nokuphuhlisa onke amashishini asakhasayo.

English:

These enterprises, integrated co-operatives, micro enterprises development and innovations ...

IsiXhosa:

... zizonke zabelwe kuphela i-R2,849 million, engacacisiyo, Mphathiswa, ukuba oomama, abantu abatsha nabantu abakhubazekileyo baza kuzuza malini. Eli Sebe lamaShishini asakhasayo liphindaphinda into enye kubo bonke aba nyakamali ...

English:

... on APP reports ...

IsiXhosa:

... kwaye alizinanzanga izikhalazo zekomiti yemicimbi yesebe. Siyicacisile kananjalo ukuba makupheliswe ...

English:

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... the middleman model called intermediary wholesale lending incubators ...

IsiXhosa:

... ezithatha iR1,6 billion yonke kule madlana engonelanga, ze enye bayihlise ngomlenze. Lilonke, imali esithetha ngayo apha Mphathiswa, ngamaR300 million kuphela. Ucinga ukuba uza kuwasungula, uwaphuhlise njani amashishini asakhasayo ngamaR300 million kuphela? Ngurhulumente onjani lo ongawaziyo amashishini asakhasayo ukuba mangaphi kwaye adinga malini?

Lo rhulumente unyuse irhafu yamafutha ezithuthi ngondlelamnyama. Le rhafu iza kuthwaxa wona la mashishini asakhasayo imihla nezolo. Isabelo samaR200 million ekuthiwa yeyolawulo (administration) ingaba isebenza ekulawuleni ntoni? Mphathiswa bonke abantu kwizikhundla abakuzo babambele akukho mntu osisigxina kwisikhundla sakhe.

English:

An amount of R82 million for policy and research sector ...

IsiXhosa:

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... yeyantoni xa siza kuthi uMthetho sesiwupasisile kodwa usihlalo wekomiti angawusebenzisi? Usihlalo usuke wanyanzelisa ukufakwa komntu obolileyo zizityholo zorhwaphilizo? Yonke le nto yenzeka emva kokuba isebe lichithe izikhuntyu zeemali zokuhambisa abagqatswa.

English:

This was money wasted on travelling, accommodation and interviews with everyone who attended the interviews.

IsiXhosa:

Siphakamisa isebe licacise ukuba liza kubaxhasa njani oosomashishini abasakhasayo ukuze nabo badlale indima kuqoqosho. Baza kusingula njani isigidi samashishini asakhasayo kunyakamali wama2025/26? Yonke le nquleqhu iza kufuna iBhanki kaRhulumente enjongo zayo ikuphuhlisa nokuxhasa ngokwezimali la mashishini.

Sifuna urhulumente oza kuqinisekisa kwaye akhokele uphuhliso olukhuselekileyo. Kufuneka kubekho amashishini awohlukeneyo aza kuthi adale amathuba emisebenzi kulo nyakamali.

Ukwahlukana kwamashishini asakhasayo kuza kufuneka kwenziwe ngurhulumente kuquka nabantu abaza kuxhamla kuloo misebenzi.

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Sifuna yonke loo nto yenzeke ngenkxasomali eza kufumaneka ngokuthi konyuswe irhafu yokuthenga nokuthengisa.

Iimveliso zoMzantsi Afrika kufuneka zithengiswe kumazwe angaphandle, izwekazi iAfrika nakwihlabathi jikelele. Kufuneka soyame kakhulu koogxa bethu borhwebo abaqhubela phambili nabanengeniso enkulu. Isiqingatha sezixhobo zokomba imigodi kufuneka urhulumente aqinisekise ukuba zenziwa apha eMzantsi Afrika.

Urhulumente makaqinisekise ukuba imveliso yethu yokutya yenziwa apha eMzantsi Afrika. Iyakuthi ukuze iphumelele loo nto kunyuswe izinga lezolimo, nto leyo eya kubangela ukuba kwande amathuba emisebenzi. Bonke abalimi abasakhasayo baya kunikwa inkxaso ecwangcisiweyo nefanayo kuquka neendlela zokurhweba. Abarhwebi bonke beemveliso zokutya abaseMzantsi kufuneka banyanzeliswe nguMthetho ukuba bathenge iimveliso zalapha kwaye baxhase neenkampani zezo mveliso.

Makubekho uncedo olusuka kurhulumente kubantu abakwiindawo eziselunxwemeni lolwandle noshishino oluquka ulobo (agrifishing). Loo nto iya kuncedisa ukuba kuphuhle uqoqosho nemisebenzi yabo emihle ikhule. Uluntu oluhlala kufutshane

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nolwandle kufuneka lunikwe amalungelo okuloba gabalala. Aba balobi kufuneka baxhaswe ngurhulumente ngokubancedisa kwizinto abasilela kuzo.

Umhlaba wona usesezandleni legcuntswana labamhlophe kwaye izibhambathiso zokuwubuyisela ngama30 ekhulwini ngowama2014 azange ziphumelele. Ukugxothwa kwabasebenzi ezifama kusaqhubeka nanamhlanje. Asiluxhasi olu hlahlolwabiwomali. [Kwaphela ixesha.]

