



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

# **BUSINESS SUPPORT POLICY (POLICY NUMBER 46489)**

**REVISED AND APPROVED BY COUNCIL : 31 MAY 2018  
C05/05/18**



**CITY OF CAPE TOWN**  
**ISIXEKO SASEKAPA**  
**STAD KAAPSTAD**

## **BUSINESS SUPPORT POLICY**

**Document Title:** Business Support Policy

**Document Status:** 002

**Reference Codes:** 46489

**Review date:** Two years after Council approval

**Version** 1.6  
(Date: 31 October 2017)

**Contact:** **Executive Director:** Craig Kesson  
**Responsible Director:** Lance Greyling  
**Departmental Contact:** Thembinkosi Siganda  
Tel: 021 417 4041  
E-mail: [Thembinkosi.siganda@capetown.gov.za](mailto:Thembinkosi.siganda@capetown.gov.za)

Abbreviations/Acronyms..... 3

Definitions ..... 4

1. Problem Statement ..... 6

2. Purpose of Policy ..... 7

3. Desired Outcomes ..... 8

4. Policy parameters ..... 8

5. Strategic Alignment ..... 9

6. Regulatory Context..... 10

7. Stakeholders and Roleplayers ..... 11

8. Policy Principles ..... 13

9. Policy Directives ..... 14

10. Reporting ..... 17

11. Monitoring and Evaluation ..... 17

Annexure A: SMME Classification ..... 19

## ABBREVIATIONS/ACRONYMS

<b>BSMS</b>	Business Support Management System
<b>DTI</b>	Department of Trade and Industry
<b>EGS</b>	Economic Growth Strategy
<b>IDP</b>	Integrated Development Plan
<b>MATR</b>	Asset Transfer Regulations, 2008
<b>MSA</b>	Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
<b>MFMA</b>	Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
<b>NDP</b>	National Development Plan 2012
<b>NGO</b>	Non-Government Organisation
<b>SBP</b>	Small Business Project
<b>SME</b>	Small and Medium Enterprises
<b>SMME</b>	Small, Medium and Micro Enterprises
<b>SPB</b>	Strategic Policy Branch
<b>SPV's</b>	Special Purpose Vehicle

# DEFINITIONS

For the purposes of this policy, except where clearly indicated otherwise, the terms below have the following meanings:

<b>“Approved budget”</b>	Means an annual budget or an adjustment budget which is approved by a municipal council as contemplated in Chapter 4 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
<b>“Business Activity”</b>	Means any commercial activity conducted by a person for gain as contemplated in the National Small Enterprise Act, 1996 (Act No.102 of 1996)
<b>“Business incubators”</b>	Means physical and/or virtual facilities that support the development of early stage SME’s through a combination of business development services, funding and access to the physical space necessary to conduct business
<b>“City”</b>	Means the City of Cape Town, a municipality established by the City of Cape Town Establishment Notice No. 479 of 22 September 2000, issued in terms of the Local Government: Municipal Structures Act, 1998, (Act No. 117 of 1998) or any structure or employee of the City acting in terms of delegated authority
<b>“City manager”</b>	Means the municipal manager of the City, as contemplated in section 54A and 55 of the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000)
<b>“Council”</b>	Means the Municipal Council of the City
<b>“Entrepreneurship”</b>	Means any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business. Similarly, an entrepreneur is someone who engages in entrepreneurship activities
<b>“Established business owners”</b>	Means persons who are running a business that has been in operation for more than 42 months
<b>“Executive Director”</b>	Means a manager in the City who is appointed in terms of section 56 of the MSA directly accountable to the City Manager, as contemplated in Section 56 of the MSA
<b>“Executive Mayor”</b>	Means the person elected in terms of Section 55 of the Municipal Structures Act to be the Executive Mayor of the City of Cape Town
<b>“High Growth business”</b>	Means those entrepreneurs with a vision to employ more

