Red Tape Reduction: Lessons & Recommendations From the Field

Presentation to Outcome 4 Technical Implementation Forum
5 December 2014
Outline

1. Background:
   - Working definition of Red Tape
   - Why it is important to reduce Red Tape
   - The DTI/ COGTA Red Tape Pilot
   - Guidelines for Reducing Municipal Red Tape

2. Reducing Red Tape
   - Key red tape issues identified: municipal and national
   - 20 Recommendations to Reduce Red Tape (short, medium, and long term).
A working definition of **Red Tape**

**Red Tape** is:
- an official policy, rule, regulation or bureaucratic procedure/ process and
- which is marked by excessive complexity and results in unnecessary delay(s), inaction &/or costs and/or
- is (no longer) effective in achieving the purpose for which it was created, because the compliance burden and/or unintended costs exceeds the value of its benefits

**3 main inter-related sources:**
- Policies/ rules / regulations
- Administrative systems, procedures, processes
- Communication & information exchanges within and between organisations
Lengthy time-frames for decision/service

Loss of trust in municipality, lost investments, service revenue and rates base growth

Poor economic growth, job creation, poverty reduction, lower municipal revenue and poor services

Difficulty in opening a business, disruptions to business operations, competitiveness, sales and lost business

Unnecessary and high costs, cash flow impacts, job losses, business closures
Unnecessary red tape negatively impacts on:

1. The quality of life of all citizens (as well as quality of relationships with government).

2. The effective functioning of most businesses including the sustainability of existing jobs and livelihoods as well as the prospects for creating new jobs and livelihoods.

3. The speed and degree to which the development and transformation objectives of all three spheres of government, including the National Development Plan will be achieved or not.
Red Tape is holding back the South African Economy and Job Creation
Why reducing red tape is important

- Municipalities/ government:
  - Improve access to and use of services
  - Strengthen financial position and available resources for service delivery: increase municipal revenue, reduce cost of delivering services strengthen economy by retaining and/or attracting new investments
  - Reduce opportunities for corruption, improve governance procedures and address low or declining levels of trust to support stronger partnerships with private sector

- Business:
  - Save time and compliance costs which improve ability to stay in business and/ or grow due to improved cash flow, efficiency, competitiveness, and sustainability
  - Improve feasibility of and access to investment opportunities
The 2012/2013 DTI/ COGTA Red Tape Reduction Pilot in 12 Municipalities
Project Objectives

1. Determine the most critical Local Red Tape issues including but not limited to legislation/ regulation and inefficient business processes and systems 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- where possible recommend institutionalization on the reduction of Local Red Tape in selected municipalities, in order for SMMEs to take advantage of business opportunities in each locality.

4. Initiate benchmarking, networking and sharing of lessons learnt and best practice on Local Red Tape Reduction between and beyond localities and stakeholders participating in the process.
13 Municipalities in 6 Provinces

- North West: Moses Kotane and Madibeng;
- Limpopo: Ephraim Mogale (previously known as Greater Marble hall) and Elias Motsoaledi
- Free State: Matjihabeng, Maluti-A-Phofung, Mangaung
- Eastern Cape: Lukhanji and Buffalo City
- KZN: Umzimkulu and Kokstad
- Nrthrn Cape: Sol Plaatje and Khara Hais

And in 2013-2015 additional 15 Municipalities in the Western Cape
High Level Phases

1. Awareness Raising and Stakeholder Mobilisation
2. 3 Day RT Training Workshop (LG Seta accredited)
3. RT Identification & Action Plan workshops
4. Institutionalisation: Task Teams, Top Management/ Mayco Presentation
5. National Learning Workshop
7. Gap: RT reduction capacity building programme
Guidelines for Reducing Municipal Red Tape:
How Municipalities can Improve Service Delivery that Supports Small Business

Slow payers and fast players

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

The dti
Department: Trade and Industry
Republic of South Africa

Cooperative Governance
Traditional Affairs
New Guidelines

New guidelines released in bid to reduce municipal red tape

NATASHA ODENDAAL | SENIOR ONLINE WRITER

The departments of Trade and Industry (DTI) and Cooperative Governance and Traditional Affairs (CoGTA) have unveiled guidelines aimed at assisting municipalities in enhancing the business environment for small, medium-sized and microenterprises (SMMEs).

