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**KEY NOTE SPEECH TO THE ANGLO-AMERICAN ZIMELE  
ENTERPRISE DEVELOPMENT CONFERENCE BY TOKYO SEXWALE  
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*“Small and medium enterprise: the key to economic growth”*

1. It is imperative from the onset to contextualize the policy environment in which this Zimele Conference on Enterprise Development is taking place.
2. In the foreword to the National Development Plan, the first in democratic South Africa, the Chairperson of the National Planning Commission Minister Manuel states:

*“The national development plan...is a step in the process of charting a new path for our country. By 2030, we seek to eliminate poverty and reduce inequality. We seek a country wherein all citizens have capabilities to grasp the ever-broadening opportunities available. Our plan is to change the life chances of millions of our people, especially the youth; life chances that remain stunted by our apartheid history.*

*South Africa has the means, the goodwill, the people and the resources to eliminate poverty and reduce inequality. It is within our grasp. But it will not happen unless we write this new story; a story of people, their relationships, their dreams and their hopes for a better tomorrow. We want our children and young people to have better life chances than we have.”*

3. Again, it is of critical importance to also locate our country appropriately within the international environment of political and socio-economic activity. This as a caution against being carried away by the

loftiness of our own national strategic goals and desires without contextualizing these in relation to contrasting interests of other nations with whom we are faced in this constantly changing world of challenging competitiveness.

4. Likewise, this your conference, an important thinking space, ought to be situated within the real world of the challenges confronting our own country. Following the recent global recession and financial meltdown, South Africa's economic performance, at slightly above 2,5 percent GDP growth, mirrors the overall lackluster global economy which the International Monetary Fund (IMF) has revised downwards to 3,3 percent. Advanced economies in the Euro zone and the North America region – our traditional partners – are hovering at between 1 and 2 percent growth.

5. The leading emerging global markets, the BRIC nations – our new strategic investment and trading partners, contrary to expectations, are experiencing

softer growth as opposed to their robustness of the past few five to 10 years.

6. Our fragile economic situation as negatively impacted by the dire global market turbulence has not been helped by the international credit rating agencies – Standard and Poor and Moody’s – with their contentious downgrade of South Africa’s sovereign credit worthiness. This has had a further knock-on effect upon sub sovereign issuers including metros and other municipalities and state own enterprises all regarded as financially linked to the national government.

7. Effectively, we are, due to these downgrades out of the A into the B League. In simple terms, what the rating agencies are telling the international investor community about South Africa is that we are on their watch-list, on the way to being put in a “credit bureau” with a warning for financiers to be cautious in landing funds to the government in particular.

8. Thus, this situation has the negative outcome of putting a damper to our much needed economic recovery as the cost of capital and that of servicing our national debt has increased. This has further consequences in respect of capital spend which is critical for the much valued national infrastructure development projects. These, in the current economic climate, are regarded as major contributors to enterprise development and job creation programmes towards addressing our country's triple challenges of poverty, inequality and unemployment.

9. Therefore, in the face of this trying economic climate, it is necessary and advisable to take a deeper inward look in search of sustainable solutions within the country. After all, there is not one single country out there in the world whose vision and mission statement is to rescue South Africa. That task rest solely upon us. Nations exists primarily to protect their own national self interests. That is the essence of global competitiveness. The rest is described only in one word - diplomacy.

10. Thus, this Zimele Enterprise Development Conference – *Zimele* meaning “*stand on your own*” – is spot on in its focus upon the encouragement, support and development of small and medium enterprises. These industrial entities, across the world, are indisputably recognized as engines of growth. The timing could not have been more appropriate.

11. In Chapter Three of our National Development Plan, under the sub-heading “*Promoting employment in labour-absorbing industries*”, the following statement is instructive and looms large in echoing this strategy which lies at the heart of deliberation at this conference.

*“A large percentage of the jobs will be created in domestic-oriented activities and service sector. Some 90 percent of jobs will be created in small and expanding firms. The economy will be more enabling for business entry and expansion, with an eye to credit and market access. By 2030, the share of*

*small-and-medium firms in output will grow substantially. Regulatory reform and support will boost mass entrepreneurship. Export growth, the appropriate linkages to domestic economy will be critical in boosting growth and employment, with small-and-medium-sized firms the main employment creators”.*

12. The programme of conference indicates that during several breakaways a number of key topics around critical enterprise development elements will be considered including:

- Finance,
- Supplier development
- Procurement
- Youth Enterprise
- Proposed changes to Empowerment Codes
- Community Development
- Measuring and monitoring enterprise development, and
- The need to go global

13. In addition, it is absolutely necessary to view all these critical elements side-by-side with questions around skills development, particularly management skills. Many failed enterprises are traceable to lack of skilled managers with the competency to plan, to direct, to understand their own enterprise's competitive edge as well as risk management.
  
14. It is important for entrepreneurs to have a clear understand of the total environment in which they operate because that constitutes the real world. This includes the political environment, the labour market where sound relations are key as the working people constitute the backbone of one's enterprise. The objective is to avert the kind of situation prevalent in the country around Marikana debacle, which threatens to collapse the hard won collective bargaining system. The saying Labour Maketh the Man applies here. Labour can undo an enterprise.
  
15. In the light of all this, it is also important for entrepreneurs to be seen to be taking a stand



against corruption and to combat the spectre of tenderpreneurship and its evil twin of fronting. As for those who always speak against these practices – whether they are in government or the private sector - it is important that there is commitment against such maladies instead of merely paying lip service and posturing whereas some are closet fronters and tenderpreneurs themselves!

16. Again, speaking of corruption it takes more than one to corrupt. The corruptor and the corruptee. No self respecting business person worth his or her salt would wish to be known merely for having government contacts and underhand political networks with no business acumen.

17. Speaking as a government practitioner, it is important to point out that in many instances many business persons do not pay sufficient attention or none at all to reading and understanding basic government policies and documentation. The National Development Plan is more than 400 pages. How many of us here have read it in full? Yet, how

many, having done so, have discussed it in their Board meetings?

18. Yet still how many of us here know the full contents of the Finance Minister's budget speech which tabled expenditure of almost one trillion rands? How many more having heard or read the budget fully have followed its distribution to all national departments where it is spent? How many have read the Human Settlements Budget Vote, of which I'm Minister, whose total is more than R100 billion? The same can be said about the budget votes of all Ministers. How many have been read and discussed at your committee meetings?

19. Yet, therein lies major financial business opportunities going into almost a trillion rands. There is no quick fix to business with reliance on political networks of who knows who. In entrepreneurial development there is no substitute for hard work which is a measure of success.

20. These are questions that need to be reflected upon because enterprise development is not a subject hanging in the sky without locating itself in the harsh realities of the business world.

21. Zimele, in one of its documents states: *“It is a catalyst for emerging black business in South Africa by supporting sustainable and commercially viable small and medium enterprises.”*

22. The question arises: How long should small remain small, how long do we remain medium? At what stage do we grow into the major league? Answers to these questions are important if an impression is not to be left that black will forever remain small. That would be in conflict with the spirit of ensuring that black people too should play in the mainstream of the economy of this country as opposed to wallowing in the periphery. It is for this reason that major companies such as Anglo-American must continue to search for those entrepreneurs who are ready to take on much bigger roles, stakes, shareholdings, operations and other

responsibilities so that political freedom can truly have meaning as translated into economic democracy.

23. At this stage let me express our wishes for this conference to be a success and its ideas to be concretised into actionable and profitable programmes.