than 20 people in the next 5 years

<b>“Incubation”</b>	Means a unique and flexible combination of business development processes, infrastructure, and people designed to nurture new and small businesses by assisting them through the early stages of their development when they are most vulnerable
<b>“Innovation”</b>	Means the application in practice of creative new ideas, which may include the introduction of inventions into the marketplace
<b>“Mayoral Committee”</b>	Means the committee appointed by the Executive Mayor to assist the Executive Mayor in terms of Section 60 of the Municipal Structures Act
<b>“Municipal Structures Act”</b>	Means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)
<b>“Necessity-Driven entrepreneurs”</b>	Means those entrepreneurs who have started a business because they have no other means to fulfil their economic needs and are unable to obtain formal employment
<b>“New entrepreneurs”</b>	Means those who are running new businesses that have been in operation for between three and 42 months.
<b>“Opportunity-Driven entrepreneur /business”</b>	Means those entrepreneurs who start a business because they see an opportunity
<b>“Section 67 grant”</b>	Means a transfer of funds made in terms of section 67, read with section 17(3)(j)(iv) of the MFMA to an organisation or body
<b>“SMMEs or Small Businesses”</b>	Means a small, medium or micro enterprise as contemplated in columns 1,3,4 and 5 of the Schedule to the National Small Enterprise Act, 1996 (Act No. 102 of 1996)
<b>“Special Purpose Vehicle”</b>	Means a legal entity created to support development in a priority sector of the economy
<b>“Sub-council”</b>	Means a metropolitan sub council in an area of the City established in terms of Part 3 of Chapter 4 of the Municipal Structures Act
<b>“Total Early-stage Entrepreneurial Activity”</b>	Means the indicator measuring the percentage of the adult population (18-64 years) who are in the process of starting a business or who have just started a business

*“It is globally accepted that entrepreneurial activity is an important catalyst for economic growth and development through job creation, innovation and its welfare effect.”*

*(Herrington and Kew, 2011)*

*The majority of jobs will be created in the private sector; and that private sector growth is reliant on the development of and support for an entrepreneurial class that can identify and seize business opportunities.*

*(National Development Plan, 2012)*

# 1. PROBLEM STATEMENT

- 1.1 Unemployment remains one of South Africa's key socio-economic challenges and nearly a quarter of the working age population in Cape Town (24.68%) is unemployed<sup>1</sup>.
- 1.2 The City has therefore made it a key strategic priority to become an *Opportunity City* to create the economically enabling environment in which investment can grow and jobs can be created.
- 1.3 Job creation and economic growth rely on the growth and expansion of existing enterprises or new businesses<sup>2</sup>. Despite various public and private initiatives South African levels of Total Early-stage Entrepreneurial Activity (TEA) continue to lag behind Sub-Saharan Africa which has an average TEA rate of 27%. At 10.6%, South Africa's TEA rate compares poorly to Zambia and Nigeria at 39.9%. On a regional comparison Gauteng has a TEA rate of 15, 9%, the rest of South Africa 9, 5% and the Western Cape being the lowest at 7%<sup>3</sup>
- 1.4 Across South Africa SMMEs account for just over 60% of employment. This is compared to a global average of 77%<sup>4</sup>.
- 1.5 It is, therefore, crucial that SMMEs and entrepreneurs are given the full support of local government to establish themselves and develop upon an upward growth path, through available incentives packages and administrative support.
- 1.6 Some of the key challenges faced by small business owners include the following:
  - a) Research by SBP shows that small firms spend an average of eight (8) working days a month dealing with red tape and regulatory burden which accounts for R1 in every R20 spent by small firms<sup>5</sup>.
  - b) According to the City's 2014 Business Customer Satisfaction Survey SMME's interviewed complained about the complexity of transacting with the City.
  - c) A national study by Finmark Trust showed that 74.5% of small business owners had no awareness of the available support programmes<sup>6</sup>.
  - d) The DTI incubation handbook indicates that 62% to 80% do not survive their first 2-5 years trading.<sup>7</sup>
- 1.7 The 2015 Cost of Doing Business Report highlights various areas where the City can support SME establishment and growth by reducing red-tape and enabling faster turn-around time with compliance requirements, these being, namely, electricity connections, construction permits, rates clearance certificates, business license

---

<sup>1</sup> Stats SA. Quarterly Labour Force Survey, June 2015.

