

# DURBAN'S ECONOMIC RECOVERY PLAN

WORLD BANK WEBINAR  
12 MAY 2020

**Supporting  
enterprises**

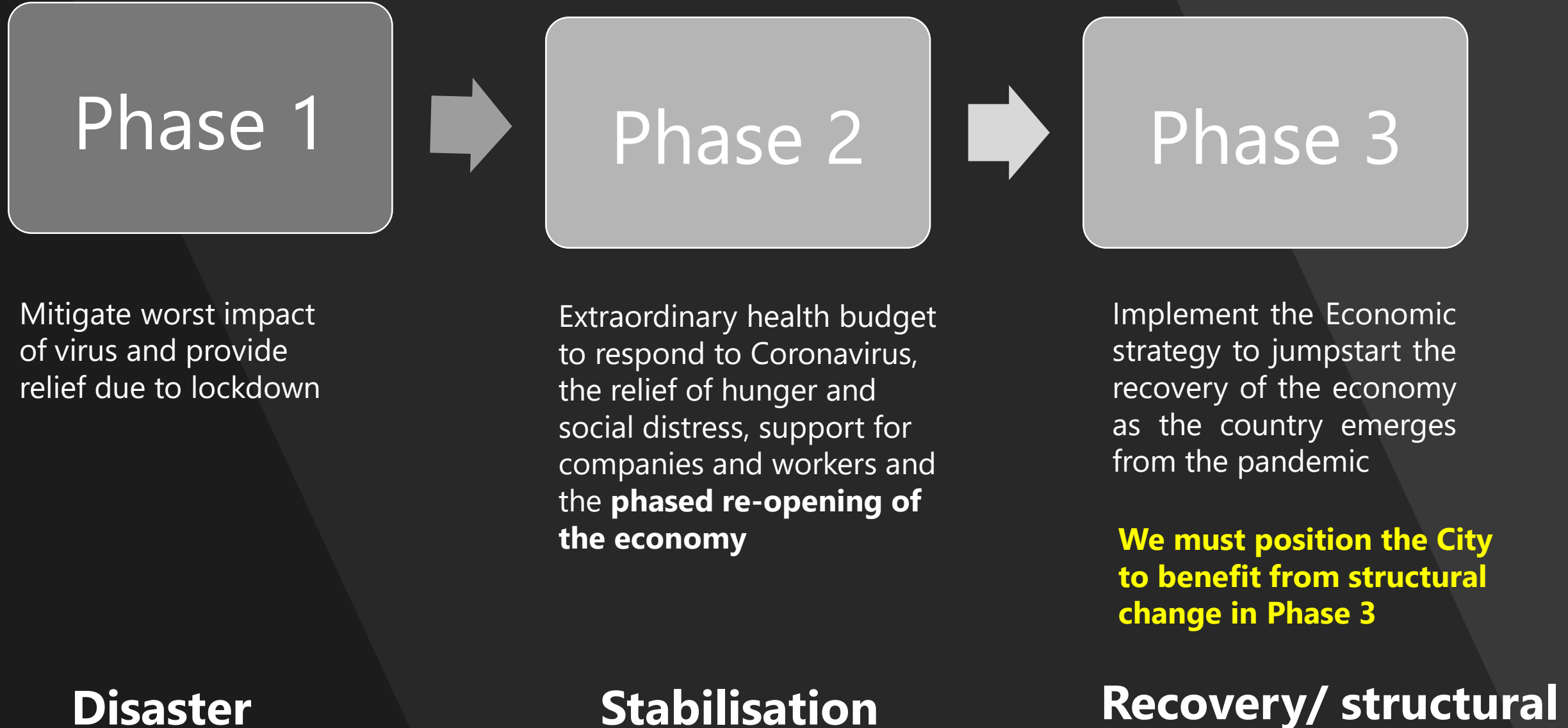
**Safeguarding jobs**

**Caring for livelihoods**



PARTNERING FOR GROWTH

# NATIONAL ECONOMIC RESPONSE



# ECONOMIC IMPACT ON DURBAN



## ***We estimate:***

- 327 000 people lost their income/employment
- Unemployment will rise to 42%
- R10bn FDI put on hold and another R8.5bn at risk
- Q2 GDP > -20% (work still in progress)
- 36% of Durban economy will return in stage 4, but will take 12-18 months to get back to pre-lockdown levels