The ‘Guidelines for reducing municipal red tape: How municipalities can improve service delivery that supports small business’, which was compiled in conjunction with the South African Local Government Association (Salga), outlines recommendations for municipalities to reduce the bureaucratic red tape hindering the growth of South Africa’s most promising sector.

Speaking at the booklet’s launch earlier this month, Trade and Industry Minister Dr Rob Davies explained that SMMEs were key to boosting economic growth, but that only two out of every seven small businesses survived the first year of operation.

A 2011/12 study of 12 municipalities spread document also guided municipalities on updating and aligning inefficient processes and systems with existing modern information and communication technologies, which could lead to increased efficiency and effectiveness.

Most municipalities had access to information and communication systems such as computers and the Internet, yet some still insisted on unnecessary in-person submissions for some applications and processes, Davies explained.

“There are not many municipalities left that do not have access to [connected] computers,” he said.

Another key focus for the DTI was levelling the playing field for small businesses that were hindered by ‘uneven’ enforcement of regulations.

The department aimed to stimulate competitiveness through the elimination of illegal businesses and facilitation of the development of competitive township and small, black-owned businesses undergo the often-unaffordable R30 000 to R40 000 verification process for a certificate to partner with a bigger player.

The amendment of the codes would result in small businesses only requiring an affidavit outlining their black economic-empowerment (BEE) status, and those misrepresenting their BEE levels would be taken to task through a “fronting” investigation, warned Davies.

The DTI’s complementary initiatives aimed at boosting small business included collabora-
Main Government Red Tape Cross-cutting issues:

1. Low/no process (and operations) management awareness and maturity.
2. Lack of (effective) complaint notification management systems (linked to work flow monitoring processes and performance management).
3. Lack of service standards and Service Charters: time-frames for decisions and services (linked to monitoring system and performance management system).
4. Weak management incl. systems & processes especially monitoring, continuous improvement, and performance management.
5. Political interference in staff appointment processes.
Most commonly found Municipal Red Tape Challenges: 1

1. **Supply chain management challenges:**
   a) Lengthy and inefficient adjudication and award processes results in under-expenditure, political interference, lack of delivery linked to poor committee scheduling.
   b) Lack of Municipal direct access to CIPCO database to check if suppliers/ Directors are in service of the state on live basis (have indirect access by Province but too slow)- results in irregular expenditure and negative audit findings.
   c) Ineffective project and quality management of service providers
   d) Overly centralised delegations policy.
   e) No/ low use of local supplier preference point system. Linked to lack of a local supplier rotation system.
   f) Lack of integrated local supplier development approach/ program between municipalities and para-statals.
   g) Weak inventory management systems for municipal stores linked to lack of annual bulk cost effective stock purchasing/ municipal cash flow management (linked to lack of departmental service delivery plans to to support cost-effective bulk purchasing).
   h) Poorly defined technical specifications and/or inappropriate service provider involvement in defining specifications/ conflicts of interest (engineering projects).
   i) Local suppliers: low levels of understanding/ awareness as to how the municipal tender process works, how decisions are taken (and poor communication of tender opportunities as well as decisions).
2. **Building plan approvals**:  
   a) Non compliance with national regulation to issue <500m² plans within 30 days, >500m² within 60 days.  
   b) Weak technical capacity to understand national regulations.  
   c) Lack of efficient pre-approval plan inter-departmental scrutinisation process  
   d) No use of document management tracking and communication system.

3. **Land development issues**:  
   a) Re-zoning processes and the municipal-provincial interface (integrated process management needed)  
   b) Overly complex land sale regulations esp. Provincial level.  
   c) Insufficient enforcement of illegal land-use.  
   d) Unresolved land claims.  
   e) Lack of cooperation by traditional leaders to release land or private sector to sell land.