<sup>2</sup> SBP Alert. 2014. A Country at the Crossroad: Towards Better Regulatory Governance in South Africa.

<sup>3</sup> Global Entrepreneurship Monitor 2013.

<sup>4</sup> 2010 ABOR Quarterly Report.

<sup>5</sup> SBP SME Growth Index.

<sup>6</sup> Finmark Trust. 2010. FinScope South Africa Small Business Survey 2010.

<sup>7</sup> South Africa Business Incubator Establishment Handbook, DTI, November 2014

registration and enforcement of contracts. Additionally, and within the bounds of the MFMA, the City can utilize its supply chain management policy to target small and local businesses in order to leverage their growth, such as the Community Based Vendors provision.

- 1.8 An additional obstacle to business incubation for entrepreneurs is the locality of affordable facilities from which to support and launch their initial operations. The City should explore the City-owned properties across the municipality which are capable of being repurposed to establish new business incubators in accordance with the guidelines of the South Arica Business Incubator Establishment Handbook.
- 1.9 Furthermore, the City recognizes that ease of communication between the City and business is important to the successful incubation of a business. A number of businesses are unaware of the procedures necessary to formalize their business from an informal practice. Therefore, the City must look to guide and support entrepreneurs through the early phases of the development of their businesses so that they might formally establish themselves and qualify for further development and funding.
- 1.10 Finally, as job opportunities are created, the City can enable SMME's to meet their workforce needs through a workforce development programme which will speed up their recruitment and selection processes and ensure skills matching/ development to meet the needs of employers.

## 2. PURPOSE OF POLICY

- 2.1 The current Business Support Policy was adopted by Council in 2003 and is outdated. A Policy review was initiated to:
  - a) Achieve alignment with the IDP, EGS, SDS, NDP and various City strategic frameworks;
  - b) Establish mechanisms with which to ease some of the administrative restraints which prevent SMME development and establishment;
  - c) Outline the City's business support services for SMMEs, entrepreneurs, and innovators seeking assistance;
  - d) Determine the use of City facilities or land not required for municipal service provision for the purpose of entrepreneurial and SMME business incubation by business incubation or support organisations;
  - e) Outline the channel through which informal business practices can become formalized, thereby enabling greater private sector support and financing. These channels underline the communicative function that the City will adopt so that SMMEs can contact the City to assist with their incubation and establishment

- f) Support the City's Investment Incentives Policy by outlining the areas of overlap and referencing those incentives available to SMEs within appropriate sectors and targeted areas

### 3. DESIRED OUTCOMES

- 3.1 Through the use of this policy, the City will be able to reduce red-tape within processes related to SMME development, establishment, and incubation thereby providing a coherent business support package for SMMEs and entrepreneurs within a transparent regulatory environment.
- 3.2 By setting out principles, procedures and guidelines the policy will enable the City to support SMMEs, entrepreneurs, and innovators with their incubation, establishment, and development.
- 3.3 The policy will guide the process through which entrepreneurs and SMMEs can approach the City for support with identifying business incubation facilities, specifically in relation to City immovable property.
- 3.4 This document identifies the requisite steps for business formalization and offers the available services to assist SMEs and entrepreneurs with these processes. By establishing this support mechanism, this policy enables communication between SMEs, entrepreneurs and the City.
- 3.5 The City's Investment Incentives Policy provides sector specific incentives to businesses within Cape Town; some of which are applicable to SMEs. This policy document is aligned with the City's Investment Incentives Policy such that the incentives are applicable to SMEs.

