



FLOOD ECONOMIC IMPACT

"Make better informed decisions with cutting-edge economic insight"

27/05/2022

<https://edge.durban>



SELECTED FINDINGS OF SURVEY

- Most businesses noted that they will take 0-3 months to reopen (however this will depend on infrastructure upgrades)
- Need capital in order to replace lost equipment and stock
- Restore water and electricity urgently
- Require repairs to roads as well as labour and equipment for cleaning up
- Re-store business confidence in tourism
- The need for clear and simple government support
- Presidential Employment Programme can assist business, especially smaller ones need help to clear sand, fix premises
- But all businesses said they will reopen
- Survey will help inform support
(DTIC is working on support measures)

**KINDLY INDICATE
WHETHER YOU
HAVE INSURANCE
THAT INCLUDES
COVERAGE
AGAINST FLOODING
INCIDENTS?**



- Yes I have all inclusive insurance
- Yes, but only my building/ stru...
- Yes but only my business equi...
- No, I have no insurance at all

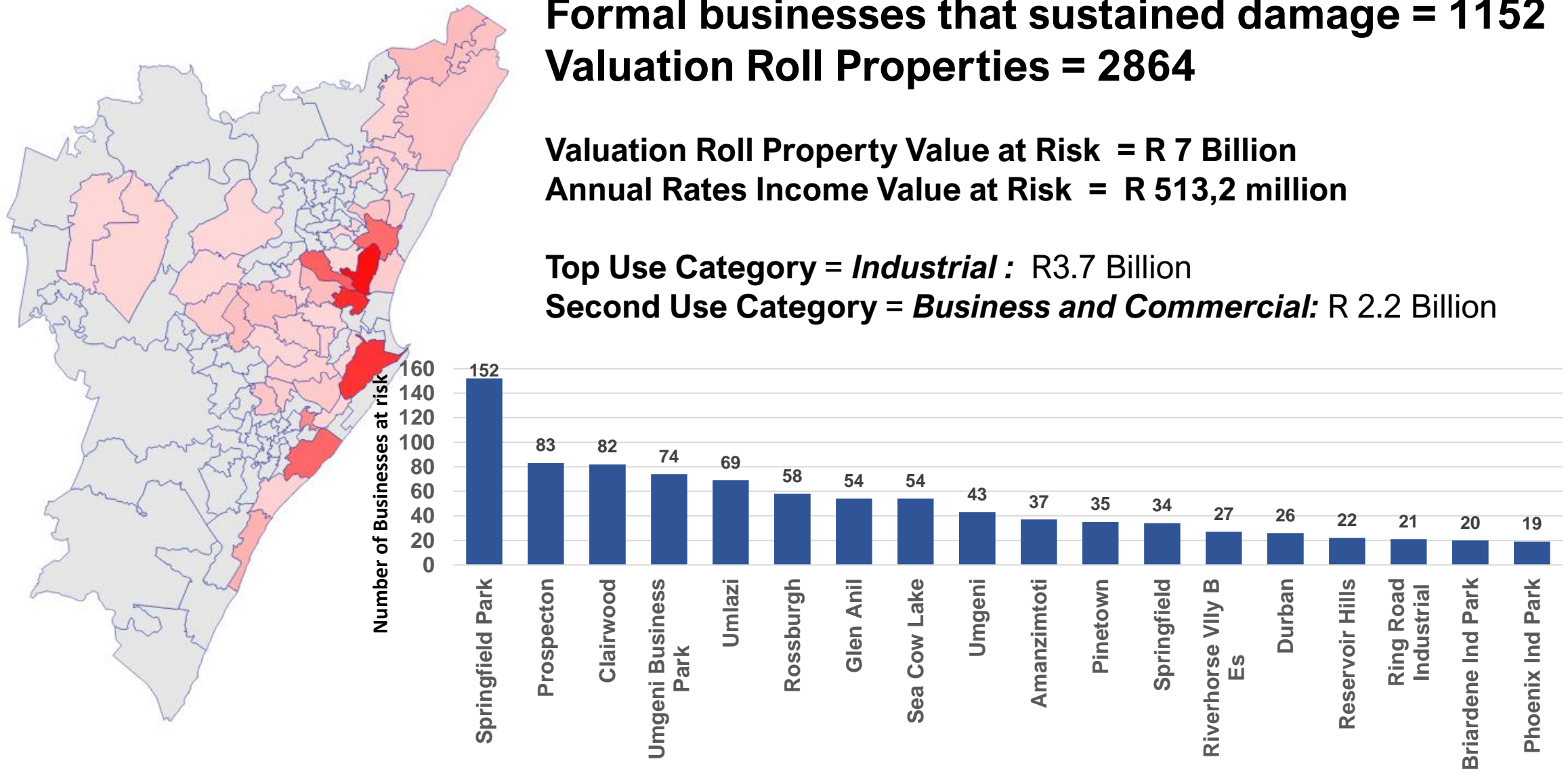
**MOST BUSINESSES THAT WERE IMPACTED ARE NOT
INSURED FOR FLOODING (E.G., JACOBS AND
PROSPECTON)**

