

**AGENDA of the
Portfolio Committee Meeting : Local Economic Development
6 June 2023
(Also the agenda for the Mayoral Committee: 12 June 2023)**

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: **Citizen App**
Annexure B: **Policy for SMME support**

RECOMMENDATION TO THE COUNCIL:

that the initiative for ease of doing business **be approved** and implemented.

RESPONSIBLE OFFICIAL :

S MADIKANE

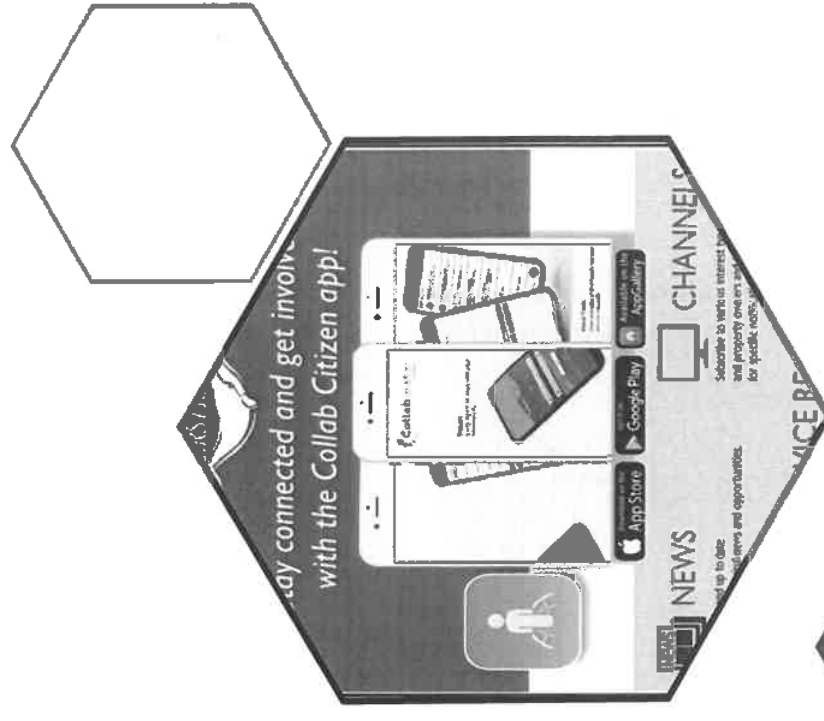
TARGET DATE FOR IMPLEMENTATION :

IMMEDIATELY

Service Request for Business

Reducing Red Tape for the Ease of Doing Business

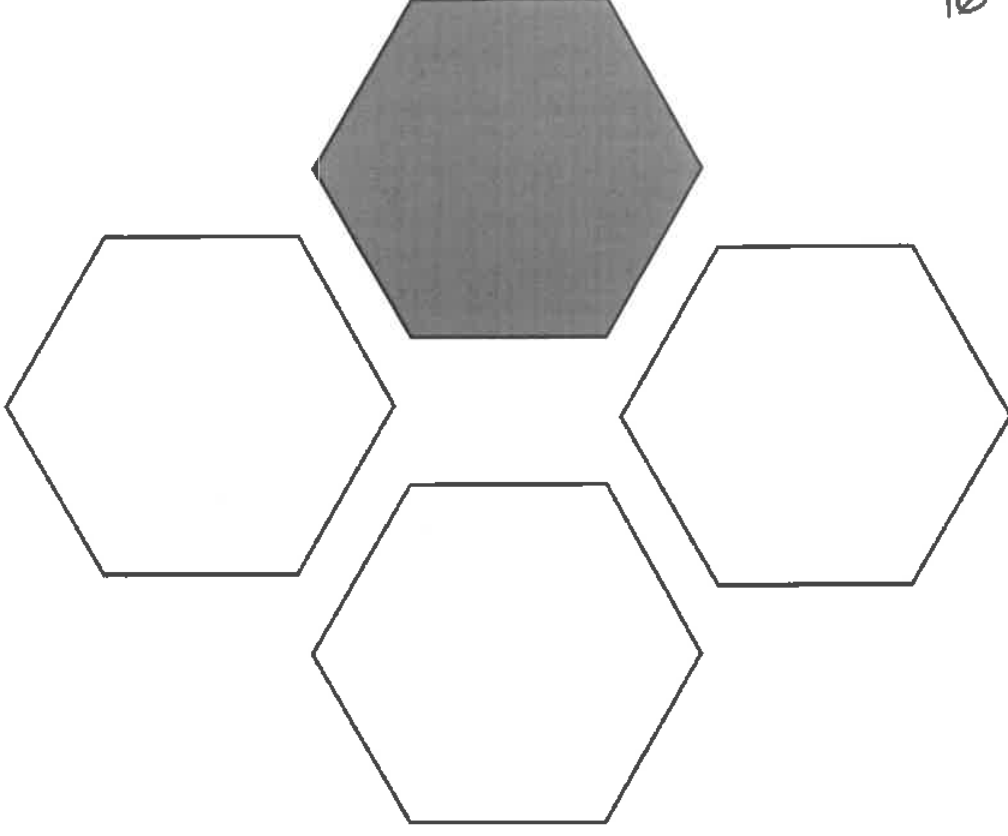
S Madikane



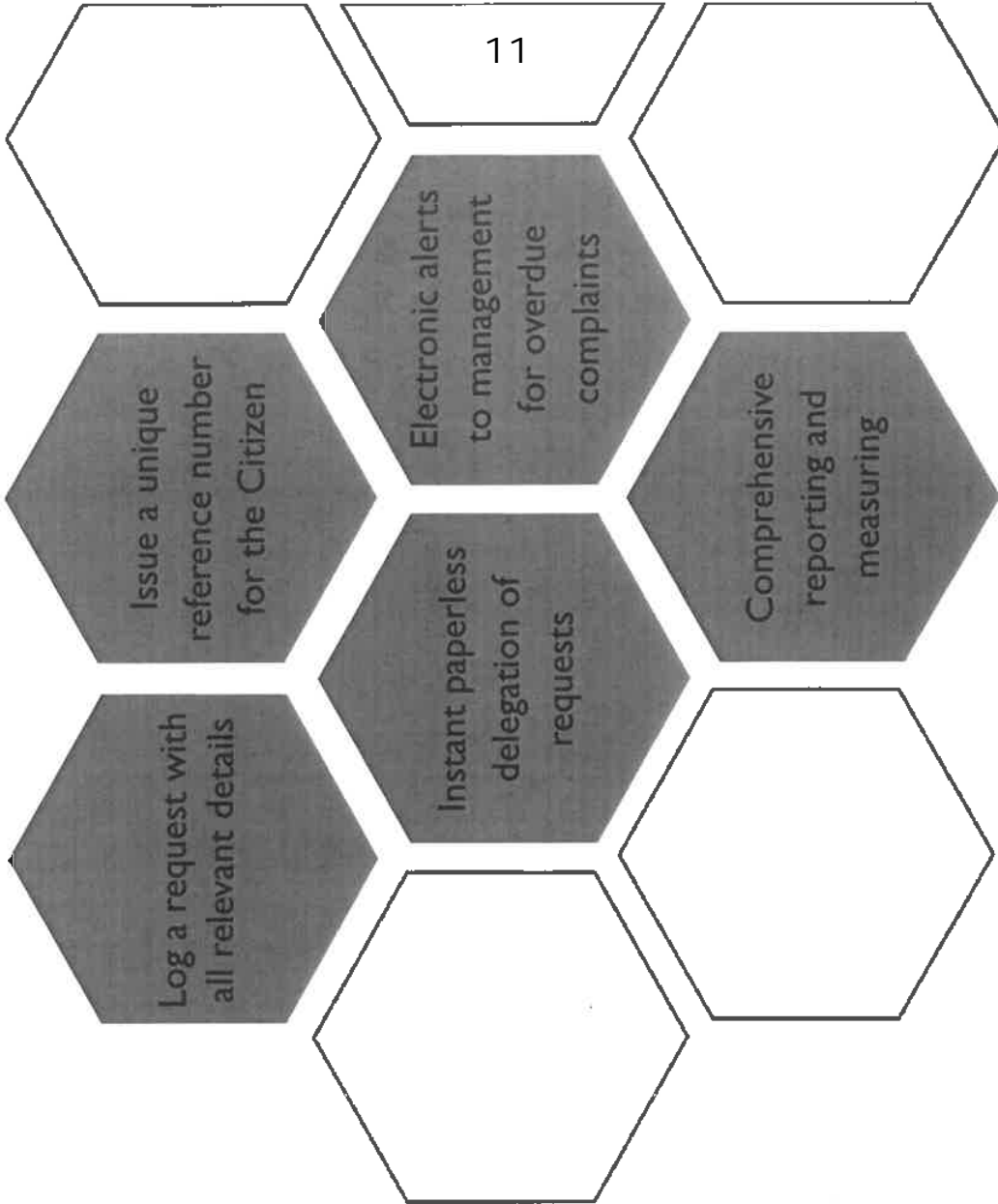
Introduction

The Overstrand Municipality is launching a case management system.

As per objective of the Western Cape Government Department of Economic Development and Tourism the case management system will assist with resolving issues raised by businesses in a timely and cost-effective way and will provide information that can lead to improvements in service delivery.

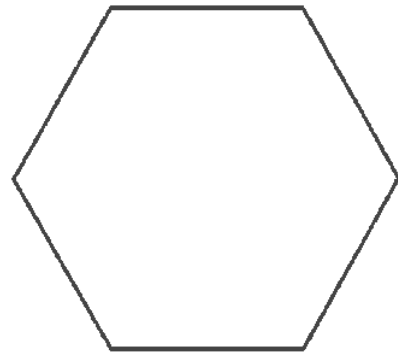


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16/02

Reduce Red Tape



Primary Goals

The Journey

log and resolve a business service request

CONNECT
with
OVERSTRAND

Stay connected and get involved
with the Collab Citizen app!

NEWS
Stay informed and up to date
on Overstrand Municipal news and opportunities.

CHANNELS
Subscribe to various interest types like towns
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for specific notifications.

SERVICE REQUESTS
Communicate with the Municipality about service requests by adding comments to your request lodged.