### 4. POLICY PARAMETERS

- 4.1 This policy is targeted at SMME'S and entrepreneurs, as set out in Annexure A, who conduct business and/ or seek business and incubation support. This policy does not apply to the City's mandate of investment promotion and development facilitation which is geared towards large business. Similarly, the City's Investment Incentives Policy outlines incentives for businesses within the Investment sector in specific geographic locations. Some incentives within that policy are available to SMMEs. Given the areas of overlap, this policy is able to direct qualifying SMMEs to the administrative arm responsible for the incentives function.
- 4.2 This policy is intended to assist SMMEs and entrepreneurs with:
  - a) Their issues regarding red-tape within the identified municipal compliance areas via the BSMS.

- b) Their request for appropriate facilities, within the City, for business incubation and establishment.

4.3 This policy will support development of all levels of business including informal traders. However, this policy is not applicable to regulating informal trading and developing markets which would be governed by the City's informal trading policy and by-law.

## 5. STRATEGIC ALIGNMENT

### 5.1 National Development Plan (NDP)

- a) In the NDP, the National Planning Commission argues that job creation is South Africa's most important challenge; that the majority of jobs will be created in the private sector; and that private sector growth is reliant on the development of and support for an entrepreneurial corps that can identify and seize business opportunities.
- b) This policy aligns with the priorities outlined in the NDP regarding support for entrepreneurs as potential job-creators, the need to create an enabling environment for entrepreneurs to thrive, and recognises the role of entrepreneurs and enterprise development in transforming ownership in the economy.
- c) As such, this policy supports the proposals of the NDP to develop a culture of entrepreneurship, lower the cost of doing business and reduce barriers to entry in various value chains.

### 5.2 Integrated Development Plan

- a) The Business Support Policy aligns with the City's Integrated Development Plan's Strategic Focus Areas as follows:
  - **Opportunity City:** The City maximising its available levers to provide opportunities for business creation and growth. Objective 1.1. of the IDP prioritises the creation of an enabling environment which attracts investment to generate economic growth and job creation.
  - **Inclusive City:** The City maximising value chain linkages between small businesses and large firms will contribute to economic inclusivity.
  - **Well Run City:** Businesses rely on a well-run City for:
    - the provision of services to support their operations;
    - easily accessible information; and
    - clear business processes and systems.

### 5.3 Economic Growth Strategy

- a) This policy draws its strategic thrust from the City's Economic Growth Strategy, particularly with a focus on:
- Creating a fertile, supportive environment for entrepreneurship and business development through the operation and collaboration of a number of City departments;
  - On-going regulatory modernisation to support long-term economic growth so that Cape Town might cultivate a reputation for inclusive small business support;
  - Formalisation of business and acceleration of the regularity modernisation programme stemming from the EGS;
  - The manner in which the City's underutilised assets can be used to stimulate business development activity and entrepreneurial incubation;

### 5.4 Social Development Strategy

- a) The Social Development Strategy is closely connected to the Economic Growth Strategy as social development interventions promote people's ability to engage in economic productive activity. Similarly, economic growth is essential for facilitating social development. The Business Support Policy supports the following levers of the Social Development Strategy:
- Maximising income generating opportunities for those who are excluded or at risk of exclusion specifically in respect of supporting entrepreneurship activity in the formal and informal sector;
  - Supporting skills provision and growth to enable a productive and skilled workforce

## 6. REGULATORY CONTEXT

This policy is aligned and informed by the following national laws and regulations:

- 6.1. Constitution of the Republic of South Africa, 1996
- 6.2. Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).
- 6.3. Broad-Based Black Economic Empowerment Regulations, 2016 (Gazette no. 40053), 6 June 2016
- 6.4. Amended Codes of Good Practice (Gazette no. 36938), 11 October 2013
- 6.5. National Small Enterprise Act, 1996 (Act No.102 of 1996)
- 6.6. The Companies Act, 2008 (Act No. 71 of 2008)
- 6.7. Businesses Act, 1991 (Act No. 71 of 1991)
- 6.8. Deeds Registries Act, 1937 (Act No. 47 of 1937)
- 6.9. Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)

6.10. Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

6.11. Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

6.12. Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)