Inkosi B N LUTHULI: Hon Chair, the IFP acknowledges the importance of the department in restoring inclusive economic growth, empowering the entrepreneurs and tackling the issue of unemployment, particularly, among the youth, women and people living in rural and township areas. Expenditure is expected to increase by 5,6% annually. This upwards adjustment is welcomed, however, the increase must be matched by the effective delivery and measurable impact. A portion of this budget is earmarked to transfers and subsidies, mainly, channelled through the newly merged implementing agency, the Small Enterprise Development and Finance Agency, Sedfa. While the consolidation of Small Enterprise Finance Agency, SEFA, and Small Enterprise Development Agency, SEDA, into Sedfa,

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it's a promising step towards a more streamline and accessible support structures. The question remain about the agencies' readiness to deliver, particularly, in underserved communities.

While acknowledging the importance of this allocation, we remain concerned about the effectiveness and reach of these programmes. Are they truly accessible to informal traders in Lusikisiki, to woman-owned co-operatives in a rural KwaZulu-Natal, or to youth-run start-up in the deep rural area of Mpumalanga? Many small, medium and macro enterprises, SMMEs, are complaining about delay, limited outreach and lack of follow-through once the support is promised. The budget must not only be spent, it must be felt on the ground. We must further ask whether the current administrative and finance mechanism within SEFA and SEDA are efficient and transparent enough to ensure that the funds released are resulting in a tangible outcome, not just paper work. We welcome the continued support of the programme such as the Township and Rural Entrepreneurship Programme, TREP, and blended finance initiatives. Local enterprise should not need to travel long distances to access support. The department must work closely with the municipality and the traditional leaders to ensure

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that resources are distributed equally, equitably and efficient.

We we believe that the small business are not just economic units, they are engines of dignity and self-determination. It is our collective duty to equip them with more than just promises. While the IFP supports the Budget Vote, we do so with a call for accountability. A shrinking budget must not translate into a shrinking impact. The IFP urges the department to ensure that every rand spent ...

[Interjections.] I support the budget. [Time expired.]

The HOUSE CHAIRPERSON (Ms Z Majozi): Hon Ngobeni. Hon members, you are provided a seat here. So, when you know that you are the next speaker, you don't have to run from where you are sitting,

Ms L M NGOBENI: Hon Chair, thank you for the reprimand. You know, we are creatures of habit. Hon Chairperson and members of the House, Action SA supports budget. Vote 36 on Small Business Development. I think it's very clear that small businesses are the heartbeat of our economy. As a member of an organisation started by one of South Africa's most prolific

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entrepreneurs, it would be remiss of us not to support efforts that are trying to assist small businesses, and so we are pleased with the developments that are happening in the sector so far, albeit that we will do our best to ensure that whatever happens in that sector actually does benefit the people of South Africa. A country that strangles its small businesses, strangles its future. Today, we must speak clearly about the cancer eating away at township and rural economies. The uncontrolled mushrooming of unregulated, foreign-owned parcel shops, many of which operate outside our laws, really cannot be tolerated, hon members.

The clarion call for spazas for locals will never wane. As Action SA, we will never waver in our continued pressure to have illegal immigration and the pressure placed across areas in our society that includes the total takeover of our township and rural economy. This activity cannot come at the expense of our own citizens. It's high time that our citizens are prioritised, particularly, those who were previously disadvantaged. They were disregarded by the previous regime of apartheid, they cannot be continually disregarded by this democratic government. The law demands that a foreigner must invest in a minimum of R5 million to operate a business in

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South Africa. Yet, who is policing this R5 million, and who's checking this compliance? We've asked many times without clear answer. The reality is that our people are forced to compete unfairly in their own backyards. You cannot talk about economic freedom, while South African entrepreneurs are buried under illegal competition and impossible bureaucracy.

If we truly want this vote to mean something, we must tear down the red tape that is strangling startups. We've been speaking about this ad nauseam, it is time that we actually tackled the problem of red tape from business registration to access to finance. Every piece of unnecessary bureaucracy is another nail in the department's efforts to resolve these issues. It should be the engine room that unlocks township and rural revitalisation. Put simply, hon members, we must prioritise South Africans. We cannot say this enough. If we fail, we will condemn another generation to joblessness, while the connected few thrive. Let us make this vote work for the hustlers, the dreamers and the entrepreneurs who refuse to give up on our country because when small business thrives, our communities thrive too. Thank you, hon Chair.

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The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT (Ms R J Sithole): Hon Chairperson, hon Minister of the Department of Small Business Development, members of the Portfolio committee of Small Business Development, director-general and senior managers of the department, the chairperson of the board of our entity, Small Enterprise Development and Finance Agency Sedfa, officials and members of the entity, ladies and gentlemen, the government of national unity is hard at work. In our effort to oversee transversal support within the small business ecosystem and to provide a conducive environment, the department's focus on reducing regulations remains a significant focal area. Urgent action is needed to remove all pieces of legislation that hinders entrepreneurship and economic growth, and time is not on our side.

