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OF THE

REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

FRIDAY, 20 AUGUST 2021

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COMMITTEE REPORTS

National Assembly

1. Oversight Report of the Portfolio Committee on Home Affairs visit to the KwaZulu-Natal and Gauteng Provinces, dated 17 August 2021.

The Portfolio Committee on Home Affairs (the Committee), having conducted an oversight visit to the KwaZulu-Natal and Gauteng Provinces, reports as follows:

1. Introduction.

1.1. The Portfolio Committee on Home Affairs conducted an oversight visit to KwaZulu-Natal and Gauteng Provinces following the unrest that took place from 11 until 23 July 2021. The oversight visit to the two provinces took place from 1 until 6 August 2021. In KwaZulu-Natal, the Deputy Minister of Home Affairs, Mr Njabulo Nzuza and the Acting Provincial Manager, Ms Tersia Hanekom accompanied the Committee from 2 to 3 August 2021.

1.2. The Committee travelled to Gauteng on 4 August 2021 oversight took place on 5 August 2021. In Gauteng, the Committee conducted an oversight visit to the Bara Mall office, the Chris Baragwanath hospital and the Mamelodi office at the Mams Mall. The Minister of Home Affairs, the Director-General and the Deputy Director-General responsible for Civic Services accompanied the Committee.

2. Purpose of the oversight visit

2.1. The purpose of the oversight visit was to assess the damage caused during the unrest in the two provinces and how quickly the Department of Home Affairs would be able to restore its services.

3. Background

3.1. It was reported that the riots and protests in KwaZulu-Natal Province were triggered, in part, by the arrest of former President Jacob Zuma having to serve a 15 months sentence. The looting and damage to properties started in certain parts of Kwazulu-Natal and spread to certain parts of the Gauteng Provinces. The South African Police Service (SAPS) was unable to contain a large group of people from looting and damaging infrastructure. The looting was focused on shopping malls and warehouses in certain parts of Kwazulu-Natal and Gauteng Provinces. Some offices of the DHA were unfortunately broken into and looted.

3.2. The riots and looting have elements of insurgency because not only shops in the malls were looted, the Department of Home Affairs were also looted and damaged. It was reported that in Kwazulu-Natal, three offices were damaged and looted and these are the Eshowe and Impendle offices as well as the satellite office in Ugu District. In Gauteng, it was an office at the Bara Mall in Soweto and the Mamelodi office in Tshwane.

3.3. The looting and damage to Department of Home Affairs' offices harmed service delivery in the affected provinces. As a result of the high rate of Coronavirus infections in the country, the DHA was already operating at only 50 percent capacity. With the damage to these offices, the situation will be worse in the affected areas. The situation is also made worse by the cutting of the DHA budget by the National Treasury (NT) in the financial year 2021-22. In the meantime, the DHA has to find a creative way to ensure that service delivery is not interrupted in those communities where the DHA offices were damaged. The DHA is still assessing which personal information of applicants may have been lost.

4. Composition of the delegation.

The delegation comprised of the following

African National Congress (ANC):

Mr MS Chabane (Leader of the delegation)

Ms TI Legwase

Ms M Modise

Mr KB Pillay

Ms TI Legwase

Ms M Molekwa

Democratic Alliance (DA):

Ms TA Khanyile

Mr AC Roos

Inkatha Freedom Party (IFP)

Ms LL Van Der Merwe

Parliamentary Staff:

Mr Eddy Mathonsi – Committee Secretary

Ms Adam Salmon – Content Advisor

Ms S Govender – Communication officer

Mr EM Molepo – Communication Officer

5. Briefing by the Acting Provincial Managers of the Department of Home Affairs on the extent of the damages in KwaZulu-Natal and Gauteng Provinces.

The Provincial Managers of the two provinces reported that there was five (5) office that was damaged. In KwaZulu-Natal, there were three (3) offices, namely the Eshowe office, the Impendle office and the Vulamehlo offices. The Vulamhelo office was not visited since it had not been operation due to Covid, even prior to the recent unrest. In Gauteng, there were two (2) offices that were damaged, namely the Bara Mall office in Soweto and the Mamelodi office in Tshwane.

The Committee visited the Eshowe office, the Impendle office, the Bara Mall Office, Mamelodi Office, the Chris Hani Baragwanath Hospital office and it should be noted that the Chris Hani Baragwanath hospital was not looted and vandalised but took over some responsibilities of the Mamelodi office.

5.1. Briefing by the Kwazulu-Natal Acting Provincial Manager.

5.1.1. On 02 August 2021, the Committee travelled to Eshowe and it met with the Deputy Minister and Acting Provincial Manager of Home Affairs and the Eshowe Mayor. The Deputy Minister of Home Affairs and the Mayor welcomed the delegation.

5.1.2. The Acting Provincial Manager made the presentation on the extent of the damages and looting in the DHA offices in Eshowe, Impendle and Vulamehlo offices. She indicated that between 12 and 16 July 2021, South Africa experienced protest action in Kwazulu-Natal and Gauteng Provinces and it led to looting and damage to infrastructure and disruptions to service and transportation. The protests also affected DHA service delivery and several DHA offices had to temporarily close due to the safety of the officials, unavailability of transport and to prevent damage to state property. DHA has 412 offices across the country and Kwazulu-Nata has 77 offices. Of the 77 offices, 58 offices were closed due to unrest on 13 July 2021. The numbers of the affected offices decreased to one (1) by 23 July 2021. The situation stabilised by 23 July 2021 when only one office remained closed. In KwaZulu-Natal, the Eshowe offices, Impendle and Vulamehlo offices incurred damages and looting.

5.1.3. The DHA issued directives that death in the vandalised offices should be registered in selected health facilities as close as possible to the vandalised offices. It was reported that the Deputy Minister of Home Affairs visited the Eshowe office and Pietermaritzburg on 16 July 2021 on the related clean-up campaign to fast track the reopening of the Eshowe office.

5.1.4. The unrest affected the operations at the Port of Durban, where roads were closed and public transport was not available and officials could not reach their offices. The Port remained opened with limited services. The South African Navy was deployed to secure the Port on 12 July 2021. In terms of vessels, priority was provided to essential commodities such as food, medical supplies and fuel. The vessel movements continued but no crew changes were processed. Imports such as agricultural products remained in a queue with exports diverted to other ports.

5.1.5. The Port of Richards Bay remained opened and the South African Navy secured the Port on 15 July 2021 and the Golela land port remained open. The road leading to the port was blocked and the movement between South Africa and eSwatini was heavily affected. The Kosibay land port also remained operational and operations were affected on 12 July 2021 when the road was blocked and no movement occurred between South Africa and Mozambique.

5.2. Briefing by the Gauteng Provincial Manager.

5.2.1. The Provincial Manager reported that DHA offices had temporarily closed due to the safety of its officials and clients as well as to avoid damage to state property. It was reported that the Gauteng Province had 62 offices and it included 17 banks, 33 medium to large offices and 12 small offices or service points. Of the 62 offices in the province, it was reported that 17 offices were closed on 12 July 2021 and by 23 July 2021; only one (1) office at Bara Mall was closed. Standard Bank, ABSA and Nedbank offices except for the Lakeview branch were closed.

5.2.2. Two (2) offices were looted and damaged at Bara Mall office in Soweto and the Mamelodi office at Mams Mall. The Bara Mall office was still completely closed at the time of the oversight visit having not yet been repaired at all from the extensive damage inflicted.

6. Oversight Visit to offices in KwaZulu-Natal Province.

The Committee did not visit the Vulamehlo office in KwaZulu-Natal because the office has not been in operation since March 2020 due to Covid comorbidities of staff and it would not be reopened because a mobile truck has since serviced the area once a week. The community can apply for Smart ID Cards through the mobile office whereas the office itself had not yet been modernised.

6.1. Eshowe Office

6.1.1 After the presentation by the Acting Provincial Manager, the Committee visited the Eshowe office. The office is in the uMlalazi Municipality and it serves a population of approximately 225 000.

6.1.2. The office was looted and vandalised on 13 July 2021. It was reported that the following items were stolen during the looting: 10 computers, two (2) fridges, a microwave, scanners, telephone handsets, online verification scanners, cleaning materials and Personal Protective Equipment (PPE).

6.1.3. The cash office was opened but the safe was locked and no money was stolen, the server room and the strong room were still locked, there were rubber bullets inside the office and the office was wide open.

6.1.4. On the day of the oversight, the office was operational after the intervention of the Deputy Minister of Home Affairs. It was reported that computers were borrowed from other offices and legacy services were restored by the 19th of July 2021.

6.1.5. The office has been modernised which means that people can apply for Smart ID Cards.

6.2. Impendle Thusong Office.

6.2.1. The Impendle office is in the UMgungundlovu Municipality and services a population of approximately 10 000.

6.2.2. The office offers limited legacy services such as Green ID applications, birth registration and death registration. The office is at the Thusong Centre with other government stakeholders. Whilst the Centre did have security, there were no DHA office specific security. The office has been reopened after the unrest. The office is not modernised and most people working in Pietermaritzburg prefer to get DHA services in town.

6.1.2.3. It was reported that the following items were stolen and looted during the riots: one fridge, one microwave, one computer, one monitor and one kettle and R6 540. No identity documents were stolen.

6.2.4. In the cash office, there were two safes; there was an old safe and the new one. The new safe has been in the office for two (2) years but officials have not been trained to use it. The R6 540 was stolen from the old safe that only uses a padlock.

6.2.5. The window to the cash office did not have burglar bars and whatever was done in the cash office was visible from outside. In other words, the office was vulnerable even before the riots. There were no formal arrangements for the collection of the revenue given the low revenue collection versus the cost of cash in transit collecting money daily. The small offices are allowed to collect money every five (days). An example was made that if the cash in transit can collect money daily, the DHA might pay R500 to collect R20. The office did not have a vehicle and but was linked to the Pietermaritzburg infrastructure which arranged ad hoc collection of cash.

6.2.6. The office did not have security cameras and it was reported that in the Thusong Centre there was a camera in the passage, however, it belongs to the municipality and was discovered to not be working on the day of the looting.

6.2.7. The office did not have a Covid-19 screen and it was reported the matter of the screens was left to the province to deal with. The Umngeni Office in Durban received donations from the EThekweni municipality to have screens installed.

6.2.8. It was reported that after the looting, fewer people were coming for services and the office had two computers with one that was stolen having since been replaced. The office does not have a permanent supervisor but one that comes on a rotational basis since the office was unable to replace the supervisor who left. The DHA was unable to fill the vacancy due to financial constraints.

6.2.9. The air conditioning system was also not working in the public area because the cable that was supposed to be used to connect it has been stolen from the Centre Manager's office during the looting before it was fully installed.

6.2.10. The lease to the Thusong Centre has recently been renewed for another three (3) years.

6.3. Vulamehlo Thusong Office

6.3.1. The Vulamehlo office at Ugu District was the third office to be vandalism in KwaZulu-Natal Province. The office is situated at the Vulamehlo Thusong Centre and services a population of approximately 77 400.

6.3.2. It was reported that the office has only one (1) official and the officials were not in the office since March 2020 due to comorbidities. From March 2020, the office has been visited by a mobile truck once a month to provide the service. As mentioned, the Committees thus decided it was not necessary to visit the office.

6.3.3. The Office had provided the following services: Green bar-coded Identity Documents, registration of birth, death and Customary marriages and all other services were provided at the Scottburgh, which is 20 kilometres from the Vulamehlo office.

6.3.4. It has been suggested that the office should not be reopened because the statistics of demand were extremely low. The Scottburgh office is modernized and is offering Smart Identity Cards. The mobile truck that visits the Vulamehlo Thusong Centre once a month provides an opportunity for the community to apply for Smart Identity Cards.

7. Oversight Visit to offices in Gauteng Province

The Committee visited the Bara Office and the Mamelodi office as well as the Chris Hani Baragwanath hospital where death registration was redirected after the looting. The hospital office was not looted and damaged.

7.1. Bara Mall office.

7.1.1. It was reported that the Bara Mall Office closed on 11 July 2021 because the official could see that the situation was not safe. On the night of 11 July 2021 towards the morning of 12 July 2021, the whole Bara Mall was looted.

7.1.2. It was reported to the Committee during the oversight that the office was vandalised and the following assets were stolen or damaged: Three (3) computers, fingerprint and BACM scanners, barcode scanners, one (1), a fridge, microwave, three (3) heaters, four (4) counter chairs, two (2) client chairs, a router, and a fan. A fax and Xerox machine, counters broken, electrical wiring, taps and basins were also damaged.

7.1.4. The Bara Mall Office was only providing birth, death, marriage and amendments as well as Temporary Identity Certificates (TIC). During the Covid-19 period, the office was dedicated to issuing death certificates and before the Covid-19; the office would provide all services except

identity documents and passports. Concerning death, the office would process about 120 deaths per day before Covid-19 and the number increased to 200 – 300 deaths per day during Covid-19.

7.1.5. The community of Soweto were directed to the large office that is based in Orlando and there is a medium office at Maponya Mall that is few kilometres from the Bara Mall and there are other small offices that are within 15 kilometres radius (Lenasia, Ennerdale, Eldorado and Orange Farm).

7.1.6. It was reported that the situation was stabilised by 23 July 2021 and Bara Mall office was the only office that remained closed and it was not operational.

7.1.7. The death registration clients from the Bara Mall were redirected to Chris Hani Baragwanath Hospital where they had already been conducting birth registration 2 kilometres away from the Bara Mall office. The Minister reported that South Africa has about 4000 health facilities and 1400 registered births and offices at the health facilities, which are mostly next to the labour wards.

7.1.8. The staff that were at the Bara Mall office had been relocated to other offices to assist with death registration and it was further indicated that during the riots, the Bara Mall Office might have had some, as yet unverified, death records destroyed because there was water damage all over the office.

7.1.9. The Bara Mall office did not have security cameras and covid-19 screens.

7.1.10. The Bara Mall Office was being rented from the landlord who owns the mall and the challenge to renovate the mall was that the people who vandalised the mall were demanding that they should be giving the work to renovate. There was a stalemate between the landlord and the community and the Department of Home Affairs was caught in between. As far as the Department was concerned, they could already have restored the services. The advantage to have offices in malls was a large number of people at the malls and the disadvantage is that if something happens to the mall, the Department's collateral damage is dependent of the landlord ability to repair.

7.1.11. Nationally the DHA was engaging with the Presidential Infrastructure office to ensure that the Department builds its own offices according to their standards with the necessary features. The Presidential Infrastructure office has approved 15 DHA offices to be built including the Lusikisiki

office in the Eastern Cape, Taung office in the Northwest and two offices in Limpopo (Mokopane and Thohoyandou).

7.1.12. The Bara Mall office did not have its own security and depended on the mall security and it was reported that cash was collected daily and by an official from the Orlando office so during the looting, no cash was stolen.

7.2. Chris Baragwanath Hospital.

7.2.1. As reported, since the looting and damages that occurred at the Bara Mall Office, the death registration has been moved to the Bara Hospital where birth is registered. There is a waiting room for mothers and death registration to observe social distancing. Two officials assist mothers to register births after they have been discharged. There was a separate room where the funeral undertakers would drop their documents to register death.

7.2.2. The Baragwanath hospital where births and deaths were registered was the only office that had covid-19 screens since it was renovated during covid-19. The office registers between 60 -70 births daily after mothers are discharge from the hospital.

7.2.3. It was reported that the challenge for some mothers was that they could not register births within 30 days because the child has to be named by elders and some teenage mothers reported that the respective fathers do not acknowledge paternity.

7.3. Mamelodi Office.

7.3.1. The Mamelodi office is based at the Mams Mall in Tshwane. There was a South Africa Social Security Agency (SASSA) and the Post Office close to the office but only three window panes were broken with no looting. The landlord immediately fixed the windows..

7.3.2. The office is modernised which means that offers services such as the Smart ID Cards with demand growing. It was difficult to accommodate people inside the office before Covid-19. The population in Mamelodi has more than doubled and people had to queue outside. The office was under a lot of pressure. The City of Tshwane is satisfied that Home Affairs should have offices at malls with discussions to expand to the Menlyn, Soshanguve Junction and Jubilee Malls.

7.3.3. The office has outsourced 1 security outside and one (1) DHA security inside the office and there were no security cameras at the office. The office also did not have Covid-19 screens.

7.3.4. The office has a cash office that reported to collect approximately R500 000 per month collected daily by cash-in-transit.

7.3.5. There were many uncollected Smart ID Cards and it was reported that per day there are 200 collections.

7.3.6. There were two (2) mobile offices parked next to the office. This was not a daily arrangement because the mobile offices have a standing programme with local schools. When schools are closed, the mobile offices are redirected as needed. The mobile offices were assisting with whatever services were putting pressure on the office. The mobile mainly assists with the first time issue of ID documents and Temporary Identity Certificates (TIC).

7.3.7. Whereas the mobile offices are functional in urban areas; they experienced network connection problems in rural areas. The trucks are equipped with the same equipment as in the office. The trucks have generators to use in rural areas.

8. Committee Observations.

8.1. Except for the Impendle and Vulamehlo Thusong offices, all offices that were vandalised in KwaZulu-Natal and Gauteng Provinces were located at malls.

8.2. The Committee noted that the Vulamehlo Thusong Office would not be reopened because the mobile office was able to service the area once a month.

8.3. What could have attracted people to vandalise the Impendle Thusong Office, could be the nearby ATM that was looted.

8.4. The Impendle Thusong office has two safes and the staff have not been trained to operate the new safe even after two years. That money that was stolen was in the old safe that uses a padlock to lock. The cash office is vulnerable because it did not have burglar bars.

8.5. The services at the Eshowe office, Impendle Thusong Office and Mamelodi offices were soon restored by the Department of Home Affairs after the looting.

8.6. The Bara Mall office services have not been restored due to the demands from the community to the landlord that they are giving the work to renovate the mall. The registration of deaths has been moved to Chris Baragwanath Hospital where births are registered.

8.7. IT equipment were stolen at the Eshowe office, Impendle Thusong Office, Vulamehlo Thusong and Bara Mall office. The Bara Mall office was also stripped of all basins and counters. All IT equipment at Impendle and Eshowe were since replaced.

- 8.8. In the Mamelodi office, only three windows were broken and two mobile trucks were stationed to assist with services.
- 8.9. The Mamelodi office was too small for the community which has doubled since 2009 and lacks sufficient staff to service the area.
- 8.10. All offices that were visited did not have security cameras and the Committee was concerned about security as well as oversight of potential fraud/corruption..
- 8.11. Except for the Chris Hani Baragwanath Hospital, all other offices visited did not have Covid-19 screens to protect the staff and members of the public.
- 8.12. The Committee noted the pro-activeness of the Department of Home Affairs to ensure that communities where the offices were vandalised, had services restored and where not possible, redirected to the nearest service points. The Committee also commended the commitment of the staff that had worked hard to restore services despite the turbulent circumstances.
- 8.13 It was noted that some landlords in shopping malls were able repair damaged offices very quickly assisting in quick restoration of DHA services.

9. Recommendations.

In light of the oversight visit to KwaZulu-Natal and Gauteng Provinces, the Portfolio Committee on Home Affairs recommends that the Minister of Home Affairs:

- 9.1. Ensure that the Department of Home Affairs assess the viability of more offices at malls across the country because of the large number of people and convenience at malls versus the security risks.
- 9.2. Assess and report as soon as possible to the Committee on the cost and benefit of having security cameras, security services and cash collection for the staff and clients at vulnerable DHA offices.
- 9.3. Ensure that the Department of Home Affairs works with landlords to ensure that the Bara Mall Office is renovated and reopened as soon as possible.
- 9.4. Ensure that the Department of Home Affairs secure a big enough office space and staff contingent for the Mamelodi office.
- 9.5. Assess the cost and benefit of Covid-19 screens being installed in all offices of the Department of Home Affairs.
- 9.6 The staff at Impendle Thusong Office should be trained as soon as possible to operate new safes and have burglar bars installed. The viability of strong rooms in some offices to be considered.
- 9.7 Increase smart card modernisation and report on progress of roll out.

9.8 The relevant planning and risk committees needed to be established or made more efficient in preventing and addressing such security challenges including rapid deployment of more Mobile units.

9.10 It was noted that although management of social distancing was occurring at offices, it needed to be monitored in the event of increased demand arising.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON SOCIAL DEVELOPMENT ON THE IMPACT OF THE CIVIL UNREST IN KWAZULU NATAL AND GAUTENG ON SOCIAL DEVELOPMENT SERVICES AND THE DEPARTMENT OF SOCIAL DEVELOPMENT'S RESPONSE FOR URGENT FOOD RELIEF TO THE AFFECTED COMMUNITIES, DATED 18 AUGUST 2021

1. BACKGROUND

After 18 months of enduring the effects of coronavirus disease (COVID-19), which has left South Africa in the top 10 global list of countries worst affected by the pandemic, the country has in the second week of July 2021 experienced unprecedented levels of unrest and destruction of public and private property, coupled with violence and looting of public and private property. Despite the fact that these acts of violence started in KwaZulu–Natal and spread to parts of Gauteng, they have a socio-economic ripple effect throughout the country. It has been reported that the recent violent protests amplified vulnerability and food insecurity in many communities of KwaZulu Natal and Gauteng Provinces.

A situational analysis done by the National Department of Social Development reveals that about 70 – 80 % of the food outlets throughout KZN have been affected, while in Gauteng majority of the protest and destruction transpired in the major townships like Soweto, Alexandra, Tembisa and Mamelodi.¹ The violent protests have led to disruption of services, shortage of food and other supplies, threatening food security especially in the two provinces. The Department of Social development services in the Kwa-Zulu Natal and Gauteng Provinces have been greatly affected by the violent protests, as the economy of the affected areas has been brought to a standstill, which will have dire consequences for a long time. The recent violent protests have great implications for the services of the Department of Social Development, which is responsible for ensuring social protection for all communities. Most of Social Development local offices in KZN and Gauteng have not been fully operating as there were reported road blockages, vandalism of offices, and stolen equipment. As a result, most vulnerable people were not able to access services.

It is against this backdrop that the Portfolio Committee on Social Development (hereinafter, the PC on Social Development) conducted an oversight visit from 27 – 30 July 2021 in KwaZulu

¹ Department of Social Development (2021)

Natal and Gauteng Province respectively on the impact of the violent protests on social development services and the Department's response for an urgent food relief security.

On 27 July 2021, the Committee received briefings (Zoom Platform) from the National Department of Social Development, the KwaZulu Natal Department of Social Development, the South African Social Security Agency (SASSA), and the South African Post Office (SAPO). On 28 July 2021, the PC on Social Development conducted site visits in Ugu District Municipality wherein it visited Kenterton Community Nutrition Development Centre (Umdoni Ward 4); Umzinto Post Office; and Vulamehlo Service Office. On 29 July 2021, the PC on Social Development conducted site visits in eThekweni Metro wherein it visited Illovo Skills Development Centre; and Kwa-Mashu SASSA and DSD Offices (Bridge City Shopping Centre).

On 30 July 2021, the PC on Social Development received briefings from the Gauteng Department of Social Development and the South African Social Security Agency (Gauteng Region) held at Afrika Tikkun Community Nutrition and Development Centre in Alexandra Township. On the same day, the PC on Social Development conducted oversight visits to SASSA Office (Alexandra) and Phuthaditjaba (Afrika Tikkun) Community Nutrition and Development Centre (Alexandra).

1.1 Objectives of the oversight

The objectives of the oversight visit of the PC on Social Development in KwaZulu-Natal and Gauteng were as follows:

- To receive briefings from all the relevant stakeholders of the social development portfolio on the integrated social relief response to hunger and food insecurity that was exacerbated by the recent violent protests.
- To assess financial implications on social development programmes due to the recent violent protests i.e. Social Relief of Distress (SRD) programme.
- To receive briefings on interventions put in place by the Social Development sector in ensuring business continuity and the enhancement of the quality of life of the affected communities.
- To conduct site visits to the most affected social development facilities by the recent violent protests in KZN and GP to assess the magnitude of the damage to public property.

2. DELEGATION

The delegation of the PC of Social Development comprised of Members of Parliament and support staff from Parliament.

Members of Parliament

Mr. M Gungubele	African National Congress (ANC) (Chairperson)
Mr. DM Stock	African National Congress (ANC)
Ms. NK Bilankulu	African National Congress (ANC)
Ms. J Manganye	African National Congress (ANC)
Ms. NQ Mvana	African National Congress (ANC)
Ms. A Motaung	African National Congress (ANC)
Ms. B Masango	Democratic Alliance (DA)
Ms. ALA Abrahams	Democratic Alliance (DA)
Ms. LH Arries	Economic Freedom Fighters (EFF)
Ms. LL van der Merwe	Inkatha Freedom Party (IFP)
Ms. ME Sukers	African Christian Democratic Party (ACDP)

Parliament support staff

Ms. L Ntsabo	Committee Secretary
Mr. M Molo	Stand-in Committee Researcher
Mr. F Bulawa	Committee Assistant

3. KWAZULU NATAL PROVINCE

On 27 July 2021, the PC on Social Development received briefings (Zoom Platform) from the National Department of Social Development, KwaZulu Natal Department of Social Development (KZN Department of Social Development), and the KwaZulu Natal South African Social Security Agency (SASSA) on the impact of the recent violent protests on the services of the social development sector and the department's response for urgent food relief to the most affected individuals and households.

3.1 Welcome by the Member of the Executive Council (MEC)

The Member of the Executive Committee (MEC), Mrs. Nonhlanhla M Khoza, provided the welcoming remarks and welcomed the Committee. The MEC was pleased by the presence of the Committee in KwaZulu Natal following the recent violent protests. The MEC stated that the KwaZulu Natal was hard hit by the violent protests which included looting and vandalising of public and private property. The MEC stated that the violent protests have affected many parts of the Province.

The MEC reported that the Southern Cluster of KwaZulu Natal Province has been hard hit by the civil unrest. The most affected Districts in Southern Cluster include Ugu, Harry Gwala, and Umgungundlovu. The Social Development facilities that were heavily affected by the violent protest in the Southern Cluster include Ixopo Service Office which is based in at Ixopo Mall, Vulamehlo Service Office which is based at Ward 19 in Umdoni Municipality, and Richmond Service Office.

The MEC stated that the most affected Service Offices in eThekweni Metro include the Kwa-Mashu Service Office that has been operating at Bridge City Shopping Centre and Illovo Skills Development Centre which is based at Illovo in Ward 103 of eThekweni Metro. In all these Service Offices mentioned above, the MEC reported that infrastructure was vandalised and office equipment such as vehicle (damaged), computer equipment stolen and as a result, services were disrupted.

Furthermore, the MEC indicated that some offices and municipal infrastructure have been heavily affected in areas such as Nongoma and Dr. Nkosazana Zuma Municipality. The MEC stated that even the Post Offices have been affected by the violent protests wherein physical structure has been damaged and equipment stolen. The unprecedented levels of unrest and destruction of property, coupled with violence and looting will compromise service delivery of Social Development and SASSA.

In closing, the MEC stated that the Province is looking forward for any support that may be provided during this period. She stated that the KwaZulu Natal Department of Social Development will provide a comprehensive report that speaks to the damage caused by the civil unrest as well as ongoing interventions ensuring the provision of services to the most affected communities.

3.2 Briefing by the National Department of Social Development

The Acting Director-General (DG), Mr Linton Mchunu, provided a high level presentation of the National Department of Social Development on the impact of the violent protests ensued in KwaZulu Natal and Gauteng Provinces on Social Development services. The Acting DG reported that since the violent protests that engulfed the two provinces, the National Department of Social Development convened a special meeting of the Social Development Portfolio, which comprised of Social Development, SASSA, and the National Development Agency (NDA). The meeting was inclusive of Head of Departments (HODs) from the affected Provinces as well as Senior Managers from SASSA and the NDA. The aim of the meeting was to develop an urgent plan to ensure that services to the people are continuing.

Mr. Mchunu reported that the Department of Social Development in the Kwa-Zulu Natal and Gauteng Provinces have been greatly affected by the violence, as the economy of the affected areas has been brought to a standstill, which will have dire consequences for a long time. The Acting DG stated that this had great implications for the services of the Department of Social Development which is responsible for ensuring social protection for all communities. He stated that most of Social Development local offices in the two provinces have not been fully operating as there were blockages on the road and as a result the vulnerable people cannot access services. Therefore, there has been minimal implementation of social development service programmes to the affected destitute households. As a result, quite a number of families have been affected due to being not able to go to work and unable to buy food as businesses are closed.

The Acting DG reported that the Department has been utilising the supermarkets / outlets in the vandalised areas for the voucher distribution of Social Relief of Distress (SRD) grant. Table 1 below outlines the Clusters and areas where the affected outlets are located.

Table 1: Affected KZN clusters and areas

Clusters	Areas/Outlets
EThekwini Cluster	Inanda, KwaMashu, Ndwedwe, Cato Manor, Phoenix, Hammarsdale, ILembe District – at Maphumulo all outlets vandalised.
Southern Cluster	Harry Gwala District: Ixopo, Doony Brook, Bulwer and UMzimkhulu and UGU District all municipalities – 7 Boxer stores looted. Umgungundlovu: UMshwathi, Richmond, Umsunduzi, and Umkhambathini.
Northern Cluster	Jozini Local Municipality affected, Zululand District – six Boxer stores vandalised and King Cetshwayo District all Boxer stores affected
Midlands Cluster	UMzinyathi District – Umsinga Boxer is destroyed. Amajuba District – Osizweni and Madadeni stores destroyed and uThukela District: UKhahlamba Boxer is partly destroyed, and Alfred Duma.

