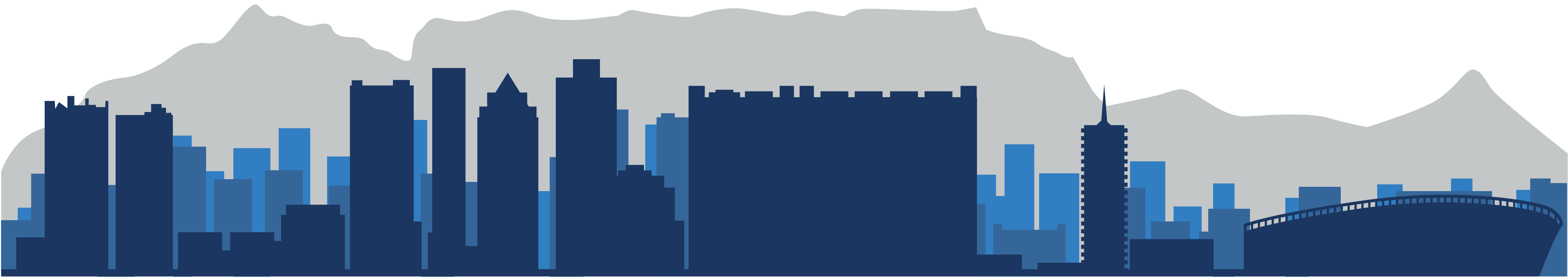
Cape Chamber
OF COMMERCE AND INDUSTRY

Western Cape Business Environment Survey Findings

Spring 2022

Summary overview and priorities for accelerating economic growth



HOW TO INCREASE ECONOMIC GROWTH

Since 2004, The Global Competitiveness Report by the World Economic Forum ranks 142 countries based on the Global Competitiveness Index, which assesses the ability of countries to provide prosperity to citizens.

The pillars and performance indicators contained in the Global Competitiveness Index measures the set of institutions, policies, and specific factors that determine the levels of economic prosperity.

An empirical study conducted in 2018 found that *the Global Competitiveness Index (GCI) factors explain over 81% of cross-country variation in income levels and 70% of cross-country variation in long-term growth*. (Source: GCI 2019).
Improving performance of Global Competitiveness Index indicators can accelerate economic and per capita income growth

SURVEY OVERVIEW

1. Cape Chamber initiated survey in partnership with Western Cape industry associations.
2. Cape Chamber appointed Impact Economix to design the questionnaire and implement survey based on World Economic Forum Global Competitiveness Index.
3. 248 Western Cape based businesses completed the survey in September 2022. the survey results have a 95% level of confidence with 6% margin error and can be considered representative.
4. Chamber is using survey results to inform priorities to unlock economic growth through facilitating 11 interventions supported by survey results, convening all relevant role-players in ongoing results-driven Public Private Dialogues.
5. Survey results are available online in a searchable database (results can be filtered by economic sector and municipality): https://capechamber.co.za/business-environment
6. This survey will be repeated annually as part of ongoing process of monitoring the Western Cape's economic performance and drivers and creating the necessary interventions.

SURVEY REPORT OVERVIEW

Report contains the following sections:

- The Global Competitiveness Framework
- Overview of businesses that completed the survey
- Most frequently mentioned priority global competitiveness pillars and indicators for improvement
- Additional priorities with highest ratio of negative to positive ratings
- Priority “way forward” initiatives to unlock economic growth

GLOBAL COMPETITIVENESS FRAMEWORK: KEY PILLARS

Institutions

Concepts related to protection of property rights, efficiency and transparency of public administration, independence of the judiciary, physical security, business ethics and corporate governance

- Public institutions
- Private institutions

Infrastructure

Quality and availability of transport, electricity and communication infrastructures

- Transport infrastructure
- Electricity & telephony infrastructure

Macroeconomic environment

Fiscal and monetary indicators, savings rate and sovereign debt rating

Health & primary education

State of public health, quality and quantity of basic education

- Health
- Primary education

Innovation

Capacity for, and commitment to technological innovation

Business sophistication

Efficiency and sophistication of business processes in the country

Higher education & training

Quality and quantity of higher education, and quality and availability of on-the-job training

- Quantity of education
- Quality of education
- On-the-job training

Market size

Size of the domestic and export markets

- Domestic market size
- Foreign market size

Goods market efficiency

Factors that drive the intensity of domestic and foreign competition, and demand conditions

- Competition
- Quality of demand conditions

Technological readiness

Adoption of the technologies by individuals and businesses.

- Technological adoption
- ICT use

Financial market development

Efficiency, stability and trustworthiness of the financial and banking system

- Efficiency
- Trustworthiness and confidence

Labour market efficiency

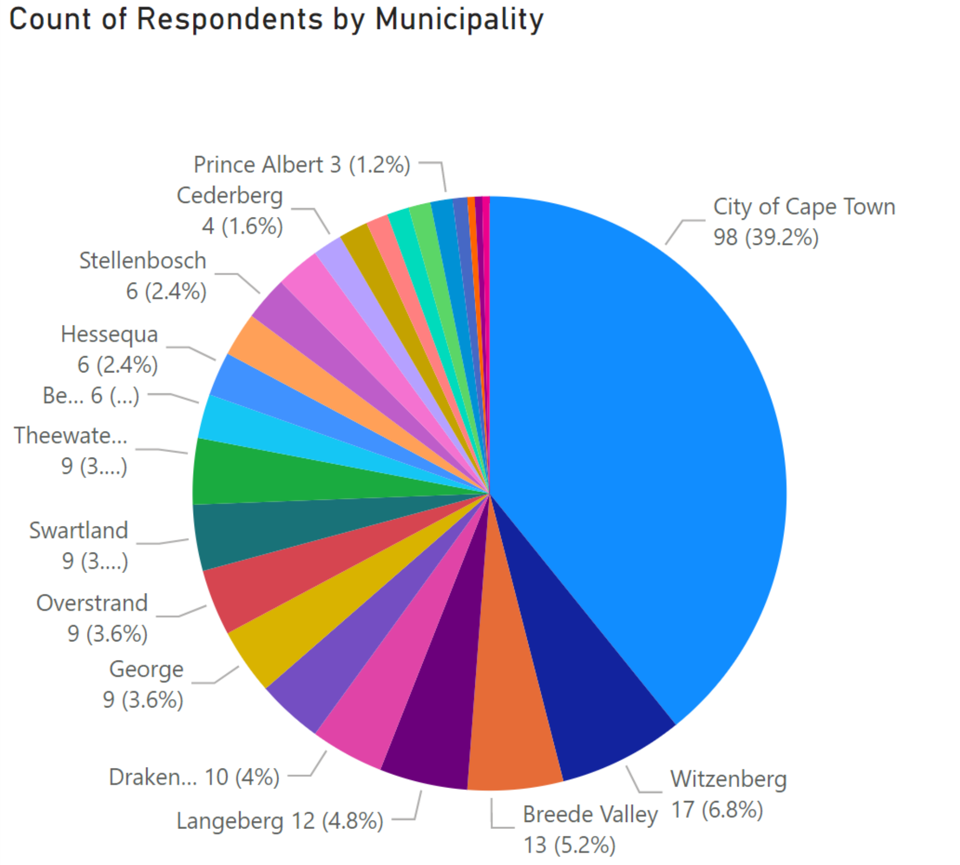
Labour market efficiency and flexibility, meritocracy and gender parity in the workplace

