

# Guidelines for Reducing Municipal Red Tape:

How Municipalities can Improve Service Delivery that Supports Small Business



10 Mail & Guardian Business August 10 to 16 2012

## Municipal finance

# Slow payers and fast players

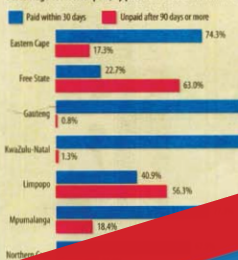
Municipalities have a bad name in business, but choose the right one and you're set

**Thalia Randall**

Doing business with local government can either be excellent or dreadful for your company's cashflow – depending on where in the country you are operating. The recent collapse of a construction company Saryati highlighted the potential effect of payment by government entities on the private sector. The picture of non-payment is emerging. Details provided by the Private Alliance for Finance, that 12 731

### Best and worst municipal creditors

Percentage of invoices paid, by province at end of March 2012



GRAPHIC: JOHN MCCANN Source: AUDITOR GENERAL TREASURY

### Provincial audit outcomes, March 2012

Province	Financially unqualified with clear findings	Qualified	Adverse or disallowed	Outstanding
Eastern Cape	0	13	13	18
Free State	0	6	3	13
Gauteng	0	9	6	0
KwaZulu-Natal	5	47	7	2
Limpopo	2	3	12	16
Mpumalanga	4	7	3	6
Northern Cape	0	0	5	4
North West	0	2	1	0
Western Cape	0	0	0	0

within 30 days."

This is an improvement on the roughly 60% of payments made on time in January by Limpopo departments. Mkhase cited the slow process of verification as the main reason for delay in payment.

However, according to Phitidis, more than half of all municipalities do not have qualified employees.

"If there are no qualified employees, then the process of verification will be slow and on payment, it is to be expected."

Phitidis said that municipalities should invest in training and recruitment to improve their service delivery.

He also said that municipalities should consider outsourcing some of their services to private companies to improve efficiency.

Phitidis said that municipalities should also consider using technology to improve their service delivery.

He said that municipalities should also consider using public-private partnerships to improve their service delivery.

Phitidis said that municipalities should also consider using social media to improve their service delivery.

He said that municipalities should also consider using community-based organizations to improve their service delivery.

Phitidis said that municipalities should also consider using non-governmental organizations to improve their service delivery.

He said that municipalities should also consider using academic institutions to improve their service delivery.

Phitidis said that municipalities should also consider using research institutes to improve their service delivery.

He said that municipalities should also consider using think tanks to improve their service delivery.

Phitidis said that municipalities should also consider using consultants to improve their service delivery.

He said that municipalities should also consider using professional firms to improve their service delivery.

Phitidis said that municipalities should also consider using law firms to improve their service delivery.

He said that municipalities should also consider using accountants to improve their service delivery.

the dti

Department: Trade and Industry  
REPUBLIC OF SOUTH AFRICA



Cooperative Governance  
Traditional Affairs



# Contents

## GENERAL INFORMATION

Acknowledgements and references .....	1
Foreword by the Minister of <b>the dti</b> .....	2
Foreword by the Minister of CoGTA .....	3
Letter of Support from SALGA .....	4
Executive Summary: Purpose of the guidelines .....	5

## Acronyms and Abbreviations

Definitions .....	6
-------------------	---

## Section 1: General Red Tape Reduction Process

1.1 Introduction and Overview of Red Tape .....	8
1.2 What Causes Red Tape .....	13
1.3 What are the Impacts of Red Tape .....	14
1.4 Tools for Successfully Reducing Red Tape .....	16
1.5 Improving Municipal Service Delivery and Performance through Business Process Management and Continuous Improvement .....	23

## Section 2: Guidelines and tips for addressing specific municipal Red Tape issues impacting on Small Businesses

2.1 Improving Municipal Service Delivery: Citizen Service Charters and Complaints Notification Systems (CNS) .....	28
2.2 Improving Municipal Communication .....	30
2.3 Improving Municipal Policies, By-laws and Regulations .....	31
2.4 Improving Supply Chain Management Processes .....	32
2.5 Speeding up Land Development Processes and Time Frames .....	33
2.6 Speeding up Building Plan Approval Processes and Time Frames .....	34
2.7 Better Management of Informal Trading .....	35

Annexure 1: Citizen Service Charter (CSC) Resources .....	36
---	----

Annexure 2: Selected Resources for Reducing Red Tape .....	37
--	----

© Department of Trade and Industry (**the dti**), 2013  
Published by **the dti**, 2013  
Author: Rae Wolpe

**the dti** Customer Contact Centre:  
0861 843 384

**the dti** Website: [www.thedti.gov.za](http://www.thedti.gov.za)

Reproduction is permitted, provided the source is  
acknowledged.

Images are © Media Club South Africa  
([www.MediaClubSouthAfrica.com](http://www.MediaClubSouthAfrica.com))

ISBN: 978-0-621-41266-6

# Acknowledgements

This publication would not have been possible without support from the following organisations:

Organisation
Buffalo City Municipality (EC)
Elias Motsoaledi Municipality (Limpopo)
Ephraim Mogale Municipality (Limpopo)
Greater Kokstad Municipality (KZN)
International Labour Organisation
Khara Hais Municipality (NC)
Lukhanji Municipality (EC)
Maluti - A - Phofung Municipality (FS)
Mangaung Municipality (FS)
Matjhabeng Municipality (FS)
Moretele Municipality (NW)
Moses Kotane Municipality (NW)
Sol Plaatje Municipality (NC)
Umzimkhulu Municipality (KZN)

## References:

- GTZ and Mesopartner (2010): Reducing Red Tape: A facilitation and management manual.
- Harvard Business Review Press (2010): Improving Business Processes.
- Impact Economix (2012): National Red Tape Pilot: Final Project Report.
- Kepner and Tregoe (2006): The New Rational Manager.
- Kotter and Rathgeber (2006): Our iceberg is melting: Changing and succeeding under any conditions.
- Mark Price and Walter Mores and Hundley M. Elliott (2011): Building High Performance Government Through Lean Six Sigma: A Leader's Guide to Creating Speed, Agility, and Efficiency.
- Osborne and Gaebler (1992): Reinventing Government.
- Rummler and Brache (1995): Improving Performance: How to Manage the White Space on the Organisation Chart, 2nd Ed.
- Small Business Project (2005): Main report: Counting the Cost of Red Tape For Business in South Africa.
- The Presidency: Republic of South Africa (2012): Guidelines For the Implementation of the Regulatory Impact Analysis/ assessment (RIA) Process in South Africa.
- World Bank (1994): Governance: The World Bank's Experience.
- Money and Politics Report (December 2011): The Cost of Public Corruption in Democratic South Africa.



The South African Government has developed policies, laws and regulations that encourage open markets, innovation and a more competitive economy. However, some of the local business environments can discourage investors (both domestic and foreign) and stands in the way of innovation, growth and the potential creation of jobs. This is exacerbated by the unfavourable regulatory environment, high costs and risks of doing business in these localities. While each of the three spheres of government have an overall responsibility to improving the regulatory environment for small enterprises, municipalities in particular have a lead role to play in ensuring that the specific local business environments in their jurisdiction maximise on opportunities for shared economic growth and development.

Reducing the regulatory constraints on small micro and medium enterprises (SMMEs) is one of the key focus areas of the South African Government.

**the dti** in contributing to the creation of decent employment by improving support for SMMEs through inclusive growth and reduced regulatory constraints has embarked on the programme for reducing municipal Red Tape for the enhancement of the sector. The department has partnered with CoGTA to provide a framework on how municipalities can improve service delivery that supports small businesses. This programme has developed

these guidelines aimed at how to reduce Red Tape at local government level. The guidelines will also serve as a means for the creation of an enabling business environment.

The programme has initially targeted 12 municipalities across the country. It is aimed at addressing unnecessary regulatory burdens in order for SMMEs to fully take advantage of business opportunities emanating from local municipalities and beyond. This publication summarises the methodology used to reduce Red Tape, and also identifies the potential beneficial impacts on SMMEs. The environment in which SMMEs operate in each local municipality varies and hence the issues that SMMEs face in these localities needed to be prioritised. The programme has enabled each of the municipalities to develop action plans, which include proposed solutions reflecting each municipality's unique context.

It is my pleasure on behalf of **the dti**, to provide this important resource to the country. The guidelines serve as a practical implementation framework to reducing municipal Red Tape for the enhancement of SMMEs. We encourage provincial, local government, small business practitioners and small businesses to use these guidelines, and specific lessons learned, for further improvement of the small business environment.

A handwritten signature in black ink, appearing to read 'Rob Davies'.

**Dr Rob Davies, MP**  
**Minister of Trade and Industry**

## Foreword by the Minister for Cooperative Governance and Traditional Affairs



Well performing municipalities make an important contribution to a strong economy and job creation. Poor performing municipalities can contribute towards a poor business environment and job losses.

The Constitution of South Africa emphasises the responsibility of the municipalities to facilitate the development of local economies. The national departments of Cooperative Governance and Trade and Industry have a responsibility to ensure that municipalities play a major role in taking active steps to ensure a conducive business environment at local space and to expand employment creation opportunities such as self-employment and entrepreneurship, trade and investment. The Guidelines on Red Tape Reduction identifies a wide range of practical steps that both municipalities and businesses can take to improve municipal performance.

Outcome 9 of Government's 12 outcomes is to develop "A responsive, accountable, effective and efficient local government system". It is widely recognised that the reduction of Red Tape leads to higher levels of efficiency and it, therefore, dovetails well with Outcome 9. The department has partnered with **the dti** in the development of guidelines designed to assist the municipalities in doing their own Red Tape Assessments and actively developing Action Plans aimed at reducing the Red Tape in their respective administrations.

Improving municipal performance and service delivery is a critical, yet complex, challenge. Our success in reducing Red Tape will require many interventions. However, in addition to the guidelines, the following critical success factors must be emphasised:

- A leadership that is committed to improving service delivery, continuous improvement, and rooting out of corruption;
- A civil service that is committed to serving the public and that has the necessary capacity and skills to provide an excellent service; and
- Management that can effectively manage performance, processes, systems, people and finances.

A handwritten signature in black ink, appearing to read 'M. Baloyi'.

**Mr. M.R. Baloyi, MP**  
**Minister for Cooperative Governance and Traditional Affairs**



In creating vibrant local economies, municipalities must recognise their role in safeguarding favourable environments that create opportunities for local businesses for increased economic growth and development. It is therefore a developmental imperative that municipalities proactively confront red tape related matters that undermine the growth and sustainability of local businesses.

The National Development Plan, recently unveiled by national government, outlines a target of 11 million jobs to be created by 2030. In that regard SALGA is of the view that the objective of local economic development is to create an enabling environment where local people and institutions can make realistic and practical decisions that strengthen the local economy and promote new enterprises to improve the quality and prospects of life for all and as a consequence contribute towards the creation of more jobs.

With local government at the centre of facilitating a conducive business environment, SALGA is committed to taking the lead in improving local economic development, as well as attaining alignment at an inter-governmental level with the aim of supporting the creation of jobs through capacitating municipalities. This is expressed in our five year strategy 2012-2017 adopted by the National Executive Committee, which outlines capacity building in our member municipalities as a priority.

An enabling environment for businesses can only be achieved through innovation in the development and implementation of policy regulations by municipalities. Through the Informal Economy Guidelines developed by SALGA, municipalities are encouraged to embrace this kind of innovative thinking as an approach. Similarly the Red Tape Reduction Guidelines developed by the Department of Trade and Industry and the Department of Cooperative Governance become an important tool to explore the effectiveness and remodelling of existing policy and regulations for the effective facilitation of growing economies.

SALGA encourages municipalities to embrace and adopt these Red Tape Reduction guidelines and leverage from the generic guidance provided in effectively reducing municipal red tape for the promotion of economic growth. I further encourage member municipalities to draw lessons from the 12 municipalities that participated in the pilot project by incorporating the good practices developed in the process of the roll out. This will go a long way in the local government sector making significant strides in increasing its relevance in the economic space and as such conquering the fight against economic inequality.

**Cllr Thabo Manyoni**  
**Chairperson: SALGA**

## Executive Summary: Purpose of the Guidelines

The purpose of these guidelines is to provide municipalities and businesses with practical tools and resources to address municipal Red Tape issues which have the potential to improve the business environment for small businesses. An improved business environment is essential for supporting accelerated economic growth, job creation and poverty reduction.

These guidelines have been informed by the results of the 2011/2012 National Red Tape Reduction Pilot involving 12 municipalities and funded by **the dti** and CoGTA and with support from SALGA. The objectives of this initiative were to:

1. Determine the most critical Red Tape issues at local government level to provide a starting point for local improvement processes and to identify national policy implications;
2. Enhance the capacity of municipal officials and supporting process facilitators to improve the business environment via Local Red Tape Reduction;
3. Identify areas of improvement and efficiencies to be attained in the said municipalities in order for SMMEs to take advantage of business opportunities in each locality; and
4. Initiate benchmarking, networking and sharing of lessons learnt and best practice on Local Red Tape Reduction.

