

Ministerial Briefing Session on the Economic and Fiscal Impact of the July 2021 Public Violence, Looting and Destruction of Property

Measures to Mitigate against the Economic and Fiscal Impact of the July 2021 Public Violence, Looting and Destruction of Property

M.P. Mohale, MPL
MEC: Economic, Small Business
Development, Tourism and Environmental
Affairs

23 November 2021



PURPOSE

- To brief the NCOP on measures to mitigate against the Economic and Fiscal Impact of the July 2021 Public Violence, Looting and Destruction of Property in the Free State Province



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

INDEX

- Impact of looting
- Measures to mitigate the impact
- Conclusions



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

IMPACT OF LOOTING



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

FREE STATE PROVINCE

The following factors could have an impact on the provincial social and economic environment:

- **Supply chain disruptions**

- Food shortages (damage to transport infrastructure had caused food shortages, leading to queues outside grocery stores, and prevented harvesting and distribution of fresh produce)
- Fuel shortages (prohibitions on the citizens' ability to buy fuel in portable containers and canisters, citing concerns that stockpiling would exacerbate the situation)
- Medical supply shortages (Clicks and Dis-Chem, the two largest pharmaceutical retailers in South Africa, reported supply disruptions due to looting. The provision of clinical medicine to hospitals was also disrupted)

- **Financial**

- The South African rand weakened as much as 2% on 12 July, the most it has since 25 February 2021

- **Suspension of services**

- Many of South Africa's banks had to shut down their ATMs, branches, and other facilities in response to the unrest

- **COVID-19 vaccine rollout crisis** (Following the impact of the looting and destruction to property, multiple Covid-19 vaccine rollout sites were closed to prevent looting and property destruction)



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

General and opportunistic vandalism of critical infrastructure at MAP SEZ which is located on the N5 and also close to Harrismith:

- Vandalizing of electrical sub-stations
- Theft and vandalizing of perimeter lights
- Electrical cables that were reserved for bulk electrical works were stolen.
- Disruption to investor manufacturing productivity, leading to loss of revenue and unnecessary expenditure on alternative measures of supply of electricity e.g. generators.
- During the solar street light vandalism, the park perimeter Clearview fence was cut and left with open holes across the N5 road.
- Three MAPSEZ guard houses at the gate were vandalized.
- New CCTV screens were stolen, air conditioners were vandalized and recording systems were stolen.
- Surveillance cameras were also stolen and the aluminium glass doors were vandalized at the three gate houses.
- Service delivery protests in the Maluti-a-Phofung area.
- No loss of life was reported.







MALUTI A PHOFUNG SEZ

- Below are the cost estimates for the repairs to the vandalized infrastructure at MAPSEZ:

Item	Descriptions	Estimated costs
1	Replacement of solar street lights	R 20 000 000
2	Replacement of Electrical Mini-substations	R 12 000 000
3	Revamp of vandalized green land substation	R 4 500 000
4	Electrical Cable Theft	R 3 000 000
5	Repairs to vandalized 1C substation	R 400 000
6	Vandalized Gate houses	R 350 000
7	Substations temporary repairs	R 350 000
8	Repairs to parameter fence	R 1 700 000
9	High voltage electrical cable	R 18 000 000
10	TOTAL ESTIMATED COSTS	R 57 300 000



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

FREE STATE DEVELOPMENT CORPORATION PROPERTIES

- **Mangaung Metropolitan Municipality:**
 - Only one business was looted.
- **Thabo Mofutsanyane:**
 - 15 businesses were looted.
- No loss of life was reported.
- Police acted swiftly in both instances such that there were minimal losses



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

PRIVATE SECTOR BUSINESSES

- The Free State was fortunate in that no businesses, other than that reported in the SEZ and FDC, reported any direct damage due to looting.
- Businesses however experienced financial losses due to disruptions in supply chain processes in the aftermath of the riots.
- A lot of companies who relied on supplies from Durban had to find alternative suppliers elsewhere
- Tourism was also affected as the these looting incidents has a negative impact on 'Brand South Africa'. Businesses within the tourism value chain were most affected as the travelling for leisure was negatively affected.



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

MEASURES TO MITIGATE THE IMPACT



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

MITIGATION MEASURES

- Deployment of SANDF during early stages.
- Higher SAPS visibility.
- Support via DESTEA Incentives were primarily targeted at supporting businesses as they recover from the negative impact of restrictive measures meant to minimise the spread of the COVID-19 virus:
 - Enterprise Support Incentives
 - Industrialization Support Incentives
 - Business Development and Support
- The department and its entities have been working closely with sector departments such as NDT, DSBD and the dtic on the roll-out of intervention measures.
- In addition, the department and its entities are collaborating with DFIs (IDC, SEFA, NEF) on ensuring that Free State businesses are able to access incentives offered by the DFIs
- The department has also established both the Provincial and District LED forums as well as with Businesses Chambers as part of measures to support the economic recovery.
- The department and its marketing agency has launched a “*Travel Differently*’ campaign to market the Free State as a tourism destination of choice



CONCLUSION

▪ Key Provincial Challenges:

- Lack of sufficient budget to assist affected businesses and drive economic recovery.
- On-going vandalism at Industrial Parks which negatively affects current business operations and is preventing new investments



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

Thank you!



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE