**QUESTION FOR WRITTEN REPLY**

**NATIONAL ASSEMBLY**

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

1. **Since her reply to question 771 on 12 May 2016, (a) what is the current status of the plan to reduce red tape in the Moses Kotane Local Municipality in North West, (b) what is the total number unnecessary (i) policies, (ii) by-laws and (iii) regulations that were rescinded during the process to reduce red tape in the specified municipality and (c) what total amount of administration costs will the specified intervention save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?”**

 **NW575E**

**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;

(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 **Moses Kotane 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: ineffectively and inefficiency channels to communicate relevant information to business people, supply chain management system and by-laws.

(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 outline improvement since April 2016 are as follows (i) the municipality has hired additional staff in order to pay creditors on time and upgraded their financial software to fasten the processing of invoices as per National Treasury regulation. (ii) informal business by-laws has also been reviewed in order to address the business permits issuing.(iii) the municipality has developed the communication policy which entails the method of communication to externally stakeholders, the complaint process is aligned with number of hours. The Seda hotline also assist with unresolved issues that affect the non-payment of SMMEs and Co-operatives in the area.