The municipalities participating in this national pilot developed Red Tape Reduction Action Plans for two prioritised Red Tape issues that were identified as part of a participatory Red Tape reduction process, and which used many of the guidelines in this publication.

Municipalities are at the coal face of service delivery, the place where citizens most often come into contact with Government. The quality of municipal service delivery has a great impact on most people's quality of life. It also has a big impact on businesses across South Africa. But it is small business that is most vulnerable to poor municipal service delivery and red tape because small businesses have less staff, administrative and financial resources to spend on dealing with Red Tape.

Municipal managers are understandably focused on ensuring their municipalities abide by all relevant legislation. Much of their attention and energy is focused on improving municipal financial audit results, and not on reducing Red Tape. But Municipal Managers need to realise that it is possible to improve both audit ratings and reduce Red Tape by focusing on business process management and using supportive software tools, which reduce the burden of compliance and improve customer service using existing staff resources. Municipal Managers need to provide the leadership commitment to reduce Red Tape.

Red Tape makes it difficult for businesses to succeed, grow, create jobs and invest in infrastructure and development. Red Tape is often caused by a range of factors, which include people's values; out dated or inappropriate policies, rules and regulations; inefficient processes and systems, poor management, and staff skills shortages.

This publication contains practical tools and guidelines for both municipal officials and businesses to use to reduce Red Tape. These tools include an approach to business process management and continuous improvement, as well as examples of Red Tape reduction action plans and useful resources, which deal with common municipal Red Tape issues.

It is recommended that municipalities initiate a Red Tape Reduction initiative in their area in partnership with local business structures. It is also recommended that municipalities become more process aware and begin the journey of becoming process-mature organisations. By adopting business process management approaches, Municipalities can move up the ladder of service delivery excellence as they become more sophisticated at managing key service delivery processes. Finally, it is recommended that National and Provincial government provide capacity-building support to municipalities to reduce Red Tape, including training on business process management and reviewing national and provincial legislation, which is negatively impacting on small businesses and the business environment. **The dti** and CoGTA will be monitoring the effectiveness of municipalities in contributing towards an improved enabling business environment.

## Acronyms and Abbreviations

<b>BPI</b>	Business Process Improvement	<b>CRM</b>	Customer Relationship Management
<b>BPM</b>	Business Process Management	<b>CSC</b>	Citizen Service Charter
<b>CoGTA</b>	The Department of Cooperative Governance and Traditional Affairs	<b>the dti</b>	The Department of Trade and Industry
<b>CNS</b>	Complaints Notification System	<b>RIA</b>	Regulatory Impact Assessment
		<b>SMME</b>	Small, medium, micro enterprise

## Definitions: The Meaning of Key Terms

**Business Process:** A set of steps an organisation performs to create value for customers (either internal or external) and comprises inputs (to start the process), activities (to transform inputs into outputs) and outputs (or the results of activities) or methods, approaches, techniques and technology supporting organisational change, value optimisation and ongoing performance improvement (Forrester).

**Business Process Improvement (BPI):** A set of disciplined approaches, systems and tools that managers use to enhance their organisation's performance by continuously improving business processes to improve their efficiency and effectiveness.

**Business Process Management (BPM):** A systems approach to the management of processes, based on the management of process knowledge, control of process performance and conformance, continual improvement of processes and customer satisfaction.

**By-law:** Legislation passed by the council of a municipality binding on the municipality or the persons to whom it applies (Municipal Systems act of 2000).

**Citizen Service Charter:** A public document that sets out basic information on the services provided, the standards of service that customers can expect from an organisation, and how to make complaints or suggestions for improvement (OECD, 2006). Citizen Service Charters are a powerful tool to improve the customer orientation of the public sector, including municipalities, if they are developed and applied properly.

**Continuous Improvement:** An ongoing effort to improve products, services or processes. Service delivery (customer valued) processes are constantly evaluated and improved in the light of their efficiency, effectiveness and flexibility. The purpose is the identification, reduction and elimination of suboptimal processes (efficiency). The emphasis is on incremental, continual steps rather than giant leaps (Evolution).

**Corruption:** The abuse of entrusted power for personal gain (Transparency International). Corruption occurs when one party gives another party anything of value with the purpose of influencing them to abuse their power (SA Prevention and Combating of Corrupt Activities Act of 2004). Enrichment through any of the following activities can be interpreted as corrupt behaviour:

- a) Bribery, kickbacks and graft;
- b) Influence peddling and patronage;
- c) Favouritism, nepotism, ghost workers and illegitimate absenteeism in the workplace;
- d) Bid-rigging, price-fixing, arbitrage and profiteering;
- e) Cartels and collusion; and
- f) Tender and procurement irregularities

**Customer Relationship Management:** CRM in a municipal context is a plan and set of processes and tools for managing interactions with customers. It involves using technology to organise, automate and synchronise business processes including for marketing, customer service and technical support. The overall goals are to nurture and improve relationships with customers. CRM describes an organisation-wide business strategy including customer-interface departments. Measuring and valuing customer relationships is critical to implementing this strategy (Wikipedia).



**Governance:** The exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.” (United Nations Development Programme).

**Good Governance:** Predictable, open and enlightened policy-making; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law. (World Bank: 1994).

**Impact:** Short, medium, and long Term economic, social and environmental effects produced, or influenced, by development intervention (Presidency: 2012).

**Investment:** Any use of resources intended to increase future production output and/or business, personal or household income.

**ISO 9001:** International standards that specify the requirements for a quality management system by providing a framework for any organisation that needs to demonstrate its ability to consistently provide products and services that meet customer and applicable regulatory requirements and aims to enhance customer satisfaction. ISO 9000 puts strong focus on customer-related processes and continual improvement.

**Municipal Ombudsman:** Independent official, without power of sanction or mechanism of appeal, who investigates complaints of maladministration by members of the public against municipal officials.

**Performance indicator:** An indicator is the unit of measurement that is used to monitor or evaluate the achievement of objectives and outputs over time. Indicators can include specification of quantifiable targets and measures of quality. Performance indicators should have performance targets which are SMART:

- a) **Specific** purpose for the business;
- b) **Measurable** to get a value for the KPI;
- c) **Achievable**, given available resources;
- d) **Relevant** to the priorities and the success of the organisation; and
- e) **Time** based.

**Performance management** Performance management is an ongoing, systematic approach to improving results through evidence-based decision making, continuous organisational learning, and a focus on accountability for performance.

**Process:** Process is a pattern of sequential thinking, driven by a series of questions, aimed at retrieving, organising, and analysing information for the purpose of reaching a sound conclusion (Kepner and Tregoe). Process comprises all the things we do to provide some one who cares, with what they expect to receive (Burlton, 2001: 72).

**Process Mapping (or modelling):** Illustrated description of business processes, usually created with flow diagrams. The model contains the relationship between activities, processes, sub-processes and information, as well as roles, the organisation and resources.

**Regulations:** Rules and standards imposed by public authorities to control human behaviour to achieve certain objectives. The diverse set of instruments by which governments set requirements on enterprises and citizens. Regulations include laws, formal and informal orders, and sub-ordinates rules issued by all levels of governmental or self-regulatory bodies to whom governments have delegated regulatory powers (Presidency: 2012).

**Regulatory Impact Analysis/Assessment (RIA):** A formal and systematic process for analysing the likely impacts of a policy proposal/change and the range of options for implementing it. Now required in most OECD countries and an increasing number of developing countries (Presidency: 2012).

**Regulatory Reform:** A process of reviewing and changing policies and regulations that aims to ensure the public benefits from policies and regulations exceed their costs (Presidency: 2012).

## What is Red Tape:

### 1.1 Introduction and Overview of Red Tape

Most of us have experienced, or heard of, Red Tape. Nobody likes Red Tape. It frustrates us from getting things done, wastes our time, and/or costs us unnecessary money. It also holds back entrepreneurs and business people, economic growth, job creation and poverty reduction in South Africa by contributing towards lost investment and business failure and/or reduced business competitiveness and growth.

Municipalities have a critical role to play in South Africa in providing efficient and effective basic services that contribute towards an effective environment for doing business. But there are many challenges facing municipalities. This publication is designed to help municipal officials and Councillors, residents and businesses to play a role in reducing Red Tape and contribute towards improved service delivery, job-creation and poverty reduction.

**This publication does not deal with all possible kinds of municipal red tape. Instead, it:**

- Provides general guidelines for reducing Red Tape; and
- Provides specific guidelines for reducing selected Red Tape issues, which are impacting on small businesses across South Africa.

**This publication contains the following sections:**

**Section 1** provides **BROAD** guidelines by looking at the steps that can be followed to achieve Red Tape reduction. Broad business process management guidelines are also provided to assist municipalities to become organisations that aim to constantly improve their processes.

**Section 2** provides **SPECIFIC** guidelines for the following Red Tape issues: Municipal Service Delivery; Communication; Regulations; Supply Chain Management; Land development; Building Plan approval; and Informal trading.

### So where did the term “Red Tape” come from?

The term Red Tape originates from the red ribbons that were used as early as the 1600s to bind files of government papers together and to indicate which files were priority matters for discussion.

**Red Tape can be defined as follows:**

Rules, regulations, and/or bureaucratic procedures and processes that are excessively complex and which impose unnecessary delay(s), inaction and/or costs that exceed their benefits, and/or is no longer effective in achieving the purpose for which they were originally created. Red Tape results in undesirable economic, business and/or social impacts or outcomes. Red Tape involves excessive, or unevenly enforced, regulation or rigid conformity to formal rules that is considered redundant or bureaucratic and hinders or prevents effective action or decision-making.



Source: Jarek Tuszynski aka Jarek

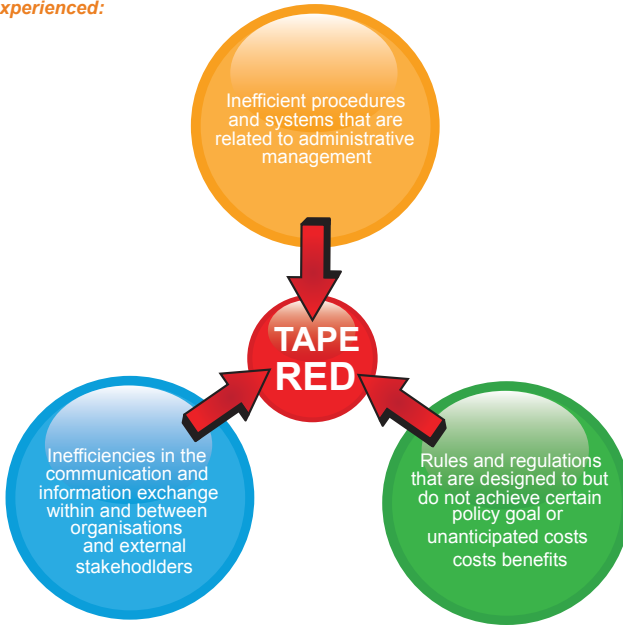


#### DID YOU KNOW:

*The causes of poor municipal service delivery, and Red Tape, are complex and numerous and include:*

- Finances and financial management:** A general shortage of finances to address high levels of service delivery backlogs within a context of poor communities with low levels of finance to pay for municipal services as well as poor financial management processes and systems (e.g. debt collection)
- Processes and controls:** A lack of process management, continuous improvement and information management systems approaches, including ineffective internal controls and procurement process;
- Politics:** Political interference in administrative processes
- Leadership and values:** Weaknesses in senior leadership, accountability and commitment to service delivery excellence and prioritising the customer's needs;
- Corruption:** Mostly is linked to poor control processes, and limited capacity and poor enforcement of the law;
- Staff Capacity:** High levels of staff vacancies and lack of technical and management skills;
- Management including Performance Management:** Under-developed municipal performance management systems and human resource development plans.