The Acting DG stated that many communities are facing food shortages in the wake of days of the violent protests across the two key provinces, as protesters disrupted the food supply chains by looting supermarkets and torching goods trucks. Therefore, the recent violent protests in KZN and Gauteng amplified vulnerability and food insecurity in many communities across the two provinces. The situational analysis conducted by the Department of Social Development reveals that about most of the food outlets throughout KZN have been affected, while in Gauteng majority of the protest and destruction transpired in the major townships like Soweto, Alexandra, Tembisa and Mamelodi.

Mr. Mchunu stated that there were also disruptions of services in Gauteng during the violent protests in areas such as Alexandra, Mamelodi, Maponya Mall, and Vosloorus. As a result, Social Development local offices were damaged and looted. However, the Acting DG reported to the PC on Social Development that provision of services in Gauteng Province resumed on Monday, 19 July at all the affected regional offices in line with COVID-19 regulations. He further reported that Social Development services have been fully restored in all areas that were affected by either using alternative venues or offices nearby.

The Acting DG reported that SASSA Gauteng local office resumed working from 19 July 2021. The staff from Alexandra local office which has been destroyed due to the violent protests were deployed to the Midrand and Johannesburg local offices. Furthermore, alternative accommodation has been sought at two halls within the area which is Sankopano hall and East Bank. It was reported that services at Mamelodi, Maponya Mall, Vosloorus have resumed since the situation became stable on 19 July 2021. The Acting DG reported to the PC on Social Development that clients from Alexandra local offices have been advised to access services at the above-mentioned two offices. The information dissemination was done through posters put in the office doors as well as with all the local stakeholders such as the Ward Councillors and through social media platforms.

Notwithstanding the damage that has been incurred by the Department of Social Development due to the violent protests, the Acting DG reported to the PC on Social Development that interim plans have been put in place in ensuring that services to the communities continue. The Acting DG told the PC on Social Development that the Department has an active online system such as telephones and has deployed people on the ground to assist the most affected communities. The Department has also deployed mobile offices from SASSA in ensuring that services are brought to the communities that were affected by the violent protests.

The Acting DG reported that there has been a number of interventions put in place in the affected areas. The Department has deployed teams on the ground to determine the magnitude of the damage. The Department is in the process of finding additional support through the solidarity Fund. The Acting DG stated that the KZN Department of Social Development had a budget of R18 million for 2021/22 for its Social Relief of Distress which is not enough. The Acting DG indicated that the KZN Department of Social Development had indicated that it will require about R171 million to fully implement its SRD. The National Department has written to the Solidarity Fund for additional funding to assist the affected provinces. The Acting DG indicated that SASSA has about R66 million for SRD which is used for food parcels, cash, and food vouchers in KZN.

Psychosocial support was also provided to children who were arrested during the violent protests. Teams in the Province ensure that assessments were done for those children that were released from custody. There were disruptions with the Cash in Transit (CIT) companies as they were not able to deliver money. There were about 10% of grants that were not paid. The Department forwarded a request for the reinstatement of the R350 SRD grants and the President has since made the announcement that the R350 will be paid until the end of the financial year.

The Acting DG reported that there has been a call from the interfaith leaders for amnesty to those who were involved in the violent protests and looting provided that they return the goods stolen or looted. The Department of Social Development has approached the Department of Justice making a request for the food that has been confiscated by the SAPS goods be given to the Department of Social Development and be used in Social Development shelters and Community Nutrition and Development Centres (CNDCs). The Acting DG stated that this will be done within the ambit of the law. The Acting DG stated the considerations should be made that the food be given to people who have been distressed by the violent protests.

3.3 Briefing by the KwaZulu Natal Social Development Department

The Committee was briefed by the Head of Department of the KwaZulu Natal Provincial Department of Social Development, Mrs Neli Vilakazi. The presentation focused on the impact of the civil unrest on social development services; the interventions put in place in ensuring business continuity and enhancement of the quality of life of the affected communities; and the department's plan for emergency food relief as a response to all families that have been affected by the unrest.

Mrs. Neli Vilakazi reported that about five (5) Social Development Offices have been severely affected by the civil unrest wherein infrastructure was vandalised. She stated that resources such as vehicles, computer equipment were stolen. In the main, 8 vehicles have been vandalised and, all equipment and furniture at Illovo was stolen. The infrastructure that was severely damaged include roof, doors removed, ceiling and tiles removed.

In the Southern Cluster which comprised of District Municipalities such as Ugu, Harry Gwala, and Umgungundlovu, three (3) Service Offices were affected including Ixopo, Vulamehlo, and Richmond. At Ixopo Service Office which is based at Ixopo Mall, all equipment and some furniture were looted. At Vulamehlo Service Office which is based at Ward 19 in Umdoni Municipality was vandalised, cars damaged (one was torched), and tools of trade such as computers were stolen. The Richmond Service Office was looted and four (4) vehicles were stolen at gunpoint and three (3) were vandalised.

As Table 1 below indicate, Mrs. Neli Vilakazi reported that the total cost required to ensure that the services of the Social Development facilities vandalised and looted during the violent protests in KZN is estimated at R521,551,432.

Table 2: Estimated costs due to the violent protests

Item No	Item Description	Estimated Total Amount
1	Budget required for Social Relief of Distress (Food Security)	R513,900,000
2	Damage to Assets	
	KwaMashu Service Office	R1,562,068
	Illovo Development Centre	R1,535,954
	Richmond Service Office	R1,375,415
	Ixopo Service Office	R127,969
	Vulamehlo Service Office	R1,162,025
3	Infrastructure Damage and Costing-Illovo Development Centre	R1,888,000
Total Estimated Costs		R521,551,432

Source: KwaZulu Natal Department of Social Development (2021)

Table 1 above indicate that the KwaZulu Natal Department of Social Development requires a total budget of R513,900,000 for Social Relief of Distress (SRD). The infrastructure damage and costing of Illovo Skills Development Centre amounts to R1,888,000. The total amount of the damage in the five (5) Service Offices of the Department of Social Development is R5,763,431. This means the Department of Social Development will have to review and re-

allocate budget for procurement of assets and infrastructure repairs for the facilities that were heavily affected by the violent protests.

Mrs. Neli Vilakazi told the Committee that the violent protests follow a situation where a number of people were in receipt of Social Relief of Distress and COVID-19 Social Relief Grant due to socio-economic conditions which are the equal distribution of the means of production and job losses. She made mention that before lockdown in 2020, the Social Relief of Distress programme had a budget of R17 million and the Community Nutrition and Development Centre programme had a budget of R19 million. As a result of the reprioritisation and repurposing of the departmental budgets to address the food relief programs, the budget allocations for the two programs increased to R184 million and R54 million respectively. Mrs. Neli Vilakazi told the Committee that a request for additional funding to cater for the distribution of Social Relief of Distress was made to the KwaZulu Natal Treasury, however this has not yielded positive results to date.

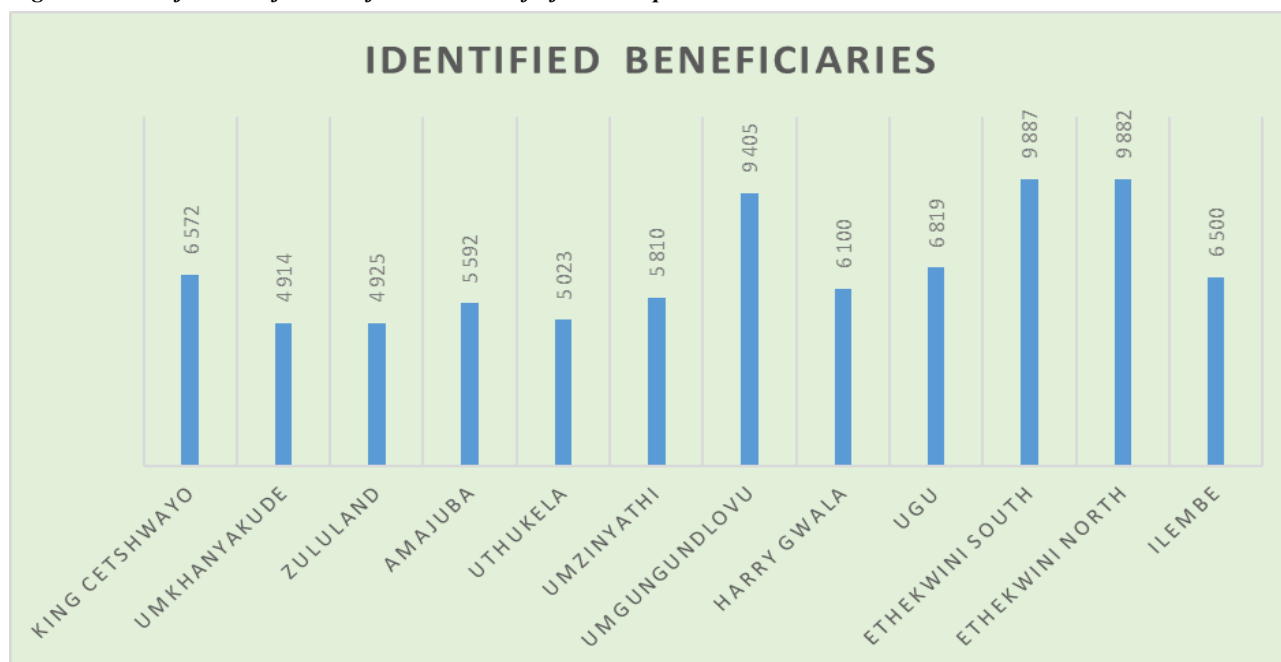
Mrs. Neli Vilakazi reported that the collaboration with SASSA is currently the Department's strength in order to ensure that qualifying families are provided with Social Relief of Distress. The KZN Department of Social Development has also prepared proposals to different donors who have indicated their desire to provide short term emergency food relief. Subsequently, the KZN Department of Social Development has received offers from:

- National Lottery Commission, committing R5 million towards food relief.
- Boxer Super stores donating 1000 Potato bags that will be fetched from Johannesburg market in Gauteng.
- Solidarity Fund – through the National Department of Social Development, there is a proposal of R60 million donation towards food relief.

Mrs. Neli Vilakazi indicated that the Solidarity Fund donation to cover about 81 429 distressed households in KwaZulu Natal Province affected by the violent protests. A distribution plan for the donated food to reach the identified individuals has been developed as well as the reporting formats.

Mrs. Neli Vilakazi reported that the KZN Department of Social Development has identified about 81 429 beneficiaries who qualify for social relief of distress programme per District. As per Figure 1 below, there is a huge demand for food relief in eThekweni South, eThekweni North, and Umgungundlovu.

Figure 1: identified beneficiaries for social relief of distress per District



Source: KZN Department of Social Development (2021)

Mrs. Neli Vilakazi stated that the Department, as part of its mandate, provides food relief to individuals and households who are affected by emergency conditions, declared or undeclared, through its Social Relief of Distress (SRD) and the Community Nutrition Development Centres (CNDC). The Department is committed in providing social relief services to the most affected communities, individuals and households.

Mrs. Neli Vilakazi provided a background to the demand for food relief in the province. She reported that based on the General Household Survey (2018), the Province of KwaZulu Natal had 4,3% or 482 245 individuals who were affected by severe inadequacy to food. This had a multiplier effect on their ability to be economically active while dealing with food inadequacy. The 4,3% individuals severely affected by access to adequate nutrition translates to 126 906 households living below the poverty line in the KwaZulu Natal Province. Furthermore, as a result of the Coronavirus (COVID-19) outbreak and the resultant lockdown, many households and individuals in the Province were exposed to severe. The effects of the violent protests affected the most impoverished areas of the KwaZulu Natal Province.

3.4 Briefing by South African Social Security Agency (SASSA)

Mr Simlindile Jabavu (Acting Regional Manager) provided the presentation of the South African Social Security Agency. Mr Jabavu reported that SASSA operates in 81 local offices within the KZN Province which are mostly shared with the Provincial Department of Social

Development. The Acting Regional Manager told the PC on Social Development that of the 81 offices, about 56 offices were temporarily closed during the week of 12-16 July 2021 due to the violent protests. The Acting Regional Manager stated that the recent violent protests follow a situation where a number of people were in receipt of Social Relief of Distress and COVID-19 Social Relief Grant due to socio-economic conditions which are the unequal distribution of the means of production and job losses.

The Acting Regional Manager stated that as SASSA and DSD share office space, the presentation made by the KZN Social Development has alluded to most of the issues. The Acting Regional Manager provided a profile of the two SASSA local offices that were affected by the recent violent protests. The profiles are outlined below:

Table 3: Profile of affected SASSA local offices

Vulamehlo Local Office	KwaMashu Local Office
<p>Vulamehlo and Umzinto local offices are under the Ugu District Municipality which falls under the SASSA Pietermaritzburg District.</p> <p>Umdoni local municipality (ULM) has a total population of approximately 144,551 which constitutes of 74,924 of that population being female and 69,627 being male from the total population.</p> <p>ULM covers approximately 994 km², which represents about 21% of the total area of the Ugu District Municipality.</p> <p>The municipality also has a total number of 35,433 of households.</p> <p>SASSA Vulamehlo local office is currently operating under shared services with DSD.</p> <p>Office is a well-built structure with solid walls and a 24-hour security guard system and in close proximity to the SAPS.</p> <p>The office has an average intake of 45 grant applications per day.</p> <p>The office has 34 976 grants in payment with an estimated amount of R30 230 200 per month.</p> <p>The office services 2 residual pay points and 2 SAPO outlets:</p> <ul style="list-style-type: none"> ▪ 2 of the pay points are at Community halls (Bhudubhudu and Thandabantu) 	<p>EThekwini Municipality is located on the east coast of South Africa in the Province of KwaZulu-Natal (KZN).</p> <p>The Municipality spans an area of approximately 2 297km² and is home to some 3,5 million people.</p> <p>The SASSA Durban District Office is responsible for 17 local offices which are located within EThekwini Metro and ILembe District Municipality.</p> <p>KwaMashu, Ntuzuma and Inanda are townships north of Durban in KwaZulu-Natal, South Africa and are part of the eThekwini Metropolitan Area.</p> <p>The KwaMashu township is made up of 11 wards (38, 39, 40, 41, 42, 43, 45, 46, 47, 104 & 107).</p> <p>SASSA KwaMashu local office operated at Bridge City Mall near KwaMashu.</p> <p>The office was well-placed in a vicinity which is accessible to all modes of transport including train and a 24-hour security guard system and in close proximity to the SAPS.</p> <p>The office has an average intake of 87 grant applications per day.</p> <p>The office has 80 569 grants in payment with an estimated amount of R65 598 220 per month.</p> <p>The office houses the revenue and debt management unit.</p> <p>The office has a staff compliment of 26 employees (LO) and 7 employees (revenue & debt).</p>

- | | |
|---|--|
| <ul style="list-style-type: none"> ▪ The remaining 2 are post offices (Scottburgh & Dududu). | |
|---|--|

In terms of the damage assessment done at Vulamehlo Local Office and KwaMashu Local Office, the Acting Regional Manager reported that at Vulamehlo Local Office there were six (6) desktop computers, one (1) printer, two (2) wheelchairs, three (3) biometric scanners, one (1) chair, one (1) docking station, a fridge and a microwave stolen. There were also structural damages due to removal of two (2) trellidors gates as well as dame to doors (inside and outside. Some office documents were also damaged and left scattered throughout the office. In addition, cleaning materials and Personal Protective Equipment (PPE) were stolen.

On Monday 12 July 2021, at KwaMashu Local Office, all computers, printers, silver chairs, swivel chairs, scanners, cleaning materials and PPE, photocopiers and stationery were looted. On Tuesday 13 July 2021 the mall was set on fire, damaging all documents and all 38,431 grant debtors' files were destroyed. All 62 staff debtors' files were also destroyed. Two motor vehicles were stripped. The final figure of assets damaged and destroyed will be determined when the offices are accessible.

As a result of the violent protests, the Vulamehlo local office was closed for five days (12–16 July 2021). The KwaMashu local office was also closed from 12 July 2021 and it will remain closed until new office is found. As a result, clients could not access their social and children's grants via SAPO outlets namely Umzinto and Dududu, automated teller machines (ATMs) and merchant stores. The violent protest had severe impact on payments as SAPO Umzinto was burnt to the ground, SAPO Dududu was also looted, ATMs in Umzinto were damaged and merchant stores looted and burnt. Several merchant stores remain closed with no indication of re-opening. SASSA has appointed SRD service providers for food vouchers in the affected areas that were looted and closed. Disability Grant medical assessments were interrupted. Normal grant applications were halted due to road blockages and unavailability of public transport.

The Acting Regional Manager reported that there are interventions in place in ensuring that services are continuing under the circumstances. The interventions at Vulamehlo and KwaMashu local offices are outlined below:

Table 4: KZN Interventions for affected local offices

Vulamehlo local office	KwaMashu local office
<p>ICT infrastructure repaired and network connectivity restored.</p> <p>Payments for July 2021 residual sites i.e. Bhudubhudu and Thandabantu were made via SAPO Scottburgh on the 24 July 2021.</p> <p>Payments scheduled for upcoming pay cycle is on track and SAPO will commence payments as of the 03 August 2021 as per usual process.</p> <p>SAPO Umzinto will utilize the Umzinto town hall as an alternate venue for payments going forward.</p> <p>SRD clients will be transported by SASSA/DSD to retailers in Port Shepstone which is approximately 80km's from Dududu to redeem their food vouchers.</p> <p>Disability clients that were booked for assessments are currently being rescheduled for the 30 July 2021.</p> <p>SAPO has been engaged on their state of readiness for payments.</p>	<p>Mobile services for enquiries and manual applications set up.</p> <p>Clients provided an option of approaching nearby offices (Inanda, Phoenix, Durban LO).</p> <p>KwaMashu staff temporary placed in DBN and Inanda offices.</p> <p>Engaged National Department of Public Works & Infrastructure for new offices.</p> <p>EThekweni Metro stakeholders lobbied to provide alternative accommodation for the mobile services.</p>

The Acting Regional Manager reported that SASSA services have been restored in all local offices. The DSD and SASSA have agreed on referrals for further intervention. As a result, as of 19 July 2021 about 1 361 food vouchers have been issued to the qualifying clients. It was reported that SASSA has provided SRD food vouchers to the bereaved families in Phoenix, and Northdale affected by fire. It also supported SAPO initiatives to restore payment services as well as the identification of alternative payment channels in areas where the payment infrastructure was destroyed such as ATMs, merchant stores and SAPO outlets. SASSA reported that it is currently working with the Banking Association of South Africa (BASA) to prepare for the payment cycle in August and provision of mobile ATMs. It was reported that SASwitch fees for August and September have been waived, so that clients can use any ATM and not be charged fees.

3.5 Briefing by the South African Post Office (SAPO)

The briefing by the South African Post Office was provided by Mr. Martin Coetzee (Regional Manager for KwaZulu Natal). Mr. Coetzee reported that there are 42 SAPO branches that are currently closed and 34 branches that were affected in Gauteng due to the violent protests. He made mention that KZN will provide additional cash pay points for the month of July and will

commence on 26 July 2021. Mr. Coetzee informed the PC on Social Development that SAPO will finalise the repairs of the damaged branches before end of July 2021. He made an undertaking that for the month of August, SAPO is planning to increase the number of pay points by 12 in Gauteng and 54 in KZN.

Mr. Coetzee told the Committee that SAPO can still make use of the other branches that were not severely damaged as pay points. He mentioned that the KwaMashu branch was destroyed and requested the Councillor to allow SAPO to utilise the local halls as pay points. SAPO will erect tents and provide chairs. Others beneficiaries from KwaMashu will be moved to the nearest branches such as Pinetown and Hillcrest. Mr. Coetzee stated that SAPO is in collaboration with SASSA in ensuring the payment of social grants to beneficiaries.

3.6 Committee deliberations on issues emanated from the presentations

The Committee expressed gratitude to the stakeholders for preparing comprehensive and informative presentations within a very short period of space. It also acknowledged the collaborative efforts shown by the social development sector in ensuring that services to the people are rendered in this difficult time.

The Committee stated that there is a need for psychosocial support for the staff personnel as well as community members in the wake of the violent protests. However, the Department reported that the current capacity has been strained due to adjusted level for lockdown. The Committee enquired about the role of the National Development Agency during the aftermath of the recent violent protests. The Committee also enquired about whether there has been any request for assistance from social service professionals to deal with the emergency.

The Committee raised a question whether moral regeneration movements have been involved in promoting social cohesion in areas where racial tensions were observed during the violent protests such as Phoenix.

The Committee enquired about the number of Post Offices that have been closed. It also enquired about the additional pay points whether they are adding to the existing number of pay points.

The Committee stated that the KZN Department of Social Development spoke about 81 426 beneficiaries of the food relief programme in KZN. The Committee wanted to know whether

the number mentioned above include beneficiaries that were already in the system or beneficiaries identified in the aftermath of the violent protests in the Province.

The Committee made mention that during the lockdown, there were reports of food parcels not reaching the intended beneficiaries. The Committee asked the Department that how will it ensure that the food parcels or vouchers reach the intended recipients?. The Committee raised a concern regarding past experience in terms of the distribution of food parcels to the deserving beneficiaries. The Committee cited the cost of travelling and asked whether the Department will deliver the food to the beneficiaries?

The Committee cited incidences of double dipping during the lockdown. The Committee stated that some people receive food parcels from Faith Based Organisations (FBOs), SASSA and the Department of Social Development. The Committee asked the Department how will they ensure that there are no incidences of double dipping. It further enquired about the criteria used for identification of qualifying beneficiaries for the Social Relief of Distress. The Department should also provide clarity regarding progress on the Basic Income Grant (BIG).

The Committee wanted to know whether the state property such as computers and infrastructure that were destroyed during the violent protests were insured. The Committee was also concerned about the information that was destroyed during the violent protests. The Committee asked SASSA whether there is backup for the information that was destroyed?

3.7 Responses emanating from the questions raised by the Committee

The KZN Department of Social Development stated that there is an urgent need for psychosocial support for the staff personnel as well as the community at large. The KZN Department of Social Development stated that it is trying by all means to provide support to the families that have been affected by the recent violent protests. The staff is receiving psychosocial support through its wellness programmes. However, the KZN Department of Social Development mentioned that it has a shortage of social service professionals to reach out to all the affected communities. Furthermore, the Department does not only provide food parcels to the communities as it provides other support such as psychosocial support.

The KZN Department of Social Development stated that the NDA is much involved in capacitating the Civil Society Organisations (CSOs) that are engaging with the affected communities or families. The NDA ensures that communities are linked with the CSOs within their communities.

With regard to the promotion of social cohesion within the affected communities, the Department reported that it has not started with social cohesion programmes due to level 3 lockdown regulations. Therefore, the Department is unable to mobilize people to participate in their social cohesion programmes. The moral regeneration movements have not yet started working in the affected communities. However, there is a meeting scheduled to take place soon in order to develop a plan for social cohesion programme for areas such as Phoenix.

The KZN Department of Social Development indicated that it is working closely with its entities and stakeholders in ensuring that there is no double dipping with regards to food parcels and food vouchers. It stated that there is a qualifying criteria in place to identify beneficiaries of the SRD. The KZN Department of Social Development made an undertaking that it will share the document of the criteria with the Committee. It also stated that there is a system in place to ensure that people do not receive food parcels from different stakeholders. In this regard, the Department is working close with the community care givers in identifying the beneficiaries.

In responding to the question whether public facility infrastructure that was destroyed and looted was ensured or not. The KZN Department of Social Development reported that public facilities and goods are not ensured and therefore the government will not receive any payment for the damaged property or stolen goods.

The regional manager of KZN SASSA stated that the bulk of the information is already captured in the system hence most of the people were paid their grants during the month of July.

The Acting DG stated that all the social service professionals have been vaccinated and therefore will be able to reach out to the communities on the ground. The Department has made a request to the National Treasury for additional funding in order to source the services of more socials service professionals. The Acting DG stated the R350 Social Relief of Distress Grant is a critical step towards the implementation of the Basic Income Grant. The Acting DG stated that there is a proposal that the BIG be introduced in phases.

The regional manager of KZN SAPO stated that the additional pay points are interim measures in order to make payments for social grants. He stated that SAPO is working around the clock in ensuring that the closed offices are reopened.

4. SITE VISITS TO SOCIAL DEVELOPMENT FACILITIES (UGU DISTRICT AND ETHEKWINI METRO)

On 28 and 29 July 2021, the PC on Social Development conducted site visits to the Social Development facilities that were affected by the violent protests. On 28 July 2021, the Committee visited Kenterton Community Nutrition and Development Centre; Umzinto Post Office; and Vulamehlo Service Centre. All these facilities are situated in Ugu District Municipality which **was** one of the municipalities that were heavily affected by the civil unrest. On 29 July 2021, the Committee visited the Social Development facilities that were affected by the social unrest in eThekweni Metro. These include Illovo Skills Development Centre which is situated in Illovo (Umdoni Municipality), and Kwa-Mashu SASSA and DSD offices situated in Bridge City Shopping Centre in Kwa-Mashu township.

4.1 Ugu District Municipality

4.1.1 Kenterton Community Nutrition and Development Centre

Section 27(1)(b) of the Constitution of the Republic of South Africa states that, “everyone has the right to have access to sufficient food and water.” This obligation is extended in section 27(2), according to which “*the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights.*” The National Development Plan (NDP) vision 2030 identified food insecurity as both a consequence of poverty and inequality as well as a cause. In global terms, the relevant Sustainable Development Goals (SDGs) include: Goal 1 (end poverty); Goal 2 (end hunger); and Goal 12 (ensure sustainable consumption and production patterns).

The South African government has adopted the concept of Community Nutrition and Development Centres (CNDCs) as a government intervention to support household nutrition and food security. CNDCs provide nutritious meals to households that are food insecure as an interim measure while exploring medium to long-term solutions to poverty. Kenterton Community Nutrition Development Centres (Kenterton CNDC) was established in 2015 and has continued to play a vital role in household nutrition. The Centre is located in the most deprived ward of Umdoni Municipality. The Kenterton CNDC is one of the that have been established to provide a safety net for the vulnerable households. A data was collected through

household profiling to determine the households due to benefit in the Community Development Nutrition Centre.

The staff compliment of the Kenterton Community Nutrition Development Centre is as follows:

1	Head Cook	Ms. Mntambo
2	Assistant Cook	Ms. Biyase
3	Assistant Cook	Ms. Mkhize
4	Security	Mr. Ngcobo
5	Security	Mr. Msani

The Centre manager reported that the Centre is currently funded with R719 000,00 for the 2021/22 financial year. The Centre has one main centre with eight satellites, namely; Kenterton No.2, Bhadane, Ncazuka, Poeven, Qwembe, Mqanqala, Amanyuswa and Two Stick to service far-flung households. The Centre has about 157 beneficiaries from 113 households, from Ward 4. There are 21 children who are also benefitting from the Centre.

It was reported that Kenterton Community Nutrition Development Centre has good relationships with the following stakeholders:

- Traditional leadership;
- Local Municipality;
- Department of Health-through Phila-mntwana Programme;
- Department of Cooperative Governance and Traditional Affairs; and
- Department of Agriculture and Environmental Affairs.

The Centre manager told the Committee that as part of the Department's transitioning from a welfarist to a developmental paradigm, the Department is strengthening partnerships with other government departments, municipalities and public entities to support more exit opportunities for beneficiaries. To date, a total of 75 beneficiaries at Kenterton CNDC have exited the programme. Of these, about 51 exited through improved income, 14 through CWP programme, 3 relocated, and 7 deceased.

It was reported that in the aftermath of the recent violent protests, 15 beneficiaries from all the satellites facilities in ward 4 have been identified by the War Rooms and referrals.

However, the Service Office and the Community Care Givers will profile them before they receive the services. Based on the profiling data, an exit plan will be developed on these beneficiaries.

4.1.2 Umzinto Post Office

The Umzinto Post Office in the South Coast was completely destroyed by fire during the unrest. All contents in respect of equipment, systems, consumables and mail articles were destroyed in the fire. It was indicated that customers are currently referred to the Scottburgh branch for services. The social grant beneficiaries were also serviced at Scottburgh. Due to the fact that it is a company owned building and the restoration will take a while, the Park Rynie branch which has been closed will be restored and services will be available. The Emalangeneni branch which is also in the vicinity has in the interim re-opened its doors for service after it badly damaged during a housebreak.

4.1.3 New Germany Post Office in Pinetown

It was reported to the Committee that the damages to New Germany Post Office were not severe, bathrooms were vandalised, doors and windows were broken, all computer equipment were stolen and electrical wires were ripped out. The Committee was told that the social grant beneficiaries have been serviced at the post office by means of an interim arrangement by placing a secured cash pay point at the outlet. It is envisaged that the branch will start trading normally within the month of September. All assessments have been completed and SAPO is awaiting quotations for the repairs.

4.1.4 Vulamehlo Service Office

In the Southern Cluster of Districts, 3 Service Offices were directly affected by the unrests and these include Vulamehlo, Ixopo, and Richmond. It was reported that the Ixopo and Richmond were affected only by the July 2021 unrests characterised by looting and destruction of properties whereas Vulamehlo was affected by unrests and a burglary that occurred in December 2020.

The damage at Vulamehlo Service Office was reported as follows:

- Three (3) state vehicles were badly damaged from ignition, suspension, steering wheel, and wiring. One (1) double cab was set alight and burnt to ashes and there is nothing can be done to resuscitate the car.
- The front double glass-doors at the entrance of the office were damaged. The entire switchboard operation was taken away.
- It was reported that a total of 17 laptops and two (2) cameras were stolen. The electric appliances stolen encompasses bar fridge, double door defy refrigerator, microwave, kettle, five (5) fans, four (4) heaters, grass cutter, ridge on gross mower, and 5 extension cords. The looters also took three (3) television sets amongst others.
- Cleaning material were also stolen from the store room and 150 x 20 litres of sanitizers. Also, client files torn and scattered.
- Other items looted include four (4) wheel chairs, plastic chairs, and the table clothes. A social worker's private vehicle (i.e. Toyota Yaris) was vandalised where ignition was stripped off, windows smashed and the battery taken out.

