

Speech reinforces support for small businesses

There was a consistent theme of small and medium enterprises (SMEs) support in both the recent State of the Nation Address and the National Budget Speech, proving that government is serious about the growth and well-being of SMEs in South Africa.



Ben Bierman, MD of Business Partners Limited

"Highlighting this is Government's commitment to the Preferential Procurement Regulations, as well as the fact that the Public Procurement Bill will be submitted to Cabinet in March 2018 for gazetting for public comments. This regulation will ensure that SMEs are able to participate fairly in the public procurement process, which will in turn promote black economic empowerment, industrialisation and allow SMEs to create more job opportunities," says Ben Bierman, managing director of Business Partners Limited.

"It is also key to note that a directive will next week be issued to all government departments and public institutions, instructing them to pay suppliers on time or be charged with financial misconduct. This is crucial to the survival of a small business as late payment has a direct impact on a business's cash flow and the speed of its cash conversion cycle, which ultimately impacts its overall profitability."

He adds that the announcement of the revised Financial Sector Codes and the R100bn Black Business Growth Fund created through the code will have a significant impact on black businesses growth. "This initiative is expected to dramatically improve access to funding for black-owned businesses that previously may have had difficulty to obtain this kind of funding. We are confident that the initiative will impact transformation and look forward to witnessing its implementation."

Commenting on provisional allocation of R2.1bn to the SME Incubation Fund announced in the Medium Term Budget Policy Statement, Bierman points out that although this is a positive increased initiative, it is disappointing that it will only begin operating in 2019/20, as SMEs need support now more than ever.

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