- Flexibility
- Efficient use of talent

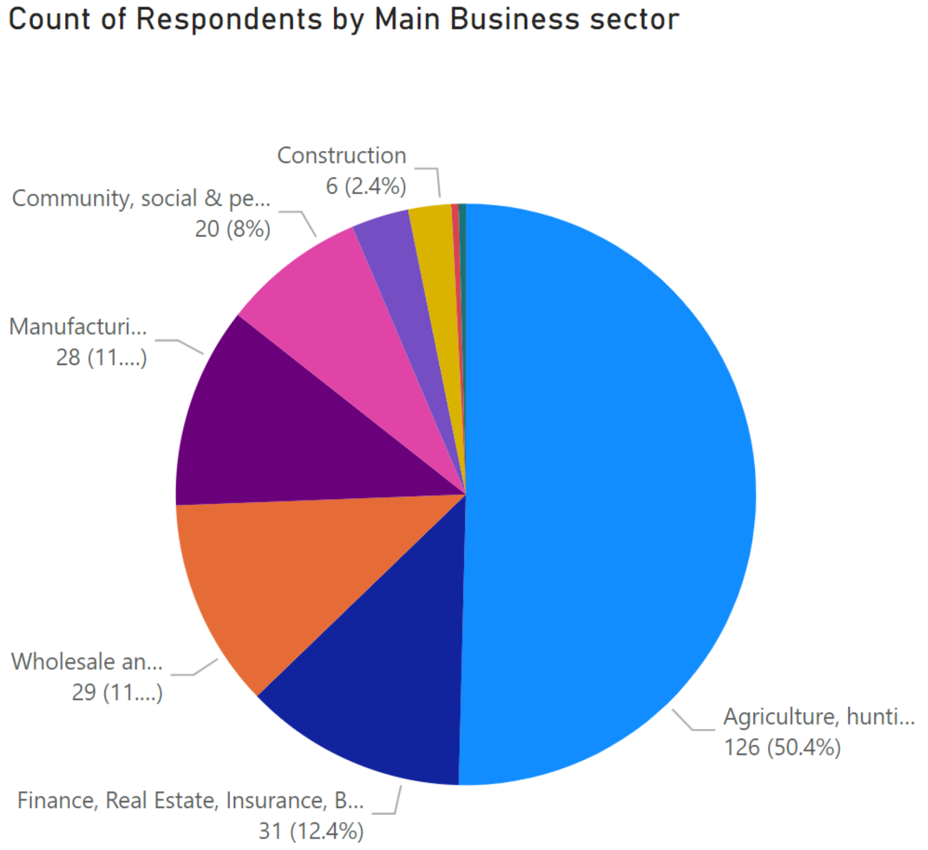
WHO RESPONDED TO THE SURVEY?

248 senior business leaders spanning across all economic sectors of the Western Cape.

Municipalities:

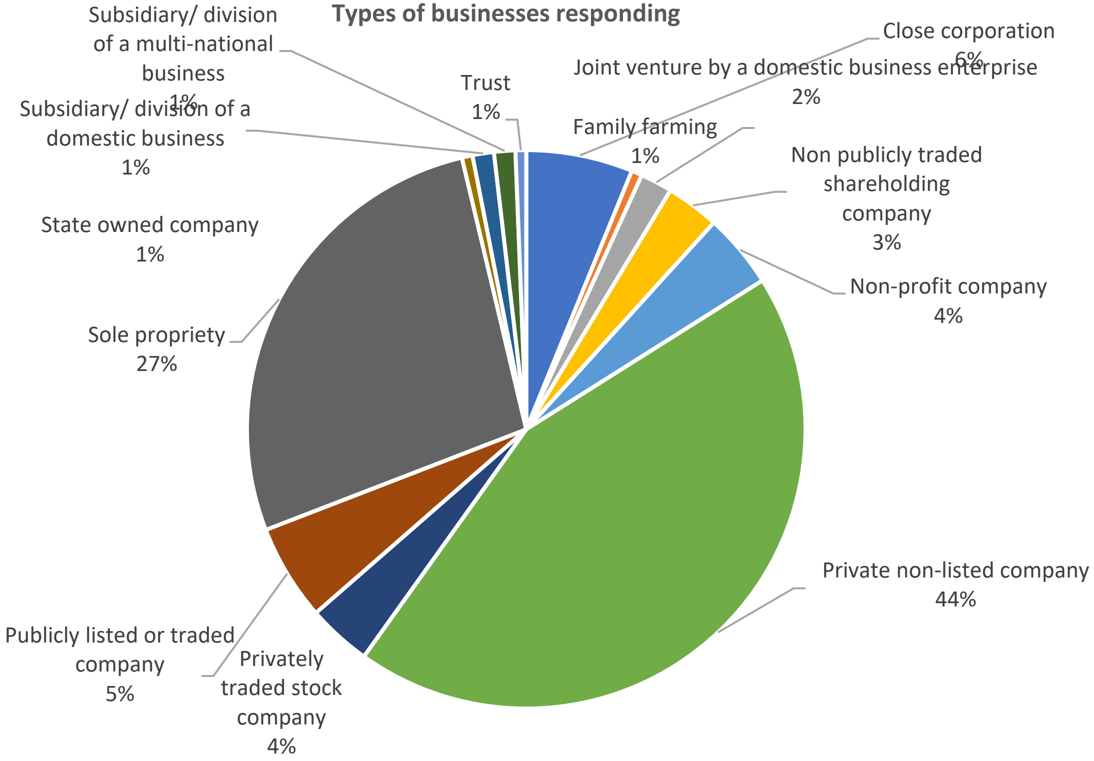


Sectors:

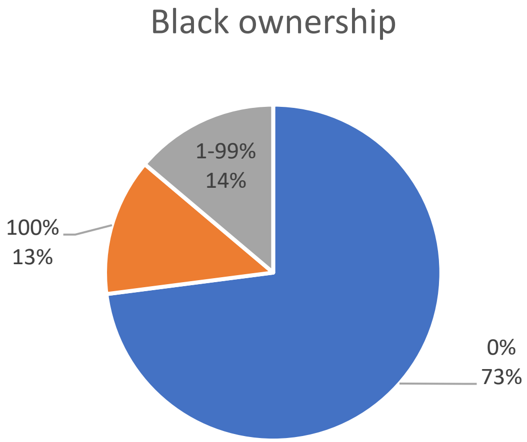


WHO RESPONDED TO THE SURVEY?

A wide range of business entity types



13% of respondents being 100% black-owned
14% being 1-99% black-owned and
73% being 0% black-owned