## 7. STAKEHOLDERS AND ROLEPLAYERS

Internal Stakeholders	Roles
City of Cape Town Internal Departments	<p>Provide efficient services and information from a cost of doing business perspective aimed at reducing time it takes to process requests, cost and complexity</p> <p>Periodic review of business processes</p> <p>Participate and or undertake regulatory impact assessments</p>
Enterprise Development	<p>Custodians of the Business Support Policy and responsible for transversal implementation.</p> <p>Custodians of the City's Business Support Management System to assist SMME's and entrepreneurs with:</p> <p>Enterprise and Supplier Development</p> <p>Regulatory processes that create red tape</p> <p>Navigating City services</p> <p>Business Operation and Expansion</p> <p>Implement enterprise development programmes such as business incubators.</p> <p>Implement a workforce development programme to enable SMME's to meet their workforce needs through speeding up their recruitment and selection processes and ensuring skills matching/ development meeting their needs.</p>
Area Economic Development	<p>Informal Trader management and business development (micro enterprise development)</p> <p>Local Tourism Business Development</p>
Supply Chain Management	<p>Implement the SCM policy which empowers SMMEs through preferential procurement and the community based supplier's initiative.</p>
Health Department	<p>Processing Applications for trade licences for business activities covered by the Businesses Act, 1991 (Act No. 71 of 1991) prior to commencement of operations</p>
Planning and Building Development Management	<p>Provide a supportive land use and building development service to facilitate development of small business infrastructure, etc.</p>
Property Management Department	<p>Facilitate property transactions and assist with surplus property identification for business incubation.</p>

Urban Investment and Development Portfolio	Advisory services, spatial planning for industrial parks, business incubators, markets, etc
Social Development and Early Childhood Development	Implement youth development entrepreneurship programmes such as the "YouthStart" competition and business in a box for disabled entrepreneurs.
Enterprise and Investment Department	Implement the investment incentives programme and the Catalytic Sector Branch supports the SPV's.

External Stakeholders	Roles
Small, Micro and Medium sized companies Entrepreneurs Non-profit Companies opportunity-driven entrepreneurs/ businesses necessity-driven entrepreneurs	Transact with the City Notify the City of red-tape constraints Apply to utilise City facilities/ land Propose economically innovative proposals
Public agencies such as: Small Enterprise Development Agency (SEDA) National Youth Development Agency (NYDA) Small Enterprise Finance Agency (SEFA) Department of Trade and Industry(DTI) Western Cape Government's Department of Economic Development and Tourism (DEDaT) Western Cape Government's Department of Agriculture etc.	Public Agencies and levels of government whom collaborate with the City's Enterprise Development branch to offer business development services and financing to Entrepreneurs and SMME's
Furniture Technology (FurnTech) Business Incubator South African Renewable Energy Business Incubator (SAREBI) Bandwidth Barn The Business Activator Special Purpose Vehicles such as Craft and Design Initiative, Clothing and Textile (Clotex), Cape Town Fashion Council, Silicon Cape, etc. Accelerate Cape Town Various Chambers of Commerce/ Business Representative Organisations	Business development services supported by the City, and through which engagement is sought to place SMMEs and entrepreneurs within appropriate incubation sites. Support the development of identified SMME stakeholders"

## 8. POLICY PRINCIPLES

8.1 The following general principles will guide the provision of business support services by the City of Cape Town:

### **Principle 1: Transparency**

The ability to anticipate regulatory time-lags often marks the difference between an idea and a formalised business practice. Knowledge of the requisite steps for City compliance by SMME's and Entrepreneurs needs to be easily accessible. This policy commits to placing available procedural information on the City's website or open data portal, and initiating a tracking system for monitoring application progression.

### **Principle 2: Access to information**

Access to information is vital for an aspirant business. Information about services and opportunities for business development via registration on the City's supplier database is covered within this policy scope.

### **Principle 3: Optimise resources**

Resources need to be optimised through encouraging synergies and business-to-business linkages across sectors and between new entrepreneurs and established business. Whilst the City will assist in drawing these correlations, it will also endeavour to optimise its physical resources by enabling business incubation and business development within unused City facilities.