Overstrand Municipality
A: 1 Magdalen Street, Hermanus, 7200 | P: P.O. Box 20, Hermanus, 7200
T: +27 (0) 313 8060 | F: +27 (0) 313 8128
E: enquiry@overstrand.gov.za | W: www.overstrand.gov.za

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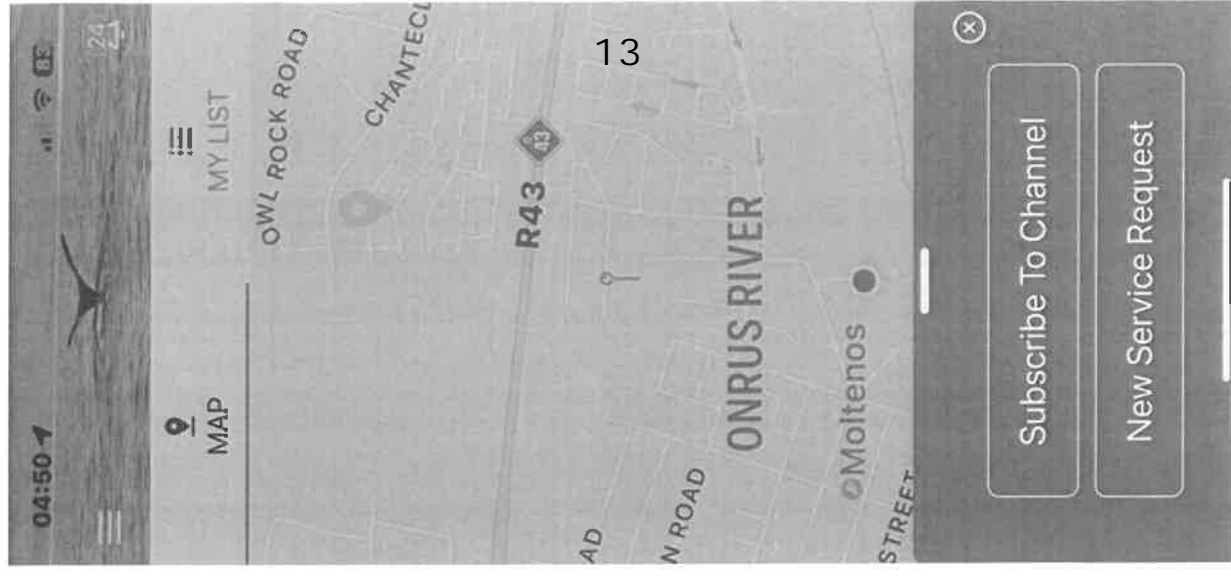
16



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Select – Service Requests



Select - New Service Request



8/51

← Pick Location

7 Park Ln, Onrus River, Onrus x



Select – Pick This Location



Location Selected
7 Park Ln, Onrus River, Onrus

Select a Service Type

Search...

Change View

Overstrand Local Municipality

14



Select - Service Type



Engineering Environment

8/16



Location Selected
7 Park Ln, Onrus River, Onrus

Location Selected
7 Park Ln, Onrus River, Onrus

Select a Service Type

Search...

Change View

- Overstrand Local Municipality
 - Building Control
 - Building Control: General
 - Building Plans**
 - Illegal Building works

Select - Service Type Option



Add → Description
B: Please advise on status of plans
1234567890

CHANGE TYPE

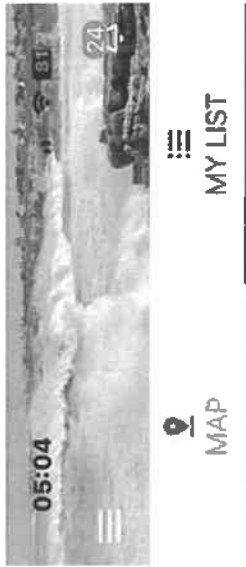
Channel: Overstrand Local Municipality
Channel Category: Building Control
Selected Type: Building Plans

TAKE PHOTO

SUBMIT



7/16



Service Request
is Initiated



To Collaborator
8/16

Relevant Director receives e-mail and

allocate the service request to responsible senior manager

Service Request to be Assigned - Building Plans

C collaborator@overstrand.gov.za
 To: Johnet van Asperen
 Cc: gwynethn@bc.co.za
 Retention Policy Junk Email (30 days)

i This item will expire in 30 days. To keep this item longer apply a different Retention Policy. Links and other functionality have been disabled in this message. To turn on that functionality, move this message to the Inbox. This message was sent with High Importance. We converted this message into plain text format.

Good Day,

Please note a **Business Service Request** from the Citizen Application is waiting to be allocated.

Building Plans

Kind Regards,

Your Collaborator Team

BROWSE PAGE

Home records Inbox File Plan Search Reports Personal Client Callback Requests Escalated Tasks

Business Service Requests

Home Documents Site Contents

Unassigned Business Service Requests

Drag a column header here to group by that column

| Action | Object Ref | Full Name | Category | Registered | Postal Reference | Status |
|----------------------------------|------------|--------------------|----------------------|------------|------------------|------------|
| | 1830268 | Johnet van Asperen | Fraud and Corruption | 2023-03-21 | 1289463 | Registered |
| Action | | Johnet van Asperen | Building Control | 2023-03-21 | 1287442 | Registered |
| Detail | | Johnet van Asperen | Fraud and Corruption | 2023-03-13 | 1287051 | Registered |
| Relationships | | Johnet van Asperen | Fraud and Corruption | 2023-03-10 | 1286856 | Registered |
| Notes | | | | | | |
| Workflow history | | | | | | |
| Audit Trail | | | | | | |
| Folders | | | | | | |
| Add Service Request Comment | | | | | | |
| Process Business Service Request | | | | | | |

Business Service Requests

Go

column

↑

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Citizen App

Status on Citizen App is updated, and a Reference number allocated

Service Request

Building Plans

Reference Number: 1830267

Description: B: Please advise on status of plan 1234567890

Date Registered: 2023/03/21

7 Park Ln, Onrus River, Onrus

Assigned

TAKE PHOTO

Comments (0)

18

Confirmation e-mail is sent to the Citizen

Overstrand Municipality - Service Request Received: Ref number 1830267

collaborator@overstrand.gov.za
To: Johnet van Asperen

Retention Policy: Junk Email (30 days)

This item will expire in 30 days. To keep this item longer apply a different Retention Policy. Links and other functionality have been disabled in this message. To turn on that functionality, move this message to the Inbox. This message was sent with high importance. We converted this message into plain text format.

Good day,

Thank you for your service request - we have received it.

Your reference number is: 1830267.

Kind regards

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B: Please advise on status of plan 123-4567890

Building Plans

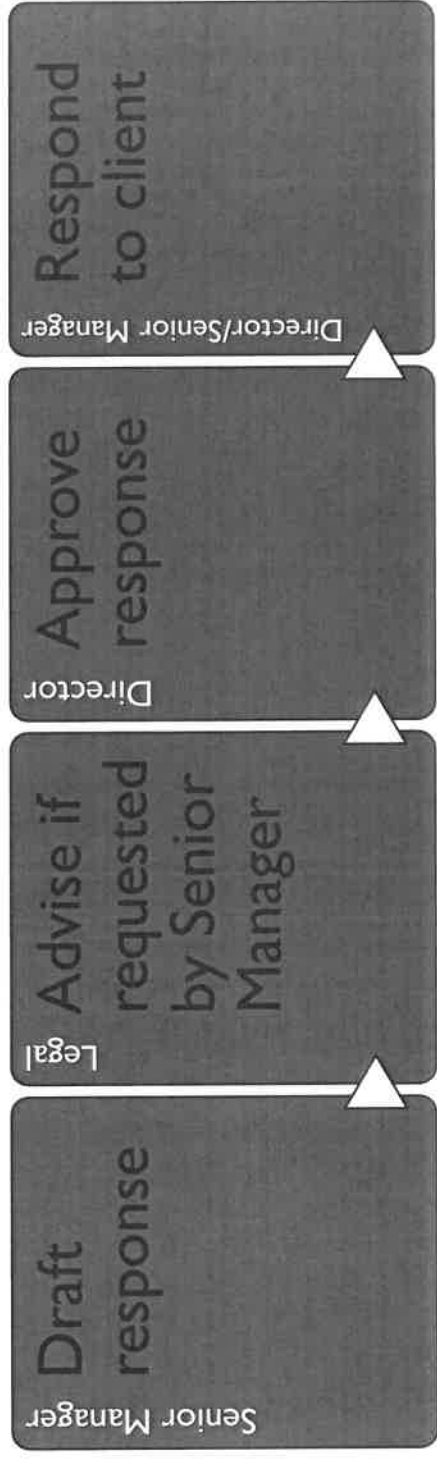
| | |
|--|--|
| Service Request Description | |
| Description | |
| Label 3 | |
| Feedback from Legal Department (Legal Opinion) | |
| Director's approval - SR Completion | |
| Director's Feedback on Service Request Contributor | |
| Progress Status * | <div style="border: 1px solid black; padding: 2px;"> In Progress Refer to Legal Department Refer to Director for Final Review </div> |
| Service Request Feedback * | |

The feedback on the Business Service Request below is mailed to the requestor. Please provide valid feedback.

The service request is resolved as per step-by-step process...

Client is informed every step of the way

step-by-step



Set turn-around times for response as per service agreements.
...Escalated to Municipal Manager if not met.

Report and Measure

Dashboard

Today's Requests

Thursday, 23 March 2023

| | |
|------------------|-----------|
| Total Logged | 13 |
| Total Registered | 7 |
| Total Assigned | 6 |
| Total Completed | 0 |

Live requests for March

| | |
|------------------|----------|
| Total Registered | 7 |
| Total Assigned | 6 |
| Total Completed | 0 |

March

Service Delivery % Gauge

21

This Week's Requests

| | |
|------------------|-----------|
| Total Logged | 44 |
| Total Completed | 5 |
| Total Incomplete | 39 |

2023

Service Delivery % Gauge

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All Incomplete Service Requests for 2023

This report displays all incomplete service requests for the year 2023. It is sorted by date, showing the most recent requests first.

| Request Date | Reference | Category | Description | Assigned To | Date Assigned | Duration to Assign | Physical Address | Ward | GPS Position | Name and Surname | User Name | User Surname | User Number |
|----------------------|-----------|----------------------|--|-------------|---------------|--------------------|--|------|--------------|---------------------|-----------|--------------|-------------|
| 3/6/2023 12:00:00 AM | 1824858 | Fraud and Corruption | Fraud and Corruption: General | | | | Test Test: Hermanus Hermanus 7200 | | | Johnet Test Account | Johnet | Test Account | 072412 |
| 3/6/2023 12:00:00 AM | 1820993 | Traffic Services | Motor Licensing / learners licenses / drivers licenses | | | | 22 Test Building 51 Test Street Mount Pleasant Hermanus 7200 | | | Gwyneth Norman | Gwyneth | Norman | 082876 |
| 3/6/2023 12:00:00 AM | 1826592 | Finance | Accounts Enquiries | | | | 22 Test Building 51 Test Street Mount Pleasant Hermanus 7200 | | | Gwyneth Norman | Gwyneth | Norman | 082876 |