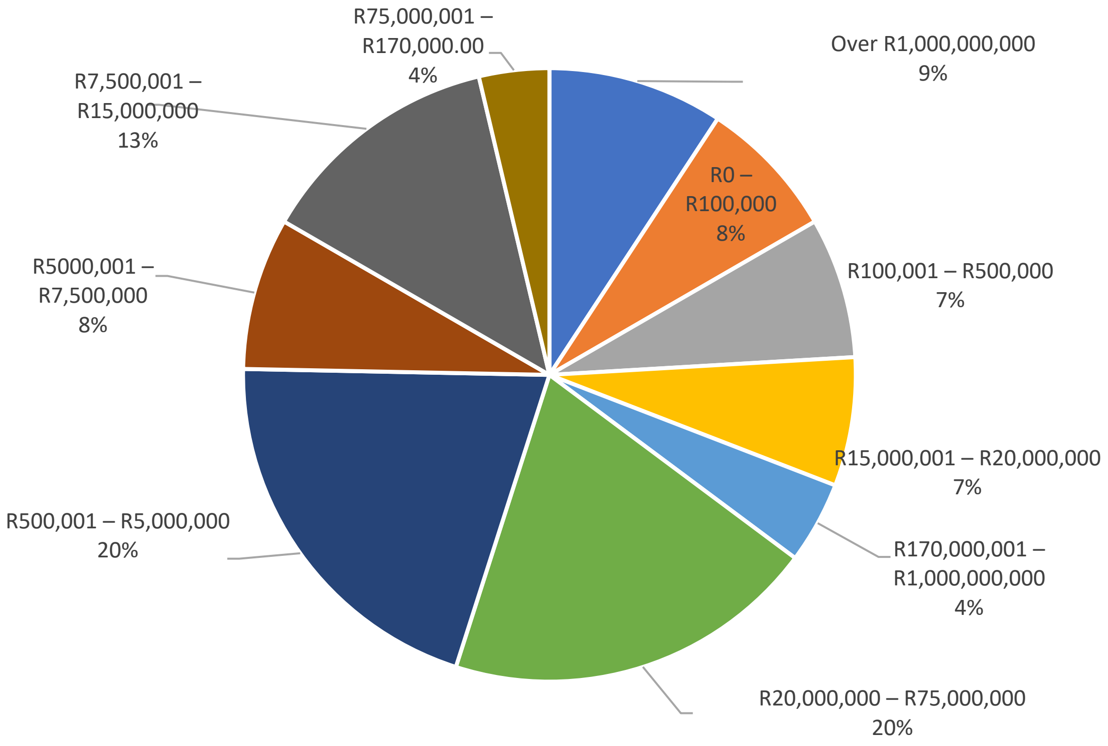
WHO RESPONDED TO THE SURVEY?

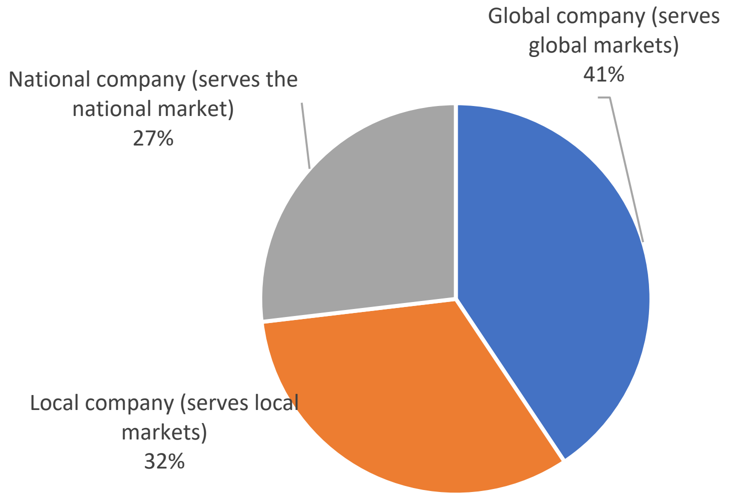
A wide range of business entities, with

41% of businesses serving global markets and

27% serving national markets

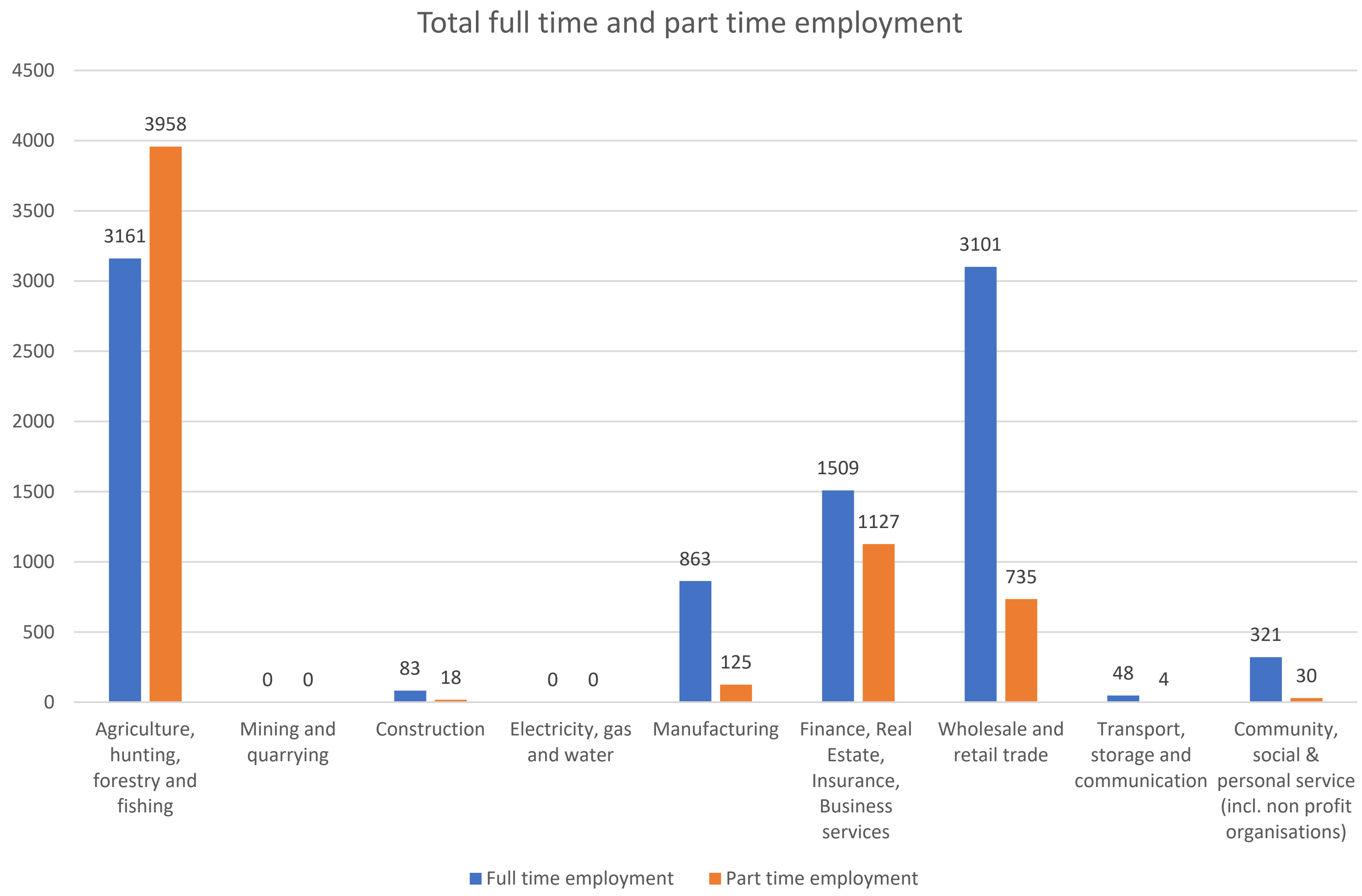
Fifteen business respondents generate over R1bn in annual turnover