**many businesses will close**

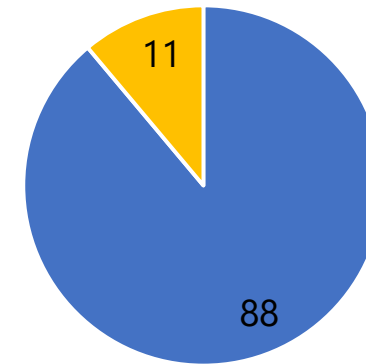


# SURVEY ON IMPACT OF COVID 19 LOCKDOWN

- 31<sup>st</sup> March 2020 to the 14<sup>th</sup> April 2020
- We are starting a larger survey from 20 May
- Most respondents were small and micro businesses (74%) while 7% were large
- Almost 90% of respondents were formal businesses

"Is your business formal or informal?"

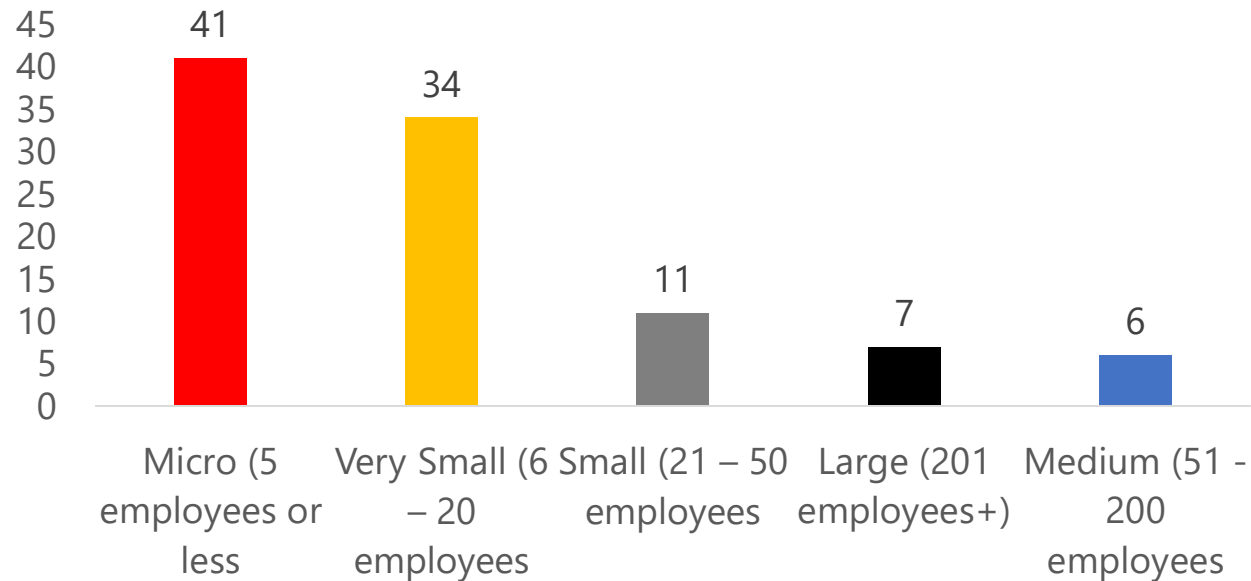
Number of respondents



■ Formal ■ Informal

"Kindly indicate the size of your business"

