



**Western Cape
Government**

FOR YOU

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

Western Cape Minister of Economic
Opportunities: David Maynier

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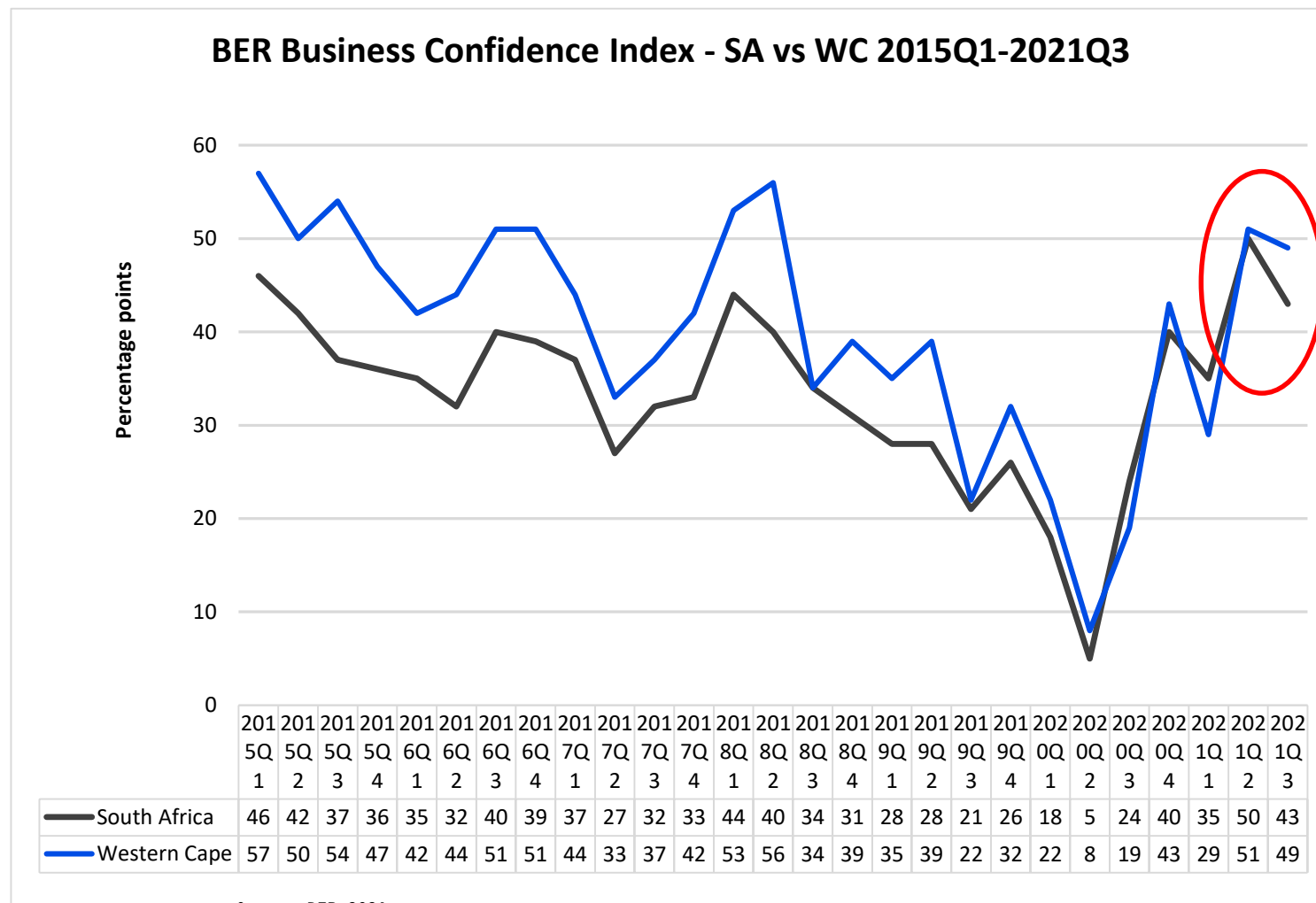
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1. Impact of July 2021 Public Violence, Looting and Destruction of Property on the Western Cape

Western Cape July Violence Impact 1: Decrease in Business Confidence (BCI)

