

From Red Tape To Smart Tape: DTI Pilot Project in 12 Municipalities in SA and SMMEs: 2011 Annual Small Business Summit



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Overview

1. Key Concepts: What is Red Tape and where does it come from?
2. Overview of the DTI / COGTA Municipal Red Tape Reduction Pilot Project in 12 Municipalities
3. Selected Examples of Municipal Red Tape and their impact on SMMEs and job creation in SA
4. Recommendations for a national approach to improve current initiatives

A Definition of Red Tape

- an official rule, regulation or bureaucratic procedure/process/system
- which is marked by excessive complexity and results in delay, inaction & unnecessary cost,
- no longer effective in achieving the purpose for which it was created, because the compliance burden exceeds the value of its benefit

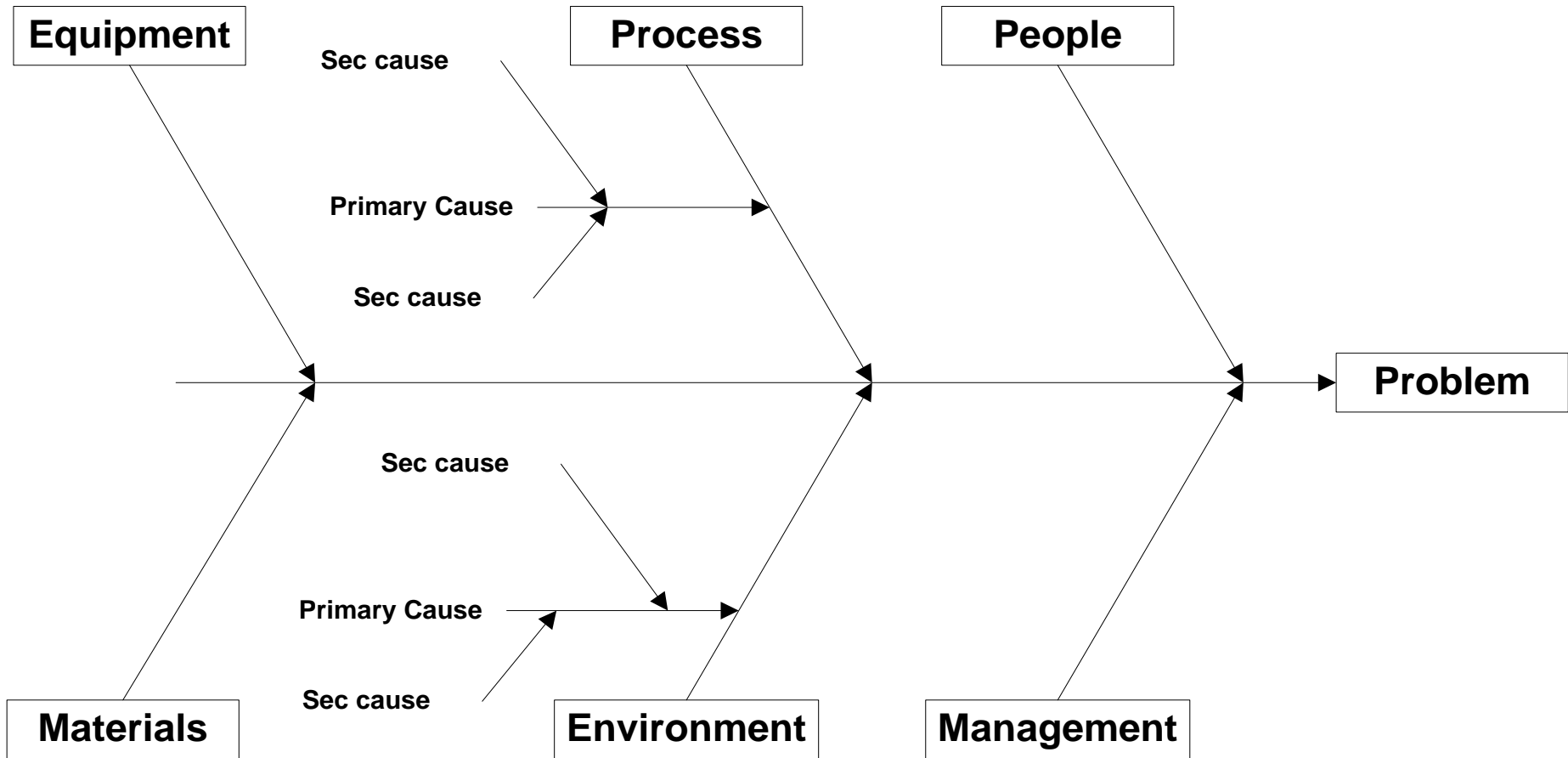
3 Sources of Red Tape

Rules and regulations that are designed to but do not achieve a certain policy goal

