



LABOUR MARKET UNDER SEVERE STRAIN FOLLOWING THE JULY CIVIL UNREST

1. INTRODUCTION

The July 2021 civil unrest has put a strain on a labour market that was stabilising and recovering from the economic implications of the pandemic. It has further negatively impacted the livelihood and added to the existing problem of inequality, with some employees receiving reduced income while others have lost jobs. This paper will discuss the unemployment rate of eThekweni and how people have given up hope of finding work in 2021Q3 following the unrest. It will also give a brief overview of job loss in SA major metros, especially the ones affected by unrest. Furthermore, it will discuss the impact of the unrest on both the formal and informal economies, and look at StatsSA's recent Q3 QLFS figures for Durban. It will conclude with interventions and relief programmes offered by the Municipality to assist affected businesses.

2. MORE PEOPLE HAVE GIVEN UP HOPE IN SEARCHING FOR A JOB

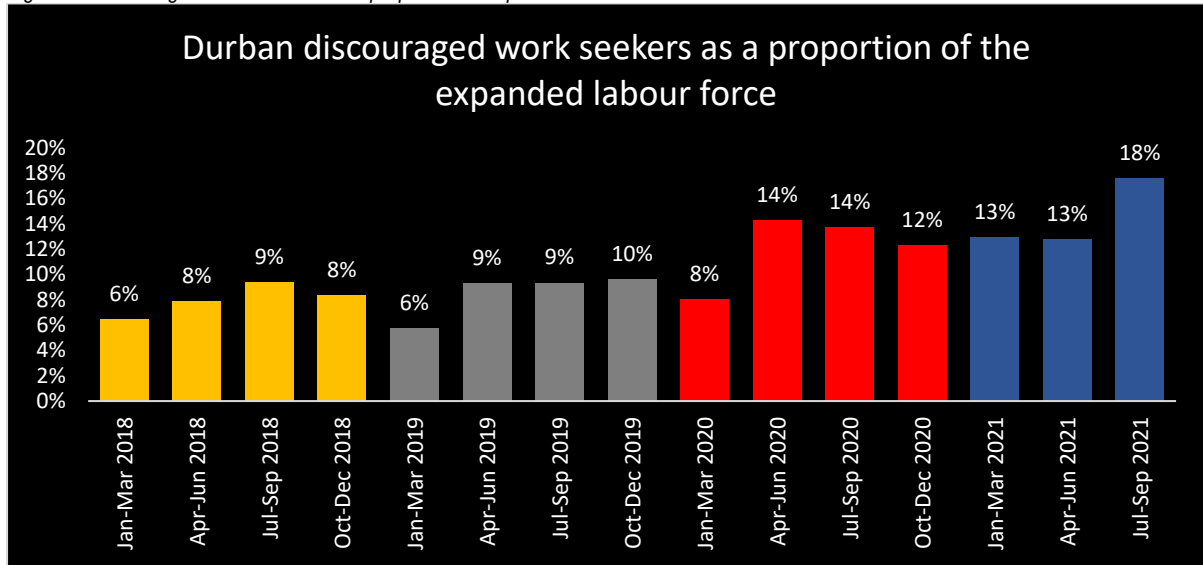
The unemployment figures released by StatsSA for 2021Q3 show that Durban recorded a strict unemployment rate of 21,8%. In total, 55 000 less people were employed than the previous quarter, including those who are either actively looking for jobs, discouraged, or who are not available to work anymore. In turn, expanded unemployment (which is a more realistic reflection of the situation on the ground) has gone up by 2,7% or 40 000 more people unemployed than in the previous quarter.

A total of 66 000 people have given up hope of finding work in 2021Q3. The number of "not economically active" increased by 162 000 between 2021Q2 and 2021Q3. The civil unrest and other factors appear to have lessened the chances of finding a job in Durban by 2,4% with the absorption rate decreasing to 40,3% from 42,7%. Apart from the civil unrest, the continued lockdown restrictions and load shedding have contributed to this quarter's negative performance.

The figure below depicts how discouraged work seekers as a proportion of expanded labour force is gradually increasing overtime, 2018 (8%), 2019 (9%), 2020 (12%) and 2021(14%).