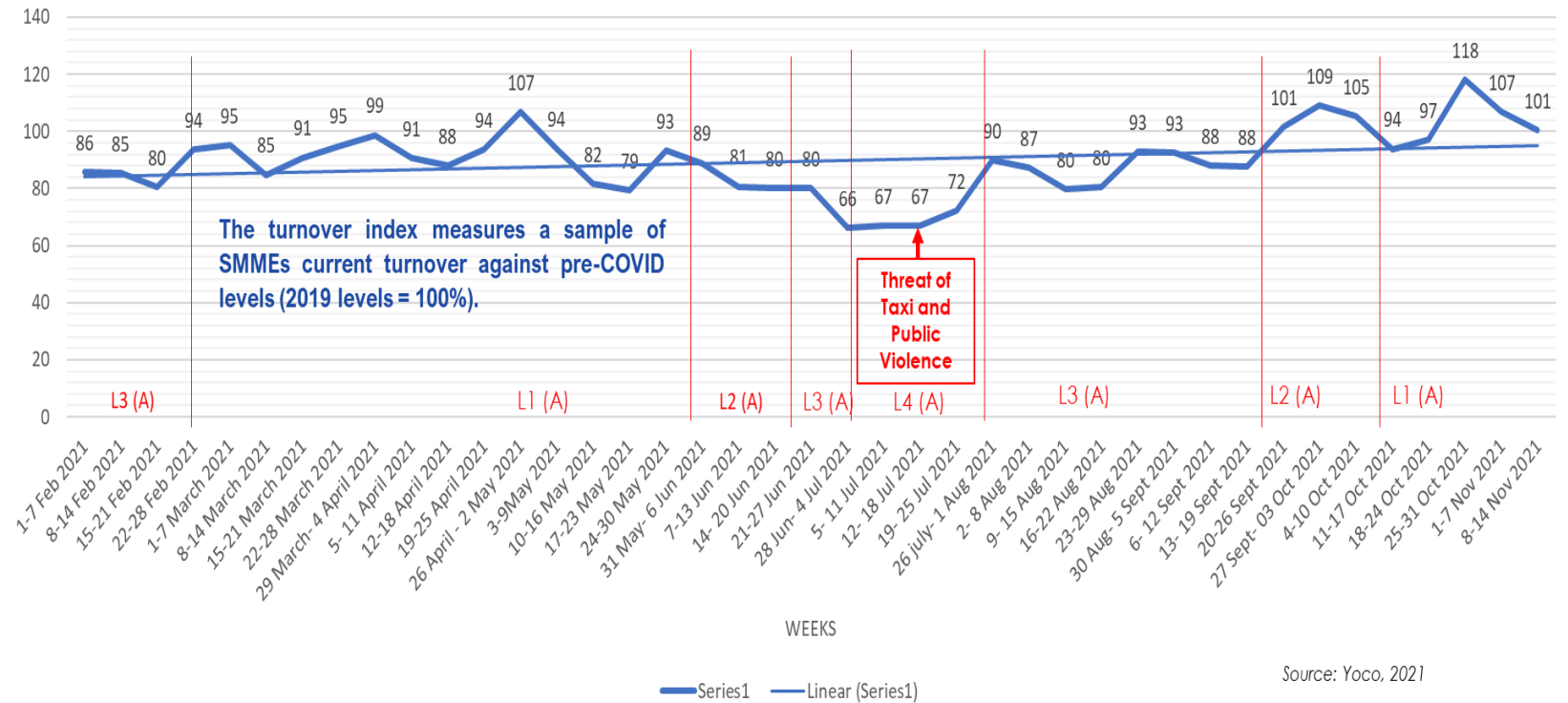
- While Western Cape was not directly affected by the July looting and violence, the Region's Business Confidence (BCI) decreased from 51 points to 49 in Q3 (July) of 2021 in response to **threat** of public violence and actual **taxi violence**.
- National decline of BCI at 7 points to 43 in 2021Q3.
- BCI rating below 50 points reflects a reluctance by Private Sector to invest.



