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## Business Licensing Bill: Will It Unlock Opportunity or Close Doors for Township Entrepreneurs?



*"As part of ensuring that we create a conducive environment for small businesses to be developed and thrive, we have to see what aspects of the law are not assisting small businesses...that is why we are repealing the Businesses Act (1991) and introducing the Business Licensing Act (2025)."*

***Minister Stella Ndabeni-Abrahams*** - Department of Small Business Development (DSBD)

The Minister's stated intent provides an important lens through which to consider how the proposed legislation may shape the realities of informal and township-based enterprises. This is particularly relevant given that South Africa's informal economy is a long-standing driver of entrepreneurship and resilience. Across townships, informal and micro enterprises sustain livelihoods and provide work where formal opportunities are limited.

It is in this context that the proposed **Business Licensing Bill** (2025) emerges, positioned as legislation aimed at standardising business regulation, creating consistency across municipalities and establishing a more coordinated system for registering enterprises. On the surface, these intentions are sound. A coherent regulatory environment has the potential to promote fairness, transparency and access to support.

Yet experience from the ground tells a more complex story. Lessons from our work with township-based SMMEs under the **Installation, Repair and Maintenance (IRM) Initiative** highlight a persistent gap between policy intent and real-world impact. For many informal businesses, the Bill in its current form risks closing more doors than it opens.

## Understanding the Potential Impact of the Bill

The Bill proposes a licensing framework for a broad range of business activities, introducing additional administrative procedures and compliance requirements for their operation. Businesses must be entered into the municipal registry, and licensing authorities are required to process applications within prescribed timeframes.

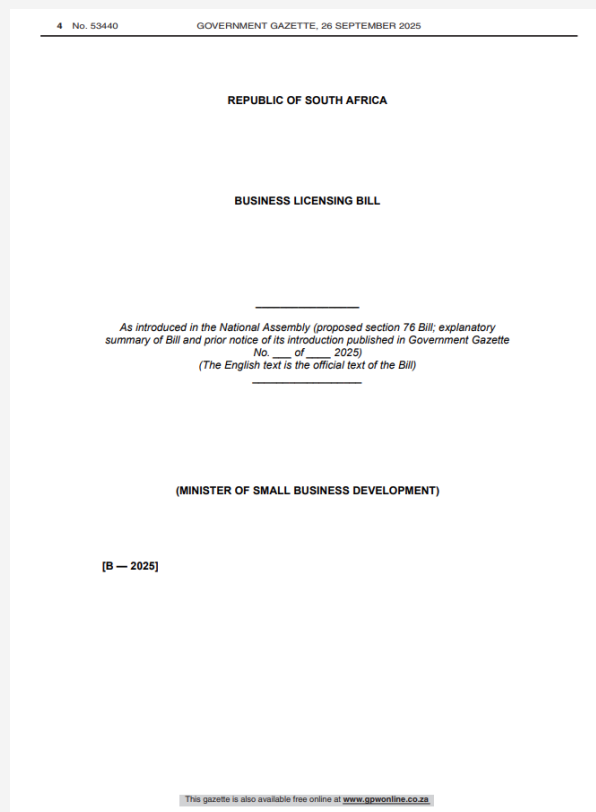
Licences will be valid for a defined period and must be renewed to remain valid.

The Bill grants inspectors significant enforcement powers that include entering premises, issuing fines, seizing goods and the potential closure of businesses operating without the required licence.

While this is meant to uphold compliance, in practice these powers risk disproportionately affecting township entrepreneurs who already face structural vulnerabilities.

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## Towards an Enabling Approach to Business Regulation

When township entrepreneurs receive targeted support that includes business development and pathways to market access, they are better positioned to build sustainable enterprises, create employment and take up opportunities in emerging sectors. **To reinforce this kind of growth, the Business Licensing Bill can strengthen its impact by adopting a more enabling approach, which would include:**

**Safeguards in Enforcement:**

Township entrepreneurs need assurance that regulation protects them rather than exposing them to new forms of vulnerability.

**Making Compliance Achievable:**

Regulation must acknowledge the operational realities of small and informal enterprises, reduce barriers to entry and ensure that compliance is attainable rather than punitive.

**Simplified and Supported Pathways:**

The Bill assigns municipalities responsibility for processing applications, maintaining registries and managing compliance. Municipalities therefore need adequate capacity, training and resources to assist small businesses with applications, documentation and guidance.

## The Decision Ahead: The Stakes for Youth and Local Economies

Provincial consultations on the Bill have taken place, marking an important stage in South Africa's law-making process. These consultations provided stakeholders with the opportunity to engage with the draft legislation and raise concerns before it progressed. This period represented a critical opportunity for key parties to ensure that the Bill reflects the realities facing small and informal enterprises.

As the Bill progresses from this stage of public engagement, it is essential that decision-makers listen closely to those who stand to be most affected. Effective business regulation will be built not only on compliance frameworks but also on the insights of entrepreneurs, community organisations and local stakeholders. By integrating these perspectives, the legislative process can produce a Bill that strengthens, rather than constrains, small enterprises and positions township and IRM businesses to thrive within South Africa's evolving economic landscape.

Furthermore, a licensing system that introduces complexity without support will hit emerging, youth-led enterprises the hardest. For many, there is a real risk that the choice becomes stark: operate informally and risk penalties or shut down entirely. This would threaten livelihoods and skills development progress. The NBI supports the objective of improving the regulatory environment for businesses and believes that, with targeted adjustments, the Bill can better deliver on this intent. We remain committed to supporting small businesses in navigating regulatory requirements and unlocking sustainable growth that contributes to local economies.

