

# SMMEs call for viability as FRAP 2021 looms

SMMEs are the engines of growth of any economy and have been identified as a key component to advancing inclusive growth and development in South Africa.



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In light of recent economic events, such as retrenchments and liquidations due to Covid-19, more attention is being focused on SMME development and support. SMMEs contribute more than 20% of the country's GDP, and in 2019, "SMMEs accounted for approximately 70% of total employment in the South African economy with approximately 11,6 million jobs".

When it comes to the SMMEs in the fishing industry, the barrier to entry into the full value chain remains so high, it is nearly unattainable. The quotas are determined by government and currently, the quotas are not viable for most SMMEs in the fishing industry.

Mohammed Riedau De Maine, who has vast experience of SMMEs in the fishing industry, says that SMMEs operating in the fishing industry are different from SMMEs operating in other sectors and industries.

"The size of our businesses, including its turnover, is determined by government by means of the size of allocations. That certainly calls for this round of allocations to be awarded to deserving SMMEs with bigger and more viable allocations which

will allow them to compete in an effective and meaningful manner across the entire value chain,” De Maine said.

During the Small Business Development Department Budget vote, Minister Lindiwe Zulu said that one of the main visions expressed in the National Development Plan (NDP): Vision 2030, is to reduce unemployment and SMMEs address that very vision by creating more job opportunities and encourage entrepreneurship.



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Ifesinachi Okafor-Yarwood and Sayra van den Berg Bhagwandas 4 May 2021



“One of the specific targets of the NDP is to reduce unemployment to 6% by 2030 through the creation of 11 million jobs. The NDP projects that if we implement the full range of its recommendations, our economy will grow at 5% per annum, with 60-80% of this value being generated by SMMEs and expanding businesses, and that this sector will create 90%, or 9.9 million, of the 11 million new jobs we will boast by 2030,” she said in her speech.

### Fishing rights

The South African government is gearing up to allocate fishing rights to 12 commercial fisheries within the next year, in terms of Section 18 of the Marine Living Resources Act, 1998, through a fishing rights allocation process (FRAP). Small Pelagic (Pilchard and Anchovy), Hake Deepsea Trawl, Hake Longline, and South Coast Rock Lobster are the four [out of 12] areas where SMMEs thrive and play a big role. FRAP is expected to bring growth opportunities for SMMEs.

Fishing rights were last allocated in 2005 and was up for renewal in 2020 – which has been extended to 2021 by the Department of Forestry, Fisheries and the Environment (DoFFE). These, along with several other fisheries, will then be subjected to a new allocation process.

During the FRAP process, DoFFE will also be embarking upon an extensive public consultation process on the proposed policies, application forms and amended fees that will be payable. The consultation process will aim to allow debate and discussion on the controversial aspects of a rights' allocation process. This includes the criteria used to determine transformation targets, balancing criteria, minimising fronting and paper quota holders, quantum methodology, and determinations of economically viable allocations.

SMMEs in the fishing industry are only asking for fairness and opportunities to expand. Not only will this help the SMMEs grow from small to medium to conglomerate businesses, but it will positively affect the GDP, which creates wealth within the country, as well as directly impact the previously disadvantaged communities, specifically the fishing communities.

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