Inefficient procedures and systems that are related to administrative management

Inefficiencies in the communication and information exchange within and between organisations and external stakeholders

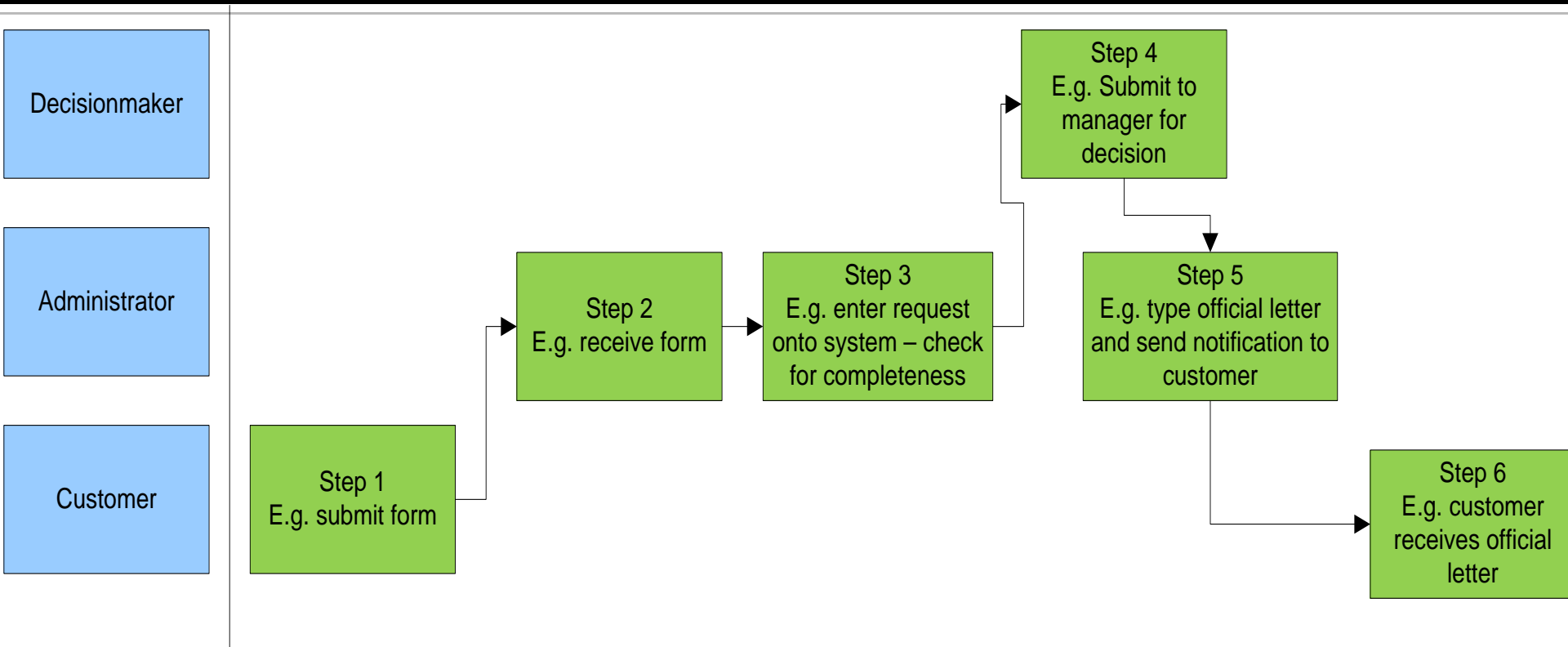
Fish Bone: Causes of Red Tape



Sources of Red Tape & Solution Approaches

Main type of red tape issue	Preferred approach	Alternative approach
A combination of two or more types of red tape	Cause and effect diagram combined with visual process mapping of key affected process or interfaces	Combining process mapping with general brainstorming and interviews
Mainly regulatory or policy related	Use interviews and workshops to determine the original intention of the regulation and policy and its intended objective.	Other instruments available are regulatory impact assessments or more quantitative measures such as detailed cost-benefit analyses
Mainly procedure or system related	The main instrument is a process map, which can be combined with either service blueprinting or with a cause and effect diagram	Benchmarking a specific process with another similar approach within the organisation or from another organisation
Mainly service interface or communication related	Main instrument is service blueprinting or brainstorming	Service design process

