

# Eliminating red tape to promote local, foreign investment

Government is working towards cutting more red tape to allow small and established businesses to increase their competitiveness and to promote local and foreign investment.



Pravin Gordhan says government plans to simplify the regulations that govern doing business in South Africa or trading with other African countries. Image: GCS

Tabling his 2014 Budget in Parliament on Wednesday (26 February), Finance Minister Pravin Gordhan said that investment by both the public and private sectors was the lifeblood of creating jobs and growth. He said government was committed to providing policy certainty and a sound investment environment to domestic and foreign investors.

Gordhan said a new framework for investment was being finalised by Trade and Industry Minister Rob Davies, and added that this would place investment at the centre of the country's economic growth plan.

"We have a number of incentives in place, which have provided substantial benefits to both foreign and domestic investors. Moreover, under the guidance of Davies, a new Promotion and Protection of Investment Bill has been released for public comment. This entrenches the rights of all investors, ensuring that property rights are protected, in line with the Constitution," Gordhan said.

## Regulatory improvements

Gordhan said government had been engaging business on steps it can take to make it easier to do business in the country.

"Arising out of that process, we will now streamline regulatory licensing approvals for environmental impact assessments, water licences and mining licences.

"Parliament is finalising amendments to give effect to this very positive development, which will cut the time it takes to start a mine - from application to final approval - to under 300 days," he said.

Gordhan said there was further work in progress to lower the cost structure of the economy through, for instance, improved efficiencies in freight logistics.

"[Communications] Minister Yunus Carrim has published a new policy on broadband, which will in due course lead to modernisation of our communications capabilities.

"Several cities are bringing WiFi connectivity to their environs and SARS is taking further steps to lower the cost of tax compliance in South Africa," he added.

## **Doing business on the continent simplified**

Gordhan said with investment into Africa reaching R36bn a year, and with 29% of South Africa's exports having gone to Africa - resulting in 12% of the country's dividends arising from the continent - it was time to open up trade and investment for non-listed South African companies.

"Increasing these inflows will be crucial for closing the current account deficit. Foreign assets owned by South African firms are an important source of income, and reduce our vulnerability to future domestic downturns." "The HoldCo regime for African and offshore operations will be extended to unlisted companies, and the limits for listed companies will be increased," he said.

Gordhan said the regime created a simplified tax and foreign exchange framework for companies that trade with Africa.

"South Africa is an important centre for financial services such as fund and asset management. We propose new 'Foreign Members Funds', which will simplify foreign exposure rules. These funds will support South Africa as a hub for African fund management and provide a domestically-regulated channel for investors to obtain foreign exposure," he said.

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