

**MEDIA STATEMENT BY THE ETHEKWINI MUNICIPALITY MAYOR,
CLLR MXOLISI KAUNDA ON THE ANNOUNCEMENT OF THE
ECONOMIC RECOVERY PLAN FOR THE MUNICIPALITY AND THE
SOCIAL RELIEF AND ECONOMIC RECOVERY FUND, 23 APRIL 2020**

- Deputy Mayor
- Speaker
- Chief Whip
- Chairpersons of Committees
- EXCO Members
- Acting City Manager and senior management of the municipality
- Members of the Media

Good morning

Following the announcement of the national State of Disaster by the President and the national lockdown to prevent the spread of the coronavirus (COVID-19), government has subsequently put measures in place not only to save lives, but also to boost our ailing economy.

We would like to commend President Cyril Ramaphosa and the National Command Council for the leadership they continue to provide in ensuring that we flatten the curve of the spread of this virus. We also want to thank the leadership and guidance that is being provided by our Premier, Mr Sihle Zikalala and the Provincial MEC's in this regard.

COVID-19 has once again demonstrated that we can overcome any adversity if we work together with a unity of purpose. Although we are still in the early stages of the outbreak, indications are that if we continue to abide by the lockdown regulations, we can reduce the negative impact of this pandemic. Therefore, we want to make a call to the people of eThekweni to respect all the protocols of the lockdown by staying at home. Statistics indicate that eThekweni Municipality is the epicentre of this pandemic in the province. Whilst this could be ascribed to the fact that we are the economic hub of KwaZulu-Natal, we must remain vigilant and guard against the flouting of the lockdown regulations. We want to echo the sentiments of the Premier that those who continue to disregard the lockdown regulations will face the full might of the law. Our Metro Police, working with other law enforcement agencies will continue to conduct multi-disciplinary roadblocks and foot patrols in our major routes, suburbs, township and rural areas to enforce the regulations.

COVID-19 and the lockdown has had a catastrophic effect on the economy of the country and the world, and as eThekweni Municipality, we are anticipating that approximately 320 000 jobs will be at risk as the lockdown continues. Our research also indicates that by the end of the lockdown, our economy will have declined by 4 to 6 percent. It is important to indicate that the economy of our city constitutes about 10% of the country's GDP.

To support the increased measures that have been recently announced by the President of an additional R500 billion economic and social relief, eThekweni Municipality has also developed an Economic Recovery Plan to respond to the COVID-19 economic downturn.

Our Metro's Economic Recovery Plan is anchored on the following eight pillars:

- Safeguarding jobs
- Monitoring the city income and health of the economy
- Facilitating our share of national government support
- Supporting tourism and industrialisation programme
- Accelerating radical socio-economic transformation
- Supporting the township and informal economy
- Accelerating construction, infrastructure and investment projects
- Operationalising the Socio-Economic Fund

This eThekweni Plan is complemented by the multi Stakeholder “Uziso” Business Support integrated service delivery plan undertaken by our Provincial Partners, the various Chambers of Commerce, and eThekweni Municipality. Here, the likes of our Business Support, Markets, Tourism & Agri Unit is assisting SMME's with access to COVID-linked information, support fund applications, potential new opportunities, plus access to an expanding set of experienced Business Advisors from the Private Sector, plus our Economic Development Unit.

Since the COVID-19 crisis begun, six sectors of the economy have been severely affected which include Construction, Manufacturing, Tourism, Retail, Trade, Finance and Transport.

Our plan recognises the need to ensure that the Municipality remains financially viable, whilst investing in the economy, which creates jobs and

prosperity. Working together with our partners, we will monitor the financial health of the municipality and our customers as the pandemic unfolds, and respond appropriately.

It is important to note that eThekweni has been one of the country's leading tourist destinations, attracting over 3.8 million overnight visitors (domestic and international) and approximately 1.3 million-day visitors in 2019. In 2020 the numbers were expected to increase by approximately 4% domestic and 2% internationally. This was before the Covid-19 pandemic hit the world, severely altering the economic growth projection and negatively impacting the tourism industry.