There are three main types of Red Tape. Often all three types are involved in a specific Red Tape problem being experienced:



Red Tape is holding back job creation in the South African economy



Illustration by Matthew Ziraneke



#### DID YOU KNOW:

*"Red Tape reduces business and personal productivity and effectiveness. Small businesses suffer the most from Red Tape because they have less administrative resources and time to deal with red tape. Many people are discouraged from even starting a small business because of the regulatory burden from Red Tape involved in starting and running a small business."*

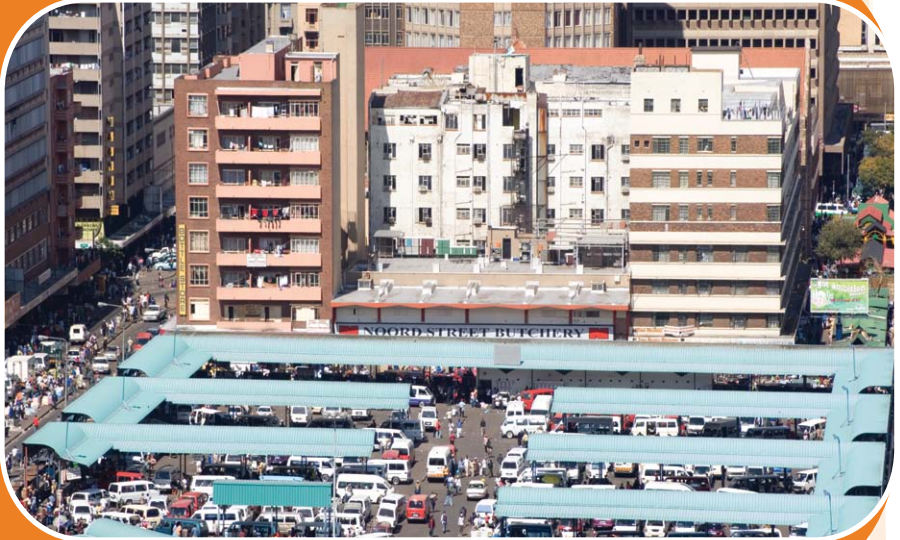


Photo: Chris Kirchoff  
MediaClubSouthAfrica.com

#### **Red Tape can involve:**

- a) Overlap and duplication;
- b) Insurmountable paperwork resulting in time delays on business;
- c) Unnecessary or inflexible regulations;
- d) Lengthy processes;
- e) Inefficient systems including no, or outdated, use of information and communication technologies; and
- f) The lack of a level playing field for businesses (or unfair competition through unevenly enforced regulations) or overly burdensome obligations on small business.



**DID YOU KNOW:**

*The Office of the Auditor General found as part of the 2010/2011 audit of municipalities that in 46% of the audited municipalities, contracts were awarded to employees, councillors and other state officials. A total of 65% of municipalities used unfair or uncompetitive procurement processes.*



**DID YOU KNOW:**

*Red Tape can be found in both the public and private sectors. The relative lack of competition for customers in the public sector (which has a monopoly on providing many government services) can result, however, in more Red Tape being found in Government. For example, an insurance company can cause unnecessary delay of an insurance claim payment.*



Photo: Graeme Williams  
MediaClubSouthAfrica.com



### THINK ABOUT IT

*"Do any of the following describe your experience of interacting with Municipalities?"*

- a) An official's attitude of strict compliance rather than of assistance.
- b) A lack of co-ordination between departments and the three spheres of government;
- c) A lack of clarity about what processes must be followed and how long these will take;
- d) A lack of transparency in decision-making whereby reasons are not provided for why certain decisions have been made;
- e) Inconsistency in the interpretation of rules (e.g. sometimes they are applied and other times not);
- f) A lack of customer-friendliness for example forms being unclear, difficult to obtain or time-frames being overly lengthy;
- g) A lack of accountability and ownership of decision-making whereby it is difficult to identify the relevant and/or responsible official to address a grievance. Importantly, the way in which regulations are administered is often more problematic than the regulations themselves.



### DID YOU KNOW:

*Examples of municipal Red Tape that have emerged from the first National Red Tape Pilot in 2011/2012 include:*

- a) Time taken by the municipality to pay service providers exceeds the maximum 30-day period (from date of submission of a correct invoice) as prescribed by law;
- b) Time taken to identify the appropriate official or communication channel, as well as lengthy, or no clear, time-frames to receive a response to service delivery complaints (e.g. related to municipal billing queries, electricity and/or water connections, sewerage and/or waste problems, local road quality etc.);
- c) Time taken to approve building plans in excess of the maximum time-frames prescribed in the National Building Regulations;
- d) Uneven enforcement of municipal by-laws resulting in the lack of an even playing field for business (for example, informal trading by-laws);
- e) Irregular supply chain management procedures regarding the adjudication and award of municipal tenders.

## 1.2 What causes Red Tape?

There are often many factors that result in any one particular Red Tape problem. Each Red Tape problem is unique to a certain extent and, to solve it, it will be important to first identify the specific causes that exist in a specific municipality and context to identify practical actions that address these causes.

*There are four main causes, or levels, of Red Tape, which need to be addressed:*

- a) **Cultural and Political Level:** This includes our values, morals and ethics about what is right and wrong and what is important and not important. For example, is it right and important that all municipal staff should have a staff development plan and career development path?
- b) **Organisational Level:** This includes the strategies, policies, rules and regulations that govern how an organisation functions. For example, certain municipal by-laws are outdated and might be negatively impacting on the business environment.
- c) **Processes and Administrative Systems Level:** All work is done through processes that need to be supported by administrative systems. Are processes defined with clear performance indicators for time-to-complete, and are these monitored, reported on and managed effectively?
- d) **People Level:** Do people have the right experience and skills for the job at hand and are they motivated to achieve performance targets and deliver an efficient and effective service?

*Red Tape is caused by inter-related issues at different levels:*



### 1.3 What are the Impacts of Red Tape?

The impacts of Red Tape (other than frustrating the customer/business person/resident) are numerous but generally relate ultimately to excessive costs being experienced by businesses and citizens. This is primarily due to poor service delivery (delays, in receiving services and permissions or poor quality services) and/or unnecessary time spent and/or delays, which compromise the growth, survival or sustainability of the businesses that, in turn, impacts on sub-optimal job creation and municipal revenues.

When you come across Red Tape, do you blame the person you are dealing with for causing the problem? The truth, however, is that it is often the policy, rule, regulation, process or system that is the real cause of the problem.

*Red Tape has many negative impacts on society and welfare, for example:*





Red Tape also results in overall economic efficiency costs where businesses may choose not to engage in certain activities (including new investments and/or expanding the business) in order to avoid the Red Tape involved with such activities. This results in an overall loss to society's welfare, including a lost opportunity for contributing towards overall poverty reduction.

**Four main types of Red Tape Costs:**

Category of regulatory costs	Example of Activities involved	Burden on...
Compliance Costs	Time; fees to service providers	Firms; economy; SMMEs
Efficiency and opportunity costs	Reduced business activity or size	Economy; SMMEs
Non-compliance costs	Paying fines, bribes	Non-complying firms, economy; SMMEs
Administrative costs	Government agency activities	Economy; SMMEs



**DID YOU KNOW:**

“Corruption in South Africa is estimated to cost 20% of Gross Domestic Product, and R25-R35 billion of Government’s procurement expenditure is lost annually to corruption. These funds could be used to improve service delivery and infrastructure.”

Source: Money and Politics Report (December 2011).

**Red Tape can interfere with:**

- a) The ability of businesses to compete in both domestic and global market places as a result of facing unnecessary costs and/or delays (with financing, production, delivery etc.);
- b) The development of new enterprises;
- c) The sustainability and/or growth of existing enterprises;
- d) Job creation and poverty reduction; and
- e) Government’s ability to grow its revenue base, address service backlogs needed to reduce poverty, and provide an efficient service.



**DID YOU KNOW:**

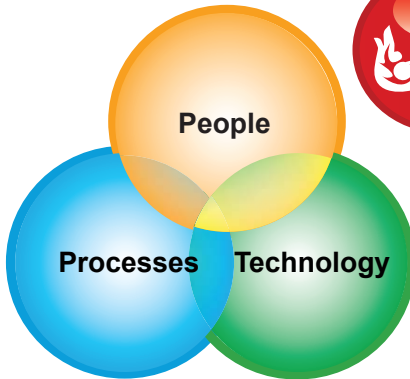
Many businesses actually demand regulations to protect their businesses by creating entry barriers, standards, checks and balances. Tourism provides an example where guest houses often complain that ‘new entrants’ do not comply with certain standards. Red Tape in the business environment is critical for firms (and other stakeholders) as it governs how they compete or operate. Therefore, while businesses may complain about regulations, they would also be the first to complain if all the regulations were abolished.

The removal of regulation would not be good for the business environment, and can assist in certain instances, for example, dealing with monopolistic situations.

## 1.4 Tools for Successfully Reducing Red Tape

Reducing Red Tape is all about using a wide range of specific tools that promote service delivery excellence. There are three main determinants of customer service excellence - people, processes and technology. They should be viewed as overlapping circles with the so-called 'sweet spot of service quality' being achieved when the three operate in harmony with the customer's preferred method of doing business.

*The three keys to service delivery excellence:*



*To effectively reduce Red Tape it is important to follow a well-organised and managed process, which involves the following stages:*

1. Identify what the critical Red Tape problems are facing businesses in the area, and which fall within the control of the municipality, by either conducting a survey or holding a workshop.
2. Design a participative and consultative process that involves both businesses and municipal officials involved in, knowledgeable about and affected by the Red Tape issue.
3. Begin by identifying the various causes of the Red Tape problem (using the Fish Bone diagram).
4. Develop a Red Tape Action Plan, which includes identifying practical ideas and solutions to address each of the causes and identifying a Red Tape Champion to take responsibility for taking forward and ensuring the Action Plan is implemented.



### HOT TIP:

*Key High Level Phases for Interested and Affected Municipal and Business Stakeholders to Work Together to Reduce Red Tape:*

1. Decide which priority Red Tape issues need to be addressed;
2. Decide which municipal and business stakeholders with the relevant knowledge and day-to-day experience in working with issues to involve.
3. Jointly identify and describe the Red Tape issue
4. Jointly unpack the issue using symptoms, causes and sequences.
5. Jointly map and analyse the process sequence for improvement opportunities and set a performance target.
6. Jointly identify multiple improvement points.
7. Jointly develop action plans and appoint a task team of staff involved in the process to monitor the process performance on a daily basis.
8. Analyse the decision-making structures and improvement process.
9. Project manage the implementation and change process and provide daily feedback on performance.
10. Jointly reflect and evaluate implementation to identify ideas for continuous improvement.
11. Jointly celebrate success!



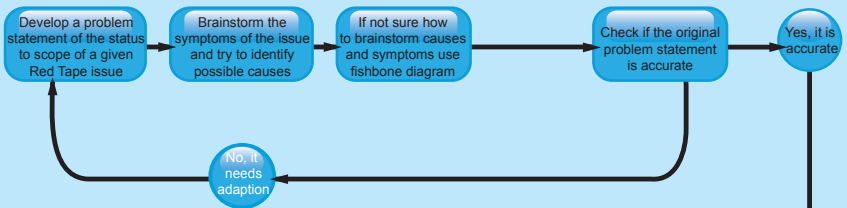
### HOT TIP:

Tips for prioritising which processes to improve:

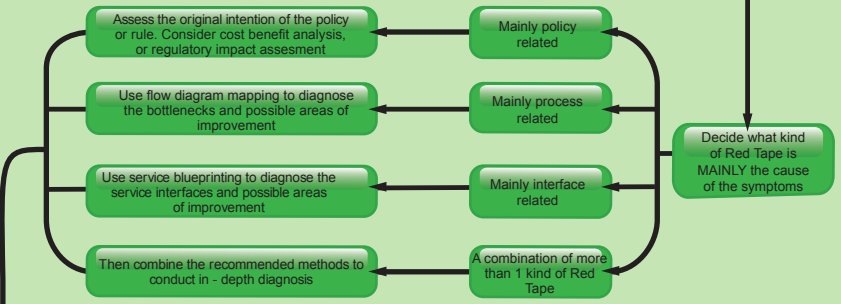
1. You should only focus on improving one or two priority processes at a time because it takes time and effort to improve a process while people need to carry on performing their daily job duties.
2. You need to identify the priority process is most critical to your team or department's ability to contribute value to the municipality and its customers and citizens. Ask your customers and colleagues for their views on this. Prioritise those processes that have the greatest impact on customers (either external or internal customers).
3. Select processes for improvement that will generate the most benefits for the least amount of effort.
4. Look for processes that result in costly problems.