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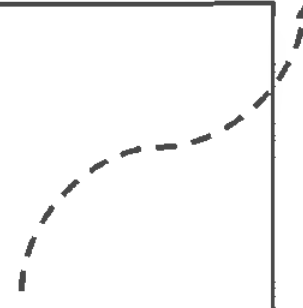
Registered Service Requests for March

This report displays all registered service requests for the month of March 2023. It is sorted by date, showing the most recent requests first.

| Request Date | Reference | Category | Description | Assigned To | Date Assigned | Duration to Assign | Physical Address | Ward | GPS Position | Name and Surname | User Name | User Surname | User Number |
|----------------------|-----------|----------------------|--|-------------|---------------|--------------------|--|------|--------------|---------------------|-----------|--------------|-------------|
| 3/6/2023 12:00:00 AM | 1824858 | Fraud and Corruption | Fraud and Corruption: General | | | | Test Test: Hermanus Hermanus 7200 | | | Johnet Test Account | Johnet | Test Account | 072412 |
| 3/6/2023 12:00:00 AM | 1820993 | Traffic Services | Motor Licensing / learners licenses / drivers licenses | | | | 22 Test Building 51 Test Street Mount Pleasant Hermanus 7200 | | | Gwyneth Norman | Gwyneth | Norman | 082876 |
| 3/6/2023 12:00:00 AM | 1820992 | Finance | Accounts Enquiries | | | | 22 Test Building 51 Test Street Mount Pleasant Hermanus 7200 | | | Gwyneth Norman | Gwyneth | Norman | 082876 |

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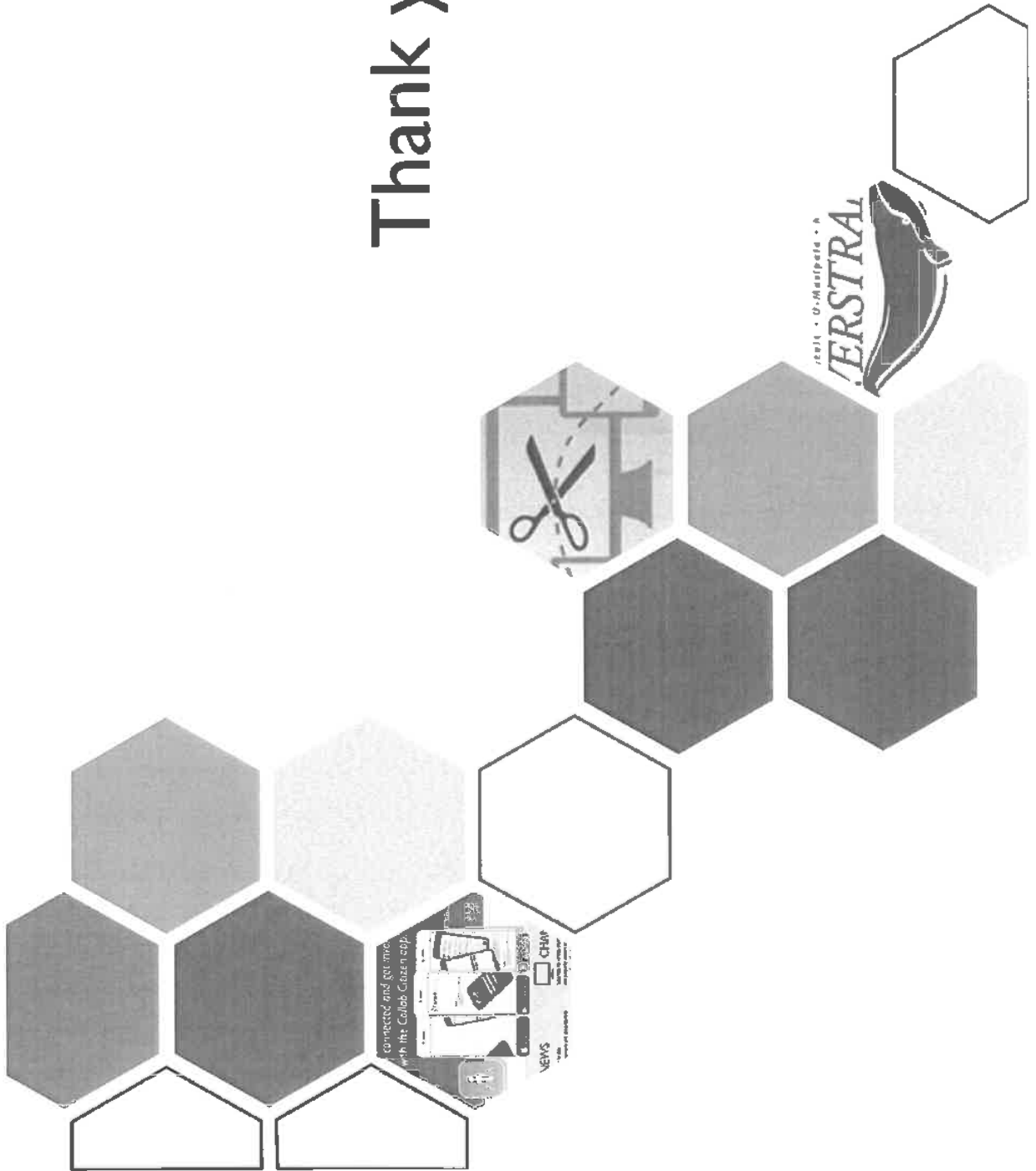
Launch Plan

| Strategy | Marketing | Launch | Measure |
|--|---|--|--|
| <p>Launch</p> <p>Measure</p> <p>Improve</p> <p>Communicate</p> | <p>Apr 2023</p> <p>How to Guides</p> <p>HR Newsletter</p> <p>Municipal Bulletin</p> <p>Social Media</p> <p>Notice Boards</p> <p>Posters (ex. Libraries)</p> | <p>May 2023</p> <p><u>Internal</u></p> <p>✓ All employees</p> <p><u>External</u></p> <p>✓ Ward Councillors</p> <p>✓ Businesses</p> | <p>> May 2023</p> <p>Report</p> <p>Continuous feedback and improvement meetings</p>  |

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Thank you



Model SMME

Policy

Draft

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1. Definitions, Acronyms And Abbreviations

This section comprises a table explaining acronyms and abbreviations and another table explaining key definitions.

1.1. Acronyms and abbreviations

| | |
|---------|---|
| B-BBEE | The Broad-Based Black Economic Empowerment |
| COVID19 | Coronavirus Disease 2019 |
| CIPC | Companies and Intellectual Property Commission |
| DEDAT | Department of Economic Development and Tourism |
| DSBD | The Department of Small Business Development |
| GDP | Gross Domestic Products |
| GVA | Gross Value Added |
| ICT | Information and communications technology |
| ISPESE | Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprises |
| LED | Local Economic Development |
| MEC | Member of the executive council |
| MSTF | The Medium-Term Strategic Framework |
| NDP | National Development Plan |
| NFLED | National Framework of Local Economic Development |
| NISED | National intergraded Small Enterprise Development |
| OECD | Organisation for Economic Cooperation and Development |
| PPPF | Preferential Procurement Policy Framework |
| PSDF | Provincial Spatial Development Framework |
| SARS | South African Revenue Service |
| SCM | Supply Chain Management |
| SEDA | Small Enterprise Development Agency |
| SEFA | Small Enterprise Finance Agency |
| SMME | Small, Medium and Micro Enterprise |

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|------|--|
| VAT | Value Added Tax |
| WCG | Western Cape Government |
| YEDS | National Youth Enterprise Development Strategy |

1.2. Definitions

| | |
|----------------------------|--|
| Authorised informal trader | An informal trader who is granted a trading permit by the municipality, as defined in this policy. |
| Authorised Official | <p>(a) An official of the Council who has been authorised to administer, implement and enforce the provisions of this policy;</p> <p>(b) A traffic officer appointed in terms of Section 3A of the National Road Traffic Act, 1996 [Act 93 of 1996];</p> <p>(c) A member of the police service, as defined in terms of Section 1 of the South African Police Service Act, 1995 [Act 68 of 1995]; or</p> <p>(d) A peace officer, contemplated in terms of Section 334 of the Criminal Procedure Act, 1977 [Act 51 of 1977];</p> |
| B-BBEE | Black Economic Empowerment is a policy of the South African government which aims to facilitate broader participation in the economy by black people. A form of affirmative action, it is intended especially to redress the inequalities created by apartheid. |
| Capital formation | Capital formation is the net accumulation of capital goods, such as equipment, machinery, factories, infrastructure and other assets built or manufactured by businesses or the government to assist in the production of goods and services. |

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|-------------------------|--|
| Company | <p>Means a juristic person incorporated in terms of the Companies Act, 2008 or a juristic person that, immediately before the effective date of the aforementioned Act —</p> <p>(a) was registered in terms of the (i) Companies Act, 1973, other than as an external company as defined in that Act; or (ii) Close Corporations Act, 1984, if it has subsequently been converted in terms of Schedule 2 of the Companies Act, 2008;</p> <p>(b) was in existence and recognised as an 'existing company' in terms of the Companies Act, 1973; or</p> <p>(c) was deregistered in terms of the Companies Act, 1973, and has subsequently been re-registered in terms of the Companies Act, 2008.</p> |
| Co-operative | <p>An autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organised and operated on cooperative principles.</p> |
| Demarcated trading area | <p>An area designated for informal trading pursuant to the designation process prescribed by and/or in terms of the Businesses Act 71 of 1991.</p> |
| E-governance | <p>The application of information technology for delivering government services and exchanging information.</p> |
| Ease of doing business | <p>Ease of doing business measures how easy or difficult it is to start or operate a business in a country or region. This measure can be in the form of an index measured and/or provided by organisations such as the World Bank and World Economic Forum;</p> <p>The Western Cape government defines "ease of doing business" as addressing (1) the binding and systemic constraints and (2) the red tape of the Government and its</p> |