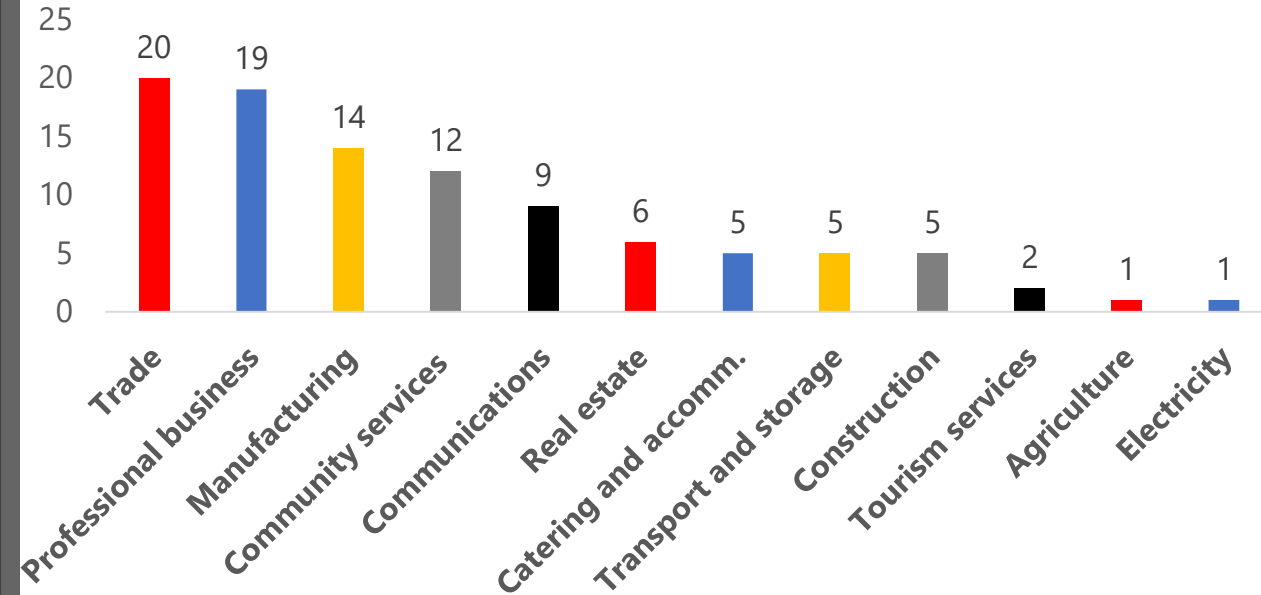
Number of respondents



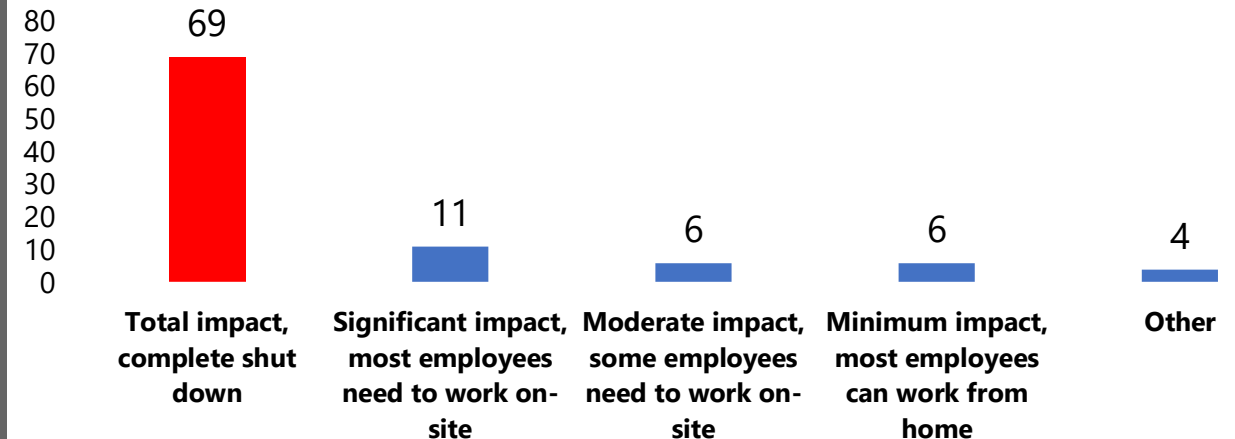
# SURVEY ON IMPACT OF COVID 19 LOCKDOWN

- **93%** experienced decreased revenue
- **72%** had to shut down completely, for the duration of the Lockdown, as they are reliant on on-site work (**could be more**)

"Kindly indicate what sector you belong to"  
Number of respondents



"How has the Corona Virus National Shutdown affected your business operations?"  
Number of businesses