Following the declaration of COVID-19 as a pandemic, before the country's declaration of the State of National Disaster, a decline totalling 165 000 in visitor numbers for the Easter Season (March to May), compared to 2019, was projected. Furthermore, a decline of R300 million in direct spend; R600 million in contribution to the GDP; and 1 400 in employment contribution as well R39 million in government taxes were expected.

Since the hosting of major events has been suspended, this has adversely affected events such as the Vodacom Durban July, Africa's Travel Indaba, Rugby and Football events as well as the Comrades Marathon.

The postponement of these events will result in visitor losses of around 280 000 people, thus decreasing the spend by visitors in the City of around R 725 million. The Albert Luthuli International Convention Centre has also had to postpone over 85 events from March till June 2020, losing R64 million of

revenue. Ushaka Marine has also lost R50 million of revenue from March to 30 June. Our Hotels and restaurants are at a risk of losing R4 billion in revenue.

To respond to this challenge, eThekweni Municipality will be driving a coordinated plan to mitigate against the impact of COVID-19 on the local tourism and industrial economy. Our plan entails, amongst other things, linking affected industry players with the various funds announced by the national government, including the R200 million Tourism Relief Fund and the Solidarity Fund. We will also ensure that Municipality's own accommodation bookings will now be directed to small businesses like Bed and Breakfasts. Our Durban Film Office will now provide incentives for production houses to shoot their films in Durban.

Other measures we are putting in place to boost the tourism sector include:

- Bed and breakfasts can apply to the Municipality to pay residential rates for a limited period
- Re-introduction campaign of Durban to visitors as a new, fresher and clean Durban that is cautious about health and safety of visitors, once the economy has re-opened.
- Aggressively focusing on getting more beaches to be awarded a blue flags status.
- Increase funding provided to Community Tourism Organisations from R250 000 to R500 000 to market their areas and create new tourism packages.
- Creating new tourism packages relevant to a post-COVID19 world.

- Working with the National & local Tourism Business bodies, plus Supporters such as the Banks, on investment retention, and where possible in time, an investment expansion program

Industry clusters in manufacturing and maritime industries that are co-funded by the Municipality are already providing COVID-linked support to all firms, not only members, in accessing industry-specific support. We will also work more with businesses in industries that show opportunity as a result of the prioritized government procurement, such as clothing and textiles, chemicals (including disinfectants), engineering and construction of medical devices, innovation in ICT and 3D printing, life and health sciences as well as agriculture and food.

In addition, our Invest Durban Unit is working with our newer & existing international Investors to help manage the new complexities and strains of the lockdown, plus retain their newer investments or expansion plans. This will be complemented with an invigorated “Buy Local-Invest Local” Marketing & Facilitation Campaign.

To boost the rural, township and informal economy, which is at risk of shedding over 207 000 jobs, we will identify and assist all informal enterprises who could not access the R2billion made available by the national government. As I indicated above, working with the provincial government and organized Business structures, we are activating and expanding the initiative called USIZO to assist small businesses in the City and across KZN, to access additional support. To further protect small

enterprises from the effects of COVID-19, the city will provide a six-month rental holiday for Informal Businesses including:

- Street Traders
- Hives/Incubators and
- Retail Markets

Other measures the city will implement to cushion informal traders include facilitating bulk buying for informal businesses through on-line platforms and 0% increase in rentals and fees for the next 2020/21 Financial Year.

Since the COVID-19 outbreak in March, several Investors have put on hold over R10 billion of investment and to unlock this investment, the city will capitalise on a lower interest rate window in 2020, and waive all development application fees until the end of the next 2020/21 Financial Year; a Municipal incentive with an estimated R29 million value. We will also form partnerships with financial institutions, developers, built environment professionals, and construction companies to re-start and accelerate the construction sector. Other measures the city will put in place to fast track infrastructure and investment development will include:

- Reducing the time it takes to process Strategic and Catalytic Projects.
- Rapidly moving to online systems for all planning applications
- Accelerating the implementation of government projects.
- Give more business to Cooperatives
- Ensure that Covid19 procurement includes radical economic transformation
- Expediting Municipal payments to Service Providers daily
- Virtual meetings for Bid Committees and awarding tenders, but letters of award are stayed until businesses open.