Process Map: As Is Today and To Be Ideal



Day 1

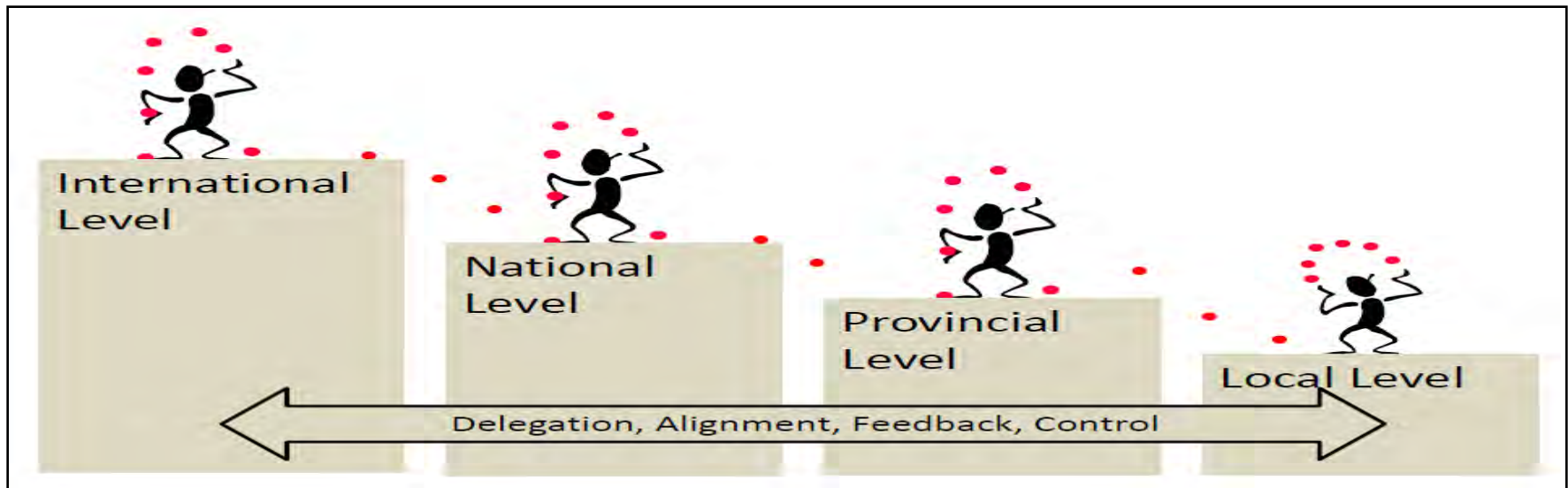
Day 2

Day 3

Day 5

Day 10

Inter-linkages between national, provincial, & municipal spheres of government



A few examples:

1. Environmental Impact Assessments
2. Health Regulations and business premises inspections
3. Land development incl. land transactions and infrastructure finance & implementation

Dti / COGTA Red Reduction Pilot: 12 Municipalities

- 12 Municipalities in EC, FS, Lim, NW, KZN, NC
- 6 Phases using a Public-Private Partnership Approach to be completed +/- February 2012:
 - Launch and Mandate
 - 3 Day Red Tape Training: Seta accredited
 - Scoping: Red Tape Identification workshop with business: Prioritise 2 red tape issues
 - Action Plans: Causes, Processes, Actions, Roles, Responsibilities
 - Institutionalisation: Council presentation, Process Champion
 - Publications: 12 Red Tape Issue and 1 Case Study publication

Municipal Red Tape Issues & SMMEs : Municipal Procurement

- Corruption impacts linked to lack of enforcement of Anti-fraud policies and consequences, political appointments
- Procurement /SCM policy and/or system does not favour local businesses and local SMMEs find it difficult to access tender opportunities/ information incl. lack of SMME capacity building to ensure tender compliance & quality service delivery
- Tender process too long (incl. Time between tender committee meetings) and not transparent
- Poor tender specifications, criteria, as well as contract management incl.
- Lack of technology to speed up processes
- Need better Municipal collaboration with COGTA Municipal Anti-Corruption Unit and auditor general's offices

Municipal Red Tape Issues & SMMEs: Capital Expenditure Challenges

- Inability to spend budgets and address infrastructure backlogs impacts on business costs, profitability and sustainability
 - Poor infrastructure and budgetary planning processes
 - Lack of project management systems and capacity
 - Poor inter-governmental coordination and alignment of different budget years/ time-frames
 - Linked issues: Land, corruption, service provider capacity, procurement processes and tender specifications, lack of investment in tourism products/ new attractions/ facilities