# A broad set of steps to be followed in developing a Red Tape Reduction Plan:

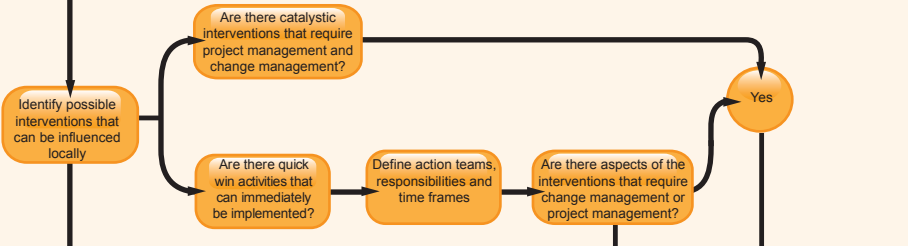
Problem identification and exploration



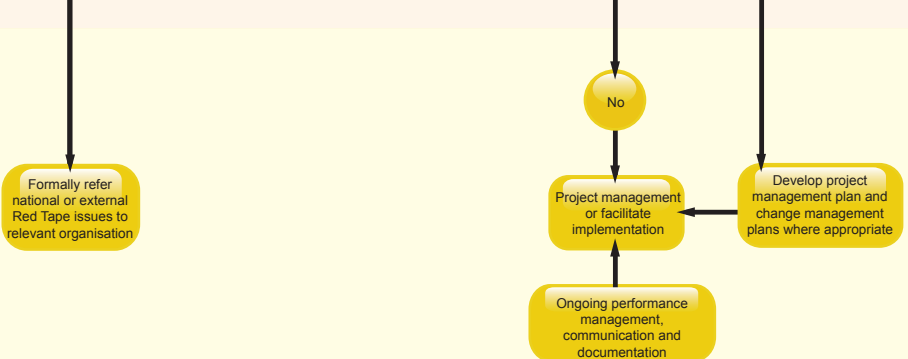
Diagnosis, Analysis and potential future solutions



Implementation design and planning



Implementation of interventions or solutions



Source: GTZ and Mesopartner (2010): Reducing Red Tape: A facilitation and management manual

A manual which explains these steps in detail can be downloaded on-line at: <http://www.businessenvironment.org/dyn/be/docs/198/ReducingRedTape2.pdf>

## Example of a Red Tape reduction action plan for Supply Chain Management:

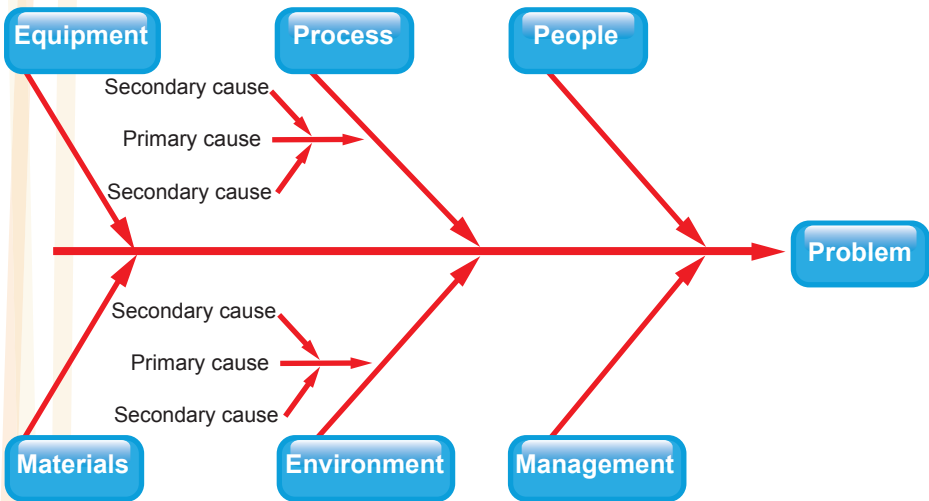
<p><b>Red Tape Issue Problem Statement:</b></p> <p>Lengthy and inefficient supply chain management processes result in:</p> <p>a) Under-expenditure, validity period of bids expiring, sub-optimal service delivery, non-compliance with grant funding conditions, irregular expenditure and poor audit results and resultant poor image of the municipality as well as service delivery protests.</p> <p>b) Unnecessarily lengthy time frames to pay external service providers which exceed the legislated maximum period of 30 days, leading to business cash flow problems, liquidations and insolvencies, job losses, business complaints and tensions with the municipality and a poor municipal image.</p>	
<p><b>Root Causes</b></p>	<p><b>Under-expenditure:</b></p> <ul style="list-style-type: none"> <li>Lack of clarity or understanding of roles to be played by members of the various supply chain committees linked to insufficient training for new members.</li> <li>No standard format for reports to be submitted to committees to make it easy and quick to find relevant information to inform decisions.</li> <li>Shortage of staff and key posts in SCM result in inefficiencies and a lack of necessary controls including quality control of reports before these are submitted to committees resulting in the need for re-submissions.</li> <li>SCM Committee meetings are frequently re-scheduled resulting in difficulties in ensuring necessary quorums due to not having alternative committee members identified.</li> <li>Lack of departmental institutional delivery plans, or poor quality of plans, makes it difficult for efficient group purchasing decisions being made for key items like equipment.</li> </ul> <p><b>Lengthy payment time-frames which exceed maximum of 30 days:</b></p> <ul style="list-style-type: none"> <li>Service providers submit incomplete invoices with missing contact details, VAT numbers etc. resulting in need to re-submit and delays.</li> <li>IT systems sometimes fail and there are delays in receiving IT support</li> <li>Staff/management are sometimes not available and out of the office without delegating responsibilities in their absence.</li> </ul>
<p><b>What must change and what key actions are needed to address the causes?</b></p>	<p><b>Under-expenditure:</b></p> <ul style="list-style-type: none"> <li>A dedicated budget needs to be identified to fill priority SCM vacant positions and competent staff must be recruited. External funding from National Treasury can be applied for, for staff with specific scarce skills to be appointed for a temporary time-frame if necessary.</li> <li>SCM Training programme needs to be developed and implemented for SCM Committee members and staff.</li> <li>A standard report format and cover page check list needs to be developed.</li> <li>The procurement processes need to be mapped and opportunities to improve these identified (e.g. not needing to have minutes of meetings confirmed before implementing decisions).</li> <li>Delegation of powers must be reviewed.</li> <li>Implement and monitor demand management plans (departmental delivery plans) and link these to relevant job descriptions and performance key performance indicators and reviews.</li> </ul> <p><b>Lengthy payment time-frames which exceed maximum of 30 days:</b></p> <ul style="list-style-type: none"> <li>Finance department must nominate alternative staff to deal with payment issues when responsible staff are not available.</li> <li>Service providers must be informed to provide required information on invoices to the municipality and IT CRM system must notify all suppliers timeously when updated Tax Clearance Certificates will be needed.</li> <li>Efficient IT back up support and systems must be in place.</li> <li>Clear roles for Councillors need to be communicated, understood, and enforced by management to minimize political interference.</li> </ul>
<p><b>Expected benefits</b></p>	<p>Improved expenditure level and compliance, with improved audit results and service delivery impacting beneficially on local job creation, relations between business and the municipality with service providers more interested in doing business with the Municipality.</p>
<p><b>Champion and who needs to support</b></p>	<p>a) Chief Financial Officer or Manager: Supply Chain and Portfolio Councillors for Economic Development and Finance.  b) Council  c) Business community</p>
<p><b>Resources required</b></p>	<p>Staff time, dedicated budget for key vacant SCM human resource posts as well as SCM training, implement scarce skills policy to retain competent staff for specialized posts and access external Treasury funds if necessary.</p>
<p><b>Task Team and next steps</b></p>	<ul style="list-style-type: none"> <li>Present Action Plan to Municipal Top Management and Council.</li> <li>Form a Task Team, comprising people doing the work, to implement and monitor action plan progress.</li> </ul>



**HOT TIP:**

Identifying the causes of a Red Tape problem is a critical step. If you do not address the causes of the problem, it will continue to occur. A useful tool to identify causes is called the Fish Bone Diagram where the main Red Tape problem is agreed on, the main sources of Red Tape are listed, and a group of stakeholders then identifies all the causes contributing to the problem. To identify the causes, repeatedly ask yourself “Why” to uncover the underlying or secondary causes.

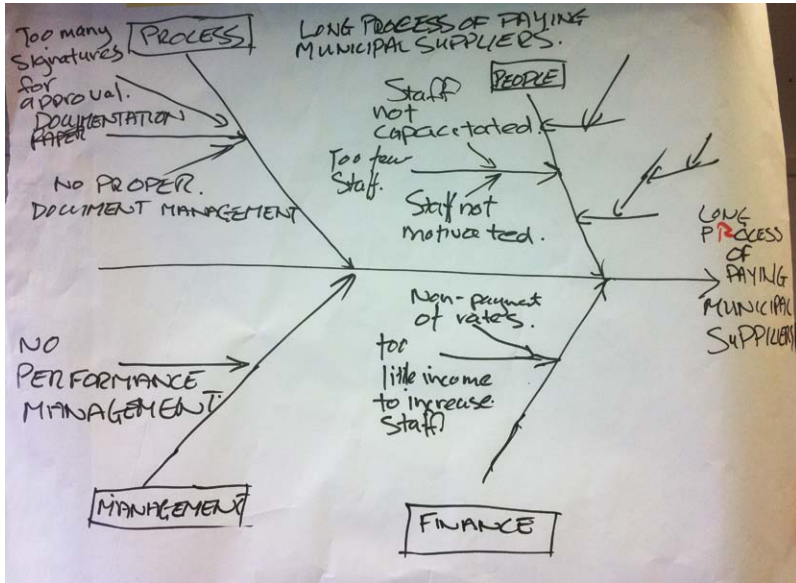
*The Fish Bone Diagram as a tool to identify the causes of Red Tape:*



**DID YOU KNOW:**

One way to develop a Red Tape Action Plan involves the use of an independent facilitator. Why? A facilitator can ensure that all affected individuals and groups are involved in a meaningful way and that the decisions are based on their input and made to achieve their mutual interests. It is difficult to resolve Red Tape conflicts between stakeholders without a facilitator. Also, a municipality can create a Senior Management post or unit for “Service Delivery Improvement” as well as an internal service improvement committee to drive Red Tape reduction initiatives. A facilitator is not necessarily needed if staff have excellent team-working skills.

Example of a Fish Bone Diagram from an Action Plan Workshop Identifying Selected Causes for the Lengthy Process to Pay Municipal Suppliers:



### Why Should Businesses Work in Partnership with Municipalities to Reduce Red Tape?

- a) The better your local environment is as a place to do business, the more development will take place, which will create more businesses and employment opportunities for everyone
- b) Businesses may have first-hand experience of what the Red Tape problems are, as well as ideas on solutions to improve the situation (for example, using technology to improve systems and processes).

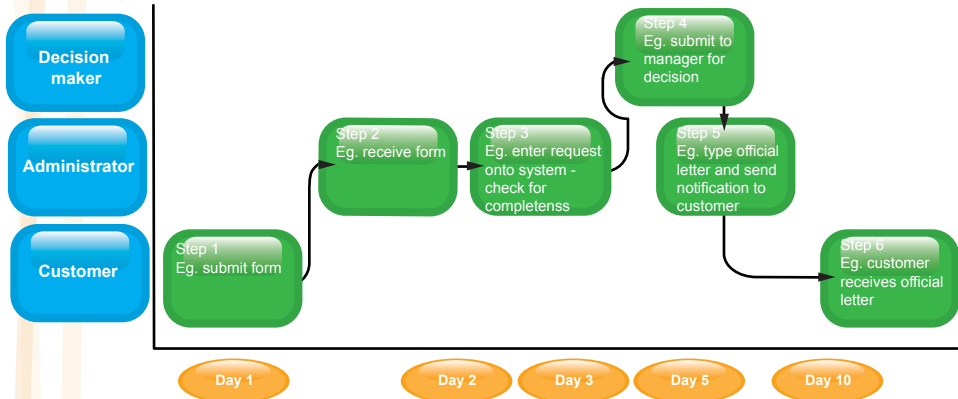


Photo: Graeme Williams  
MediaClubSouthAfrica.com

**The most common form of Red Tape is when something takes too long (a process to receive a service or decision). To develop a solution to a lengthy process at least three steps are required:**

1. Develop a process map (see diagram below) of all steps involved in the current process from beginning to end and indicate the time frames typically involved for each step (this is called the As Is Process).
2. Identify areas for improving the process by either eliminating some of the existing steps, or finding ways to speed up the steps (this is called the To Be Process)
3. Develop a written plan (or standard operating procedures document) of who will do what to improve each specific process step and monitor the implementation of the plan.

### Example of a Simple Process Map:



Source: GTZ and Mesopartner (2010): Reducing Red Tape: A facilitation and management manual

### Examples of actions that municipalities can take to Reduce Red Tape include:

1. Ensure that all Councillors and officials uphold the Batho Pele and good governance principles, and adhere to a Code of Conduct to which they hold each other accountable.
2. Identify reducing Red Tape as a priority objective of the Municipality and integrate a Red Tape Reduction Programme into all relevant departmental Business Plans as well as into the Integrated Development Plan.
3. Identify the five most important municipal processes that have the biggest impacts on the municipality's objectives, and develop a Red Tape Reduction action plan, and nominate a process sponsor and champion to improve these processes.
4. Create and fill a senior management post responsible for Service Improvement within the Strategic or Corporate Services Department or Municipal Manager's Office, or ideally create a Chief Business Process Officer post.
5. Establish a Red Tape Reduction Task Team to initiate and manage Red Tape reduction projects.
6. Establish and support a Municipal-Business communication platform or forum to facilitate dialogue on municipal priorities, service delivery and Red Tape reduction initiatives.



#### HOT TIP:

To identify opportunities to improve a process, ask yourself questions like:

- a) At which points does this process break down or experience delays?
- b) At which points do people experience frustrations with the process?
- c) Which parts of the process seem to consume too much time?
- d) Which parts of the process lead to low quality outcomes?
- e) Which parts of the process incur or result in unacceptable costs?