According to the Global Entrepreneurship Monitor 2023, small business start-ups in South Africa face exceptionally difficult circumstances, about 40% fail in the first year, 60% by year two and up to 90% within 10 years. Behind these figures are real individuals striving to make a living while navigating obstacles. We cannot continue with business as usual, and we cannot possibly continue doing things we have always done yet expect different results.

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Heavy regulatory burden remains one of the greatest challenges facing small businesses today. Compliance remains a slow, complex and costly process, especially for small businesses trying to get off the ground. South Africa ranks a disappointing 84th in the global Ease of Doing Business Index. This is not just the number. It reflects the frustration of entrepreneurs battling red tape instead of building their businesses. It reflects the lost opportunities for job creation and growth in our economy.

Following the 2024-25 planning cycle, the department has prioritised the development of the Red Tape Reduction Framework, which is directly linked to outcome two, which focuses on improved, integrated and streamlined business processes and systems. The Red Tape Reduction Framework aims to address regulatory and administrative barriers that hinder economic development and small business growth. If we are serious about unlocking the full potential of our economy, we must act with urgency.

We need to streamline regulations, cut unnecessary red tape and introduce reforms that support and not hinder business growth. Only then can we create an environment where

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entrepreneurship thrives, and our economy begins to grow in a manner that is both inclusive and sustainable. Policies that force race-based compliance have already failed and they have increased business failures too and have produced the highest unemployment rate ever.

Our policies must focus on enabling and not punishing economic participation and expansions. South Africans are tired of empty speeches from politicians that lack action. South Africans are going to punish us dearly if we continue to speak without action and action that is impactful. The only way to economic growth is to not to talk about red tape; is not to present elaborate plans, but to remove all unnecessary regulations and legislations that currently inhibit business growth and employment growth.

The Red Tape Reduction Framework that was approved as per the 2024-25 annual performance plan seeks to provide a coherent vision, strategic approach around which government-wide policies and programs to reduce administrative burdens, unnecessary regulations, and inefficiencies experienced by small businesses and co-operatives can be developed and implemented. Our red tape strategic framework aims to guide

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and entrench good regulatory practices throughout government by setting clear principles for the effective, client-focused, and cost-effective implementation for the regulation.

The department commenced with the consultations last year in September; hence we have now produced the Red Tape Reduction Framework. The department now plays a pivotal role in the red tape reduction awareness space guided by the framework. An improved business environment is essential for supporting accelerated economic growth and job creation. Regulatory reforms to alleviate regulatory burdens on small businesses and the informal sector is an area that can no longer be pushed to the back. As the seventh administration, we have put a laser focus in this area. This includes accelerating labour law reforms aimed at supporting small businesses and co-operatives.

This will consider issues such as the exemption of small businesses from bargaining council agreements through the finalisation of the amendments to labour laws. Forcing small businesses to comply with bargaining council agreements, which often set wages and working conditions suited for large firms, places an unsustainable burden on small employers. Secondly,

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small business will be exempted from the SA Revenue Service 12-month tax clearance certificate.

Small businesses are the backbone of our economy, yet they are often treated as if they have the same administrative capacity as large corporations. This requirement places an unnecessary burden on micro, small, and medium enterprises, many of which lack the resources to navigate complex compliance procedures.

Thirdly, with regard to Unemployment Insurance Fund compliance, small businesses should be building jobs, not drowning in red tape. Unemployment Insurance Fund compliance is one of the major burdens they face. Small enterprises are expected to comply with the same UIF rules and reporting processes as large corporations. This is unreliable, unaffordable, and unnecessary. It's time we stop punishing small businesses for not being big and instead build a system that helps them grow.

With regard to co-operatives, the United Nations last year in May declared 2025 as the International Year of Co-Operatives. We have set thematic areas for ourselves in advocating this campaign. Co-operatives hold the power to uplift communities

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out of poverty. However, I must emphasise that co-operatives must be market-driven, sustainable, and accountable. Co-operatives must not become vehicles for political patronage. The support given to co-operatives must be based on merit, transparency, and impact, not political connection. The culture of grant-reliant co-operatives that are set up to fail must come to an end.

Public funds must be used to build real businesses, not short-term projects. Studies indicate that more than 80% of registered co-operatives in South Africa become inactive or collapse within a few years. Co-operatives must be embedded in our township and rural economy strategies, always with a focus on sustainability and results. Our economic transformation must be rooted in reality and driven by the results. It doesn't matter the amount of sound that people make in portfolio communities or the loud noises they bring. That will not bring change to the small businesses of our country.

We must strengthen monitoring and evaluation of co-operatives that were funded by our agency, Small Enterprise Development and Finance Agency. Without monitoring and evaluation, we are working backwards. To effectively position businesses to play

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a meaningful role in the economy, the department will implement the following interventions, which is aimed at promoting the sustainability and growth of micro and small-medium enterprises and co-operatives over the medium term.

The National Integrated Small Enterprise Development, Nised, strategic framework, is aimed at pushing policies that are in the best interest of micro, small, and medium enterprises. This co-operative strategy will ensure that our co-operatives get the funding that they need. The department's Co-operative Development Support Programme is intended to support co-operative enterprises. Through this programme, the department will seek to support 50 co-operatives financially. The National Informal Business Upliftment Strategy seeks to uplift informal businesses within the informal economy. For the 2025-26 financial year, 2 000 informal businesses will be supported through the Informal Micro Enterprises Development Programme.

