Portfolio Committee on Small Business Development

the dtic Briefing on Areas of Policy Overlaps

12 November 2025

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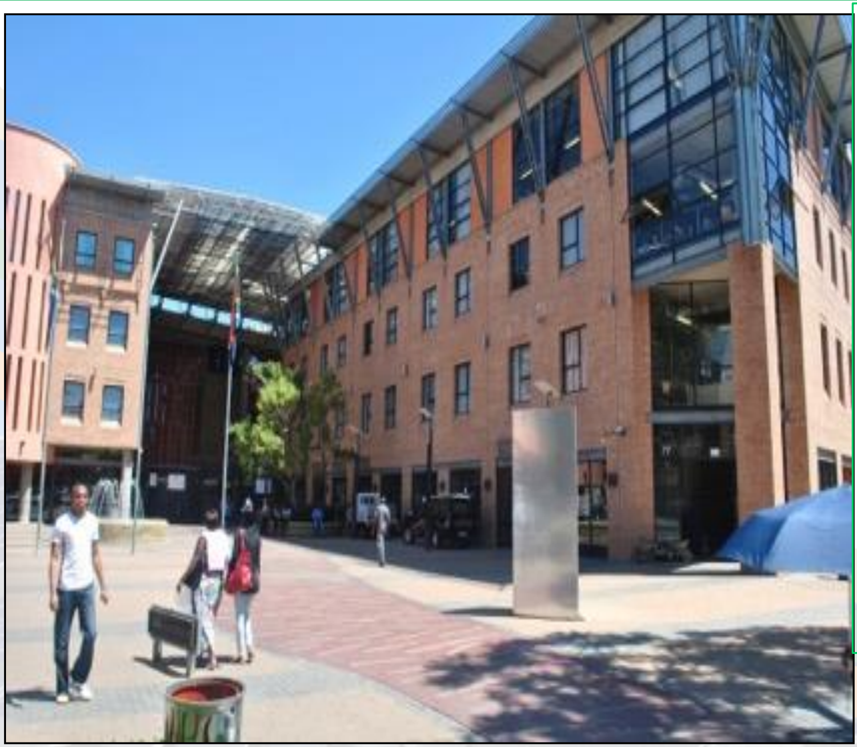

Purpose

The purpose of the presentation is to brief the Committee on the following areas requested from the Department of Trade, Industry and Competition (**the dtic**):

- The interest rate threshold for developmental credit agreements under the National Credit Act (NCA),
- National Credit Act Regulations [withdrawn],
- The Omnibus Bill, and
- Adverse Regulatory Requirements [e.g. statutory return fees].

1. The interest rate threshold for developmental credit agreements under the National Credit Act (NCA)

- The interest rate threshold for developmental credit agreements is under the National Credit Act, 2005 (NCA).
- The interest rate for developmental credit is established under Regulation 42 'Table A - Maximum Prescribed Interest Rates' and is currently RR (SARB Repurchase Rate) +27%.
- The rates are currently under review.

2. Draft National Credit Act Regulations [withdrawn]

- The Government-Business Partnership on Tackling Employment (Youth Unemployment) has identified the importance of Small and Medium Enterprises in helping to create jobs and livelihoods for all South Africans, and especially for young people. It has been found that South Africa’s SMME sector is small by comparison to other middle-income countries and SMEs have a higher rate of failure in South Africa.
- One of the challenges facing SMMEs in South Africa is difficultly is accessing finance. There have been a number of interventions to try to address this issue, including the creation of various State-Owned Development Finance Institutions as well as private sector funds. Despite this, various players in the finance environment have identified the potential for commercial banks to play a greater role given their broad reach and capacity.
- In mid-2024, the Government-Business Partnership therefore identified the need to work with the Banking sector to address obstacles that may be preventing the Banks from playing a greater role in this area. Business Unity South Africa (BUSA) approached the Banking Association of SA (BASA) to represent the Banks in the discussions.
- BUSA convened a workshop on 5 December 2024 to discuss the matter and invited BASA along with key Government departments to discuss the matter and explore potential solutions. The workshop was attended by:
  - The Presidential Youth Employment Intervention
  - National Treasury
  - The DTIC
  - The Department of Small Business Development/ SEDFA
  - Business Unity South Africa
  - The Banking Association of South Africa
  - The Project Management Unit (PMU) of the Business-Government Partnership on Youth Employment (Genesis Analytics)
- The workshop was preceded by a preparatory meeting between BUSA and BASA, and a preparatory workshop among BASA members which was also attended by the PMU.

2. Draft National Credit Act Regulations [withdrawn]

- The Government/ Business Partnership on Employment is coordinated by the Presidency's Project Management Unit (PMU), which is a programme the President has requested to be upscaled to address the challenge of unemployment in South Africa, especially youth unemployment.
- The Government / Business partnership was established in June 2024 by the President to address the obstacles to economic growth.
- The President has tasked the Minister of Employment and Labour to lead this work, in cooperation with the Department of Trade, Industry and Competition (**the dtic**), Department of Small Business Development (DSBD) and Department of Higher Education and Training (DHET).
- Business Government Partnership on Employment has identified four levers to jointly focus on to ensure young people benefit from the next phase of growth. The four pillars are job growth sectors, SMEs and informal economy, demand led skilling and youth hiring and pathways.
- Meetings have been held between government and leaders in business, including Ministers and Director-Generals.
- The Government Business Partnership has several structures that include Working Group, Core Technical Committee, Technical Committee, Ministerial and Business CEO Working Committee, Joint Technical Committee (JSOC), Presidential Meeting.
- The Department participates in the Working Group on SME Financing and the Informal Economy which considers a number of measures to support the growth of the SME sector.
- Business was engaged on issues relating to the financial challenges of Micro, Small and Medium Enterprises (MSME) in South Africa, and banking initiatives to support MSME funding. This area constitutes only one part of a multi-faceted programme of the Presidency.

