**QUESTION FOR WRITTEN REPLY**

**NATIONAL ASSEMBLY**

**“517. Ms S P Kopane (DA) to ask the Minister of Small Business Development:**

1. **Since her reply to question 770 on 5 April 2016, (a) what is the current status of the plan to reduce red tape in the UMzimkhulu Local Municipality in KwaZulu-Natal, (b) what is the total number unnecessary (i) policies, (ii) by-laws and (iii) regulations that were rescinded during the process to reduce red tape in the specified municipality and (c) what total amount of administration costs will the specified intervention save businesses in the specified municipality;**

**(2) can she list three or more examples of the red tape that was cut because of the specified intervention in the specified municipality?”**

**NW574E**

**REPLY:**

(1) (a) Since April 2016, the Department of Small Business Development (DSBD) programme in partnership with Department of Cooperative Governance and Traditional Affairs (CoGTA) and the South African Local Government Association (SALGA), begun the process of assessing the implementation of the Red Tape Reduction (RTR) guidelines by municipalities. This process is also supported by the International Labour Organisation (ILO). The assessment is based on reducing the regulatory and administrative burdens as experienced by small, micro and medium enterprises (SMMEs) and Co-operatives within the different municipalities. The assessment is based on the following seven indicators and associated legislation/regulations:

1. Effectiveness of the complaints notification system as governed by the Municipal Systems Act;
2. Communication of relevant business information by municipalities to SMMEs and Co-operatives as governed by the Promotion of Access to Information Act;
3. Municipal building plan approval processes as governed by the National Building Standards Act, Spatial Planning and Land Use Management Act as well as Municipal Services Charter;
4. Lengthy and inefficient supply chain management processes (which ultimately affects the 30-day payment system). Relevant legislation would be PPPFA, MFMA and Preferential Procurement Regulations;
5. Municipal business registration and permits relevant legislation includes: Business Act, National Health Act, National Building Regulations and Building Standards Act including various by-laws those which are relevant to the business licensing process e.g. municipal by-law on food or tourism regulations;
6. Development and enforcement of municipal by-laws that promote business development, some of the relevant legislation include the Municipal Systems Act and Local Government Transition Act;
7. Assessment of percentage spent in procurement on SMMEs and Co-operatives aligned to the PPPFA and MFMA and preferential procurement regulations.

(b) In terms of **UMzimkhulu Local Municipality** the total number of unnecessary (i) policies, (ii) by-laws, and (iii) regulations including associated administrative burdens considered for review regarding red tape reduction as guided by the above mentioned indicators and associated legislation/regulations are as follows: the turnaround times for invoice payments to SMMEs and Co-operatives, informal traders by-laws, turnaround times regarding availability and accessibility of land.

(c) The total amount of administration costs is determined by each municipality, however the examples mentioned under point (2) outline how the red tape reduction intervention by DSBD has supported the municipality. The total value of these administrative interventions have not been calculated by the municipality.

(2) The examples that outline improvement since April 2016 are as follows (i) the municipality has managed to develop an effective supply chain management process is now able to pay all outstanding invoices twice in a month. Every year, during the first quarter, a six month payment schedule is circulated from the Finance Department to all officials indicating the dates when invoices will be paid. (ii) the municipality has also reviewed Informal Traders Policy that are actively implemented and sets out all the requirements with respect to the business permit application process and procedures. The workshops to create awareness are also held. (iii) With the introduction of Spatial Land Use Management Act (SPLUMA) the municipality has made it easier for SMMEs and Co-operatives to access the available land for business usage in the area.