4. **Informal trading management**:  
   a) Outdated by-laws and restricting trading to non-viable locations  
   b) Non-existent or weak Informal Trader associations to manage relationship with municipality  
   c) Poor process coordination between permit for allocation of trading space and allocating of trading licence.  
   d) Lack of provision of basic services to informal trading areas.
Most commonly found Municipal Red Tape Challenges (3)

5. Time to issue rates clearance certificates.
6. Ease of locating relevant officials.
7. Political interference in staff appointment processes.
8. Inefficient processes/ lengthy time-frames to obtain new water or electricity connections.
1. **Critical skills visa (DoHA):** Key industry / professional associations must have clear streamlined process to evaluate applicant’s skills and/or qualifications. Key priority is to address the “corporate general manager” critical skills occupation with the Institute of Business Advisors as this pertains to company CEOs who are critical to attracting investment.

2. **Intra-company transfer visa (DIRCO):** Economic cluster to engage with DIRCO to ensure that embassies interpret and apply this regulation correctly.

3. **General work visa (DoHA and DoL):** Process and procedure efficiency needs to be refined to allow for the DoL decision to first be sent to the applicant (and not DoHA) and to allow for objections to be lodged with DoL and for timeously resolving these. So that total time-frame can be reduced from 4 months+ to <2 months.

4. **National Sub-Division of Agricultural land act (70 of 1970):** is outdated and needs to be revised to accommodate the changing nature of agriculture and the need for farmer’s to diversify their income streams and allow for more tourism accommodation than is currently allowed for (see Annexure note on this Act).

5. **Management Air Quality Act 39 of 2004:** Municipal interpretation can differ from the National and Provincial government – delays EIA processes for e.g. bio-gas facilities

6. **Customs and ports efficiencies/ time-frames.**
Business Process Management and Improving Municipal Performance and Service Delivery
Why is BPM Important?

“Almost all work gets done through processes. 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:)

“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.”

“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)
1. Goals: the organisation, process and job/performer levels each need specific standards that reflect customer’s expectation for product and service quality, quantity, timeliness, and cost.

2. Design: the structure of the organisation, process and job/performer levels need to include the necessary components configured in a way that enables the goals to be efficiently met.

3. Management: each of the three levels requires management practices that ensure that goals are current and are being achieved.

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**3 Levels of Performance**

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<th>Goals</th>
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<td><strong>Organization Level</strong></td>
<td>Organization Goals</td>
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*Image: 3 Levels of Performance chart*
### What is BPM?

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<th>Business Process Improvement (BPI):</th>
<th>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.</th>
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<tr>
<td>Business Process Management (BPM)</td>
<td>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 &amp; citizen satisfaction.</td>
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<td>Process</td>
<td>Process comprises all the things we do to provide someone who cares, with what they expect to receive (Burlton, 2001: 72).</td>
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Ideal BPM Systems

1. A process champion who’s job description includes responsibility for ensuring that specific processes function well (Municipal Business Process Management Officer!)
2. A process goal or objective
3. Process key performance indicators or standards and targets which identify acceptable levels of service and/or time-frames. Performance indicators and targets can refer to quality, time, customer satisfaction and/or cost.
4. A monitoring and information system that measures, tracks, and reports on the key performance indicators
5. A management process that reviews the performance of the process and takes corrective action to address under-performance if necessary.
The ladder of municipal process management maturity and service delivery excellence

**Process management maturity levels**

- **Initial State**
  - No defined processes
  - Ad-hoc responses and unpredictable service time frame and quality
  - No centralised help desk/call centre/customer contact centre

- **Pilots**
  - A few processes defined
  - Defined customer complaints policy and procedure
  - Ad-hoc management of crisis

- **Pro-active customer focus**
  - Strategically important processes documented and managed
  - Service level standards defined
  - Process management roles, positions and responsibilities defined

- **Service performance focused**
  - Service level standards and processes measured and controlled, with KPIs defined for outputs
  - Individual performance monitored, managed and improved or rewarded and linked to process performance

