

Government's irrational lockdown regulations, a sledgehammer that delivered a final blow to many businesses.

By Zakhele Mbhele MP - DA Shadow Minister of Small Business Development

When Small, Medium and Micro Enterprises (SMMEs) across the country first closed up shop in compliance with the lockdown, most small business owners and employees would have told themselves, "It's just 3 weeks. We'll bite the bullet, make the short-term sacrifice and hold out for 21 days." This, we were told, was to give the government a chance to boost healthcare capacity and resources in preparation for the pandemic.

But then three weeks became five weeks, and five weeks of hard lockdown were followed by week after week of confusion and contradictions. SMMEs were already having it tough in South Africa for many years, suffocating in a stagnant economy and strangled by red tape, but for many small businesses, the extended hard lockdown was to be the sledgehammer that delivered the final deathblow. What had started as three weeks of lockdown *vasbyt* tragically became three big disappointments for many SMMEs.

The initial hopes of small business owners that they could turn to government to help them weather the storm were quickly dashed when the SMME Debt Relief Fund established by the Department of Small Business Development was depleted in its funding commitments shortly after opening for applications.

Thousands of SMMEs and sole proprietors found themselves left in the lurch due to woefully inadequate resource provision for that facility. This was the first disappointment.

It still remains patently unfair that enterprises and employees who have been contributing to government coffers through their taxes over the years were now unable to receive assistance from the government at a time of their greatest need for a lifeline.

Even for those who were lucky enough to be approved for a loan, there appear to be some problems of delayed payments, as is the case for a small business that was referred to me this week which reports having received only the first instalment of their loan, when they should be almost due to receive their third one. Such delays compound the anxiety and uncertainty faced by small businesses during this time and paint a second picture of disappointment at the hands of the Department.

In a reply last month to my parliamentary question enquiring what inputs the Department had made towards the compilation of the lockdown regulations to ensure that the interests of SMMEs and sole proprietors were taken into consideration, it was said that the Department is represented in various government structures established to deal with Covid-19 matters and that the inputs contributed by the DSBD for inclusion into the lockdown regulations were supposedly taken into consideration and processed through these structures.

Well, these efforts were evidently not effective enough because there was no provision in the lockdown regulations during Levels 4 & 5 for a permit for sole proprietors providing essential

and permitted goods or services, which left many self-employed people with no clarity on how they could operate with clarity and compliance to sustain their livelihoods.

This seeming neglect of the specific and unique needs and circumstances of small businesses and self-employed individuals is also reflected in National Treasury not having consulted the Department of Small Business Development in the planning and design of the Loan Guarantee Scheme, with many small businesses being unable to draw benefit from it. Thus the marginalisation of SMMEs and sole proprietors became the third disappointment of government falling short of demonstrating its commitment to the success of small businesses.

This Department needs to be a better and proactive champion and defender of small business interests, needs, and concerns, especially within the government. No effort should be spared in fighting to create the most enabling environment for enterprise and job creation.