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|---------------------------------------|--|
| | agencies that inhibit economic growth and, ultimately, job creation. |
| Ecosystem | An economic ecosystem is a dynamically stable network of interconnected firms and institutions within a bounded geographical space. |
| Entrepreneurship | Entrepreneurship is setting up a business to create or extract economic value. |
| Formal Business | A formal business in South Africa is any organised business whose income is captured in the national accounts, i.e. it is registered for tax and complies with the relevant statutory and regulatory requirements. |
| Historically Disadvantaged Individual | A South African Citizen who is a black person, a woman and/or has a disability. |
| Illegal Goods | Goods that are illegal to sell or buy (including counterfeit goods) as defined in the Counterfeit Goods Act 37 of 1997. |
| Informal Business | Informal businesses are businesses whose income is not declared and thus not captured in the national accounts and is often unregulated. |
| Informal Sector | The informal sector is the part of any economy that consists of activities that have market value but are neither taxed nor monitored by any form of government. |
| Informal Trader | Any person who carries on a business as a street vendor, hawker, or trades in a public place, including an employee of such person. |
| Informal Trading | Trading in legal goods and/or services by individuals and/or groups in locations designated for informal trading and which requires little more than the actual goods and/or services to commence. This definition expressly excludes criminal and/or unlawful activities. |
| Integrated Development Plan (IDP) | An Integrated Development Plan is the overarching plan for an area that provides an overall framework for development. It aims to coordinate the work of all local and other spheres of government in a coherent plan to |

| | |
|--|--|
| | improve the quality of life for all the people living in an area. |
| Law Enforcement | The activity of ensuring that the laws of an area/country are complied with. |
| Local Procurement | Local procurement refers to the purchase of goods and services from domestic suppliers. |
| Market Access | The ability of an SMME to access and engage with buyers in new and existing markets. |
| Micro Enterprise | A formal or informal enterprise of any entity type with less than five (5) employees and an annual turnover of less than R 200 000. |
| Medium Enterprise | A formal or informal enterprise of any entity type with less than 200 employees (100 for agriculture) and an annual turnover between R 13 million and R 64 million (varies by sector). |
| Partnership (or unincorporated joint venture) | Means the relationship existing between two or more persons who join together to carry out a trade, a business or a profession. A partnership is not a separate legal person or taxpayer. |
| Private Sector | The private sector is the part of an economic system that is run by individuals and companies rather than a government entity. |
| Public Place | Includes a public road, parking area, square, park, recreation ground, sports ground, sanitary lane, open space, shopping centre on municipal land, unused or vacant municipal land or cemetery provided, reserved or set apart for use by or dedicated to the public and public transportation operated by service providers for the municipality, but does not include public land that has been leased by the municipality. |
| Public Procurement | The acquisition of goods, services or infrastructure by purchasing, renting, leasing or other means by governments and state-owned enterprises. |

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|-------------------------------------|---|
| Red tape reduction | <p>Reducing the amount of bureaucracy and non-essential forms, procedures, and regulations to improve government efficiency;</p> <p>Reducing anything obsolete, redundant, wasteful or confusing that diminishes the competitiveness of the Province, stands in the way of economic growth and job creation or wastes taxpayers' time and money</p> |
| Small Enterprise | A formal or informal enterprise of any entity type with less than 50 employees and an annual turnover between R 3 million and R 32 million (varies by sector). |
| SMME | SMME means small, medium, and micro enterprises as defined in the National Small Business Act, Act No. 102 of 1996. The Act classifies small businesses according to size and in descending order as medium, small, very small or micro enterprises. |
| Sole Trader/Proprietorship | A business that is owned and operated by a natural person. It is not a separate legal entity. The business has no existence separate from the owner, who is called the proprietor. |
| Spatial Development Framework (SDF) | An SDF is a framework that seeks to guide the overall spatial distribution of current and desirable land uses within a municipality to give effect to the vision, goals and objectives of the municipal IDP. |
| Sub-contract | The practice of assigning part of the obligations and tasks under a contract to another party, known as a subcontractor. |
| Trading area | A consolidated trading area that is demarcated and designated as such by the municipality and managed in a coordinated manner. |
| Trading Permit | A permit to trade granted by the Municipality to registered traders, following processes and conditions defined in this policy. |

| | |
|-----------------------|---|
| Very Small Enterprise | A formal or informal enterprise of any entity type with less than 20 employees (10 for agriculture) and an annual turnover between R 1 million and R 62 million (varies by sector). |
| Zoning | "Zoning" means a category of directives regulating the use and development of land and setting out – |

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2. Background and Overview

- 2.1. Since the publication of the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa (1995), Small, Medium, and Micro Enterprises (SMMEs) have been recognised for their strategic importance in addressing inclusive economic growth, employment generation, and transformation. The National Development Plan Vision 2030 also places significant importance on SMMEs segment to drive productivity growth and job creation.
- 2.2. SMMEs differ in size and cover various economic activities, including manufacturing, mining, commerce and services.
- 2.3. As of 2022, two-thirds of SMME owners did not have employees, with a significant proportion of entrepreneurial activity being driven by necessity, that is, unemployed individuals with no alternative source of income.
- 2.4. South Africa has an estimated 2.6 million SMMEs, of which 54.0 per cent are micro-enterprises, and 15.0 per cent are in rural areas (OECD, 2022).
- 2.5. A prosperous SMME sector is vital in developing economies, balancing supply and demand in the job market and bringing competition among businesses.
- 2.6. SMMEs tend to be more effective in utilising local resources using simple and affordable technology and adding value to these resources. They are better positioned to satisfy limited demands from small localised markets due to their lower overhead and fixed costs.
- 2.7. The development of SMMEs facilitates the distribution of economic activities within the economy, thus fostering equitable income distribution.
- 2.8. There is much political will to improve the enabling environment of SMMEs, symbolised by government interventions that promote and support SMME

growth and development, such as establishing agencies including SEDA, SEFA and the Broad-Based Black Economic Empowerment legislation.

- 2.9. SMMEs play an important role in creating employment. Since SMMEs tend to be labour-intensive, they create employment at relatively low levels of investment per job created.

3. Problem statement

- 3.1. It is estimated that the SMME contribution to South Africa's gross value added (GVA) increased from 18.0 per cent in 2010 to 40.0 per cent in 2020 (OECD, 2022). However, South Africa's rate of established entrepreneurship is shallow compared to other African countries, and its early-stage entrepreneurship should be three times greater given the country's GDP per capita (IFC, 2019).
- 3.2. A low start-up rate and a high level of business discontinuance characterise the South African SMME ecosystem. This is a direct consequence of challenges faced by SMMEs relating to the legal and regulatory environment in which they operate. Additional constraints include accessing credit, markets and technology; business infrastructure and premises (at affordable rentals); information to operate and scale; and, at times, tax burdens, which all hinder their potential to contribute meaningfully towards economic growth (OECD, 2020). According to the Department of Small Business Development (DSBD), 70-80% of small businesses fail in the first year, and approximately half of the survivors last for the next five years (OECD, 2020).
- 3.3. The Department for Small Business Development acknowledges that support for SMMEs is uncoordinated and fragmented, often addressing the symptoms of the problem but not the cause, including but not limited to: problems relating to access to relevant information, the detection and reduction of red tape and its associated costs, inequitable spatial economic development, access to profitable markets, access to finance, and business (management) skills.
- 3.4. There remains a dire need for more strategic certainty within the broader SMME landscape, especially post-COVID-19 (DSBD, 2020/2021). Achieving a balance between policy progress and certainty is important, as policy uncertainty often results in lower investment, which is undeniably detrimental to SMME

development. The District Development Model of 2019 highlights the importance of a collaborative planning process across all spheres of Government to overcome the triple challenge of poverty, inequality and unemployment.

- 3.5. Policy certainty proceeds from responsive governance targeting identified needs, avoiding duplication and fragmentary SMME support incentives. For this reason, this Model Policy will provide guidelines to municipalities for simplifying the ease with which SMMEs can do business through dynamic, demand-driven business support in accordance with SMMEs' respective sectors, sizes and stages of development, and which can be adopted and implemented by all municipalities in conjunction with local, established businesses.
- 3.6. The enabling environment within which entrepreneurs do business must be improved to promote business development by making it easier for them to do business (DSBD, 2022). However, it is acknowledged that red tape is hampering SMME growth and development.

4. Rationale

- 4.1. As of the third quarter of 2021, 48.3 per cent of businesses in the Western Cape were SMMEs. Formal sector employment in 2022Q3 accounted for 76.4 per cent of total employment, and informal employment accounted for 10.1 per cent of total employment (Stats SA, 2022). The Province also has the third highest number of business owners (11.0 per cent) after Gauteng (38.0 per cent) and KwaZulu-Natal (17.0 per cent). However, the Western Cape has never had a specific policy focusing solely on the development of SMMEs.
- 4.2. The existing policies that support SMMEs have limited impact and are uncoordinated as they focus on a certain portion of SMMEs, such as the Informal Trading Policy and the Emerging Contractor Development Policy. Interventions are also dispersed in LED strategies and Regional Socioeconomic Strategies. The lack of a comprehensive policy hinders addressing the core constraints inhibiting the growth of SMMEs in the Province from accelerating SMME development. Therefore, a policy is needed to cover the whole range of economic activities as economies with strong SMME sectors are due to clear guidance, focused visions and appropriate strategies arising from well-designed SMME policies.

- 4.3. Whereas municipalities are best positioned to catalyse SMMEs' participation in the local economy, it is the Provincial and National Government's responsibility to capacitate municipalities accordingly (White Paper on Local Government, 1998). This Provincial Policy is, therefore, aimed at capacitating Western Cape Municipalities by providing a guideline, as per Section 18(1) of the Small Enterprise Act, for them to pursue integrated SMME development within their demarcated areas.
- 4.4. Developing a uniform policy will promote a business-friendly environment. This will enable local government authorities to remove red tape and provide appropriate support to SMMEs based on their sector, size, and stage of development to facilitate the growth and expansion of small businesses in their municipality and across the Province.

5. Policy goals and objectives

The policy is consistent with the objectives for a fair, just, sustainable SMME economy. This section summarises the broad objectives of the underlying municipality's involvement in supporting SMME development. The objectives are as follows:

- 5.1. Define an integrated and holistic approach to SMMEs for all Western Cape municipalities and Municipal owned entities (MOEs);
- 5.2. Clarify the WCG's position on - and approach to - SMMEs to all relevant and interested stakeholders;
- 5.3. Form the basis for the review and revision of by-laws that regulate SMMEs trading within the jurisdictional area of the municipality;
- 5.4. Provide a framework for the development and resourcing of SMMEs;
- 5.5. Establish a framework for the monitoring and evaluation of informal SMMEs;
- 5.6. Establish a policy framework for law enforcement regarding SMMEs;
- 5.7. The policy aims to provide clear mechanisms by which the Municipality can create an enabling environment for SMME development and reduce the administrative constraints impacting the growth of small businesses, addressing challenges through policy, laws and regulations reformed to enable SMME growth and efficient governance.
- 5.8. The policy aims to enable effective targeted support and services delivered for SMME growth, both financial and non-financial.

