

Small Business Development and Trade and Industry Budget Vote in the National Council of Provinces (NCOP) by Minister Zulu

23 Jul 2014

Chairperson
Minister Davies and other Ministers
Deputy Minister Thabethe
Deputy Minister Masina and other Deputy Ministers,
DG Mr Lionel October,
Acting DG Ms Pumla Ncapayi
Honourable Members,
Chairmen and CEOs of State Owned Companies
Distinguished guests,
Captains of Industries
Ladies and gentlemen;

It is indeed an honour for me to stand before this house to present on a joint budget with Department of Small Business and the Department of Trade and Industry (the dti), this considered subsequent to a number of engagements aimed at advancing the principle of radical transformation for the South African economy.

Within this context we commit to advance, the initiatives enunciated in the ANC Manifesto which advocates for a radical economic transformation as entailed in the 10 pillar action plan; in particular measures aimed at up scaling interventions for poverty reduction and transformation of the lives of our people in South Africa.

In this regard our mandate will focus on programmes to advance entrepreneurship amongst women, youth and people with disabilities to effectively contribute to job creation and economic growth. Envisaged support measures will include access to finance, business skills development, competitiveness, easing the regulatory environment advancing localisation as well as leveraging on public procurement.

These elements will all be achieved through enhanced coordination and transversal agreements with government entities and State-owned companies (SOCs) whilst ensuring measurable accountability of State institutions in support of small business and cooperatives. Partnership with the private sector is also envisaged and this will allow for further integration of small and medium enterprises (SMEs) and cooperatives into the main stream economy.

Furthermore our mandate will advance the principle of inclusion and integration of SMMEs and cooperatives in the mainstream economy.

Chairperson , Honourable Members , since my appointment I have spent time on a consultative process with Ministers Davies and Patel respectively and this has accorded me an opportunity to fully understand the progress, the dynamics and advancements towards realising the goals of small business as well as cooperatives .

Chairperson it is important for us to note the programmes considered by the dti during the previous financial year including:

Through the Incubation Support Programme, the dti has to date approved support to 39 incubations amounting to R590 million focusing on agriculture, services and the manufacturing sector. In addition the SEDA Technology Programme has created 291 new SME entrants, supported 1227 existing SMMEs and created 1258 employment opportunities.

The Small Enterprise Development Agency (SEDA) includes support to :

- KOMAGGAS VLEISMARK, a 100 % black owned butchery in Northern Cape from Namakwa Branch,
- ANDREWSHA ENTERPRISE an Atchaar manufacturing entity with SABS approval from Limpopo
- AFRICAN FLORALUSH a beneficiary of technology transfer fund from Gauteng
- SITHEMBENE WOMEN DEVELOPMENT ENTERPRISE, a primary cooperative in the Eastern Cape
- Vuka Academy a driving school in the Free State
- TENIKWA WILDLIFE CENTRE a wildlife rehabilitation centre in the Western Cape
- ENGINEERING SOLUTIONS CC an engineering solutions company from UThungulu Branch, KwaZulu-Natal
- MVELO MINING AND PROJECTS a 100% black owned company Bojanala West Branch North West

Chairperson in 2013/2014 the dti established two Centres for Entrepreneurship, King Hintsa Futher Education and Training (FET) College in Eastern Cape focusing on agro processing as well as Ekurhuleni West College in Gauteng focusing on welding and waste management. In the current financial year we envisage establishment of two additional institutions to upscale our efforts on entrepreneurship.

28 projects were approved through the Support Programme for Industrial Innovation (SPII) amounting to R76 million with beneficiaries from Gauteng, Western Cape and KwaZulu-Natal. Areas of focus include the green economy, ICT, energy, manufacturing as well as manufacturing.

Through the dti the review and amendment of the Cooperatives Act and National Cooperatives Strategy has been completed and these will allow for the establishment of new institutional arrangements such as the Cooperatives Development Agency and Cooperatives Tribunal. In addition a total of 243 projects amounting to R62 million were funded through the Cooperatives Incentive Scheme during the previous financial year, with 1897 beneficiaries of which 990 were female, 253 youth, 25 with disabilities and 629 as male beneficiaries.

