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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 885

Mr M Chetty (DA) to ask the Minister of Trade, Industry and Competition:

Whether his department will offer any form of Covid-19 financial or other relief to small businesses; if not, why not; if so, what are the relevant details; whether the COVID-19 financial or other relief will only be allocated to qualifying small businesses according to the Broad-Based Black Economic Empowerment (B-BBEE) Act, 2003 (Act No. 53 of 2003), as amended; if not, what is the position in this regard; if so, (a) on what statutory grounds and/or provisions does he or his department rely to allocate COVID-19 financial or other relief only to small businesses according to the specified Act and (b) what form of COVID-19 financial or other relief, if any, will be made available to other small businesses? [NW1092E]

REPLY

The Department of Trade, Industry and Competition (**the dtic**) supported efforts by Government to provide relief to small businesses, in a number of ways. These include

- Exemptions from certain provisions of the competition legislation to enable small retailers to meet together to discuss engagements with landlords on rental payments and evictions during the period
- Exemptions from the same competition provisions to enable banks and financial institutions to meet to discuss ways of supporting customers, including small businesses, through among others payment holidays and other measures
- Partnerships with development finance institutions to provide funding to among others small businesses
- The issuing of Directions on a number of matters to support clarity and certainty to small businesses, and
- Facilitating the local production of cloth face-masks by inter alia smaller businesses in the clothing industry.

The dtic mobilised resources for COVID-19 relief funding to support companies that are affected by the pandemic. The funding is implemented in partnership with the Industrial Development Corporation (IDC), National Empowerment Fund (NEF) and Small Enterprise Financing Agency (sefa) as an industrial loan facility, to assist manufacturers of identified critical goods to combat the spread of corona virus. Furthermore, the department has granted an extension period for submission of applications and claims to companies affected by the

pandemic across various incentive programmes administered by the Industrial Financing Branch.

During the Portfolio Committee meeting held on 26 May 2020, I addressed the overall approach by the Department to transformation. In short, transformation of the economy is both a social and economic imperative. The bitter legacy of the past has not been reversed – the process of colonial dispossession took place over more than 300 years and inherited privilege (assets, skills and networks) reproduces itself beyond the removal of apartheid laws. The Constitutional values of human dignity, the achievement of equality and the advancement of human rights and freedoms require active steps for their realisation.

The goal of economic inclusion remain critical during the pandemic, as a number of smaller, more recently-established businesses owned by black South Africans, may be particularly vulnerable.

The economy's long-term growth rate will remain constrained if the level of involvement by tens of millions of citizens, black South Africans, women and young people remains low. The purpose of affirmative processes and laws is to enable this base to be broadened and to foster wider levels of enterprise in society.

The funds deployed are available to all South African businesses, subject to the specific mandate of an entity. For example, the NEF provides funding to companies that meet its criteria, as set out in its legislation and policies. The IDC provides funding to black industrialists, in terms of section 3(c) of the Industrial Development Act. Both the IDC and NEF have also provided funding to companies with a mix of shareholding between black and white South Africans.

In addition to these efforts, the Department has also supported efforts to promote greater levels of local procurement, which can boost the participation of small businesses in the economy.

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