**THE NATIONAL ASSEMBLY**

 **QUESTION FOR WRITTEN REPLY**

**Question 3060.**

**Mr S C Motau (DA) to ask the Minister of Trade and Industry:**

How does (i) his department and (ii) entities reporting to him define red tape and (b) what (i) specific interventions and/or (ii) systems have been implemented to (aa) identify and (bb) reduce red tape in (aaa) his department and (bbb) the entities reporting to him? NW3601E

1. **the dti** and its entities define red tape as rules, regulations, and / or bureaucratic procedures and processes which are excessively complex and which impose unnecessary delay(s), inaction and / or costs which exceed their benefits, and / or is no longer effective in achieving the purpose for which they were originally created. Red tape results in undesirable economic, business and / or social impacts or outcomes as a result of negatively impacting on productivity. Red tape involves excessive, or unevenly enforced, regulation or rigid conformity to formal rules that is considered redundant or bureaucratic and hinders or prevents effective action or decision-making (Source: **the dti** & CoGTA Guidelines for Reducing Municipal Red Tape, 2012)
2. In the area of reducing regulatory constraints, **the dti** launched a red tape reduction programme in collaboration with the Department of Co-operative Governance to target local municipalities so that they could reduce administrative processes and regulations on small businesses. The programme has initially targeted 12 municipalities across the country. It is aimed at addressing unnecessary regulatory burdens in order for SMMEs to fully take advantage of business opportunities emanating from local Municipalities and beyond.

In addition, the Companies Act, 2008 has simplified the company regime in that it allows for a one man business to register as a private company and to then grow towards a big corporation or public company without the burden of re-registering.

Private companies are no longer required to file audited financial statements. Audits are only required from companies that have an economic impact due to the number of employees, turnover and extent of the business activities. Private companies can now file independently reviewed statements. Independent review is a quality assurance mechanism that is less stringent than a full scale audit which is more costly.

The Companies Act has also decriminalised compliance transgressions. The Companies and Intellectual Property Commission (CIPC) can now issue compliance notices in instances that were just defined as criminal offences under the previous companies Act of 1973.

**the dti** is also working on the integrated registration system which will be co-ordinated with SARS, and Statistics SA. Registration must be at one point and all entities that play a role must automatically access information from one central point.

(aa) These guidelines have been informed by the results of the 2011/2012 National Red Tape Reduction Piloting involving 12 municipalities and funded by **the dti** and CoGTA and with support from SALGA.

 (bb) The SMME Payment Assistance Hotline facilitated payments to small businesses exceeding R350 million. This function has been transferred to the Department of Small Business.