- **Service Excellence**
  - Efficient, effective and innovative
  - Process optimisation
  - Focus on continuous improvement
  - Benchmarking performance

**Time**
Business Process Maturity Model

Level 1: Initial
- Inconsistent management
- Repeatability practices

Level 2: Managed
- Work unit management
- Standardized end-to-end practices

Level 3: Standardized
- Process management
- Quantitatively managed processes

Level 4: Predictable
- Capability management
- Continuously improving practices

Level 5: Innovating
- Change management

Source: OMG Business Process Maturity Model Version 1.0
Service Charter Processes

1. Preparatory work
2. Conduct consultations
3. Draft the Citizens Charter
4. Develop grievance redress mechanism
5. Train staff, launch and publicize the CC
6. Monitor, evaluate, and improve

Continuously enhance CC's effectiveness over time
Recommendations to Reduce Red Tape

**Short Term: 0-12 months**

1. Encourage departments to identify Red Tape Reduction directors and form a Red Tape Reduction Task Team.

2. Implementation of Red Tape Reduction awareness and training programme including practical exercises to demonstrate business process mapping and management, root cause analysis, service charters, and complaints management systems (ideally in partnership with COGTA, SALGA, Provinces).

3. All key national (prioritise DHA, DIRCO, DOL, DTI) and provincial departments and municipalities to develop Service Charters. Development of a Service Charter Guideline/Manual which aligns with performance management regulations and guidelines (possibly linked to Charter support fund).


5. Research case studies on red tape reduction good practices as part of knowledge sharing approach.

Recommendations to Reduce Red Tape

Medium Term: 1-2 years:


10. Encourage establishment of municipal ombudsman (COGTA).

11. Establish regulations for compulsory review of policies and regulations every 3-5 years for all 3 spheres of government (linked to guidelines for Socio-economic Impact Assessments).

12. Improve the monitoring and enforcement of Service Delivery Improvement Plans.

13. Develop streamlined online business registration process (DTI/ CIPCO/ SARS).
Recommendations to Reduce Red Tape

Long Term: 2-5 years:

14. **Develop National Red Tape Reduction Strategy** (informed by a review of lessons learnt from other national red tape reduction strategies for e.g.):
   a) Ireland: Better Regulation (http://www.betterregulation.ie/eng/)
   b) United Kingdom’s Red Tape Challenge (http://www.redtapechallenge.cabinetoffice.gov.uk)
   c) United States: Customer Service Plans

15. **Improved municipal reporting, monitoring and benchmarking of key processes** to Provincial (and possibly national) level: Supply chain management and Building plan approval

16. Draft additional national regulations for service standards (DPSA) (e.g. procurement).

17. **Revise planning legislation and provincial level** (and ensure Provincial Planning Forums established and functioning).

18. **Strengthen Provincial municipal support roles** for red tape reduction and business retention and expansion (to fund action plan facilitation processes).

19. Assist each Provincial government to (dti/ COGTA):
   a) Establish red tape reduction units (within Economic Development/ Affairs).
   b) Establish Provincial Red Tape Inter-governmental working group to identify and tackle key regulatory bottlenecks at both a provincial and municipal level.
   c) Establish red tape reduction/ business support call centre.

20. Improve access to national business registration and other processes through online systems and strengthen local access <200KM medium sized towns to SARS and DOL offices (e.g collection of tax clearance certificates).
Relevant Linked Initiatives

- The Public Administration Management Bill of 2013 requires all government departments to develop service standards and publish Service Charters (awaiting Presidential approval for 1 year) (DPSA).
- Design of National Operations Management Support programme underway (GTAC, DPSA, Presidency) (only national provincial for now).
- Tirelo Bhosha Public Service Improve Facility (DPSA) potential funding source for RTR initiatives.
- Management Performance Assessment Tool to be applied at municipal level (DPME/ COGTA)?
- Municipal Capacity Development Strategy (COGTA)?
- Financial Management Capacity Development Strategy (Treasury)
- Department of Small Business role?
Thank You!

Rae Wolpe
076 8199 886
www.impacteconomix.com
rae@impacteconomix.com