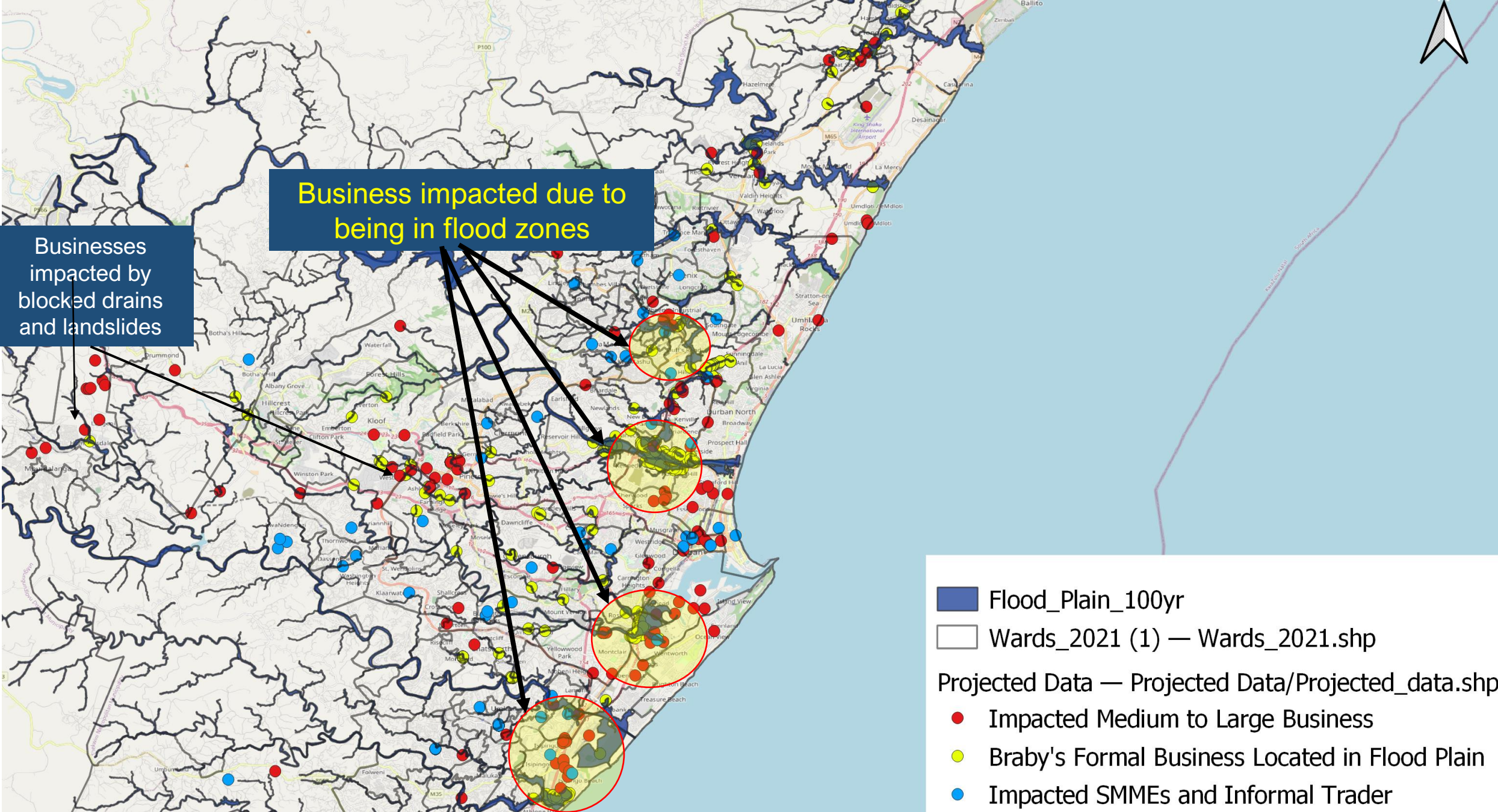
DISTRIBUTION OF BUSINESS THAT SUSTAINED DAMAGE

Formal businesses that sustained damage = 1152
Valuation Roll Properties = 2864