As government, we recognise the importance of informal businesses in driving economic growth, creating jobs, and supporting livelihoods, especially in townships and rural areas. We must do everything in our power to integrate the informal sector into the broader economy. Providing financial

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and nonfinancial support to informal and micro enterprises is imperative, particularly in townships and rural areas. We will assist informal businesses to become sustainable and formalised over time.

As I conclude, we are serious about unlocking economic growth, reducing unemployment, and building a more inclusive society. We will place small businesses at the heart of our policy agenda. Small businesses are not just the backbone of our economy, they are the engines of innovation, resilience, and opportunity. The time for rhetoric is over. The time for decisive action is now. And the time for the noisemakers that are unable to do anything has come to an end. The builders will separate from the breakers. They pretend to care, but they are determined to break this country. While they make noise when we speak, while they make noise in portfolio committees, and while they continue with the noise, the department is continuing with the work. While they continue with the work ... [Time expired.] ... the department is continuing with the work, and we will not be deterred. This department will achieve its targets. Thank you very much.

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Mr W M THRING: Hon House Chairperson, the ACDP acknowledges that the small business sector employs between 50% to 60% of the South African workforce. This foundational sector therefore plays a critical role in addressing high youth unemployment and in promoting economic inclusion, especially in the underserved areas of South Africa.

The ACDP notes that the 2025-26 Budget allocates some R2,9 billion with significant increases in development, finance sector and market support and township enterprise promotion. Despite these allocations, however, we remain concerned about persistent implementation failures, most notably the nonperformance of the Asset Assist Programme and a staggering R1 trillion small, medium and micro enterprise, SMME, credit gap. This department has seen a decade of stagnation with annual growth in the sector crawling at 1,6%. Despite the billions allocated, outcomes are often opaque where neither beneficiaries nor impacts are clearly accounted for.

While well intentioned interventions have attempted to redress historical injustices, the government-led funding has all too often been undermined by political interference. Though the

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department claims to have supported over 165 000 SMMEs, the ACDP asserts that the credibility of these figures is questionable. It is evident that structural reforms are needed, fixing electricity supply, removing antagonistic policies, reducing crime and streamlining bureaucracy to enable business a success.

Anomalies like the department's silence on the Spaza Shop Support Fund are troubling, especially after revelations that just 6% of the spaza shops are owned by South Africans. This demands urgent transformation. The R500 million fund if ethically managed could position spaza shops as South African owned digital and co-operative hubs driving local development and digital inclusion throughout the country.

The ACDP supports the appointment of an ombud for the Small Enterprise Ombud Service. As kingdom builders committed to the future of South Africa, the ACDP believes that this department would be better placed under the DTIC. We understand the importance of this sector and recommend the supporting of small businesses by promoting a culture of entrepreneurship through mentoring and start-up funding, skills development and training. To augment this, we recommend the creation of an

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enabling environment, a professional Public Service, quality education and vocational training relevant to global trends and technological advances. With reservations mentioned and in support of the small business sector, the ACDP support this Vote. Thank you.

Xitsonga:

Tat S M GANA: Mutshamaxitulu ...

English:

... this morning, I rise for the entrepreneurs. I rise for a small business owner who has taken a risk, often with little more than an idea and determination, and borrowed capital to start something of their own. These are brave South Africans who do not wait for the opportunities but create it. As Rise Mzansi, we exist to build a safe, prosperous, equal and united South Africa in one generation. We know that no prosperous nation has ever been built without a thriving small business sector. Entrepreneurs and SMMEs are not just jobseekers, they are job creators, and they are innovators. They are builders of the kind of economy that lifts people out of poverty and restore dignity to families. That is why when we look at this budget, we look at it through the lens of whether it

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contributes to the economic growth and job creation. What the people of South Africa - the South Africans - need above everything else, is jobs.

Today, we are considering a budget that is just under R3 billion that aims to support and promote SMMEs and entrepreneurship. We do welcome this. But we also say it clearly that a budget alone, no matter how the size is, will never be enough. We must equally be honest that the real issue is not only the quantum of the budget, but also where it is being spent.

Entrepreneurs and small businesses do not just wait for or want handouts of R10 000 or R15 000 that I have mentioned before, but they deserve real support, infrastructure, access to markets, mentorship and patient capital that sees the long game. They want the government that backs those who are taking risks, not those that are simply seeking a monthly income.

We also know, and research has backed this, that businesses started by individuals with work experience have a higher chance of succeeding, creating jobs and contributing meaningfully to economic growth. The goal must be clear for

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this department, it has to be job creation. We must ensure that every rand that is allocated, every policy that this department proposes and every programme that it implements must move us closer to building a prosperous South Africa. As I said, let us rise. Let us rise for the entrepreneur, for the small business owner and for the people of South Africa - South Africans - to get jobs.

Xitsonga:

Ndza khensa swinene, Mutshamaxitulu.