It was reported that the looting and damage to the state property at Vulamehlo Service Office occurred on the 13 July 2021. The total costing of the damaged caused at Vulamehlo Service Office is estimated to the tune of R1,162,025. The estimated cost to damaged property is about R500,000.00 at Vulamehlo in Ugu District,

The recent social unrests distinguished by looting and destruction of properties negatively affected service delivery at broader scale. Many people have lost their jobs, food no longer available at convenience and DSD battling to get SRD for customers. State vehicles stolen, some vandalised, property damaged needing some repairs and ICT tempered with. Computers/laptops looted with clients' files ransacked, kitchen equipment stolen and some destroyed.

The spring cleaning was conducted in the 3 affected Service Offices for business continuity. Vulamehlo Service Office was loaned 2 state vehicles through Asset Management Directorate. Common to the 3 offices are tools of trade stolen which are currently being coordinated and procured at the Provincial SCM Directorate. Districts finalizing identification process for offices within the Cluster in need of the hired vehicles. Approval of Scheme B applications by the Accounting Officer in respect of qualifying employees using private vehicles for official purposes. Granting of cell phones subsidised by the Department for use by Supervisors within the Service Offices. Reviewed security contract in identified workstations strengthened with armed security guards.

4.2 EThekweni Metro

4.2.1 Illovo Skills Development Centre

Illovo Skills Development Centre was launched in 2001 as a centre for skills development with the fundamental objective of empowering unemployed people with skills in particular the youth and women across KZN Province. The Centre specialises on Non-Profit Organisation (NPO) capacity building, youth and women skills development programme. As an NPO incubation centre, Illovo is responsible for coordination of capacity building, coaching and mentorship of funded and non-funded NPOs across the KZN Province.

The facility provides a wide range of life skills development programmes to women and youth in KZN Province. These include:

- Basic entrepreneurship development programmes to women and youth following a skills audit assessment.
- Elementary skills development programmes for women and youth in the income generating venture.
- Organise the trained women and youth to form non-profit organisations in a manner prescribed by the Department of Social Development and organise them to graduate into commercially viable cooperatives.

The staff complement of the Illovo Skills Development Centre is as follows:

- Community Development Manager: 1
- Community Development Supervisor: 1
- Administration Clerk: 1
- Registry Clerk: 1
- Handyman: 1
- Driver: 1
- Housekeeper: 3
- Kitchen Aid: 1
- EPWP Staff: 5

As outlined above, the Illovo Skills Development Centre has 15 staff complement.

The Centre manager reported that, on 13 July 2021, the Centre was unfortunately targeted by the numerous mob of looters who violently descended upon the facility and immediately robbed the security of their cellular phones and two-way radio equipment and threatened them off to vacate the facility. It is reported that the looters went away with almost all the assets in the facility including the Chevrolet sedan vehicles after breaking a safe box and got access to the car keys, however, the Centre reported that the car was later reported to have been found deserted and stripped down to the core in less than 10 kilometres from the office. The other three vehicles including Nissan Hard Body, Polo Sedan, all three cars were also stripped to the core and left as mere “valueless carcasses” in the garage at the facility.

The damage to property infrastructure includes broken doors and windows, destroyed ceiling boards and wall tiles, wrecked ICT infrastructure, destroyed plumbing and electricity infrastructure. The looters also stole air conditioners and geysers from the buildings. Subsequently, a case of housebreaking, damage to property and theft was opened at Amanzimtoti Police Station on 14 July 2021 after due delays and lack of sense of urgency from the Police Officers (Case No. 129/07/21).

The estimated costs of the damage at Illovo Skills Development Centre is R1,888,000. The following tables outline the estimated costs per goods vandalised or stolen:

Table 5: Estimated costs of damaged vehicles

Vehicle Description	Estimated Costs
Nissan hard body	R198 000,00
Polo Sedan	R273 200,00
Polo Sedan	R273 200,00
Chevrolet Sedan	R178 000,00
Total estimated Cost	R922 400,00

The Table above illustrate that the estimated cost of the damage to the state vehicles that were damaged and set alight at Illovo Skills Development Centre amounts to R922 400,00. The damage to infrastructure as well as the stolen equipment is estimated at R920 515,00.

The impact of the looting and vandalism on service delivery at the Centre has caused interruption on the programme of the Centre. The events mentioned above marked a very dark and sad day for the facility which is on the upward trajectory and resuscitation phase. The looting has reversed the gains on assets investment that have been procured over many years.

The facility was preparing for the rollout of youth and women development skills programmes in partnership with funded NPOs. As a result, these plans that were underway will be surely affected or delayed.

4.2.2 KwaMashu SASSA and DSD Offices (Bridge City Shopping Centre)

On 11 July 2021 it was reported that a mob of people was looting Bridge City Shopping Centre which affected the Department of Social Development Office. On 12 July 2021, it was reported that the building was on fire. The incident has resulted in office assets being stolen and damaged. On the 13 July 2021, six State vehicles were removed from Office Parking to KwaMashu South African Police Service in order to safeguard them. However, there were four vehicles which could not be removed since they have technical problems. On 13 July 2021, it was reported that the mob of people got into Department of Social Development parking where they striped the vehicles.

Name of District	Name of Office affected	Number of staff affected
EThekweni North District	KwaMashu Office	130 Officials including EPWP

It was reported that the estimated cost of the damage to state assets is estimated at R2,850,000 as outlined in the Table below.

List of affected items	Quantity	Estimated costs
ICT equipment	14 desktops and 3 laptops	R1 000 000
Office furniture (desk chairs and steel cabinets)	7 desks, 162 chairs, 15 telephone table and 9 cabinets	R300 000
Vehicles	4 vehicles	R1 000 000
Stores	Stationery, cleaning material, and sanitizers	R500 000
Electrical appliances	2 fridges, 3 microwaves, 2 paper shredders, 4 kettles, and hoovers	R50 000
Total		R2, 850, 000

At KwaMashu local office it was reported that the looting and damage to the state property occurred on the 13 July 2021 wherein four state vehicles were badly damaged ranging from ignition, suspension and steering wheel, wiring, just to name a few. The front double glass-doors at the entrance was damaged, the entire switchboard operation was taken away, 17 laptops and three (3) Desktops were stolen.

As the Table above indicate, appliances looted from the office encompasses two fridges, three microwaves, four kettles, 50 extension cords, three (3) TV sets amongst others, and small safe. The looters also stole cleaning materials from the store room which included 5 x 25 litres of sanitizers, pine gel (25 litres x 2), dish washers and hand soaps, protective clothing x 25, client files torn and scattered. Other items looted include, plastic chairs, Boardroom chairs, visitors' chairs, crockery, table clothes.

In the North District two (2) Service Office were affected in terms of office space and tools of trade. The Kwa Mashu office was affected by the 2021 unrests characterised by looting and destruction of property. At Inanda office, one (1) vehicle was hijacked and batteries were taken in other two (2) vehicles.

It was reported that the recent violent protests distinguished by looting and destruction of public and private properties negatively affected service delivery at boarder scale. Many people have lost their jobs, food no longer available at convenience and the Department of Social Development battling to get SRD for customers. As a result of looting of tools of trade such as laptops and desktops with client files has affected service delivery.

In terms of interim interventions by the Department, the Committee was told that the staff is traumatised by the situation and wellness has been arranged. Trauma debriefing of all officials were done on the 26 July 2021. The cleaning campaign was conducted at the Bridge City Mall on the 22 – 26 July 2021. About 10 state vehicles were moved to the South African Police Service (SAPS) station for safety of which 4 of them were vandalised prior it was moved to SAPS. It was reported that alternative working space is being explored with KwaMashu Child Welfare and Ntuzuma SAPS. In the meantime, officials work remotely and supported by nearby offices. Districts are finalising identification process for offices within the Service office in need of the hired vehicles.

5. GAUTENG PROVINCE

On 30 July 2021, the PC on Social Development received briefings from the Gauteng Department of Social Development, and the South African Social Security Agency Gauteng Region on the impact of the recent violent protests on the services of the social development sector and the department's response for urgent food relief to the most affected individuals and households. The briefing was held at Phuthaditjaba Community Centre (also known as Afrika Tikkun) in Alexandra.

On the same day, the PC on Social Development conducted oversight visits to Afrika Tikkun and SASSA Alexandra Local Office which is situated in Alexandra, Pan African Mall.

5.1 Welcome by the Member of the Executive Council (MEC)

The Member of the Executive Committee (MEC), Ms. Thuliswa Nkabinde-Khawe, provided the welcoming remarks and welcomed the Committee. The MEC stated that, on the 25 July, the President addressed the nation on the corona virus response and the recent unrest our country experienced. She stated that Gauteng and Kwazulu-Natal respectively were hard hit by the acts of recent violent protests. The MEC stated that this has led to loss of lives, looting of shops, warehouses and factories, and damage to infrastructure. The President stated, in his address, *“in response to both the pandemic and the recent violence, we need to provide support and relief to poor households, in order to alleviate the hardships, they are going through and reduce hunger.”*

The MEC stated that, as Gauteng Social Development, “we contend that when we respond to crisis, we must put faces to our response”. This encourages a humane response that embraces compassion. That is the role of social development. True to our mandate, that being the social protection and development of members of our communities, our citizens come first. Therefore, as a response to the recent unrest we must put faces to the crisis. Because it is people and livelihoods that were disturbed.

The President further announced that, *“in addition to the food relief being provided by the Department of Social Development, government is contributing R400 million to the Humanitarian Crisis Relief Fund established by the Solidarity Fund to assist with the immediate needs of affected communities.”* This is telling of the crucial role played by social development in our country in responding to the immediate needs of our communities, in fighting poverty and in protecting our communities.

Additionally, the MEC stated that we must concede that the COVID-19 has had an immense negative impact in our communities and the services our department provides. However, be that as it may, the Premier Mr Makhura, emphasised in his State of the Province Address that our Province had the biggest and most successful food distribution programme since the President enforced the State of Disaster Management Act. With that said, we do however admit that our communities are still in need of food relief and all the essential services the department of social development has to offer.

The MEC stated that Afrika Tikkun has partnered with social development in distribution of food parcels and awareness programmes on various issues affecting the youth and our communities. Moreover, the services provided by Afrika Tikkun place youth development at the centre of its services, offering social service programmes, daily meals from Monday to Friday, child and youth development, careers development and Early Childhood Development.

In closing, the MEC stated that these are the partners that become a glimmer of hope in our communities, that prove that we can attain a better tomorrow, working together. Honourable members, without taking more of your time. Allow me to say that as Gauteng we welcome you and we hope that through our discussions today in as far as our response to the recent unrest we remain true to our commitment to serving our communities.

5.2 Briefing by Gauteng Department of Social Development

The presentation of the Gauteng Department of Social Development focused on food security initiatives in the aftermath of the civil unrest. The Department provided a background on the Integrated Food Security Strategy of South Africa. The Gauteng Department of Social Development stated that the National Department of Social Development developed the Household Food and Nutrition Programme deriving its mandate from various policies and documents that include the South African Constitution, the Integrated Food Security Strategy (IFSS), the Households Food and Nutrition Security Strategy and the National Development Plan (NDP) Vision 2030. One of the targets of the NDP is for South Africa to reduce the poverty-induced hunger to 0%.

The Gauteng Department of Social Development stated that the mandate of Gauteng Department of Social Development (GDSD), is in line with the Household Food and Nutrition Security Strategy, has the following objectives towards providing access to poor and vulnerable households:

- Increase food distribution to poor and vulnerable households through a robust network of Food Distribution Centres, in Gauteng known as Foodbanks
- Establishment of the Food Distribution Centres in poor and vulnerable communities
- Establishment of Community Nutritional Development Centres in the poor and deprived wards.

The Department stated that, in South Africa, about 1.6 million households experienced hunger in 2017, more than 60% of those households were found in urban areas. Gauteng had the largest percentage (25,2%) of household experienced hunger in South Africa. The recent violent protests amplified the situation.

The Department reported that, in Gauteng, the majority of the protest and destruction transpired in the major townships like Soweto, Alexandra, Tembisa and Mamelodi. There was disruption of services during the violent protests in Social Development local offices in Alexandra, Mamelodi, and Vosloorus. As a result of these violent protests, Social Development local offices were damaged and looted.

5.2.1 Recommencement of services

The Gauteng Department of Social Development reported to the PC on Social Development that the provision of social services resumed on 19 July 2021 at all the affected social development regional offices in line with COVID-19 regulations. Social Development services are fully restored in all areas that were destroyed by either using alternative venues or offices nearby. Furthermore, all social development staff working in Alexandra local office have been deployed to the Midrand and Johannesburg local offices as Alexander was destroyed. Alternative accommodation is being sought at two halls within the area which is the Sankopano hall and East Bank hall. Services at Mamelodi, Maponya, Vosloorus have resumed since the situation became stable on the 19th of July 2021.

The Gauteng Department of Social Development reported that communication has been dispatched in terms of advising clients to access services at Maponya and Vosloorus offices. This has been done through posters put at the Alexandra local office as with all the local stakeholders such as the Councillors and through social media.

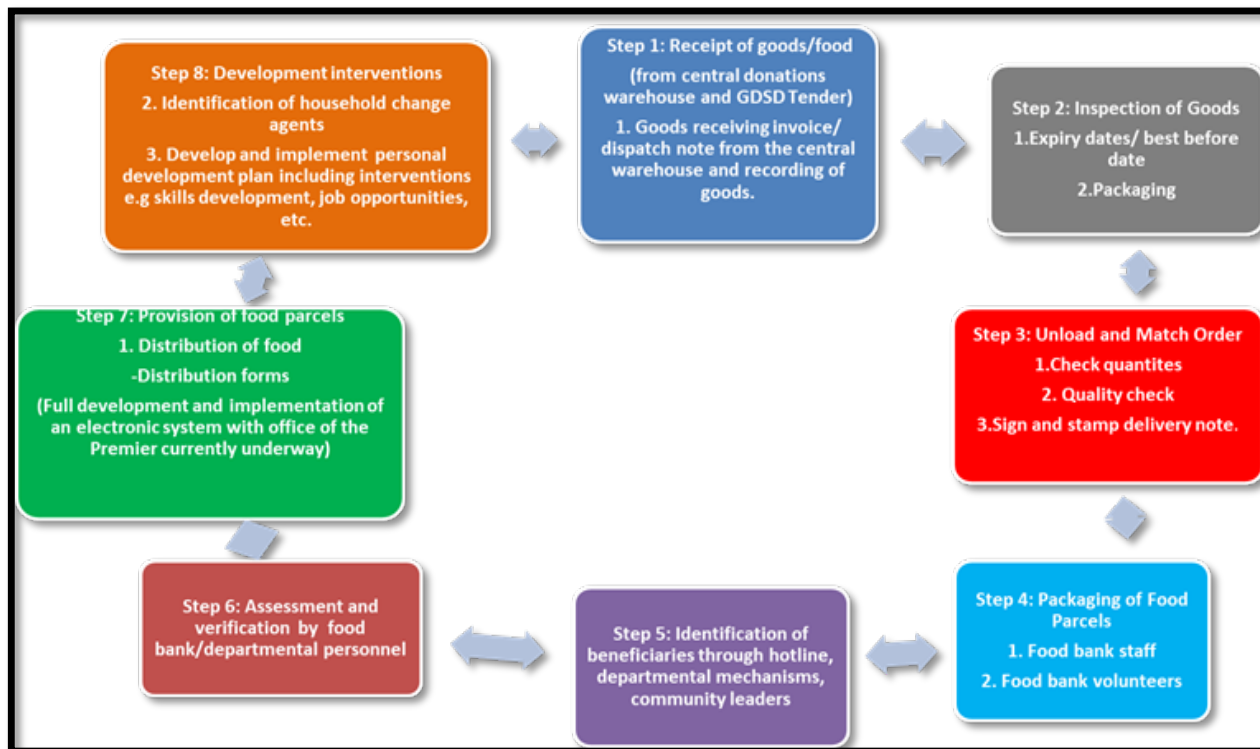
5.2.2 Food distribution steps

The Gauteng Department of Social Development reported that there has been steps taken to identify beneficiaries in need of food relief. The beneficiaries are identified through Gauteng hotline; community referrals such as community leaders, activists, ordinary members, civil society, and private sector. Once the beneficiaries have been identified, the NPOs managing the

food distribution sites conduct assessments to determine if the referred households/beneficiaries meet the qualifying criteria.

The Gauteng Department of Social Development is using the food distribution Centre operational model outlined below:

Figure 2: food distribution model



The Gauteng Department of Social Development reported that as of 27 July 2021, a total of 715 024 food parcels had been distributed by the Department and its implementing NPOs reaching about 3 575 120 individuals. The municipalities such as City of Tshwane (COT); City of Ekurhuleni (COE); Sedibeng; and West Rand have distributed about 39 192 food parcels reaching an estimated 195 960 beneficiaries. SASSA distributed about 12 329 food parcels reaching an estimated 61 645 beneficiaries since the lockdown started. Furthermore, the City of Johannesburg (COJ) has distributed 285 524 vegetable packs reaching an estimated 1 427 620 beneficiaries.

The Gauteng Department of Social Development provided a regional distribution breakdown of food parcels to date.

Figure 3: Regional distribution of breakdown of food parcels to date

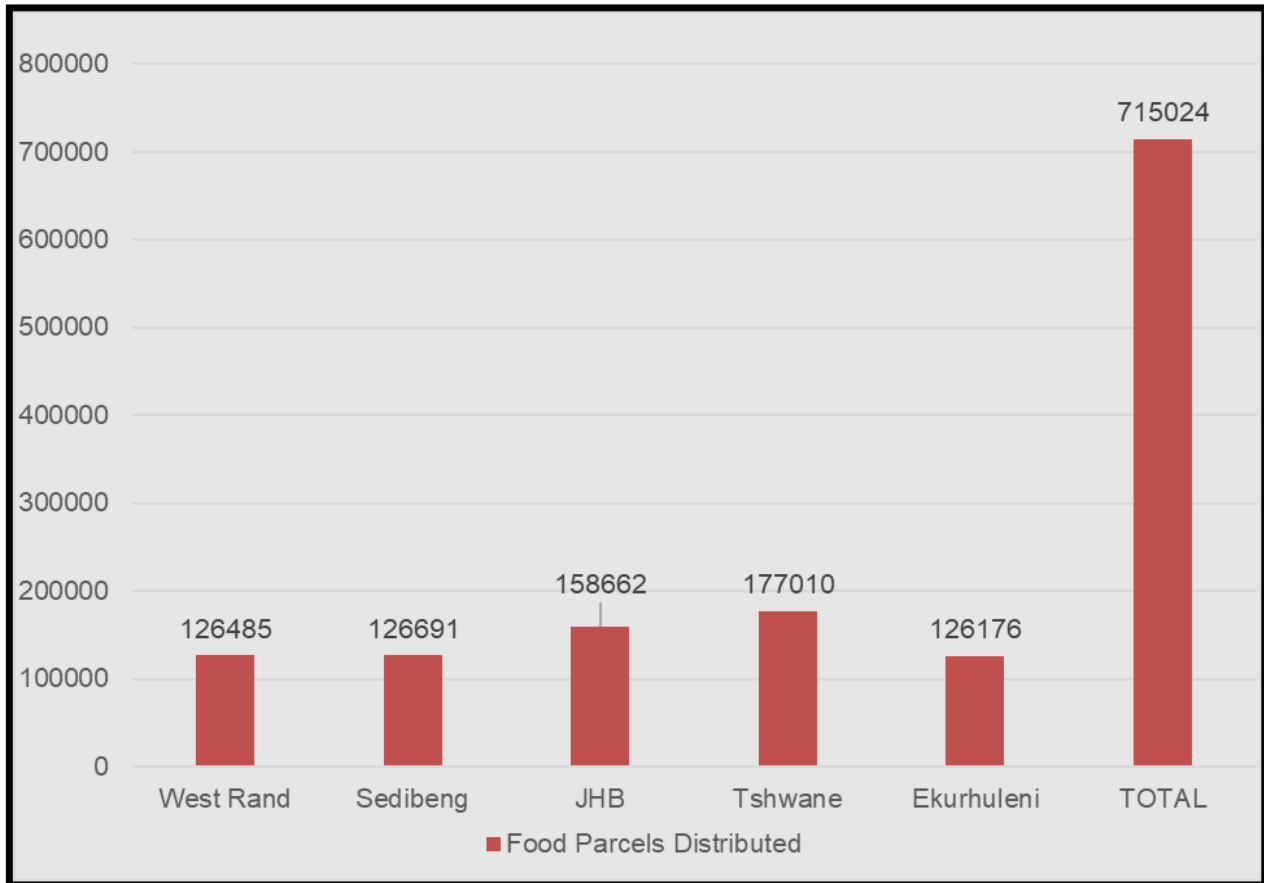


Figure 1 above indicate that City of Tshwane has distributed about 177 010 food parcels to date which is the largest food distribution in Gauteng. The City of Johannesburg has distributed about 158 662 food parcels. The Sedibeng, West Rand, and Ekurhuleni has distributed 126 691, 126 485, and 126 176 food parcels respectively.

The Gauteng Department of Social Development reported that it has distributed a total of 171 613 food parcels between January and July 2021 (6 months). During the month of July which coincide with the violent protests, Gauteng distributed 6055 food parcels. The greatest demand for food parcels was in February 2021 wherein it distributed about 52 201 food parcels.

5.2.3 Response to the current food demand

The Gauteng Department of Social Development provided a demand model for food security in Gauteng in the wake of the recent violent protests. The Department stated that the cost of responding to The cost of responding to hunger/food Insecurity in Gauteng must be understood within the following fiscal context;

- Gauteng project a R660 per food parcel informed by recent procurement benchmark. Thus, the Gauteng Department of Social Development would require a budget of R327 million to address the current Hotline backlog of 400 000.
- The Gauteng Department of Social Development envisage a demand of 5000 hotline requests per month for the next 7 months due to, job losses lockdown, etc.
- It also envisages about 6200 walk in/referral requests per month requests for the next 7 months due to hunger, lockdown, job losses etc
- In an endeavour to reduce the current deficit, the Gauteng Department of Social Development has managed to reprioritized R100 million within its 2021/22 allocation towards Food Relief. It has also managed to fund raise R40 million from the Solidarity Fund.
- The Gauteng Department of Social Development currently has a budget of R140 million. This simply means that the Department still has a deficit of R187 million as it requires a budget of R327 million to be able to address current backlog and managed the envisaged lockdown-induced demand.

The Table below provides a synopsis of Community Nutrition and Development Centre food distribution across Gauteng between 21 – 27 July 2021.

Table 6: Synopsis of Gauteng CDC food distribution

REGION	Number of Meals distributed 21 July 2021	Number of Meals distributed 22 July 2021	Number of Meals distributed 23 July 2021	Number of Meals distributed 26 July 2021	Number of Meals distributed 27 July 2021
Johannesburg	1016	1177	1026	594	956
Sedibeng	Not available	170	188	423	281
Tshwane	1307	1580	1605	1103	1434
West Rand	92	385	444	548	503
Ekurhuleni	1026	879	892	932	1017
TOTAL	3441	4191	4155	3600	4191

The Gauteng Department of Social Development provided a breakdown of food meals provided by the Community Nutrition and Development Centres (CNDCs) during the week of 21 – 27 July 2021. As can be seen on the Table above, the CNDCs have provided a total of 19 578 meals during the aforementioned week. The Table above indicate that there is a slight increase in meals provided by the CNDCs.

The Gauteng Department of Social Development outlined to the Committee a forward looking food distribution plan for Gauteng between September 2021 and March 2022. The plan is as follows:

Table 7: Gauteng Food Distribution Plan

Region	Remaining GSD Food Supply (total stock for next 7 months)	Solidarity Fund Contribution	Distribution Plan	DSD Re-prioritization Contribution	Distribution Plan	Total per Region
Ekurhuleni	7644	11 441	1 144 packs to be distributed per day and be completed 10 days after receiving stock	25 758	3680 packs to be distributed per month over 7 months	44 843
Jo'burg	9331	31 464	1500 packs to be distributed per day and be completed a 21 days after receiving stock	25 758	3680 packs to be distributed per month over 7 months	66 553
Sedibeng	11060	5 721	1 144 packs to be distributed per day and be completed five days after receiving stock	25 758	3680 packs to be distributed per month over 7 months	42 539
Tshwane	9422	5 721	1 144 packs to be distributed per day and be completed five days after receiving stock	25 758	3680 packs to be distributed per month over 7 months	40 901
W Rand	7644	2 860	953 packs to be distributed per day and be completed in three after receiving stock	25 758	3680 packs to be distributed per month over 7 months	36 262
	45101	57 207		128 790		
				Grand Total		231 098

The Gauteng Department of Social Development reported to the Committee that it has reprioritized R100 million from its current allocation to address the current demand on Food & is currently awaiting confirmation of R40 million from the Solidarity Fund. Deviation request has been sent to Treasury in an endeavour to replenish Food Banks with food parcels within a reasonable time given the urgency. Plans to request additional funds at National DSD and the Treasury are underway to augment current limited funds in order to address the high demand of food which currently outstrips the available supply (available resources).

The Gauteng Department of Social Development further reported that while it continues to deliver to needy families from walk-ins, hotlines and referrals from current stock, it is envisaged

that the accelerated delivery of food parcels in corridors of Gauteng will be from mid-August once all the Supply Chain Management (SCM) processes are concluded. The Gauteng Department of Social Development informed the Committee that in the interim urgent cases would be attended by current available stock and SASSA's Social Relief of Distress (SRD) grant.

The Gauteng Department of Social Development stated that the Food Relief Plan will be a joint effort between GDS&D & Gauteng SASSA through the delivery of Food parcels and SRD Vouchers, respectively.

5.3 Briefing by the South African Social Security Agency (Gauteng)

SASSA has 39 local offices in the province with more than 2 million beneficiaries to the grant value of R2.509 billion. The recent community unrest affected SASSA offices such Alexandra, Vosloorus, Johannesburg, Orange Farm, Soweto (Maponya) and Mamelodi. SASSA had to suspend some services in these offices as a result of the looting and break ins. The looting also affected other shopping complexes and retailers in which SASSA beneficiaries depend on for transacting of social grants. Some of these big malls included Diepkloof Square, Jabulani Mall, Naledi Mall, Christ Hani Crossing etc. This incident had a long term consequences of food shortages where beneficiaries may be confronted with hunger. Government intervention was imminent through the provision of food relief where applicable.

SASSA Gauteng provided a brief profile of the local offices that were affected by the recent violence protests.

Table 8: profiles of the local office affected

Alexandra local office	Johannesburg local office
<p>SASSA Alexandra Local Office is situated in Alexandra, Pan African Mall.</p> <p>The Office falls under the City of Johannesburg Municipality under the ambit of SASSA Johannesburg District.</p> <p>Alexandra is made up of 16 wards (32, 72, 73, 74, 75, 76, 81, 91, 103, 105, 106, 107, 108, 109, 115 & 116).</p> <p>Alexandra office has 60 862 grants in payment with an estimated amount of R 101 141 80 per month</p> <p>The office operates five days in a week (Monday-Friday) and services are rendered to all the wards.</p>	<p>SASSA Johannesburg Local Office is situated in central part of the City of Johannesburg at 01 De Villiers Street first floor, Johannesburg, which is accessible to beneficiaries within the area, and other areas within the region.</p> <p>The office operates five working days in a week (Monday -Friday), providing all social assistance related services.</p> <p>Johannesburg is made up of 20 wards (23, 54, 55, 56, 57, 58, 60, 61, 62,63,64,65,66,67,96,100,118,124 &125). Including a total of 11 Informal settlements</p>

<p>Alexandra Pan Africa Mall (SAPO) Branch and Merchants as well as the mall were damaged.</p> <p>SAPO will be paying grant at the Old Post Office Branch, beneficiaries can also access grants through merchants and ATM's in Alex Mall as an addition point of sales</p> <p>The office has an average intake of 25 grant applications per day.</p>	<p>The office has an average intake of 135 grant applications per day and 2500 per month,</p> <p>The office has 189 088 grants in payment with an estimated amount of R375 674 660</p>
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SASSA Gauteng stated that the Johannesburg local office has three (3) satellite offices which include Riverlea (operates on Monday); Dani Van Zyl in Westbury (operates on Wednesday); and Cosmo City (operates on Fridays). However, due to COVID-19 non-compliance, these venues are not in operation.

5.3.1 Interventions regarding service delivery disruptions

SASSA Gauteng reported that media statement has been issued on affected areas through different channels of communication. It stated that notices have been placed in all affected offices with nearest office available for services indicated. SASSA Gauteng indicated that it also used social media platforms such as regional radio stations and daily staff update of status changes.

SASSA Gauteng reported that it has discontinued food parcels. It currently issues food vouchers through retailers and supermarkets. It indicated that about 21 service providers have been approved to start with the issuing of food vouchers by the week of 26 July 2021, depending on availability of food stocks. These suppliers have been appointed for next (6) months and are spread closer to all SASSA local offices. To increase the footprint of suppliers, region will also use the KZN Boxer contract which has most shops in other part of Gauteng, subject to approval through supply management policies. SASSA Gauteng stated that the value of vouchers is R700 per applicant and the available budget to cater for the food vouchers is R57 044 346.