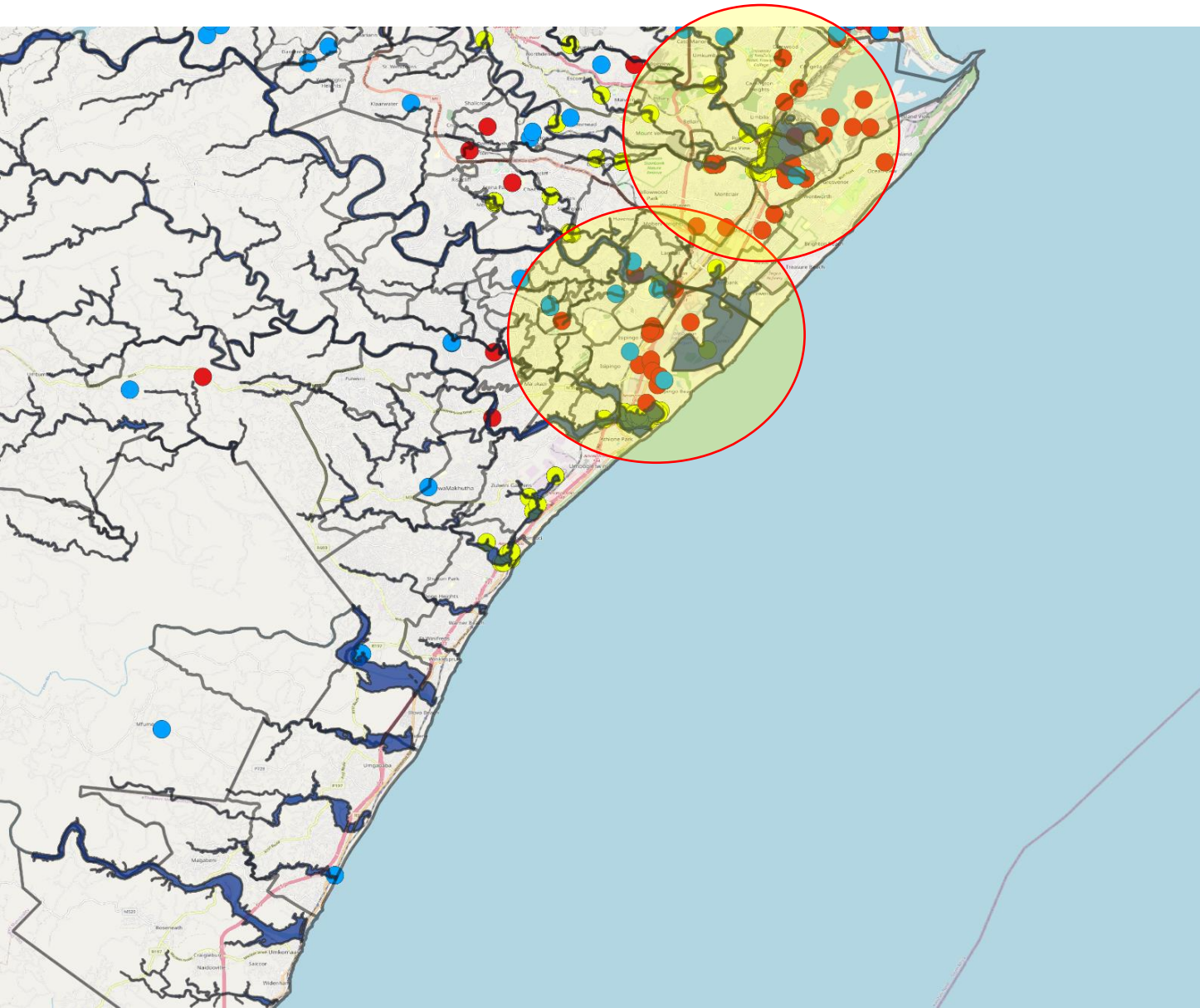
Valuation Roll Property Value at Risk = R 7 Billion
Annual Rates Income Value at Risk = R 513,2 million

