

Make haste to release legislative stranglehold on small business

It is a truism that small business is the engine room, or job creator, for the youth and those entering the economy for the first time.

A study in the US shows that 18.2% of employed persons are one-person businesses. This makes an enormous difference in the US, where unemployment is low. Unfortunately, we have a culture in South Africa that resists start-up businesses, and one-person businesses are not the norm.

We are suffering from some of the remnants of apartheid during which there was a psychology of dependence forced by the old Nationalist government. We should be aiming at having almost 20% of the workforce earning money from being self-employed.

It is also vital, and here I repeat myself, that we do everything in our power to ensure that small businesses not only survive but thrive.

I asked the minister of small business development to give me the relevant details of the progress that had been made in: a) reducing the regulatory impediments for small medium and micro enterprises and co-operatives and b) implementing remedies to address the 29 major regulatory barriers identified through research.

The ministry replied in writing, explaining what the department had done to implement measures to address the legislative and administrative burden faced by SMMEs and co-operatives. The ministry said it was commissioning research that investigated sectors and sub-sectors wherein the influence of red tape was unpacked, so that it could develop strategies and interventions that circumvented the negative effects of red tape.

Furthermore, I was told that the department had commissioned a study on regulatory impediments affecting SMME growth and development in South Africa. It identified 29 pieces of legislation that acted as primary inhibitors of business start-up and growth.

It went on to state: "These pieces of legislation were identified as having a direct impact on SMMEs, while the impact of others relate primarily to the administration of the regulation rather than the regulation itself." Interestingly, the department did acknowledge that it was the government that was standing in the way of the development and success of small businesses.

It said: "Excessive red tape about compliance with labour laws, human and industrial relations, tax and tax related issues, legal requirements, municipal regulations, and support for business start-ups are key obstacles experienced by SMMEs."

In other words, what is clear is that even the ANC government, which has been anti-business over the past 30 years, is acknowledging that it is not the government that is there to create jobs but, rather, small, medium and micro-enterprise businesses.

We don't need any more research of that nature. We've had reports on the inputs and the feedback from the key stakeholders and the ministry is now aware of what needs to be done. I am keenly aware that the government is in election mode and all the workshops and plans will be put on hold until after May 29.

However, we, the public, need to carefully watch how the regulatory impediments and the implementation plans are going to be put into force. The government has had feedback from Business Unity South Africa, Nedlac, various chambers of business and Business Leadership South Africa.

The feedback, including feedback from the Small Business Institute, must now be put into the working environment. We've had extensive consultations and we are aware of the onerous regulatory environment.

Small businesses cannot afford the cost of compliance with those thousands of regulations. We need to immediately start working on the 29 pieces of legislation across the three spheres of the government, so that we can support small business growth and development.

Unfortunately, implementation of new legislation is tedious and, sometimes, can take years. However, regulations can be expunged by the stroke of a pen. We need leadership in all government departments to be brought on board and understand that the small business environment needs support. The review of the regulatory framework can be done quickly and efficiently, with little cost. We don't need more consultations and discussions; what we now need is action.

Political leadership has to move away from the "command and control" environment. We need to let go of the business community. Provinces and local governments are aware of the administrative inefficiencies relating to specific regulations and legislation.

We note that in the Western Cape, the provincial government has tackled red tape with alacrity, it is regulatory reform and it has made that a priority. Our laws need to be aligned with the country's economic and social challenges.

Finally, the ministry has promised that it is developing a monitoring and reporting tool that forms part of the framework. It says the tool would introduce indicators for the ease of doing business. Once again, I have faith and enormous hope that the government

departments under a multiparty government will unblock the stranglehold that the government has on small businesses.

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