



Economic Recovery Plan



Dannhauser



Newcastle



Emadlangeni

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INTRODUCTION AND BACKGROUND

The South African economy was already in the longest business cycle downswing on record, the economy slipped into a technical recession during 2019:Q4, with a growing public debt trajectory. The South African economy was already struggling prior to Covid 19, with an average growth rate of 1% in 2019 owing to challenges such as low business confidence, low private sector investment, poor revenue collection, poor consumer spending and reduced competitiveness amongst other structural bottlenecks. Against this backdrop, the worst case scenario will see the South African economy contracting by about 7% with budget deficit projected to reach 11% of GDP in 2020/21 if no major fiscal and monetary measures to stimulate both supply and demand are not implemented. This is likely to worsen increase Government debt to more than 70% compared to the projected 65.6% in the 2020/21 national budget.

Prior to the implementation of the National Lockdown to curb the spread by the Covid19 pandemic, South Africa's unemployment rate hit a record high in the first quarter of 2020 (January to March) as key sectors shed jobs to an already fractured economy. This was evident from the recession experienced in the last two quarters of 2019, where the county's economy contracted by -0.8% and -1.4% in the third and fourth quarter respectively. The official unemployment rate increased to 30.1% in the first quarter of 2020, up from 29.1% in the final quarter of last year.

BACKGROUND AND PURPOSE OF AMAJUBA ECONOMIC RECOVERY PLAN

Amajuba District were not spared the economic impact of covid19. As the rest of the provincial districts across the province there were major economic disruptions resulting in job losses and many other investments directed towards the district.

The purpose of the recovery plan is to find ways to resuscitate and rebuild a stronger and more vibrant economy for the district.

The plan aims to bring together all the economic role-players in the district(business, public sector and the organized civil society) to gather their inputs towards developing an action plan that will pull the district economy out of the dungeons of Covid-19 lockdown and create a conducive environment for businesses to thrive and create employment.

The major economic sectors of Amajuba District were dealt a harsh blow by the impact of Covid-19 lockdown. Certain businesses did not survive the storm and were shut down completely.

It is against this backdrop that Amajuba District headed a call by both the national and provincial governments to develop economic recovery plans that weathers the economic after-effects of the Covid-19 lockdown. The plan is adapted from the **ECONOMIC RECONSTRUCTION, AND RECOVERY PLAN** and the **KWAZULU-NATAL ECONOMIC RECONSTRUCTION AND TRANSFORMATION PLAN** in order to achieve proper alignment to both spheres of government.

OBJECTIVES OF THE PLAN

The main objectives of the plan are to: -

- I. To recalibrate, revitalise, restructure and transform the economy of the province to achieve sustainable growth and employment creation
- II. Facilitate the access of relief measures by big businesses, SMMEs, cooperatives and informal traders
- III. Curb the spread of coronavirus pandemic amongst workers
- IV. Devise a process of managing the unintended socioeconomic risks of Covid 19 Pandemic
- V. Formulate an actionable short, medium and long term plan to address the economic impact caused by Covid 19 crisis and the pre-existing low level of economic growth

SOUTH AFRICA'S ECONOMIC RECONSTRUCTION, AND RECOVERY PLAN 8 PRIORITIES

- I. Strengthening Energy Security
- II. Localisation through industrialisation: a thriving local industrial base
- III. Strengthening food Security
- IV. Infrastructure investment and delivery that meets the NDP Goals
- V. Support for tourism
- VI. Green economy interventions
- VII. Public employment Programmes
- VIII. Macro-economic policy interventions

KZN RESPONSE PLAN TO ECONOMIC IMPACT OF COVID-19

The Coronavirus pandemic/ Covid 19 global crisis has disrupted the functioning of the South African economy and is having serious socio-economic effects on the KwaZulu-Natal regional economy. The lockdown of the country has resulted in several unintended consequences, namely

- (i) several businesses have halted operations or are downscaling and some completely shut down as working capital is eroded and markets are shaken
- (ii) Government revenue has dwindled (the country lost an estimated 9 billion in April 2020 alone)
- (iii) it is believed that several workers have become unemployed (iv) poverty levels have soared as people (both formally and informally) lose their sources of income. As a result of this, it is inevitable that South Africa's economic output (GDP) will

astronomically shrink in 2020, with estimates ranging from -6% to - 14%. Analysts also believe that the economy that emerges post Covid 19 will be vastly different from the pre Covid 19 economic landscape. It is, therefore, important that KwaZulu-Natal provincial Government starts re-calibrating the economic trajectory of the province and put in place measures to revitalize the economy.