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- 5.9. The policy aims to guide how entrepreneurs and SMMEs can approach the Municipality to support identifying business incubation facilities, specifically concerning Municipality immovable property.
- 5.10. The policy aims to coordinate government by strengthening private-sector partnerships to enhance SMME growth.

6. Scope and application of policy

- 6.1. This policy applies to all forms of all Small, Medium and Micro Enterprises within the Municipality's jurisdictional area, including formal and informal businesses.
- 6.2. The SMME policy of municipalities shall be aligned with this model policy.

7. Principles underpinning the policy

Policy principles represent this policy's position on major issues under consideration. The policy principles refer to the underlying values, beliefs and concepts that guide the policy.

7.1. Economic principles

- 7.1.1. This policy seeks to encourage SMME development within the economy of the Municipality. To this end, productive growth in the SMME sector will be facilitated through the following:
- 7.1.1.1. Examine the opportunities for SMMEs to increase their market share;
 - 7.1.1.2. Building relationships along the supply chain to increase efficiencies in the sector;
 - 7.1.1.3. Promoting the deepening of SMMEs along the supply chain - for example, in the areas of manufacturing goods and of value added to goods to strengthen the reach and sustainability of the SMMEs.
 - 7.1.1.4. Linking SMMEs to training programmes available through the state;
 - 7.1.1.5. The optimal utilisation of Municipal resources by balancing good economic return in the use of municipal fixed assets and consolidating its social value in terms of contributing

to reducing unemployment and fostering trader households' livelihoods.

- 7.1.2. The Integrated Development Plan shall guide SMMEs and how it relates to other departments and functions within the Municipality.

7.2. Social principles

- 7.2.1. This policy seeks to reduce inequity through the provision of services and through active programmes to support vulnerable populations to access opportunity and dignity through business.
- 7.2.2. The right to human dignity (granted to "everyone") also protects foreign nationals' right to participate in business activities. Municipalities cannot prevent foreign nationals from conducting business (as long as foreign traders follow the law).
- 7.2.3. Advancing inclusivity is critical to ensure that those who are underserved are specifically targeted with tailored support and services (both financial and non-financial) and incentives to assist in their inclusion in the mainstream of the economy. This is particularly important for youth, women, people with disabilities and previously disadvantaged groups both in the formal and informal economy, especially in Townships and Rural areas.
- 7.2.4. Equity within the Municipality to create a dignified SMME sector will be promoted through the following:
- 7.2.4.1. Equitably spreading public spending throughout the area, with emphasis on the poorer parts of the Municipality lagging in Public Sector investment; and on the parts in which dense and diversified uses of public space require high levels of investment, maintenance and management services;
- 7.2.4.2. Viewing the location of public sector investment as an opportunity for improving the general environment in historically disadvantaged areas within the region and as an opportunity for integrating communities that historically have been spatially separated;

- 7.2.4.3. Providing basic municipal services and urban management to areas where public health and safety are at risk.
- 7.2.4.4. Building social inclusion in the sector through forums that allow all economic workers to share experiences and jointly find solutions to issues that confront their work lives.

7.3. Spatial principles

- 7.3.1. A developmental approach to the economy implies integrating plans and targets into each municipal level of spatial and economic planning. SMMEs need to be seen and programmed as part of the service and product offering of the Municipality in every plan - from IDP and SDF to detailed area-based plans. It is to be accommodated and supported as a productive function. Therefore:
 - 7.3.1.1. Opportunities for SMMEs shall be proactively accommodated in spatial and development plans. The infrastructural needs, the sustainable development of the sector, and the relationship between trade and other uses and users of space will be included in strategic and area-based plans and the annual and medium-term budgeting cycle.
 - 7.3.1.2. The Spatial Development Framework shall guide specifics about different kinds of business zoning and what space could be set aside for this function.
 - 7.3.1.3. The Regional Spatial Development Frameworks and Precinct Plans shall offer guidelines for where various business activities could be allowed.
 - 7.3.1.4. Spatial planning requirements for the business hubs **will** also apply to plans developed by private property developers, especially if a new development affects informal traders;
 - 7.3.1.5. The Development Planning Department within the Municipality will develop instruments for ensuring that future spatial development envisaged above does not displace existing SMMEs and includes provision for SMME spaces as a contribution to an inclusive Municipality;

- 7.3.1.6. The Municipality's spatial planning and development approach will encourage the allocation of prominent, well-located space for informal trade and micro business in previously neglected economic nodes;
- 7.3.1.7. Providing business support by providing adequate infrastructure and services to dense trading areas and by linking traders to a range of capacity building and business support services that cater for the different types and levels of SMMEs;
- 7.3.1.8. In establishing new residential areas, the Municipality will seek to ensure that there is business zoning to accommodate SMMEs.

8. Role clarification

All spheres of Government have a role to play concerning SMME development. While there are varying powers and mandates prescribed to these bodies, all can contribute to, promote and constrain the development of SMMEs.

In terms of the White Paper on Local Government, local government is well-positioned to enhance the success of national and provincial policies and programmes and build sustainable human settlements for the nation. Many municipalities, however, lack the resources to enhance government policies as envisaged; national and provincial governments should, therefore, per the principle of cooperative governance, seek to support and enhance the developmental role of local government.

Furthermore, in terms of Section 41(1) of the Constitution, all spheres of government and all organs of state must cooperate in mutual trust and good faith and assume the functions and powers conferred on them by the Constitution.

8.1. The Role of Government

- 8.1.1. In terms of Section 154(1) of the Constitution, national government and provincial governments, through legislative and other measures, must support and strengthen the capacity of municipalities to manage their

own affairs, exercise their powers and perform their functions as set in section 5.2 below.

- 8.1.2. Provincial government can pass and administer legislation applicable to its Province concerning any matter within their functional areas listed in Schedules 4 and 5 or any other matter not within those functional areas but duly assigned to it by national legislation.
- 8.1.3. In the event of a municipality being unable to or refusing/neglecting to fulfil an executive obligation in terms of the Constitution or legislation, the relevant provincial executive may intervene by taking any appropriate steps to ensure the fulfilment of that obligation.

8.2. The Role of Municipalities

- 8.2.1. Municipalities have the constitutional right to govern, on their own initiative, the local affairs of their communities, subject to national and provincial legislation, as per the Constitution.
- 8.2.2. Municipalities are constitutionally obliged to participate in national and provincial development programmes. Furthermore, they must structure and manage their administration, budgeting and planning processes to prioritise the community's basic needs and promote the community's social and economic development within the parameters of their financial and administrative capacity. Municipalities should do this by providing democratic and accountable government for local communities; ensuring the provision of services to communities in a sustainable manner; promoting social and economic development and a safe and healthy environment; and encouraging the involvement of communities and community organisations in the matters of local government.
- 8.2.3. The above objectives underpin municipalities' functional areas, as described in Part B of Schedule 4 and Part B of Schedule 5 or otherwise assigned by national or provincial legislation.
- 8.2.4. Municipalities can make and administer by-laws to effectively administer the matters referred to in the Schedules above.
- 8.2.5. Section 88 of the Local Government: Municipal Structures Act also calls for cooperation between district and local municipalities and between local municipalities collectively in that:

- (i) A district municipality and local municipalities within the area of that district municipality must cooperate with one another by assisting and supporting each other;
- (ii) A district municipality, on the request of a local municipality within its area, may provide financial, technical and administrative support services to that local municipality to the extent that the district municipality can provide such support services;
- (iii) A local municipality may provide financial, technical or administrative support services to another local municipality within the area of the same district municipality to the extent that it can provide such support services if the district municipality or the local municipality so requests;
- (iv) The MEC for local government in a province must assist a district municipality in providing support services to a local municipality.

8.3. The Role of Development Agencies

8.3.1. Local economic development agencies, whether public or private (or public-private partnerships), exist around the globe. Their primary role in local economic development is to promote entrepreneurship and the growth of SMMEs through non-financial support, from connecting businesses to resources available through government and non-profit organisations to skills development initiatives, research undertakings and compliance support, or by offering direct financial support.

8.3.2. It has long been accepted that collective action by means of government facilitation and private sector support can play a crucial role in addressing development challenges (Fox and Prescott, 2004).

8.4. The role of the private sector and business membership organisations

8.4.1. The SMME sector is represented through various business membership organisations, which reflect the sector's diversity. Business membership organisations provide essential services to their members and, in some cases, provide SMME development services. In addition, they present local government with an opportunity to discuss concerns directly with the business community.

- 8.4.2. Local government authorities should regularly liaise with business membership organisations. SMMEs are encouraged to join local associations, and wherever possible, these associations should ensure that the voice of even the smallest business member is heard within the structures. Support services should be provided where possible to help business membership organisations become better organised and equipped to provide sustainable membership and development services to SMMEs.

9. Regulatory framework

In South Africa, the three spheres of government are distinctive, interrelated and interdependent. Legislation and policies at all three levels guide and form a framework for local government. The regulatory and planning framework clarifies municipalities' mandates and duties.