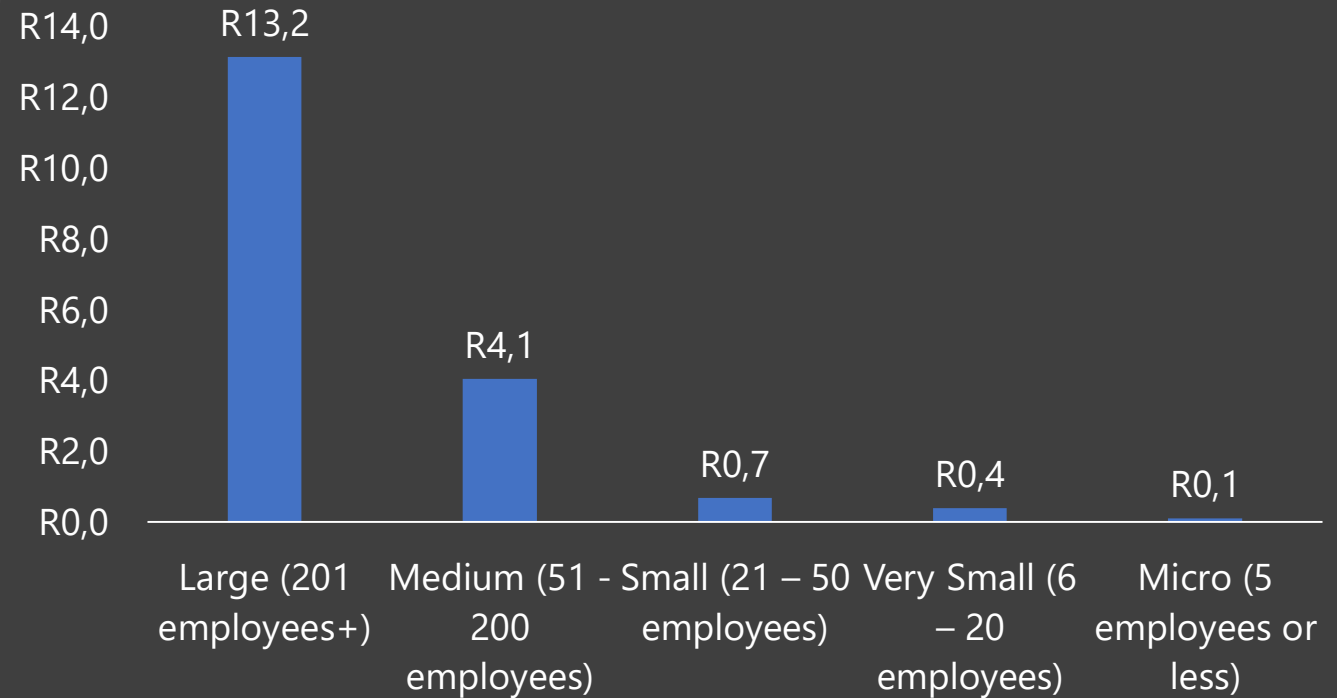


# IMPACT ON FIRMS

- Value of losses is proportional to the size of the firm
- Average large firm having lost **R13,2 million rand** in revenue,
- Average micro firm having lost **R113,000** in revenue over the past month

Are you able to indicate the approximate value of your losses, since the declaration of the National State of Disaster (15th March 2020)?

Average losses per business, per business size in R'millions



**25% said Facilitation role is missing: one source of reliable information and their needs to be facilitation/assistance in helping access support**



- Not designed for informal sector, non-VAT compliant, and non-South African owned businesses. 283 000 workers are in informal (43 000 registered street traders)
- Need food parcels
- 22% of them said that they urgently required a cash injection for increased debts for overhead costs, and for debtor accounts – don't qualify as non-vat compliant, unbanked, non-SA citizen
- 14% the need for business continuity by the City (particularly the rates, and building plan approval functions)
- 8% Rates and rental holidays – advocacy on behalf of tenants
- 3% said there businesses have folded and nothing can be done

Beyond the social measures to provide relief, we need to create an environment that protects jobs and kick-starts the economy

We must also do more with less

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# REVISED APPROACH TO LOCAL ECONOMY

12 Months

Economic  
Recovery Plan

We must ensure **financial sustainability of the Municipality** while investing in our joint economic future