Figure 1: Discouraged work seekers as a proportion of expanded labour force



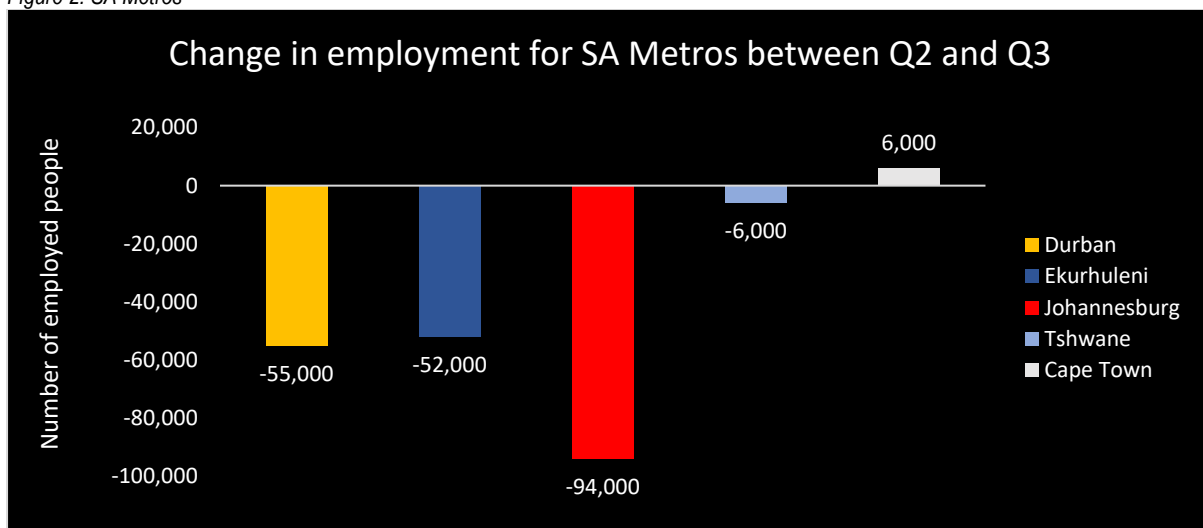
Source: StatsSA QLFS, 2021Q3

3. KZN & GAUTENG ACCOUNT FOR HALF OF JOB LOSSES

KwaZulu-Natal and Gauteng account for more than half (51%) of the country's GDP and the negative impact of the civil unrest is evident in the number of jobs shed during this period. According to figures released by StatsSA, KZN and GP account for about half of the 660 000 decrease observed in national employment in 2021Q3 compared to 2021Q2. KZN shed 123 410 jobs while GP shed 200 009. The sector that shed most jobs nationally was the trade sector, at 309 000 jobs lost.

Likewise, the number of employed persons in Durban decreased by 55 000, while Gauteng's major cities shed 152 000 jobs in total; Ekurhuleni (52 000), Johannesburg (94 000), Tshwane (6 000), while Western cape hired 6000 more workers.

Figure 2: SA Metros



Source: StatsSA QLFS, 2021Q3



4. IMPACT OF UNREST ON INFORMAL AND FORMAL ECONOMY

The City's Economic Development Unit conducted an Economic Activity and Outlook Survey on 720 businesses based in Durban. The survey was conducted in July following the days of the unrest. The purpose of this survey was to establish the impact of the social unrest on Durban's businesses; for example damages sustained on property and jobs at risk.

The results show that substantial damages were sustained on retail and other economic centres. A total of 50 000 informal traders were unable to operate during this period due to serious safety concerns, damage to their property and loss of equipment. The City's Economic Development Unit also estimated that more than 40 000 formal businesses were impacted and experienced significant disruptions in their trade; resulting in permanent business closures. To date some properties and retail centres that sustained damages remain empty and are still not operational. It is important to note that it is only 5% of the businesses that are not operational, this is according to the survey estimates.

5. RELIEF PROGRAMMES ADDRESSING IMPACT OF SOCIAL UNREST

The survey also revealed that there are 70% chances of businesses willing to reopen provided there is support from the Municipality in the form of temporary rebate relief on damaged properties, assistance with accessing suppliers for inputs, temporary relief on license and permit fees, security, and lastly temporary operation premises. Internal consultations took place within the City to determine a suitable Crisis Response Plan to address and offset the implications of the unrest and other crisis of this nature. The City has provided financial relief in the form of:

- Temporary payment holidays on permits
- Zero increase on tariffs applicable for business licenses of retail markets, street vendors, and traders using container trade sites
- Giving out vouchers to affected business facilitated with assistance from social partners
- Waiving of fees on building plans submitted for the reconstruction of damaged property
- Rates rebate incentive for brownfields investments to encourage businesses to rebuilds
- Rates relief to property owners on buildings damaged during the unrest which are completed and non-functional
- Disconnection of services due to damaged buildings
- Waiving of reconnection fees where services have been disconnected due to unrest
- Extension on rates holiday for Bed and Breakfasts
- Rental holiday for SMMEs located on municipal properties that are non-functional due to the unrest
- Rental holiday to informal traders
- Relief through a supplementary valuation of property value for completely damaged properties which results to a decrease in rates



6. CONCLUSION

Businesses and households were already fragile and just started to recover from the Covid-19 induced recession. Following the unrest, the confidence levels in job search around Durban continued to decline as the number of discouraged job seekers increased. This is a clear indication that the low levels of employment will filter into early next year. As KZN and Gauteng experienced the most job losses this quarter due to the unrest, the labour market recovery in these Provinces is also likely to be slow.

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