

**NATIONAL COUNCIL OF PROVINCES**

**QUESTION FOR ORAL REPLY**

**“231. Mr J J Londt (Western Cape: DA) to ask the Minister of Small Business Development:**

**Considering the biggest challenges that are facing small businesses (details furnished), what steps will her department take to ensure that small and medium-sized enterprises are not constrained by (a) unnecessary red tape and/or (b) time-wasting by government departments that should support them?”**

**CO475E**

**REPLY:**

There are five steps that the Department is taking during the current Medium Term Strategic Framework (MTSF) Cycle to ensure that small and medium-sized enterprises (SMEs) are not constrained by (a) unnecessary red tape and/or (b) time-wasting by government departments that should support SMEs.

1. Review and Consolidation of Legislation that impact SMMEs:
   1. Identifying regulatory burdens of existing legislation, regulations and policies, which the department will publish notices of in the Government Gazette on the types of legislation impacting on small enterprises (“red tape” – administrative burden and cost of doing business) that needs to be reviewed and consulted on with the “custodian departments”.
   2. Propose the enhancement of the CEIAS process on new legislation and regulations to include an SMME impact assessment, the CEIAS is driven by the Department of Planning, Monitoring and Evaluation and all new legislation/ regulations are subjected to it before they are considered by Cabinet;
   3. Negotiate and advocate for standardisation of By-Laws that deal with matters of Small Enterprises and the Informal Sector so that local government authorities have clear enabling policies that promote SMME start-up, growth and expansion to contribute to the employment creation and gross domestic product. The consultation with SALGA has already commenced.
2. Access to Information and support through the National SMME Database:

The development of a national database is at an advanced stage which ensure that all SMMEs and cooperatives are registered and are also able to access both financial and non-financial support on the same platform. This database will also publish business and support opportunities available to SMMEs across government and working to ensure that private sector can also utilize the database for both their enterprise and supplier development programme and to communicate available business opportunities for SMMEs.

1. Development of a common application template:

To further reduce unnecessary red tape for small businesses the department is in the process of developing a common template which I am going to launch on Thursday, 14 November 2019. This common template will be utilised by all Development Finance Institutions (DFIs) so that small businesses do not have to develop different business plans when they apply for financial support in different DFIs. This will save small businesses time and money so that they don’t have to contract consultants to assist them with the development of business plans.

1. Addressing Ease of Doing Business through Administrative Simplification
   1. The Department is working closely with the Department of Trade, Industry and Competition on measures to improve ease of doing business in South Africa, which measures are applicable to small business. The DTIC launched Biz Portal is a result of such collaborative work.
   2. As a department, we are advocating for the simplification of the tax regime for SMMEs for example, through a proposal that SMMEs submit tax returns annually rather than biannual
   3. The National SMME database I mentioned initially is going to be linked to the biz portal which ensures that businesses are able to register and get tax clearance certificates and BBBEE certificates promptly. This electronic one-stop-shop will eventually provide the single point of access to structured information in a simple and uniformed way for services required by SMMEs in the running of their enterprises, which can be effectuated entirely online;
   4. Resource sharing (data, processes and services mainly), to eliminate redundant procedures and regulations that often requirement duplicated reporting of the same information to different government departments and agencies, for instance, cooperatives having to submit Annual Financial Statements to the SARS and the CIPC;
   5. At the level of back office, we will focus on a set of tools to re-engineer and streamline administrative processes within and across levels of government (e.g. boosting an integrated and coherent back-office for simplified front-office business processes, reviewing and optimizing information transactions, redesign and/or eliminate steps and thus reducing burdens). These are already being done with municipalities willing to take up on this intervention once a red tape reduction awareness and assessment has been done using the Municipal Red Tape Reduction Guidelines.

The Department is confident that taking these five steps during the current MSTF Cycle will ensure that small and medium-sized enterprises (SMEs) are not constrained by (a) unnecessary red tape and/or (b) time-wasting by government departments that should support SMEs.