Source: BER, 2021

Western Cape July Violence Impact 3: Decline in SMME turnover

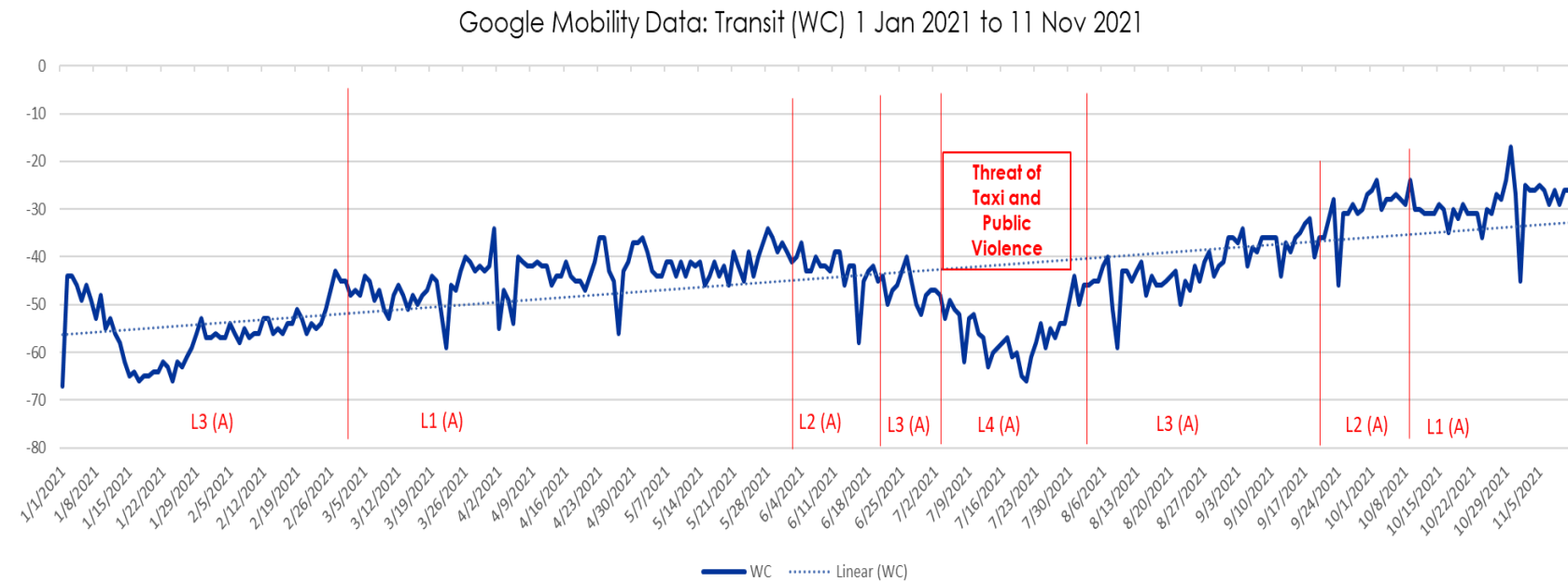
- Western Cape SMME Turnover negatively impacted by threat of public violence and actual taxi violence shown by turnover index falling to lowest levels in 2021.
- Covid Level 3 & 4 restrictions also impacted negatively on SMMEs' turnover at the same time.



Source: Yoco, 2021

Western Cape July Violence Impact 3: Decrease in consumer/ employee Mobility

- Google Mobility Data is based on the cell phone and traffic data, indicating people mobility as indicator of consumption/ work trends.
- Data indicates that on the 23rd of July 2021, WC mobility was down 58% below the baseline
- July events like the 3rd wave of infections, Levels 3 & 4 restrictions, **July public Violence** and **taxi violence** all contributed to a significant decrease in mobility.



Western Cape Industry response on impact of Violence: Snap Survey Results



Areas most impacted by Taxi violence and threat of public violence

- WC Industry bodies who responded to the survey represented **over 220 000 employees**
- **92%** of respondents had been affected by the transport disruptions due to Taxi violence
- **54%** of respondents lost income because of the disruptions, with **22% saying they lost 50% or more of their daily revenue**
- **26%** of respondents were **unable to continue operating** due to the disruptions
- Other long-term impacts and comments listed by respondents:
 - Potential **loss of foreign investment**
 - **Demoralised** staff
 - **Loss of staff income and jobs**
 - **Increased** business **expenses** to ensure safe transport of employees
 - Construction **progress slow/halted**

2. Mitigation

We have been committed to ensuring responsible economic activity

1. **Multiple business engagements :**

- Engagements with Shopping Mall owners after the unrest, both via virtual platforms and physical
- 'on the ground' engagements.
- Engagements with BPO Sector after the taxi violence
- Subsequent engagements with BPO sector and manufacturing sector concerning extortion and threats

2. **Two in-depth snap surveys with business concerning:**

- Lock down level 4 restrictions which provided "on the ground" input as to the effects of lock down restrictions
- Effects of Taxi violence on businesses in the Western Cape

3. **Visible presence of and interaction by Minister Maynier at 6 shopping malls over the weekend of 16-18 July**

Immediate response to July 2021: Immediate threat of violence



Western Cape Recovery Plan recognizes the fundamental interrelation between safety and economic growth through its collaborative Recovery Plan.