The resultant economic situation characterised by lockdown, restrictions on economic activities have distorted markets and value chains locally and globally and will require extraordinary measures.

The objectives of the **KWAZULU-NATAL ECONOMIC RECONSTRUCTION AND TRANSFORMATION PLAN**

- I. Reduce the risk of transmission of coronavirus pandemic whilst minimising the impact of Covid 19 crisis to the economy
- II. Re-calibrate the economic growth trajectory of the province.
- III. Devise a mechanism to restructure the economy to address socio-economic transformation; these two bullets are linked. Recalibrated trajectory should be on ESG principles.
- IV. Facilitate the access of relief measures by business; and
- V. Formulate an actionable short, medium and long term plan to address the economic impact caused by Covid 19 crisis and the pre-existing low level of economic growth.

AMAJUBA DISTRICT ECONOMIC RESPONSE PLAN

The district did an assessment of the major economic sectors and areas, in line with the national and provincial priorities, that require urgent attention. Working in collaboration with business and organized civil society, the following strategic pillars were identified.

AGRICULTURAL DEVELOPMENT AND DIVERSIFICATION

The agricultural sector in Amajuba has declined substantially during the Covid-19 lockdown due to various factors such as access to funding and infrastructure for small-scale farmers; decline in primary production; and access to markets and general skills support for small scale farmers. This has led to a decline in employment and has increased dependence on agricultural commodities produced outside of the region. Given the significance of the agricultural sector within the district, particularly with regards to employment (contributing 10% and 9% to total employment in the Emadlangeni and Dannhauser), food security, and down-stream agri-processing potential, this strategic pillar identifies a number of programmes aimed at enhancing the agricultural sector

RESUSCITATION & ENHANCEMENT OF TRADE AND INDUSTRY

Manufacturing is the largest sector within the district economy, contributing approximately 25% to total GVA.

The manufacturing industry experienced a substantial decline in employment and production, particularly within the steel & clothing and textile sector. This decline in manufacturing had a direct bearing on the trade of goods and services within the district (particularly SMMEs), as a loss of income due to rising unemployment and slowing production reduced demand and therefore the circulation of money within the district economy.

The large existing industrial base within the Newcastle town plays a big role within the manufacturing sector, providing a platform off which industrial development can be further enhanced. This will in turn stimulate the establishment of SMME's as part of the value chain, hence an urgent intervention is required to re-open Karbo Chem; manage the retrenchments within Arcelor Mittal; and bring the Chemical Park back to full capacity.

Amajuba District is working closely with Trade & Investment KwaZulu-Natal to develop post-Covid-19 BR&E strategies. With Newcastle LM having already developed a relief package for businesses

REVIVING TOURISM INDUSTRY

Although Amajuba District is not naturally perceived as a tourism location within KZN due to its historical association with industrial development and mining, this sector has benefitted a lot in the past from “business tourism” creating a huge employment opportunities in the region.

The tourism sector was one of the most affected economic sectors in the region with ten (10) B&Bs shutting down completely and the sector losing a revenue of over R115 mil during lockdown

An urgent intervention is required towards marketing and promotion of Amajuba tourism opportunities in order to breathe life back into this industry.

INFORMAL ECONOMY SUPPORT

The operators in the informal economy were already experiencing several challenges and there were tensions between them and formal businesses, and other informal operators. Some of the issues pertained to the registration of permits and licensing; zoning and rentals; enforcement; and the allocation of sites.

Over and above that, the lockdown dealt them a huge blow as some could not operate at all or operated with limits due to covid-19 regulations.

Amajuba Economic Cluster made a stern recommendation towards LMs to assist the informal sector within their jurisdiction with the afore-mentioned challenges in order provide ease of doing business in this critical sector.

REVITALISATION OF THE CLOTHING & TEXTILE SECTOR

The Covid-19 lockdown period did not spare this any blows! Firstly, the closure of international trade meant most of the CMT factories in the Newcastle area could not source fabric from their main suppliers abroad. That meant no work could be come out of these factories as the lockdowns took everyone by surprise.

Being one of the major employers in the district, it meant most of the in this sector (mostly women) employees would not have a source of income. This had far reaching effects as some of the employees did not qualify for UIF relief.

The ongoing wage disputes between the unions and employers, again took centre stage and disrupted operations of an already badly battered sector. Millions in revenue were lost resulting in job loses in some instances.

MINING

Like all the other important economic sectors, mining too was suffocated since the sector became a breeding ground for the deadly Covid-19. All the mines in the area had to exercise maximum precaution to flatten the curve and save lives.

The lockdown period meant loss of income for workers, loss of revenue for the corporates. Other mines unfortunately had to cut down employment due to decreased demands as exports were not possible.