**Examples of actions that businesses can take to Reduce Red Tape include:**

1. Ensure that there is a formal consultation mechanism between organised local business structures and the Municipality to raise issues and concerns, and discuss solutions and processes to deal with these. Ideally, a Municipal-Business Red Tape Task Team can be formed to focus on addressing priority municipal Red Tape issues on an ongoing basis. If no mechanisms exist for collaboration, organised business should meet the Municipal Manager and propose the establishment of such a structure.
2. Work with Municipalities, via an agreed process with the Municipal Manager or relevant senior manager, to identify priority Red Tape problems that are negatively impacting on businesses.
3. Participate (e.g. through Red Tape action planning workshops) in identifying the causes of Red Tape problems and identifying solutions to address the causes.
4. Place pressure on the municipality to reduce Red Tape via the public media or other channels of communication (e.g. the office of the Public Protector).



Photo: Graeme Williams  
MediaClubSouthAfrica.com

**Examples of useful resources:**

1. An example Code of Conduct for Municipal Councillors can be found online at:  
[http://www.joburg.org.za/index.php?option=com\\_content&task=view&id=1548&Itemid=131](http://www.joburg.org.za/index.php?option=com_content&task=view&id=1548&Itemid=131)
2. An example Code of Conduct for Municipal Officials can be found online at:  
<http://www.knysna.gov.za/webimages/knysna/file/Municipal%20Code%20of%20Conduct.pdf>
3. The Public Service Commission's (2012) Explanatory Manual on the Code of Conduct for the Public Service is available at:  
<http://www.psc.gov.za/documents/docs/guidelines/Explanatory%20Manual%20on%20the%20Code%20of%20Conduct%20for%20the%20Public%20Service.pdf>
4. The Promotion of Administrative Justice Act 3 of 2000 can be found online at:  
<http://www.justice.gov.za/legislation/acts/2000-003.pdf>



## 1.5 How to Improve Municipal Performance and Service Delivery: Business Process Management and Continuous Improvement

Business Process Management (BPM), or Business Process Improvement (BPI), is a set of techniques for ensuring that key processes are continuously monitored and improved and that the organisation constantly becomes more effective and efficient at delivering services and meeting customer/citizen needs. BPM/ BPI is a tool that can be used at every level of the organisation including supervisors, middle and senior management. There are different BPM methodologies including Six Sigma, Total Quality Management, ISO 9000, and Business Process Re-engineering. However, it is possible to use simple techniques to improve process performance and service delivery.

Improving a municipality's business processes ideally needs to take place within the broader organisational context of developing an effective municipal performance management system, which includes a Citizen's Service Charter that specifies minimum service standards for all key services.



**QUOTE:** "An organisation is only as effective as its processes. Failure to effectively manage processes is failure to effectively manage the business/organisation" (Rummler and Brache: 1995)

### There are six broad phases to Business Process Improvement:



## What are the potential benefits to Municipalities adopting a Business Process Management approach?

1. Organisational culture can shift towards more modern and smarter ways of serving customers.
2. Service delivery can improve partly through reduced costs, improved revenue and greater staff productivity.
3. Decision-making time frames become more consistent and predictable and can comply with service standards as well as legislated requirements.
4. Application processes for services can be properly co-ordinated and standardised.
5. Access to information can be improved both internally and externally.

### HOT TIP:

#### Tips for Developing a Process Mindset and Approach:

- a) Help employees to understand that the team's work is composed of tasks that result in an output. The way these tasks are put together is a process. Each person in the team is part of one or more business processes and plays an important role in the overall successful performance, or not, of the process. Success is a team process!
- b) Ask people involved to map the steps in the process. Ask them to identify the inputs and outputs for each step.
- c) Invite people to specify the inputs necessary for their work, to describe the work they do, and to identify the outputs. Ask them "Who receives your outputs? What do they do with the outputs? How does the quality of your output affect their job?"
- d) Create a flow chart of the processes in your team. Then explore with your team what happens when variations-accommodating last-minute requests, not following established communication steps-are introduced into the process. Consider how workers and customers are affected when people don't follow established processes.
- e) Identify and report daily (where possible) on process KPIs as part of the team's morning assesment of performance.

### HOT TIP:

#### How do you know if the municipality needs to improve a business process? If you notice any of the following:

- a) Customers/citizens (business and residents) are frequently complaining about and/or refusing to pay for services.
- b) Certain processes seem overly complicated.
- c) Services and decisions take longer than they should.
- d) Things do not get done right the first time.
- e) Employees are expressing frustration over confusing processes or bottlenecks that prevent them from fulfilling their job responsibilities.



Photo: Chris Kirchoff  
MediaClubSouthAfrica.com



**HOT TIP:**

**"Tips for re-designing a business process:"** (HBR 47-48):

- a) Change the process in ways that provide value that the customer wants-for example, more speed and efficiency, lower costs, easier processes etc.
- b) Attack the biggest time wasters in the process first.
- c) Where steps in the process can be done independently of one another, consider organising processes to take place in parallel (at the same time) so that the overall process is quicker.
- d) Ask whether the steps in the process are logical and necessary or can they be re-arranged to take place quicker.
- e) To decrease the number of steps in a process, eliminate sign-offs or approvals by individuals on activities they don't know much about. Instead, delegate responsibilities and decision-making down to where the work is actually done.
- f) Identify opportunities to simplify steps that are unnecessarily complex.



“ ”

**QUOTE:** "If you pit a good performer against a bad system, the system will win every time. We spend too much of our time "fixing" people who are not broken, and not enough time fixing organisational systems and processes that are broken." (Rummler & Brache:1995)



“ ”

**QUOTE:** "Most organisational problems stem from flawed processes, not incompetent individuals or inadequate technology. By understanding the process glitches that led to a problem, you and your team can correct the process to get the results your [organisation] wants" (Harvard Business Review Press: 2010)



Photo: Chris Kirchhoff  
MediaClubSouthAfrica.com



**HOT TIP:**

"A good process and process management system should have the following:

- a) A process champion whose job description includes responsibility for ensuring that specific processes function well;
- b) A process goal or objective;
- c) Process key performance indicators or standards and targets that identify acceptable levels of service and/or time frames. Performance indicators and targets can refer to quality, time, customer satisfaction and/or cost;
- d) A monitoring and information system that measures, tracks, and reports on the key performance indicators daily;
- e) A management process that reviews the performance of the process and takes corrective action to address under-performance if necessary.

## Common business process improvement implementation obstacles:

Resistance from employees	Get the input of all affected employees in the re-design process. Acknowledge employee concerns by pointing out how the new process solves the problems raised by the old process. Help employees see how they will benefit from adopting the new process. Ensure that, if necessary, training will be provided if new technologies are involved, that job descriptions are updated, as well as job levels/grading and compensation if relevant.
Resistance from managers	All affected managers need to be involved during the design and testing of new processes. Managers need to see that supporting the new processes will make their job easier or enable them to deliver better performance.
No champion to push the business improvement process	A champion for the business improvement process needs to be identified at the beginning of the process and given the responsibility of delivering an improved process. This champion must visibly demonstrate their support for the new process to all managers and employees involved. The champion needs to make the tough decisions required to achieve goals.

### What gets measured gets done

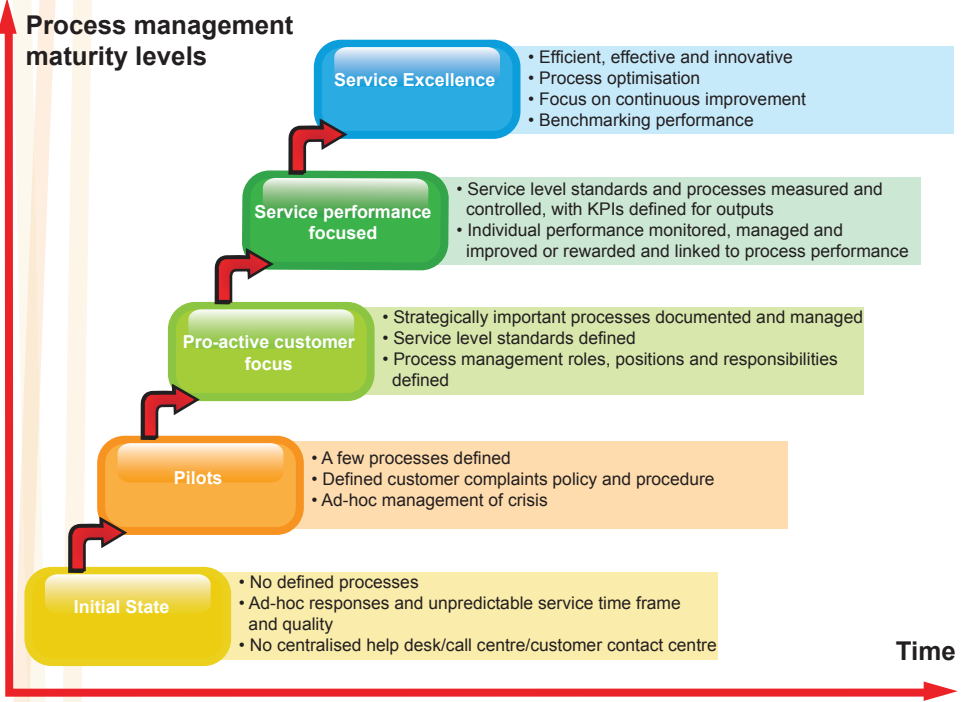


Source: by Osborne and Gaebler (1992)

Reducing Red Tape and effective business process management involves change and a clear approach to managing that change is essential if potential resistance and obstacles to change are going to be successfully managed.

Ideally, municipalities need to become more mature and effective at managing business processes over time. This is a journey in moving up what can be called the **Ladder of Municipal Performance**:

## The ladder of municipal process management maturity and service delivery excellence



### The following tips for successfully managing change are useful:

#### Eight stages for successfully changing a process

<b>Set the stage</b>	<ol style="list-style-type: none"> <li>1. <b>Create a sense of urgency:</b> Help others to see the need for change and the importance of acting immediately.</li> <li>2. <b>Pull together a guiding coalition:</b> Make sure there is a powerful group guiding the change one with leadership skills, bias towards action, credibility, communications ability, authority and analytical skills.</li> </ol>
<b>Decide what to do</b>	<ol style="list-style-type: none"> <li>3. <b>Develop a change vision and strategy:</b> Clarify how the future will be different from the past, and how you can make that future a reality.</li> </ol>
<b>Make it happen</b>	<ol style="list-style-type: none"> <li>4. <b>Communicate for understanding and buy-in:</b> Make sure as many others as possible understand and accept the vision and the strategy.</li> <li>5. <b>Empowering others to act:</b> Remove as many barriers as possible so that those who want to make the vision a reality can do so.</li> <li>6. <b>Produce short-term wins:</b> Create some visible, unambiguous successes as soon as possible.</li> <li>7. <b>Consolidate gain and produce more change:</b> Press harder and faster after the first successes. Be relentless with instituting change after change until the vision becomes a reality.</li> </ol>
<b>Make it stick</b>	<ol style="list-style-type: none"> <li>8. <b>Create a new culture:</b> Hold on to the new ways of behaving, and make sure they succeed, until they become a part of the very culture of the group.</li> </ol>

Source: by John Kotter and Holger Rathgeber (2006). Our iceberg is melting: Changing and succeeding under any conditions