**Response from the Entities**

| **Entity** | **(ii)(b)(i)** | **(ii)(b)(ii)(aa)** | **(ii)(b)(ii)(bb)** |
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| **Companies and Intellectual Property Commission (CIPC)** | Partnering with banks to offer integrated company registration and bank account services which enable customers to perform both activities through one process. To date company registration inclusive of Bank account openings have gone live with FNB and Standard Bank |  |  |
| **Export Credit Insurance Corporation (ECIC)** | The ECIC has implemented processes to ensure that there are efficient processes to allow for quick turnaround times in order to implement the mandate  | Process reviews are initiated whenever bottlenecks are identified, there is currently a process underway to review the procurement process, delegation matrix and there are initiatives that are underway such as ERP system to improve business processes. |
| **National Credit Regulator (NCR)** | The NCR has a delegation matrix which outlines approval/authority limits. The limits are limited to the Accounting Authority; CEO; Executive Committee; CFO and Managers. This matrix helps with expediting decision making and implementation.  |
| **National Consumer Tribunal (NCT)** | The NCT assesses applications filed with it against the filing requirements contained in its rules to ensure that filings meet the requirements as set and advises filing parties if any requirements were not met. This ensures that matters adjudicated on by the Tribunal, meets the filing requirements and that the matters can be dealt with at a hearing. In addition, the NCT conducts regular workshops with all its stakeholders to ensure that all parties are aware of the specific requirements set by legislation to assist in speedy resolution of cases.The NCT does not enforce any other processes over and above what is required by legislation. | Not applicable, as the NCT does not enforce any process over and above filing requirements set by legislation in order for matters to be adjudicated on, therefore no additional red tape created.  | Not applicable, as the NCT does not enforce any process over and above filing requirements set by legislation in order for matters to be adjudicated on, therefore no additional red tape created. |
| **National Empowerment Fund (NEF)** | As a national development finance institution the NEF was established to be a driver and thought leader in promoting and facilitating black economic participation through the provision of financial and non-financial support to black empowered businesses, as well as to promote a culture of savings and investment among black people. In its quest for excellence the NEF has adopted a Strategy referred to as the NEF Power of 3, which strives to achieve and is anchored on answering telephonic enquiries within 3 rings; returning client calls within 3 hours; attending to walk-in clients within 3 minutes; taking up to a maximum of 3 months to fully assess applications for funding from application to disbursement of funds to clients; resolving complaints within 3 days and acknowledging receipt of all applications within 3 days. | The NEF identifies the market failures that confront black entrepreneurs as follows:* Limited own capital;
* Limited management skills, including financial, marketing and technical expertise;
* Limited access to affordable capital;
* Lack of accurate and reliable financial information;
* Challenges with compiling good-quality business plans;
* Lower bargaining and strong competition from established businesses with entrenched market dominance, and
* Lack of access to local and international markets.
 | The NEF continuously reviews its application processes to see how it can help reduce what is commonly referred to as turn-around times. In pursuit of the quest for excellence management has been given delegation of authority by the Board of Trustees to introduce a number of interventions that will enable entity to reduce red tape, namely:* Introduction of a Credit Committee that sits daily/weekly depending on the number of applications to be considered for approvals ranging from R250,000 up to R1.5 million;
* Greater empowerment to senior managers heading business units to decide on due diligences on deals at a higher threshold. For example Managers can perform due diligences on deals up to R10 million, whereas in the past this was limited to R3 million;
* The Investment Committee that constitutes Senior Managers chaired by EXCO members [Fund Management Investment Committee (FMIC)] convenes on a weekly basis and can approve transactions of up to R5 million;
* The EXCO Investment Committee, which is chaired by the CEO, meets weekly and can approve up to R15 million deal sizes;
* The Post-Investment Monitoring Committee, chaired by the General Counsel (EXCO member), has the delegated authority to approve *“head-room”* facilities equivalent to 10% of total approved amounts into existing investee companies. These amounts will ensure that where businesses face a cash-flow *crunch*, these amounts can be deployed immediately to address challenges faced by entrepreneurs on a daily basis as they are unable to attract private sector short-term facilities from commercial banks, such as overdraft and bridging facilities by virtue of them lacking a trading history. Finally, in compliance with Treasury Regulation 8.2.3 which requires public entities to unless specifically provided in contract with a service provider, pay creditors within 30 days of the invoice being presented. The NEF conducts regular interactions with both staff and service providers to train them on the NEF’s internal process requirements. The NEF further conducts annual audits aimed at determining progress in ensuring that creditors are paid within 30 days. Based on the latest internal audit findings, the NEF’s control framework was found to have been satisfactorily applied through the period to ensure that creditors are paid on time.
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| **National Gambling Board (NGB)** | Rules and regulations are in place within the NGB. The understanding is that actions and decisions taken by public officials are subject to oversight through monitoring adherence to rules and regulations so as to guarantee that there is reporting and accountability to demonstrate that Government initiatives are met. | Internal controls are in place within the NGB to ensure that the various pillars of Governance are in place. | Areas of non- compliance with rules and regulations will give rise to adverse audit finding by the office of the Auditor General.On this basis no specific interventions have been implemented to reduce red tape or to do away with any rules and regulation |
| **National Lotteries Commission (NLC)** | The amendment of the Lotteries Act allows for the allocation of differentiated grants. This means that organisations applying for smaller grants will have fewer and less stringent requirements to be met in order to be considered for a grant from the National Lottery Distribution Trust Fund (NLDTF). The amended Act also makes provision for full time Distributing Agencies, appointed for a period of five years, to adjudicate on applications for funding. This is envisaged to improve turnaround times. The Lotteries Act also requires the process from application to adjudication to be a maximum of 150 days. The National Lotteries Commission can only put this to the test once the full time Distributing Agencies have been appointed. The National Lotteries Commission is committed to pay all grants within the prescribed 60 days of receiving duly compliant grant agreements. In recent years, the NLC has engaged with its stakeholders through its National Indabas, and Provisional Workshops and Help Desks by interacting and educating prospective applicants on the application process. It is also an opportunity to learn of the challenges faced by stakeholders. This has resulted in the doubling of the applications received by the NLC in the last call for applications. The NLC has established offices in each of the provinces to give greater access to applicants and beneficiaries. |
| **National Metrology Institute of South Africa (NMISA)** | In the case of NMISA there is no deliberate implementation of red tape. The organisation is structured as a flat organisational structure with clear delegations of authority to enhance efficiency in operations and eliminate complexity. This is especially emphasised for areas where there is direct contact with the clients at service delivery points such as the signature of calibration certificates to industry. This is delegated to divisional directors and experts. The accreditation the quality standard ISO 17025 and ISO Guide 34 ensures that red tape is avoided when dealing with the public and clients.  |
| **National Regulator For Compulsory Specifications (NRCS)** | There are procedural guidelines in various business units to deal with the processing of applications. | Applications for various forms of authorization are recorded upon receipt and when finalised. | When the backlog is identified, manpower is increased by using field inspectors and overtime is offered to all inspectors available to work. |
| **South African Bureau of Standards (SABS)** | The SABS has 5 main service delivery programmes.* Standards Development and Promotion
* Certification
* Testing
* Training Academy, and
* SABS Design Institute
 | * An improvement request query (IRQ) system is used to systematically manage customer feedback and
* complaints regarding the accessibility and quality of the SABS services;
* Customer satisfaction surveys are occasionally commissioned to assess the customer experience;
* Deloitte Fraudline that customers use to report issues that point to red tape; and
* The SABS internal audit process, which includes the management of accreditation for conformity assessment services.
 | The SABS has is in the process of implementing a number of systems to improve productivity and through these processes, the opportunities to reduce red tape are implemented. The systems include:* The Laboratory Information Management System (LIMS) for managing laboratory testing processes;
* e-Committee for management of standards development committees and projects; and
* The Automation of Certification Business Process.

