

BLOUBERG LOCAL MUNICIPALITY



DRAFT BLOUBERG SMME POLICY

The policy presents the framework within which the Blouberg Municipality seeks to address the triple challenges of unemployment, poverty and inequality through an entrepreneurial LED programme as a means to prioritize the distribute of limited resources to respond to unlimited needs. Inclusive herein is the promotion of business retention and expansion by ensuring that access to opportunities (financial and non-financial) is adequately provided to economic actors as a means to realize sustainable growth and development.

GLOSSARY OF TERMS / DEFINITIONS

Capital Expenditure (CAPEX): Expenditure used to create new assets or to increase the capacity of existing assets beyond their original design capacity or service potential.

Cash flow: The stream of costs and/or benefits over time resulting from a project investment or ownership of an asset.

.Demographic Characteristics of Workers: The number of workers that fall within the following categories must be recorded as the prioritized sector for employment as per the policy mandates of the Blouberg Municipality: Youth (16 –35 years of age); Women (must be in the majority and people with disabilities

LIST OF ABBREVIATIONS:

ED	Enterprise Development
BGDS	Blouberg Growth and Development Strategy
BLM	Blouberg Local Municipality
IDP	Integrated Development Plan
KPI	Key Performance Indicator
LEDA	Limpopo Economic Development Agency
LEDET	Economic Development Environment and Tourism
NYDA	National Youth Development Agency
SDBIP	Service Delivery and Budget Implementation Plan
SEDA	Small Enterprise Development Agency
SMME	Small Micro and Medium Enterprises.

1. FOREWORD

Despite the economic successes achieved in South Africa, the country continues to contend with a myriad of economic problems which includes poverty, inequality, unemployment and insufficient economic growth. The fundamental cause of these problems is scarcity. There are unlimited wants and needs that must be satisfied with scarce resources. Therefore, we should use what we have to actively address our social and economic problems to ensure sustainable growth and development.

The primary objective of the SMME Policy is to develop an economy strategy towards accelerated and sustainable shared growth for economic actors within the Blouberg Municipality using entrepreneurship as the compass. The Policy must also ensure that informed decisions are made for the acceleration of entrepreneurship as a means to generate employment and create sustainable livelihoods.

The impetus must respond to different segments of business and in so doing proposes a structured approach to addressing challenges faced by SMME's, namely:

Pillar 1: Non-financial entrepreneurial support initiatives with a particular focus on entrepreneurial support initiatives:

Pillar 2: Financial entrepreneurial support initiatives

Pillar 3: Capacity building initiatives

Pillar 4: Regulatory reform and supporting the informal economic as a sub-sector of the SMME sector

Pillar 5: Research on specific sectors and the role of SMME's in building partnerships

Pillar 7: Advancement of Preferential Procurement in line with the Preferential Procurement Regulations, 2017

It is important to mention that the realizations of the proposed activities or focus areas are programmed accordingly and resources determined subject to availability, in order to ensure effective implementation and accountability through monitoring and reporting.

All interventions will focus on inclusivity by linking the established with the emerging business enterprise and ensuring a more equitable distribution of income. The interventions will require a coordinated and concerted effort from departments within the Blouberg Municipality and which interventions need to be socio-economic in nature.

2. INTRODUCTION

The SMME Policy recognizes the unique roles performed by the SMME sector which is diverse and dynamic in nature and also provides the stimulus for employment, contribution to economic growth and the provision of sustainable livelihoods. The policy framework builds on the unique features of the Blouberg Municipality and demonstrates means in which key national, provincial, district and local actors and private sectors can meaningfully contribute to the growth and development of the local economy.

Draft BLM SMME POLICY

It demonstrates the commitment to innovation and strengthens the Municipality's position to realize its vision as a municipality that turns prevailing challenges into opportunities for growth and development through optimal utilization of available resources. This policy also seeks to achieve SMME's programs contained in the BGDS vision 2040 as it has a basis for the design, implementation and assessment of mechanisms and processes that support the development of a more competitive and sustainable SMME sector.