Municipal Red Tape Issues & SMMEs: Excessive Time to Pay Service Providers

- Payment processes & time-frames to service providers far in excess of 1 month maximum payment period result in cash flow and planning challenges, business closures, poor profitability, job losses:
 - Inefficient process including document management , use of IT systems, and poor communication systems
 - Poor staff skills / training, motivation/ performance and process management and incentives

Municipal Red Tape Issues & SMMEs

Land, Zoning, & Building

- Business trading in residential areas without a business zoning due to poor enforcement (can result in income leakages)
- Unnecessarily long re-zoning, departure, as well as building plan approval processes
- Missing or poor spatial development frameworks and/or zoning policies
- Long procedures to access and/or buy land and non cooperation from private owners and/or traditional leaders
- Unresolved land claims constrains investments
- Lack of accessible information on land ownership- land audits needed

Emerging Red Tape Issues

- Informal trading management
 - Allocation of informal trading licenses, premises and enforcement of safety and health issues
 - Foreign traders hiring premises from locals
- Lack of or poor dissemination of information both ways between business and municipality:
 - Better communication between LED and business on emerging business opportunities as well as general workings of municipalities
 - Local tourism organisations & better marketing

Impacts of the Red Tape Vicious Cycle & of Not Addressing Municipal Red Tape

- Low business trust and formation of muni. – business partnerships to unlock business opportunities
- Lost investments and jobs in productive capacity
- Uncompetitive businesses: unnecessarily high input & operating cost structures
- Lost business opportunities for SMMEs
- SMME cash flow and planning challenges, closures
- Sub-optimal municipal revenue collection and growth

Poor or lack of service delivery impacts on a poor business environment and lack of job creation & poverty reduction

Improving Municipal Performance: Process Management

THE THREE PERFORMANCE NEEDS

		Goals	Design	Management
THE THREE LEVELS OF PERFORMANCE	Organization Level	Organization Goals	Organization Design	Organization Management
	Process Level	Process Goals	Process Design	Process Management
	Job/Performer Level	Job Goals	Job Design	Job Management

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.
4. "Failure to effectively manage processes is failure to effectively manage the business/ organisation."

Effective Human Performance Systems

1. **Performance specifications:** people understand the outputs they are expected to produce and they standards they are expected to meet.
2. **Task support:** do the performers have sufficient resources, priorities and a logical set of job responsibilities?
3. **Consequences:** are the performer's rewarded for achieving job goals? (Performance management system goes how far in local government?)
4. **Feedback:** do the performer's know when they are meeting the job goals (what management processes/ meetings in place)?
5. **Skills and knowledge:** do the performers have the necessary skills and knowledge to achieve the job goals?
6. **Individual capacity:** if the above exists, do performers have physical, mental and emotional capacity to achieve job goals?

Selected National Initiatives Linked to Reducing Municipal Red Tape

- Presidency: Performance Management System
- COGTA:
 - Municipal Turnaround Strategy
 - Revenue Enhancement Programme
 - Municipal Anti-Corruption Unit

Improving Municipal (and most Government) Service Delivery: What is Missing so Far?

- A focus on Process Management and integrating this with Performance Management, Risk Management, and Information Management Systems Policies and Procedures



3 Key Recommendations for Meaningful Municipal Red Tape Reduction

1. Design a National Red Tape Reduction Programme with coordinated implementation by the Presidency's Office, which is informed by lessons learnt from recent and current national red tape initiatives designed to accelerate national competitiveness & economic growth by setting targets to reduce the total costs of government imposed regulations on business:

- Ireland: Better Regulation (<http://www.betterregulation.ie/eng/>)
- United Kingdom's Red Tape Challenge

<http://www.redtapechallenge.cabinetoffice.gov.uk>

- United States: Customer Service Plans



3 Key Recommendations for Meaningful Municipal Red Tape Reduction

2. Design & implement a National Red Tape Reduction Training Programme, and support system, to all 283 Municipalities (Senior Councilors & Management) with a strong focus on both Process and Performance Management which aligns with risk management, performance management, and information systems management (and ideally aligns with the national Red Tape Reduction Initiative)

3 Key Recommendations for Meaningful Municipal Red Tape Reduction

3. COGTA and Municipalities to develop, improve, align, and implement policies, processes, & systems:
1. Municipal anti-corruption/ fraud policies (incl. provision of a standard policy framework to address prevention, detection and investigation & improved effectiveness of national initiatives like COGTA municipal anti-corruption unit)
 2. Municipal risk management policies
 3. Municipal performance management policies
 4. Municipal Customer Care Policies and Service Charters
 5. Municipal information management systems

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