# SECTION 2: Guidelines and Tips for Addressing Specific Municipal Red Tape Issues Impacting on Small Businesses

## 2.1 Improving Municipal Service Delivery: Citizen Service Charters and Complaints Notification Systems (CNS)

<b>The Red Tape problem</b>	There either is no well-known channel or means for residents or businesses to submit service delivery complaints to the municipality, or when complaints are submitted the municipality does not provide service-specific time frames by which complainants can expect a response from the municipality.
<b>Example Causes of the Problem</b>	<ul style="list-style-type: none"> <li>• Lack of effective municipal performance management systems.</li> <li>• Lack of, or inadequate, customer care policy and procedures, which do not include Customer/Citizen Service Charters and customer care and service delivery standards for each service delivery unit.</li> <li>• Lack of complaints notification system and tracking system supported by effective workflow processes.</li> <li>• Poor management and/or lack of BPM.</li> </ul>
<b>Example Impacts of the Red Tape Problem</b>	<ol style="list-style-type: none"> <li>1. Residents and businesses spend a lot of time (and often transport costs) to submit and repeatedly follow-up on complaints submitted.</li> <li>2. Businesses are often unable to operate for extended periods due to the lengthy periods involved in addressing infrastructure maintenance and/or service delivery disruptions (water, electricity, cleansing and waste, accounts errors) and suffer financial losses or even closure.</li> </ol>
<b>Example Red Tape Problem Solutions</b>	<p><b>Examples of municipal actions to Reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. Create and fill senior management posts responsible for Performance Management, as well as Service Improvement, within the Strategic or Corporate Services Department or Municipal Manager's Office.</li> <li>2. Develop a Customer Care Policy and set of administrative procedures, systems and responsibilities that identifies all procedures to be followed when submitting and responding to service delivery complaints for all departments, including steps for escalating complaints if they are not dealt with to the satisfaction of residents and/or businesses.</li> <li>3. Establish Customer Care Centres in locations that are visible and accessible to residents and businesses throughout the municipal area and staffed by well-trained personnel.</li> <li>4. Develop a Citizen Service Charter that includes customer care and service delivery standards (internal and external) for every service delivery unit (e.g. how long all applications to the municipality and decisions requested from the municipality will take). Ideally, a software system should be put in place to support the CSC and the management and information processes need to effectively implement and manage the necessary service delivery processes.</li> <li>5. Municipal managers to specify that receipt needs to be acknowledged within 24 hours, and written responses provided within 7-10 working days, for all internal and external correspondence (email, telephone calls, written etc.), and ensure that information systems and processes are in place to regularly capture, report on and review response times. These targets are to form part of municipal officials job descriptions and performance evaluations.</li> <li>6. Monitor customer service and complaints resolution performance on a daily basis through putting in place a continuous monitoring system and being subject to regular Performance Audits.</li> <li>7. Put in place mechanisms for residents and businesses to provide customer feedback, including, the following:             <ol style="list-style-type: none"> <li>a) Ensure that there is at least one clearly identified, accessible, groundfloor Customer Care Centre, which is staffed by adequately trained officials who are able to provide useful advice to respond to the common complaints experienced or forward complaints to relevant officials using a complaints notification and tracking system.</li> <li>b) Organise annual Focus Group Sessions to measure and understand the gap between what customer's perceptions of municipal service delivery are.</li> <li>c) Actively advertise (on the municipal website, notice boards, community newspapers etc.) all Customer Care Centres, a toll-free Customer Care Help Line, as well as department-specific help lines, where customers can report poor service.</li> <li>d) Establish a Municipal Ombudsman Office.</li> </ol> </li> </ol> <p><b>Examples of actions that businesses can take to Reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. Engage the municipality to develop a Citizen Service Charter (which includes customer care and service delivery standards for every service delivery unit) and an appropriate and effective Customer Care Policy as well as a Complaints Notification System. Business needs to provide inputs to municipalities on their service standard expectations.</li> <li>2. Engage the municipality to appoint and put in place an independent and appropriately trained Municipal Ombudsman's Office and ensure municipal officials and Councillors understand its role and how it functions.</li> <li>3. If complaints go unanswered, approach your Ward Councillor. If that fails, approach the Provincial Department of Local Government. If that fails, approach the Ombudsman or decide if it is necessary to take the municipality to court.</li> </ol>

### Examples of Useful Resources

- Two useful guides to developing municipal performance management systems can be found at:
  - Department of Cooperative Governance and Traditional Affairs (2001): Performance Management Guide for Municipalities: <http://www.cogta.gov.za/subwebsites/annualreport/reports/pm.pdf>
  - KZN Provincial Department of Cooperative Governance and Traditional Affairs (2011): Performance Management Made Simple: A Guide to Developing and Implementing a Performance Management System: [http://www.durban.gov.za/City\\_Government/Administration/city\\_manager/performance\\_management\\_unit/Organisational\\_Performance/Documents/30818\\_1.PDF](http://www.durban.gov.za/City_Government/Administration/city_manager/performance_management_unit/Organisational_Performance/Documents/30818_1.PDF)
- The International Ombudsman's Association publishes best practices and standards of practice for ombudsman offices that are internationally recognised and guide existing ombudsman offices in South Africa-available at: <http://www.ombudsassociation.org/about-us/mission-vision-and-values/iaa-best-practices-standards-practice>. The Public Protector of South Africa can be contacted for assistance: 0800 11 20 40
- The Presidential hotline can be used for service delivery complaints after attempts to resolve the issue with the relevant department have failed: call 17737 or email the hotline online at: <http://www.thepresidency.gov.za/pebble.asp?relid=1687&t=80>
- A useful seven-step guide to develop a Customer/ Citizen Service Charter can be found at: [http://www.eupan.eu/files/repository/7\\_steps\\_EN.pdf](http://www.eupan.eu/files/repository/7_steps_EN.pdf) and a detailed guide can be found at: <http://www.oecd.org/dataoecd/6/11/10/38370028.pdf>
- Two examples of South African Citizen Service Charters can be found at:
  - KZN Provincial Government: [http://www.kzneducation.gov.za/Portals/0/Circuiars/General/2011/Premier\\_Citizens\\_Charter.pdf](http://www.kzneducation.gov.za/Portals/0/Circuiars/General/2011/Premier_Citizens_Charter.pdf)
  - Swartland Municipality: [http://www.swartland.org.za/media/docs/Swartland\\_charter\\_web.pdf](http://www.swartland.org.za/media/docs/Swartland_charter_web.pdf)



### DID YOU KNOW:

The role of a **municipal ombudsman** includes:

- The Ombudsman is an independent, impartial person with authority and responsibility to receive, investigate or informally address complaints and, when appropriate, make findings and recommendations and publish reports;
- An Ombudsman works for the resolution of particular issues and, where appropriate, makes recommendations for the improvement of the general administration of the entities over which it has jurisdiction.
- The term "Ombudsman" should only be used if six key criteria are met. These criteria are: independence of the Ombudsman from those whom the Ombudsman has the power to investigate; accessibility; fairness; public accountability; effectiveness; and impartiality.

**Municipal ombudsmen** have the authority to:

- Investigate and handle internal and public complaints.
- Demand access to any book, record, file or other documents or record of the municipality.
- Interview any municipal employee to gather evidence.
- Enter any premises owned, controlled or managed by the municipality to investigate and examine any record or item.
- Conduct a preliminary investigation into the complaint.
- Recommend corrective actions.

Municipal Ombudsmen will investigate complaints against administrative actions, procedures and practices, rather than decisions. Examples include complaints where the municipality:

- Has not acted properly or fairly.
- Provided a poor service;
- Did not follow procedures;
- Disregarded the principles of 'Batho Pele' - People First; and
- Refused to respond to an enquiry, complaint or other correspondence.



### DID YOU KNOW:

"The Potential Benefits of Municipalities Developing **Citizen Service Charters** include:

- Help municipalities to manage the expectations of residents and businesses.
- Provide a framework for consultations with residents and businesses.
- Encourage municipalities to measure and assess performance.
- Make municipalities more transparent by telling the public about the standards they can expect – and how they have performed against those standards.
- Push municipalities to improve performance here promised standards have not been achieved.
- Increase satisfaction of residents and businesses.
- Improve payment levels and municipal revenue from services.
- Improve the business environment to be more supportive of business and job creation growth and sustainability.

## 2.2 Improving Municipal-Business Communication and Customer Relationship Management (CRM):

<b>The Red Tape problem</b>	Lack of, or poor, communication systems, processes and channels resulting in difficulty in accessing municipal information relevant to residents and/or businesses.
<b>Example Causes of the Problem</b>	<ul style="list-style-type: none"> <li>• Lack of a Municipal Communications Policy and Plan and required communications skills and resources.</li> <li>• Municipality relies on external IT support organisations to maintain the municipal website and poorly structured Service Level Agreements and information maintenance processes.</li> <li>• No formal structure exists that can be used as a municipal-business communication platform (e.g. Local Economic Development Forum).</li> <li>• Limited information by the public/community about what projects/functions are being performed by municipality.</li> <li>• Policies and by-laws are only available in one language resulting in poor community understanding.</li> </ul>
<b>Example Impacts of the Red Tape Problem</b>	<p>Businesses and residents become increasingly frustrated (which can culminate in service delivery protests and municipal payment boycotts) as a result of:</p> <ul style="list-style-type: none"> <li>• Poor understanding and/or awareness of municipal issues, plans and achievements.</li> <li>• Unrealistic expectations of the municipality's roles.</li> <li>• Poor access to services.</li> <li>• Poor understanding of, and compliance with, municipal regulations and people getting unnecessary fines.</li> <li>• Excessive time and cost involved in obtaining relevant municipal information.</li> </ul>
<b>Example Red Tape Problem Solutions</b>	<p><b>Examples of municipal actions to Reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. Develop a Communication Policy and Plan with clearly identified processes, responsibilities and resources. This could include identifying what documents need to be available in what local languages and what minimum information should be made available on the municipal website (for example, key departmental contact details).</li> <li>2. Put in place one municipal toll free number that links to relevant departmental customer service desks.</li> <li>3. Appoint a Director responsible for "Customer Relationship Management and Communication" to co-ordinate improved municipal systems and processes and supported by an official in each department responsible for communications.</li> <li>4. Ensure that an effective municipal-business communication structure (e.g. a Local Economic Development Forum) is established and given political and administrative support to ensure its effective functioning.</li> <li>5. Ensure that each municipal department identifies the top five most frequently requested types of information by residents and businesses and that a process is in place to ensure this information is available on the municipal website.</li> <li>6. Ensure that a Content Management Policy and System is in place for the municipal website. The website must be designed to provide information which is useful and targeted at the information needs of different potential site users, including local residents, local businesses, tourists and external investors.</li> <li>7. Ensure that there is a clearly defined process for updating website content, including available and skilled human resources within the IT department, as well as other line-function departments.</li> <li>8. Hold municipal-business empowerment workshops where useful business information on municipal projects, plans and/or tender processes is shared.</li> </ol>
<b>Examples of Useful Resources</b>	<ol style="list-style-type: none"> <li>1. The City of Tshwane Customer Relationship Guide available online at: <a href="http://www.tshwane.gov.za/Services/CustomerRelationshipManagement/Pages/default.aspx">http://www.tshwane.gov.za/Services/CustomerRelationshipManagement/Pages/default.aspx</a></li> <li>2. An example of a Municipal Communication Strategy can be found online at: <a href="http://mfma.treasury.gov.za/Documents/01.%20Integrated%20Development%20Plans/2010-11/02.%20Local%20Municipalities/FS192%20Dihlabeng/FS192%20Dihlabeng%20-%20IDP%20-%20Communication%20Strat%20-%20201011.pdf">http://mfma.treasury.gov.za/Documents/01.%20Integrated%20Development%20Plans/2010-11/02.%20Local%20Municipalities/FS192%20Dihlabeng/FS192%20Dihlabeng%20-%20IDP%20-%20Communication%20Strat%20-%20201011.pdf</a></li> <li>3. An example of website Content Management System Guidelines (For Cape Gateway- Western Cape Provincial Government) available online at: <a href="http://www.westerncape.gov.za/Text/2004/6/content_management_guidelines_v1.3.pdf">http://www.westerncape.gov.za/Text/2004/6/content_management_guidelines_v1.3.pdf</a></li> <li>4. A Municipal Website Best Practices Guide can be found online at: <a href="http://www.gov.ns.ca/snsmr/muns/manuals/PDF/LGRH/LocalGovernmentResourceHandbook_2.6.pdf">http://www.gov.ns.ca/snsmr/muns/manuals/PDF/LGRH/LocalGovernmentResourceHandbook_2.6.pdf</a></li> </ol>



### DID YOU KNOW:

Potential Benefits of an effective municipal website include:

1. Reduced calls to municipal offices for simple enquiries, and the ability of the municipality to provide more detailed information on topics that are frequently asked about.
2. Provision of a relatively cost-effective marketing tool aimed at tourists thinking about visiting the municipality as well as businesses that may be considering relocating to the area.
3. Improved customer service providing access to information about the municipality 24 hours a day, and saving residents and businesses time and money by reducing the need for physically coming to the municipal office or phoning.
4. Improved visibility helps to provide transparency and increased confidence in municipalities. Visitors may access council meeting minutes, staff reports, by-laws, building plan, application forms, zoning information etc. all on the municipal website.
5. A dedicated official to update information on the website.