Again, proper interventions to save jobs and stimulate local economy are required by the mining sector.

INDUSTRIAL DEVELOPMENT

The retrenchments at Arcelor Mittal and the closure of other big industries left the district authorities reeling trying to seek urgent interventions that will avert the status quo as some of these industries fall amongst the biggest employers in the district. Covid-19 made an already bad situation even worse within the big industry. While the district mourned the closure of Karbo Chem, Arcelor Mittal has been consistently retrenching with latest retrenchment warning estimated at over 400 personnel.

Realizing the impact of Covid-19 in the district, Amajuba Economic Cluster then convened a special working session involving public sector, business and the civil society to identify key programmes and projects that could be pursued by leaders of each of the identified economic sectors and areas that could bring about a quick turnaround of the current economic climate.

The tables below are a list projects that the economic role-players in the district believe could bring about a positive change towards resuscitating the economy.

The implementation plan is not a wish-list, but actually a comprehensive list of realist projects and programmes that all the stakeholders unanimously agreed on, and have full confidence that they could actually make a significant and sustainable impact.

IMPLEMENTATION PLAN

I. BUSINESS RETENTION & EXPANSION

BUSINESS RETENTION & EXPANSION (SHORT TERM INTERVENTIONS)						
Intervention	Project	Local Municipality	Budget/ Jobs	Funded/Not Funded	Responsible Person	Time Frame
INCENTIVE POLICY FOR NEW AND EXPANDING BUSINESSES	BR&E	NLM	500	N/A	NLM	3-5 YEARS
EXPANSION OF BUSINESS & RETAIL	SHOPPING CENTRE	ELM	100	NOT FUNDED	ELM	3-5 YEARS

II. AGRICULTURE & RURAL DEVELOPMENT

AGRICULTURE & RURAL DEVELOPMENT (SHORT TERM INTERVENTIONS)						
Intervention	Project	Local Municipality	Budget/ Jobs	Funded/Not Funded	Responsible Person	Time Frame
AGRI PARKS	FRESH PRODUCE MARKET; FARMER PRODUCTION SUPPORT UNITS (PACK HOUSES,	LMS/BUSINESS	R150M	NOT FUNDED	DRDLR	5 YEARS

	SILOS, PRIMARY PRODUCTION OF GRAINS, VEGETABLES & LIVESTOCK)					
EXPAND HEMP PRODUCTION	SECURE FUNDING FOR HEMP PRODUCTION	LMS/BUSINESS	R100 MIL	NOT FUNDED	BUSINESS; LMS; EDTEA; TIKZN	3 YRS
RESOLVE DISPUTES IN THE AGRI SECTOR	IMPEMENT RESOLUTIONS OF THE PROVINCIAL TASK TEAM	DANNHAUSER; EMADLANGENI & NEWCATLE	N/A	NOT FUNDED	ECONOMIC CLUSTER/PREMIER TASK TEAM	ONGOING
ENHANCE THE BEEF PRODUCTION VALUE-CHAIN	MEET PROCESSING PLANT	EMADLANGENI	R 50 MIL	NOT FUNDED	EDTEA; TIKZN; DRDLR; LMs	3YRS

III. CLOTHING & TEXTILE

CLOTHING & TEXTILE (SHORT TERM INTERVENTIONS)						
Intervention	Project	Local Municipality	Budget/ Jobs	Funded/Not Funded	Responsible Person	Time Frame
RESOLUTION OF LABOUR DISPUTES, CONDUCT	IMPLEMENT ANNUAL PLAN OF THE DICOREF	LMS	500	NOT FUNDED	BARGAINING COUNCILS, DEPARTMENT OF LABOUR/UNIONS/DICOREF/ICOREF	ONGOING

REGULAR INSPECTIONS						
ESTABLISHMENT OF INDUSTRIAL ECONOMIC HUB	CLOTHING AND TEXTILE IEH	NLM	R40M	FUNDED	EDTEA/ITHALA/ DMs/ LMs	12 MONTHS 31 OCTOBER 2021

IV. INFORMAL ECONOMY SUPPORT

INFORMAL ECONOMY (SHORT TERM INTERVENTIONS)						
Intervention	Project	Local Municipality	Budget/ Jobs	Funded/Not Funded	Responsible Person	Time Frame
RELIEF FUNDING	IMPLEMENTING THE TREP PROGRAM	LMS	R994M (NATIONAL)	FUNDED DSBD	SEDA/LMs/DSBD	ONGOING
RELIEF FOR INFORMAL TRADERS	UNDP/SALGA	DLM/ELM	N/A	FUNDED	SALGA/UNDP/LMs	31 OCTOBER 2020
WASTE MANAGEMENT / RECYCLING	BUY-BACK CENTRE	ELM	R50M	FUNDED	DEPT ENVIRONMENTAL AFFAIRS	ONGOING
PROVISION OF TRADING SHELTERS	TRADING STALLS FOR INFORMAL TRADERS	LMS	R500 000	NOT FUNDED	COGTA/EDTEA	30 APRIL 2021