Mrs N L HLAZO-WEBSTER: Chair, South Africa is a country that is in a crisis - an epidemic that rivals war-torn regions. We are in desperate need of economic lifeline. These are lifelines that small businesses in South Africa could and should provide if only they weren't being suffocated by a department that is out of touch, that is out of ideas and that is, quite frankly, out of time.

Perhaps, hon Chair, let me address the Minister directly if you'll allow me since she, in her opening debate addressed me. I am fully familiar with the law, perhaps more familiar than the Minister is, and its actual implementation. Until the

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institutions that are supposed to serve entrepreneurs which the Minister referred to and until those institutions work for entrepreneurs that are in Tembisa, Khayelitsha, Inanda, Ntuzuma and Kwamashu, we will continue to hold the Minister accountable. Minister, that is also our responsibility as mandated by the law.

Let us know that it has been 1 400 days since the Minister took office and under her leadership the Department of Small Business Development has become a revolving door of recycled strategies, political appointments and bureaucratic failures. Access to capital remains a nightmare for entrepreneurs. According to the department's own estimates, small businesses contribute over 60% of private sector jobs, yet their survival rate is collapsing. More than half of South African small businesses fail within the first two years, not due to lack of ambition, but due to lack of support, capital and operating space. Only 6% of SMMEs in this country access formal credit and less than 2% receive government funding. There's still red tape from municipal bylaws and other bureaucratic structures. Late payments by the government remains the leading cause of businesses closing in South Africa. In townships it is worse because over 70% of businesses operate informally with limited

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business infrastructure, no bulk supply chains and no co-ordinated support. Meanwhile the department offers the same copy and paste strategies every year that have been implemented for the past 20 years.

We need clear measurable outcomes in the department's plans. We need indicators that track how many businesses are formalised and how many jobs are actually created per programme. We need real implementation of the township and rural entrepreneurship programme with clear localisation targets and procurement integration.

Finally, we must stop treating all businesses the same and diversify their strategies for the economy. We reject this report because you can't keep on doing the same thing and hope for a different outcome. I thank you.

Ms M L MMOLOTSANE: Acting House Chair, micro, small and medium enterprises, MSMEs, are often referred as the backbone of economy because of their potential to thrive inclusive development and create employment at the grassroots level. According to data from International Labour Organisation, MSMEs account for about 70% of total employment worldwide,

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whilst proves that as a country to recover from structural economic challenges and global shocks, investing in MSMEs has become more important than ever. MSMEs play a significant role in stimulating economic activity by contributing to gross domestic product, GDP. In South Africa MSMEs contributes over 30% to the GDP and employs roughly 60% of the labour force in the private sector.

MSMEs also serve as a crucial vehicle to the economic empowerment of historically marginalised groups, especially those in townships and rural areas. Townships economy is an integral part of MSMEs. It is estimated to have a market value of R900 billion. This economy presents a powerful and underutilised engine for growth, employment and poverty reduction. Since its funding, the development of small business development has created and supported several laws and policies aimed at removing structural obstacles to the expansion of MSMEs and creating an atmosphere that is more supportive.

Some of the laws and policies that were created a National Integrated Small Enterprise Development Masterplan, the MSMEs and co-operatives funding policy and the amendment of the

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National Small Enterprise Act. These laws and policies have been enabled to guide the development of a coherent and integrated approach across government and stakeholders in supporting MSMEs. Despite these laws and policies, MSMEs still face a challenge of a lack of funds. Access to finance is one of the most crucial factors for the success, survival and growth of businesses, both startups and already established enterprises require funding at different stages of their development. Startups often operate without stable cash or proven business models.

This makes traditional financial institutions reluctant to lend them. Yet it is precisely these emerging businesses that drive innovation, disrupt stagnant industries and open-up new markets. Bridging the funding gap for startups ensures that entrepreneurial ideas with potential can be nurtured into scalable businesses. To bridging the gap between startups and already established enterprises, the department has introduced a range of initiatives aimed at fostering entrepreneurship, addressing barriers to entry and providing both financial and nonfinancial support to MSMEs. These initiatives include the National Informal Business Upliftment Strategy and the Set Far Incubation Programme.

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As the ANC we are satisfied with the progress of this department because MSMEs are crucial to our South African economy. The ANC 55th National conference even agreed that solutions such as more funding to MSMEs is required to address the unjust of lack of access to financing to women and youth-owned business. The Budget Vote highlights that Programme 2 of the Budget Vote is sector policy and research. Within the department sector policy and research plays a strategic and fundamental role in advancing the growth and competitiveness of MSMEs. This programme ensures that interventions are informed by research and tailored to the unique challenges and opportunities of such sector. By identifying high growth, Programme 2 enables the government to channel support work. It is most likely to reduce sustainable growth and job creation.

One of the most significant contributions of Programme 2 is its role in market development. Many SMMEs struggle to access formal markets due to structural barriers such as lack of compliance certification, limited product development support and exclusion from supply chains. Programme 2 addresses these challenges by developing localisation and supplier development strategies. In addition, Programme 2 strengthens MSMEs ability to participate in international markets. Through sectoral

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research and collaboration with trade and investment agencies, the programme helps identify export ready MSMEs assist them in meeting international standards.