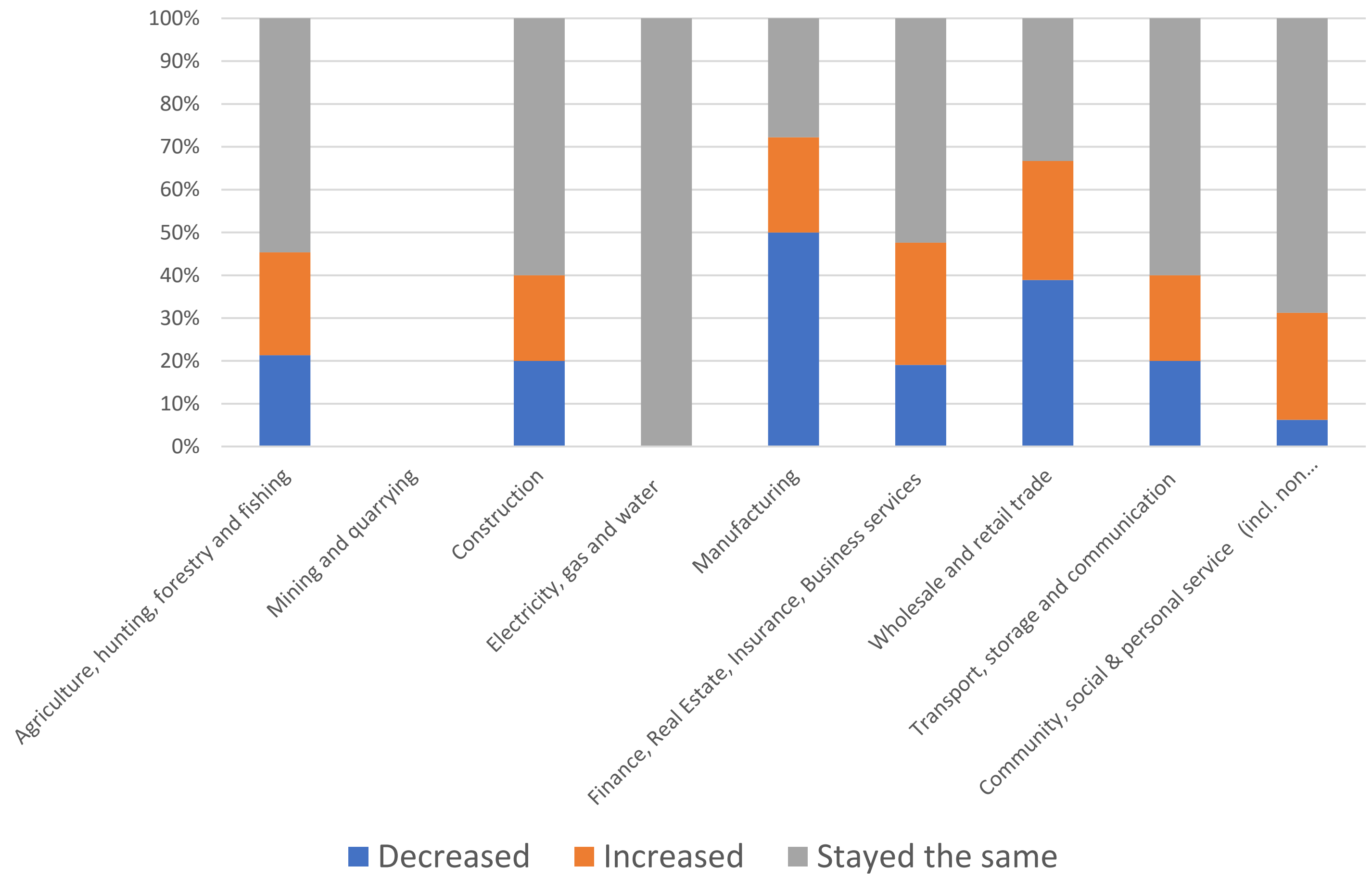
WHO RESPONDED TO THE SURVEY?

Respondents employ a total of 9086 full-time employees and 5997 part-time employees



EMPLOYMENT TRENDS OVER THE PAST YEAR

Employment in 50% of manufacturing businesses has declined over the past year (and increased in just over 20% of manufacturing firms)



PRIORITY PILLARS FOR IMPROVEMENT

Most frequently mentioned priorities for improving sector growth and local business environments (in order by number of suggestions):

Pillar	Count
Pillar 2: Infrastructure: Transport (incl. road quality, ports, air and train transport, and public transport):	103
Pillar 2: Infrastructure: Energy:	80
Pillar 1: Institutions: Law incl. regulations, spatial development & land-use:	67
Pillar 1: Institutions: Order: Crime prevention & enforcement:	67
Pillar 1: Institutions: Incentives: Schemes, disincentives incl. tariffs and taxes:	64
Pillar 7: Labour market:	63
Pillar 8: Financial system:	44

Plus additional selected issues are highlighted from pillars 1, 3 (ICT adoption), 4 (health and wellness), 5 (skills), 6 (product market), 9 (business dynamism) ,11 (Natural environment)

PRIORITY PILLARS FOR IMPROVEMENT

We now look in more detail at the most frequently mentioned business challenges and key performance indicators highlighted by businesses in the priority pillars.

The Cape Chamber's website contains additional KPIs and details that are not included here.

https://capechamber.co.za/business-environment

PILLAR 2: INFRASTRUCTURE: TRANSPORT

Port efficiencies: **40%** rate as inefficient

Efficiency of seaport services	How efficient (i.e. frequency, punctuality, speed, price) are port services for your business?	1 = Extremely inefficient	42	18%
		2 = Very inefficient	24	10%
		3 = Fairly inefficient	28	12%
		4 = Neither efficient or inefficient	23	10%
		5 = Fairly efficient	13	6%
		6 = Very efficient	6	3%
		Don't know	41	18%
		N/A	52	23%
		TOTAL	**229**	**100%**

Train service efficiency: **62%** rate as inefficient

Efficiency of train services	In your business main location(s), how efficient (i.e. frequency, punctuality, speed, price) are freight train transport services?	1 = Extremely inefficient	103	44%
		2 = Very inefficient	21	9%
		3 = Fairly inefficient	19	8%
		4 = Neither efficient or inefficient	8	3%
		5 = Fairly efficient	6	3%
		6 = Very efficient	2	1%
		Don't know	55	24%
		N/A	18	8%
		TOTAL	**232**	**100%**

PILLAR 2: INFRASTRUCTURE: TRANSPORT

Quality of road infrastructure: **34%** overall rate as poor

Quality of road infrastructure	In your business main location in the Western Cape, what is the quality (extensiveness and condition) of road infrastructure?	1 = Extremely poor	23	10%
		2 = Poor	32	14%
		3 = Slightly poor	23	10%
		4 = Neutral	16	7%
		5 = Slightly good	24	10%
		6 = Good	83	36%
		7 = Extremely good	30	13%
		N/A	1	0%
		TOTAL	**232**	**100%**

PILLAR 2: INFRASTRUCTURE: ENERGY

Electricity supply reliability: 43% of respondents rate energy supply as unreliable

Electricity / Energy supply quality	In your business main location in the Western Cape, how reliable has electricity supply (lack of interruptions) been over the past year (September 2021 – September 2022)?	1 = Extremely reliable	51	22%
		2 = Very reliable	39	17%
		3 = Somewhat reliable	27	12%
		4 = Neutral	11	5%
		5 = Somewhat unreliable	22	10%
		6 = Unreliable	35	15%
		7 = Very unreliable	42	18%
		Don't know	1	0%
		N/A	3	1%
		TOTAL	**231**	**100%**

Electricity generation from alternative sources: 21% of respondents generate 50% or more of energy consumption from alternative sources

Energy source	What proportion (percentage) of your business energy consumption is generated from alternatives sources (e.g. self powered renewable energy, generators) (please estimate)	1%-49%	107	75%
		50%	12	8%
		51%-99%	11	8%
		100%	7	5%
		N/A	5	3%
		Don't know	1	1%
		TOTAL	**143**	**100%**

PILLAR 1: INSTITUTIONS: LAW
Incl. regulations, special development and land-use

Efficiency of legal framework in challenging regulations	In South Africa, how easy is it for private businesses to challenge government actions and/or regulations through the legal system?	1 = Extremely difficult	78	32%
		2 = Mostly difficult	66	27%
		3 = Somewhat difficult	38	16%
		4 = Neutral	25	10%
		5 = Somewhat easy	5	2%
		6 = Mostly easy	11	5%
		7 = Extremely easy	2	1%
		Don't know	16	7%
		N/A	1	0%
		TOTAL	**242**	**100%**