5 Year Plan

Review draft  
eThekweni  
Inclusive Growth  
Path

Due to the immense impact that COVID19 will have on society and business, it necessitates a review of this growth path based on a 'new normal'

# ECONOMIC RECOVERY PLAN

## 1. EIGHT PILLARS OF THE ECONOMIC RECOVERY PLAN

- Monitoring and responding to the municipality's financial position and health of the economy
- Facilitating the City's share of national support
- Re-starting the tourism sector
- Protecting and building the rural, township and informal economy
- Creating an extra-ordinary environment for construction and infrastructure development
- Expediting City Procurement
- Operationalising the Relief and Recovery Fund
- Promoting Economic Transformation

## 2. BUILDING SOCIAL COALITIONS AND AWARENESS

## 3. FINANCIAL IMPLICATIONS

## 1.

# MONITORING AND RESPONDING TO THE MUNICIPALITY'S FINANCIAL POSITION AND HEALTH OF THE ECONOMY

- **Municipality's revenue dropped by R1.5bn** in April due to non-payment
- To **protect** the Municipality, **we can't offer blanket rates** write-offs
- **Executive Management Team will**
  - Monitor **financial health** of Municipality
  - Modeling and **predicting economic activity**
  - Look at businesses that employ people, and that are in trouble. We may need to intervene to **protect jobs**
  - Monitor the **implementation** of the recovery plan

## 2. FACILITATING THE CITY'S SHARE OF NATIONAL SUPPORT

- **Business Advisory Partnership** with joint communication
- Political leaders lobby for **proportional share of national support** (approx. R8bn in phase 1)
- **Hotline 0800331011** operational, aimed at helping businesses access support
- **Business support offices at Customer Centres** are open and assisting small business
- **Broaden support through the established Clusters** in the Manufacturing and Maritime Sectors to **non-member firms**
- Lobby national for prioritisation of **second access to Port**, as congestion is resulting in a loss of investment
- Provision of **Statistics and Easy Support** Finder through Durban.Edge portal

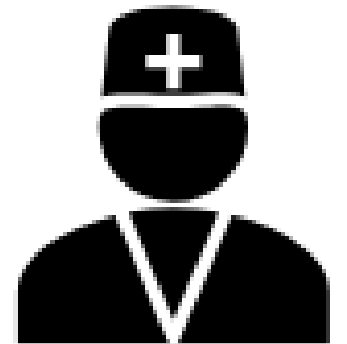
**Assist existing FDI** businesses with COVID 19 recovery and restart plans

Partnering in the Tourism Investment Africa 360 (TIA360) Programme 2020/21

**Mobilise key industries** to respond to opportunities (incl those coming out of increased government procurement) focusing on:

- Clothing and textiles (PPE)
- Chemicals including disinfectants
- Innovation and ICT (e.g. EdTech, 3D printing, online conferencing)
- Health sciences and medical devices
- Agriculture and food

## 2. FACILITATING THE CITY'S SHARE OF NATIONAL SUPPORT



## 4. RE-STARTING THE TOURISM SECTOR

- **Re-categorisation of B&Bs and Guest Houses to residential rates, on application to Revenue Management**
- Durban Tourism is helping tourism industry access national support
- The Durban Film Office will **issue filming permits** without charge
- Treasury is looking at the implications of **discounts on municipal leases in tourism spaces** such as the Beachfront, for a maximum period of 3 months (provided rental is market related)
- **Durban Tourism will increase funding provided to Community Tourism Organisations** from R250k to R500k to market their areas, under the Durban Tourism campaign and oversight

## 4.

# RE-STARTING THE TOURISM SECTOR

- **Invest Durban will start a “Buy Durban”** Campaign
- **Municipality’s own accommodation bookings** will now be directed to small businesses like Bed and Breakfasts
- Durban Tourism to run a re-introduction campaign of Durban to **Domestic market** as a **fresher and clean Durban** that is **cautious with health, safety and security**
  - Soft campaign until July 2020
  - Aggressive campaign dependent on COVID19 peak
  - Tour packages that factors in COVID19
- **Parks Dept will be working on getting more beaches to be awarded Blue Flag**
- Invest Durban is partnering in the **Tourism Investment Africa 360** (TIA360) Programme 2020/21