## 2.3 Improving Municipal Policies, By-laws and Regulations

<b>The Red Tape problem</b>	Municipal policies, regulations and by-laws are often outdated and/or their costs exceed their benefits because of the unintended impacts they have on businesses or because of the way in which they are, or are not, implemented and enforced, resulting in unnecessary costs, delays, lost business and job losses.
<b>Example Causes of the Problem</b>	<ul style="list-style-type: none"> <li>• Lack of identifying and reviewing policy options other than regulations (e.g. education, voluntarism, co-regulation through codes of good practice, economic instruments such as targets, tradeable permits, subsidies etc.) to address the policy problem and objective.</li> <li>• Old policies, regulations and by-laws that have not been updated or adapted to new trends, challenges, and opportunities.</li> <li>• Lack of a process to identify the costs of implementing new policies/regulations and/or the unintended impacts of policies/regulations.</li> </ul>
<b>Example Impacts of the Red Tape Problem</b>	<ul style="list-style-type: none"> <li>• <b>Efficiency costs</b> e.g. business productivity and competitiveness is negatively impacted as a result of facing unnecessary costs and/or time-delays, or businesses do not respond to market opportunities because of the hassle factor associated with regulations (e.g. hiring more workers).</li> <li>• <b>Compliance costs</b> e.g. businesses have to hire experts (sometimes at great cost) to fill in and submit complex administrative forms to comply with regulations.</li> <li>• <b>Lost investments and jobs</b> due to lengthy approval delays, thus negatively impacting on the municipal rates base and available resources for service delivery.</li> <li>• <b>Corruption</b> takes place in an effort to avoid complying with regulations or speed up approval processes.</li> <li>• <b>Correspondance</b> with senior managers in the municipality.</li> </ul>
<b>Example Red Tape Problem Solutions</b>	<p><b>Examples of municipal actions to Reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. Conduct a review of all, or selected older, municipal policies, by-laws and regulations to identify which are still relevant or need to be scrapped, and which need to be updated.</li> <li>2. Consider other available and smarter policy options over-and-above regulations to achieve the intended behavioural change objectives. Other options include: Self-Regulation, Quasi-Regulation and Co-Regulation; Voluntarism; Education and Information Instruments; Economic Instruments.</li> <li>3. For major new policies and by-laws, an independent Regulatory Impact Assessment (RIA) should be conducted before the policy and by-law is finalised and submitted to Council for decision. Alternatively, a regulatory cost survey can be undertaken. Ideally, budgets should be drawn up to identify the costs of implementing new regulations.</li> <li>4. Before finalising a new by-law, obtain expert inputs on the following: the potential impacts, establish whether it would have the desired impacts, identify potential side-effects or unforeseen extra costs, clarify the costs of enforcement and whether the capacity exists to enforce by the by-law.</li> <li>5. Conduct a business climate survey of local businesses to identify and prioritise the local business environment constraints.</li> </ol> <p><b>Examples of actions which businesses can take to Reduce Red Tape include:</b></p> <p>Bring any by-laws that are having negative business and overall economic impacts to the attention of the municipality (e.g. by requesting a meeting with the municipal manager), and try to quantify these impacts and formulate any proposals for how the negative impacts may be minimised for further discussion with the municipality.</p>
<b>Examples of Useful Resources</b>	The Presidency has recently published guidelines for conducting Regulatory Impact Assessments (2012): Guidelines for the Implementation of Regulatory Impact Analysis. Available online at: <a href="http://www.thepresidency.gov.za/MediaLib/Downloads/Home/Publications/RegulatoryImpactAssessment/Guidelines2/Regulatory%20Impact%20Assessment%20Guideline%20February%202012.pdf">http://www.thepresidency.gov.za/MediaLib/Downloads/Home/Publications/RegulatoryImpactAssessment/Guidelines2/Regulatory%20Impact%20Assessment%20Guideline%20February%202012.pdf</a>



### DID YOU KNOW:

The five key characteristics of modern regulatory systems are as follows:

1. **Security** (legal security, consistent respect for market solutions, predictable enforcement).
2. **Transparency** (clear and simple rules, openness through the entire policy process, less corruption).
3. **Legitimacy** (must protect safety, health, environment, consumers, public interests).
4. **Efficiency** (low-cost rules, orderly and timely decisions, move swiftly to meet market needs).
5. **Expertise** (good regulatory skills and understanding of complex markets and technologies).



### HOT TIP:

The purpose of a **Regulatory Impact Assessment (RIA)** is to identify and evaluate proposed new policies and regulations to make sure they serve the policy objectives of Government as efficiently and effectively as possible RIAs do the following:

- a) Identify and quantify (where possible) potential financial, economic, and social impacts.
- b) Establish whether they would have the desired or intended impacts.
- c) Identify potential side effects or unforeseen extra costs of administration and enforcement.
- d) Clarify the enforcement feasibility, resources requirements and costs.

## 2.4 Improving Supply Chain Management processes

<b>The Red Tape problem</b>	Ineffective and inefficient supply chain management (SCM) processes and controls result in municipal under-expenditure, which undermines service delivery, irregular and wasteful expenditure and corruption (Awarding of contracts to Government employees), and/or time to pay service providers in excess of the legislated thirty-day maximum period, which impacts on business cash flow, sustainability and unnecessary job losses.
<b>Example Causes of the Red Tape problem</b>	<ul style="list-style-type: none"> <li>• Lack of alignment between departmental procurement processes and the SCM department processes.</li> <li>• Multiple supplier databases across government departments.</li> <li>• Insufficient SCM staff capacity and/or skills and experience.</li> <li>• Insufficient knowledge of tender processes.</li> <li>• Political interference in SCM processes to either speed up service delivery or influence the award of tenders.</li> <li>• Inefficient management of regular schedule of SCM committee meetings.</li> <li>• Poorly written tender specifications due to inadequate staff knowledge and experience.</li> <li>• Lack of departmental institutional delivery plans to inform SCM group purchasing process.</li> <li>• Excessive reliance on, and duplication of, physical paperwork throughout the process.</li> <li>• Poorly designed SCM and tender documents.</li> </ul>
<b>Example Impacts of the Red Tape Problem</b>	<ul style="list-style-type: none"> <li>• Under-expenditure contributes to a poor business environment, which does not support investment and job creation, poor infrastructure maintenance and poor living conditions for the poor.</li> <li>• Poor tender specifications and/or project monitoring results in poor-quality service delivery, which often has to be re-provided at extra cost.</li> <li>• Municipal departments cannot function effectively if SCM has not purchased necessary equipment and supplies on time.</li> <li>• Lengthy payment time frames to service providers compromises cash flow, ability to pay workers, and can result in business closures and liquidations.</li> </ul>
<b>Examples of Useful Resources</b>	<p><b>Examples of municipal actions to Reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. Provide budget, or access external funds, to put in place scarce SCM skills/staff.</li> <li>2. Ensure Municipal fraud and anti-corruption policies are in place and that all measures are taken to enhance awareness and enforcement thereof.</li> <li>3. Put in place a toll-free fraud and corruption hotline within the Internal Audit Department and Forensic Services and which is publicised on the municipal website, municipal accounts, and relevant publications.</li> <li>4. Work with local universities and FET colleges to form partnerships to provide external expert capacity to assist, refine and improve tender specifications in key areas where skills are scarce (under the guidance of an MOA which addresses confidentiality and conflict of interest issues).</li> <li>5. Conduct a SCM business process review and business process action planning improvement process, which includes relationships between the SCM department and other departmental procurement processes.</li> <li>6. Ensure only one supplier database exists and that it is audited and updated to ensure that all municipal employees and business entities with relationships to municipal employees are declared in the database.</li> <li>7. Re-design SCM documents to eliminate duplication across forms.</li> <li>8. Investigate a document management and electronic submission system that allows for electronic to tender documents (including placing all tender documents on the municipal website) as well as confidential and secure electronic submission of tender proposals as well as traceability of tender submissions.</li> <li>9. Link the supplier database and tender system to a Customer Relationship System that allows suppliers to be automatically notified of new tenders, as well as of the status of tender results via SMS, for example.</li> </ol> <p><b>Examples of actions that businesses can take to Reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. Ensure they do not engage in corrupt activities and if they become aware of these, report them to the police and/or anti-corruption hotlines (see resources below).</li> <li>2. All invoices to the Municipalities to include all relevant documentation, as well as including their business, and the Municipal, VAT numbers, Order Number, contact details, including the relevant municipal official and that the Municipal SCM department is always in possession of an up-to-date Tax Clearance Certificate.</li> <li>3. Seek clarification from the Municipality if tender specifications are not clear as part of finalising their proposal/quote to avoid later misunderstandings.</li> </ol>
<b>Examples of Useful Resources</b>	<ol style="list-style-type: none"> <li>1. For government supplier payment issues contact the National Payment Hotline at 0860 766 3729 if you are unsuccessful in resolving the issue with the Municipality.</li> <li>2. For corruption issues, report these to your nearest police station and/or contact the national anti-corruption hotline: 0800 701 701 A guide to the hotline process is available at: <a href="http://www.psc.gov.za/documents/docs/guidelines/P-3102%20lowres%20PSC%20ver8.pdf">http://www.psc.gov.za/documents/docs/guidelines/P-3102%20lowres%20PSC%20ver8.pdf</a> and see the anti-corruption guide for small businesses available at: <a href="http://www.busa.org.za/docs/BUSA_SME_Anti-corruption_guide.pdf">http://www.busa.org.za/docs/BUSA_SME_Anti-corruption_guide.pdf</a> and/or report corruption online at Corruption Watch: <a href="http://www.corruptionwatch.org.za/content/make-your-complain">http://www.corruptionwatch.org.za/content/make-your-complain</a>.</li> <li>3. The Department of Justice has published a useful guideline for employees in terms of the Protected Disclosures Act. This Act is known as the Whistle Blowers Act. The guideline can be accessed online at: <a href="http://www.justice.gov.za/legislation/notices/2011/20110831_gg34572_n702-disclosure-guidelines.pdf">http://www.justice.gov.za/legislation/notices/2011/20110831_gg34572_n702-disclosure-guidelines.pdf</a></li> </ol>

## 2.5 Speeding up Land Development Processes and Time Frames



### DID YOU KNOW:

That environmental Impact Assessment appeals and expropriation processes can take up to six-and-a-half years to complete?



### DID YOU KNOW:

"According to the Constitutional Court, "municipal planning" includes both forward planning and the regulation and control of land-use"

<b>The Red Tape problem</b>	The lengthy time frames between beginning the land development process and decision-making.
<b>Example Causes of the Problem</b>	<ul style="list-style-type: none"> <li>• Outdated planning legislation exists at all three levels of Government and needs to be revised to reflect a recent Constitutional Court case decision that most forward and land-use planning powers should lie at municipal and not provincial level.</li> <li>• A lack of clarity regarding different applications and time-frames for different types of developments as well as different guidelines between municipalities and provinces.</li> <li>• As many as three separate application processes and planning decisions (planning, environmental and heritage) may be necessary due to overlapping legislation and non-aligned processes between organisations.</li> <li>• Lengthy EIA processes linked to insufficient capacity at provincial government level</li> </ul>
<b>Example Impacts of the Red Tape Problem</b>	Lengthy delays increases the cost of development which is often passed onto consumers and businesses and/or results in developments and investments being cancelled, including Government infrastructure projects, and inefficient property markets, which all results in direct and indirect job losses and lower economic growth and poverty reduction. Delays in rezoning processes can result in businesses being forced to operate illegally or going out of business.
<b>Example Red Tape Problem Solutions</b>	<p><b>Examples of municipal actions to Reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. Ensure that a Provincial Planning Forum is established to drive the reform of planning legislation.</li> <li>2. Lobby for a revision of planning legislation at provincial and national level.</li> <li>3. Ensure that land-use management policies and Spatial Development Frameworks are developed and up-to-date and conform to best practices.</li> <li>4. Improve or establish recording and reporting systems for land-use management.</li> <li>5. Ensure that sufficient town planning and property management staff are employed.</li> <li>6. Appoint a land valuer to conduct a land audit and develop an asset management database of all municipal-owned property.</li> <li>7. In communal land areas, put in place consultative mechanisms to work with traditional leaders on development plans and land release.</li> </ol>
<b>Examples of Useful Resources</b>	<ol style="list-style-type: none"> <li>1. The SA Cities Network has published "Addressing the Crisis in Planning Law Reform", which identifies a wide range of planning legislation issues that need to be addressed within each of the Provinces: available online at: <a href="http://www.sacities.net/images/stories/2012/pdfs/cross-cutting_report12.pdf">http://www.sacities.net/images/stories/2012/pdfs/cross-cutting_report12.pdf</a></li> <li>2. Refer to the draft (February 2012) SA Spatial Planning and Land Use Management Bill online at: <a href="http://www.sagi.co.za/pdf/information/2012/20120329%20Draft%20Bill21Feb.pdf">http://www.sagi.co.za/pdf/information/2012/20120329%20Draft%20Bill21Feb.pdf</a></li> </ol>

### CASE STUDY:

The purpose of the Western Cape Property Development Forum is to be:

- a) A body that represents development that is recognised by authorities and will ultimately become a statutory recognised body.
- b) A body that will represent all developers with a management structure that is to be demographically representative.
- c) A body that can interpret and facilitate understanding between the authorities and developers.
- d) A body that can create a climate of co-operation between authorities and business forums.
- e) A body that can look out for the interests of developers and other professionals in the industry.
- f) A body that can be consulted and that can comment on changes on land-use policy.
- g) It should not duplicate existing bodies within the industry, thus causing further fragmentation of the industry.

