

ETHEKWINI ECONOMIC RECOVERY PLAN

18 MAY 2020

SUPPORTING
ENTERPRISES

SAFEGUARDING
JOBS

CARING FOR
LIVELIHOODS



PROTOCOL



Programme Facilitator: Mr Phillip Sithole (The DCM for Economic Development and Planning)

The Executive Vice President of Toyota: Mr Nigel Ward

The Co-Chairperson of the KZN Growth Coalition: Mr Moses Tembe

The EThekwini Municipality CFO: Dr Krish Kumar

Esteemed Captains of Industry

The Leadership of EThekwini Municipality

Representatives of Various Business Associations

The EThekwini Business Fraternity

Ladies and Gentlemen

Good Morning

INTRODUCTION



We welcome the opportunity to engage with our social partners within the economic development space on how best we can deal with the impact of COVID-19 on the City's economy for sustainable development.

This is a clear indication that despite the challenges we are facing today, the ANC government has not reneged on its historical mission of building a non-racial, non-sexist, democratic and prosperous society. COVID 19 has laid bare the inequalities that exist in our society for everyone to see. This calls on us to accelerate plans that seek to build a better life for our people.

Critically, we welcome this platform because it provides an opportunity to for eThekweni Municipality to further unpack the Economic Recovery Action plan of our strategies for economic recovery beyond COVID-19. We have deliberately convened this platform because of our firm belief that economic development in general, and economic recovery in particular, is not the sole function of government, but of all the social partners including business; labour; civil society and other societal stakeholders.

We also subscribe to the notion that ours is a developmental state. While the state carries stewardship over economic development, it is not the only player in the economy of our City. The state is a catalyst, an enabler, an intervener and plays its role within economic development. For sustainable and inclusive economic development all the social partners need to come on board. This morning's platform is a practical manifestation of all of us as social partners coming together to chart a new economic development course for our City.

COVID19's ECONOMIC IMPACT ON DURBAN



327 000 people lost their income / employment

We anticipate unemployment to rise by 42%

R10bn of FDI has been put on hold and another R8.5bn is at risk

Sharp and deep contraction in economy

34% of Durban's economy has returned in stage 4, but will take **18 months to get back to pre-lockdown levels**

many businesses will close

The Economic Recovery Plan is a living document that is updated weekly with progress

Let's talk about the **progress** we are making against the **Nine Pillars** of the plan



PILLAR 1: MONITORING THE HEALTH OF THE MUNICIPALITY AND THE ECONOMY

In April, the Municipality's revenue dropped by R1.5bn

To protect the Municipality, we can't offer blanket rates write-offs

However, the Executive Management Team is monitoring the financial health of Municipality and forecasting

We are also looking at businesses that employ many people (and that are in trouble) We may need to intervene to protect jobs

PILLAR 2: FACILITATING THE CITY'S SHARE OF NATIONAL SUPPORT, PLUS INDUSTRIAL RETENTION & EXPANSION

We are lobbying national government to target **R30bn** of support **to large and small** businesses in eThekweni

Businesses needing support to access national support should call our **hotline 0800331011** or email sizakala@durban.gov.za or visit a Sizakala Centre

Invest Durban is assisting existing FDI businesses with COVID 19 recovery and restart plans; a Tourism investment retention/expansion program to start. FDI firms can contact Russell Curtis Russell.curtis@durban.gov.za

On 19th May, we will launch an **Easy Support Finder**, in partnership with Open Cities Lab through Durban Edge portal (visit edge.durban)

PILLAR 2: FACILITATING THE CITY'S SHARE OF NATIONAL SUPPORT, PLUS INDUSTRIAL RETENTION & EXPANSION

City contribution in 2019/20 to various clusters **R20m**

eThekweni funded industry **clusters** are providing support to **large and small** businesses and linking them with procurement opportunities. Contact the City's Cluster Desk for information: Mthokozisi Zondi mthokozisi.zondi@durban.gov.za

The Economic Cluster has also launched a "Buy Local.Invest Local" Campaign, which will be further fleshed out with Stakeholders.

PILLAR 3: RE-STARTING THE TOURISM SECTOR

Hotels and restaurants lost R600m in April and will lose >R4bn by the end of winter season with 8200 jobs lost

Durban Tourism has started a soft re-introduction campaign of Durban to **domestic market** as a **fresher and clean Durban** that is cautious with COVID19, health and safety

An aggressive domestic market campaign will depend on COVID19 and will include more blue flag beaches

All City-sponsored events over the next 6 months have been postponed

PILLAR 3: RE-STARTING THE TOURISM SECTOR

Cost to City **R3m**

The City will re-categorize B&Bs and Guest Houses to residential rates for 6 months (April to September 2020). B&Bs can Contact Fikile Manqele on Fikile.manjele@durban.gov.za from 01 July 2020

Durban Tourism is helping tourism industry access national support contact Nelisa Mshengu on nelisa.mshengu@durban.gov.za