The draft provides a basis for collaboration and coordination among public, private and community actors and creates the space for these actors to contribute to SMME Development in a mutually reinforcing and synergistic

manner, while enhancing the opportunities for mobilizing resources that can be used to boost the contribution that SMMEs make to sustainable and economic development in the Blouberg area.

The local policy framework recognizes the national policy and legislative framework in which SMME's are defined, promoted and monitored. Thus the definitions tabled in the National Small Business Act, 1996 are used to define the sector. The Act defines a "small business" as 'a separate and distinct business entity, including cooperative enterprise and non-government organizations, managed by one owner or more which, including its branches or subsidiaries if any, is predominantly carried on in any sector or sub-sector of the economy.

The Act sets criteria that should be used to classify businesses into four categories and whilst cooperatives represent an important and unique form of enterprise, and are included in the national definition for small business, as cited above, support services have been limited.

Micro Enterprise	Between one to five employees, usually the owner and family. Informal – no license, formal business premises, labour legislation. Basic business skills and training. Potential to make the transaction to a viable formal small business.
Very Small Enterprise	Part of the formal economy Less than 10 paid employees Include self-employed artisans
Small Enterprise	Less than 100 employees More established than very small enterprises, formal and registered, fixed business premises. Owner managed, but more complex management structure

3. LEGAL FRAMEWORK

3.1. National Small Business Act No 102 of 1996

3.2. Skills Development Act 97 of 1998

3.3. Constitution of the Republic of South Africa Act 108 of 1996.

3.6. White Paper on National Strategy for the Development and Promotion of Small Business in South African (as published by the Department of Trade and Industry reference: WPA/1995)

3.3. Blouberg Growth and Development Strategy

3.8. LED strategy

4. DEFINITIONS

4.1. Historically Disadvantaged Individual (HDI): The definition includes Black, Women, Disabled Individuals and preference has been given to all these target groups who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic Act 108 of 1996.

4.2. SMME: A supplier or entrepreneur with an annual turnover of R 25 million or less and with black ownership, risk and control of not less than 50% is termed a small Black supplier (SBS).

4.3. Cooperatives: A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

5.1. PROGRAMME 1 – SUPPORT TO MICRO ENTERPRISES

Programme 5.1.1

Entrepreneurial Opportunities and Basic Introduction into the registration, management and operation of businesses

Programme 5.2.1

Micro Enterprise Development Initiative

Programme 5.2.3

Regulatory Impact Assessment including support and mentorship to the Informal Economy

5.2. PROGRAMME 2 – SUPPORT TO SMALL ENTERPRISE

Programme 5.2.1

Formal Business Training Programme – through partnerships with SEDA, LEDA, LEDET, NYDA Department of Small Business Development, Venetia Mine and UN Women.

Programme 5.2.2

Sector Research and Information Sharing.

5.3. PROGRAMME 3 – SUPPORT TO MEDIUM-SIZED ENTERPRISE

Programme 5. 3.1

Entrepreneurial Opportunities and Basic Introduction into the registration, management and operation of businesses

Programme 5. 3.2

Micro Enterprise Development Initiative

Programme 5.3.3

Regulatory Impact Assessment including support and mentorship to the Informal Economy

5.4. PROGRAMME 4 – SUPPORT TO MEDIUM SIZED ENTERPRISES AND BOOSTING INNOVATION

Programme 5.4.1

Boosting innovation among micro and small enterprise

5.5. PROGRAMME 5 – CROSS CUTTING PROGRAMMES

Programme 5.5.1

SMME Information sharing sessions

Flea market/exhibitions

6. FUNDING CRITERIA

Conduct needs analysis as part of a tool to economic viability of the business and its contribution towards job creation.

The owner must be residing within the jurisdiction of Blouberg area.

The owner must be the citizens of South Africa.

Required documents such as PTO or lease agreement where the business operates.

The business must be registered with CIPC.

7. DATA BASE OF SELECTED GROUP

As a general rule the municipality will provide a financial and non-financial support to SMME's/entrepreneurs that are registered on the data base of the Blouberg Local Municipality. The LED unit will update the SMME data base annually and must be part of the key performance indicator within the SDBIP.

8. REVIEW OF THE POLICY

The Policy will be reviewed annually in line with Councils Budget and IDP processes or as and when required.