FINANCIAL MANAGEMENT, MARKETING AND BOOK KEEPING FOR SMMES AND INFORMAL TRADERS	TRAINING	LMS	R300 000	NOT FUNDED	EDTEA,SEDA AND DSBD	2 YEARS
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V. TOURISM

TOURISM (SHORT TERM INTERVENTIONS)						
Intervention	Project	Local Municipality	Budget/ Jobs	Funded/Not Funded	Responsible Person	Time Frame
CREATE BALELE GAME PARK WEBSITE	MARKETING AND PROMOTION	ELM	R 150 000	NOT FUNDED	EDTEA	1 YEAR
EVENTS CALENDAR CREATION	MARKETING AND PROMOTION	ADM AND ELM	R60 000	NOT FUNDED	ELM	ONGOING
REVAMP EMADLANGENI MUNICIPALITY TOURISM INFORMATION CENTRE	INFRASTRUCTURE DEVELOPMENT	ELM	8M	NOT FUNDED	COGTA, EDTEA AND ELM	

RENOVATE AND DIVERSIFY TOURISM OFFERING AT BALELE GAME PARK	INFRASTRUCTURE DEVELOPMENT	ELM	R50M	NOT FUNDED	COGTA, EDTEA AND	MEMDIUM TERM
PROVIDE CUSTOMER CARE AND DIGITAL MARKETING WORKSHOPS FOR TOURISM SMMES	TRAINING AND DEVELOPMENT	ELM	R70 000	NOT FUNDED	EDTEA	SHORT TERM

TOURISM (MEDIUM TERM INTERVENTIONS)

Intervention	Project	Local Municipality	Budget/ Jobs	Funded/Not Funded	Responsible Person	Time Frame
AMAJUBA TOURISM STRATEGY	AMAJUBA TOURISM STRATEGY DEVELOPMENT & IDENTIFICATION OF KEY PROJECTS	ALL	R650,000	APPLICATION RESUBMITTED TO EDTEA	ADM	1 YR
INSTITUTIONAL ARRANGEMENT	RESUSCITATE AMAJUBA TOURISM FORUM	ALL	N/A	NOT FUNDED	ADM	ONGOING

CAPACITY BUILDING	CAPACITY BUILDING WORKSHOPS ON COMPLIANCE ISSUES AND IN LINE WITH COVID 19 PROTOCOLS	ALL	R100,000	NOT FUNDED	ADM/EDTEA/SEDA	ONGOING
PRIORITISE AND RAISE THE AWARENESS AND PROFILE OF TOURISM WITHIN COMMUNITIES AND COUNCIL	FORMALIZATION OF A CTO UPGRADE AND IMPROVE EXISTING TOURISM PRODUCTS AND RESOURCES	DANNHAUSER MUNICIPALITY	R 450,000.00	NOT FUNDED	MUNICIPAL MANAGER	NONE
ASSESSMENT AND DEVELOPMENT EXISTING OF PRODUCTS	COMPILING AN EVENT CALENDAR	DANNHAUSER MUNICIPALITY	NONE	NOT FUNDED	LED OFFICER	NONE

VI. MINING

MINING (MEDIUM TERM INTERVENTIONS)						
Intervention	Project	Local Municipality	Budget/ Jobs	Funded/Not Funded	Responsible Person	Time Frame
STRICT MONITORING OF	IMPLEMENT SLP PROJECTS	ALL	300	FUNDED	LM	ONGOING

SOCIAL LABOUR PLANS						
MINING EXPLORATION (GAS)	INVITE EXPLORATION INTERESTS	DANNHAUSER & NEWCASTLE	N/A	NOT FUNDED	DMR/DM/LMs	1YR
MINING BENEFICIATION	INCLUDE SMME, COOPS INTO THE MINING VALUE CHAIN	ALL	N/A	NOT FUNDED	DM; LMs; DMR	1YR