Table 9: synopsis of the budget for food vouchers

Target No of Beneficiaries	1,3 m beneficiaries	Interventions	Food Parcels SRD Voucher Daily Meals (CNCD)	
Region	Solidarity Fund Food Parcel Contribution	DSD Food Parcel Contribution	SASSA SRD Vouchers Contribution	Total per Region
Ekurhuleni	11 441	25 758	19 110	56 309
Jo'burg	31 464	25 758	20 250	77 472
Sedibeng	5 721	25 758	11 210	42 689
Tshwane	5 721	25 758	17 590	49 069
W Rand	2 860	25 758	13 320	41 938
Grand Total	57 207	128 788	81 480	267 477
	21%	48%	30%	
An estimated 1,337,385 beneficiaries will be reached at an average of 5 family member per household				

SASSA Gauteng office resumed working from 19 July 2021, all staff have been deployed to the Midrand and Johannesburg Local Offices as alexander was destroyed. Alternative accommodation is being sought at two halls within the area as in the Sankopano hall and East Bank. Services at Mamelodi, Maponya, Vosloorus have resumed since the situation became stable on 19 July 2021.

Gauteng SASSA stated that it will share the Hotline data for verification on SASSA SOCPEN database with Social Development to avoid double dipping. It will refer beneficiaries to the DSD food bank, while SASSA is in the process of procuring the services of suppliers to redeem food vouchers for qualifying beneficiaries. Disaster relief will be provided in the event of a declared disaster such as fire, floods and or death in line with SASSA Disaster Policy.

5.3.2 Issues emanating from the presentations

The Committee wanted to be provided with the hotline number. The Committee asked the Gauteng Department of Social Development about the effectiveness of the hotline in terms of identifying those in need of food relief.

The Committee acknowledged the reprioritisation of funds in order to accommodate the food relief programme. The Committee wanted to know which programmes of the Department were affected by the reprioritisation of funds?

The Committee commended the Gauteng Department of Social Development for the food parcel standard that the Department has adopted. The Committee stated that the Gauteng standard should be adopted by other provinces.

The Committee wanted to know whether the Gauteng Department of Social Development has a monitoring and evaluation systems in order to follow the budget. The Committee raised the importance of monitoring and evaluation especially for the expenditure in the social relief of distress programme. The Committee stated that the Department should have a proper monitoring and evaluation system in place in order to account for its programmes.

The Committee asked the Gauteng Department of Social Development of its criteria or system in terms of identifying the social relief of distress beneficiaries.

The Committee wanted to know whether the Gauteng Department of Social Development has approached the Faith Based Organisation to assist with the food parcels as these are already disbursing food parcels to the communities.

5.3.3 Responses by the Gauteng Department of Social Development

The Gauteng Department of Social Development reported that there programmes in place intended to assist beneficiaries such as the livelihood programme.

The R100 million that was reprioritised was redirected from the programmes that funding was not utilised due to COVID-19 regulations. The Department was not able to utilised some of the budget for outreach programmes.

The Gauteng Department of Social Development will provide the hotline number to the Committee. The hotline is not aggressive as it should be due to poor marketing strategy. The Gauteng Department of Social Development reported that the province has a backlog of 400 000 which will require about R338 million. Therefore, the Department is under severe pressure to

follow up on the reported backlog. The Department reported that there are 4 191 beneficiaries that are receiving meals every day.

The Faith Based Organisations have not been contacted because the Department has a system in place wherein organisations are required to submit their proposal to the Gauteng Department of Social Development if they intend to work with the Department.

In terms of addressing the issue of double dipping, the Department is working closely with SASSA and other stakeholders. Their system of SASSA and Social Development have been integrated.

The Department stated that there is a system in place to identify beneficiaries. The Department is working with the community leaders, individuals and other methods to identify people in need of food relief.

6. SITE VISITS TO SOCIAL DEVELOPMENT FACILITIES (ALEXANDRA)

On 30 July 2021, the PC on Social Development conducted site visits to Phuthaditjaba Community Centre (also known as Afrika Tikkun) and SASSA local office in Alexandra. The visit to the SASSA local office in Alexandra aimed at assessing the magnitude of the damage caused by the violent protests.

6.1 City of Johannesburg

6.1.1 Phuthaditjaba Community Centre- Alexandra

Afrika Tikkun's Community Centre in Alexandra, called Phuthaditjaba, a Sesotho name which means "The Meeting Place of Nations", is a well-run community centre which serves the needs of the Alexandra youth, families and senior citizens - a thriving hub of activity. The Centre is uniquely placed to play a strong role in the delivery of a whole range of social services. Being embedded in the community, the centre contributes significantly to improving the lives of the children and young people, families and the elderly, within Alexandra.

Community work in Alexandra began in the 90's, however Phuthaditjaba Centre was built in 2009. The building used to be a facility for elderly people in the community. The Centre is run by Patricia Moloi and caters for Early Childhood Development (ECD), Child and Youth

Development, Career Development Programmes, the elderly and families living in the community. The Centre is in Region E, Ward 105.

In order to provide services and interventions that support young people from cradle to career, the Centre's programmes, focus on the specific developmental and age-appropriate needs of young people aged 2-29 years, include:

- Early Childhood Development (ECD): Targeted at children aged 2-6 years, this programme focuses on the achievement of age appropriate developmental and school readiness milestones to set a firm foundation for learning throughout the school career.
- Child & Youth Development (CYD): An after-school programme for children aged 7-18 years that provides a series of activities for education, leadership, career and personal development throughout their formative years while in the schooling system.
- Career Development Programme (CDP): Provides career guidance, job readiness training, industry specific specialised training (Retail, Hospitality, and ICT), job placement (entry-level jobs, learnerships and work experience opportunities) and bursaries for further learning. These activities enable young people aged 17-29 access economic opportunities after finishing high school.

The Centre enrolls about 200 ECD learners per annum. Its child youth development programmes accommodates about 568 learners per annum. it was reported that the youth acceleration programme enrolls 120 learners per annum and the work readiness programme caters for 160 learners per annum. Its career development programme caters for 300 learners per annum. The Centre provides 255 daily meals through its CNDC programme.

In addition, the Centre provides other services to the community under its 360/Social Support Services Programmes:

- Primary healthcare – Prevention, education and support on main health problems and promotion of food supply and proper nutrition, child health, family planning, immunisation against major infectious diseases. Services include regular physical and health education, wellness, health screenings and checking of height, weight, eyesight and sensory motor functioning at scheduled intervals etc.
- Family Support Services - addresses the young person's needs within the context of their family circumstances. Services include parenting skills, family preservation and development activities, counselling, support groups and advice and referral services.

- Nutrition and food security - encompasses providing young people with daily meals, and where required, their families with monthly food parcels, emergency relief and school lunch boxes, as well as establishing food gardens and other nutritional activities necessary to educate and empower.
- Empowerment- Services that drive inclusion from a gender and disability perspective across the organisation. Here, children with disabilities and their families are given the tools and support needed to actively pursue their human rights as agents of change within their homes and community across all our core programmes.

The Centre manager told the Committee that beyond the Centre's focus on young people, it is their aim to ensure a positive impact on the broader community as a whole. The Centre manager reported that approximately 85% of its employees are from the communities surrounding the Centre. This therefore means that many households from these communities are sustained by the income from employment provided by the organisation.

Note: It should be noted that the Phuthaditjaba Community Centre was not affected by the recent looting and vandalism of public and private property.

6.1.2 Alexandra SASSA local office

SASSA Alexandra Local Office is situated in Alexandra, Pan African Mall. The Office falls under the City of Johannesburg Municipality under the ambit of SASSA Johannesburg District. Alexandra is made up of 16 wards (32, 72, 73, 74, 75, 76, 81, 91, 103, 105, 106, 107, 108, 109, 115 & 116). Alexandra office has **60 862** grants in payment with an estimated amount of **R 101 141 80** per month. The office operates five days in a week (Monday-Friday) and services are rendered to all the wards. Alexandra Pan Africa Mall (SAPO) Branch and Merchants as well as the mall were damaged. SAPO will be paying grant at the Old Post Office Branch, beneficiaries can also access grants through merchants and ATM's in Alex Mall as an addition point of sales. The office has an average intake of **25** grant applications per day.

Table 10: Overview of Damages at the Alexandra Office

District	Local Office	State of the Office	Extent of the Damage and Loss
Johannesburg	Alexandra (Pan Africa Mall)	Closed	Office vandalized, Furniture Broken, 18 Desktops and 7 printers looted. No water and electricity supply. Office to reopen on the 02 August 2021.

Table 11: Gauteng Contingency plan

District	Local Office	State of the Office	Extent of the Damage and Loss
Johannesburg	Alexandra (Pan Africa Mall)	Closed	<ul style="list-style-type: none"> • Clients referred for Online applications. • 9 Officials reporting in Midrand office and 2 reporting at Johannesburg Local Office. • Notices placed on the doors/entrance. • ICT in a process of installing 4 acquired desktops. • 1 Photocopy machine to be transferred from Midrand to Alexandra Office. • Communication taken place through social media, since the Alex Radio station has been broken into same with our Alexandra office. • The office is cleaned and will re-open on 02 August 2021.

7. PC ON SOCIAL DEVELOPMENT OBSERVATIONS

- The Committee was satisfied with the interim intervention measures put in place by the Department of Social Development portfolio following the violence and looting in KwaZulu Natal and Gauteng.
- The Committee acknowledged the measure put in place by the Department especially the decision to continue providing services for the most affected communities through the deployment of mobile offices and the deployment of staff personnel to other social development offices. These measures ensure that services are continuing whilst the Department of Social Development is seeking long-term solutions to the current challenges brought by the recent violent protests in both KwaZulu Natal and Gauteng.

- The Committee reemphasises its condemnation of the violence and looting which has resulted in loss and damage of critical assets. The KwaZulu Natal Department of Social Development indicated that it will need more budget in order to address the current demand of services.
- During its oversight to the Social Development local offices, the Committee observed that the vandalism and looting was executed in a similar pattern in all the offices, especially at the SASSA local offices. In this regard, the Committee is of the view that the acts of vandalism and looting were well planned and could have involved internal personnel. The Committee is concerned about the destruction of debtor's files, which contain critical information.
- The Committee acknowledged the interventions relating to food relief security through food parcels and allocation of food vouchers. However, the Committee reemphasised its dissatisfaction regarding the distribution of food parcels. The Committee reiterated its stance on issues such as double dipping and stated that the food parcels should reach the intended beneficiaries. The Committee cited incidences of double dipping when food parcels or vouchers were distributed during level 4 of the COVID-19 lockdown.
- The Committee was concerned that residents decided to vandalise and destroy infrastructure that provide services to the community especially for the elders and children. The Committee cannot comprehend how people decide to destroy the infrastructure that the very same community will be inconvenienced by not having.

8. PC ON SOCIAL DEVELOPMENT RECOMMENDATIONS

The Committee made the following recommendations:

- The Minister should ensure that staff members of the provincial Department of Social Development working at the affected facilities are provided with psychosocial support to deal with trauma, anxiety and adjustment issues through the wellness programmes.
- The Minister should ensure that the staff members from the affected local offices are deployed temporarily to other provincial social development offices that were not affected whilst the Department of Social Development is seeking long-term solutions to the affected facilities.

- The Minister should institute an investigation with regard to the looting and vandalism of the DSD local offices and SASSA local offices. This is in order to ensure that those behind the looting and vandalism of state property are brought before the law.
- The Minister should ensure that there is realignment between Social Development and SASSA systems in order to address issues of double dipping with regard to the distribution of food parcels and food vouchers. In addition, the Minister should fast track the introduction of the electronic system for the distribution of food parcels and food vouchers to eliminate double dipping.
- The Minister should ensure that the Provincial Department of Social Development reviews and re-allocates its budgets for procurement of assets and infrastructure repairs at the local offices that were affected by the recent violent protests.
- The Minister should consider adopting the food parcel model used by the Gauteng Department of Social Development and roll it out to other Provinces.
- The Minister and the Acting Director-General of the Department of Social Development should, within three months, update the Committee on progress made on the undertakings made during the Committee's oversight to KwaZulu Natal and Gauteng.

9. CONCLUSION

The PC on Social Development acknowledge the work done by the Social Development Portfolio both in KwaZulu Natal and Gauteng Provinces in ensuring that social services are provided to the communities that were affected by the recent violent protests.

The Committee praised the National Department of Social Development for showing leadership to the affected provinces. The Committee acknowledged the interventions by the KwaZulu Natal and Gauteng Departments of Social Development in ensuring the provision of social relief of distress in the wake of violent protests.

The Committee acknowledged the work of the South African Social Security Agency and the South African Post Office in both KwaZulu Natal and Gauteng Provinces in ensuring the payment of social grants and food vouchers to the beneficiaries.

The Committee also welcomed the private donors such as the National Lottery Commission and Boxer Stores who showed interest in assisting the Department of Social Development with food parcels and donations.

Report to be considered.

3. REPORT OF THE PORTFOLIO COMMITTEE ON SMALL BUSINESS DEVELOPMENT JOINTLY WITH PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION AND SELECT COMMITTEE ON TRADE AND INDUSTRY, ECONOMIC DEVELOPMENT, SMALL BUSINESS DEVELOPMENT, TOURISM, EMPLOYMENT AND LABOUR FOLLOWING A FACT FINDING VISIT TO KWAZULU-NATAL AND GAUTENG PROVINCES, DATED 18 AUGUST 2021

1. INTRODUCTION

The Portfolio Committee on Small Business Development (the Committee) conducted a two-legged fact finding visit to the provinces of KwaZulu-Natal (KZN) and Gauteng on 03 - 06 August 2021. The visit was prompted by the recent unrest that saw two provinces gripped by a frenzy of looting, arson and violence. The visit targeted primarily small enterprises and informal businesses directly and/or indirectly impacted by violent looting. The Committee undertook this visit jointly with the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour, whereas visits to other locations, included Portfolio Committee on Trade, Industry and Competition (the Committees). The newly merged entity (Small Enterprise Development Agency and Small Enterprise Finance Agency) representatives were also in tow to accompany Committees in order to shed light on the financial and non-financial package currently being offered to affected small businesses and informal traders.

Delegation(s) also included senior leadership from respective municipalities, development agencies, local chambers as well as provincial departments responsible for economic development. In KZN, Committees visited King Cetshwayo District Municipality (KCDM), Ilembe District Municipality and eThekweni Metropolitan area. While in Gauteng, Ekurhuleni and City of Joburg were two of the Metros visited over the two-day period. Accordingly, this report provides some qualitative information obtained through interactions between Members of Parliament and sector representatives, informal traders and business owners affected by the unrest, summary of key findings and observations as well as recommendations.

2. BACKGROUND

On 28 June 2021, South Africa was placed under alert level four (4) restriction as corona virus numbers took an upward surge. This effectively meant that all social, political, religious and other gathering were prohibited. Most regrettably, business operations that had started to pick up, the announcement of level four restriction threw a spanner in the works. Small businesses and informal traders, which had already been ravaged by almost two years of stop and go, were severely affected when volume of people suddenly halted. Whilst on an unrelated matter, on 29 June 2021, the Constitutional Court (the ConCourt) handed down judgement declaring the Former President Jacob Zuma to be in contempt of court and sentencing him to a period of 15 months in prison. There is thus a general perception that the civil unrest, leading to riots, looting and destruction of property may have been ignited by the incarceration of the former President and exacerbated by Covid-19 related restrictions.

2.1 The Economic and Social Aftermath of the Unrest

The unrest began in the province of KwaZulu-Natal on 09 July 2021 and spread to the province of Gauteng on 11 July 2021. As of 18 August 2021, authorities estimate that 3410 people have been arrested for crimes ranging from stealing to murder, and almost 340 are confirmed dead. The provinces of KZN and Gauteng are two most populous regions and together account for half of South Africa's output. The country's Gross Domestic Product (GDP) is to a certain degree dependent on the economic performance of these two provinces. The developments were therefore unsettling. Both regions were badly hit by the unrest. The data with respect to economic impacts of riots and looting is still being collated by reputable institutions such as South African Special Risk Insurance Association (SASRIA), South African Property Owners Association (SAPOA) and Statistics South Africa (STATSSA) to mention the few.

However, according to various sources such as Business Leadership South Africa (BLSA), provincial governments of KZN and Gauteng, National Treasury and various other industry players, they are estimating that more than 200 malls were affected, over 1000 stores looted, more than 100 completely burnt, more than R20 billion in damages, 50 000 informal traders left stranded while 50 000 small businesses affected, and likely more than 150 000 jobs are at risk. Several

factories and warehouses were looted and torched, big businesses grinded to a halt including two major ports of Durban and Richard Bay, national routes e.g. N2 and N3 had limited operations. The KZN government has as a result declared a provincial state of disaster owing to the magnitude of damage caused by the civil unrest. While the destruction has also spurred the national government into taking curative measures to resuscitate struggling economic activity and battered business confidence through economic strengthening interventions announced by the President.

2.2 Relief Package

Rewind few years back, South Africa was already mired in the recession before the Covid-19 struck. The pandemic had by February 2021 stymied the country's economic growth forecasts from 4.3% to 3.8%. These projections have further been revised downwards due to the recent unrest and many economists are envisaging a shaving of as much as one percentage point off GDP growth in 2021. For that reason, and in order to moderate adverse impacts of the turmoil, on 26 July 2021, the President announced a range of mitigating measures to support business recovery and provide some social relief to the poor and vulnerable. The South African Special Risks Insurance Association (SASRIA) will form a key part of the intervention to help insured businesses restore their operations. SASRIA has committed to expedite the payment of all valid claims, and is working together with private insurers to guarantee that assessments are completed without delay.

It is expected that the package will amount to R38.9 billion. Government will ensure that SASRIA is able to honour all of its obligations and has already ring-fenced R3.9 to support SASRIA to keep away from any potential liquidity problems. When announcing these measures, the President noted that some businesses that were victims of the violence may not have been insured, including many small and medium-sized businesses, whether formal or informal. It is acknowledged that many of these businesses have lost everything, like the traders Committees visited at Isipingo in Durban, and will not be able to rebuild on their own. They will therefore be accommodated under the relief package administered by the Department of Small Business Development, currently projected at R2.3 billion.

According to National Treasury, some of these interventions, include inter alia, restoration of the Social Relief of Distress (SRD) grant of R350 until the end of March 2022, R5 billion in revenue measures, expansion of the Employment Tax Incentive (ETI) for four months, payment deferrals for three months on Pay As You Earn (PAYE) for qualifying industries, as well as deferrals of excise duties on alcohol. Other sector Departments such as Employment and Labour have already gazetted Workplaces Temporary Relief Scheme to help cushion workers who are unemployed during this period of recovery. These measures will be implemented from 1 August 2021 and others 1 September 2021 respectively. Further details will be provided by National Treasury and South African Revenue Services (SARS). In accordance to its mandate, Parliament is anticipated to monitor the implementation of these interventions.

2.3 Objective of the Fact Finding Visit

The aim of the visit was to evaluate the extent of damage to property, supply chain disruptions and degree of business interruptions specifically for small enterprise and informal trading sector. It is also important for the Parliament's Portfolio and Select Committees to understand what other spheres of government and organs of the state were doing towards helping the sector recuperate. In line with its constitutional mandate, the interest of the Portfolio Committee on Small Business Development was more on -

- Obtaining first-hand knowledge and assess the gravity of the impact of the looting and violence on the small enterprise, co-operatives, informal trading sector, issuance or renewal of permits and support measures by respective municipalities during this period of crisis;
- To assess the state of small enterprises and informal traders, interact with businesses and business communities that fell victim to the looting and violent protests;
- To provide the Department of Small Business Development and entities, other various organs of state, an opportunity to showcase their product and service offerings, disseminate useful information on financial and non-financial support to those affected by looting and arson;
- Enhance cooperation and coordination between all spheres of government in developing a common or standardised approach and response to the sector and to enable the affected groups to speak for themselves;

- To compile and present a report with recommendations that could form part of any parliamentary intervention on the matter;
- To lay a basis for ongoing work by Parliamentary Committees in terms of their oversight role.

2.4 Composition of the Delegation

The delegation included members of the Portfolio Committee on Small Business Development, Select Committee on Trade and Industry, Economic Development, Small Business Development Tourism, Employment and Labour along with members of the Portfolio Committee on Trade, Industry and Competition, Parliamentary staff, officials from the Department of Small Business Development and entities, officials from districts and local municipalities, development agencies, local chambers and officials from corresponding departments of economic development.

2.4.1 Members of the Portfolio Committee on Small Business Development, Select Committee on Trade and Industry, Economic Development, Small Business Development Tourism, Employment and Labour

Members of the Portfolio Committee on Small Business Development

Ms VS Siwela, MP	(ANC) Co-Chair/Leader of the delegation
Mr F Jacobs, MP	(ANC)
Mr HG April, MP	(ANC)
Ms KB Tlhomelang, MP	(ANC)
Mr HCC Kruger, MP	(DA)
Mr J de Villiers, MP	(DA)
Ms B Mathulelwa, MP	(EFF)
Mr V Zungula, MP	(ATM)
Mr HE Hendricks, MP	(Al Jama-Ah)

Members of the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour:

Mr MI Rayi, MP	(ANC) Co-Chair/Leader of the Delegation
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Mr K Mmoiemang, MP	(ANC)
Mr M Dangor, MP	(ANC)
Ms HS Boshoff, MP	(DA)
Mr T Brauteseth, MP	(DA)

Members of the Portfolio Committee on Trade, Industry & Competition

Mr D Nkosi, MP	(ANC) Co-Chair/Leader of the Delegation
Ms J Hermans, MP	(ANC)
Ms RM Moatshe, MP	(ANC)
Mr SH Mbuyane, MP	(ANC)
Ms NE Motaung, MP	(ANC)
Mr Z BurnsNcamashe, MP	(ANC)
Mr MJ Cuthbert, MP	(DA)
Mr DW Macpherson, MP	(DA)
Ms YN Yako, MP	(EFF)
Mr FJ Mulder, MP	(FF Plus)
Mr WM Thring, MP	(ACDP)

2.4.2 Parliamentary Officials

Mr NK Kunene	Committee Secretary
Mr S Gumede	Content Advisor
Ms N Zixesha	Executive Secretary to the Chairperson
Mr M Dodo	Committee Assistant
Mr Z Ngxisho	Committee Researcher
Mr T Madima	Committee Secretary
Ms Z Madalane	Committee Researcher
Ms Y Manakaza	Committee Assistant

2.4.3 Departments & Municipalities' Representation

Department of Small Business Development

Small Enterprise Development Agency

KwaZulu-Natal & Gauteng Departments of Economic Development

King Cetshwayo District municipality
 UMhlatuze Local Municipality
 iLembe District Municipality
 KwaDukuza Local Municipality
 iLembe Economic Development Agency
 EThekweni Metropolitan Municipality
 Ekurhuleni Metropolitan Municipality
 City of Joburg Metropolitan Municipality

3. FACT FINDING VISIT TO KWAZULU-NATAL

3.1 King Cetshwayo District Municipality

The King Cetshwayo District Municipality is one of the 11 district municipalities in the province of KwaZulu-Natal. It stretches from the uMfolozi River in the north, to Gingindlovu in the south, and inland to Nkandla. The district is constituted by five local municipalities, namely, Mthonjaneni, uMlalazi, Nkandla, uMhlatuze, and uMfolozi. The first segment of the Committees programme on day one was devoted to visiting affected small businesses and informal traders at KCDM. The chaos and destruction that spread throughout the province of KwaZulu-Natal had a shattering impact on municipalities under KCDM. All five of them experienced extensive looting, damage to property and infrastructure, emergency and municipal services were interrupted. The N2 highway, one of the targeted and severely affected routes during the unrest, added to the burden of supply chain disruptions. The N2 route connects the region to other major economic centres, such as KwaDukuza, Durban and Port Shepstone to the South and also provides a direct route to eSwatini and Mozambique to the North.

3.1.1 Reception by District Leadership

Upon arrival in Richards Bay, the Parliament's delegation was warmly received by respective mayors of KCDM and uMhlatuze LM Councillors Lindokuhle Phungula and Mduduzi Mhlongo. Also in attendance, were senior leadership e.g. Deputy Mayors, Speakers and Municipal Managers from both the district and local municipalities. Following introductions, leaders of the delegation for that leg, Ms Violet Siwela, Messrs Mandla Rayi and Duma Nkosi, made brief remarks outlining

the objective of the fact finding visit, brief summary concerning the nature or projected role to be extended by various Department(s) and entities to the affected small enterprises, co-operatives and informal traders in the corresponding local municipalities, expected roles of provincial, district and local spheres of government including role of Parliament during the recovery process.

Portfolio Committees learnt quite a few things from the brief presentation done by the District Mayor, areas that were highly affected in the district, number of malls and shops looted, vandalised and burnt, number of arrests made and fatalities, state of local municipalities and what each municipality has done or any potential programs in the pipeline to cushion vulnerable communities, role of local economic development and collaborative efforts with other provincial government departments such KwaZulu-Natal Cooperative Governance and Traditional Affairs (KZNCOGTA), KwaZulu-Natal Department of Social Development (KZNDSO) and KwaZulu-Natal Economic Development, Tourism and Environmental Affairs (KZNEDTEA). In towns like Eshowe (uMlalazi LM) and Empangeni (uMhlathuze LM), it was projected that almost half of the retailers and offices, were gutted. Whereas, small agricultural town of Gingindlovu (uMlalazi), the R66 Mall, the town's only Mall, was saved by the community which stood up and defended it, a reaction that appears to have worked in many areas that ended up being least affected. The visit of the Portfolio Committee was thus welcomed as signalling the start of a concrete programme to assist the affected local municipalities and trigger to economic recovery process.

3.1.2 Site Visits to Affected Areas

The visit to the district was localised within the City of uMhlathuze due to its strategic importance to the national economy e.g. home to Port of Richards Bay and concentration of small businesses and informal traders in the area. On a round trip that included stopovers at Nseleni, Ngwelezane and Esikhaleni townships, the consequences of destruction were clearly visible. The Parliament Committees were escorted to affected areas by members of the South African Police Service (SAPS) and City of uMhlathuze traffic police.

- **Nseleni Township**

Members observed first-hand the level of vandalism and destruction at Nseleni Shopping Mall, just outside Richards Bay. Hailed by City of uMhlathuze Mayor Cllr Mduduzi Mhlongo in 2016 during the sod turning ceremony as “symbolising a direct response to addressing the issue of

unemployment which is rife in the area”, the mall was in a state of absolute ruins and completely cleaned out. The Centre Manager, Ms Nomkhosi Shange, told Members of Parliament that the shopping complex was fully black woman owned. Some of the mall tenants included, among others, Boxer, Pep, Tekkie Town, small business concerns such as internet cafes and various Automated Teller Machines (ATM) which were all looted, vandalised or set alight. Cllr Mhlongo was at pains to point out that reviving efforts at torched malls may be a long hard slog due to structural damages which might force some of these facilities to be demolished completely. The assessment of the shopping mall including the structures to ascertain the extent and nature of damage was ongoing.

Members of Parliament took turn to ask questions of clarity or add inputs, also interacted with small entrepreneurs, who not so long ago, were tenants at the mall. Ms Boni Marwa, owner of Slay Queen Hair Salon, briefed members that her business was operating profitably. It was regrettably vandalised and torched, all of her equipment valued at more than R80K was stolen. Outside the mall, were few informal traders and street vendors whom their businesses were evidently hurt by abrupt swing in consumer volumes frequenting the mall. Members conveyed their distress at the economic impact of the looting and observed that, in many cases, the looting was accompanied by extremely high levels of property destruction. Business owners and employees present, were encouraged to remain strong during the recovery process.

- **Ngwelezane Township**

The next stop-off was Ngwelezane township on the outskirts of Empangeni. Like all other townships in the vicinity of uMhlatuze LM, Ngwelezane was not spared. Incidents of overnight protests, road blockages and attacks targeting transport vehicle, including ambulances to one of the largest hospitals in the region, Ngwelezane Hospital, were reported. Committees were briefed that clashes between demonstrators and police intensified as protestors refused to disperse. As a result, some of the shops were pillaged, vandalised and torched e.g. Engen garage, OK grocery supermarket, Debonairs Pizza and other shops owned by small entrepreneurs such as hair salons and food eateries were left in ruins.

Members of the delegation networked with shop owners, street vendors selling food items, hawkers and informal traders providing small quantities of goods and much needed services as

some of the big shops remained closed. Traders were also briefed and guided to access non-financial support services and recently announced financial package administered by Small Enterprise Finance Agency (Sefa) and Small Enterprise Development Agency (Seda). The City of uMhlathuze also announced that it was in the process of finalising financial package to assist all affected small business owners and informal traders within the local municipality. While the KCDM has its own scheme earmarked for the entire district municipality. It was also announced that other sector departments e.g. Tourism, Agriculture, Employment and Labour as well as Trade, Industry and Competition were in the process of finalising various schemes dealing with each category, stream or sector affected by the unrest.

- **Esikhaleni**

The last visit by Members of Parliament in the district was to Esikhaleni Mall. The Mall is an important business hub and landmark shopping complex that is conveniently situated in the heart of Esikhaleni Township. It is located about 20 kilometres from Empangeni and 25 kilometres from Richards Bay. The shopping centre has more than 30 stores, secure parking and is open seven days a week from 9h00 am to 18h00 pm. The Plaza boasts a typical profile tenant of Shoprite, Mr Price, Dunns, Webber, Spar, Spur, commercial banks and automated teller machines, Ackermans, Pep etc all of whom were ransacked.