To prepare for the potential threat of public looting and violence, as was experience in Gauteng and KwaZulu- Natal, the Western Cape Department of Economic Development and Tourism (DEDAT) undertook the following steps:

1. Relied on its partnership with the Western Cape (WC) Safety and Security Cluster to obtain and provide information that could help businesses and the Security Cluster to prepare and mitigate risks posed to the Region.
2. Received and solicited inputs from private sector regarding their preparedness, concerns and any information they were picking up on of possible violence and looting to share with WC Safety Cluster.
3. DEDAT established a partnership with Consumer Goods Council of South Africa (CGCSA) to:
 - a. Identify key safety points that should be protected to ensure food security and support such preparedness with WC Safety Cluster and National.
 - b. Facilitated information-sharing and support between businesses and CGCSA and WC Security cluster to inform approach and preparations in anticipation of violence.

2.a. Immediate response to July 2021: Immediate threat of violence

4. Direct engagement with Investors through Wesgro, ASEZ and SBIDZ to offer and provide support as may have been required.
5. Daily Cabinet Security briefing meetings chaired by Premier held from 15th July to 19th July inclusive at 07h30 every morning
6. Daily Economic Cluster security briefing meetings chaired by Provincial Minister Maynier held from 16th July to 26th July at 07h00 to feed into Provincial Cabinet briefings
7. Continuous monitoring of 'Red Tape Reduction' and 'Consumer Goods' hotlines to identify information and support business and consumers as may have been required.

Response to Taxi Violence Specifically:

- DEDAT supported businesses through their 'Ease of Doing Business' and 'Investment & Export' towards finding mitigation measures like the appointment of private transport and working with the Safety Cluster to identify hotspots requiring support.
- There were also daily early morning briefings related to the Taxi Violence.

2.b. Short- Medium Term Approach to recovery: Key Initiatives accelerated

Accelerate Ease of Doing Business	Boost Investment and exports	Support SMMEs and the Informal Sector	Scaling up work opportunities and skills for people without jobs	Economic Resilience
<ul style="list-style-type: none"> • Innovative business support • Unblock constraints (i.e. ports) • Red tape reduction support for municipalities • Efficiency improvement in government procedures and administrative systems • Legislative reform 	<ul style="list-style-type: none"> • Improved international and national positioning of the Western Cape region (Investment Promotion) • Promote trade in key destination markets (i.e. rest of Africa) • Improve ease of doing business and the investment ecosystem • Improved investment facilitation • Improved retention strategy • Optimising resourcing within the investment ecosystem • Increase productivity growth and product complexity • Support tourism – Air access • Support key sectors with opportunities 	<ul style="list-style-type: none"> • SMME assistance interventions • Provide support to businesses in the informal sector. • Support to SMMEs to better access WCG initiatives and value chain opportunities in selected sectors • SMME participation in WCG service delivery programmes and the linked initiatives • Increased access by SMMEs to procurement public and private sector opportunities; • Increase entrepreneurship activity; • Build the Western Cape SMME support ecosystem, particularly at the municipal level 	<ul style="list-style-type: none"> • Improve access to skills workplace opportunities • Increase internships and skills programmes • Improve the skills ecosystem 	<ul style="list-style-type: none"> • Diversify the regional energy mix and reduce energy intensity by promoting the natural gas sector; promoting & enabling solar PV installations by businesses and; energy efficiency amongst businesses and households • Initiatives that support the Green Economy • Climate change resilience • Water Resilience • Waste Management

3. Conclusion

Early signs of success

- Western Cape SMME turnover index (weekly average) improved by 51 percentage points by October 2021
- Mobility Improved by 26.7 percentage points by October 2021.
- Anticipated that Business Confidence will increase in Q4, currently at 49 points.
- R1,505bn Value investment facilitated in Q2 2021
- 12,349 jobs created/ sustained by private sector due to support from DEDAT and WCG during the year thus far
- 34 606 work opportunities created through Infrastructure EPWP programmes as at 6 September 2021.
- Over 1,088 businesses supported over Q1 and 2 through various interventions towards sustainability and/or increasing turnover

Conclusion

- The Western Cape, like other parts of South Africa, was affected by the public violence in July 2021.
- Western Cape businesses, workers and consumers were impacted negatively by the public violence in Gauteng and KZN, as well as the local Taxi violence.
- There was an immediate response to July 2021 violence and the Taxi violence, to increase security and improve business confidence.
- There has been some economic recovery during the calendar year, but we continue to work with our partners in industry and the Western Cape Safety Cluster to ensure that our businesses and region remain safe and can grow and create jobs.

Thank you