2. Draft National Credit Act Regulations [withdrawn]

- The amendments to the regulations relates to the National Credit Act, 2005 (NCA), to assist SMMEs to be properly profiled by financing institutions.
- One of the concerns addressed is that there is limited information available in the credit bureaus regarding the debt obligations, credit and repayment behaviour of SMMEs which complicates and creates limitations regarding determination of risk. It was recommended that the consumer credit information reporting be enhanced to include reporting regarding SMMEs and their related persons (like partners; directors; members; shareholders etc.) to the credit bureaus.
- It was also suggested that the enhancement of the types of consumer credit information which may be used for credit assessments of SMMEs should include aspects like repayment of other obligations, turnover of the business, cash receipts of the business, business plans, reasonable possible revenue flow from proposed business activities and various types of security.
- A key issue is the banks' access to accurate information. Credit decisions must take account of the client's financial position and credit history. In order to do so, banks need to be in a position to draw on a variety of data sources and to take account of the future revenue flows of SMEs. Accurate client data is key to Lenders' ability to assess risk and make appropriate credit decisions.
- Data plays a key role in determining credit decisions. Banks are less likely to extend credit without accurate information about the applicant. This includes information on the credit history of the business as well as its future prospects.
- The Regulations that were gazetted in August 2025 by **the dtic** were addressing issues of retention of information of MSME in the National Credit Regulations. The issues regarding the consistent classification of SMMEs under the NCA are also under consideration.
- The amendments to the regulations have been proposed through the government-business partnership.

2. Draft National Credit Act Regulations [withdrawn]

- The regulations were introduced to ensure the growth and development of Micro, Small and Medium Enterprises (MSMEs) and to reduce credit provider reluctance in granting credit to MSMEs. This relates to the information retained and maintained by credit bureaus in terms of the NCA.
- **the dtic** published draft Credit Regulations on 13 August 2025 which took place under the auspices of the Government/ Business Partnership on tackling youth unemployment.
- As at the closure of the public comment period, in September 2025, there were excessive number of public comments received in opposition to specifically educational debt. While Regulation 18(7)(e) dealing with educational institutions did not form part of the amendments in the draft Regulations, there was a need to withdraw the same in its entirety based on public feedback received.
- The regulation had a few words amended. The amended words had no bearing on whether educational institutions are included. The amendment simply was seeking to include juristic persons (which allows SMEs to come into the ambit of the regulation).
- The Department is still considering the issues and will give further direction on the national credit regulations.
- The Department of Small Business Development is part of the Business Government discussions.
- **the dtic** and DBSD works closely together as Departments.

3. Omnibus Bill

- The Department of Trade, Industry and Competition (**the dtic**) has identified the Omnibus Bill as a legislative measure that will unlock bottlenecks to secure investment in the country. The Bill will create an enabling environment that will inform sustainable economic growth. The Omnibus Bill aims to fast track industrial development and investment in South Africa.
- The focus of the Bill is on investment unblocking and infrastructure development.
- The Bill aims to focus on legislation across government, not only in **the dtic**. It requires collaborative efforts.
- The draft Omnibus Bill is planned to be developed and tabled for submission to the Executive Authority in this financial year.

3. Omnibus Bill

- The preliminary list of legislation has been identified that aims to ensure the achievement of the ease of doing business, promote investment and reduce red tape.
- The list was well considered and took into account the work of the entire government and in areas where there are opportunities and bottlenecks for the economy.
- A discussion document with the analysis of legislation and their status was developed. The Department is in the process of coming up with the short list of legislation that will be packaged into a Bill.
- The Department is currently in consultations with other stakeholders including other government Departments. Efforts are being made to consult the Department of Small Business Development on the Bill.
- The consultations entails identifying applicable laws that have implications for investment unblocking and infrastructure.

4. Adverse Regulatory Requirements [e.g. statutory return fees]

Legal Basis for Annual Returns

- The obligation to file annual returns is established under Section 33 of the Companies Act, 2008 (Act No. 71 of 2008), which states that every company must file an annual return in the prescribed form, with the prescribed fee, within the prescribed period after the anniversary of its incorporation.

- Companies Regulation 30 further outlines the procedural requirements for filing annual returns, including the submission of financial accountability supplements or audited financial statements, depending on the company's classification.

- Section 82 of the Companies Act empowers the Commission to remove a company from the register if it fails to file annual returns for two or more consecutive years and does not provide satisfactory reasons to remain registered.

- Section 83 clarifies that upon removal from the register, a company is considered dissolved, although liabilities incurred prior to deregistration remain enforceable.

4. Adverse Regulatory Requirements [e.g. statutory return fees]

Purpose and Objective of Annual Returns:

- Annual Returns, in summary, can be seen as the annual renewal of the registration of a business.
- New company registration is not an indication of economic activity, but the filing of the annual renewal provides better insights in this regard.
- For the efficient and effective maintenance of the company's registry this needs to occur annually.
- As a Regulator, and implementer of the applicable legislation, the CIPC must know which entities are active and contributing to the economy – filing of annual returns provides the mechanism to do that.

Recommendation

- It is recommended the Portfolio Committee notes the briefing from **the dtic**.

Thank You