**QUESTION FOR WRITTEN REPLY**

**NATIONAL ASSEMBLY**

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

1. **With reference to her reply to question 778 on 5 April 2016, (a) what is the current status of the plan to reduce red tape in the Buffalo City Metropolitan Municipality in Eastern Cape, (b) what is the total number unnecessary (i) policies, (ii) by-laws and (iii) regulations that were rescinded during the process to reduce red tape in the specified municipality and (c) what total amount of administration costs will the specified intervention save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?”**

**NW582E**

**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;

(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 **Buffalo City** 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: by-laws on traffic congestions and by-laws on informal sector, cumbersome supply chain management (which affects the 30-day payment to SMMEs and Co-operatives), and customer notifications systems.

(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 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 with Buffalo city municipality include: (i) the by-laws on traffic congestions has been reviewed within the metropolitan this has greatly reduced congestion and potential high accident zones; (ii) the informal sector by-laws for trading has been reviewed for the provision of relevant infrastructure; (iii) supply chain management processes have been reviewed, specifically delegation of powers to amend and allow divisional managers to authorise payment; and (iv) a training programme on project planning and management on SCM processes has been conducted in partnership with Provincial Treasury.