

The Draft SMME Classification Regulations and the Business Licensing Bill, 2025

The Draft SMME Classification Regulations and the Business Licensing Bill, 2025 could quietly reshape how South African agriculture is regulated and supported. Together, they determine who counts as a “small business” in law and how enterprises across the value chain are licensed to operate, from farm stalls and cooperatives to packhouses, agro-dealers and processors. Agbiz broadly supports the intention to modernise and standardise these frameworks, but we do have a few important concerns about how they will work in a volatile, seasonal sector like agriculture.

The SMME regulations retain simple employment bands but raise turnover thresholds and align them more closely with industry realities. For Agriculture, Forestry and Fishing, the proposed ceilings (up to R15 million for micro, R45 million for small and R100 million for medium enterprises) mean that more farms and agribusinesses could qualify as SMMEs. This should, in principle, expand access to SME-linked finance, grants, and enterprise- and supplier-development opportunities and improve consistency across government programmes. Our concern is that agriculture’s highly volatile turnover and seasonal labour spikes could lead to misclassification – for example, where a once-off bumper crop or export contract temporarily pushes an otherwise small enterprise over a threshold, with the risk of suddenly losing support. We have therefore urged government to guard against “cliff-edge” effects and to clarify how mixed indicators (turnover vs headcount) will be treated.

The Business Licensing Bill aims to replace the outdated 1991 regime with a clearer national framework for when a licence is required, how it is issued, and how compliance is enforced. For agriculture, this could help bring greater predictability for farm stalls, traders, agri-tourism ventures and other small operators, especially if municipalities actively use the Bill’s provisions to streamline processes, reduce fees and create designated trading areas for small businesses. Our main concerns lie in the risk of duplication with existing sectoral permits (e.g. food safety, veterinary, plant health, land-use approvals), the capacity of many municipalities to administer licences efficiently, and the potential for heavy-handed inspections or seizures to disrupt perishable supply chains.

Recent permit disputes involving informal traders in the City of Johannesburg highlight why the design of this framework matters. Where licensing powers are broad but processes are unclear or poorly managed, enforcement actions can result in permit cancellations, removals from trading areas and long periods of uncertainty for small operators. Many of these traders handle fresh produce and other farm-derived products, so disruptions in licensing directly affect agricultural market access and food security in low-income urban areas. The Bill will need firm safeguards, service standards and appeal mechanisms to avoid replicating these problems at a national scale.

In combination, these two instruments could support a more enabling environment for agricultural SMMEs – but only if the final versions are carefully aligned with the realities of farming and agribusiness. Agbiz therefore welcomes the overall direction of reform, while flagging that misclassification risks, administrative duplication, uneven municipal capacity and unclear implementation rules will need to be addressed to ensure that the new frameworks lighten, rather than add to, the regulatory burden on South African agriculture.

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