### **Principle 4: Recognise and communicate differences**

While some standardised support is required, it is important to recognise that businesses of different sizes and levels of sophistication require different kinds of support. Adopting formal business process enables additional private sector financing for SMEs, and institutionalises the communication channel between the City and SMEs.

### **Principle 5: Targeted incentive provision**

This Policy supports the business support practices of other City functions. As such, SMEs which qualify for consideration under the City's Investment Incentives Policy will be directed to the appropriate City function capable of initiating their incentives benefit.

## 9. POLICY DIRECTIVES

### REGULATORY MODERNIZATION

- 9.1 In order to limit regulatory red tape and create an enabling environment for businesses to thrive, the City will:
- a) With the support of City departments, periodically review the “Ease of Doing Business Indicators” in relation to time, complexity, and cost, and reduce the impact on small business with regards to; namely:
    - (i) Electricity connection permits
    - (ii) Construction permits
    - (iii) Rates clearance certificates
    - (iv) Business license registration
    - (v) Contract enforcement
  - b) Augment the scope of the “Ease of Doing Business Indicators” within the review so that more business facing processes are monitored for support and process turn-around time.
  - c) Establish communication and facilitation mechanisms between the City’s Enterprise Development Branch and other City departments to ensure that red-tape can be unravelled following the identification of a blockage.
  - d) Establish a tracking system which monitors the progress of applications identified within the ‘Ease of Doing Business Indicators’ and expand this tracking system as the indicators are augmented.
  - e) Conduct regular business and entrepreneurial environment assessments to understand the sentiment and operational needs of SMMEs and entrepreneurs within Cape Town.

### SMALL BUSINESS SUPPORT SERVICE

- 9.2 The City is committed to ensuring that relevant information and support requested by SMMEs and entrepreneurs is available by providing information/ guidance on:
- a) City procedures, business assistance programmes and regulatory compliance
  - b) Appropriate City officials and resources.
  - c) Suitable external sources of funding.
  - d) Support Organisations and programmes.
  - e) Economic trends and market opportunities.
  - f) Industry-specific information for targeted sectors.

The City will facilitate industry forums to coordinate business support for SMME’s and entrepreneurs with the intention of leveraging industry specific business support.

The City is committed to providing business assistance, using the BSMS, as a communication channel through which SMMEs and entrepreneurs can contact the Enterprise Development Branch to raise the obstacles that hinder their business

development (Red Tape) at a local scale. In return, the Enterprise Development Branch will seek to unblock Red Tape issues by steering SMMEs and entrepreneurs in the direction of the correct department or liaising with the department. The Enterprise Development Branch will further develop the BSMS tool to track the electronic submission of support requests.

#### **BUSINESS SUPPORT THROUGH CITY PROCURMENT**

- 9.3 Recognizing that procurement is one of the major levers for business development, the City will:
- a) Implement Enterprise and Supplier Development programmes targeted at improving the competitiveness of City vendors and offering access to new markets through the supplier database.
  - b) Form partnerships with support organisations to develop suppliers to meet entry and contractual obligations for City procurement opportunities.
  - c) Investigate options to encourage businesses that secure large contracts to form joint ventures with small businesses in order to support value chain linkages and ensure business growth.
  - d) Utilise the SCM Policy to support SMMEs.

#### **PROMOTING BUSINESS INCUBATION & INNOVATION**

- 9.4 In order to promote & support growth and sustainable SME's the City is committed to:
- a) Periodically identifying opportunities for using facilities or land not required for municipal service provision, for business incubation.
  - b) Similarly, upon approach from business incubation or support organisations, the Enterprise Development Branch will investigate the use of vacant City facilities for temporary use as incubation hubs or business development centres.
  - c) Advertising underused facilities or land for business incubation, through the Municipal Asset Transfer Regulations (MATR) disposal programme.
- 9.5 The City will seek to support innovative methodologies of SMEs by:
- a) Calling for innovative solutions through a competitive public tender process to undertake pilot projects which solve localised or unique problem sets.

