



DEPUTY MINISTER  
TRADE, INDUSTRY AND COMPETITION  
REPUBLIC OF SOUTH AFRICA

The chairperson of the NCOP.

The presidium of the NCOP.

The honourable members of the Council.

The invited guests to today's session of the Council.

Chairperson, as **the DTIC** we will want to express our appreciation to the NCOP in setting aside this particular date for such an important debate, regarding the important issue of July Unrests and subsequent government response as it related to the economy and saving jobs. There is no doubt that all of us have drawn important lessons about what happened on that fateful week. Indeed the July crisis compounded the already existing crisis as occasioned by the sustained lockdowns and the weak global supply chains, recovering from the hard lockdown.

Chairperson, The former Russian Prime Minister Yevgeny Primakov must have had us in his mind when he once said that “ ***The question is whether we are ready to undertake responsibility for overcoming the crisis or will again sink in debates, mutual recriminations and half-steps...***” as **thedtic** we wasted no time after the unrests. Minister and Deputy Ministers went on a mission to visit all the affected businesses, from the looted to those gutted with fire, severely destroying

their infrastructure. We met with community and other leaders, visited communities affected and addressed meetings of unions and shop-stewards. We worked with key supply-chains to secure the flow of food and medicines and to enable retailers to restock their distribution centres and stores. We had to address concerns by neighbouring countries on potential disruptions to the flow of goods; Identified alternative suppliers where KwaZulu-Natal based factories were damaged.

The Department of Trade, Industry and Competition gazetted exemptions to the Competition Act to enable businesses to coordinate their efforts to secure food, medicines and essential goods. The Department published a special rebate facility that enables manufacturers whose businesses were damaged, to import free of duties those goods not available locally, subject to commitments on rebuilding their businesses locally; we engaged international investors concerns regarding security stability and safety of personnel.

Chairperson and honourable members, The Minister of Trade, Industry and Competition announced an Economic Recovery Fund with R3,7 billion response as the relief package which was disbursed to our agencies, the IDC and NEF. **The DTIC** Group drew on multiple sources to quantify the extent of damage in order to develop appropriate support measures to assist companies. These included a self-reporting survey of businesses, estimates by the South Africa Property Owners Association based on their member feedback and projections by the South African Council of Shopping Centres.

A technical response team was established composed of the senior management, all **the DTIC** development finance institutions and

department of Small Business Development agencies. To address the need to move with speed, a financial package was developed within the first two weeks of the unrest, drawing on discussions within government and between **the DTIC** agencies. To take account of the challenges with the normal approach, **the DTIC** institutions, the National Empowerment Fund (NEF) and the Industrial Development Corporation (IDC), developed a pipeline beyond traditional IDC/NEF clients, using both conventional application processes and following up on **the DTIC** survey results as well as site visits and virtual meetings.

We allocated R650 million to NEF from **the DTIC** R3.7 billion, to assist the affected businesses through loans and grants. In addition, the NEF allocated R100 million from its balance sheet and later secured a further R150 million from the Solidarity Fund as grant funding. These funds were used to provide much needed relief to rebuild and replace totally and partially destroyed infrastructure, loss of stock, etc. which resulted in thousands of South Africans being out of work as the source of their livelihoods had been destroyed. The NEF teams comprising of 30 investment professionals comprising finance and risk assessment specialists, legal advisors and others were deployed on the ground across both Gauteng and KZN in areas as far apart as Izingolwini, Mtubatuba, KwaNongoma, iXopo, uMkhanyakude, Jozini, Umlazi, Mkhuze, uMgungundlovu, KwaMashu, Soweto, Alexandra, Katilehong, and other rural and township areas. A district municipality approach was taken to ensure coverage of all affected areas.

The IDC tailored a comprehensive package including funding support for businesses and communities affected by the unrest. The response

comprised a recovery package totalling R1.5 billion made up of the following:

1. R100 million Regional Programmes Support Grant allocation to provide technical and financial assistance to small businesses in townships, rural areas and small towns that have been affected by the unrest and associated supply chain disruptions. In Gauteng, IDC is partnering with Gauteng Enterprise Propeller, which has set aside R50 million to co-invest with IDC.
2. R1.4 billion post unrest business recovery fund (PUB-RF) to assist all businesses (existing and new clients). Up to R700 million of the funding will be available as a grant and the balance will be made available at concessionary rates.