This is particularly crucial in a globalised economy where the ability to scale beyond national borders determines competitiveness and launch sustainability. The total funding for Programme 2 is R82 million. As the ANC we support this Budget Vote. Thank you, Acting House Chair.

Dr W J BOSHOFF: Hon Acting House Chair, I think the development of small businesses is crucial for the future of South Africa. Of course, not only of South Africa, of any economy in the world where small business ventures are the place where the future of business leaders, even government leaders, come from. However, the fact that it is important and that it is crucial does not mean that the state needs a finger in the pie. There are some things which the state should just not meddle with as little as possible. This is not a general statement. The other departments which budget is discussed today is that of Forestry, Fisheries and the Environment, and there the state must intervene because it must deal with the

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interests of upcoming generations of people who are not there to speak for themselves.

However, when it comes to small businesses, I would like to quote Masanobu Fukuoka. It's very difficult to pronounce for me as I am not Japanese speaking. He is a pioneer of an agricultural movement called the One-Straw Revolution, and he said that he gets up every morning asking himself, what can I today refrain from doing? Now, the centralised state, the state which calls itself a developmental state, which is just another word of saying the socialist state doesn't have the ability to stand up and say, can we refrain from doing something? It wants to have a finger in every pie.

Now, if we compare the new Small Enterprise Development Finance Agency, which is a combination of the old Small Enterprise Development Agency, Seda, and Small Enterprise Finance Agency and the Co-operative Banks Development Agency and we can compare that to the old Small Business Development Corporation, SBDC, which now operates as business partners. The second one is much more efficient with the funds that it spends in terms of job creation and in terms of the development of entrepreneurs.

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Now, the history of that is that it was a joint venture between the private and the public sector in which the private sector approached government and saying for every rand that you put in, we will put in a rand, but we want to manage it. That was the old mentorship process, and it was managed by the private sector, as let's say, guardians for upcoming small businesses. That was the cheapest way in which to create viable job opportunities in history.

In the new dispensation, this SBDC ...

Afrikaans:

... die Kleinsake-ontwikkelingskorporasie, KSOK, in Afrikaans ...

English:

... it was split between business partners, of which the private sector is a sole shareholder now and then Seda, of which the state, this department is a shareholder. It is clear if you look at the track record where their success lies. In co-operative banks, that is also an important possible potential sector of banking which does not come to its full potential exactly because of too much regulation. This

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department, in fact, should cease to exist to promote small-scale business development. I thank you.

Ms S SINGH: Hon Chairperson, hon Minister, hon Deputy Minister, hon members, it is apt that we meet on International Day for Small Business to debate Vote 36: Department of Small Business Development, at a time when South Africa urgently needs economic revival. With unemployment at crisis levels, particularly among the youth, our economy cannot recover without bold, targeted support for Micro, Small, and Medium Enterprises, MSMEs, the backbone of job creation in our country.

If we are serious about building an inclusive economy, we must act decisively to reform the policies and practices that hold entrepreneurs back. The DA believes in redress and empowerment. As stated in the National Development Plan, we must reduce inequality, create jobs, and expand entrepreneurial opportunity. To drive meaningful change, we must align our support with United Nations Sustainable Development Goals such as Sustainable Development Goal 1, SDG1, - poverty eradication, SDG8 - decent work and economic growth, SDG10 - reduced inequality, and SDG9 - inclusive

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industrialisation, which would give us an outcomes-based framework for meaningful empowerment and unlock growth and jobs for all South Africans.

That is why I must particularly welcome the portfolio committee's unanimous adoption of the recommendation I sponsored: to remove BBBEE requirements from MSMEs and instead align support mechanisms with the United Nations' Sustainable Development Goals. While well-intentioned, BBBEE compliance has become a barrier to growth, rather than a bridge, especially for small businesses.

Let me continue by touching on collective bargaining agreements. These agreements were designed for well-resourced, formal sector employers, yet they are automatically extended to MSMEs, many of which operate in survival mode. This is unaffordable, unfair and destroys jobs rather than protecting them.

I, therefore, welcome the portfolio committee's unanimous adoption of the recommendation I sponsored, calling on the Minister to conclude a Memorandum of Agreement with the relevant Cabinet Ministers to end the automatic extension of

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collective bargaining agreements to MSMEs. Instead, small businesses should comply with the Basic Conditions of Employment Act, which provides adequate worker protection while allowing the flexibility essential for small business survival.

I welcome a long-overdue development: for the first time, the department has included "jobs created" and "jobs sustained" as performance targets in its Annual Performance Plan. I have advocated for this since the beginning of our term. Another area in urgent need of reform is the department's continued funding of underperforming incubators and intermediaries.

While support structures for MSMEs are vital, the current model is not producing scalable results. Many incubators continue to underperform, yet funding continues, and even more are being proposed. The Department must benchmark against global best practices and restructure these programmes with measurable outcomes, timelines, and accountability.