The Mall services population of just over 120 000 including those living in the adjacent tribal authority. Upon arrival at Esikhaleni, the delegation was received by the Centre Manager Mr Khumbulani Cele, and later shown around. Sections of the Plaza had been badly vandalised and other units set alight. The mop-up operations, removal of the debris and clearing up of the rubble had already begun. According to the City of Umhlathuze estimates there were more than 2500 employees affected and financial loss of more than R220 million.

Outside the Plaza, most trading stalls stood empty, a confirmation that informal trading has become an economic alternative for some community members. The affirmation that the fortunes of the informal economy possibly rest on the fortunes of the formal economy rang true. Similar to what the delegation observed at Nseleni Shopping Centre, informal trading sector at Esikhaleni Plaza is very much reliant on customers visiting the mall, and probably employees too. For members of Parliament, other critical observation was that, one may only stimulate the informal trading sector

if there is a formal economy hooked into it. According to the Centre Manager, the mall has a liability insurance. Of great concern to him though is whether key or anchor tenants would still have appetite to come back, and uncertainty over the resilience of the low profile tenants, who in all likelihood, their businesses or equipment had no insurance cover.

3.2 Ilembe District Municipality

Following a successful conclusion of the first segment of the visit to KCDM, Parliamentary Committees left for Ilembe District Municipality. The District Municipality (DM) is located on the east coast of KwaZulu-Natal. The N2 highway traverses the DM to the South in Durban and to the North in Richards Bay. It is the tiniest of the province's 11 district municipalities, making up merely 3% of its geographical area. The DM is made up of four local municipalities located between Durban and Richards Bay, namely, Mandeni, KwaDukuza, Maphumulo and Ndwedwe.

All local municipalities major trading hubs were under intense attack during the unrest. Ilembe is bordered by the Districts of uMgungundlovu, King Cetshwayo, uMzinyathi as well as the eThekweni Metro. The seat of the district municipality is KwaDukuza (previously known as Stanger). The KwaDukuza Local Municipality in particular has rich cultural and historical heritage having been the host and resting place of the Zulu founder King Shaka ka Senzangakhona and Africa's first Nobel Peace Laureate iNkosi Albert Luthuli.

3.2.1 Reception by District Municipality Leadership

The delegation(s) converged at KwaDukuza Local Municipality Council Chamber for introductions and briefings. The District and Local Mayors Cllrs Siduzo Gumede and Dolly Govender made welcoming remarks to Members of Parliament. Supporting the DM and LM leadership were Deputy Mayor of the district Cllr Lucky Makhathini, respective Municipal Managers of the DM and LM Messrs Nhlakanipho Khumalo and Nhlanhla Mdakane, the Chief Executive of Ilembe Chamber of Commerce Mr Cobus Oelofse and Acting Chief Executive for the eNterprise iLembe Ms Cheryl Peters who also presented on behalf of the district municipality.

Co-Chairpersons and leaders of the delegation made preliminary comments with reference to the fact finding visit and areas where the national, provincial and local governments, supported by their respective entities e.g. Seda, Sefa, eNterprise iLembe and local chambers, can work

collaboratively in the spirit of the District Development Model (DDM) to shield the sector from deleterious effects of looting and destruction.

3.2.2 Site Visits to Affected Areas

In accordance to the Parliamentary programme the delegation was due to visit informal traders in and around the Central Business District (CBD) of KwaDukuza, to assess the extent of damage to property linked to small businesses in areas of Shakaskraal enroute back to the hotel in Durban, interact with informal with informal traders and community members affected by the unrest -

- **KwaDukuza CBD and Shakaskraal**

The KwaDukuza CBD, Shakaskraal, Etete, Groutville and Stanger Manor were some of the hardest hit areas within the local municipality. Numerous stores in the area were looted and attempted burning of property in various parts of the CBD. Regarding the impact on the local economy, the businesses within the CBD of KwaDukuza, the KwaDukuza Mall, Shakaskraal and outerlying township areas were the targets of the looters. Several shops were either completely damaged by fire or vandalism, and others partially and almost all were looted. In Shakaskraal, USave, Pep, and Shoprite were all looted, with Shoprite later set on fire. At the height of the unrest, the rioters closed both the N2 at Chaka's Rock and the road joining the N2 and R102 at Shaka's Head. As observed with other least affected areas in KCDM, affluent economic hubs like Ballito, were not affected due to preventative measures by community members.

Preliminary estimates suggest that a total of 234 businesses (including shops, office buildings, ultra-city petrol port, ATMs) across the local municipality were directly affected. Over 45 informal traders' stalls were damaged, causing a displacement of informal traders. According to the district municipality preliminary estimates over the eight (8) day period across all four local municipalities the economic loss is in the region of R240 million and more 1500 jobs risk being wiped out entirely. A common ploy across all affected areas by protestors was the road blockages, effectively taming police response while shops were being looted and vandalized, also throwing of stones at passing traffic in order to cause traffic obstructions. Members of Parliament were told during the brief that KwaDukuza SAPS members worked extremely hard through under difficult situations

and circumstances, and made number of arrests for crimes ranging from public violence to possession of suspected stolen property.

3.3 Visit to eThekweni Metropolitan Municipality

The eThekweni Metro is one of the most affected areas in the province of KZN. The metropolitan area, commonly referred to as Durban, is the largest City and remains the only metro in the province of KZN, and third largest in the country. It is known as the home of Africa's busiest port and is also a major centre of tourism because of the city's warm subtropical climate and extensive beaches. During the unrest, the City of Durban and surrounding townships, malls, shopping centres, factories, warehouses and various other critical operations and infrastructure, emergency and municipal services delivery points grinded to a complete halt.

While the Port of Durban was forced to suspend its operations indefinitely and declared force majeure to its customers. The Port of Durban and Richards Bay are some of the vital economic spinners for the province and key trading gateway to the rest of the world. Major routes that connect the City to the South, West and North, N2 and N3, were on a complete standstill during the rioting period, throwing supply chain operations into a complete disarray. The N3 is a national route that links Johannesburg and Durban, respectively South Africa's largest and third-largest cities. The highway was one of the most targeted route during the strife, leading to its total closure in parts of Free State, KwaZulu-Natal and Gauteng.

3.3.1 Estimates of Economic Impact

According to the Mayor of eThekweni Municipality Cllr Mxolisi Kaunda, approximately forty thousand formal businesses and 55 000 informal traders were impacted by the violence, looting and arson. He posited that the City expected the impact of the loss of GDP to rise to over R20 billion in the region while at least 129 000 jobs are on the line. Research conducted by the City's Economic Development and Planning Committee (ECOD) reveals that for every hour that the N3 highway in KwaZulu-Natal is closed, at least R1 million is lost to the economy. This means that the impact of this closure over the last civil unrest over a five-day period is estimated at R120 million.

There were more than 37 trucks that had been torched in various parts of the province (28 were torched in Mooi River; 6 on the N2 in the northern region; 1 in Umgababa; 1 in Lidgetton; and 1 on the R603). While the unrest and riots have resulted to damage of property and infrastructure, it has also contributed to the weakening of the Rand. The local currency dropped as much as 2% against the dollar in the wake of these riots. The impact on fuel and transportation of goods also has a major impact. Exacerbating the situation is the impact this has on food security. Initial statistic gathered and released by the eThekweni reveal the following impact to the municipality -

- More than R1.5 billion loss of stock;
- More than R15 billions of damage to property and equipment;
- More than 50 000 Informal Traders affected;
- More than 40 000 businesses affected, a significant percentage of this are at a risk on not coming back post the riots;
- More than 150 000 jobs at risk to be lost;
- Close to 1.5m are at home with no income due to this unrest;
- The total impact to eThekweni GDP in the last 5 days estimated at more than R20 billion.

3.3.2 Visit to the Affected Sites

The second and last day of the visit in the province of KwaZulu-Natal was a visitation of informal traders' storage facility at Isipingo, KwaMashu Station Trading Stalls, petrol service stations and Community Shopping Centre's all in the township of KwaMashu. The Parliament delegation converged at the Durban City Hall and soon thereafter headed to Isipingo, South of Durban. The delegation was in the company of the Deputy Mayor Elect Cllr Diana Hoorzuk, Head of Business Support, Tourism and Marketing Mr Thulani Nzama and other staff members from eThekweni, Senior Manager Mr Boyce Mntambo represented KZNEDTEA while Seda and Sefa were represented by Provincial Heads Messrs Thula Mkhwanazi and Cedric Mnguni.

- **Isipingo**

The delegation visited Isipingo Informal Traders Storage situated at Inwabi Road where most of the trading activities had been localized. The once-bustling market street fell silent as its traders were trying to pick up the pieces. The storage facility was completely gutted down by fire. The

facility was an initiative by the City to help informal traders keep their stock safely from potential theft and securely keep their daily earnings as many hardly find time to go bank the money. Most informal traders find it cumbersome, expensive and risky to transport their goods from their place to their market place sites. Hence, when members interacted with informal traders, not only did they discover a completely burnt out storage facility with stock inside, they witnessed cash and documents of people that had been burnt almost beyond recognition.

During networking with traders, members were keen to know if the City had made any contact with the leadership, status of the relationship between them and the City, if Seda had made contact with any of the individuals or association(s) with a view to proposing and initiating necessary assistance within its portfolio of products and services. From this visit, it emerged that little or nothing was being done to assist the affected individuals or informal traders. Members were concerned that it seemed, non from the City, Seda or KZNEDTEA, had instituted or assumed any meaningful efforts to find out what were the urgent necessities of the people affected by the unrest.

Members acknowledged that some interventions or assistance may take long. Nevertheless, by the time Parliament got on the ground, some of the City's emergency services were supposed to have been triggered and Seda, which even before the unrest ensued had offerings tailor-made for informal traders, should have been in the process of identifying and helping informal traders with applications. The visit to Isipingo concluded by the City, Seda and Sefa making commitment to work cooperatively to fast-track the process of disseminating helpful information, partnering and supporting informal traders to resuscitate their businesses.

- **KwaMashu**

In KwaMashu, Members of Parliament visited few sites that were looted, vandalised and torched. The Emahawini SMME Business Hub was the first point of call where they mingled with small business owners of, among others, Emmanuel Vision Capital, Mahawini Tavern, eKasiFibre, Q-Tech Internet and Solutions, Swanky Hair Salon, KwaSaladi Trading, BeJay Funeral Directors, Three Fingers and Happy Den Trading. Other trading concerns such as Icebolethu Funerals, one of South Africa's trusted funeral service providers, remained closed.

Adjacent Emahawini Trading Hub is KwaMashu Station Traders Market. At the height of the unrest, stock, machinery and equipment belonging to the informal traders was looted. Coincidentally, it was the former Deputy Minister of Small Business Development (DSBD) Nokuzola Capa who had, on 21 October 2021, distributed the equipment valued at R600 000, including tools, hairdressing, clothing, baking, construction, catering, retail and the services sector to the informal traders. Few other issues of concern raised by informal traders were mostly service delivery related matters directed to the City. For instance, a concern was raised that the majority of trading facilities are without proper toilet facilities or running water, which forces the traders to work in unhygienic conditions without anywhere to relieve themselves.

Within the neighbourhood, there are BP and Shell Garages that were looted to the bone whilst Shell was set alight. Mr Sibonelo Mbatha, the owner of BP garage told members that nine other filling stations of his, and shops at Dube Village Mall, were also looted and burglarised. While he was comforted at the fact that most of his businesses have insurance cover, he was worried that recovery process might take longer, income lost may never be recouped and most of his employees were sitting at home. At Nyala Centre, members also interacted with Mr Siyanda Khamanga of Khamanga Pharmacy whom his pharmacy was also burgled. Enroute to King Shaka International Airport (KSIA), Parliament delegation stopped off at Spar Express at Shell KwaMashu to observe the degree of damage to the property which had also been gutted by the blaze.

4. FACT FINDING VISIT TO GAUTENG

The second leg of the Parliament's programme was dedicated to visiting affected small businesses and informal traders at Ekurhuleni and City of Joburg Metros. The civil unrest that began in the province of KwaZulu-Natal on 9 July, quickly snowballed and spread to the province of Gauteng on 11 July 2021. All three metros of Ekurhuleni, City of Joburg and Tshwane were affected. As of 16 July, 212 people had died in the unrest and 2554 had been arrested. The riots and looting resulted in food shortages, fuel shortages and medical supply shortages while municipal services were also disrupted.

There were also reported incidents of looting and destruction of property in Matsulu in Mpumalanga, Galeshewe in Northern Cape and Gqeberha in Eastern Cape. However, the civil

unrest was more prevalent in the provinces of KwaZulu-Natal and Gauteng. Furthermore, when the delegation hit the ground, it was observed that compared to KwaZulu-Natal, Gauteng had limited incidents of arson and torching of property and that is more likely to make the recovery process faster.

4.1 Site Visits to Ekurhuleni Metropolitan

On 5 August 2021 Parliament's delegation converged at Kempton Park Civic Centre, headquarters of Ekurhuleni Metropolitan Council for a meet and greet session. The delegation was welcomed by Member of Mayoral Council (MMC) Cllr Nkosingiphile Xhakaza and metro council staff. The Director General of the Department of Small Business Development Mr Lindokuhle Mkhumane as well as Seda, Gauteng Economic Development staff were also in attendance. Leaders and Co-Chairpersons of the Parliaments' Committee made introductory remarks, reason for the fact finding visit and expected outcomes. The MMC did a high level presentation touching particularly on areas that were heavily impacted in the metro. He also provided a breakdown of the day's programme and areas to be visited in Tembisa, Daveyton and Kathorus.

- **Cambridge Centre/Esangweni Taxi/Tembisa Plaza**

The first contact point in Tembisa was Cambridge Centre which was still not operational at the time of the Parliament's visit. Outside the centre, there is informal trader's precinct, Esangweni. There were few small business concerns and informal businesses i.e. Tembisa Internet Café, OBC butchery, Nail and Hair salons etc opened. As was observed during this phase of the visit, while informal businesses and traders may have suffered during the unrest e.g. their stock looted and equipment stolen or damaged, attacks and aftermath were a double-whammy for all the traders as foot traffic e.g. mall customers, employees and taxi operators, were at an all-time low.

The next stop over at Tembisa Mall, Members were greeted with the same scenes. As feeders to informal businesses perhaps the most fortunate part is that both malls were not gutted by fire and that will off course hasten recovery process. The delegation noted, nonetheless, that there is still a disconnect between community members/informal traders and Mall owners or developers. Some feel the proliferation of malls in townships have changed how communities shop and how informal food traders and spazas do business and make a living. Most often, Shoprite Hungry Lion concept is often cited as one primary example where supermarkets are directly rerouting away customers

from typical informal traders, including sourcing of products e.g. fruits and vegetables. The recovery process or future plans without taking these matters into consideration is not likely to yield any concrete or sustainable long-term solution.

- **Mayfield Square/Daveyton Square**

In Daveyton, east of Johannesburg, Committees were told, scores of residents protested and barricaded roads, in what started as a protest against the incarceration of the Former President but quickly morphed into outright looting and damage to property. It is estimated that more than 100 people, including women, children and older citizens were arrested for theft from shops inside the Mayfair Square Mall. The mall remains closed until further notice. The Parliament's delegation visited the area with a view to engaging informal traders operating outside the Mall. Unlike informal traders visited at Isipingo or KwaMashu in Durban, informal traders there were operating in an open field without shelters or ablution facilities. Hence most of their grievances were directed to the City of Ekurhuleni.

However, as was regularised throughout the visits, officials from Seda were present to provide details of Seda/Sefa offerings prior and post unrest period. The agency undertook to compile a list of all informal traders and assist them with applications for grant funding. The Centre Manager also addressed members of Parliament that the Centre Management had long proposed partnership with the City of Ekurhuleni to build trading stalls as part of forging relationship with the community of Daveyton. Due to the closure of the Mall, many people were redirected to the nearby Daveyton Square. Parliament networked with informal traders, and once again, more complaints were directed to the City for failing to improve conditions for informal traders. Most informal traders were affected and many lost their stock at the beginning of the unrest. Soon thereafter the delegation left for Enoch Sontonga Mall in Katlehong.

- **Sontonga Mall**

Sontonga Mall, located at the heart of Katlehong, is one of the largest Malls in the area. Sontonga Mall is anchored by Shoprite and Cashbuild. Other tenants include, Power Fashion Factory, Webbers, Beaver Canoe, Rage, Pep, Pep Cell, Ackermans, Absa Bank, FNB ATM, Capitec Bank,

Nedbank ATM, Standard Bank ATM, Hollard Insurance, Chicken Licken and KFC, all plundered during the unrest. The same modus operandi applied elsewhere, blocking of roads to ensure that no police vehicle gets closer to the Mall, was applied when the shops were looted. Nearby in Mngadi Section is Sam Ntuli Mall which was also raided until there was nothing to loot. Similar fate suffered by informal traders in other looted areas operating adjacent the Malls were also felt by traders in Katlehong. Fortunately, there was no malicious damage to property or arson. Hopefully that will once again fast-track the reopening of the Malls as nil pedestrian footfall into these nodes presents a dilemma for informal traders.

4.2 Site Visits to the City of Joburg

On Friday 06 August 2021 the delegation was scheduled to do site visits in and around the City of Joburg. On arrival at the City of Joburg headquarters in Bramfontein, Johannesburg, Parliament delegation was cordially received by Cllr Tefo Raphadu and team from the City. Following welcome and introductory remarks by Cllr Raphadu, the Co-Chairpersons gave a brief background behind Parliament's visit to the City, indicating among others that, as the country was reeling from a week of deadly riots and looting, the picture was beginning to emerge that small business sector and their value chains had suffered the greatest losses. Also, a story that was beginning to take form based on the three-day assessment in KZN and Gauteng was that lack of strategic coordination between sector departments, provincial and local governments were likely to lead to unintended consequences such as double dipping or quick depletion of scarce resources. Hence, in the true spirit of DDM, an emphasis was made that all spheres of government must share notes, quantify and synchronise their resources in order to make meaningful impact to the sector.

- **Jules Street, Malvern**

The procession left the city centre to drive past Malvern, Johannesburg. The intention was not necessarily to evaluate the scope of damage but to drive through and witness the destruction. Indeed, the area resembled a war zone. Cars were torched at used car dealers, offices and property looted and destroyed. According to City's officials, Jules Street was the point of origin of the unrest that went on to engulf major parts of Gauteng.

- **Pan Africa Mall, Alexandra**

Alexandra township, commonly referred to as Alex or Gomora, witnessed its fair share of violent unrest. The township lies some 15 kilometres North-east of Johannesburg. It covers an area of 800 hectares with population in extent of 700 thousand. Less than a kilometre away, across M1 highway, is Sandton area, home to wealthiest square mile in the continent, Sandton Central Business District. The township is home to Pan Africa Mall, opened in 2009 by Former President Jacob Zuma as part of the Alexandra renewal initiative, it was looted, vandalised and torched. In Alex, it is alleged that protesting residents took to the streets to call on foreigners to leave, blaming them for drug dealing in the area. As the crowds amplified, the protests soon mutated into looting.

On arrival at Alex, the Mall was still closed, clean-up operations were underway. Outside the Mall, were pockets of informal traders selling various items. They were invited for interactive discussions with members of Parliament. Speaking on behalf of Pan Africa Traders, Secretary and informal trader Ms Sylvia Nyadzani briefed members concerning their operational challenges pre and prior unrest period.

Members learnt for instance that there appeared to be a long standing grievance with the City of Joburg as regards the lack of basic amenities, which constitutionally, is a negation of the City's obligation for local government to provide for the rights of all citizens. For some time, informal traders within the borders of the Mall had relied on the mall facilities to relieve themselves. There was also a strong criticism as relayed by Ms Martha Paswana that even before the unrest, metro police would often harass them to demand trading permits and licenses, while, as alleged by Mr Amos Sadiki, it was apparent that people carrying passports were either trading illegally or intriguingly issued permits by the City.

- **Jabulani Mall, Soweto**

Jabulani Mall, situated in Naledi section, Soweto, shut its doors following four days of unrelenting looting. Also, the neighbouring Protea Glen bore the brunt of the looting spree. Both malls were vandalised and now stand empty. According to Dr Mike Nkuna, Executive Chairman and Chief Executive of Masingita Group, whom Parliament's delegation engaged in its visit to Jabulani Mall, projected that between 8000 to 12 000 people's employment at both Malls have been affected by

the unrest. That include whackers and informal traders that plied their trade outside the establishments and surrounding communities were greatly affected.

As a temporary solution, the Shoprite Group had sent two trucks with mobile stores to help residents purchase essentials while the shop was being fixed. When the Parliament visited the Centre, Shoprite had already started operating. Dr Nkuna was confident that in three months, Jabulani Mall should be fully operational. Once again, a similar invitation was issued to the City of Joburg to partner with the group to erect trading stalls adjacent the mall as traders were exposed to harsh weather conditions. Indeed, the recurrent motif throughout Parliament's visit was the acknowledgement that little infrastructure is available to informal traders. Without infrastructure informal traders have to re-create a place to conduct business daily, an onerous and costly routine.

- **Kliptown, Soweto**

In Kliptown, the Parliament delegation was driven through Walter Sisulu Square to assess the damage done to business and infrastructure. At the height of the unrest most streets in and around Kliptown had been blocked with rocks, and burning tyres while shops were being looted. Former Orlando Pirates star Lucky Lekgwathi's kota restaurant, Grootman, was just five months old when it was vandalised, its equipment trashed beyond repair. In the nearby Kliptown Driver's Learner Testing Centre (DLTC) all computers were looted. Most shops remained closed while the clean-up operation was underway.

- **Eyethu Orange Farm Mall and Palm Springs Mall, Orange Farm**

The last visit by Parliament delegation was to the South of the province, Orange Farm. The township is roughly 40 kilometres away from the Johannesburg City Centre. The area is still challenged by magnitude of needs, such as housing, infrastructure and economic stimulation. The township is home to Eyethu Orange Farm Mall and Palm Springs Mall, both malls were plundered during the unrest but fortunately survived arson. When the delegation visited the area, the mopping up operations were drawing to a close and both malls gearing up to resume trading. Informal traders had been clearly displaced and small business ventures ability to promptly recommence trading when the mall reopens remain very much in doubt. As the fact finding mission drawing to

a close, it was evident that the magnitude of devastation and business disruption required immediate response from the government and cocktail of reforms to avert any future recurrence.

5 CONCLUDING REMARKS

That being the last site visit, Co-Chairperson and Leader of the delegation Honourable Mandla Rayi thanked all Members of Parliament and Parliament staff for working zealously and cooperatively with all visited municipalities towards facilitating the programme. He expressed gratitude to Cllr Raphadu and his team. He remarked that in their capacities as members of Parliament, have ended four-day visit to KZN and Gauteng much wiser and well informed, having experienced first-hand the magnitude of damage to property, extent of business disruptions, what affected communities and informal traders have to say. He concluded by outlining Parliamentary processes which entails compilation of the fact finding report, consideration and adoption of the same report and special debate in the National Assembly on 24 August 2021.

6. BRIEFING BY SASRIA

On 12 August 2021 the Portfolio on Small Business Development and Select Committee on Trade, Industry & Competition, Small Businesses, Tourism, Employment and Labour invited South African Special Risk Insurance Association (SASRIA) to brief Committees on its products and services, mandate, what qualifies one for cover and under what conditions. SASRIA is a public enterprise listed under schedule 3B of the Public Finance Management Act (PFMA). The agency covers the following perils (among others) -

- Any act directed to overthrow the Government (local, provincial, national or tribal authority) by means of fear, violence or terrorism;
- Any act directed to bring about damage in order to achieve political, social or economic change, or in protest against any Government or for the purpose of inspiring fear in the public;
- Any riot, strike or public disorder (includes civil commotion, labour disturbances or lockouts).

The economic and financial loss resulting from destruction to property and business disruptions across KwaZulu-Natal and Gauteng has been touted as being in excess of R20 billion. Most of the

rioting and damage to property that occurred during the period of unrest are therefore covered under SASRIA. However, there hundreds of thousands of small businesses that did not acquire SASRIA cover. In the meeting, members raised concerns that SASRIA balance sheet might not be adequate to cover all claims. They also shared small business fears for a bleak future seeing that most are without business covers and interrogated SASRIA to establish the size or percentage of the small business sector covered by the agency.

During the briefing with members of Parliament, the Managing Director Mr Cedric Masondo assured members that SASRIA has a strong balance sheet, well capitalised, and also backed by a strong reinsurance programme. The National Treasury has also ring-fenced R3.9 billion to make sure that the agency does not run into liquidity problems. He told members that in line with normal policy conditions claimants are encouraged to report incidents within 30 days, that makes cut-off date likely to be 19 August 2021. So far, incidents to the tune of R12 billion have been reported. In terms of the agency's estimates, assuming worst case scenario, total and final claims are likely to be in the region of R15 billion but would not exceed R20 billion.

To improve the turnaround time, all claims below R1 million are settled instantly without SASRIA approval. The agency was considering expanding this threshold to R5 million. The agency further projects that more than 60 percent of cases are likely to be smaller claims that will be settled speedily. Unfortunately, as the agency declared in the meeting, many of the small business ventures are not covered by SASRIA. However, through the Department of Small Business Development the sector has been allocated R2.3 billion stimuli to counteract economic damage caused by the violent protest.

7. COMMITTEES OBSERVATIONS

Having conducted site visits to the provinces of KwaZulu-Natal and Gauteng, the Committees (Portfolio Committee on Small Business Development and Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour) herewith register the following observations -

- 7.1 It was evident, based on the magnitude of damage to property and business disruption that economic and financial costs of the unrest will run into billions of rands. The Committees

welcome the government's economic relief support to offset adversarial impacts of the unrest. Equally, they note that a large portion of the financial aid will be by way of insurance claims through SASRIA, approximately R20 billion. Whilst on one hand, in its own admission, SASRIA acknowledged that damage to property may be in excess of R50 billion, far higher than SASRIA reserves;

- 7.2 Small businesses not covered by SASRIA will be allocated R2.3 billion which when juxtaposed to the level destruction and number of displaced small business concerns, may fall short to kick-starting the economy that has suffered double-whammy of the pandemic and civil unrest. The allocation will be sourced via reprioritisation and reallocation of existing baselines. Committees also note and welcome the Department of Trade, Industry and Competition (the “**dtic**”) relief package of R4 billion (R2 billion from **dtic**, R1.5 billion from Industrial Development Corporation and R250 from National Empowerment Fund) with R100 million matching grant facility to support affected small and informal businesses in townships, rural areas and small towns impacted by the unrest;
- 7.3 The Committees note that the Department, through its agencies, has initiated the process to consider applications with closing date being set for 20 August 2021. But what was detected, throughout the site visits, Sefa and Seda were not present on the ground, Parliament Committees would coincidentally be first on the scene. The agencies are barely known and their products and services are almost not known nor accessible especially by informal traders. On interrogating the Business Recovery Support application form, members have reservations that it is not only strenuous and complex but some of the information or documentation required may not be attainable within a short space of time considering that the country is still under level 3 lockdown, and therefore, many employees still work remotely;
- 7.4 When the Committees hit the ground in Durban, for example, neither Sefa nor Seda had initiated any effort to assist the victims of looting, and some of the trader's properties and documents, as witnessed at Isipingo, had been burnt almost beyond recognition. Owing to the nature of their trade, most informal traders are most likely to miss the deadline unless extraordinary measures are taken;
- 7.5 One of the noticeable trend observed by Committees were incidents of arson that were much more prevalent in KwaZulu-Natal than Gauteng. Consequently, recovery period in

KwaZulu-Natal is likely to take longer than Gauteng. From the Committees point of view, this may necessitate differential but not blanket approaches in terms of application deadlines and various other interventions;

- 7.6 Parliament's Committees engaged extensively with informal traders and learned of antithetic yet interdependent relationship between traders and malls. In all the sites visited, Committees observed that informal traders use services such as water, shelter, sanitation and sometimes storage facilities provided by the malls. Moreover, street traders benefit from the foot traffic generated by the malls. Nonetheless, the general perception that retail nodes destroy and hinder business opportunities for informal traders in complementary and contradictory ways remain. Some supermarkets are accused of consciously displacing informal traders through direct competition;
- 7.7 In other areas, shopping malls are suspected of deliberately alienating informal traders from participating in the retail opportunity, with the traders having to occupy sites on the periphery of these developments in conditions that are not ideal for conducting business. Thus, sentiment of ownership of the mall by informal traders or a feeling of being part of the shopping mall ecosystem is either limited or does not exist;
- 7.8 In terms of the trading spaces that traders occupy e.g. outside Mayfield Square in Daveyton, Committees learned that informal traders are considered illegal since the spaces have not been set aside for trade by Ekurhuleni Municipality. These spaces have no cover or shelters, no ablution or sanitation facilities, no storage, no refuse removal by the municipalities, no lights which ideally would enable informal traders to trade until late. The trading of commodities such as fruits, vegetables and clothes are negatively affected by unpleasant environmental conditions, resulting in loss of earnings to the traders;
- 7.9 Furthermore, informal traders are subject to many challenges which can be addressed through collective efforts from a variety of sectors such as the government and formal businesses. In Soweto, Jabulani Mall, such invitation was extended by Dr Nkuna for the City of Joburg to consider Public-public partnership (PPP) with mall developers and owners with Masingita Group amenable to investing in such a project;
- 7.10 In conclusion, street vendors and informal traders have been noted to be perhaps the most regulated and the least protected, who trade unlawfully due to a lack of recognition and licenses. The Committees heard of challenges facing traders outside Pan Africa Mall,

including serious allegations that foreigners are also permit holders yet it takes in excess of 12 months for South Africans to obtain trading permits. In most cases, vendors are not issued with any identification showing that they have a legitimate right to sell their goods in urban streets, which further exposes them to harassment, including the confiscation of goods, assault and demands for bribes as Members of Parliament heard in Alexandra and other sites visited in Durban, Daveyton and Katlehong.