The following policy and legislation directly regulate contemporary local SMME development in SA:

| Act | Relevance to SMME development |
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| Constitution of the Republic of South Africa, 1996 | <p>In terms of Section 151(3) of the Constitution of the Republic of South Africa, Municipalities have the right to govern, on their own initiative, the local government affairs of their communities, subject to national and provincial legislation. Local government have the power to substantially impact the local business environment through innovative and concentrated by-laws.</p> <p>Local government derives its mandate from Section 152 of the Constitution. Section 152(1)(c) of the Constitution mandates local government to "promote social and economic development". Section 152(2) requires that a</p> |

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| Act | Relevance to SMME development |
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| | <p>municipality strive, within its financial and administrative capacity, to achieve its objectives set out in Section 152. The Constitution also sets out the developmental duties of municipalities where, in terms of Section 153, a municipality must:</p> <p>(a) Structure and manage its administration and budgeting, and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community; and,</p> <p>(b) participate in national and provincial development programmes.</p> |
| <p>White Paper on National Strategy for the Development and Promotion of Small Business in South Africa, 1995</p> | <p>The White Paper identifies the private sector as the "real engine of sustainable and equitable growth" in South Africa and echoes government's commitment to actively do as much as possible to create an enabling environment wherein businesses can simply do business. It reiterates that the "national framework will need to be complemented with programmes developed and implemented at a regional and local level". Notably, the SMME sector is recognised as not a standalone economic sector and, therefore, requires policies to be sensitive to different sectoral developments and the different categories of SMMEs. To this end, the White Paper sets out nine objectives which drive the National Small Business Support Strategy.</p> |

| Act | Relevance to SMME development |
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| White Paper on Local Government, 1998 | Together with the Local Government: Municipal Demarcation Act, 27 of 1998, the White Paper provides the framework for transforming the local government system post-apartheid throughout SA. |
| Public Finance Management Act, 29 of 1999 | The PFMA regulates financial management in the national and provincial spheres of government. |
| Local Government: Municipal Systems Act, 32 of 2000 | The Municipal Systems Act empowers municipalities to fulfil their constitutional objectives by defining the legal nature of municipalities as part of the cooperative government system and clarifying the rights and duties of municipal councils, local communities, and municipal administrations. |
| Local Government: Municipal Finance Management Act; 56 of 2003 | The MFMA aims to facilitate local government compliance with its constitutional duty to responsibly manage and administer its affairs. The Act is seen as the basis for sustainable service delivery throughout SA. |
| Preferential Procurement Policy Framework Act, 5 of 2000 | Primarily, the PPFA aims at ensuring government's preferential procurement procedures are aligned with the aims of the Broad-Based Black Economic Empowerment Act and its associated Codes of Good Practice. Regulations published under the PPFA aim to use public procurement as a lever to empower SMMEs, rural and township enterprises, and designated groups by significantly expanding the value of goods and services it procures from South African producers. Effective procurement policy |

| Act | Relevance to SMME development |
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| National Small Enterprise Act, 102 of 1996 | <p>increases SMME competitiveness by promoting access to established markets for SMMEs.</p> <p>The Act provides guidelines for organs of state to promote small business in South Africa and to provide for the establishment of the Small Enterprise Development Agency (SEDA), which provides non-financial support to new and existing SMMEs.</p> <p>It is set to be amended so as to improve the SMME enabling environment throughout South Africa. In addition to establishing the Office of Small Enterprise Ombud Service as a dispute resolution mechanism to enforce SMME contracts and resolve business-to-business disputes, the amendments aim to provide clarity of some definitions and empower the Minister to declare certain practices in relation to SMMEs to be prohibited unfair business practices.</p> |
| Co-operatives Act, 14 of 2005 | The Act provides for the formation and registration of co-operatives, the establishment of a Co-operatives Advisory Board, and matters connected therewith. |
| The National Integrated Small Enterprise Development Masterplan, 2022 | The 2022 NISED Masterplan sets out South Africa's latest ten-year strategic approach to promoting entrepreneurship, growth, and support of SMMEs. Although not considered an economic plan in and of itself, it aligns with SA's previous economic strategies and draws inspiration from the founding White Paper on National Strategy for the Development and Promotion of Small Business in South Africa. It |

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| Act | Relevance to SMME development |
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| | <p>"works in association with all other government planning and programming relevant to building an enabling environment for SMMEs and economic growth".</p> <p>The NISED Masterplan, as the intended National Small Business Support Strategy in terms of the National Small Enterprise Act, is based on four key Pillars and contains 12 evidence-based Outcomes, which aim to facilitate economic transformation by promoting industrial development, investment, competitiveness and employment creation across the SMME landscape and in all spheres of government. All 12 Outcomes have specific Output Programme Areas with associated activities to achieve such Outputs within specified timeframes by responsible institutions, ranging from government departments across all spheres of government to the private sector.</p> |
| The National Framework of Local Economic Development, 2018-2028 | One of the pillars of the National Framework of Local Economic Development (NFLED) is to ensure that local conditions support the creation of employment opportunities. One of the NFLED's key pillars is the integration of township economies into the mainstream economic landscape. As part of the implementation of the framework, the LED unit has initiated a process to develop an Integrated Township Economic Development Programme to respond to the imperative of developing thriving local economies and |

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| Act | Relevance to SMME development |
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| | <p>position township economies as focal points of government interventions and further design and package specific interventions that different role players will implement.</p> <p>The NFLED states that "municipalities have a key role in creating a conducive environment for investment through the provision of infrastructure and quality services, rather than by developing programs and attempting to create jobs directly." This point is echoed in the White Paper. The implementation of the revised NFLED identifies the following as important elements of implementation.</p> |
| Immigration Act 13 of 2002, as amended. | The Act inter alia provides for the regulation of the residence, right to work or the right to conduct business of foreigners in the country. |
| Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000 | The Act aims to prevent and prohibit unfair discrimination and harassment, promote equality and eliminate unfair discrimination, and prevent and prohibit hate speech. |
| Conventional Penalties Act 15 of 1962 | The Act provides for the enforceability of penalty stipulations, including stipulations based on pre-estimates of damage and forfeiture clauses. |
| Arbitration Act 42 of 1965 | The Act provides for the settlement of disputes by arbitration tribunals in terms of written arbitration agreements and the enforcement of the awards of such arbitration tribunals. |
| Promotion of Access to Information Act 2 of 2000 | The Act gives effect to the constitutional right of access to any information held by the State and any information that is held by another |

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| Act | Relevance to SMME development |
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| | person, and that is required for the exercise or protection of any rights. |
| The Tobacco Products Control Act 83 of 1993, as amended. | The Act is the primary tobacco control law of South Africa. It governs, among other things, smoking restrictions; tobacco advertising, promotion and sponsorship; and packaging and labelling. |
| The Businesses Act 71 of 1991 (as amended) | <p>The Act determines that, save for certain exceptions, a licence is required for: the sale or supply of perishable foodstuffs, the provision of certain types of health facilities or entertainment, and hawking in meals or perishables foodstuffs.</p> <p>The Act also provides, in certain circumstances, for a local authority to act as a licensing authority and, in particular (in section 6A) to: (1) make by-laws regarding the supervision and control of the carrying on of the business of street vendor, pedlar or hawker; the restriction of carrying on of such business in certain places; the prohibition of the carrying on of such business in certain places; (2) to declare any place in its area of jurisdiction to be an area in which the carrying on of the business of a street vendor, pedlar or hawker may be restricted or prohibited; (3) to lease any verge as defined in the Road Traffic Act, 1989 to the owner or occupier of the contiguous land on the condition that such owner or occupier shall admit a specified number of street vendors, pedlars or hawkers in stands or places on such verge designated by</p> |

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| Act | Relevance to SMME development |
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| | such owner or occupier; (4) to set apart and demarcate stands or areas for the purposes of the carrying on of the business of street vendor, pedlar or hawker owned or managed by it, or to reduce or disestablish such stand or area. |
| Promotion of Administrative Justice Act 3 of 2000 | The Act gives effect to the right to administrative action that is lawful, reasonable and procedurally fair, as well as to the right to written reasons for administrative action. |
| The Health Act 61 of 2003: Regulations Governing General Hygiene Requirements for Food Premises and the Transport of Food (as published under Government Notice No. R. 638 of 22 June 2018) | The Act makes provision for promoting the health of the country's inhabitants. Regulation 3 provides for the issuing of a certificate of acceptability for premises where food is handled. |
| Meat Safety Act 40 of 2000 | The Act inter alia provides for measures to promote meat safety and the safety of animal products. |
| Animals Protection Act 71 of 1962 | The Act sets out the law relating to the prevention of cruelty to animals. |
| National Environmental Management Act 107 of 1998 | The Act inter alia provides for cooperative, environmental governance by establishing principles for decision-making on matters affecting the environment. Included in the Act is the duty to care for the environment and remedying of environmental damage. |
| The National Building Regulations and Building Standards Act 103 of 1977 | The Act provides for the promotion of uniformity in the law relating to the erection of buildings and for the prescribing of building standards. |

| Act | Relevance to SMME development |
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| National Road Traffic Act 93 of 1996 and National Road Traffic Regulations, 2000, as amended. | Regulation 322 prohibits trading on or alongside public roads in urban areas unless authorised by the City. |
| Counterfeit Goods Act 37 of 1997 | The Act introduces measures aimed against the trade of counterfeit goods, including searching for, seizing and removing same. |
| Environment Conservation Act 73 of 1989 and Noise Control Regulations, 1999 (Gauteng Provincial Gazette no 75 dated 20 August 1999) | The Act provides for the effective protection and controlled utilisation of the environment. The Regulations provide a uniform minimum standard for noise regulation in the Province. |
| Western Cape Departmental Strategic Plans | Different departments have different strategic plans that range from the short to the long term. Since SMMEs operate across most sectors, most department strategic plans speak to SMME development. |
| By-laws | <p>Local Government has the power to substantially impact the local business environment through innovative and concentrated by-laws. Municipalities, for example, have the power to determine the use and development of land within the Municipality's area of jurisdiction.</p> <p>By-laws are arguably the most impactful instrument available to Municipalities to improve the SMME enabling environment, binding both Municipalities and the community. By-laws' effectiveness is in their unique consideration of local circumstances. The authority to pass by-laws is solely that of the Municipal Council.</p> |

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| Act | Relevance to SMME development |
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| Local policies | Various municipal policies provide localised direction from the municipal council's point of view regarding their intentions regarding local governance. |

10. Regulatory challenges

10.1. The Annual Review for Small Businesses and Co-operatives in South Africa (2016/2017) lists the following challenges among its key findings that SMMEs face:

- 10.1.1. Government targeting should focus on size categories and sectors, as "challenges differ between the formal and informal sector, as well as between SMMEs of different size categories within each sector";
- 10.1.2. Government agencies lack the necessary systems and procedures to implement their policies effectively;
- 10.1.3. Government initiatives are not adequately targeting highly vulnerable groups;
- 10.1.4. The regulatory and legislative system is too burdensome on SMMEs;
- 10.1.5. SMME uptake of government projects is low due to the quality and accessibility of these initiatives.

10.2. With respect to the regulatory burden SMMEs face, Trade & Industrial Policy Strategies (2017) report four primary areas of concern impacting SMMEs' ease of doing business, which include:

- 10.2.1. Registration and reporting requirements;
- 10.2.2. State procurement;
- 10.2.3. The construction industry's compliance requirements;
- 10.2.4. Broad-Based Black Economic Empowerment.

10.3. Compliance with registration and reporting requirements similarly applies to all businesses, regardless of size. SMMEs are, however, not able to comply with the myriad registration and audit reporting requirements as efficiently as established bigger businesses—reasons for this range from financial implications to a lack of know-how. Trade & Industrial Policy Strategies (2017) found registration and audit reporting requirements, arising from many laws and regulations, to be the core of red tape challenges SMMEs face. For example, the time costs related to obtaining licenses and permits severely affect SMMEs' business operations.

