

KEYNOTE ADDRESS BY: MEC NEO MASITHELA
THE LAUNCH OF THE SMALL BUSINESS ENTERPRISE
DEVELOPMENT CENTRE

Venue: Absa Small Business Enterprise and Development Centre

Date: 20th May 2008

Program Director

Premier Honourable Beatrice Marshoff

Members of the Executive Council present here

Managers of Financial Institutions

Business Associations

Honoured Guests

Ladies and Gentlemen

I' am humbled both by the invitation and been asked to give a key note address in this important function. I however though the best person to do this is the Hon Premier. Mainly for two reasons 1st as head state in the province but most importantly during her State of the Province address she said "We have a mandate to expand economic opportunities for our people, to fight social deprivation and to provide public facilities for the poor."

She further said “we are pursuing development from our conviction that ours is a developmental activist state with a clear responsibility to tackle poverty, joblessness and economic inequality.”

I mention these because they have set both the tone and the foundation for the urgency with which we all need to put our efforts into expanding the economy of the Free State so that we are able to tackle the challenges that confront us.

The policies we have decided to put in place are informed by many years of consultations and interaction with stakeholders across the socio-economic spectrum. Among the many spin-offs of these consultations is the firm foundation for building a sound economy for our country. ABSA your initiative feed very well in this policy development and direction

The White Paper on National Strategy for the Development and Promotion of Small Business in South Africa, which the government released in March 1995, clearly articulated, among other things, the importance of support for sustainable SMMEs as a rationale for small business development and promotion.

It is against this background last year during our budget vote we said will hold the Board and the Management of the FDC both collectively and individually responsible for every single business that collapses after being financed by FDC surly program director this statement can apply to ABSA here in the province.

Program director we all have to agree with this view because it was triggered by the premier’s assurance during her 2006 state of the province address, when she said “the development and expansion of SMME

constitute one of the key pillars of our growth and development strategy. It is for this reason that the FDC was repositioned to focus primarily on SMME development”

Ladies and gentlemen you all must agree with me when I say ABSA is a critical role-player in SMME development and therefore must be held responsible for any collapse of SMME funded in the province

This will help us to deal or address the high unemployment and underemployment. Issues that pushed us as government to pay full attention to the economic activities that would create employment and generate sustainable growth.

This firm foundation of our strategy is based on three pillars:

- To ensure adequate supply of financial and non-financial support services for SMME’s through the adoption of collaborative approaches between the public and private sectors.
- Creation of demand for SMME’s products and services. In this respect, government has introduced new policy directives to ensure that 70% of procurement goes to SMME’s.
- Creating an enabling environment to reduce small enterprise regulatory constraints.

In pursuit of the attainment of these objectives as outlined in our Budget speech, the government has undertaken to:

intensify collaboration and coordination of development programmes

further improve SMME development

intensify tourism promotion and development for SMMEs

increase trade and investment promotion

cognizant to this and many other collaboration activities, we are in the process of developing a comprehensive framework that will clearly outline the roles of each institution in the SMME and Cooperatives development value-chain, so that institutions such as FDC, SEDA, SAMAF, IDC, Khula, including the banks and so on, do not trip over one another in the scramble for a piece of the SMME development cake. Our efforts are the result of the FS Growth and Development Strategy, which serves as a broad policy framework that guides all our developmental programmes.

Our programmes are informed by the following Apex priorities:

the further acceleration of our economic growth and development;

improving the effectiveness of our interventions directed at the Second Economy and poverty eradication

further strengthening the machinery of government

We are optimistic that after ensuring that government does procure 70% of its goods and services from this sector, every one of these institutions will want to do business with SMME's.

Building competitive and sustainable SMME's, especially in this tough global environment poses serious challenges for institutions in the public

and private sectors. We are encouraged by initiatives such as this one by ABSA to contribute to the growth of Small and Medium Entrepreneurs.

We have always maintained that SMME development requires not only financial, but also other business support services. Partnerships between the government and various institutions and role players remain a critical success factor.

While a great deal of progress has been made in government's efforts to promote small enterprises, some important challenges are still to be resolved:

The challenges posed by the electricity crisis on the growth of this sector cannot be underestimated, but we believe that with all hands on deck we shall make significant progress on our march towards the millennium development goals, destination 2014.

The corresponding rise in fuel and food prices poses a similar challenge. The problems mentioned here are serious; overcoming them will require us to partnership to tackle the situation and finding solutions

This is why we need to see increased involvement of large corporations, organized business, private funding institutions, NGO's and universities to promote entrepreneurship and small business. As evidenced by this occasion, there are many organizations which have undertaken to play a meaningful role in the development of SMME's.

It is our responsibility, as government, to ensure that these contributions are coordinated and managed in a manner that will enable us to assess the full measure of their impact on the province's economy.

Ladies and gentlemen we have to learn from history. I always say we cannot change history but we can learn from it and be a better nation. When Verwoerd introduced the policy of separate development, he wanted us to believe that he genuinely had our interests as a black nation at heart. We were never going to be fooled by strategies that were meant to offer few of our people falls comfort and riches ant the expense of the majority.

Looking around what is happening in the SMME development in this country today, one cannot help but worry about the 'resemblance' with policies of separate development. Everybody is doing something for and with SMMEs in his or her little corner somewhere with a promise that if you follow my strategies you will be successful.

How many of our people have lost their hard earned monies because they invested in one scheme or another under the pretext and promises of 'guaranteed' returns. Some of these schemes have not been tested anywhere in the world but those who want to make a name for themselves in the SMME development arena paddle these schemes without any fear of the devastating consequences not only for their victims but even for the economy of this country

Ladies and gentlemen collaboration for accelerated economic growth is the best approach SMME sustainability and job creation.

Thank you