8. COMMITTEES' RECOMMENDATIONS

Based on the observations of the Committees, (Portfolio Committee on Small Business Development and Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour) they accordingly make the following recommendations to the Minister of Small Business Development as they relate to the small business and informal sector portfolio –

- 8.1 The Department of Small Business Development through its entities, Seda and Sefa, should embark on collaborative efforts with SASRIA to intensify financial literacy campaigns targeting small businesses and informal traders. Such programmes to find expression in the Annual Performance Plans (APP) of the Department and entities. SASRIA is encouraged to expand its outreach programme, educate small businesses about its products and services, and introduce technology where small businesses can access cover direct from the agency;
- 8.2 Based on the evidence or information Committees gathered on the ground, magnitude of destruction to property, scope of business disruption and number of displaced informal traders, the allocation of R2.3 billion is welcomed but not adequate. Committees must consider to convene an urgent meeting with the Department of Small Business Development in order to go through host of issues e.g. scope of leveraging additional finance to scale up recovery efforts, closing dates for applications, onerous application form, excessive documents required which add significant costs to applicants (i.e. Gauteng Economic Development application form for informal traders differs drastically from DSBDs), conditionality's in respect of registrations with Companies and Intellectual Property Commission (CIPC) and SARS, reciprocal and collective efforts with other state

- departments, provincial, local as well as other state owned companies to avoid duplicity, wastage and double-dipping among others;
- 8.3 Committees are concerned that Debt Relief Finance Scheme uptake to assist the sector moderate the impacts of the Covid-19 pandemic was fairly poor. It seems, the Department and its agencies have not interrogated factors that account for this low uptake. Sefa and Seda must consider developing a plan of action on how the R2.3 billion earmarked for the sector will be distributed;
- 8.4 Committees recognises that most informal traders are not exposed or lack knowledge and computer literacy required to apply for government grants. Hence, it becomes necessary for government to find remedies for the problems of informal entrepreneurship. In order to expand their reach to informal traders the Department, Seda and Sefa are encouraged to consider hiring graduates to physically call on informal traders to assist with dissemination of information and filling of application forms;
- 8.5 The Department should concretise and lead measures to improve relationships between the shopping centres, supermarkets and informal traders. Large-scale supermarkets have sought to make inroads into the township economy to capture a share of the food market which was historically served by micro-enterprises and informal street traders. The district development model provides a useful framework for such relationships to be forged, while the use of Public-Private Partnership (PPP) may also be considered. Shopping malls must be seen to be adding value to the communities in which they operate not just in terms of employment but also in terms of access to market and reduced market competition;
- 8.6 The Department must give a serious consideration to the reinstatement of the Shared Economic Infrastructure Facility (SEIF) which may address a number of infrastructure related complaints by informal traders e.g. ablution facilities, restrooms and storage facilities to name the few;
- 8.7 Another common theme echoed throughout Committees visits relate to filthiness of the trading premises, illegal traders who intrude trading space without paying a rent nor having a license. Working with the metro and district municipalities, the Department should scale up endeavors to lead the deployment of cleaners through Extended Public Works Programme (EPWP) to assist in cleaning the area as well as toilets. The Expanded Public

Works Programme is one of government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed;

- 8.8 Business confidence index in the country is at an all-time low following violent unrest. The sector feels betrayed that when these attacks occurred they were not adequately protected. Committees are of the view that, to regain its confidence rhythm, law enforcement authorities must hasten arrest of perpetrators. The high-profile arrests of instigators and architects of the anarchy will go some way to restore local and foreign investor confidence;
- 8.9 Registration and licensing of businesses is a matter that has confronted the Portfolio Committee on Small Business Development since inception. Two of Parliament's ad hoc Committees investigating xenophobic attacks both in 2008 and 2015 concluded, amongst others, that regulation of small businesses in the country e.g. issuance of trading permits and business licenses to foreigners is a major source of conflict and therefore needs policy response. In Alexandra, this grievance was emphasised. Permits and licences are still being issued to immigrants on sectors that, by now, ought to have been reserved for South Africans, a general practice across the globe. The Department must accelerate the process of reviewing the Business Act (1991) or table a new bill before the end of current financial year as pledged by the Department in its annual performance plan (2021/22).

Report to be considered.

4. Report of the Portfolio Committee on Trade and Industry on its oversight visit to KwaZulu-Natal and Gauteng on 3 to 6 August 2021, dated 20 August 2021

The Portfolio Committee on Trade and Industry, having visited several municipalities, companies, small businesses and informal traders which were affected by the recent unrest in the KwaZulu-Natal and Gauteng, reports as follows:

1. Introduction

The Portfolio Committee's oversight visit was in response to the recent unrest in KwaZulu-Natal and Gauteng, in spite of level 4 COVID-19 lockdown restrictions. The unrest started on the evening of 9 July 2021 and continued in certain parts of the provinces until 18 July 2021. The unrest involved acts of looting and vandalism that affected a number of manufacturers, and small, medium and micro enterprises, as well as informal traders. These two provinces account for about 50 percent of South Africa's Gross Domestic Product.

According to various sources such as Business Leadership South Africa (BLSA), provincial governments of KwaZulu-Natal and Gauteng, National Treasury and various other industry players, it is estimated that more than 200 malls were affected, over 1 000 stores were looted, and more than 100 malls completely burnt. Damages are estimated to be more than R20 billion and it is possible that more than 150 000 jobs are at risk. Several factories and warehouses were also looted and destroyed by fire. In addition, most businesses in the province could not continue their operations during the unrest. Even activities at the two major ports of Durban and Richards Bay, and transport on national routes e.g. the N2 and the N3 had been disrupted, as trucks were being targeted by rioters. However, the official data with respect to the economic impact of the unrest is still being compiled.

The president, Mr M Ramaphosa, announced that in response to the impact of the unrest, government would provide support and relief to poor households to alleviate the hardships they are going through and to reduce hunger, and would help affected businesses to rebuild. Subsequently, the provincial government in KwaZulu-Natal has declared a provincial state of disaster owing to the magnitude of the damage caused by the civil unrest.

Following these events, the Portfolio Committees on Trade and Industry, and on Small Business Development, together with the Select Committee on Trade and Industry, Economic Development, Small Business, Tourism, Employment and Labour undertook an oversight visit to KwaZulu-Natal and Gauteng from 3 to 6 August 2021.

1.1 Purpose of the visit

The purpose of the Committee's visit was to assess and determine the impact of the recent unrest in KwaZulu-Natal and Gauteng, particularly its impact on affected businesses and on the overall economy. The objectives of the visits are, among others, to determine and assess the damage to enterprises; to understand the immediate needs of the affected enterprises including black owned black-owned businesses; and to identify possible interventions.

In KwaZulu-Natal, the Committee identified a number of medium and large enterprises which were affected in line with its mandate. In addition, it joined the Portfolio Committee on Small Business Development and the Select Committee on Trade and Industry, Economic Development, Small Business, Tourism, Employment and Labour to visit affected small, medium and micro enterprises and informal traders.

In Gauteng, the Portfolio Committees on Trade and Industry, and on Small Business Development, and the Select Committee on Trade and Industry, Economic Development, Small Business, Tourism, Employment and Labour had a joint programme in which they all visited the affected small enterprises and informal traders in the Ekurhuleni Metropolitan Municipality, and the City of Johannesburg Metropolitan Municipality.

1.2 Delegation

The following Members of Parliament participated in the oversight:

Member	KwaZulu-Natal	Gauteng
1. Mr M Cuthbert (Democratic Alliance (DA))	Attended	Attended
2. Ms J Hermans (African National Congress (ANC))	Attended	Attended
3. Mr S Mbuyane (ANC)	Attended	Attended
4. Ms N Motaung (ANC)	Attended	Attended
5. Mr D Macpherson	Attended	Did not Attend
6. Mr F Mulder (Freedom Front Plus (FF Plus))	Attended	Attended
7. Mr Z Burns-Ncamashe (ANC)	Attended	Attended

Member	KwaZulu-Natal	Gauteng
8. Mr D Nkosi (ANC) (Chairperson)	Attended	Attended
9. Mr W Thring (African Christian Democratic Party) and	Attended	Attended
10. Ms Y Yako (Economic Freedom Fighters)	Attended	Attended

The Committee was supported by the following staff members:

- Ms Z Madalane, Researcher,
- Mr T Madima, Committee Secretary, and
- Ms Y Manakaza, Committee Assistant.

1.3 Purpose of the report

This report captures the substantive discussions the Committee had during the oversight visit. Section 2 covers the Committee's visit to medium and large enterprises in KwaZulu-Natal. Section 3 provides details about the Committee's joint visit with the Portfolio Committee on Small Business Development and the Select Committee on Trade and Industry, Economic Development, Small Business, Tourism, Employment and Labour to small enterprises and informal traders in KwaZulu-Natal and Gauteng. In Section 4, the Committee provides its concluding remarks followed by acknowledgements in Section 5 and recommendations to the Minister of Trade, Industry and Competition in Section 6.

2. Oversight Visit to Medium and Large Enterprises in KwaZulu-Natal

2.1. Kingspark Clothing Manufacturers

2.1.1. Overview

Kingspark Clothing Manufacturers is a medium-sized enterprise, which manufactures clothing including t-shirts, jeans, and chinos for some of the top retailers in the country, which includes The Foschini Group. The company also manufactures corporate uniforms and, since October 2020, it had expanded its business to include the manufacturing of masks. Before the unrest, it was one of the few domestic companies that manufactured chinos and jeans with the capacity to produce 10 000 units a week.

It had two factories located in the Isithebe Industrial Park and employs 600 people, mainly women. The company is also level 2 in terms of Broad-Based Black Economic

Empowerment. It had recently built its second factory with world class technology at a cost of R3,5 million. This second factory had only been in operation for two months.

It is one of the companies that were affected by the recent looting and vandalism of property. As a result, the second factory was destroyed by a fire started by the looters, while the other factory was vandalised with machinery either destroyed or taken apart. The company had also lost raw materials, finished clothing, office equipment, and five years' worth of documentation due to this incident.

As a result of these actions, the company temporarily closed down and had recently resumed operations on a significantly smaller scale. At the time of the Committee's visit, the company only had half of the remaining factory operational with 80 of the 600 employees working. Therefore, the company was operating below its normal capacity using machinery borrowed from other companies with the assistance of The Foschini Group.

2.1.2. Matters arising

The following matters were raised in an engagement with the management of Kingspark Clothing Manufacturers:

- a) **Job losses:** The Committee enquired about the workforce of the company and whether any employees had lost their jobs as a result of the unrest. The Committee was informed that currently only 80 employees were able to return to work and that the company was in the process of rebuilding the remaining factory. This would allow it to become fully operational; therefore, being able to increase its workforce to 300 employees. However, it would require finances of about R9,1 million to rebuild the remaining factory. Currently, it had not officially laid off any employees and it was supporting them with food parcels. They, however, emphasised that it would not be able to sustain the R2,5 million a week wage bill under the current conditions.
- b) **Loss of Investment:** In terms of losses of investment, they informed the Committee that it estimates that the capital replacement costs for the two factories would be between R20 million and R22 million, including machinery. This estimate excludes profits that would have been earned.

- c) ***Substitution of locally produced goods with imports:*** The Committee enquired whether Kingspark Clothing Manufacturers had engaged with companies it supplies noting that it will not be in a position to meet some of its contractual obligations. The company informed the Committee that while it had engaged with the companies it supplied, it was concerned that those companies would start importing some of these products. For example, for jeans and chinos, Kingspark Clothing Manufacturers is one of the few large-scale, domestic manufacturers. Once a locally produced product has been replaced with an imported product, it becomes difficult for a local manufacturer to regain that market.
- d) ***Support from the Department of Trade, Industry and Competition (DTIC) and the Industrial Development Corporation (IDC):*** In terms of support from the DTIC and its entities, Kingspark Clothing Manufacturers noted that it had contacted the DTIC and the IDC to apply for funding. They welcomed the support from the DTIC and the IDC. However, they noted that they have experienced some challenges in submitting the required documents, as these documents and their computers had been destroyed during the unrest. This would delay the processing of their request for financial assistance.
- e) ***Impact on the value chain:*** The Committee enquired about the wider impact on the value chain and on smaller enterprises that Kingspark Clothing Manufacturers are doing business with. The company informed the Committee that not only had it been significantly affected, its suppliers have also been affected, as they would have experienced challenges with lower demand for their products, such as fabric and even consumables like tea and toilet paper.
- f) ***Insurance:*** The Committee enquired whether Kingspark Clothing Manufacturers had insurance and if it had submitted an insurance claim. They informed the Committee that it was insured and had submitted the initial claim. However, the process was taking long because the assessors only came after two weeks to conduct the initial assessments.

2.2. Siyaphambili Manufacturing (PTY) Ltd

2.2.1. Overview

Siyaphambili Manufacturing is an electric cabling company located in the Isithebe Industrial Park. The company employs 30 people. The company was also directly affected by the recent

unrest. In this regard, its storage facility and offices had been vandalised, and cables, along with tools and diagnostic equipment had been stolen.

2.2.2. Matters arising

The following matters were raised during the engagement with Siyaphambili Manufacturing:

- a) **Loss of jobs:** The Committee enquired about the employees and how they have been affected. Siyaphambili Manufacturing informed the Committee that of their 30 employees, only eight had been requested to return to work. However, it should be noted that these employees are part of the clean-up team assisting with fixing the damaged building. At the time of the visit, the company was not operational.
- b) **Company losses:** The Committee enquired about the losses to the company as a result of the recent unrest. The Committee was informed that the company was still in the process of determining the extent of its loss, which may be estimated to be a few million Rands. However, the company highlighted the loss of electric cables costing approximately R500 000 and the loss of very expensive diagnostic equipment.

2.3. SA Amcor

2.3.1. Overview

SA Amcor is an international company whose investors are mainly based in the United States. The company is listed on the New York Stock Exchange. The company manufactures packaging material for food, beverages, pharmaceutical, medical, home and personal care products. It bought its factory from Nampak six years ago. SA Amcor employs approximately 390 people mainly from communities surrounding Pinetown in KwaZulu-Natal. The company has other significantly smaller factories in Cape Town (70 people employed) and in Gqeberha, formally known as Port Elizabeth (12 people employed).

The company was directly affected by the unrest. As a result of the looting and vandalism, it had lost three delivery trucks, all its equipment, including a printing press it had purchased two months prior to the value of R80 million, and office equipment including laptops, computers, and printers. In addition, its building had been totally burnt down.

2.3.2. Matters arising

The following matters were raised in an engagement with the management of SA Amcor:

- a) **Loss of jobs:** The Committee enquired what would be the impact on employees. The Committee was informed that while the company has not dismissed any of its employees, they are currently not working because the factory had been completely destroyed by fire. However, the company acknowledged that there could be job losses given the fact that it would not be in a position to pay employees for a period of two years, as it would be rebuilding the factory during this time.
- b) **Rebuilding:** The Committee enquired what the reasons were for the two-year delay in rebuilding the factory. SA Amcor management noted that it would probably take more than two years to get the factory operational again. This timeframe includes eight months to demolish the remaining structure and clean up the rubble, as well as about 18 months to rebuild the factory and source equipment. They emphasised that as the factory had housed hazardous chemicals, the cleaning up operation requires a lot more time and specialised skills. Furthermore, because the company used specialised equipment which can only be imported, there is a longer lead time to receive this equipment.
- c) **Replacement costs:** The Committee enquired about the financial impact to the company. The company informed the Committee that the replacement cost of equipment, inputs, and stock was estimated at approximately R1,3 billion. This estimated loss excluded salaries and profit.
- d) **Measures to meet contractual obligations:** Given the current position of the factory, the Committee enquired whether it would be able to honour its contractual obligations. SA Amcor informed the Committee that to honour its contractual obligations it has to import packaging from other international Amcor subsidiary companies to ensure that its customers are not affected. This will substitute local production over the short- to medium-term.
- e) **Insurance Claim:** The Committee enquired whether the company had insurance and had submitted a claim. The company informed the Committee that it had lodged a notification for a claim with the South African Special Risk Insurance Association (SASRIA) and was estimating their losses to lodge the actual claim.

- f) ***Foreign Direct Investment:*** As the company is wholly owned by international investors, the Committee was concerned about whether the investors would continue to invest in this plant given the instability in the areas. SA Amcor informed the Committee that the shareholders had wanted to grow their business into Africa; therefore, they had chosen South Africa as a base from which to grow. Furthermore, they emphasised that they had put forward proposals to the shareholders for rebuilding but were still awaiting their decision.
- g) ***Law enforcement intervention:*** The Committee enquired about the intervention of the police during the looting. SA Amcor informed the Committee that the police were contacted but were unable to reach the factory because the streets surrounding the factory were blocked off. Furthermore, when the fire erupted in the factory, the local fire department was also contacted but was also unable to reach the factory.

2.4. 3 Core Engineering and Electrical

2.4.1. Overview

The company is a 100% black, and woman-owned company (a Black Industrialist) which supplies electric cable to government and other companies. The company has 48 employees.

The impact of the looting and vandalism on this company was significant. The building had been burned, 13 cars taken with some burnt, and all its cables looted. At the time the Committee visited, there was no activity at all in the company; therefore, none of the employees had returned to work.

2.4.2. Matters arising

The Committee was unable to engage with the owners of the company as they were not available at the time of the oversight visit. The DTIC's Acting Chief Director for Special Economic Zones and Economic Transformation, Mr Thami Klaasen, accompanied the Committee through this site.

2.5. United Pharmaceutical Distributors (UPD)

2.5.1. Overview

UPD is the largest wholesaler and distributor of medicines in South Africa, one in three medicines in the country goes through their distribution centres. The company has offices in KwaZulu-Natal, Johannesburg, Cape Town, Gqeberha, and Bloemfontein. The company plays a critical role by servicing all the private hospital groups, public hospitals, retail pharmacies (including more than 1 300 independent pharmacies), and independent doctors.

During the recent unrest in KwaZulu-Natal, UPD's warehouse in Mahogany Ridge was lost pharmaceutical products with an estimated value of R31 million, while the Clicks Distribution Group, which is situated in the same warehouse, lost approximately R180 million worth of stock. These products were either looted, or destroyed. There was also an attempt to burn the building. The looting and vandalism at the distribution centre took place from 12 to 14 July 2021. Over that period, there were significant disruptions to the supply of medicines to UPD's clients, particularly hospitals in the KwaZulu-Natal area. This compromised the provincial healthcare sector. To mitigate against this, UPD had to airlift 20 tons of medicines from Johannesburg, particularly for patients with life threatening conditions.

Among the medicines that were looted or tampered with were schedule 6 drugs such as narcotics. Further, during the destruction, the fridge that stored COVID-19 vaccines was unplugged, resulting in these vaccines having to be destroyed as they were no longer safe for use.

In addition, computers, laptops, and printers were looted, while office equipment was damaged. Furthermore, a number of vehicles and six trucks were burned; therefore, the company had to hire vehicles to resume its distribution.

Despite the fact that significant damage had been caused to UPD's warehouse, the business had prioritised reconstruction repairs and had successfully restocked the facility within just ten days. This was critical, as it is a key stakeholder in ensuring access to medicines and other treatments, which hospitals and pharmacies depend on for life-saving treatment. The speed in response would not have been possible without the commitment and dedication of the UPD

staff, collaboration with suppliers, partners and other stakeholders as well as the support of their Clicks colleagues and the Group Executive.

2.5.2. Matters arising

The following matters were raised during the discussion with UPD:

- a) ***Arrest of the perpetrators:*** In relation to whether there had been any arrests made, UPD informed the Committee that all the cameras were either damaged or tampered with, therefore, at the time of the visit, there had not been any arrests. However, they had been waiting for camera feed to be accessed from their server(s), which they hope could provide some information about the perpetrators.

- b) ***Impact on COVID-19 vaccination drive:*** The Committee enquired about the value of the COVID-19 vaccines that had been destroyed and what had been the impact of this on the vaccination drive. UPD informed the Committee that the vaccines were valued at approximately R4,9 million, with the schedule 6 medicines approximately valued at R200 000. The impact of the lost COVID-19 vaccines was a reduction in the supply of vaccines, which compromised the vaccination drive in the province.

- c) ***Impact of the looting on the healthcare sector:*** The Committee enquired what the impact of the looting at the distribution centre had been on the healthcare sector. UPD informed the Committee that the impact of the looting on the healthcare sector in the province was somewhat mitigated due to the fact that branches in other provinces could supply medicines when the KwaZulu-Natal branch could not distribute medicines. However, had this situation continued, other branches would have been under severe pressure and the provision of medical care would have been compromised.

2.6. Transpharm / Shoprite Distribution Centre

2.6.1. Overview

Transpharm is one of the largest pharmaceutical wholesalers and distributors in South Africa. The company acquired the Shoprite Group in 2010. Transpharm distributes a variety of products, such as toiletry, and veterinary products, as well as specialist medical and surgical equipment, nationally. The company has three branches in Pretoria, Cape Town and recently opened a branch in Kwazulu-Natal in the Mahogany Ridge area.

There had been mass looting within the Mahogany Ridge area, which started in Goodwood Road next to Transpharm at Liquor Depot and Cash & Carry, on 12 July until 14 July 2021. During the looting, Transpharm undertook to protect its premises and medicines by stationing 21 heavily armed guards around the premises and barricading doors with its own trucks. The company concluded that the protection was sufficient, and, therefore, requested staff to return to work from 15 July 2021. On 16 July 2021, it started operating to deliver critical medical supplies to hospitals and independent pharmacies and were fully operational by 19 July 2021. While Transpharm was not directly impacted by the unrest, it was affected by the total shutdown of supply chain channels during the unrest. Furthermore, after the unrest, no local supplier was fully capable to deliver supplies; therefore, the company had to transfer stock from the Pretoria Distribution Centre.

2.6.2. Matters arising

The following matters were raised during the discussion with Transpharm:

- a) *Challenges to the supply chain:*** The Committee enquired about the time lags in the supply chain that were affecting Transpharm. The Committee was informed that the normal turnaround times are 48 hours, however, since the looting, suppliers are struggling with backlogs, which led to time lags of up to two weeks. To mitigate this, Transpharm keeps two weeks' worth of additional stock.
- b) *Protection strategy:*** The Committee commended the strategy implemented by Transpharm to prevent the business from being looted. It further enquired about best practice strategies in situations such as this. The Committee was informed that a critical part of Transpharm's response was the support offered by the Shoprite Group which access to specialised expertise and resources to manage similar crises.

2.7. MAHLE Behr South Africa (Pty) Ltd

2.7.1. Overview

MAHLE is a subsidiary of MAHLE Germany and is 100% foreign-owned. It is a supplier of aluminium used in the production of aluminium seam-welded tubes and turbulators. Approximately 50 million vehicles are fitted with an Intercooler/charge air cooler per annum, and MAHLE has a 31% market share in producing the cooling systems for light, medium and

heavy duty vehicles. Internationally, 95 percent of the tubes MAHLE produces are produced in its South African plant.

The business was not directly and immediately impacted, as it has a good network with employees, community, taxi operators, and NUMSA officials. A group of approximately 50 employees came out to defend the concourse. Furthermore, the company had received support from the DTIC, Trade and Investment KwaZulu-Natal, the Chamber of Commerce, the South African Police Service, METRO police and private security companies.

Despite not being directly affected, production had been halted for a week. Therefore, production losses included sales of R27,4 million; R10,1 million in profit; 50% of the wage bill (R2,4 million) which was paid without any work done; and an increase in security costs.

2.8. Tiger Brands

2.8.1. Overview

Tiger Brands had three affected facilities, namely Albany Bakery, Tastic Rice plant and Beacon Snacks and Treats plant. The presentation focused on Albany Bakery. Albany Bakery has the capacity to bake 62 million loaves of bread per annum. It services 2 300 stores located in the following municipalities: eThekweni, KwaDukuza and Ndwedwe. It does this with a staff complement of 531 employees, inclusive of contractors and 61 delivery trucks.

Due to the looting and violence, the Bakery operations were stopped from 12 to 16 July 2021. As a result of the unrest employees were unable to access transport to work; the roads leading to its markets were largely closed; delivery trucks were possibly being targeted; and the stores were either closed, looted or burnt down.

This resulted in lost sales of 700 000 loaves that week and total revenue loss of R10 million. Albany spent additional costs on security to guard the bakery facility. Furthermore, the company lost over 15 000 crates that were damaged or lost in the stores. Such a loss would cost them R500 000 to replace.

With regard to the medium-term impact on the bakery operations, over 400 stores were closed following the burning of buildings and property in both the townships and the suburbs. Due to the risk faced by its drivers, the company was forced to ensure that its trucks were

accompanied by armed security escorts in selected areas such as Umlazi, Lamontville, Ntuzuma and KwaNdengeszi.

In addition to Albany, two other Tiger Brands plants were affected by the looting and vandalism, namely: Tastic Rice and the Beacon Snacks and Treats plants. Both plants were affected by the looting and sustained significant damage to its equipment. At the time of the visit, the company was in the process of repairing the equipment at these plants and the majority of the 800 employees were back at work.

2.8.2. Matters arising

The following matters were raised during the discussion with Tiger Brands:

- a) ***Capital loss and damages:*** The Committee enquired about the extent of loss to the Tastic Rice and Beacon Snacks and Treats plants. The Committee was informed that the full extent of the loss has not yet been determined, particularly around equipment and plant damage. However, approximately R20 million had already been spent in repairs to equipment. In relation to stock, the Tastic Rice plant had lost approximately R55 million worth of finished products that had been looted; R150 million was lost in sales due to its inability to deliver during that time; and in August, a further R28 million would be lost in sales. The Beacon Snacks and Treats plant had lost stock estimated to the value of R58 million.
- b) ***Getting operations back to normal:*** The Committee enquired when the plants would be in full operation. The Committee was informed that the focus after the incidents was to ensure that production in these plants resumes, and that it has the majority of the staff back at work. However, the restoration to full and efficient production would take time, as some of the machinery that was damaged needs to be imported.

2.9. CIPLA Medpro

2.9.1. Overview

CIPLA is one of the biggest manufacturers of medicines and Antiretrovirals (ARVs) in South Africa and in the Southern African Development Community (SADC) region. Approximately one in four ARVs consumed in South Africa and SADC are produced by CIPLA.

As a result of the looting and vandalism, the regulatory standards and conditions for which CIPLA is required to manufacture medicines were compromised. People entered the plant in a forceful manner without wearing any gowns as is required when entering a medicine manufacturing facility. Therefore, the standards of safety and security were breached. Secondly, the Active Pharmaceutical Ingredients (API), which are the main ingredients in medicines were thrown on the ground in efforts to take the drums in which they were stored. People wanted the drums to store goods such as canned fish and rice which they had looted from other factories in the area. This is a significant loss to the company as the API lost is worth approximately R150 million. It would take up to four months for API to be delivered once an import order has been placed.

In terms of other damage to machinery and the plant, CIPLA estimates the loss could be around R180 million. As a result, the plants were not operational as they needed to be repaired and brought back to conditions and standards required to manufacture medicines. In this regard, the plant is being re-evaluated against these requisite standards. Therefore, no manufacturing could take place until that has been finalised.

Consequently, the supply of ARVs was interrupted, as there is currently no available stock of ARV medication. Normally, CIPLA keeps 3 to 4 months of stock of ARVs but these have been compromised. Further losses would accrue to CIPLA because customers would find another supplier, which would result in a loss of its market share.

2.9.2. Matters arising

The following matters were raised during the discussion with CIPLA:

- a) ***Getting the plant operational again:*** The Committee enquired when CIPLA would be able to be fully operational. The Committee was informed that it would take three to four months to get the plant operational again. Therefore, alternative supply chains are being considered. In this regard, CIPLA is engaging the Department of Health in terms of getting special permits to import the medicines. However, it should be noted that according to CIPLA it would be difficult to find a manufacturer at short notice that would be able to produce the medicines because manufacturers already have their manufacturing schedules which means it would take a few months for any manufacturer to produce on behalf of CIPLA.

- b) ***Import tariffs and public procurement law:*** The Committee enquired about the import tariffs and whether there are any laws in relation to local public procurement that may inhibit the importation of the medicines. CIPLA informed the Committee that there are no trade or public procurement laws or regulations that would prevent the importation of medicine. However, in terms of health regulations, the South African Health Products Regulatory Authority (SAHPRA) has what is called a “dossier” which outlines everything about the manufacturing of medicines including where API should be sourced, where medicines could be manufactured, and which manufacturers were registered with SAHPRA, among other things. These regulations create a challenge for CIPLA importing from India.
- c) ***Security breach:*** The Committee enquired about the security arrangement around the facility. CIPLA informed the Committee that they had security, however, the security was unable to deal with this incident. Subsequently, they have upgraded their security and appointed a private security company that is more equipped to deal with such incidents.

2.10. Tongaat Hulett

The Committee also visited Tongaat Hulett, however, its presentation did not focus on the looting which was the main purpose of the oversight visit. Its presentation focused on the broader sugar industry such as transformation of the sector, sustainability, and the development of small-scale growers. Hence that information is not included for the purpose of this report.

The Committee drove past the local Shoprite and the surrounding stores which had been burned. There had been significant violence and looting which led to several businesses losing a lot of stock and income. Workers also lost their jobs and some businesses were reportedly still struggling to recovery. Unfortunately, the Committee was unable to interact with the mall operators and shop owners or the hawkers since it was already dark at the time.

3. Oversight Visit to Small Enterprises and Informal Traders in KwaZulu-Natal and Gauteng

The Portfolio Committees on Trade and Industry, and of Small Business Development as well as the Select Committee on Trade and Industry, Economic Development, Small Business, Tourism, and Employment and Labour had a joint programme where they visited affected small enterprises and informal traders in KwaZulu-Natal and Gauteng.

