ECONOMIC RECOVERY PLAN

SUMMARY UPDATE

SUPPORTING ENTERPRISES

ETHEKWINI MUNICIPALITY

SAFEGUARDING JOBS

CARING FOR LIVELIHOODS

19 AUGUST 2020

COVID19's IMPACT ON ETHEKWINI

Quarter 1 GDP Growth **-7%**

Quarter 2 GDP declined by **57%**

Estimated Direct impact of Covid-19 on the economy of eThekwini **-R 34 bn** p.m.

Manufacturing - R 10 , 77 bn
Finance, Insurance & Services - R5,15 bn
Trade, Accommodation - R4,52 bn
Transport, Storage & Comms - R4,37 bn

Estimated No. of Companies at Risk **6 300** April-July

Manufacturing – 1062
Wholesale & Retail Trade – 1734
Catering, Accommodation & Ent. – 714

Estimated No. of Jobs Lost **304 000** April-July

Manufacturing - 36 613
Wholesale & Retail Trade – 66 958
Catering, Accommodation & Ent - 20 874
Finance, Insurance & Services - 62 043
Construction - 22 129

Manufacturing has recorded largest loss

Tourism revenue loss of R5bn (April-July)

over 700 businesses at risk

Approx. 20 000 jobs lost

Unemployment at 40% in July

Foreign Direct Investment lost = R7bn

Durban GDP **-9%** for 2020 (forecasted, without 2nd wave)

eThekwini on average received 8% of govt support (while being 10% of national economy)

National Govt Support reduced decline by 1% per Quarter

Approx. 56 000 jobs will be created in level 2 (offsets some of the loss)

Tourism and construction can create jobs quickly!

DRAFT NATIONAL ECONOMIC RECOVERY AND RECONSTRUCTION PLAN

ETHEKWINI'S ERP DRAWS ON THE DRAFT NATIONAL ECONOMIC RECOVERY AND RECONSTRUCTION PLAN

8 PRIORITIES

1. Strengthening Energy Security
2. Localisation through industrialisation: a thriving local industrial base
3. Strengthening food Security
4. Infrastructure investment and delivery that meets the NDP Goals
5. Support for tourism
6. Green economy interventions
7. Public employment Programmes
8. Macro-economic policy interventions

ENABLERS OF THE ECONOMIC RECOVERY AND RECONSTRUCTION PLAN

- Economic Diplomacy and Africa continental Free Trade Agreement
- A state that has capacity to deliver
- Skills that meet the demands of the economy and stimulate growth of new economies.
- Fiscal health

SECTORAL INTERVENTIONS

ETHEKWINI ERP IS A SHORT-TERM RESPONSE. THE 5 YEAR PLAN IS CURRENTLY BEING REVIEWED

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

- **R156m of interest on overdue accounts written** off in 19/20 and **R240m in 20/21**
- Customer research being undertaken
- Rates deferments and payment terms are being processed

PILLAR 2: FACILITATING THE CITY'S SHARE OF NATIONAL SUPPORT AND INDUSTRIAL OPPORTUNITIES

- 181 SMMEs supported, 2983 spaza 2180 receiving capacity building
- **Clothing Textile Cluster** - 117 firms supported over online platform and 88 SMMEs on CSD for PPEs. Working
- **Durban Auto Cluster** – online support to all members
- **Durban Film Office** – 3 series in full production creating 450 jobs
- Renewable energy and waste recovery

PILLAR 3: RE-STARTING THE TOURISM SECTOR

- 261 applications for support approved by National
- B&Bs and Guest Houses recategorized to residential rates for 6 months (on appl)
- 50% rental discount on commercial leases (3-month)
- Funding to CTOs doubled for 2020/21
- Soft marketing campaign
    - April-June: R2.7m spent and R31m PR value with reach of 26m
    - July – R1.3m spent and R28m PR value with reach of 21m

PILLAR 4: SUPPORTING THE RURAL, TOWNSHIP AND INFORMAL ECONOMY

- 120 Agri-businesses supported with R5m working capital; 4 youth Nurseries supported and 300ha targeted for mechanisation support
- 6-month rental holiday for Informal Businesses from April-September 2020 being implemented and 0% increase in informal trade rentals and business license fees for 2020/21
- 400 businesses supported for online migration

PILLAR 6: ENSURING RADICAL ECONOMIC TRANSFORMATION IN CITY PROCUREMENT AND EXPEDITING PAYMENTS TO SMALL BUSINESSES

- Treasury accelerated payments to small businesses
- 17 Spaza shops supplied during the food hamper distribution,
- 120 SMEs have been sent to DTIC and National Treasury manufacturing PPEs

PILLAR 7: OPERATIONALISING THE SOCIO-ECONOMIC RELIEF FUND

- Terms of Reference approved at ECOD and EXCO awaiting Council approval
- R10m allocation approved, and possible further savings
- Meeting of oversight committee on 18/08/2020

PILLAR 8: BUILDING SOCIAL COALITIONS AND A BUY-LOCAL INVEST-LOCAL CAMPAIGN

- **Establishment of Durban Economic Council**
- Social media campaign: 3 x targeted "still" visuals focused on specific markets and 7 Short Video Clips Post reach: 77 984, Posts curated: 54 Print Media: Professional Management Review, Business Sense Newspaper, KZN Business Guide Book.