## 2.6 Speeding up Building Plan Approval Processes and Time Frames

<b>The Red Tape problem</b>	National building regulations regarding building plan approval time frames are not being adhered to.
<b>Example Causes of the Problem</b>	<ul style="list-style-type: none"> <li>• Clients need to be given a check-list of building plan requirements and do pre-submission research and obtain information/approval from relevant departments prior to submission.</li> <li>• Insufficient technical staff in building control.</li> <li>• Building plans are not registered on a circulation book and/or documents management system.</li> <li>• Plan copies are circulated to different departments in sequence, and not in parallel, which would speed up the process of departmental comment.</li> <li>• Lack of a proper document management system and plans getting lost and/ or recording of approval plans not done properly and timeously including data capturing.</li> <li>• Municipal officials sometimes draw up building plans illegally (resulting in potential player-referee conflicts).</li> </ul>
<b>Example Impacts of the Red Tape Problem</b>	Business and resident complaints about delays that have a negative impact on increasing building costs, lost developments, direct and in-direct jobs, and sub-optimal municipal revenue rates growth.
<b>Example Red Tape Problem Solutions</b>	<p><b>Examples of municipal actions to Reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. Create a property development forum as a channel for consultation and communication between the municipality and private sector to assist in identifying and prioritising red tape issues and consulting on possible solutions (see for example the Western Cape Property Development Forum at <a href="http://www.wcpdf.co.za">http://www.wcpdf.co.za</a>).</li> <li>2. Commit to approving building plans within 30 days or to provide feedback on next steps within that time frame as part of the Municipal Citizen Service Charter.</li> <li>3. Develop a Building Plan approval process guide (in consultation with private sector professional) to hand out to members of the public explaining all the steps and requirements that need to be followed (and make this available on the municipal website together with all application forms).</li> <li>4. Building control to review completeness and adequacy of application forms and plans at the time of submission so that the applicant can be informed immediately of any gaps or errors and take steps to rectify these.</li> <li>5. Put in place a document management system and keep proper records and files of plans submitted.</li> <li>6. Develop a building plan management system to allow for online submission and tracking of building plan status.</li> <li>7. Establish an inter-departmental committee of relevant departments to speed up unresolved problems with outstanding plans.</li> <li>8. Develop a system and process for dealing with appeals against municipal decisions, which does not involve Provincial Government.</li> <li>9. Municipal Manager and Planning Director to ensure officials are not involved in drawing up building plans, or take disciplinary steps if officials are involved in drawing up building plans.</li> </ol> <p><b>Examples of actions that businesses can take to Reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. Make sure your application is complete and correct and includes all the necessary supporting documentation. This includes using an accredited technician to draw up your plans.</li> <li>2. Engage in a pre-submission consultation process with the municipal town planning and other relevant departments to clarify their requirements prior to finalising and submitting your plans.</li> <li>3. Keep a copy of all submissions to the municipality.</li> <li>4. Publish an online detailed guide to both the rezoning and building plan approval processes.</li> </ol>
<b>Examples of Useful Resources</b>	<p><b>Businesses can refer to the following online guides to the building plan approval process or consult with an accredited architect, builder or town planner:</b></p> <ul style="list-style-type: none"> <li>• <a href="http://www.joburg-archvie.co.za/2007/pdfs/building_plans_approval.pdf">http://www.joburg-archvie.co.za/2007/pdfs/building_plans_approval.pdf</a></li> <li>• <a href="http://www.allaboutbuilding.co.za">http://www.allaboutbuilding.co.za</a></li> <li>• <a href="http://buildingplanapprovalsa.blogspot.com/">http://buildingplanapprovalsa.blogspot.com/</a></li> </ul>



Photo: Chris Kirchoff  
MediaClubSouthAfrica.com

## 2.7 Better Management of Informal Trading

<b>The Red Tape problem</b>	The relative lack of enforcement of Municipal Informal Trading by-laws can result in informal traders trading outside of demarcated trading areas/spaces, unfair competition with existing businesses, food health problems including live animals being sold in town and an environment that contributes towards crime and grime in CBDs, which negatively impacts on the overall health of the CBD businesses and business investment and job creation.
<b>Example Causes of the Red Tape problem</b>	<ul style="list-style-type: none"> <li>• Lack of awareness by stakeholders of the by-law and the reasons behind it due to insufficient awareness campaigns to support enforcement of the by-law.</li> <li>• Cultural factors in terms of trading preferences.</li> <li>• Political dynamics, interference in the administration and enforcement of the by-law and Councillors undermining enforcement of the by-law.</li> </ul>
<b>Example Impacts of the Red Tape Problem</b>	Decline of CBD as crime negatively affects consumers and businesses alike, which results in business closure, loss of jobs, buildings becoming vacant, and property investors investing outside of the CBD or not at all.
<b>Example Red Tape Problem Solutions</b>	<p><b>Examples of municipal actions to reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. A by-law awareness campaign must be developed, resourced and implemented.</li> <li>2. Political support from Councillors must be obtained, including obtaining Council support and resolution to enforce the by-law.</li> <li>3. Design and obtain funding for affordable and well-located trading infrastructure/premises/markets that a r e part of public transport interchanges (e.g. bus, taxi, train) and alongside main pedestrian routes.</li> <li>4. Designate certain zones/ spaces for trading in different types of goods/ services to minimize unfair competition.</li> <li>5. Identify an area suitable for future animal trading and facilitate a consultation process that addresses traders' concerns and provides appropriate facilities.</li> </ol> <p><b>Examples of actions that businesses can take to reduce Red Tape include:</b></p> <ol style="list-style-type: none"> <li>1. Traders must be encouraged to register with the Traders Associations.</li> <li>2. Traders must engage with the municipality regarding appropriate trading locations and infrastructure needs.</li> </ol>
<b>Examples of Useful Resources</b>	<p>Two useful documents to assist Municipalities in developing productive relationships with the informal sector are:</p> <ol style="list-style-type: none"> <li>1. SALGA (March 2012): "Making the Informal Economy Visible: Guidelines for Municipalities in Respect of Adopting a More Developmental Approach Towards the Informal Economy" available online at: <a href="http://led.co.za/sites/led.co.za/files/cabinet/orgnameraw/document/2012-/municipal_informal_economy_guidelines_final_march2012.pdf">http://led.co.za/sites/led.co.za/files/cabinet/orgnameraw/document/2012-/municipal_informal_economy_guidelines_final_march2012.pdf</a>.</li> <li>2. The informal economy: a primer for development professionals (2011) is available at: <a href="http://led.co.za/sites/led.co.za/files/cabinet/orgname-raw/document/2011/informal_economy_primer_-_iiid_2011.pdf">http://led.co.za/sites/led.co.za/files/cabinet/orgname-raw/document/2011/informal_economy_primer_-_iiid_2011.pdf</a></li> </ol>

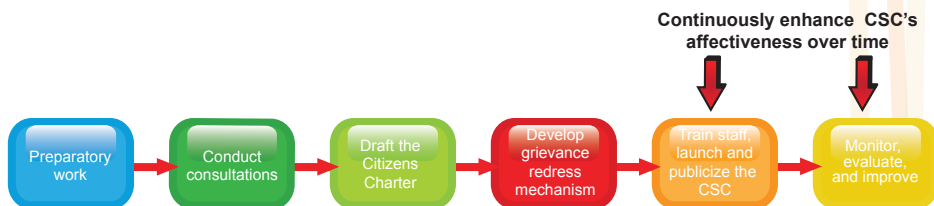


Photo: Chris Kirchhoff  
MediaClubSouthAfrica.com

## Annexure 1: Citizen Service Charter (CSC) Resources

### Six Steps for a Citizen's Service Charter:

The actual process to develop a meaningful Citizen Service Charter will require in-depth work to identify appropriate service level standards, in consultation with municipal customers. It should ideally involve identifying improvements to business processes to achieve these service standards, as well as the development of appropriate software support tools for the management and monitoring of the performance of business processes and compliance with service standards.



### Citizen Service Charter Do's and Don'ts

DO	STAGE	DON'T
<ul style="list-style-type: none"> <li>Verify that there is support for a CSC from senior management.</li> <li>Form a project team that can guide drafting and implementation.</li> <li>Develop a clear communications strategy.</li> </ul>	<b>Preparatory work</b> 	<ul style="list-style-type: none"> <li>Attempt to go forward with the CSC process without the support of management.</li> <li>Forget that the communications strategy should be evidenced-based and targeted to both external and internal stakeholders.</li> </ul>
<ul style="list-style-type: none"> <li>Involve a wide range of stakeholders, including staff, citizens, and civil society, in drafting and implementing the CSC.</li> <li>Ensure that the CSC reflects citizens needs, expectations and priorities for service delivery.</li> </ul>	<b>Conduct consultations</b> 	<ul style="list-style-type: none"> <li>Only involve senior management in drafting and implementing the CSC.</li> <li>Develop the CSC solely on the basis of the service delivery organisation's priorities and expectations.</li> </ul>
<ul style="list-style-type: none"> <li>List realistic service standards and expectations.</li> <li>Use simple language.</li> </ul>	<b>Draft the Citizen's Charter</b> 	<ul style="list-style-type: none"> <li>Promise to achieve service delivery standards that are not realistic.</li> <li>Use technical terms or jargon in the CSC.</li> <li>Include too many services in the initial CSC.</li> </ul>
<ul style="list-style-type: none"> <li>Create accessible uptake locations and channels.</li> <li>Inform users about the steps in the complaints-handling process.</li> <li>Publicise complaints handling data.</li> </ul>	<b>Develop complaints-handling mechanism</b> 	<ul style="list-style-type: none"> <li>Create barriers to complaining by making uptake processes time consuming or complicated.</li> <li>Forget to update users on the status of their complaint.</li> </ul>
<ul style="list-style-type: none"> <li>Dedicate sufficient resources to training staff.</li> <li>Widely publicise the standards outlined in the CSC so that users will be aware of its existence.</li> <li>Roll out the CSC incrementally, starting with services that have a high likelihood of success.</li> </ul>	<b>Train staff, launch the charter, and publicise the charter</b> 	<ul style="list-style-type: none"> <li>Introduce the CSC before the organisation is able to achieve the standards it establishes.</li> <li>Assume that the CSC can be effective without a well-designed public relations strategy.</li> <li>Expand the coverage of the CSC too quickly.</li> </ul>
<ul style="list-style-type: none"> <li>View the CSC as one step in a longer-term process of improving service delivery.</li> <li>Set up a monitoring and evaluation system to track performance.</li> <li>Revise the CSC over time as necessary.</li> </ul>	<b>Monitoring, evaluation and improvement</b>	<ul style="list-style-type: none"> <li>Assume that the CSC will have an effect on service delivery overnight.</li> <li>Forget to solicit feedback from citizens and staff about ways to improve the CSC.</li> </ul>

## Annexure 2: Selected Resources for Reducing Red Tape:

### Resource:

### Description:



South African Local  
Economic Development  
Network ([www.led.co.za](http://www.led.co.za))

Launched at the beginning of 2010, the SA LED Network is a dedicated project hosted by the South African Local Government Association (SALGA). As an association for Local Economic Development (LED) practitioners across South Africa – including local, provincial and national government officials as well as representatives from the private sector, academia and various other organisations and international programmes – we strive to improve the understanding of local economies by promoting discussion and exchange between the various professionals and to become a single body of knowledge and information around LED in the country. The SA LED Network is dedicated to the promotion of good practices and dialogue in LED and offers a wide range of services, including up-to-date information on various topics such as business environment and Red Tape reduction.

An electronic copy of this publication, as well as the useful resources referred to in this publication can be found at: <http://led.co.za/topic/rt>



South African Local  
Government Association  
([www.salga.org.za](http://www.salga.org.za))

The South African Local Government Association (SALGA) is an autonomous association of municipalities with its mandate derived from the 2006 Constitution of the Republic of South Africa. This mandate defines SALGA as the voice and sole representative of local government. SALGA interfaces with Parliament, the National Council of Provinces (NCOP), Cabinet as well as provincial legislatures.

The association is a unitary body with a membership of 278 municipalities, with its national office based in Pretoria and offices in all nine provinces. SALGA's strength lies in the intellectual capital it has acquired over the years and in its values to be Responsive, Innovative, Dynamic and Excellent in everything it does. In line with its mandate SALGA has set out its role to:

1. Represent, promote and protect the interests of local government.
2. Transform local government to enable it to fulfil its developmental role.
3. Raise the profile of local government.
4. Ensure full participation of women in local government.
5. Perform its role as an employer body.
6. Develop capacity within municipalities

SALGA Provincial co-ordinators will be providing selected assistance to municipalities wishing to initiate Red Tape reduction processes.



This publication is published by the Department of Trade and Industry, and Cooperative Governance and Traditional Affairs, in association with Impact Economix.

**the dti** Customer Contact Centre  
National: 0861 843 384  
International: +27 12 394 9500

**the dti** Website  
[www.thedti.gov.za](http://www.thedti.gov.za)

**the dti** Campus  
77 Meintjies Street  
Sunnyside  
Pretoria  
0002

**the dti** Postal Address  
Department of Trade and Industry  
Private Bag X84  
Pretoria  
0001

An electronic copy of this publication can be downloaded at  
[www.led.co.za/rtr](http://www.led.co.za/rtr)  
ISBN: 978-0-621-41266-6

**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



**Cooperative Governance  
Traditional Affairs**