Efficiency of legal framework in challenging regulations:

75% of respondents find it difficult to challenge government actions/regulations through the legal system

Efficiency of legal framework in settling disputes	In South Africa, how efficient are the legal and judicial systems for companies in settling disputes?	1 = Extremely inefficient	27	11%
		2 = Very inefficient	39	16%
		3 = Fairly inefficient	51	21%
		4 = Neither efficient or inefficient	40	16%
		5 = Fairly efficient	35	14%
		6 = Very efficient	7	3%
		Don't know	41	17%
		N/A	4	2%
		TOTAL	**244**	**100%**

PILLAR 1: INSTITUTIONS: LAW
Incl. regulations, special development and land-use

Property rights:

29% of respondents believe property rights are only mildly, to not at all protected

Property rights	In your business' main Municipal area, to what extent are property rights, including financial assets, protected?	1 = Not at all	22	9%
		2 = Minimally	26	11%
		3 = Mildly	22	9%
		4 = Moderately	41	17%
		5 = Somewhat markedly	25	10%
		6 = Quite markedly	23	9%
		7 = To a great extent	27	11%
		Don't know	53	22%
		N/A	5	2%
		TOTAL	**244**	**100%**

PILLAR 1: INSTITUTIONS: ORDER
Crime prevention and enforcement

Reliability of police services: At least **60%** of respondents expressed concern over reliability

Reliability of police services	In your business main location in the Western Cape, to what extent can police services be relied upon to enforce law and order?	1 = Not at all	26	11%
		2 = Minimally	69	28%
		3 = Mildly	52	21%
		4 = Moderately	46	19%
		5 = Somewhat markedly	15	6%
		6 = Quite markedly	10	4%
		7 = To a great extent	8	3%
		Don't know	16	7%
		N/A	4	2%
		TOTAL	**246**	**100%**

Incidence of business crime: Deliberate destruction of property:

At least **28%** of respondent businesses have suffered from deliberate destruction of business property in 2021/2022

Incidence of crime on business - Deliberate destruction of your business property	Has your business been a victim of the following crimes in the past 12 months (only select if Yes- otherwise leave the question / answer blank)?	Don't know	3	2%
		N/A	12	6%
		No	121	64%
		Yes	53	28%
		TOTAL	**189**	**100%**

PILLAR 1: INSTITUTIONS: ORDER
Crime prevention and enforcement

Incidence of crime: Extortion/ bribery/ corruption:

At least **4%** of respondents have been a victim of extortion / bribery / corruption

Incidence of crime on business - Extortion/ bribery/ corruption	Has your business been a victim of the following crimes in the past 12 months (only select if Yes- otherwise leave the question / answer blank)?	Don't know	89	36%
		N/A	11	4%
		No	139	56%
		Yes	11	4%
		TOTAL	**250**	**100%**

PILLAR 7: LABOUR MARKET

Labour market policies assisting unemployed to re-skill/ find employment:
60% of respondents believe minimally to not at all

Active labour market policies	In your business' main municipal area, to what extent do labour market policies and institutions help unemployed people to reskill and find new employment (including skills matching, retraining, etc.)?	1 = Not at all	45	23%
		2 = Minimally	75	38%
		3 = Mildly	23	12%
		4 = Moderately	18	9%
		5 = Somewhat markedly	2	1%
		6 = Quite markedly	3	2%
		7 = To a great extent	2	1%
		Don't know	28	14%
		TOTAL	**196**	**100%**

PILLAR 7: LABOUR MARKET

Labour force productivity:
Labour force productivity is favourable compared to global competitors:

64% of respondents believe not at all to mildly.

Labour Force Productivity vs cost	Compared to your business' global competitors, the productivity of your labour force (calculated as business turnover – production costs / no. of employees) is favourable?	1 = Not at all	7	4%
		2 = Minimally	27	14%
		3 = Mildly	27	14%
		4 = Moderately	55	28%
		5 = Somewhat markedly	20	10%
		6 = Quite markedly	8	4%
		7 = To a great extent	12	6%
		Don't know	32	16%
		N/A	8	4%
		TOTAL	**196**	**100%**

PILLAR 7: LABOUR MARKET

Labour force productivity:
Labour force productivity is favourable compared to global competitors:

64% of respondents believe not at all to mildly.

Labour Force Productivity vs cost	Compared to your business' global competitors, the productivity of your labour force (calculated as business turnover – production costs / no. of employees) is favourable?	1 = Not at all	7	4%
		2 = Minimally	27	14%
		3 = Mildly	27	14%
		4 = Moderately	55	28%
		5 = Somewhat markedly	20	10%
		6 = Quite markedly	8	4%
		7 = To a great extent	12	6%
		Don't know	32	16%
		N/A	8	4%
		TOTAL	**196**	**100%**

PILLAR 7: LABOUR MARKET

Ease of finding skilled employees:

64% of respondents believe it is not at all easy to mildly east to find critical skills to make business more competitive

Ease of finding skilled employees	In your business location, how easy is to find the critical skills that make your business more competitive?	1 = Not at all	20	10%
		2 = Minimally	60	29%
		3 = Mildly	53	25%
		4 = Moderately	32	15%
		5 = Somewhat markedly	16	8%
		6 = Quite markedly	6	3%
		7 = To a great extent	8	4%
		Don't know	6	3%
		N/A	8	4%
		TOTAL	**209**	**100%**

PILLAR 7: LABOUR MARKET

Regulations for hiring of foreign labour:

46% of respondents believe regulations are highly to mildly restrictive

Ease of hiring foreign labour	For your business, how restrictive are regulations related to the hiring of foreign labour?	1 = Highly restrictive	61	31%
		2	17	9%
		3 = Mildly	12	6%
		4	12	6%
		5	5	3%
		6	10	5%
		7 = Not restrictive at all	21	11%
		N/A	28	14%
		Don't know	29	15%
		TOTAL	**195**	**100%**

PILLAR 7: LABOUR MARKET

Labour force productivity:
Labour force productivity is favourable compared to global competitors:

64% of respondents believe not at all to mildly.

Labour Force Productivity vs cost	Compared to your business' global competitors, the productivity of your labour force (calculated as business turnover – production costs / no. of employees) is favourable?	1 = Not at all	7	4%
		2 = Minimally	27	14%
		3 = Mildly	27	14%
		4 = Moderately	55	28%
		5 = Somewhat markedly	20	10%
		6 = Quite markedly	8	4%
		7 = To a great extent	12	6%
		Don't know	32	16%
		N/A	8	4%
		TOTAL	**196**	**100%**

PILLAR 8: FINANCIAL SYSTEM

Cost of financial services:

45% of respondents believe costs of financial services impedes business activity somewhat markedly to a great extent

Cost of financial services	In South Africa, to what extent does the cost of financial services (e.g., insurance, loans, trade finance) impede business activity?	1 = Not at all	2	1%
		2 = Minimally	26	14%
		3 = Mildly	31	16%
		4 = Moderately	44	23%
		5 = Somewhat markedly	24	13%
		6 = Quite markedly	30	16%
		7 = To a great extent	29	15%
		Don't know	4	2%
		N/A	2	1%
		TOTAL	**192**	**100%**

PILLAR 8: FINANCIAL SYSTEM

Financing of SMEs:

46% of respondents believe SMEs cannot or can only mildly access finance they need for business operations

Financing of SMEs	If your business is an SME, to what extent can small- and medium-sized enterprises (SMEs) access finance they need for their business operations through the financial sector?	1 = Not at all	15	8%
		2 = Minimally	48	25%
		3 = Mildly	22	11%
		4 = Moderately	42	22%
		5 = Somewhat markedly	17	9%
		6 = Quite markedly	9	5%
		7 = To a great extent	8	4%
		Don't know	17	9%
		N/A	14	7%
		TOTAL	**192**	**100%**