#### **SMME SUPPORT THROUGH AREA ECONOMIC DEVELOPMENT**

- 9.6 With consideration for promotion of economic inclusion, informal and formal business development and growth the City will:
- a) Identify area based enterprise development programmes focussed on informal, micro enterprises and local tourism development
  - b) Facilitate workforce development opportunities for residents,

## **SECTOR SUPPORT FOR SME'S**

- 9.7 SMEs that contact the Enterprise Development Branch can request confirmation of whether they qualify for incentives as per the City's Investment Incentives Policy.
- 9.8 The Enterprise Development Branch will re-direct qualifying SMEs to the Investment Facilitation Branch so that they can understand their incentive opportunities.
- 9.9 The Catalytic Sectors Branch provides additional support for SMMEs based on the following Development Criteria:
- a) SPV's and NGO's are required to demonstrate how City-funded initiatives will contribute to a high growth economic sector or sub-sector, or a regulatory environment which is conducive to such growth,
  - b) Preference will be given to SPV's and NGO's who facilitate collaboration and market opportunities for, and between SME's and are focused on creating new competitive advantages together,
  - c) SPV and NGO proposals must clearly show how it will contribute to workforce development and attraction of investment,
  - d) SPV and NGO funding or support should complement or attract private sector investment by enabling private sector partnership potential,
  - e) Deliver outcomes which are sustainable beyond the funding period,
  - f) City-funded initiatives should build on and contribute to inclusive and cost sharing, resource commitment partnerships between all the players within a particular sector and sub sector.
- 9.10 There are a number of organs of state and private sector business support organisations that provide leverage incentives for SME development, in Cape Town.

## **LEVERAGING PRIVATE SECTOR DEVELOPMENT FOR ECONOMIC GROWTH**

- 9.11 The City's Development Management Scheme (DMS) also provides for innovative tools to assist the City to give effect and implement policies and strategies specifically to stimulate economic growth. The overlay zoning techniques is one such tool and can be applied in specified areas or City wide if so informed by Council approved policies.
- 9.12 The City's intention is to adopt an overlay zone in its Development Management Scheme that will provide incentives for SME's along certain routes. The intention with such an overlay will be to provide a bigger basket of land use activities to stimulate economic activities and growth in designated areas.
- 9.13 Council may, within its resources, designate land units to form part of an overlay zone if it is consistent with approved Council Policy and there are service networks available to support such designation.

- 9.14 After the approval of the overlay zones and a land unit has been designated to form part of the overlay zone the rights applicable to such overlay zone will remain in perpetuity until such a time that Council reviews and amends its approval.
- 9.15 In cases where the overlay zone does not apply but a land owner still considers using land for some or other economic activity such owner may consult with the local planning office for guidance or suggestions on available options and its associated requirements.
- 9.16 City officials must only play an advisory role in such consultations.

## 10. REPORTING

- 10.1 The Enterprise and Investment Department will provide annual policy implementation progress reports to the relevant portfolio committee for monitoring of progress.
- 10.2 The Enterprise and Investment Department, along with relevant line departments and partners, will host policy dialogues with the business sector and support agencies to share progress with regards to implementation of this policy and to gain insight into potential improvements required.

## 11. MONITORING AND EVALUATION

- 11.1 Monitoring & evaluation of this policy will be undertaken by the Enterprise and Investment Department in conjunction with the SPB and submitted to the relevant portfolio committee for monitoring.
- 11.2 The following evaluation targets are set:
- a) Regulatory Modernisation & business support services:
- number of red-tape constraints unblocked following receipt of a complaint from SMMEs and entrepreneurs;
  - number of enquiries responded to and completed by the City business enquiry service within a 48-hour period;
  - Quarterly reports produced by the City Business Enquiry Service indicating business types and service requests to determine Entrepreneur and SMME needs within the market place;
  - number of City vendors supported through Enterprise and Supplier Development programmes implemented;