The new department (SBD) will continue collaboration with provincial entities to advance the Cabinet decision of 2007 which calls for 85 % procurement of ten specified products and services (set asides). Within this context I would like to commend Kwazulu Natal, Eastern Cape and most recently Free State on their efforts to advance the initiatives of the cooperatives movement in South Africa.

Furthermore the dti has approved the establishment of the Secondary Marketing Cooperatives as well as an incentive amounting to R10 million per cooperative, focusing on enhanced value add in respect of goods and services, use of technology as well as improved logistics and infrastructure.

In addressing measures for a conducive environment the dti has recently launched the National Informal Business Upliftment Support which will enhance enterprise development support, coordinate intergovernmental and stakeholder relations for broader participation of South Africa's informal sector in the economy. In addition to this the implementation of the Integrated Small Medium Micro Enterprise and Cooperatives Development will allow for harmonisation and co - locating opportunities in the informal sector.

Furthermore the Red Tape Reduction Measures for Municipalities were launched and rolled out in all 9 Provinces. These will allow for addressing red tape at local government small business environment and also serve as a means for local business environment monitoring mechanism.

During the course of the previous financial year the dti approved a Youth Enterprise Development Strategy aimed at increasing the contribution of youth owned enterprise to South Africa's GDP. The YEDS envisages direct support schemes for young entrepreneurs with an objective of creating and managing sustainable and efficient business capable of providing decent permanent jobs. In this regard my department will take the lead in the implementation of these programmes in collaboration with other departments and this will serve as direct response to South Africa's National Youth Policy.

In this administration my department will work tirelessly towards advancing the objectives of the SMMEs with a specific focus to the needs of the specific provinces.

Within this context I have taken a decision to consider a Listening Campaign in the Western Cape scheduled for Thursday 24 July where I will be engaging with small business in Khayelithsa on their achievements as well as challenges within this sphere. This initiative will be rolled in the other 8 Provinces.

Chairperson, Honourable Members as pronounced in the National Assembly, my department, will be looking at upscaling the identified interventions, enhancing existing partnerships to enable a structured approach to the envisaged transversal agreements with government departments and State owned entities. Furthermore there shall be a concerted effort in our engagement with the private sector and labour to sustain the gains and advance the common objective of supporting this sector. These will be considered as parallel and important processes whilst we configure the department.

With this in mind my department will focus on :

- Active participation of SMMEs and Co-ops in the priority sectors as identified in National Development Plan , Industrial Policy Action Plan and New Growth Path as well as the priority areas for public procurement
- Implementation of the entrepreneurship programme through Centres for Entrepreneurship in all 9 Provinces
- SEDA Technology Programme in the 9 provinces
- Incubation Support Programme
- Increased and expanded demand for goods and services produced by Small Businesses and Cooperatives
- Implementation of programmes to enhance secondary cooperatives for inclusion into value chains

- Implementation of National Informal Business Upliftment Support
- Collaboration with the dti on implementation of Export Villages
- Support for township economies jointly with Economic Development

Chairperson and Honourable Members I thought it would be important to indicate and for the record the migrating functions, programmes and projects which will include:

- Cooperatives Strategy,
- Gender and Women Empowerment Programmes
- Incubation Support Programme
- Support for Township business
- Enterprise Development Programme
- Centres for Entrepreneurship
- SEFA
- SEDA
- Financial incentives within the dti that have supported SMMEs as well as Cooperatives

We have also taken note of the views to include cooperatives to our department's name and we will consider this through the relevant processes and structures for possible amendment.

Chairperson, I wish to thank the Portfolio Committee, Deputy Minister Thabethe for her unwavering support and valuable leadership, the staff in my Office, staff Broadening Participation Division, and my family represented by My Son, who has made it possible for me to deliver on this budget vote.

In conclusion my department will work tirelessly towards ensuring we deliver on the mandate given to us in line with the National Development Plan (NDP) which advocates for the objectives of a developmental State. In the next few months we will engage with the provincial and local government structures to advance this mandate.

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