We are doubling funding to community tourism organisations from 01 July 2020 contact Sibusiso Mngoma on Sibusiso.mngoma@durban.gov.za

The Durban Film Office will issue filming permits without charge. contact Toni Monty antoINETte.monty@durban.gov.za

PILLAR 4: SUPPORTING THE RURAL, TOWNSHIP AND INFORMAL ECONOMY

Cost to City **R3.6m**

Informal and township businesses needing support should call our **hotline 0800331011** email sizakala@durban.gov.za or visit a Sizakala Centre

The Municipality will provide **6-month rental holiday** for Informal Businesses from **April to September 2020** (no application necessary)

There will be no increase in rentals and business licenses in 2020/21

We are working with Innovate Durban and SmartXchange to **move township businesses online**. The programme will be launched by 10 June 2020

PILLAR 5: CREATING AN EXTRAORDINARY ENVIRONMENT FOR CONSTRUCTION AND INFRASTRUCTURE INVESTMENT

Cost to City **R29m**

The Municipality will waive all development application fees from 01 July 2020 to 30 June 2021 contact Lihle Phewa lihle.phewa@durban.gov.za

Everyone should use this opportunity of low interest rates, and fee-free development window to get their developments started

Cost to City **R26m**

From 01 July 2020 there will be a bold investment Incentive Scheme to incentivize development. Contact Nuthan Maharaj Nuthan.maharaj@Durban.gov.za

The Catalytic Projects Office is fast tracking high impact projects worth R10bn. Contact George Mohlakoana george.mohlakoana@durban.gov.za

PILLAR 5: CREATING AN EXTRAORDINARY ENVIRONMENT FOR CONSTRUCTION AND INFRASTRUCTURE INVESTMENT

The Development Planning Unit has begun testing an **online system for all planning applications** to fast-track the processing of plans

We are Accelerating the implementation of government projects

We will convene a **webinar with developers by 08 June 2020** to provide information and support as part of a **series of Webinars** organized by the Municipality



PILLAR 5: CREATING AN EXTRAORDINARY ENVIRONMENT FOR CONSTRUCTION AND INFRASTRUCTURE INVESTMENT

We will spend R485m in the next 12 months

To unlock R10bn worth of private sector development

Avoca development	R30m
Midway crossing	R8m
Ntshongweni	R8.5m
Point upgrades	R119m
Inner City	R40m
Township projects	R214m
ICC and Ushaka	R26m
Agriculture and Informal sector	R40m



PILLAR 6: ACCELERATING CITY PROCUREMENT

We are already accelerating payments to small companies within 7 days as well as the issuing of new tenders



PILLAR 7: OPERATIONALISING THE SOCIO-ECONOMIC RELIEF FUND

The Municipality has established a **socio-economic relief fund** with oversight by respected members of business:

1. President Durban Chamber Mr. Nigel Ward
2. Co-chair KZN Growth Coalition Mr. Moses Tembe
3. President of the Minara Chamber Mr Solly Suleman
4. Former Head IEC KZN Mr. Mawethu Mosery
5. eThekweni CFO Dr. Krish Kumar and Deputy City Manager Mr. Phillip Sithole

The Municipality has contributed **R40m** into this fund and business has contributed R350 000 thus far.

Business and staff are urged to contribute to support these relief efforts.

PILLAR 8: ENSURING RADICAL ECONOMIC TRANSFORMATION

The Municipality has set aside COVID19 procurement for co-operatives and micro enterprises, related to the government warehouse and PPEs, etc.

The city will use all its levers including procurement to ensure that the previously marginalised participate in the mainstream economy.

PILLAR 9: BUILDING SOCIAL COALITIONS AND PARTNERSHIPS

We are building on partnerships such as Shape Durban, the KZN Growth Coalition, the Durban Chamber, academia, labour, civil society and other formations

We will soon launch the Durban Economic Council as a broad coalition across society



WHAT WILL THIS COST THE CITY?

***R586m**

Made up as follows

REVENUE CONTRIBUTION

Wavering development application fees	R29m
Rental holiday for informal traders	R3.6m
Re-categorization of B & Bs to Residential rates	R3m
Investment incentives	R26m

OPERATING EXPENDITURE

Budget re-prioritization as contribution into the relief fund	R40m
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CAPITAL EXPENDITURE

R485m

CONCLUSION



Programme director, we are in the centre of this historic moment in the life of our City. We can decide to be petty and self-absorbed or we can decide to be pragmatic in response to this unprecedented reality that we face. If we are pragmatic, focused and implement our plans, future generations will remember us as leaders who defied the odds and did the most for our City's economic recovery. However, if we are petty and inward-looking, we put the future of the millions of residents of this City in real jeopardy.

Today, we must respond to the dare by Martinique revolutionary, Frantz Fanon who once said:

“Each generation must discover its mission, fulfil it or betray it, in relative opacity”.

As we engage today, let us all appreciate that this engagement, and many others, are not about the few of us on this platform, but the millions in our City who are looking forward to better life post COVID-19.

Let us adhere to the lockdown so we can move to
level 3!