PILLAR 8: FINANCIAL SYSTEM

Venture capital availability: Ease for start-up businesses to obtain equity funding:

42% of respondents state this is extremely difficult to difficult

Venture capital availability	For your business', how easy is it for start-up entrepreneurs with innovative but risky projects to obtain equity funding?	1 = Extremely difficult	41	21%
		2 = Difficult	41	21%
		3 = Slightly difficult	37	19%
		4 = Neutral	23	12%
		5 = Slightly easy	6	3%
		6 = Easy	1	1%
		Don't know	27	14%
		N/A	16	8%
		TOTAL	**192**	**100%**

SELECTED ADDITIONAL FINDINGS

The following additional key findings were handpicked for this report and have informed “way forward initiatives” to unblock impediments and accelerate economic growth:

PILLAR 1: INSTITUTIONS:

Efficiency of municipal expenditure in unlocking economic opportunities

Extent to which municipal expenditure helps to unlock economic opportunities and economic growth:

67% of respondents believe not at all to mildly

73% of respondents are in the agricultural sector

70% of respondents are in the City of Cape Town

Efficiency of government spending	In your business' main Municipal area in the Western Cape, to what extent is municipal expenditure helping to unlock economic opportunities and economic growth?	1 = Not at all	53	22%
		2 = Minimally	73	30%
		3 = Mildly	37	15%
		4 = Moderately	24	10%
		5 = Somewhat markedly	8	3%
		6 = Quite markedly	12	5%
		7 = To a great extent	6	2%
		N/A	5	2%
		Don't know	27	11%
		TOTAL	**245**	**100%**

PILLAR 1: INSTITUTIONS: Policy and strategy

Municipal leadership making consistent decisions in best interests of a strong and inclusive local economy:

42% of respondents believe not at all to mildly

47% of respondents are in the agriculture sector

25% of respondents are in finance/business services

72% are in manufacturing

32% are from the City of Cape Town

Government ensuring policy stability	In your business' main Municipal area, to what extent do the Municipal leadership and Council consistently make decisions in the best interest of a strong and inclusive local economy?	1 = Not at all	21	9%
		2 = Minimally	45	18%
		3 = Mildly	36	15%
		4 = Moderately	52	21%
		5 = Somewhat markedly	25	10%
		6 = Quite markedly	21	9%
		7 = To a great extent	11	5%
		Don't know	33	14%
		TOTAL	**244**	**100%**

PILLAR 1: INSTITUTIONS: Red Tape VS Efficacy

Burden of complying with municipal requirements (e.g. permits and regulations):

42% of respondents believe this is extremely burdensome to somewhat burdensome

44% of respondents are in the City of Cape Town

Burden of municipal government regulation	In your business main location(s) in the Western Cape, how burdensome is it for companies to comply with the Municipality's requirements (e.g. permits, regulations, reporting)?	1 = Extremely burdensome	17	7%
		2 = Mostly burdensome	32	13%
		3 = Somewhat burdensome	53	22%
		4 = Undecided	38	16%
		5 = Somewhat burdensome	27	11%
		6 = Mostly not burdensome	36	15%
		7 = Not burdensome at all	19	8%
		N/A	9	4%
		Don't know	12	5%
		TOTAL	**243**	**100%**

PILLAR 1: INSTITUTIONS: Red Tape VS Efficacy

Extent of national government use of ICTs to improve quality of service delivery:

45% of respondents believe not at all to mildly

National government use of ICTs for service delivery	In South Africa, to what extent does the use of ICTs by national government (and national government agencies) improve the quality of services to the population?	1 = Not at all	20	9%
		2 = Minimally	48	22%
		3 = Mildly	30	14%
		4 = Moderately	38	17%
		5 = Somewhat markedly	14	6%
		6 = Quite markedly	9	4%
		7 = To a great extent	1	0%
		N/A	7	3%
		Don't know	55	25%
		TOTAL	**222**	**100%**

PILLAR 2: INFRASTRUCTURE: ICT Infrastructure

Cost of mobile air time as a constraint to business growth:

30% of respondents believe this is a constraint to a great extent, to somewhat markedly

Cost of Mobile-cellular telephone subscriptions	The cost of mobile air time is a constraint to my business' growth			
		1 = Not at all	23	10%
		2 = Minimally	45	20%
		3 = Mildly	40	18%
		4 = Moderately	43	19%
		5 = Somewhat markedly	24	11%
		6 = Quite markedly	20	9%
		7 = To a great extent	22	10%
		N/A	2	1%
		Don't know	3	1%

PILLAR 2: INFRASTRUCTURE: ICT Infrastructure

Cost of mobile data as a constraint to business growth:

50% of respondents believe this is a constraint to a great extent to somewhat markedly a constraint

Cost of Mobile-data subscriptions	The cost of mobile data subscriptions is a constraint to my business' growth	1 = Not at all	27	12%
		2 = Minimally	41	18%
		3 = Mildly	38	17%
		4 = Moderately	35	16%
		5 = Somewhat markedly	30	14%
		6 = Quite markedly	25	11%
		7 = To a great extent	22	10%
		N/A	2	1%
		Don't know	2	1%
		TOTAL	**222**	**100%**

PILLAR 3: ICT Adoption

Digital skills among active population and extent to which population possess sufficient digital skills:

63% of respondents believe not at all to mildly

41% from financial services sector

54% from manufacturing sector

Digital skills among active population	In your business main location in the Western Cape, to what extent does the active population possess sufficient digital skills (e.g. computer skills, basic coding, digital reading)?	1 = Not at all	21	10%
		2 = Minimally	67	32%
		3 = Mildly	44	21%
		4 = Moderately	33	16%
		5 = Somewhat markedly	14	7%
		6 = Quite markedly	7	3%
		7 = To a great extent	6	3%
		N/A	8	4%
		Don't know	9	4%
		TOTAL	**209**	**100%**

PILLAR 4: Health and wellness

Quality of public healthcare:

55% of respondents rate this as extremely poor

26% of respondents are from the City of Cape Town

40% of respondents are from Stellenbosch

91% of respondents are from Breede Valley

Quality of public healthcare	In your business' main location in the Western Cape how do you assess/ rate the quality of public healthcare provided to ordinary citizens?	1 = Extremely poor	119	55%
		2	13	6%
		3	13	6%
		4	18	8%
		5	19	9%
		6	8	4%
		7 = Excellent Among the best in the world	13	6%
		N/A	1	0%
		Don't know	12	6%
		TOTAL	**216**	**100%**

PILLAR 5: Skills

Extent to which secondary school graduates possess skills needed by business:

55% of respondents state not at all to mildly

(**42%** from technical colleges and 27% from universities)

Skill set of secondary schooling graduates	In your business main municipal area in the Western Cape, to what extent do graduating students from secondary education possess the skills needed by your business?	1 = Not at all	21	10%
		2 = Minimally	53	25%
		3 = Mildly	43	20%
		4 = Moderately	35	17%
		5 = Somewhat markedly	16	8%
		6 = Quite markedly	8	4%
		7 = To a great extent	9	4%
		N/A	11	5%
		Don't know	14	7%
		TOTAL	**210**	**100%**

PILLAR 6: Product Market

International market access:

Effectiveness of government in addressing constraints to accessing international markets:

47% of respondents believe not at all to slightly

79% from manufacturing sector and **38%** from agriculture sector

International market access	In South Africa, how responsive and effective is government to addressing constraints to accessing international markets (e.g. removing trade barriers)	1 = Not at all	24	12%
		2 = Low	42	21%
		3 = Slightly	28	14%
		4 = Neutral	30	15%
		5 = Moderately	20	10%
		6 = Very	11	5%
		7 = Extremely	2	1%
		N/A	16	8%
		Don't know	28	14%
		TOTAL	**201**	**100%**

PILLAR 6: Product Market

Service input cost competitiveness in relation to main global competitors:

45% of respondents believe service inputs costs are not cost competitive to slightly cost competitive in relation to main global competitors;

67% from manufacturing sector

44% from agriculture sector

70% from City of Cape Town

Competition in services	In your business' main location in the Western Cape, are your input costs (e.g. ICT services, transport services and utility services) competitive compared to your main global competitors?	1 = Not cost competitive	32	16%
		2 = Low cost competitiveness	24	12%
		3 = Slightly cost competitive	35	17%
		4 = Neutral	44	22%
		5 = Moderately cost competitive	13	6%
		6 = Very cost competitive	7	3%
		7 = Extremely cost competitive	8	4%
		N/A	10	5%
		Don't know	29	14%
		TOTAL	**202**	**100%**

PILLAR 9: Business Dynamism

Extent to which new companies with innovative ideas grow rapidly:

52% of respondents believe not at all to mildly

24% from finance/ business services

72% from manufacturing sector

33% from City of Cape Town

Growth of innovative companies	In your business sector, to what extent do new companies with innovative ideas grow rapidly?	1 = Not at all	2	2%
		2 = Minimally	29	32%
		3 = Mildly	17	18%
		4 = Moderately	15	16%
		5 = Somewhat markedly	8	9%
		6 = Quite markedly	1	1%
		7 = To a great extent	3	3%
		N/A	2	2%
		Don't know	15	16%
		TOTAL	**92**	**100%**

PILLAR 10: Innovation capability

Extent to which business has introduced improvements to products/ services/ processes in past two years:

45% of businesses have made no changes/ improvements and
14% have made marked/ drastic improvements

Manufacturing: **37%** no changes and **26%** marked/ drastic changes

Innovation activities	To what extent has your business introduced any changes/ improvements in any of its products/ product range, processes, and/or services in the past two years:	1 = No change in existing products/ services/ processes	79	45%
		3 = Introduced new product within the existing product range (widening of product range)	33	19%
		4 = Introduction of a new product family/generation, or processes, or services	25	14%
		5 = Marked and drastic changes in the different product families/generations,, processes, services	25	14%
		6 = Don't know	6	3%
		N/A	8	5%
		TOTAL	**176**	**100%**

PILLAR 10: Innovation capability

State of cluster development:

41% of respondents state that clusters are not at all, to mildly, developed

33% for agriculture and **63%** for manufacturing

State of cluster development	In your business main location(s) in the Western Cape, how widespread are well-developed and deep clusters (the prescence of business networks which engage in joint activities to address common opportunities and challenges that affect groups of inter-related businesses)?	1 = Not at all	9	5%
		2 = Minimally	37	21%
		3 = Mildly	27	15%
		4 = Moderately	34	19%
		5 = Somewhat markedly	16	9%
		6 = Quite markedly	10	6%
		7 = To a great extent	5	3%
		N/A	6	3%
		Don't know	34	19%
		TOTAL	**178**	**100%**

PILLAR 11: Natural environment

Extent to which business has achieved any cost reductions through sustainability focus:

42% of respondents state that have not achieved any cost reduction

23% have achieved up to 4% cost reduction and

14% up to 8% cost reduction

Business cost reduction through sustainability focus	The extent to which your business has achieved any cost reductions through its sustainability focus	We have no evidence that any cost reduction has occurred that can be attributed to the business's focus on sustainability.	74	42%
		Approximately up to 4% cost reduction has occurred that can be attributed to the business's focus on sustainability.	40	23%
		Approximately 8% or more cost reduction has occurred that can be attributed to the business's focus sustainability	24	14%
		N/A	16	9%
		Don't know	21	12%
		TOTAL	**175**	**100%**

PILLAR 11: Natural environment

Environmental reporting by business:

40% of respondents do conduct environmental reporting

35% do not

25% don’t know/ not applicable

Environmental reporting	My business does conduct environmental reporting on the impact of your business' activities on the environment - both positive and negative?	No	62	35%
		Yes	71	40%
		N/A	23	13%
		Don't know	22	12%
		TOTAL	**178**	**100%**
	My business is aware of the importance of environmental reporting on the impact of your business' activities on the environment - both positive and negative?	No	21	12%
		Yes	119	67%
		N/A	13	7%
		Don't know	25	14%
		TOTAL	**178**	**100%**

PILLAR 11: Natural environment

Natural disasters and whether climate change is having negative impact on company:

36% of respondents state that climate change is having a negative impact to a great extent to somewhat markedly

57% for agriculture sector

Natural disasters	Climate change is having a negative impact on my company (e.g. as a result of increased frequency and /or intensity of natural disasters, temperature changes, changes rainfall patterns etc.)	1 = Not at all	25	14%
		2 = Minimally	27	15%
		3 = Mildly	29	17%
		4 = Moderately	27	15%
		5 = Somewhat markedly	21	12%
		6 = Quite markedly	12	7%
		7 = To a great extent	30	17%
		N/A	4	2%
		TOTAL	**175**	**100%**

Additional priorities

- according to % of ratings provided that are negative

We include selected business improvement suggestions from business survey respondents in quotes.

Disclaimer:
These do not necessarily agree with the views of the Cape Chamber of Commerce and Industry.

Pillar 1: Institutions: Law and regulations

% of ratings provided that are negative (e.g. 81% of respondents believe it is not easy for businesses to challenge government actions and/or regulations):

LAW: Regulation incl. Spatial development and Land use		
81%	Efficiency of legal framework in challenging regulations	In South Africa, how easy is it for private businesses to **challenge government actions and/or regulations** through the legal system?
60%	Efficiency of legal framework in settling disputes	In South Africa, how efficient are the legal and judicial systems for companies in settling disputes?
50%	Judicial independence	In South Africa, how independent is the judicial system from influences of the government, individuals, or companies?

Business respondent views:

"Stop cadre deployment within the public sector for a more efficient service"

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Pillar 1 Institutions: Governance

Governance, Corruption		
N.A.	Procurement policy	* National Treasury procurement policy and guidelines exclude any points for quality. Only for price and BEE.

“Scrap BBBEE - it encourages corruption and works against decisions based on merit.”

“Eliminate BBBEE regulations.”

“BBBEE Review system is expensive & is detrimental to growth.”

Pillar 1 Institutions: Red Tape vs Efficacy

% of ratings provided that are negative (e.g. 55% of respondents believe that the use of ICTs by national government does not improve the quality of services to the population):

55%	National government use of ICTs for service delivery	In South Africa, to what extent does the use of ICTs by national government (and national government agencies) improve the quality of services to the population?

"Fewer licenses and permits"

"Application of regulation and law evenly and consistently"

"Faster decision-making by authorities"

"More online government interaction options"

"Easier visa applications and processing to visit SA"

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Pillar 1 Institutions: Law and order

% of ratings provided that are negative:

ORDER: Crime prevention & enforcement		
94%	Impact of crime on business growth	In your business' most recent fiscal year, what percent of its total annual revenue is paid for security measures (in the Western Cape) (please estimate if uncertain)
90%	Losses as a result of theft, robbery, vandalism or arson	In your business' most recent fiscal year, what are the estimated losses as a result of theft, robbery, vandalism or arson that occurred on establishment's premises calculated as a percent of annual revenue or the total annual value?
66%	Reliability of police services	In your business main location in the Western Cape, to what extent can police services be relied upon to enforce law and order?