Intermediaries help extend the department's footprint, especially in underserved areas, but they must show real impact, not just activity. Lastly, we cannot ignore the crisis

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at the local government level, where numerous municipalities are undermining national support efforts. Electricity and water disruptions, infrastructure failures, and permit delays are not minor inconveniences—they are the difference between survival and failure for many small businesses.

The department must work with the Department of Co-operative Governance and Traditional Affairs and the Treasury to ensure that local government becomes a partner, not a saboteur, in driving economic growth. A case in point is Umdoni Municipality in KwaZulu-Natal, where I live. Not long ago, the municipality was closed for three months. During this period, no services were rendered; refuse piled up, and the air was filled with the stench of uncollected rubbish. Yet, the municipality continued billing residents for refuse collection.

To make matters worse, the political leadership bought brand new BMWs and proposed a 100% increase in refuse tariffs for the upcoming year. After public outcry, this was reduced to 33,3%, but they still refuse to be transparent about how these tariffs were calculated. These are just some of the many service delivery failures that are suffocating small

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businesses and destroying jobs, yet the same leadership remains in place. If such failures are allowed to continue unchecked, no national programme, no matter how well-designed, will deliver the impact we hope for. In conclusion, this Budget Vote must reflect a new sense of urgency by removing what does not work, improving what can be fixed, and empowering the entrepreneurs already driving value in our economy to unlock the potential of MSMEs to reduce unemployment, stimulate growth, and build a better South Africa. I thank you.

The CHAIRPERSON (Ms C Labuschagne): Enjoy the rest of your birthday, hon Singh.

Mr C N MALEMATJA: House Chair, hon Minister, all Deputy Ministers in the House, chairperson of the portfolio committee, hon members, I'm told even the staff, some are here, and of more importance, you, fellow South Africans, the ANC supports this Budget Vote. Standing here today to take part, I feel like being summoned to come and address the three wounded tigers in the country.

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The first one will be those who do not master participation in a system where the collective is the order of the day. You arrive, you are told this is the way of behaving, and you do the contrary. When you are shown the door, you think a political statement about 48 hours can do anything. The 48 hours will become 84 hours, and nothing will happen. In the Government of National Unity, GNU, there's one leader, Cyril Ramaphosa. We all obey.

Politics is not like football. It can't be correct that you think that this season this player has played so well, next season you go and buy that player you think you will play and win the trophy. The MKP should have learnt a lesson that the exchange of Floyd was a serious suicide. It has damaged them. Today, we know that in politics, others can bewitch each other through the head. You don't buy a revolutionary leader and think that he will do his best.

As I speak, the wounded tiger cannot move because there's another press conference where we are going to be told that above that R7 million, another million is gone. It is for the first time I see the EFF laughing because they knew and they

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warned that, don't buy this player, this player is so dangerous. We have rejected him and not promoted him.

In today's fast-changing global economy, entrepreneurs and business development are increasingly recognised as the key drivers of economic growth, job creation and innovation. However, the success of the business, especially micro and medium enterprises, depends greatly on the environment in which they operate, which we call the development ecosystem. If we don't take this opportunity, you will think everybody in the portfolio committee understands what we are doing.

The Small Enterprise Development Agency, Seda, is now the Small Enterprise Finance Agency, Sefa, so it is all over the country. If you go to Giyani, you will find their offices. If you go to Free State, you'll find their offices. In the North West, you find their offices. Offices cannot be just behind your own house. Therefore, the MKP have to take a little walk to that office and be served, so we can't bring offices like ...

IsiZulu:

... singomakhelwane uyabona.

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English:

So, we are doing all this because we understand that millions of people in Africa depend on this and, therefore, it will be important, as a caring government, the ANC, we ensure we carefully monitor and evaluate to ensure they meet the needs of the entrepreneurs, contribute meaningfully and the national development goal. So, it becomes a serious problem for all of us who have suffered from apartheid and its legacy. There are people who can still come in and doubt the BBBEE and go to the extent that, merely by being invited to participate in the GNU, they can come and want to change. That is the dream they will never see. It is here to stay, and it will continue. The reason is that if you listen because they are not mastering the collective, they talk of I, I, I. In the portfolio committee, if you raise a proposal and there is a seconder, it becomes a portfolio committee resolution, not a DA resolution. Therefore, these lessons we are giving them for free so that they will not continue having this kind of chameleon tactics.

You are on the very portfolio committee. You come here. We have agreed on the Budget Vote. You want to behave or speak as if you are not going to support. Come the end of the sentence, you will support the Budget Vote. You are confusing the

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players out there. It can't be correct for the Deputy Minister when he thinks maybe things are not sped up, that she wants to become the Minister and takes the stand and grandstand as if she is isolated from the team.

The Deputy Minister will remain the Deputy Minister until the end of the term, and when we come back, they will be nothing. So, Minister, don't ever in any way try to respond to those. You know that it is the portfolio committee under your leadership that is taking care of the small business entrepreneurs. We can cite this that throughout the country, we have managed to ensure those who don't have enough capital, we are funding them, and they are happy we've got the letters. Those who do not have assets, we are giving them the assets regardless of colour and everything, and they are happy; they are giving us feedback. So, the DA is part of the portfolio committee. They are bound by the decision of the portfolio committee. They must just behave.