- 10.4. Compliance with tax requirements costs SMMEs around eight full working days, with the timing and quality of VAT refunds often unpredictable. SMMEs have questioned the ostensible benefits arising from compliance with labour legislation, as such compliance is costly without presenting transparent benefits to SMME owners particularly.
- 10.5. Public procurement, which many SMMEs view as a door to doing business formally, often burdens SMMEs more than it assists them with doing business. According to Trade & Industrial Policy Strategies (2017), the following procurement burdens weigh heavily on SMMEs' business capabilities:
- 10.5.1. Delays in payments, with around 2,5% of the value of spending on goods and services at a national level and almost 25% at a provincial level, paid more than 30 days after invoicing;
 - 10.5.2. The ban on up-front payment on tenders, which may shut out small businesses with limited liquidity; and
 - 10.5.3. The lack of regulation to protect subcontractors on government tenders can lead to abuses such as delayed or non-existent payments, demands for delivery beyond the original agreement, and exploitative terms.
- 10.6. Furthermore, sector-specific regulations and requirements, such as those pertaining to the construction industry, tend to make it difficult for SMMEs to enter formal production so as to become competitive enterprises.
- 10.7. The NISED Masterplan suggests a review of administrative procedures for business compliance, cutting red tape and overall compliance costs, by implementing e-governance practices. A detailed periodic review of legislation and regulations affecting SMMEs, with special emphasis on legislation applicable to current priority sectors per government economic strategies, is required in terms of the NISED Masterplan.

11. Strategic Alignment

11.1. National Strategies

- 11.1.1. Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprises 2005 (ISPESE)
 - 11.1.1.1. The policy aligns with the strategic pillars of the Integrated Strategy for the Promotion of Entrepreneurship and Small

Enterprises (ISPESE), which cover the entire continuum of needed support, from pre-start-up to start-up support measures and from growing enterprises to enterprises in distress. The strategic pillars address challenges entrepreneurs, and small enterprises face and coordinate the activities of all public and private sector institutions working to support SMMEs.

11.1.1.2. The ISPESE is based on the following strategic pillars:

- (i) Strategic Pillar 1: Increase the supply of financial and non-financial support services. This involves promoting collaborative approaches, streamlining public sector resources, and crowding in private sector resources.
- (ii) Strategic Pillar 2: Creating demand for small enterprise products and services. This involves new policy directives and a public sector procurement strategy, and BEE codes of good practice as a lever for increased demand.
- (iii) Strategic Pillar 3: Reduce small enterprise regulatory constraints. This involves creating an enabling environment and establishing a regulatory impact assessment framework and business environment monitoring mechanism.

11.1.2. The National Development Plan, Vision 2030 (2012)

11.1.2.1. The National Development Plan (NDP) envisions an economy that provides full employment by 2030 and serves the needs of all South Africans from different racial, social and economic backgrounds. The goal is for the economy to be more inclusive, grow faster, eliminate poverty and reduce inequality.

11.1.2.2. The Department of Small Business Development and its entities play a major and direct role in coordinating and influencing the implementation of Chapters 3 and 6 of the

NDP, which deal with the economy, employment, and inclusive rural development and growth.

- 11.1.2.3. In the NDP, the National Planning Commission argues that job creation is South Africa's most important challenge; that the majority of jobs will be created in the private sector; and that private sector growth is reliant on the development of and support for an entrepreneurial corps that can identify and seize business opportunities.

11.1.3. The Medium-Term Strategic Framework (2019 – 2024)

- 11.1.3.1. The Medium Term Strategic Framework (MTSF) combines an NDP Five Year Implementation Plan for the Priorities outlined in the Election Mandate and an Integrated Monitoring Framework. With regard to the seven priorities identified in the MTSF, the policy is aligned to Priority 2: Economic Transformation and Job Creation and their related sub-outcomes and interventions, as follows:

- 11.1.3.2. PRIORITY 2: Economic Transformation and Job Creation:
- (i) Upscale and expand support to small businesses.
 - (ii) Creating more jobs.
 - (iii) Inclusive economic growth.
 - (iv) Re-industrialisation of the economy and emergence of global co with disabilities in the SMMEs and co-operatives sector.
 - (v) Increased access to and uptake of ICT.
 - (vi) Competitive and accessible markets through a reduced share of dominant firms in priority sectors.
 - (vii) Mainstreaming of Youth, Women, and Persons with Disabilities with a minimum 40% target for Women, 30% for youth and 7% for persons with disabilities in the SMMEs and co-operatives sector.

11.1.4. National Integrated Small Enterprise Development Master Plan (2022)

- 11.1.4.1. The overarching objective of all the National Integrated Small Enterprise Development Masterplan programmes is

to contribute to raising the real value of economic output and labour absorption by SMMEs.

11.1.4.2. This objective is supported by a series of programmes and actions within four pillar/outcome areas that are aligned with this policy, namely:

- (i) A well-informed South Africa on SMMEs with continuous monitoring evaluation and learning;
- (ii) Policy, laws and regulations reformed to enable SMME growth and efficient governance;
- (iii) Effective targeted support & services delivered for SMME growth, both financial and non-financial;
- (iv) Coordinated government with strengthened private sector partnerships for SMME growth.

11.1.5. National Youth Enterprise Development Strategy (YEDS)

11.1.5.1. The Youth Enterprise Development Strategy has been formulated to guide government and non-government development agencies and the private sector in South Africa in their efforts to promote enterprises owned and managed by young entrepreneurs while also building and strengthening a culture of entrepreneurship amongst young people. The purpose of the Youth Enterprise Development Strategy is to:

- (i) Identify the linkages that can be made with existing national policies influencing youth enterprise opportunities (including the draft National Small Business Strategy);
- (ii) Identify the linkages that can be made with existing programmes and institutions influencing youth enterprise opportunities;
- (iii) Present a framework of services, programmes and instruments that a range of actors in support of youth enterprises can use;

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- (iv) Describe the role of key actors in youth enterprise promotion and propose roles for other potential actors where necessary; and
- (v) To speak with one voice and provide a consistent message regarding the priorities and directions for youth enterprise promotion.

11.2. Provincial Strategies

11.2.1. Provincial Spatial Development Framework

- 11.2.1.1. In 2014 the Western Cape Government adopted the Provincial Spatial Development Framework (PSDF). Its purpose is to address the lingering spatial inequalities that persist as a result of apartheid's legacy – inequalities that contribute both to current and future challenges.
- 11.2.1.2. The PSDF puts in place province-wide collaborative arrangements to align public investment in the built environment – including transport, infrastructure and facilities – towards realising the spatial vision. It aims to coordinate, integrate and align national, provincial and municipal plans, policies and strategies.
- 11.2.1.3. The PSDF provides the spatial development policy framework through which the various PSGs will drive economic growth, improved natural resource management and resource use efficiencies, and the development of more sustainable and integrated settlements. The PSDF also supports municipalities in fulfilling their municipal planning mandate.

11.2.2. Western Cape's Provincial Strategic Plan

- 11.2.2.1. The Western Cape Provincial government's Provincial Strategic Plan focuses on the following:
 - (i) Improving the ease of doing business that is underpinned by three categories of interventions, each driven by the following sub-programmes;

- (a) Enterprise development- assisting and supporting small businesses through interventions that lead to business expansion in terms of turnover, productivity, asset value and or labour absorption;
- (b) Regional and Local Economic Development- interventions aimed primarily at improving the local municipal business environment through support to municipalities, businesses and other key role-players;
- (c) Red Tape Reduction- interventions aimed at reducing the regulatory burden on business (and saving costs for the Government) through improved legislation, processes and systems and communication.

11.2.3. OneCape2040

11.2.3.1. The OneCape2040 strategy stimulates the transition towards a more inclusive and resilient economic future for the Western Cape region. It articulates a vision of how the people of the Western Cape can work together to develop the economy and society. It seeks to set a common direction to guide planning and action and to promote a common commitment and accountability to sustained long-term progress. The OneCape2040 is a point of guide for all stakeholders to:

- (i) Promote fresh thinking and critical engagement on the future;
- (ii) Provide a common agenda for private, public and civil society collaboration;
- (iii) Help align government action for private, public and civil society collaboration;
- (iv) Help align government action and investment decisions;

- (v) Facilitate the necessary changes needed to adapt to the changing local and global context;
- (vi) Address the development, sustainability, inclusion and competitiveness imperatives.

12. Business Support Measures

12.1. Financial Support

- 12.1.1. The Municipality will facilitate industry forums to coordinate business support for SMMEs and entrepreneurs to leverage industry-specific financial business support.
- 12.1.2. The Municipality is committed to ensuring that relevant information and support requested by SMMEs, and entrepreneurs are available by providing information/ guidance on the following:
 - a) Application procedures and regulatory compliance
 - b) Appropriate Municipality officials and resources.
 - c) Suitable external sources of funding.
 - d) Support Organisations and programmes.

12.2. Skills Development

- 12.2.1. The Municipality shall proactively support the Government's objective of skills development;
- 12.2.2. Engage with the private sector and institutional partners to design a comprehensive skills development programme based on the needs of SMMEs;
- 12.2.3. Identify and inform SMMEs of the skills development opportunities;
- 12.2.4. Develop and maintain partnerships for skills development initiatives, projects and sources of skills funding;
- 12.2.5. Conduct practical training with SMMEs.

12.3. Infrastructure And Zoning

- 12.3.1. The Municipality is committed to providing basic infrastructure, service, maintenance and urban management to trading spaces/business hubs.
- 12.3.2. The Local Economic Development Unit, the other internal units, and external stakeholders might jointly define specific trading areas'

infrastructural and service needs and look for joint ways to fund such provisions.

- 12.3.3. All business-zoned areas will be defined and conceptualised within area-based plans considering their location and connection to other uses, transport services, and facilities.

12.4. Red tape reduction

- 12.4.1. The Municipality will increase efficiencies by streamlining administrative procedures, rules and regulations by applying government practices to ease the burden of compliance costs and time for SMMEs to invest, grow and employ.

12.5. Target sector support

- 12.5.1. The Municipality will deliver better-targeted support to SMME needs and encourage entrepreneurship by identifying gaps and duplications in the supply of effective and sustainable support offered by service providers and giving special attention to advancing entrepreneurial skills, as well as enhancing non-generic products and services tailored to sectors, including the needs of informal enterprises; reviewing the services aligned with sectoral strategies to ensure that the services/products are fit for purpose, cost-effective, and not duplicated to adjust and present new game-changer programmes and instruments where required.
- 12.5.2. The Municipality should conduct regular needs assessments with a cohort of SMMEs receiving services from public sector-funded service providers to identify new trends in the needs of SMMEs and to review blockages and gaps in the product and service offerings. Public-private partnerships should be considered.
- 12.5.3. A database containing all programmes, incentives and support instruments aimed at SMMEs should be kept and regularly updated. This list should capture the target groups, objectives, measurement indicators and impact the programmes seek.

