



NCOP Plenary

**Debate on Inter-provincial Red Tape Reduction:
*“Transforming the service delivery value chain
for faster growth and development.”***

Thursday 16 March 2023

**Cllr Petros Ngubane
SALGA NCOP REPRESENTATIVE**

Chairperson of the National Council of Provinces, Mr Amos Masondo
Deputy Chairperson of the NCOP
Ministers and Deputy Ministers
House Chairpersons
Honourable Members of the National Council of Provinces
Special delegates

I greet you all,

As an association of all municipalities in South Africa, we believe that the call by President Cyril Ramaphosa to increase investment drive, reduce red tape, improve ease of doing business and reduce the cost of doing business can only be achieved with the full participation of the local government. All investments land in a municipal space and as such, municipalities are conduits towards achieving the national investment target of R1.2 trillion. It goes without saying that an increase in investment, reduction in red tape and improvement in ease of doing business will contribute to an increase in economic productivity, boost investor confidence, lower unemployment and improve the country's competitiveness.

The role of local government is to create a conducive environment for businesses to set up, operate and expand. It is therefore critical that municipalities play their role through cutting red tape and facilitate both potential and existing businesses in their municipal spaces.

Honourable Chair, municipalities ought to be at the forefront in dealing with non-essential procedures, forms, licenses, and regulations that add to the

cost of dealing with government. SALGA welcomes the selection of a Red Tape Reduction Champion to head the task team in the Office of the Presidency. Red Tape has been identified as one of the culprits negatively affecting the ability of business to compete in a global marketplace as a result of unnecessary costs and or delays; delaying the establishment of new businesses; and the sustainability and growth of existing enterprises. SALGA is committed to contributing to assisting municipalities in their effort to addressing red tape.

We are happy to inform the house that SALGA is part of the Department of Small Business Development led Interprovincial Task Team on Red Tape Reduction/Ease of Doing Business. The Task team comprises of members from National Treasury, World Bank, COGTA, Department of Trade, Industry and Competition, provincial departments, Small Business Initiative to name a few, and convenes quarterly meetings.

SALGA concluded its Ease of Doing Business (Push and Pull Factors) study in 2022 and the absence of red tape and efficient service delivery were highlighted as some of the pull factors as businesses decide investment destinations. Red tape can be addressed through reducing the number of steps (procedures) that are followed during investment approval. It can also be achieved through reducing time taken to finalize a process within the investment approval process. Administrative simplification in municipal processes will go a long way in addressing red tape in municipalities.

As we embrace the post-COVID new normal and the digital era, we believe that red tape can also be managed through the automation or digitization of

processes. Municipalities are encouraged to eliminate duplication and waste in municipal processes to facilitate quicker investment approval. SALGA applauds the efforts being made by the Department of Home Affairs to introduce world-class e-Visa system, Visa waivers for certain countries, and Remote Working Visa initiatives. It is our belief that these initiatives will go a long way to eliminate red tape that has been frustrating our potential and existing investors and facilitate foreign direct investment. The automation of the business registration by the Companies and Intellectual Property Commission (CIPC) is also commended and we hope that the same initiatives will be replicated in other government departments and in all three spheres of government.

Honourable Chair, red tape reduction can be used as a strategy to attract investment and retain businesses. Awareness raising is needed for all municipal officials to ensure that all officials understand the benefits of red tape reduction and the economic benefits of increased investments. Municipalities can also fast track investor application processes through placing the investment approval under mayor's office for quicker turnaround times.

In cases where there are high levels of red tape and bureaucracy, businesses are likely to relocate to other municipalities or provinces and in worse situations disinvest from the country. As a country, we are still recovering from the effects of the COVID 19 pandemic, and the global economic meltdown and it is proving to be very difficult to attract new investors. It is against this reality that the most plausible strategy is for municipalities to ensure that businesses in their areas of jurisdiction are

supported, and their municipal related challenges adequately addressed. We cannot afford to frustrate our investors because the consequences will be dire for the economy at large. We cannot afford job losses and compromised municipal financial sustainability through persistent poverty in municipalities because of massive company exodus from our municipalities.

Honourable Chair, I believe that as the president of the country receives pledges for the achievement of the investment target of R1.2 million, municipalities can contribute towards the actualization of increased investment through creating a conducive environment for business by cutting red tape. SALGA encourages municipalities to employ competent officials who would hand-hold and support investors to maneuver through government bureaucracy.

I thank you.