In addition, the SABS is embarking on a modernisation programme (through ICT) whose roadmap is currently under review at the Board. |
| **South African National Accreditation System (SANAS)** | As accreditation requires strict compliance to international standards, the lack of clearer communication was identified as the main contributor to perceived red tape. In this regard, SANAS conduct annual Communication meetings with its customers as well as increased its print communication to monthly and quarterly reports. | Identification comes through Internal Audits as well as international peer reviews. | The second phase of the SANAS Shanduka project aimed at automating the accreditation administration process through ICT, will contribute towards minimising the time and information required to apply for accreditation. |
| **National Consumer Commission (NCC)** | The NCC has revised its strategy during the latter part of 2012 with a view to improving service delivery in line with its legislative mandate. Internal controls, policies, standard operating procedures, delegations of authority and charters have been put in place relating to compliance with applicable legislation, policies, directives and decision making.  | Delivery as per the annual performance plan is monitored regularly at which monthly performance and financial reports are canvassed. Executive Committee meetings are held at least once every quarter at which management committee reports, amongst other things, are canvassed. Moreover, regular meetings are held with stakeholders. Decisions impacting on the public are disseminated via the various media. Internal controls, policies, standard operating procedures, delegations of authority and charters are revised regularly in order to improve operations and service delivery. | The NCC has recently developed its Service Delivery Improvement Programme (SDIP) which provides for turnaround times for the majority of services. This is monitored on an ongoing basis by the management and executive committees of the NCC.  |
| **Companies Tribunal (CT)** | The requirements and procedures for filing of applications and complaints are determined by the Companies Act 71 of 2008 and Companies Regulations made in terms of the Act.Companies Tribunal produced the Practice Guidelines for filing of applications for adjudication and Alternative Dispute Resolution (ADR) complaints to simplify the procedures. |