**QUESTION FOR WRITTEN REPLY**

**NATIONAL ASSEMBLY**

**“524. Mr J R B Lorimer (DA) to ask the Minister of Small Business Development:**

1. **Since her reply to question 777 on 5 April 2016, (a) what is the current status of the plan to reduce red tape in the Lukhanji Local Municipality in Free State, (b) what is the total number unnecessary (i) policies, (ii) by-laws and (iii) regulations that were rescinded during the process to reduce red tape in the specified municipality and (c) what total amount of administration costs will the specified intervention save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 municipality;**

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

**NW581E**

**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:

(i) Effectiveness of the complaints notification system as governed by the Municipal Systems Act;

(ii) Communication of relevant business information by municipalities to SMMEs and Co-operatives as governed by the Promotion of Access to Information Act;

(iii) 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;

(iv) 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;

(v) 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;

(vi) 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; and

(vii) 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 **Lukhanji 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: unavailability of the complaints/customer notification system, lack of standard or uniform enforcement of by-laws leading to different standards being utilised for business in the same sector, improvement of supply chain management processes including appropriate approval turnaround times.

(c) The total amount of administration costs is determined by each municipality however the examples mentioned in points below outline how the red tape reduction intervention by DSBD has supported the municipality to improve governance and reduce the burden regulatory and administrative burden for the benefit of SMMEs and Co-operatives. The total value of these administrative interventions have not been calculated by the municipality.

(2) Examples that outline improvement of business environment within Lukhanji local municipality include: (i) the by-laws on tourism are currently being reviewed, standard operational procedure (SOPs) for implementation of by-laws on informal businesses are being developed; (ii) the delegation of authority is also currently being reviewed, to ensure that payment to SMMEs and Co-operatives is conducted within the stipulated 30-days; (iii) the municipality has started to convene briefing workshops on tender application processes in collaboration with business chambers and associations; and (iv) SMMEs and Co-operatives database is updated on an on-going basis to ensure that relevant adverts are sent to local businesses.