- Establishing Panels for accelerated emergency procurement.

As you may have heard in a previous Press Announcement, in an effort to mobilise additional funds that will be used to support this local economic recovery as well as social interventions for the vulnerable, the Municipality has established a COVID-19 Support Fund.

The fund seeks to achieve the following objectives:

- Support business recovery in instances where the national support measures have not been able to assist small businesses.
- Support initiatives that are aimed at creating sustainable jobs
- To co-ordinate the Municipality's interventions in the economic recovery.
- Stimulate small and micro businesses.
- Fund projects that will contribute to social relief and economic recovery while supporting measures to deal with the COVID19 pandemic, such as find permanent support for the homeless.

We want to reiterate that the fund is not intended to duplicate national support measures announced by the President, but rather to provide assistance in instances where the support measures have not been adequate or to fund socio-economic projects and activities that are local in nature and that will protect the poor, while creating jobs.

The Fund will receive its initial Government funding from the eThekweni Municipality through R40 million worth of savings identified across the departments and clusters of the municipality. The business sector, non-

governmental organisations, donor agencies, national and provincial government as well as Entities will be mobilised for additional funding. In this regard, we sincerely appreciate the 1st large Private sector donation into this Fund organised by the KZN Growth Coalition.

In a very personal commitment of solidarity, the Management and Political leadership of the Municipality will be given various options of donating a portion of their salary into the fund on a voluntary basis. The Management oversight of the Fund will include respected members of business leadership and government executives.

We also want to encourage ordinary citizens to donate to the fund, provided that such donations are lawful.

This fund will operate for a period of 12 months, and will then be reviewed by EXCO which may choose to continue with the fund. During this time, it should have provided the full stimulus to the economy. The Impact that the fund has will be measured, documented and reported to EXCO and all external Stakeholders. Once all funding has been disbursed, the Support Fund will be closed.

We want to make it categorically clear that radical socio-economic transformation will be a cornerstone of this economic recovery plan. These initiatives must assist us to accelerate industrialisation in township and rural areas so that we can bring over 2 million people who earn below R100 000 per annum and the unemployed into the mainstream economy.

In intensifying our fight against the COVID-19, the city has also put in place a raft of measures to ensure that our residents adhere to personal hygiene and receive uninterrupted services.

Since the announcement of the lockdown by the President, the city has installed 223 static water tanks to informal settlements and rural areas. 130 chemical toilets have been delivered to different informal settlements throughout the city. We also have an ongoing programme of cleaning hostels and informal settlements, providing soap, and hand sanitisers. I want to publicly thank companies such as Unilever, Toyota, and several others for their generous donations towards these relief measures, and we encourage many others to please join us.

The homeless people are also a key component of our interventions as most of them have been given a new lease on life. Working with NGOs, we have been able to house homeless people in 11 shelters and temporary sites around eThekweni where they are provided with meals and other essentials. The faith-based community organisations have been invaluable in all these endeavours, and deserve our sincere thanks. During their stay in these sites, the Municipality & its Social Partners are ensuring that their lives are improved through Drug Withdrawal Management programmes and others are being reunited with their families.

We are pleased to announce that about 120 homeless people have volunteered to undergo the rehabilitation process and they are making progress. Through these interventions, the municipality is also assisting a

homeless man who is a registered student at UNISA to further his studies by providing him access to Internet.

Turning to more disturbing matters, it would be remiss of me if I do not sound a warning to those who continue to take advantage of the lockdown by invading land and erecting illegal structures. The President has asked all of us to limit our movements to prevent the spread of this pandemic. As the city, we are not going to allow lawlessness during this period. We are also going to rely heavily on Residents and the Media to alert us if people invade land in broad daylight.

In closing, we want to echo the President's sentiments when he was addressing the nation on Tuesday, plus last night, that after this pandemic, we look ahead to a better future, together. We have no doubt that the combined Economic Recovery Plan we are announcing today for our city, will certainly assist the lives of the people of eThekweni, and their Businesses, for the better.

I thank you.