The other misunderstanding is that we do not understand whether we are in a small business development or are in law, you can't come and want to tell the Minister that you know the law more than the Minister. The Minister is not even competing

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in terms of knowing the law; she is just a Minister of this department. She is doing what the department requires her to do and nothing else. Therefore, BOSA, maybe you are misplaced to be part of this.

In all the programmes, it must be clear that the core programme of the department is Programme 4, which deals with the instruments of driving transformation in all small business sectors. Ours is to ensure that small business people don't remain small businesspeople forever; they graduate and become bigger businesses to assist the economy of the country. It can't be correct that we are a small business this year, after a decade, we want you to graduate and become bigger businesses in the country, to participate so that at the end of the day, we benefit from you. As the ANC, we support this Budget Vote.

Afrikaans:

Dankie.

IsiZulu:

Siyabonga.

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English:

Ms L M NGOBENI: Chairperson, on a point of order: I wanted hon Malematja to finish because I did not want to suffer from the blows that speech was given by the DA yesterday. But hon Malematja, I am not sure whether you work for the department or are part of us on oversight. I am not sure what that was about. Thank you very much.

The CHAIRPERSON (Ms C Labuschagne): That was not a point of order. Hon? Do you have a point of order?

Mr F ESSACK: Chairperson, on a point of order. Yes, is the hon member debating now? The speech?

The CHAIRPERSON (Ms C Labuschagne): Hon member, I have already ruled that it was not a point of order. We will continue now.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Chairperson, I thought it is important that I remind hon members of their responsibilities at the took auth in honouring the Constitution of this country with a clear preamble that goes as follows, and it will help hon Chance and the Deputy

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Minister of Small Business Development to listen to this as the law makers that take part on the work that we do:

We the people of South Africa recognise the injustices of our past, honour those who suffered for justice and freedom in our land, respect those who have worked to build and develop our country and believe that South Africa belongs to all who live in it.

If you want to come and argue here against racial policies, it means you don't honour this Constitution. It is the Constitution that invites us and commits us as South Africans to address the imbalances or the injustices of this country. We can't do away with legislations that seek to provide equality in everything that we are talking about. If you are in government or in law and you don't understand that, then it means there is something wrong with your understanding of the responsibility that you have.

When I came here, I did say we have disbursed R2,3 billion and I've listened to Members of Parliament tabling their response to the Budget Vote. I understand that these speeches are written before I deliver the Budget Vote, therefore, people

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will come with their own understanding, despite the facts that I table here as the people that are responsible for the department.

Now, R300 million of the R3,2 billion went to small, medium and micro enterprises, SMMEs, and co-operatives in Agriculture, Forestry and Fisheries sector, R229 million to construction SMMEs, R261 million to manufacturing, R159 million to SMMEs in transport, logistics and storage sectors, R56 million in the food services and accommodation and R25 million to mining SMMEs.

If you don't know what is focused, then I don't know what you are looking for. Within the budget that we have, we get to split it and make sure that it spreads across the different sectors so that we can touch, even if it's two because you can't touch 100 when you have hands for two.

It is important that as we object to Budget Votes or support them, we understand what is available and therefore what can be distributed accordingly and not to want to build pies in the sky. We have disbursed R1,5 billion to women-owned enterprises - that is sector focused - R546 million to youth

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owned, R418 million to township based and R1,65 million to rural businesses. This is what I tabled earlier, which is what we have provided in the reports that we provide to the portfolio committee.

Of course, we have an appreciation of the red tape that members are talking about. There are those that believe that the laws of this department are outdated. Only 11 years old, we have only passed one law. For any Member of Parliament to responsibly stand here and say the laws are outdated - only one, that National Small Enterprise Act. There is no other law that has been passed by this department. No other law. The second law is the ones that we said we are bringing here. The National Business Licensing Act, which we will be bringing, which its policy has been approved to address the red tapes that are there.

We see the City of Cape Town doing injustices to the people of this country, charging them about R142 for the informal traders only for four Sundays a month, and at days they can't even trade because the space is reserved for parking for those that have cars. No one that comes from that party can tell us about the justice of treating informal traders. People can

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come and politics here, but our entrepreneurs are not fools and they see you for who you are.

I am not going to play politics with red tape. That is why I delegated the Deputy Minister to co-ordinate the work that the department does on red tape and not to manufacture new policies. This is a government - we don't work like pay as you go; we set laws based on the founding principles of our Constitution, and anyone who serves in that government must respect those laws not to come and make new policies. There is space for contestation in politics in the parties, but in government there is no space for that, and President Ramaphosa is the only President of which all members of the executive accounts to.

The collective decisions that are taken by the executive must be respected by members of the executive. In Parliament you can come and make ... [Inaudible.] ... you fight your battles. We don't care about that, but when we do the work of small businesses there's no time for howling, darling, we are focusing on what we do. We touched the few that we touch to make sure that the economy goes around.

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Hon Chair, thank you members for your support and thank you to those who rejected it. Your constituency knows that you did not have their interests. Thank you so much.

Debate concluded.

The mini-plenary session rose at 11:41.