In KwaZulu-Natal, the Committees visited the King Cetshwayo District Municipality, and the uMhlathuze Municipality, where they engaged with informal traders as well as the owners of a salon, a tshisa-nyama, and a pharmacy.

In Gauteng, the Committees visited the affected small enterprises and informal traders in the Ekurhuleni Metropolitan Municipality and the City of Johannesburg Metropolitan Municipality. The following areas were visited where the Committees engaged with mall owners and/or managers, shop owners, and informal traders:

- a) Cambridge Centre/Esangweni Taxi/Tembisa Plaza
- b) Mayfield Square/Daveyton Square
- c) Sontonga Mall
- d) Jules Street, Malvern
- e) Pan Africa Mall, Alexandra
- f) Jabulani Mall, Soweto
- g) Kliptown, Soweto
- h) Eyethu Orange Farm Mall and Palm Springs Mall, Orange Farm

The following matters were raised during the engagements:

3.1. *The extent of the damage:* The two provinces, particularly various local municipalities experienced extensive looting, damage to property and infrastructure, with emergency and municipal services severely interrupted. The impact and extent of looting included:

- Destruction through vandalism and/or burning of malls, which impacted mall infrastructures such as building structures, electrical, water and sanitary infrastructure, shop fittings and equipment.

- Loss of stock of small enterprises mainly within malls, informal traders, and the destruction of a number of Automated Teller Machines (ATMs) both in KwaZulu-Natal and Gauteng.
- In KwaZulu-Natal, the N2 highway being blocked, as it was one of the targeted and severely affected routes during the unrest, which added to supply chain disruptions.

3.2. *Loss of stock and income/profits:* The looting significantly impacted on small businesses and informal traders. For example, a salon in Nseleni Shopping Mall, outside Richards Bay, was looted, and vandalised. She lost equipment valued at more than R80 000, which was looted, and her business has not been operational since the looting.

Mainly informal traders operating from outside the malls have lost stock, and most of them had to borrow money to be able to restock while others are still not operating as a result. Informal traders such as those that sell vegetables outside malls lost as much as R15 000 each.

In terms of the shops in the malls, most are still not operational particularly those that had been burned because the building structures have been compromised. It is estimated that it will take months to repair or rebuild. In the meantime, those owners are losing their potential income in addition to the lost stock.

3.3. *Loss of income/jobs to employees:* As a result of the closure of businesses where people worked, significant numbers of employees had to be temporarily or permanently laid off. Those that are temporarily laid off are from companies who can rebuild and recover. So while companies are either rebuilding or are in the process of cleaning up, employees were left without work because those businesses are not operational. Any permanent job losses would be due to businesses that would be unable to fully recover or are shutting down permanently and have to lay off employees.

Livelihoods have been adversely affected. It is estimated that each person that has been employed supported six to seven people in their family or community. The extent of loss is therefore significantly greater than the number of jobs lost.

3.4. *Loss of properties:* In addition to the looting, properties had been vandalized and some even burned. Most of those that have been burned would need to be rebuilt while others

that have been partially burned or vandalised would need to repair aspects of their buildings such as electrical, and plumbing infrastructure, etc. Those companies that have insurance may be able to rebuild using their insurance pay-outs, while those that do not have insurance would need to find other sources of funding. In the latter case, many small, independent and/or black-owned enterprises are affected.

3.5. *Limited access to healthcare:* Several companies, both small and medium enterprises, visited were in the healthcare sector. Those enterprises provided medicines and medical care to surrounding communities and other companies. The provision of medical care in the communities where people live alleviates the burden from local clinics for patients with chronic conditions such as HIV and diabetes. However, with the recent looting, those businesses are now unable to provide healthcare and medicines, therefore, patients are compelled to go to clinics that may be far from their local communities or are already overburdened. Furthermore, having to go to the clinic has additional transport costs for those who live far from them.

3.6. *Linkages between informal traders and malls:* The impact on smaller, informal traders and shops in the malls is interlinked. Firstly, informal traders benefit from the mall being operational because as people come to the mall they buy some goods from the surrounding informal traders. Therefore, with malls closed down, informal traders are adversely affected. Secondly, informal traders that source their goods from some of the shops in the malls now have to travel far to buy their products.

In addition to the impact on businesses and surrounding communities, looting and vandalism have had an impact on the local municipalities.

3.7. *Loss of income for the government, in particular municipalities:* The main sources of income for municipalities are property rates, refuse removal, and water and electricity. With a significant number of businesses not operational, the affected municipalities have to consider suspending some taxes and will lose millions monthly as a result. The taxes that are based on use, such as water and electricity, will also not accrue. Furthermore, with the vandalism and burning of properties, even when those businesses become operational, the property rates that municipalities may collect may be significantly less due to possibly reduced values of these properties.

3.8. *Making services more accessible:* With business under pressure, local municipalities are required to support and facilitate the recovery of local economies. Among the support offered is the issuing of trading permits to informal traders at no cost. The issuing of trading permits is critical for informal traders to apply for government funding. However, it was alleged that the issuing of trading permits and business licenses is a source of conflict between the local municipalities and informal traders because some traders including foreign nationals seemingly have trading permits without having gone through the proper application processes.

In its engagement with small businesses, the Committees were accompanied by the DTIC and the Small Enterprise Development Agency (SEDA) which provided information on government support.

3.9. *Small Business Support:* Traders were briefed on how to access financial and non-financial support offered by Small Enterprise Finance Agency and SEDA, as well as on the recently announced financial package administered. It was also stated that other government departments i.e. Tourism, Agriculture, Employment and Labour as well as the DTIC were all in the process of finalising various schemes to support businesses affected by the unrest.

4. Conclusions

The Committee raised the following issues:

- 4.1 The Committee noted with concern the nature of the unrest, where it would appear that a first group of rioters had gained access to buildings and premises targeting ATMs, and safes holding cash and other valuables before the masses arrived. This gave the impression that there could have been an orchestrated attempt to destabilise the economy.
- 4.2 The resultant direct socio-economic impact on manufacturers, small and micro businesses, informal traders and on workers has already been significant in terms of lost property and loss of income. This loss is still ongoing, as many businesses are still recovering and re-establishing themselves where possible. Therefore, this cost to the economy is expected to escalate going forward, especially as manufacturers may lose their domestic market share due to a short-term increase in imports to meet the resultant

local demand. Further, the Committee noted that the cost to the economy would be additional job losses.

- 4.3 There has also been a knock-on effect on businesses that have not been directly impacted by the unrest, as they have experienced challenges with either lower demand for their products or the ability to access supplies required for production.
- 4.4 The Committee is concerned about the impact on the healthcare sector in particular healthcare for patients with chronic illnesses, and the vaccination roll-out programme with several pharmaceutical manufacturers and distribution centres being targeted. This will have a negative effect on the government's efforts to facilitate economic recovery.
- 4.5 Furthermore, the Committee is concerned that business confidence may have declined leading to disinvestment, especially by foreign investors/multinationals, and the impact of this on the broader economy.
- 4.6 In addition, the Committee is of the view that black economic empowerment and economic transformation has been dealt a massive a blow, as many of these businesses were not insured.
- 4.7 Affected communities were also negatively impacted, as they would no longer have access to certain services and products locally.
- 4.8 Where businesses were insured by the SASRIA, the delay in processing these claims may compromise their ability to re-establish themselves. This would lead to an even higher impact on unemployment levels.
- 4.9 The Committee welcomed government's announcement for dedicated financial support of R3,75 billion for the areas affected by the unrest.
- 4.10 Given that many businesses directly affected by the unrest have lost critical documentation that would ordinarily be required for financial applications, the DTIC and its development finance institutions should review how best to process these applications from affected businesses.

- 4.11 The Committee was of the view that while it is necessary to comply with the strict requirements to ensure accountability, in such cases, flexibility is required to allow affected businesses to access funding thus ensuring that recovery and rebuilding can be fast tracked. The Committee also noted that given the fact that medium-sized enterprises were struggling to comply with these requirements, the impact on smaller enterprises to comply may be greater.
- 4.12 However, this flexibility should not compromise its due diligence processes, and financial and other support should be provided swiftly to qualifying businesses.
- 4.13 The Committee was of the view that the DTIC should engage the private sector regarding support for the recovery efforts of businesses that have been affected by the destruction and loss of property.
- 4.14 Furthermore, as far as possible, government should ensure that available finance should be allocated and disbursed to affected businesses to facilitate the speedy reconstruction and recovery of the economy in the affected areas.
- 4.15 The Committee encouraged closer inter-governmental cooperation to ensure an effective and holistic response to the affected businesses so that these local economies can be rebuilt in the shortest time possible.
- 4.16 The Committee also noted that the role of the State is to protect and defend its citizens and property; however, the recent unrest has shown significant shortcomings, which resulted in the loss of lives and would have a negative impact on the broader economy. In this regard, the Committee was concerned that the South African Police Service had not adequately dealt with the unrest.
- 4.17 The Committee is of the view that law enforcement should investigate the alleged instigators' attempt to destabilise the economy.
- 4.18 Furthermore, the Committee would welcome a comprehensive review on factors that contributed to the recent unrest in KwaZulu-Natal and Gauteng.

4.19 The Committee would like to encourage private businesses to explore developing preventative mechanisms that would ensure their protection. This should include insurance and security, among others, to mitigate against possible future unrest.

5. Acknowledgements

The Committee wishes to thank its support staff in particular the committee secretaries, Mr A Hermans and Mr T Madima, the content advisor, Ms M Sheldon, the researcher, Ms Z Madalane, and the committee assistant, Ms Y Manakaza, for their professional support and conscientious commitment and dedication to their work. Furthermore, the Chairperson wishes to thank all Members of the Committee for their active participation during the process of engagement and deliberations and their constructive recommendations reflected in this report.

6. Recommendation

Informed by its deliberations, the Committee recommends that the House requests that the Minister of Trade, Industry and Competition should consider engaging the Minister of Finance on whether additional public funding could be sourced to assist affected businesses in the areas.

Report to be considered.

National Council of Provinces

1. REPORT OF THE SELECT COMMITTEE ON TRADE AND INDUSTRY, ECONOMIC DEVELOPMENT, SMALL BUSINESS DEVELOPMENT, TOURISM, EMPLOYMENT AND LABOUR JOINTLY WITH THE PORTFOLIO COMMITTEE ON SMALL BUSINESS DEVELOPMENT, FOLLOWING A FACT FINDING VISIT TO KWAZULU-NATAL AND GAUTENG PROVINCES, DATED 19 AUGUST 2021

1. INTRODUCTION

The Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour (the Committee) conducted a two-legged fact finding visit to the provinces of KwaZulu-Natal (KZN) and Gauteng on 03 - 06 August 2021. The visit was prompted mainly by the recent unrest that saw two provinces gripped by a frenzy of looting, arson and violence. The visit targeted primarily small enterprises and informal businesses directly and/or indirectly impacted by the violent looting. The Committee undertook this visit jointly with the Portfolio Committee on Small Business Development, whereas visits to other locations included the Portfolio Committee on Trade and Industry. The newly merged entity (Small Enterprise Development Agency and Small Enterprise Finance Agency) representatives were also in tow to accompany the Committees in order to shed light on the financial and non-financial package currently being offered to affected small businesses and informal traders.

Also, the delegation(s) included senior leadership from respective municipalities, development agencies, local chambers as well as provincial departments responsible for economic development. In KZN, the Committees visited King Cetshwayo District Municipality (KCDM), Ilembe District Municipality and eThekweni Metropolitan area. While in Gauteng, Ekurhuleni and City of Joburg were two of the Metros visited over the two-day period. Accordingly, this report provides some qualitative information obtained through interactions between Members of Parliament and sector

representatives, informal traders and business owners affected by the unrest, summary of key findings and observations as well as recommendations.

2. BACKGROUND

On 28 June 2021, South Africa was placed under alert level four (4) restriction as corona virus numbers took an upward surge. This effectively meant that all social, political, religious and other gathering were prohibited. Most regrettably, business operations that had started to pick up, the announcement of level four restriction threw a spanner in the works. Small businesses and informal traders, which had already been ravaged by almost two years of stop and go, were severely affected when volume of people suddenly halted. On an unrelated matter, on 29 June 2021, the Constitutional Court (the ConCourt) handed down judgement declaring the Former President Jacob Zuma to be in contempt of court and sentencing him to a period of 15 months in prison. There is thus a general perspective or concurrence that the civil unrest, leading to riots, looting and destruction of property, may have been ignited by the incarceration of the former President and exacerbated by Covid-19 related restrictions.

2.1 The Economic and Social Aftermath of the Unrest

The unrest began in the province of KwaZulu-Natal on 09 July 2021 and spread to the province of Gauteng on 11 July 2021. As of 16 August 2021, authorities estimate that 3410 people have been arrested for crimes ranging from stealing to murder, and almost 340 are confirmed dead. The provinces of KZN and Gauteng are two most populous regions and together account for half of South Africa's output. The country's Gross Domestic Product (GDP) is heavily dependent on the economic performance of these two provinces and was thus threatened by the developments. Both regions were badly hit by the unrest. The data with respect to economic impacts of riots and looting is still being collated by reputable institutions such as South African Special Risk Insurance Association (SASRIA), South African Property Owners Association (SAPOA) and Statistics South Africa (STATSSA) to mention the few.

However, according to various sources such as Business Leadership South Africa (BLSA), provincial governments of KZN and Gauteng, National Treasury and various other industry players, they are estimating that more than 200 malls were affected, over 1000 stores were looted, more than 100 completely burnt, more than R20 billion in damages, 50 000 informal traders left stranded and 50 000 small businesses affected, and likely more than 150 000 jobs at risk. Several factories and warehouses were looted and torched, big businesses grinded to a halt including two major ports of Durban and Richard Bay, national routes e.g. N2 and N3 had limited operations. The KZN government has ultimately declared a provincial state of disaster owing to the magnitude of the damage caused by the civil unrest. While the calamity has also spurred the national government into taking curative measures to resuscitate struggling economic activity and battered business confidence through economic strengthening interventions announced by the President.

2.2 Relief Package

Rewind few years back, South Africa was already mired in the recession before the Covid-19 struck. The pandemic had by February 2021 stymied the country's economic growth forecasts from 4.3% to 3.8%. These projections have further been revised downwards due to the recent unrest and many economists are envisaging a shaving of as much as one percentage point off GDP growth in 2021. For that reason, and in order to moderate adverse impacts of the turmoil, on 26 July 2021, the President announced a range of mitigating measures to support business recovery and provide some social relief to the poor and vulnerable. The South African Special Risks Insurance Association (SASRIA) will form a key part of the intervention to help insured businesses restore their operations. SASRIA has committed to expedite the payment of all valid claims, and is working together with private insurers to ensure that assessments are completed without delay.

It is expected that the package will amount to R38.9 billion of on-budget items. Government will ensure that SASRIA is able to honour all of its obligations and has already ring-fenced R3.9 billion to support SASRIA to keep away from any potential liquidity problems. When announcing these measures, the President noted that some businesses that were victims of the violence may not have been insured, including many small and medium-sized businesses, whether formal or

informal. It is acknowledged that many of these businesses have lost everything, like the ones the Committees visited at Isipingo in Durban, and will not be able to rebuild on their own. They will therefore be accommodated under the relief package administered by the Department of Small Business Development, currently projected at R2.3 billion.

According to National Treasury, some of these interventions, include inter alia, restoration of the Social Relief of Distress (SRD) grant of R350 until the end of March 2022, R5 billion in revenue measures, expansion of the Employment Tax Incentive (ETI) for four months, payment deferrals for three months on Pay As You Earn (PAYE) for qualifying industries, as well as deferrals of excise duties on alcohol. Other sector Departments such as Employment and Labour have already gazetted Workplaces Temporary Relief Scheme to help cushion workers who are unemployed during this period of recovery. These measures will be implemented from 1 August 2021 and others 1 September 2021. Further details will be provided by National Treasury and SARS. Parliament is accordingly anticipated to monitor the implementation of these interventions.

2.3 Objective of the Fact Finding Visit

The aim of the visit was to evaluate the extent of damage to property, supply chain disruptions and degree of business interruptions specifically for small enterprise and informal trading sector. It is also important for the Parliament's Portfolio and Select Committees to understand what other spheres of government and organs of state were doing towards helping the sector recuperate. In line with its constitutional mandate, the interest of the Portfolio Committee on Small Business Development was more on -

- Obtaining first-hand knowledge and assess the gravity of the impact of the looting and violence on the small enterprise, co-operatives, informal trading sector, issuance or renewal of permits and support measures by respective municipalities during this period of crisis;
- To assess the state of small enterprises and informal traders, interact with businesses and business communities that fell victim to the looting and violent protests;
- To provide the Department of Small Business Development and entities, other various organs of state, an opportunity to showcase their product and service offerings, disseminate

useful information on financial and non-financial support to those affected by looting and arson;

- Enhance cooperation and coordination between all spheres of government in developing a common or standardized approach and response to the sector and to enable the affected groups to speak for themselves;
- To compile and present a report with recommendations that could form part of any parliamentary intervention on the matter;
- To lay a basis for ongoing work by Parliamentary Committees in terms of their oversight role.

2.4 Composition of the Delegation

The delegation included members of the Portfolio Committee on Small Business Development, Select Committee on Trade and Industry, Economic Development, Small Businesses, Tourism, Employment and Labour along with members of the Portfolio Committee on Trade and Industry, Parliamentary staff, officials from the Department of Small Business Development and entities, officials from districts and local municipalities, development agencies, local chambers and officials from corresponding departments of economic development.

2.4.1 Members of the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour and Portfolio Committees on Small Business Development and Portfolio Committee on Trade and Industry.

Members of the Select Committee on Trade and Industry; Economic Development, Small Business Development; Tourism; Employment and Labour:

Mr MI Rayi, MP	(ANC) Chairperson	Eastern Cape
Mr K Mmoiemang, MP	(ANC)	Northern Cape
Mr M Dangor, MP	(ANC)	Gauteng
Ms HS Boshoff, MP	(DA)	Mpumalanga
Mr T Brauteseth, MP	(DA)	KwaZulu-Natal

Members of the Portfolio Committee on Small Business Development

Ms VS Siwela, MP	(ANC) Chairperson
Mr F Jacobs, MP	(ANC)
Mr HG April, MP	(ANC)
Ms KB Tlhomelang, MP	(ANC)
Mr HCC Kruger, MP	(DA)
Mr J de Villiers, MP	(DA)
Ms B Mathulelwa, MP	(EFF)
Mr V Zungula, MP	(ATM)
Mr HE Hendricks, MP	(Al Jama-Ah)

Members of the Portfolio Committee on Trade and Industry

Mr D Nkosi, MP	(ANC) Chairperson
Ms J Hermans, MP	(ANC)
Ms RM Moatshe, MP	(ANC)
Mr SH Mbuyane, MP	(ANC)
Ms NE Motaung, MP	(ANC)
Mr Z BurnsNcamashe, MP	(ANC)
Mr MJ Cuthbert, MP	(DA)
Mr DW Macpherson, MP	(DA)
Ms YN Yako, MP	(EFF)
Mr FJ Mulder, MP	(FF Plus)
Mr WM Thring, MP	(ACDP)

2.4.2 Parliamentary Officials

Mr NK Kunene	Committee Secretary
Mr S Gumede	Content Advisor
Ms N Zixesha	Executive Secretary to the Chairperson
Mr M Dodo	Committee Assistance
Mr Z Ngxisho	Committee Researcher
Mr T Madima	Committee Secretary
Ms Z Madalane	Committee Researcher

Ms Y Manakaza

Committee Assistant

2.4.3 Departments & Municipalities' Representation

Department of Small Business Development

Small Enterprise Development Agency

KwaZulu-Natal & Gauteng Departments of Economic Development

King Cetshwayo District municipality

UMhlathuze Local Municipality

iLembe District Municipality

KwaDukuza Local Municipality

iLembe Economic Development Agency

EThekweni Metropolitan Municipality

Ekurhuleni Metropolitan Municipality

City of Joburg Metropolitan Municipality

3. FACT FINDING VISIT TO KWAZULU NATAL

3.1 King Cetshwayo District Municipality

The King Cetshwayo District Municipality is one of the 11 district municipalities in the province of KwaZulu Natal. It stretches from the uMfolozi River in the north, to Gingindlovu in the south, and inland to Nkandla. The district is constituted by five local municipalities, namely, Mthonjaneni, uMlalazi, Nkandla, uMhlathuze, and uMfolozi. The first segment of the Committee's programme on day one was devoted to visiting affected small businesses and informal traders at KCDM. The chaos and destruction that spread throughout the province of KwaZulu Natal had a shattering impact on municipalities under KCDM. All five of them experienced extensive looting, damage to property and infrastructure, emergency and municipal services were interrupted. The N2 highway, one of the targeted and severely affected routes during the unrest, added to the burden of supply chain disruptions. The N2 route connects the region to other major economic centres, such as KwaDukuza, Durban and Port Shepstone to the South and also provides a direct route to eSwatini and Mozambique to the North.

3.1.1 Reception by District Leadership

Upon arrival in Richards Bay, the Parliament's delegation was warmly received by respective mayors of KCDM and uMhlathuze LM Councillors Lindokuhle Phungula and Mduduzi Mhlongo. Also in attendance, were senior leadership e.g. Deputy Mayors, Speakers and Municipal Managers from both the district and local municipalities. Following introductions, leaders of the delegation for that leg, Ms Violet Siwela, Messrs Mandla Rayi and Duma Nkosi, made brief remarks outlining the objective of the fact finding visit, brief summary concerning the nature or projected role to be extended by various Department(s) and entities to the affected small enterprises, co-operatives and informal traders in the corresponding local municipalities, expected roles of provincial, district and local spheres of government including role of Parliament during the recovery process.

The Committees learnt quite a few things from the brief presentation done by the District Mayor, areas that were highly affected in the district, number of malls and shops looted, vandalised and burnt, number of arrests made and deaths, state of local municipalities and what each municipality has done or intends to do to cushion vulnerable communities, role of local economic development and collaborative efforts with other provincial government departments such KwaZulu-Natal Cooperative Governance and Traditional Affairs (KZNCOGTA), KwaZulu-Natal Economic Development, Tourism and Environmental Affairs (KZNEDTEA). In towns like Eshowe (uMlalazi LM) and Empangeni (uMhlathuze LM), it was projected that almost half of the retailers and offices, were gutted. Whereas, small agricultural town of Gingindlovu (uMlalazi), the R66 Mall, the town's only Mall, was saved by the community which stood up and defended it, a reaction that appears to have worked in many areas that ended up being least affected. The visit of the Portfolio Committee was thus welcomed as signalling the start of a concrete programme to assist the affected local municipalities and trigger to economic recovery process.

3.1.2 Site Visits to Affected Areas

The visit to the district was localised within the City of uMhlathuze due to its strategic importance to the national economy e.g. home to Port of Richards Bay and concentration of small businesses and informal traders in the area. On a round trip that included stopovers at Nseleni, Ngwelezane and Esikhaleni townships, the consequences of destruction were clearly visible. The Parliament Committees was escorted to affected areas by members of the South African Police Service (SAPS) and City of uMhlathuze traffic police.

- **Nseleni Township**

Members observed first-hand the level of vandalism and destruction at Nseleni Shopping Mall, just outside Richards Bay. Hailed by City of uMhlathuze Mayor Cllr Mduduzi Mhlongo in 2016 during the sod turning ceremony as “symbolising a direct response to addressing the issue of unemployment which is rife in the area”, the mall was in a state of absolute ruins and completely cleaned out. The Centre Manager, Ms Nomkhosi Shange, told Members of Parliament that the shopping complex was fully black woman owned. Some of the mall tenants included, among others, Boxer, Pep, Tekkie Town, small business concerns such as internet cafes and various Automated Teller Machines (ATM) which were all looted, vandalised or set alight. Cllr Mhlongo was at pains to point out that reviving efforts at torched malls may be a long hard slog due to structural damages which might force some of these facilities to be demolished completely. The assessment of the shopping mall including the structures to ascertain the extent and nature of damage were ongoing.

Members of Parliament took turn to ask questions of clarity or add inputs, also interacted with small entrepreneurs, who not so long ago, were tenants at the mall. Ms Boni Marwa, owner of Slay Queen Hair Salon, briefed members that her business was operating profitably. It was regrettably vandalised and torched, all of her equipment valued at more than R80K was stolen. Outside the mall, were few informal traders and street vendors whom their businesses were evidently hurt by

abrupt swing in consumer volumes frequenting the mall. Members conveyed their distress at the economic impact of the looting and observed that, in many cases, the looting was accompanied by extremely high levels of property destruction. Business owners and employees present, were encouraged to remain strong during the recovery process.

- **Ngwelezane Township**

The next stop-off was Ngwelezane township on the outskirts of Empangeni. Like all other townships in the vicinity of uMhlatuze LM, Ngwelezane was not spared. Incidents of overnight protests, road blockages and attacks targeting transport vehicle, including ambulances to one of the largest hospitals in the region, Ngwelezane Hospital, were reported. Clashes between demonstrators and police intensified as protestors refused to disperse. As a result, some of the shops were pillaged, vandalised and torched e.g. Engen garage, OK grocery supermarket, Debonairs Pizza and other shops owned by small entrepreneurs such as hair salons and food eateries

Members of the delegation networked with shop owners, street vendors selling food items, hawkers and informal traders providing small quantities of goods and much needed services as some of the big shops remained closed. Traders were also briefed and counselled to access non-financial support services and recently announced financial package administered by Small Enterprise Finance Agency (Sefa) and Small Enterprise Development Agency (Seda). The City of uMhlatuze also announced that it was in the process of finalising financial package to assist all affected small business owners and informal traders within the local municipality, while the KCDM has its own scheme earmarked for the entire district municipality. It was also announced that other sector departments i.e. Tourism, Agriculture, Employment and Labour as well as Trade, Industry and Competition were all in the process of finalising various schemes dealing with each category, stream or sector affected by the unrest.

- **Esikhaleni**

The last visit by Members of Parliament in the district was to Esikhaleni Mall. The Mall is an important business hub and landmark shopping complex that is conveniently situated in the heart of Esikhaleni Township. It is located about 20 kilometres from Empangeni and 25 kilometres from Richards Bay. The shopping centre has more than 30 stores, secure parking and is open seven days a week from 9h00 am to 18h00 pm. The Plaza boasts a typical profile tenant of Shoprite, Mr Price, Dunns, Webber, Spar, Spur, commercial banks and automated teller machines, Ackermans, Pep etc all of whom were ransacked.

The Mall services a population of just over 120 000 including those living in the adjacent tribal authority. Upon arrival at Esikhaleni, the delegation was received by the Centre Manager Mr Khumbulani Cele, and later shown around. Sections of the Plaza had been badly vandalised and other units set alight. The mop-up operations, removal of the debris and clearing up of the rubble had already begun. According to the City of Umhlathuze estimates there were more than 2500 employees affected and financial loss of more than R220 million.

Outside the Plaza, most trading stalls stood empty, a confirmation that informal trading has become an economic alternative for some community members. The affirmation that the fortunes of the informal economy possibly rest on the fortunes of the formal economy rang true. Similar to what the delegation observed at Nseleni Shopping Centre, informal trading sector at Esikhaleni Plaza is very much reliant on customers visiting the mall, and probably employees too. For members of Parliament, other critical observation was that, one may only stimulate the informal trading sector if there is a formal economy hooked into it. According to the Centre Manager, the mall has a liability insurance. Of great concern to him though was whether key or anchor tenants would still have appetite to come back, and uncertainty over the resilience of the low profile tenants, who in all likelihood, their businesses or equipment had no insurance cover.

3.2 Ilembe District Municipality

Following a successful conclusion of the first segment of the visit to KCDM, Parliamentary Committees left for Ilembe District Municipality. The District Municipality (DM) is located on the east coast of KwaZulu-Natal. The N2 highway traverses the DM to the South in Durban and

to the North in Richards Bay. It is the tiniest of the province's 11 district municipalities, making up merely 3% of its geographical area. The DM is made up of four local municipalities located between Durban and Richards Bay, namely, Mandeni, KwaDukuza, Maphumulo and Ndwedwe.

All local municipalities major trading hubs were under intense attack during the unrest. Ilembe is bordered by the Districts of uMgungundlovu, King Cetshwayo, uMzinyathi as well as the eThekweni Metro. The seat of the district municipality is KwaDukuza (previously known as Stanger). The KwaDukuza Local Municipality in particular has rich cultural and historical heritage having been the host and resting place of the Zulu founder King Shaka ka Senzangakhona and Africa's first Nobel Peace Laureate iNkosi Albert Luthuli.

3.2.1 Reception by District Municipality Leadership

The delegation converged at KwaDukuza Local Municipality Council Chamber for introductions and briefings. The District and Local Mayors Cllrs Siduduzo Gumede and Dolly Govender made welcoming remarks to Members of Parliament. Supporting the DM and LM leadership were Deputy Mayor of the district Cllr Lucky Makhathini, respective Municipal Managers of the DM and LM Messrs Nhlakanipho Khumalo and Nhlanhla Mdakane, the Chief Executive of Ilembe Chamber of Commerce Mr Cobus Oelofse and Acting Chief Executive for the eNterprise iLembe Ms Cheryl Peters who also presented on behalf of the district municipality.

Co-Chairpersons and leaders of the delegation made preliminary comments with reference to the fact finding visit and areas where the national, provincial and local governments, supported by their respective entities e.g. Seda, Sefa, eNterprise iLembe and local chambers, can work collaboratively in the spirit of the District Development Model (DDM) to shield the sector from deleterious effects of looting and destruction.