**165 000**

Visitors over Easter Holiday

**R 300 million**

Lost direct spending

**4.**

## **RE-STARTING THE TOURISM SECTOR**

**R 600 million**

Lost to GDP

**R 4 billion**

Lost GDP in 2020 to hotels and restaurants

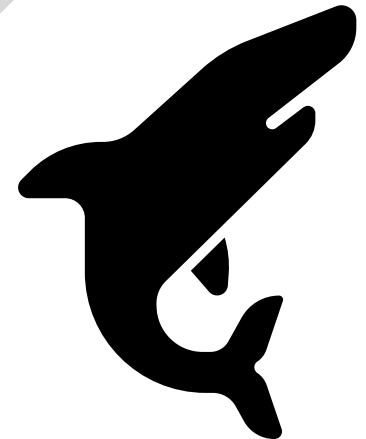
**R 64 million**

Decline in ICC revenue

**R 50 million**

Decline in uShaka Marine World

- City entities to access national support
- Soft marketing and re-introduction plans for domestic market
- Budgetary support from Municipality, to be looked at separately (not included in this presentation)



## 5. SUPPORTING THE RURAL, TOWNSHIP AND INFORMAL ECONOMY

- Business Support Unit (BSU) is identifying **informal enterprises likely to be left out** in National support programmes
- Such as waste pickers-provide PPE, Mobile waste compressors, links to Major buyers e,g Consol, Nampak, etc
- BSU will also provide a **6-month rental holiday for Informal Businesses** including Street Traders; Hives/Incubators; Retail Markets
- BSU is facilitating Bulk Buying, through on-line platforms

- BSU will provide **0% increase in rentals/fees** applicable to registered informal traders for 2020/21
- No increase to business license fees for 2020/21
- Intensify **moving micro businesses online** through Innovate Durban and SmartXchange  
Development of Digital Hubs and Co-labs
- BSU is providing **support to the agricultural sector**

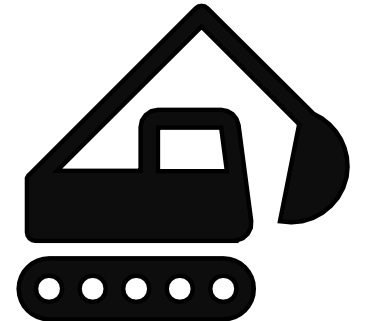
## 6. SUPPORTING THE RURAL, TOWNSHIP AND INFORMAL ECONOMY



## Development Planning Unit will waive all development application fees until 30 June 2021

- Economic Development have developed a **Bold investment Incentive Scheme** to be brought to Council
- Catalytic Projects is **reducing the time taken to process Catalytic Projects** – focusing on high impact projects
- Testing being done to rapidly move to **online systems for all planning applications**
- Accelerating the implementation of **government projects**
- Economic Cluster to convene **webinar with developers** to provide information and support as part of a **series of Webinars** organized by the Municipality

## 5. CREATING AN EXTRA-ORDINARY ENVIRONMENT FOR CONSTRUCTION AND INFRASTRUCTURE DEVELOPMENT



## R10bn

- Midway Crossing
- Brickworks
- Keystone next phase
- Rivertown
- Clairwood Logistics Park
- Clover Queensburgh
- Whestone Business Park
- Durban Point retail

**Economic Development  
and Planning Cluster is  
working to get these  
projects into  
construction within 10  
months**



## 5. EXPEDITING CITY PROCUREMENT

- Bid Committees are being held more regularly to **expedite tenders** being advertised and adjudicated (over MS Teams)
- Treasury is implementing a **7 day payment period for small businesses** with no fee charges
- This will be extended to June 2020 (Treasury to investigate extending this to December 2020)
- SCM is working to establish **Panels for emergency procurement**, and including new SMMEs

