

CIRCULAR 12 / 2020

FROM : CHIEF EXECUTIVE OFFICER

TO : ALL MUNICIPALITIES

DATE : 01 APRIL 2020

RE: DEPARTMENT OF SMALL BUSINESS DEVELOPMENT SUPPORT FOR 'SPAZA' SHOPS AND INFORMAL TRADERS/HAWKERS DURING COVID-19 PANDEMIC – RELIEF FUNDING SCHEME AND QUALIFYING CRITERIA

Reference is made to the subject matter and the Circular (10/2020) that was issued on the 26th of March 2020, wherein municipalities were requested to submit databases of *spaza* shops and informal traders/hawkers operating in their respective jurisdictions.

Emanating from the communique, a pronouncement has since been made by the Minister of Small Business Development, Honourable Khumbudzo Ntshavheni, on the conditions under which relief funding will be made available. At the heart of the funding scheme is the undertaking that government will **provide spaza shops and informal traders/hawkers with seed capital and money to buy stock**. Below are the accompanying conditions that should be met in order to qualify for the funding in question:

- The *spaza* shops must register with the SA Revenue Service, the Unemployment Insurance Fund and the Companies and Intellectual Property Commission (*this requirement is to give legal effect, and does infer spazas will start paying tax*)
- Must be owner-managed, and must have a valid bank account;
- *Spaza* shops must be willing to buy products produced by South African small businesses as part of the bulk-buying schemes;
- They must be willing to submit monthly management accounts for at least twelve (12) months;

- Shops must comply with sanitation requirements, including that their counters are disinfected

In response, municipalities are urged to undertake the following in earnest:

- Issue permits to qualifying *spaza* shops and informal traders/hawkers operating without permits;
- Submit a corroborated database with permit numbers and details of the *spaza* shops and informal traders/hawkers;

PLEASE NOTE

Municipalities should ONLY be preoccupied with the issuing of permits (when they haven't already been issued), using municipal ByLaws and policies. Assistance on matters pertaining to additional compliance and registration (i.e. SARS, UIF, etc) will be provided by the Government Department(s) concerned.

The following considerations will apply in the assessment of applications:

South Africans

Valid ID

Foreign Nationals (*verification will be done by the relevant authority, and NOT the municipality*):

- (a) owner must have been lawfully admitted into the Republic and holds a valid passport with a visa issued in terms of the Immigration Act 2002 authorising him/her to operate a business (e.g. business visa, section 11(6) visitor's with condition to operate business, Lesotho Special Permit or Zimbabwe Special Permit with a condition to operate business);
 - i. The permit for the *spaza* shop must be linked to validity period of the applicable visa of the foreign national.
- (b) owner must hold an asylum seeker permit issued in terms of the Refugees Act, 1998 with a condition to work;
 - i. in case of an asylum seeker with permit – the *spaza* shop trading permit must be temporal and linked to the period of the asylum seeker permit as issued by the Department of Home Affairs

(c) Owner must hold a refugees status issued in terms of the Refugees Act, 1998.

Applicable to all

- (a) A letter from the civic association or traditional authority confirming spaza shops licensed to operate;
- (b) A municipal issued permit which must indicate the physical address of the location for the *spaza* shop and include the ward number;
- (c) The permit must not be transferable.

The Department of Small Business Development has also published **Guidelines for Application** for a range of relief schemes on its website: www.dsbd.gov.za. Municipalities are urged to assist qualifying SMMEs with online registration using the link: <https://smmesa.gov.za> (effective 2 April 2020).

It is imperative that information requested is submitted as a matter of urgency, and in the right format. SALGA is acutely aware that this is an onerous process. By the same token, the disbursement of public funds must take place in a prudent manner that places accountability at the forefront.

Submission of databases are to be made to mmchunu@salga.org.za and imashele@salga.org.za on or before **6 April 2020**. For more information, kindly contact **Mxolisi Mchunu**, Senior Advisor: Economic and Regional Development, on: **078 110 1751**.

We trust that this request is met favourably and with the urgency it requires.

Regards,



XOLILE GEORGE
CHIEF EXECUTIVE OFFICER