In addition, the IDC administered the dtic's R900 million MCEP Economic Stabilisation Fund and the R400 million MCEP Critical Infrastructure Grants. The MCEP Economic Stabilisation Fund supports manufacturing companies affected by the unrest, including those impacted by associated supply chain disruptions. It offers concessionary funding to affected companies through interest-free loans. The MCEP Critical Infrastructure Grant fund supports companies that were impacted through infrastructure destruction and logistics disruption.

Chairperson, as at the 12 November 2021, the IDC, NEF and the Critical Infrastructure Recovery Programme (CIPR) within **the DTIC** have collectively approved 182 applications comprising of affected businesses that are located in approximately 9 059 sites mainly across the KwaZulu-Natal and Gauteng provinces. The support amounts to R2.7 billion of

which R 1.2 billion has already been disbursed. This support is reducing the prevalence of the worst case scenario of companies closing shop and assisting companies to build better as well as retain approximately 44 000 existing jobs. The retention of these jobs is decreasing the burden on the high unemployment rate in the country and also enabling these employed citizens to be less dependent on social grants and contribute towards the fiscus through taxes and their buying power.

The support is across most municipalities in both provinces and includes Amajuba District, Harry Gwala District, King Cetshwayo District, Ugu District, Zululand District, eThekweni Metropolitan, ILembe District, uMgungundlovu District and the uMzinyathi District in KwaZulu-Natal. In Gauteng the supported districts are City of Ekurhuleni Metropolitan, City of Johannesburg and Sedibeng District. The approved support comprises 42% businesses in the retail sector, 21% in the manufacturing sector and 19% from the service sector. Other sectors approved include real estate activities, agriculture and logistics.

To increase the uptake of the Business Recovery Funds inclusive of the Critical Infrastructure Recovery Programme (CIRP), **the DTIC** took its interventions to the communities with the Business Recovery Roadshows:

1. The Ithala Centre and the KwaMashu Centre in KwaMashu, in the Ethekwini Municipality, were visited on 8 September 2021. The insurance claim for the Ithala Centre was logged with the South African Special Risk Insurance Association (SASRIA) and the Centre is awaiting an onsite visit from the loss adjustors to assess the extent of

the damage. The local business people from the KwaMashu Centre were going to follow up with the DFIs on the support offered by the Development Financial Institutions.

2. The Edendale Mall in uMgungundlovu District Municipality was visited on 10th September 2021. An Insurance claim is with SASRIA and the loss adjustors were onsite during the roadshow visit. Assistance with the CIRP funding for structures was provided and an application will soon be submitted Business in the Umshwathi Local Municipality were visited on 10th September 2021. The Municipality will engage **the DTIC** soon on required intervention.

3. The Umlazi Centre in the Ethekwini Municipality was visited on 15th September 2021. The Taiwan Textile Factory in Bruntville in the Mpofana Local Municipality was visited on 16th September 2021. The company applied for funding and R8 million was approved.

The roadshows contributed to **the DTIC** receiving 21 CIRP applications to date, requesting support of R355million. 18 of these applications are from KwaZulu-Natal. Of the 21 application received, 12 were approved with support of R198 million that will retain 3 516 existing jobs. Eleven of the approved projects are located in KwaZulu-Natal with one in Gauteng, within the City of Johannesburg Municipality. Seven of the 12 projects are operating in retail and 5 are in textiles.

The 11 approvals in KwaZulu-Natal are for properties owned and managed by Ithala Development Finance Corporation Limited. The 4 of the approvals are for properties located in the Madadeni Industrial Estate

Site in Amajuba District Municipality, 3 in the eThekweni Metropolitan Municipality, 2 in the Ilembe District Municipality, 1 in the Eshowe Shopping Centre in the King Cetshwayo District Municipality and 1 in the Nongoma Shopping Centre in the Zululand District Municipality.

Chairperson, the July unrests represented the worst chapter in our history book. It set us back. It sent our economy into a tailspin. It affected a lot of township based businesses and thereby effected massive job losses especially in the retail sector. Our immediate response to reverse the worst effects was informed by this appreciation of mitigating further crisis. We take leaf from one of the renowned author Leon Brown that “*Be brave, you will not see the light at the end of the tunnel until you walk through the darkness...*” .

Honourable members, we are towards the end of the tunnel and we are seeing glimmers of light in front of us.

Thank you.

-END