"Effective crime prevention"

"Address rising crime rate which has direct/indirect costs to business"

"Crime and corruption - if people don't feel safe physically or even safe financially they don't focus or act. Uncertainty breeds paralysis"

Pillar 1 Institutions: Policy and Strategy – results not clear

% of ratings provided that are negative:

Policy & strategy		
49%	Municipal economic decision making	In your business' main Municipal area, to what extent do the Municipal leadership and Council consistently make decisions in the best interest of a strong and inclusive local economy?
67%	Municipal vision for the local economy	In your business' main Municipal area, to what extent does the government have a long-term vision in place that you consider to be both a smart and attainable way to grow the economy?
60%	Municipal responsiveness to change	In your business' main Municipal area your, to what extent does the government respond effectively to change (e.g. technological changes, societal and demographic trends, security and economic challenges)?

"Close coordination between Chamber of Commerce and municipality"

"An urgent emphasis on effective law enforcement and its implementation in the CBD and surrounds to encourage private investment and attract the consumer through the creation of a safe business environment".

"Municipal upkeeping of their infrastructures and public areas on a regular and continuous basis"

"Highly responsive and time bound municipal service - business need responsive service delivery and clear timelines to plan accordingly"

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Pillar Institutions: Efficacy of public investment - not clear?

% of ratings provided that are negative:

Efficacy of public investment		
77%	Economic efficacy of public investment	In your business' main Municipal area in the Western Cape, to what extent is municipal expenditure helping to unlock economic opportunities and economic growth?

Spatial Planning Needs a total re-think

Private partnership

Emphasis on localisation by DTIC and Government as local companies have already invested and are in financial difficulty due to failure of localisation programs

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Pillar 2: Infastructure: Energy - not clear, please put quotation marks

% of ratings provided that are negative:

Energy		
69%	Electricity / Energy supply quality (Excl. Agriculture sector)	In your business main location in the Western Cape, how reliable has electricity supply (lack of interruptions) been over the past year (September 2021 – September 2022)?

"Applying solar and wind energy to farmers at a good rate

Exclude Industrial Area from Loadshedding

Solar/Other projects need to come online in the local area to help with the electricity crisis

Eskom needs to be fixed"

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Pillar 2: Infastructure: Transport - not clear

% of ratings provided that are negative:

Transport / Mobility		
68%	Efficiency of seaport services	How efficient (i.e. frequency, punctuality, speed, price) are port services for your business?
67%	Efficiency of train services	In your business main location(s), how efficient (i.e. frequency, punctuality, speed, price) are freight train transport services?
N.A.	Efficiency of pasenger transport services	Transport cost for poor unacceptable. Pushes wage up.
49%	Quality of road infrastructure	(?) Quality of rural roads for agriculture

Better public transport for staff

Rail transport safety and reliability for commuters

Improve CT Port efficiency especially in winter months

Improve traffic flow and congestion by creating more entry and exit points in Montague Gardens, i.e onto freeways etc.

Dirt roads are extremely poor

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Pillar 5: Labour market skills

% of ratings provided that are negative:

Skills development		
62%	Critical thinking in teaching at primary and secondary school level	Critical thinking in teaching at primary and secondary school level. In your business' area schools, how do you assess the main style of teaching at a school level?
59%	Digital skills among active population	In your business main location in the Western Cape, to what extent does the active population possess sufficient digital skills (e.g. computer skills, basic coding, digital reading)?
69%	Ease of finding skilled employees	In your business location, how easy is to find the critical skills that make your business more competitive?

"Force big companies to sponsor vocational training directly"

"Improve vocational training for school leavers"

"Train school leavers in basic skills (counting, how to use a computer, how to use a ruler, how to package something how to find an address, how to address a parcel."

"Many school leavers are 'unemployable', we need to look at the quality of secondary education for better basic skill"s

Pillar 7 Labour Market

% of ratings provided that are negative:

85%	Active labour market policies	In your business' main municipal area, to what extent do labour market policies and institutions help unemployed people to reskill and find new employment (including skills matching, retraining, etc.)?
69%	Ease of finding skilled employees	In your business location, how easy is to find the critical skills that make your business more competitive?
70%	Hiring and firing practices	In South Africa, to what extent do regulations allow for the flexible hiring and firing of workers?
40%	Labour Force Productivity vs cost	Compared to your business' global competitors, the productivity of your labour force (calculated as business turnover – production costs / no. of employees) is favourable?

"Change labour laws to allow consequences for poor work performance"

"Labour legislation should make it easier for businesses to dismiss unproductive, negative staff"

Change the labour laws to encourage proper labour price discovery and competitiveness"

"Enforcement of fair labour practices"

"More opportunity to employ more laborers at a wider band of minimum wage instead of 1 fixed amount. Think of young new (low skill) vs Older workers with a lot of experience."

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Pillar 8: Financial system

% of ratings provided that are negative:

49%	Bank loans	In South Africa, how easy is it for businesses (with proper accounting/ financial records & documentation) to obtain a bank loan?
52%	Financing of SMEs	If your business is an SME, to what extent can small- and medium-sized enterprises (SMEs) access finance they need for their business operations through the financial sector?
45%	Cost of financial services	In South Africa, to what extent does the cost of financial services (e.g., insurance, loans, trade finance) impede business activity?
78%	Venture capital availability	For your business', how easy is it for start-up entrepreneurs with innovative but risky projects to obtain equity funding?

"Lower bank charges and interest rates"

"Easier & cheaper access to finance"

"Easier financing application process"

"Facilitate access to venture capital"

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Pillar 10: Innovation Capability

% of ratings provided that are negative:

53%	Multistakeholder collaboration	In your business main location in the Western Cape, to what extent do companies collaborate in sharing ideas and innovating?
60%	Research institutions prominence - Local university	In your business main location(s) in the Western Cape, to what extent does your business and universities collaborate on research and development (R&D)?
53%	State of cluster development	In your business main location(s) in the Western Cape, how widespread are well-developed and deep clusters (the prescence of business networks which engage in joint activities to address common opportunities and challenges that affect groups of inter-related businesses)?

“Access to networking opportunities”

“Access expertise in Customer Experience and Universal”

“Design to improve our offer”

“Hire specialists to support business growth activities”

“More time for product development”

Pillar 11: Natural environment

% of ratings provided that are negative:

41%	Appropriateness of environmental regulations	In the area where my main business operations are located in the Western Cape, environmental regulations strike an appropriate balance between the needs of the environment and the needs of the economy?
53%	Business cost reduction through sustainability focus	The extent to which your business has achieved any cost reductions through its sustainability focus

"Global warming"

"Accredited hunting teams to deal with predator control"

"Balancing Environmental legislation with Business development"

"Enforcement of environmental legislation"

CAPE CHAMBER: 11 PRIORITY INITIATIVES TO ACCELERATE ECONOMIC GROWTH

Global Competitiveness Index (GCI) Framework Pillars		Business Cases in response to GCI survey
Pillar 1	**Institutions**	National Treasury Procurement policy loophole
		ICT for public sector service delivery
		Business involvement in local crime prevention
		More effective public sector investment
Pillar 2	**Infrastructure**	Port throughput 24/7
Pillar 3	**ICT adoption**	ICT for public sector service delivery (also contributes to this pillar)
Pillar 5	**Skills development**	Skills levy & SETA efficacy
Pillar 7	**Labour market**	Ease of hiring and firing for SMEs
Pillar 8	**Financial system**	SME finance access
Pillar 9	**Business dynamism**	Cluster development facilitation services
Pillar 10	**Innovation capability**	University presence in the innovation system
		SME uptake of sustainability practices