VII. INDUSTRIAL DEVELOPMENT

INDUSTRIAL DEVELOPMENT (SHORT, MEDIUM & LONG TERM INTERVENTIONS)						
Intervention	Project	Local Municipality	Budget/ Jobs	Funded/Not Funded	Responsible Person	Time Frame
ESTABLISHMENT OF INDUSTRIAL ECONOMIC HUB	CLOTHING AND TEXTILE IEH	NLM	R40M	FUNDED	EDTEA/LM	12 MONTHS 31 OCTOBER 2021
INDUSTRIAL PARK REVITALISATION PROGRAM.	NLM	R50M	FUNDED	DTI/ITHALA	24 MONTHS 30 NOVEMBER 2022	2YRS
GREEN ENERGY DEVELOPMENT	ENERGY CO-GENERATION PLANT (GAS)	NLM	R2BN	FUNDED	NLM/OVERSEAS INVESTOR	12 MONTHS 30 NOVEMBER 2021

VIII. EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

EPWP (SHORT TERM INTERVENTIONS)						
Intervention	Project	Local Municipality	Budget/ Jobs	Funded/Not Funded	Responsible Person	Time Frame
EPWP	IMPLEMENT EPWP PROGRAMME/PROJECTS	ALL	294	FUNDED	DM/LMS/DPW	ONGOING

INFRASTRUCTURE PROJECTS

DESCRIPTION	CURRENT YEAR		MEDIUM TERM REVENUE AND EXPENDINTURE FRAMEWORK			
	2019/2020	2019/2020	2020/2021	2020/2021	2021/2022	2022/2023
	Original Budget	COVID -19 REALLOCATIO N BUDGET	MIG RE-ALLOCATIO N Budget Year +1	Budget Year +1	Budget Year +2	Budget Year +3
MIG GRANT FUNDING PROJECTS						
DC25_CE0010_MIG PMU admin cost Project Management	3 000 000	1 042 512	-	-	-	-
DC25_CE0010_MIG PMU admin cost Planning			-	-	-	-
DC25_UPGRADE EMANDLANGENI SANITATION-MIG;	2 000 000	-	-	-	-	-
DC25_CE0011_New Goedehoop bulk water and sanitation	15 000 000	607 706	-	-	-	-
DC25_CE0012_ New Danhauser Housing Development Bulk Water and Sanitation	7 000 000	357 451	-	-	-	-
DC25_CE0013_ Buffalo Flats Water Supply Scheme Phase 3B	14 039 000	3 410 000	-	-	-	-
Hiltop Reservoir Settlements Water supply Scheme	-	7 303 856	-	-	-	-
COVID-19 Buffalo Flats bulk water supply Intervention MIG Reprioritisation	-		-	-	-	-
Covid-19 Disaster relief Reallocation to Operating Water Tankering	-	3 000 000	1 000 000	1 000 000		
WSIG GRANT FUNDED PROJECTS						

DC25_CE0001_Upgrade Emxakheni Water Scheme	1 000 000.00	-	-	-	-	-
DC25_CE0002_Upgrade Buffalo Flats Water Supply Scheme Phase 4 (infills)	4 400 000.00	20 935 000	-	-	-	-
DC25_CE0004_New Refurbishment of water and waste water treatment plants	2 000 000.00	-	-	-	-	-
DC25_CE0006_Construction of Brakfontein reservoir	12 000 000.00	3 747 000	-	-	-	-
DC25_Emergency water supply to Ramaphosa, Hilltop and Skobaren - Dannhauser LM	15 000 000.00	18 418 000	-	-	-	-
DC25_Emadlangeni Borehole Program	4 600 000.00	-	-	-	-	-
DC25_WC/WDM Program	5 000 000.00	-	-	-	-	-
DC25_Drought relief Program	2 000 000.00	-	-	-	-	-
Refurbishment of Durnacol Water Treatment works	-	2 900 000	-	-	-	-
Massification Grant projects						
New Refurbishment and upgrading of a Bulk water pipeline supply Dannhauser and Emadlangeni	-	1 210 000	-	-	-	-
New Refurbishment of existing handpumps boreholes in reticulation Infrastructure	-	1 100 000	-	-	-	-

CONCLUSION

In a nutshell, these are the initiatives that Amajuba District are putting forward for consideration by the District Command Council as a response to the catastrophic events that were caused by the Covid-19 pandemic.

The implementation plan makes mention of the funded and unfunded projects. A proper response or turnaround regarding resuscitating the district economy would require that at least 50% of the implantation plan projects be funded. It has become known that the local government structures and some of the sector departments within the district do not have sufficient funding for service delivery.

It is against this backdrop that we strongly believe that the success of this plan can only be realized through cooperative governance with all the spheres of government working together to maximize on the scarce resources that are available.

This plan is not cast in stone and would be modified as and when required to accommodate innovativeness as well as new initiatives that will come forth.