3.2.2 Site Visits to Affected Areas

In accordance to the Parliamentary programme the delegation was due to visit informal traders in and around the Central Business District (CBD) of KwaDukuza to assess the extent of damage to property linked to small businesses in areas of Shakaskraal enroute back to the hotel in Durban, interact with informal with informal traders community members affected by the unrest -

- **KwaDukuza CBD and Shakaskraal**

The KwaDukuza CBD, Shakaskraal, Etete, Groutville and Stanger Manor were some of the hardest hit areas within the local municipality. Numerous stores in the area were looted and attempted burning of property in various parts of the CBD. Regarding the impact on the local economy, the businesses within the CBD of KwaDukuza, the KwaDukuza Mall, Shakaskraal and outerlying township areas were the targets of the looters. Several shops were either completely damaged by fire or vandalism, and others partially and almost all were looted. In Shakaskraal, USave, Pep, and Shoprite were all looted, with Shoprite later set on fire. At the height of the unrest, the rioters closed both the N2 at Chaka's Rock and the road joining the N2 and R102 at Shaka's Head. As observed with other least affected areas in KCDM, affluent economic hubs like Ballito, were not affected due to preventative measures by community members.

A total of 234 businesses (including shops, office buildings, ultra-city petrol port, ATMs) across the local municipality were directly affected. Over 45 informal traders' stalls were damaged, causing a displacement of informal traders. According to the district municipality preliminary estimates over the eight (8) day period across all four local municipalities the economic loss is in the region of R240 million and more 1500 jobs risk being wiped out entirely. A common ploy across all affected areas by protestors was the road blockages, effectively taming police response while shops were being looted and vandalized, also throwing of stones at passing traffic in order to cause traffic obstructions. Members of Parliament were told during the brief that KwaDukuza SAPS members worked extremely hard through under difficult situations and circumstances, and made number of arrests for crimes ranging from public violence to possession of suspected stolen property.

3.3 Visit to eThekweni Metropolitan Municipality

The eThekweni Metro is one of the most affected areas in the province of KZN. The metropolitan area, commonly referred to as Durban, is the largest City and remains the only metro in the province of KZN, and third largest in the country. It is known as the home of Africa's busiest port and is also a major centre of tourism because of the city's warm subtropical climate and extensive beaches. During the unrest, the City of Durban and surrounding townships, malls, shopping centres, factories, warehouses and various other critical operations and infrastructure, emergency and municipal services delivery points grinded to a complete halt.

While the Port of Durban was forced to suspend its operations indefinitely and declared force majeure to its customers. The Port of Durban and Richards Bay are some of the vital economic spinners for the province and key trading gateway to the rest of the world. Major routes that connect the City to the South, West and North, N2 and N3, were on a complete standstill during the rioting period, throwing supply chain operations into a complete disarray. The N3 is a national route that links Johannesburg and Durban, respectively South Africa's largest and third-largest cities. The highway was one of the most targeted route during the strife, leading to its total closure in parts of Free State, KwaZulu-Natal and Gauteng.

3.3.1 Estimates of Economic Impact

According to the Mayor of eThekweni Municipality Cllr Mxolisi Kaunda, approximately forty thousand formal businesses and 55 000 informal traders were impacted by the violence, looting and arson. He posited that the City expected the impact of the loss of GDP to rise to over R20 billion in the region while at least 129 000 jobs are on the line. Research conducted by the City's Economic Development and Planning Committee (ECOD) reveals that for every hour that the N3 highway in KwaZulu-Natal is closed, at least R1 million is lost to the economy. This means that the impact of this closure over the last civil unrest over a five-day period is estimated at R120 million.

There were more than 37 trucks that had been torched in various parts of the province (28 were torched in Mooi River; 6 on the N2 in the northern region; 1 in Umgababa; 1 in Lidgetton; and 1 on the R603). While the unrest and riots have resulted to damage of property and infrastructure, it

has also contributed to the weakening of the Rand. The local currency dropped as much as 2% against the dollar in the wake of these riots. The impact on fuel and transportation of goods also has a major impact. Exacerbating the situation is the impact this has on food security. Initial statistic gathered and released by the eThekwini reveal the following impact to the municipality -

- More than R1.5 billion loss of stock;
- More than R15 billion of damage to property and equipment;
- More than 50 000 Informal Traders affected;
- More than 40 000 businesses affected, a significant percentage of this are at a risk on not coming back post the riots;
- More than 150 000 jobs at risk to be lost;
- Close to 1.5m are at home with no income due to this unrest;
- The total impact to eThekwini GDP in the last 5 days estimated at more than R20 billion.

3.3.2 Visit to the Affected Sites

The second and last day of the visit in the province of KwaZulu-Natal was a visitation of informal traders' storage facility at Isipingo, KwaMashu Station Trading Stalls, petrol service stations and Community Shopping Centre's all in the township of KwaMashu. The Parliament delegation converged at the Durban City Hall and soon thereafter headed to Isipingo, South of Durban. The delegation was in the company of the Deputy Mayor Elect Cllr Diana Hoorzuk, Head of Business Support, Tourism and Marketing Mr Thulani Nzama and other staff members from eThekwini, Senior Manager Mr Boyce Mntambo represented KZNEDTEA while Seda and Sefa was represented by Provincial Heads Messrs Thula Mkhwanazi and Cedric Mnguni.

▪ Isipingo

The delegation visited Isipingo Informal Traders Storage situated at Inwabi Road where most of the trading activities had been localised. The once-bustling market street fell silent as its traders were trying to pick up the pieces. The storage facility was completely gutted down by fire. The facility was an initiative by the City to help informal traders keep their stock safely from potential theft and securely keep the daily earnings as many hardly find time to go bank the money. Most informal traders find it cumbersome, expensive and risky to transport their goods from their place to their market place sites. Hence, when members interacted with informal traders, not

only did they discover a completely burnt out storage facility with stock inside, they witnessed cash and documents of people that had been burnt almost beyond recognition.

During networking with traders, members were keen to know if the City had made any contact with the leadership, status of the relationship between them and the City, if Seda had made contact with any of the individuals or association(s) with a view to proposing and initiating necessary assistance within its portfolio of products and services. From this visit, it emerged that little or nothing was being done to assist the affected individuals or informal traders. Members were concerned that it seemed, non from the City, Seda or KZNEDTEA, had instituted or assumed any meaningful efforts to find out what were the urgent necessities of the people affected by the unrest.

Members acknowledged that some interventions or assistance may take long. Nevertheless, by the time Parliament got on the ground, some of the City's emergency services was supposed to have been triggered and Seda, which even before the unrest ensued had offerings tailor-made for informal traders, should have been in the process of identifying and helping informal traders with applications. The visit to Isipingo concluded by the City, Seda and Sefa making commitment to work cooperatively to fast-track the process of disseminating helpful information, partnering and supporting informal traders to resuscitate their businesses.

- **KwaMashu**

In KwaMashu, Members of Parliament visited few sites that were looted, vandalised and torched. The Emahawini SMME Business Hub was the first point of call where they mingled with small business owners of, among others, Emmanuel Vision Capital, Mahawini Tavern, eKasiFibre, Q-Tech Internet and Solutions, Swanky Hair Salon, KwaSaladi Trading, BeJay Funeral Directors, Three Fingers and Happy Den Trading. Other trading concerns such as Icebolethu Funerals, one of South Africa's trusted funeral service providers, remained closed.

Adjacent Emahawini Trading Hub is KwaMashu Station Traders Market. At the height of the unrest, stock, machinery and equipment belonging to the informal traders was looted. Coincidentally, it was the former Deputy Minister of Small Business Development (DSBD) Nokuzola Capa who had, on 21 October 2021, distributed the equipment valued at R600 000,

including tools, hairdressing, clothing, baking, construction, catering, retail and the services sector to the informal traders. Few other issues of concern raised by informal traders were mostly service delivery related matters directed to the City. For instance, a concern was raised that the majority of trading facilities are without proper toilet facilities or running water, which forces the traders to work in unhygienic conditions without anywhere to relieve themselves.

Within the neighbourhood, there are BP and Shell Garages that were looted to the bone whilst Shell was set alight. Mr Sibonelo Mbatha, the owner of BP garage told members that nine other filling stations of his, and shops at Dube Village Mall, were also looted and burglarised. While he was comforted at the fact that most of his businesses have insurance cover, he was worried that recovery process might take longer, income lost may never be recouped and most of his employees were sitting at home. At Nyala Centre, members also interacted with Mr Siyanda Khamanga of Khamanga Pharmacy whom his pharmacy was also burgled. Enroute to King Shaka International Airport (KSIA), Parliament delegation stopped off at Spar Express at Shell KwaMashu to observe the degree of damage to the property which had also been gutted by the blaze.

4. FACT FINDING VISIT TO GAUTENG

The second leg of the Parliament's programme was dedicated to visiting affected small businesses and informal traders at Ekurhuleni and City of Joburg Metros. The civil unrest that began in the province of KwaZulu-Natal on 9 July, quickly snowballed and spread to the province of Gauteng on 11 July 2021. All three metros of Ekurhuleni, City of Joburg and Tshwane were affected. As of 16 July, 212 people had died in the unrest and 2554 had been arrested. The riots and looting resulted in food shortages, fuel shortages and medical supply shortages while municipal services were also disrupted. While there were reported incidents of looting and destruction of property in Matsulu in Mpumalanga, Galeshewe in Northern Cape and Gqeberha in Eastern Cape, the civil unrest was more prevalent in KZN and Gauteng. Furthermore, when the delegation hit the ground, it was observed that compared to KZN, Gauteng had limited incidents of arson and torching of property which is likely to make recovery process rapider.

4.1 Site Visits to Ekurhuleni Metropolitan

On 5 August 2021 Parliament's delegation converged at Kempton Park Civic Centre, headquarters of Ekurhuleni Metropolitan Council for a meet and greet session. The delegation was welcomed by Member of Mayoral Council (MMC) Cllr Nkosingiphile Xhakaza and metro council staff. The Director General of the Department of Small Business Development Mr Lindokuhle Mkhumane as well as DSBD and Seda, Gauteng Economic Development staff were also in attendance. Leaders and Co-Chairpersons of the Parliaments' Committee made introductory remarks, reason for the fact finding visit and expected outcomes. The MMC did a high level presentation touching particularly on areas that were heavily impacted in the metro. He also provided a breakdown of the day's programme and areas to be visited in Tembisa, Daveyton and Kathorus.

- **Cambridge Centre/Esangweni Taxi/Tembisa Plaza**

The first contact point in Tembisa was Cambridge Centre which was still not operational at the time of the Parliament's visit. Outside the centre, there is informal trader's precinct, Esangweni. There were few small business concerns and informal businesses i.e. Tembisa Internet Café, OBC butchery, Nail and Hair salons etc opened. As was observed during this phase of the visit, while informal businesses and traders may have suffered during the unrest e.g. their stock looted and equipment stolen or damaged, attacks and aftermath was double-whammy for all the traders as foot traffic e.g. mall customers, employees and taxi operators, was at an all-time low.

The next stop over at Tembisa Mall, Members were greeted with the same scenes. As feeders to informal businesses perhaps the most fortunate part is that both malls were not gutted by fire and that is likely to speed up the recovery process. The delegation noted, nonetheless, that there is still a disconnect between community members/informal and the Malls. Some feel the proliferation of malls in townships have changed how communities shop and how informal food traders and spazas do business and make a living. Most often, Shoprite Hungry Lion concept is often cited as one primary example where supermarkets are directly rerouting away customers from typical informal traders, including sourcing of products e.g. fruits and vegetables. The recovery process without taking these matters into consideration is not likely to yield any concrete and sustainable long-term solution.

- **Mayfield Square/Daveyton Square**

In Daveyton, east of Johannesburg, scores of residents protested and barricaded roads, in what started as a protest against the incarceration of the Former President but quickly morphed into outright looting and damage to property. It is estimated that more than 100 people, including women, children and older citizens were arrested for theft from shops inside the Mayfair Square Mall. The mall remains closed until further notice. The Parliament's delegation visited the area with a view to engaging informal traders operating outside the Mall. Unlike informal traders visited at Isipingo or KwaMashu in Durban, informal traders there were operating in an open field without shelters or ablution facilities. Hence most of their grievances were directed to the City of Ekurhuleni.

However, as was regularised throughout the visits, officials from Seda were present to provide details of Seda/Sefa offerings prior and post unrest period. The agency undertook to compile a list of all informal traders and assist them with applications for grant funding. The Centre Manager also addressed members of Parliament that the Centre Management had long proposed partnership with the City of Ekurhuleni to modernise trading stalls as part of building relationship with the community of Daveyton. Due to the closure of the Mall, many people were redirected to the nearby Daveyton Square. Parliament networked with informal traders, and once again, more complaints were directed to the City for failing to improve conditions for informal traders. Most informal traders were affected and many lost their stock at the beginning of the unrest. Soon thereafter the delegation left for Enoch Sontonga Mall in Katlehong.

- **Sontonga Mall**

Sontonga Mall, located at the heart of Katlehong, is one of the largest Malls in the area. Sontonga Mall is anchored by Shoprite and Cashbuild. Other tenants include, Power Fashion Factory, Webbers, Beaver Canoe, Rage, Pep, Pep Cell, Ackermans, Absa Bank, FNB ATM, Capitec Bank, Nedbank ATM, Standard Bank ATM, Hollard Insurance, Chicken Licken and KFC, all plundered during the unrest. The same modus operandi applied elsewhere, blocking of roads to ensure that no police vehicle gets closer to the Mall, was applied when the shops were looted. Nearby in Mngadi Section is Sam Ntuli Mall which was also raided until there was nothing to loot. Similar fate suffered by informal traders in other looted areas operating adjacent the Malls were also felt

by traders in Katlehong. Fortunately, there was no malicious damage to property or arson. Hopefully that will fast-track the reopening of the Malls as high pedestrian footfall into these nodes presents a dilemma for informal traders.

4.1 Site Visits to the City of Joburg

On Friday 06 August 2021 the delegation was scheduled to do site visits in and around the City of Joburg. On arrival at the City of Joburg headquarters in Bramfontein, Johannesburg, Parliament delegation was cordially received by Cllr Tefo Raphadu and team from the City. Following welcome and introductory remarks by Cllr Raphadu, the Co-Chairpersons gave a brief background behind Parliament's visit to the City, indicating among others that, as the country was reeling from a week of deadly riots and looting, the picture was beginning to show that small business sector and their value chains had suffered the greatest losses. Also, a story that was beginning to take form based on the three-day assessment in KZN and Gauteng was that lack of strategic coordination between sector departments, provincial and local governments were likely to lead to unintended consequences such as double dipping or quick depletion of scarce resources. Hence, in the true spirit of DDM, an emphasis was made that all spheres of government must share notes, quantify and synchronise their resources in order to make meaningful impact to the sector.

- **Jules Street, Malvern**

The procession left the city centre to drive past Malvern, Johannesburg. The intention was not necessarily to evaluate the scope of damage but to drive through and witness the destruction. Indeed, the area resembled a war zone. Cars were torched at used car dealers, offices and property looted and destroyed. According to City's officials, Jules Street was the point of origin of the unrest that went on to engulf major parts of Gauteng.

- **Pan Africa Mall, Alexandra**

Alexandra township, commonly referred to as Alex or Gomora, witnessed its fair share of violent unrest. The township lies some 15 kilometres North-east of Johannesburg. It covers an area of 800 hectares with population in extent of 700 thousand. Less than a kilometre away, across M1 highway, is Sandton area, home to wealthiest square mile in the continent, Sandton Central

Business District. The township is home to Pan Africa Mall, opened in 2009 by Former President Jacob Zuma as part of the Alexandra renewal initiative, it was looted, vandalised and torched. In Alex, it is alleged that protesting residents took to the streets to call on foreigners to leave, blaming them for drug dealing in the area. As the crowds amplified, the protests soon mutated into looting.

On arrival at Alex, the Mall was still closed, clean-up operations were underway. Outside the Mall, were pockets of informal traders selling various items. They were invited for interactive discussions with members of Parliament. Speaking on behalf of Pan Africa Traders, Secretary and informal trader Ms Sylvia Nyadzani briefed members concerning their operational challenges pre and prior unrest period.

Members learnt for instance that there appeared to be a long standing grievance with the City of Joburg as regards the lack of basic amenities, a negation of the constitutional obligation for local government to provide for the rights of all citizens. For some time, informal traders within the borders of the Mall had relied on the mall facilities to relieve themselves. There was also a strong criticism as relayed by Ms Martha Paswana that even before the unrest, metro police would often harass them to demand trading permits and licenses, while, as alleged by Mr Amos Sadiki, it was an apparent that people carrying passports were either trading illegally or issued permits by the City.

- **Jabulani Mall, Soweto**

Jabulani Mall, situated at the heart of Soweto, shuts its doors following four days of looting. The Protea Glen and Jabulani Mall bore the brunt of the looting spree. Both malls were vandalised and now stand empty. According to Dr Mike Nkuna, Executive Chairman and Chief Executive of Masingita Group, whom Parliament's delegation engaged in its visit to the Mall, he projected that between 8000 to 12 000 people's employment at both Malls have been affected by the unrest. That included Hawkers and informal traders that plied their trade outside the establishments.

As a temporary solution, the Shoprite Group had sent two trucks with mobile stores to help residents purchase essentials while the shop was being fixed. When the Parliament visited the Centre, Shoprite had already started operating. Dr Nkuna was confident that in three months,

Jabulani Mall should be fully operational. Once again, a similar invitation was issued to the City of Joburg to partner with the group to erect trading stalls adjacent the mall as traders were exposed to harsh weather conditions. Indeed, the recurrent motif throughout Parliament's visit was the acknowledgement that little infrastructure is available to informal traders. Without infrastructure informal traders have to re-create a place to conduct business daily, an onerous and costly routine.

- **Kliptown, Soweto**

In Kliptown, the Parliament delegation was driven through Walter Sisulu Square to assess the damage done to business and infrastructure. At the height of the unrest most streets in and around Kliptown had been blocked with rocks, and burning tyres while shops were being looted. Former Orlando Pirates star Lucky Lekgwathi's kota restaurant, Grootman, was just five months old when it was vandalised, its equipment trashed beyond repair. In the nearby Kliptown Driver's Learner Testing Centre (DLTC) all computers were looted. Most shops remained closed while the clean-up operation was underway.

- **Eyethu Orange Farm Mall and Palm Springs Mall, Orange Farm**

The last visit by Parliament delegation was to the South of the province, Orange Farm. The township is roughly 40 kilometres away from the Johannesburg City Centre. The area is still challenged by magnitude of needs, such as housing, infrastructure and economic stimulation. The township is home to Eyethu Orange Farm Mall and Palm Springs Mall, both malls were plundered during the unrest but fortunately survived arson. When the delegation visited the area, the mopping up operations were drawing to a close and both malls gearing up to resume trading. Informal traders had been clearly displaced and small business ventures ability to promptly recommence trading when the mall reopens remain very much in doubt. As the fact finding mission drawing to a close, it was evident that the magnitude of devastation and business disruption required immediate response from the government and cocktail of reforms to avert any future recurrence.

4 CONCLUDING REMARKS

That being the last site visit, Co-Chairperson Honourable Mandla Rayi thanked all Members of Parliament and Parliamentary staff for working zealously and cooperatively with all visited

municipalities towards facilitating the programme. He expressed gratitude to Cllr Raphadu and his team. He remarked that in their capacities as members of Parliament, have ended four-day visit to KZN and Gauteng much wiser and well informed, having experienced first-hand the magnitude of damage to property, extent of business disruptions, what affected communities and informal traders have to say. He concluded by outlining Parliamentary processes which entails compilation of the fact finding report, consideration and adoption of the same report and special debate in the National Assembly on 24 August 2021.

6. BRIEFING BY SASRIA

On 12 August 2021 the Portfolio on Small Business Development and Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour, Portfolio Committee on Trade and Industry invited South African Special Risk Insurance Association (SASRIA) to brief Committees on its products and services, mandate, what qualifies for cover and under what conditions. SASRIA is a public enterprise listed under schedule 3B of the Public Finance Management Act (PFMA). The agency covers the following perils (among others) -

- Any act directed to overthrow the Government (local, provincial, national or tribal authority) by means of fear, violence or terrorism;
- Any act directed to bring about damage in order to achieve political, social or economic change, or in protest against any Government or for the purpose of inspiring fear in the public;
- Any riot, strike or public disorder (includes civil commotion, labour disturbances or lockouts).

The economic and financial loss resulting from destruction to property and business disruptions across KwaZulu-Natal and Gauteng has been touted as being in excess of R20 billion. Most of the rioting and damage to property that occurred during the period of unrest are therefore covered under SASRIA. Members were thus concerned that SASRIA balance sheet might not be adequate to cover all claims. They also shared small business fears for a bleak future seeing that most are

without business covers and interrogated SASRIA to establish the size or percentage of the small business sector covered by the agency.

During the briefing with members of Parliament, the Managing Director Mr Cedric Masondo assured members that SASRIA has a strong balance sheet, well capitalised, and also backed by a strong reinsurance programme. The National Treasury has also ring-fenced R3.9 billion to make sure that the agency does not run into liquidity problems. He told members that in line with normal policy conditions claimants are encouraged to report incidents within 30 days, that makes cut-off date likely to be 19 August 2021. So far, incidents to the tune of R12 billion have been reported. In terms of the agency's estimates, assuming worst case scenario, total and final claims are likely to be in the region of R15 billion but would not exceed R20 billion.

To improve the turnaround time, all claims below R1 million are settled instantly without SASRIA approval. The agency was considering expanding this threshold to R5 million. The agency further projects that more than 60 percent of cases are likely to be smaller claims that will be settled speedily. Unfortunately, as the agency declared in the meeting, many of the small business ventures are not covered by SASRIA. However, through the Department of Small Business Development the sector has been allocated R2.3 billion stimuli to counteract economic damage caused by the violent protest.

7. COMMITTEE OBSERVATIONS

Having conducted site visits to the provinces of KwaZulu-Natal and Gauteng, the Committees herewith register the following observations –

- 7.1 It was evident, based on the magnitude of damage to property and business disruption that economic and financial costs of the unrest will run into billions of rands. The Committees welcome the government's economic relief support to offset adversarial impacts of the unrest. Equally, they note that that a large portion of the financial aid will be by way of insurance claims through SASRIA, approximately R20 billion;

- 7.2 Small businesses not covered by SASRIA will be allocated R2.3 billion which when juxtaposed to the level destruction and number of displaced small business concerns, may fall short to kick-start the economy that has suffered double-whammy of the pandemic and civil unrest. The allocation will be sourced via reprioritisation and reallocation of existing baselines. Committees also note and welcome the Department of Trade, Industry and Competition (the “**dtic**”) relief package of R4 billion (R2 billion from **dtic**, R1.5 billion from Industrial Development Corporation and R250 from National Empowerment Fund) with R100 million matching grant facility to support affected small and informal businesses in townships, rural areas and small towns impacted by the unrest;
- 7.3 The Committees noted that the Department, through its agencies, has initiated the process to consider applications with closing date being set for 20 August 2021. But what the Committees detected, throughout the site visits, Sefa and Seda were not present on the ground, Parliament Committees would coincidentally be first on the scene. The agencies are barely known and their products and services are almost not known nor accessible especially by informal traders. On interrogating the Business Recovery Support application form, Members have reservations that it is not only strenuous and complex but some of the information or required documentation, may not be attainable within a short space of time considering that the country is still under level 3 lockdown, and therefore, many employees still work remotely;
- 7.4 When the Committees hit the ground in Durban, for example, neither Sefa nor Seda had initiated any effort to assist the victims of looting, and some of the trader’s properties and documents, as witnessed at Isipingo, had been burnt almost beyond recognition. Owing to the nature of their trade, most informal traders are most likely to miss the deadline;
- 7.5 One of the noticeable trend observed by Committees in KwaZulu-Natal were incidents of arson that were much more prevalent than Gauteng. Consequently, recovery period in KwaZulu-Natal is likely to take longer than Gauteng. From the Committees point of view, this may necessitate differential but not blanket approaches in terms of application deadlines;
- 7.6 Parliament’s Committees engaged extensively with informal traders and learned of antithetic yet interdependent relationship between traders and malls. In all the sites visited, Committee observed that informal traders use services such as water, shelter, sanitation

and sometimes storage facilities provided by the malls. Moreover, street traders benefit from the foot traffic generated by the malls. Nonetheless, the general perspective that retail nodes destroy and hinder business opportunities for informal traders in complementary and contradictory ways remain. Some supermarkets are accused of consciously displacing informal traders through direct competition;

- 7.7 In other areas, shopping malls are suspected of deliberately alienating informal traders from participating in the retail opportunity, with the traders having to occupy sites on the periphery of these developments in conditions that are not ideal for conducting business. Thus, sentiment of ownership of the mall by informal traders or a feeling of being part of the shopping mall ecosystem is either limited or does not exist;
- 7.8 In terms of the trading spaces that traders occupy e.g. outside Mayfield Square in Daveyton, Committees learned that informal traders are considered illegal since the spaces have not been set aside for trade by Ekurhuleni Municipality. These spaces have no cover or shelters, no ablution or sanitation facilities, no storage, no refuse removal by the municipalities, no lights which ideally would enable informal traders to trade until late. The trading of commodities such as fruits, vegetables and clothes are negatively affected by unpleasant environmental conditions, resulting in loss of earnings to the traders;
- 7.9 Furthermore, informal traders are subject to many challenges which can be addressed through collective efforts from a variety of sectors such as the government and formal businesses. In Soweto, Jabulani Mall, such invitation was extended by Dr Nkuna for the City of Joburg to consider Public-public partnership (PPP) with mall developers and owners;
- 7.10 In conclusion, street vendors and informal traders have been noted to be perhaps the most regulated and the least protected, who trade unlawfully due to a lack of recognition and licenses. The Committees heard of challenges facing traders outside Pan Africa Mall, including serious allegations that foreigners are also permit holders yet it takes in excess of 12 months for South Africans to obtain trading permits. In most cases vendors are not issued with any identification showing that they have a legitimate right to sell their goods in urban streets, which further exposes them to harassment, including the confiscation of goods, assault and demands for bribes as Members of Parliament heard in Alexandra and other sites visited in Durban, Daveyton and Katlehong.

8. COMMITTEE RECOMMENDATIONS

The recent events that happened in KwaZulu-Natal and Gauteng provinces have no doubt affected businesses and livelihoods in the affected areas. They had a great potential to undermine government's *Economic Reconstruction and Recovery Plan*. The Committee makes the following recommendations to the Minister of Small Business Development, and the Minister of Trade, Industry and Competition:

1. The *Minister of Trade, Industry and Competition and the Minister of Small Business Development* through their development agencies such Seda, Sefa, and NEF should work in a coordinated manner with SASRIA to intensify financial literacy and empowerment campaigns targeting small businesses and informal traders. Such programmes should find expression in the expenditure plans of the respective departments and development agencies including expenditure plans of SASRIA. The financial literacy and empowerment initiative should get the necessary support from the National Treasury.
2. The Committee further recommends that provincial and local government departments responsible for growth and development of SMMEs should support and promote the financial literacy and empowerment initiative. Across the spheres of government, development agencies responsible for the growth and expansion of SMMEs should promote and support small enterprises to uptake SASRIA insurance.
3. Further, over the 2021 medium term SASRIA should accelerate the rollout of insurance products that would service underserved communities.
4. Based on the evidence or information Committees gathered on the ground, magnitude of destruction to property, scope of business disruption and number of displaced informal traders, the allocation of R2.3 billion is welcomed but not adequate. There is a need for the *Ministers of Trade, Industry and Competition and Small Business Development* to engage the *Minister of Finance* to provide within the fiscal framework additional funding to

support affected SMMEs and small traders or to find alternative financing and funding to assist the affected SMMEs (particular the uninsured enterprises).

5. Working with provincial and local government, both the *Minister of Trade, Industry and Competition* and the *Minister of Small Business Development* should accelerate and streamline payment processes.
6. Over the 2021 medium term, all spheres of government should tackle regulatory constraints that are hindering the operations and expansion of small traders.
7. The *Minister of Small Business Development* working closer with other spheres of government should concretise and lead measures to improve relationships between the shopping centres, supermarkets and informal traders. Large-scale supermarkets have sought to make inroads into the township economy to capture a share of the food market which was historically served by micro-enterprises and informal street traders. The district development model provides a useful framework for such relationships to be forged, while the use of Public-Private Partnership (PPP) may also be considered. Shopping malls must be seen to be adding value to the communities in which they operate not just in terms of employment but also in terms of access to market and reduced market competition.
8. Further, the Minister of Small Business Development through the Department should give a serious consideration to the reinstatement of the Shared Economic Infrastructure Facility (SEIF) which may address a number of infrastructure related complaints by informal traders e.g. ablution facilities, restrooms and storage facilities.
9. In addition, the Committee encourages the *Department of Small Business Development* to work in a collaborative manner with the *Department of Public Works and Infrastructure* to rollout working assets for small enterprises and informal enterprises.
10. The Minister of Small Business Development should accelerate the process of reviewing the Small Business Act (1991). Over the 2021 medium term, the *Minister of Small Business Development* through the *Department* should introduce a new bill to Parliament that would address the regulatory impediments affecting small enterprises.
11. The Minister of Small Business Development and the Minister of Trade, Industry and Competition should convene a meeting with the Chamber of Businesses and informal trader associations at the City of Ekurhuleni (CoE) to deal with contentious issues

obstructing business growth, and sustainability. Both Ministers should submit the report detailing the outcomes of the meeting to the relevant Parliamentary Committees.

Report to be considered.