## 7. OPERATONALISING THE ECONOMIC RECOVERY RELIEF FUND

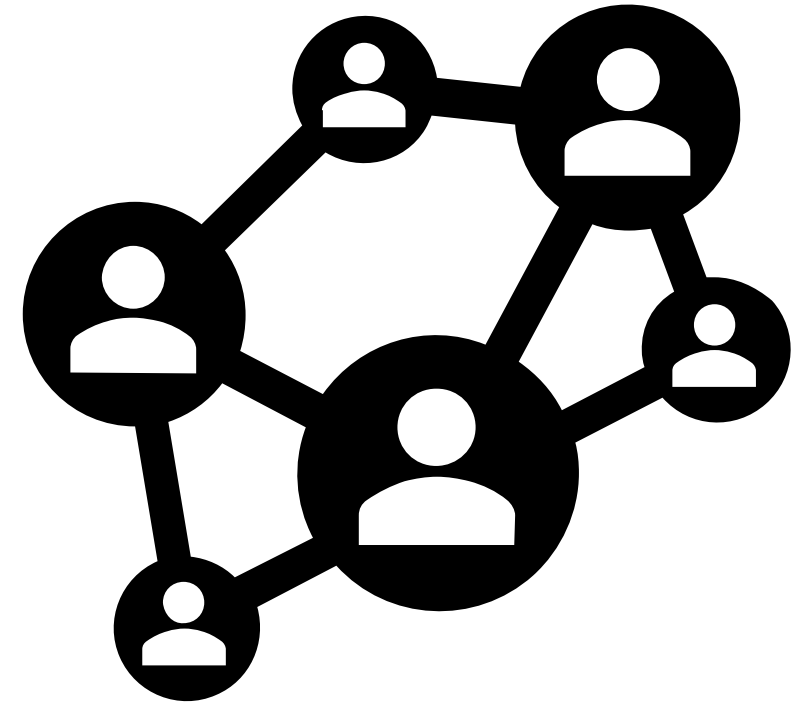
- Economic Development and Planning Cluster has contributed **R40m** into the fund (ToR on use of funds)
- An “**Executive Partnership**” to direct and provide oversight, which includes private sector
- **Mayor as the champion** of the fund
- Clear and sustained **Marketing** plan
- **Private sector and staff** given the option to contribute

## 7. PROMOTING ECONOMIC TRANSFORMATION

- Setting aside more covid19 **Procurement for cooperatives and micro enterprises** - link to Government warehouse procurement
- Ensure Covid19 procurement **includes transformation**
- This includes for food parcels; access to procurement opportunities to SMME's, PPE, sanitisers and detergents

## 7. BUILDING SOCIAL COALITIONS AND AWARENESS

- **Communications Unit will promote** Economic Recovery Plan on all platforms
- Re-purpose **coalitions and partnerships** to focus on economic recovery



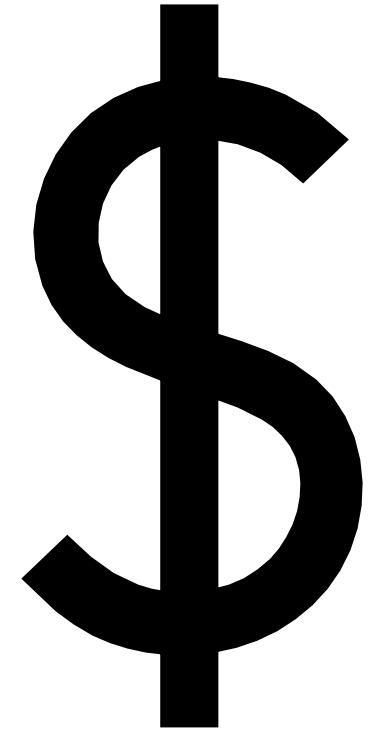
## REVENUE FORFIETED

|                                                  |       |
|--------------------------------------------------|-------|
| Wavering development application fees            | R29m  |
| Rental holiday for informal traders              | R3.6m |
| Re-categorisation of B & Bs to Residential rates | R1.5m |
| Investment incentives (2019/20)                  | R10m  |

## EXPENDITURE

|                                                               |      |
|---------------------------------------------------------------|------|
| Budget re-prioritisation as contribution into the relief fund | R40m |
|---------------------------------------------------------------|------|

**TOTAL CITY CONTRIBUTION TO ECONOMIC  
RECOVERY R84m**



# Thank you

*"partnering for inclusive growth"*