- Results of surveys undertaken with SMMEs and entrepreneurs supported through implemented Enterprise and Supplier Development programmes to identify further needs;
- Number of partnerships formed with support organisations to offer access to markets and opportunities;
- the development of a tracking system to measure progress with compliance applications
- number of organisations connected through business to business programs

(b) Promoting Business Incubation:

- number of City facilities identified/ maintained for business incubation;
- number of businesses supported through Business Incubators;
- number of successful incubation partnerships facilitated

(c) SMME Support through local area economic development:

- number of issues raised by SMMEs;
- number of unblocked issues;
- number of informal business registered on the City's system

(d) Sector support for SMMEs:

- number of SMMEs and entrepreneurs assisted through SPV's
- number of residents assisted through workforce development initiatives by SPV's

11.3 City departments must advise the Enterprise and Investment Department in writing of any constraints, blockages and or factors that impact negatively on the implementation of this policy.

11.4 The Enterprise and Investment Department will use tools such as the Social Accounting Matrix, E-Camp portal and BQTS to further monitor and measure economic impacts of the policy and its actions.

## ANNEXURE A: SMME CLASSIFICATION

Sector or sub-sectors in accordance with the Standard Industrial Classification	Size of class	The total full time equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
<b>Agriculture</b>	Medium	100	R5.00 m	R5.00 m
	Small	50	R3.00 m	R3.00 m
	Very Small	10	R0.50 m	R0.50 m
	Micro	5	R0.20 m	R0.10 m
<b>Mining and Quarrying</b>	Medium	200	R39.00 m	R23.00 m
	Small	50	R10.00 m	R6.00 m
	Very Small	20	R4.00 m	R2.00 m
	Micro	5	R0.20 m	R0.10 m
<b>Manufacturing</b>	Medium	200	R51.00 m	R19.00 m
	Small	50	R13.00 m	R5.00 m
	Very Small	20	R5.00 m	R2.00 m
	Micro	5	R0.20 m	R0.10 m
<b>Electricity, Gas and Water</b>	Medium	200	R51.00 m	R19.00 m
	Small	50	R13.00 m	R5.00 m
	Very Small	20	R5.10 m	R1.90 m
	Micro	5	R0.20 m	R0.10 m
<b>Construction</b>	Medium	200	R26.00 m	R5.00 m
	Small	50	R6.00 m	R1.00 m
	Very Small	20	R3.00 m	R0.50 m
	Micro	5	R0.20 m	R0.10 m
<b>Retail and Motor Trade and Repair Services</b>	Medium	200	R39.00 m	R6.00 m
	Small	50	R19.00 m	R3.00 m
	Very Small	20	R4.00 m	R0.60 m
	Micro	5	R0.20 m	R0.10 m
<b>Wholesale Trade, Commercial Agents and Allied Services</b>	Medium	200	R64.00 m	R10.00 m
	Small	50	R32.00 m	R5.00 m
	Very Small	20	R6.00 m	R0.60 m
	Micro	5	R0.20 m	R0.10 m
<b>Catering, Accommodation and other trade</b>	Medium	200	R13.00 m	R3.00 m
	Small	50	R6.00 m	R1.00 m
	Very Small	20	R5.10 m	R0.90 m
	Micro	5	R0.15 m	R0.10 m
<b>Transport, Storage and Communications</b>	Medium	200	R26.00 m	R6.00 m
	Small	50	R13.00 m	R3.00 m
	Very Small	20	R 3.00 m	R0.60 m
	Micro	5	R 0.20 m	R0.10 m
<b>Finance &amp; Business Services</b>	Medium	200	R26.00 m	R5.00 m
	Small	50	R13.00 m	R3.00 m
	Very Small	20	R 3.00 m	R0.50 m
	Micro	5	R 0.20 m	R0.10 m
<b>Community, Social and Personal Services</b>	Medium	200	R13.00 m	R6.00 m
	Small	50	R 6.00 m	R3.00 m
	Very Small	20	R1.00 m	R0.60 m
	Micro	5	R0.20 m	R0.10 m