12.6. Market access

- 12.6.1. The Municipality will facilitate linkages to domestic and international markets through:
- 12.6.1.1. Identifying export opportunities through the relevant institutions such as Wesgro;

- 12.6.1.2. Training for SMMEs on negotiations and identifying markets.
- 12.6.1.3. Big and small business linkages.
- 12.6.1.4. Assisting with the processes related to the specifications and compliance of products to enter markets successfully.

12.7. Strategic Procurement

12.7.1. Recognising that procurement is one of the major levers for business development, the Municipality should:

- 12.7.1.1. Encourage and facilitate local SMMEs' compliance with the Central database requirements.
- 12.7.1.2. Implement specific goals in its tenders, which give preference of goods and services for local businesses either in part or in whole to participate exclusively among themselves, with the objective of future competitiveness.
- 12.7.1.3. Implement Enterprise and Supplier Development programmes targeted at improving the competitiveness of Municipal SMMEs and offering access to new markets through the supplier database.
- 12.7.1.4. Form partnerships with support organisations to develop suppliers to meet entry and contractual obligations for Municipal procurement opportunities.
- 12.7.1.5. Investigate options to encourage businesses that secure large contracts to form joint ventures with small businesses to support value chain linkages and ensure business growth, with the objective of future competitiveness.
- 12.7.1.6. Utilise the SCM Policy to support SMMEs

12.8. Fair and equitable opportunities for growth

12.8.1. Municipalities should extend social benefits and incentives to take account of changing dynamics in enterprise activity in the formal and informal marketplace, including but not limited to:

- 12.8.1.1. Sole trader/sole proprietor registration.
- 12.8.1.2. Early-stage entrepreneurial enterprise formation and registration as self-employment
- 12.8.1.3. Early-stage entrepreneurial formation through partnerships of individuals and legal entities.

- 12.8.1.4. Facilitate ease of registration of individuals operating enterprise activities and entrepreneurial endeavours.
- 12.8.1.5. Offer incentives and extension of benefits to the self-employed and sole trader communities
- 12.8.1.6. Facilitate employment by sole traders and self-employed people to extend social benefits to self-employed, informal economy workers, contractors, and sole traders.

12.9. Public-private partnerships

12.9.1. SMMEs have great potential to complement large industrial requirements through business linkages, partnerships and subcontracting relationships. A strong and productive industrial structure can only be achieved where SMMEs and large enterprises co-exist and function in a symbiotic relationship. To ensure effective public-private partnerships, the municipality should:

- 12.9.1.1. The Municipality should facilitate partnerships outreach for SMME growth and facilitate and enhance bi-directional information flow. It should conduct appropriate interventions to strengthen the existing support institutions and extend their reach and make progress on the relevant partnerships. This could be done by identifying opportunities for collaboration and introducing potential partners to each other.
- 12.9.1.2. Conduct consistent and continuous outreach to crowd in new investment opportunities supporting SMME growth, as SMME involvement in the mainstream economy is vital.
- 12.9.1.3. Encourage big businesses to invest in developing small businesses through corporate social responsibility programs and promote the use of local suppliers by big businesses.

12.9.2. This will require continuous efforts in tracking, monitoring and reporting on commitments made with partners (government, non-government and private actors) towards seeking new opportunities for new investments and partnerships, to be reported both in the annual review for small business and at the national summits.

12.10. LED Budgets and SMMEs

12.10.1. The Municipality should structure its LED Budget to ensure funds are specifically allocated for development services, creating an innovation fund, investing in infrastructure development, providing tax incentives, and promoting local procurement to help create an enabling environment for SMME growth.

13. Rights and duties of SMMEs

13.1.1. The constitutional Bill of Rights is the cornerstone of democracy in SA. It enshrines the rights of all people in SA and affirms the democratic values of human dignity, equality and freedom, and applies to both natural and juristic persons.

13.1.2. As natural persons, entrepreneurs and SMME owners have all the basic rights contained in the Bill of Rights. Depending on the entity type, SMMEs as juristic persons are also accorded other rights in terms of commercial legislation such as the Companies Act.

13.1.3. With these rights, however, comes the responsibility to act in accordance with the law and all its nuances. For this reason, SMMEs must comply with all applicable laws and regulations. In turn, Government should secure the well-being of the South African people by governing in a manner that is effective, transparent, accountable and coherent, as determined by the Constitution.

14. Permits and Permissions

14.1. The Section on Regulatory Burdens mentions that the regulatory and legislative system is too burdensome on SMMEs. Much of this concerns permit and permission requirements, from starting a business to dissolving one.

14.2. SMMEs are required to adhere to various standards and legislative requirements, including registration and tender-related requirements, as well as in terms of the environment, labour and consumer safety. At the minimum, all formal enterprises, irrespective of industry, must conform to tax legislation administered by the South African Revenue Services (SARS) and Labour registration administered by the Department of Labour and its agencies.

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14.3. Other permits and permissions are sector-specific and include but are not limited to the following:

- 14.3.1. Trading permits: Municipalities sometimes require businesses to obtain trading permits or licenses to operate in a particular area. These permits may be obtained from the Municipality or City Council.
- 14.3.2. Environmental permits: Businesses may require environmental permits to operate legally. These permits are obtained from the Department of Forestry, Fisheries & the Environment.
- 14.3.3. Health and safety permits: Certain businesses require health and safety permits to do business. These include health and safety permits to ensure businesses meet the necessary health and safety standards.
- 14.3.4. Other sector-specific permits: Some sectors, such as tourism, require sector-specific permits or licenses to operate legally.

15. Informal Trading

In terms of this policy, any person wishing to conduct business as an Informal Trader within the municipality's jurisdiction must be registered as an Informal Trader. Such registration must be renewed annually.

15.1. Qualifying criteria for an informal trader

To qualify as an informal trader, an applicant must:

- a) Be a South African citizen or be authorised to carry on business as an Informal Trader in terms of the Immigration Act 13 of 2002;
- b) Be or intend to become an Informal Trader as defined above;
- c) At all times, act lawfully and adhere to this policy and all relevant regulations and directions by the authorities; and
- d) Trade in a suitable and demarcated space and for a suitable business.

15.2. Informal trading permit applications

The following considerations apply to applications for informal trading permits:

- a) The availability of trading space in the informal trading area applied for;

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- b) The applicant's ability to meet the trading hours for the relevant trading area, as determined by the municipality;
- c) The suitability of the trading space applied for, considering the nature of the business the applicant intends to conduct there and the nature of the existing businesses in, or near to, that trading area, as identified by the municipality in its area-based plans;
- d) All other required authorisations relevant to the Informal Trader's business activities (e.g. a business license and certificate of acceptability for selling foodstuffs) must be obtained.
- e) The application process must be as transparent as possible, and allocation decisions must be systematically updated on the Register of Informal traders as a publicly accessible register.

16. Policy implementation

- 16.1. An appropriate implementation and monitoring framework is required to ensure effective coordination of the multiple actors involved in supporting and uplifting SMMEs (both within government and in the private sector). Many of the actions to be undertaken within the policy require consistent coordination amongst different role players at various levels of government intersecting with private sector partners.
- 16.2. This will require structures to ensure the participation of the identified role-players and partners and monitoring mechanisms to ensure the delivery of the intended actions.
- 16.3. This policy shall be implemented once approved by Council. The LED Department will provide a quarterly report to the Council on implementing and monitoring this policy.

17. Contraventions of the policy

- 17.1. Section 11(3)(a) of the Municipal Systems Act explicitly states that municipalities exercise their legislative (or executive) authority by, amongst other things, developing and adopting policies.
- 17.2. Policies are considered an instrument government use to govern effectively. The National Policy Development Framework (2020) indicates that policies provide the written basis for government operations and inform legislation. Policies guide

the actions of and provide a mandate to role players; it clarifies the roles and responsibilities of different role players and facilitates uniformity in the actions of those expected to implement policies (The Presidency, 2020).

- 17.3. There is, however, uncertainty as to the enforceability of executive policies that give effect to socioeconomic rights in SA (Fuo, 2013). Academia has argued that "the Constitution imposes an obligation on government to adopt "reasonable legislative and other measures" to give effect to the rights guaranteed [In the Bill of Rights]" and that policy has been treated as legislation by courts to enact and realise rights (Fuo, 2013).
- 17.4. After adopting policies in terms of the Municipal Systems Act, municipalities are bound to implement its provisions as far as reasonably possible.

18. Monitoring and Evaluation

The LED unit within the municipality will undertake monitoring and evaluation of this policy.

18.1. Financial Support

- 18.1.1. Number of SMMEs that are financially supported SMME.
- 18.1.2. The number of SMMEs that have upscaled.

18.2. Skills Development

- 18.2.1. Number of trained SMMES
- 18.2.2. Number of training programs

18.3. Infrastructure and Zoning

- 18.3.1. Number of new business-zoned areas
- 18.3.2. The number of new infrastructure projects in business zones.

18.4. Red tape reduction

- 18.4.1. The number of red-tape constraints unblocked following receipt of a complaint from SMME.

18.5. Target sector support

- 18.5.1. Number of SMMEs assisted through business support.
- 18.5.2. The number of residents assisted through workforce development initiatives by municipalities.

18.6. Market access

- 18.6.1. Number of SMMEs connected to source markets.


18.7. Market access through procurement

18.7.1. Number of SMMEs benefiting from procurement localisation.

18.8. Public-private partnerships

18.8.1. The number of partnerships formed with support organisations to offer access to markets and opportunities.

18.9. LED Budget and SMMEs

18.9.1. The percentage of the LED budget allocated to SMME development

19. Policy review

19.1. The SMME policy must be reviewed annually to ensure alignment with the Municipality's strategic objectives and other applicable legislation;

19.2. The policy should be reviewed every five (5) years against the problem statement, IDP, LED Strategy and the policy directives set out in this policy.

19.3. Alternative forms of monitoring should be used, such as surveys, focus group discussions or workshops

19.4. In addition, the monitoring system shall be established to:

19.4.1. Provide a centralised hub of data to allow the stakeholders to utilise the informal trading data and incorporate the informal economy into their planning processes and strategies;

19.4.2. Conduct trend analyses and anticipate the growth of the sector over time;

19.4.3. Identify the needs of the sector;

19.4.4. Map of informal trading areas and trading bays and any shifts over time.

19.5. An implementation plan to give effect to the policy should be formulated within six (6) months of adopting a new or reviewed version of this policy.