PILLAR 9: STABILIZING THE CITY-OWNED ENTITIES

- Financial support to uShaka R43 million for April to June 2020
- Turn-around strategy for uShaka required
- Supported ICC's with the request to use the DEC as a Field Hospital

PILLAR 10: ACCELARTING JOB CREATION THROUGH PUBLIC EMPLOYMENT

- The City is working with National Treasury to identify projects for the Public Employment Stimulus. National target is to create **2.5m** jobs, eThekwini's target **200 000**
- Creating social value

PILLAR 5: CREATING AN EXTRAORDINARY ENVIRONMENT FOR CONSTRUCTION AND INVESTMENT

WHAT HAS BEEN DONE

- **12 month holiday on development application** fees started on 1 July 2020
- Resulted in increase in applications (June-July)
- Streamlined process and online planning application process resulted in **40% reduction in processing time**
- KZN Growth Coalition working with Catalytic Projects to fast track high impact projects worth R10bn

12 Investors Supported

- Transnet unblocking red tape
- L.G. Electronics supported with restart plans
- Facilitation work with National Depts to avoid DEFY's 25% staff retrenchment
- Partnership with DEFY on 'Buy Local Invest Local' campaign and the National Ventilator Project
- Identified 17 SMMEs to supply components to Defy related to ventilator project
- Linking SMMEs with corporates on PPE supplies

WHAT STILL NEEDS TO BE DONE

- New normal requires an unblocking of catalytic projects to ensure speedy implementation
- Initial work has started on land value capture as a means of funding bulk infrastructure
- The Port second access was included into the Sustainable Infrastructure Development (SID) - and requires implementation
- Review requirements such as parking and traffic standards
- Leverage digital platforms to improve processes
- Promote a green recovery

PILLAR 5: CREATING AN EXTRAORDINARY ENVIRONMENT FOR CONSTRUCTION AND INVESTMENT

FDI RETENTION (still to be implemented)

Automotive	Toyota South Africa Motors	R2.43b
ICT	ONDO Smart Farming Solutions	TBA
Agri-processing	Kerry Foods	R800m
Property Development	Anchor Properties	R150m
Property Development	JK Props UK	R100m
Global Business Services	Ignition	TBA
Global Business Services	Capability BPO	TBA
Global Business Services	Outworx	TBA
Global Business Services	Blake	TBA
Global Business Services	Synergy	TBA
Global Business Services	CCI	TBA
Global Business Services	Miracle Communications	TBA
Property Development	Gap Prop Inner City JV/PPP	TBA
Agri-Tech	Crop Data India	TBA
Agri-processing	SAPPI	R7bn
	Sub Total	**R10.1bn**

FDI LOST

Agri-processing	Heineken	7Bn)	New & 100% secured, but then COVID cancelled
	Sub Total R7bn		

FDI AT RISK

Life Sciences	Thermofisher Scientific	R145m
Property Development	Urban-Lime	R50m
Electronics	LG Electronics	R1.5b
Agri-processing	NCP Alcohols	R800m
	Sub Total R2.5Bn	

PILLAR 5: CREATING AN EXTRAORDINARY ENVIRONMENT FOR CONSTRUCTION AND INVESTMENT

NATIONAL GOVERNMENT

DEVELOPER	VALUE (Rm)
Passenger Rail Agency of South Africa (PRASA)	R4bn
South African National Roads Agency (SANRAL)	N/A
Airports Company South Africa (ACSA)	R320m
Transnet National Ports Authority	R26bn
Umgeni Water	R185m
Department of Public Works	R79m
Mangosuthu University of Technology	R125m
Dube Trade Port	R3.5bn
	28.2bn

ETHEKWINI MUNICIPALITY

PROJECT	VALUE (Rm)
Avoca development	R30
Midway crossing	R8
Ntshongweni	R8.5
Point upgrades	R119
Inner City	R40
Township projects	R214
ICC and Ushaka	R26
Agriculture and Informal sector	R40

PRIVATE SECTOR CONSTRUCTION PERMITS ISSUED ON STREMLINED WORKFLOW PROCESS

NAME OF DEVELOPMENT	AREA (M²)	VALUE (R0)
Kerry Foods	10 309 m²	R50mill
Acacia Business Park	11 208 m²	R56mill
Hibiscus Retirement Village	12 290 m²	R110mill
PRASA Retail Centre Isipingo	10 701 m²	R160mill
Midway Shopping Centre	32 859 m²	R50mill
Baraka Read (major)	7 506 m²	R67mill
Othongathi Mall (catalytic)	30 972 m²	R272mill
Ridge Town Central (major)	41 110 m²	R370mill
The Space (major)	7 425 m²	R66mill
The Valley (Gold Coast Estate)(major)	8 312 m²	R74mill
The Saxony (major)	11 534 m²	R104mill
Balize Estate (major)	15 858 m²	R145mill
Keystone Park Industrial	1 600 m²	R77mill
Hammarsdale shopping centre	8 831 m²	R78mill
Dancor Group	11 208 m²	R56mill
Clairwood racecourse redevelopment	13 831 m²	R50mill
Clairwood Racecourse redevelopment	25 134 m²	R100mill
Northfields business park	15 163 m²	R76mill

WHAT WILL THIS COST THE CITY?

*R834m

Made up as follows

REVENUE CONTRIBUTION

Wavering development application fees R28m

Rental holiday for informal traders R3.6m

Re-categorization of B & Bs to Residential rates R3m

Investment incentives R26m

50% rental rebate for City's commercial leases (3-month) R9.9M

OPERATING EXPENDITURE

Budget re-prioritization as contribution into the relief fund R40m

COE Budgetary support R43m

POTENTIAL REVENUE LOSS

Approximate interest foregone for April, May and June 2020 (No interest charges on arrear accounts for three months) R156 000 000

Writing off interest on overdue accounts from business customers maximum amount foregone in potential revenue if all business customers take this option R240 000 000

CAPITAL EXPENDITURE (not new) R285m