Top Use Category = *Industrial* : R3.7 Billion
Second Use Category = *Business and Commercial*: R 2.2 Billion





SOUTH DURBAN BASIN (BAYHEAD, PROSPECTON, JACOBS, ETC)



■ Flood_Plain_100yr

□ Wards_2021 (1) — Wards_2021.shp

Projected Data — Projected Data/Projected_data.shp

● Impacted Medium to Large Business

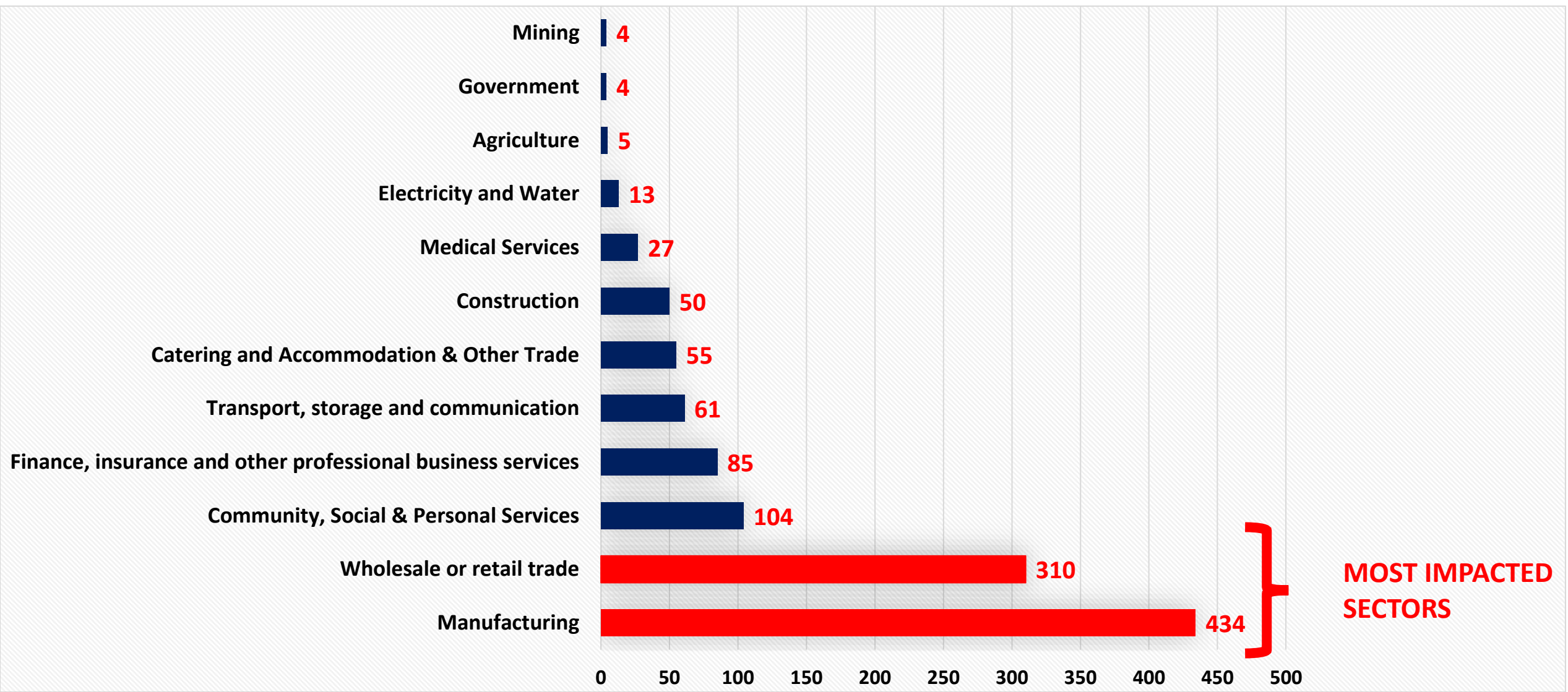
● Braby's Formal Business Located in Flood Plain

● Impacted SMMEs and Informal Trader

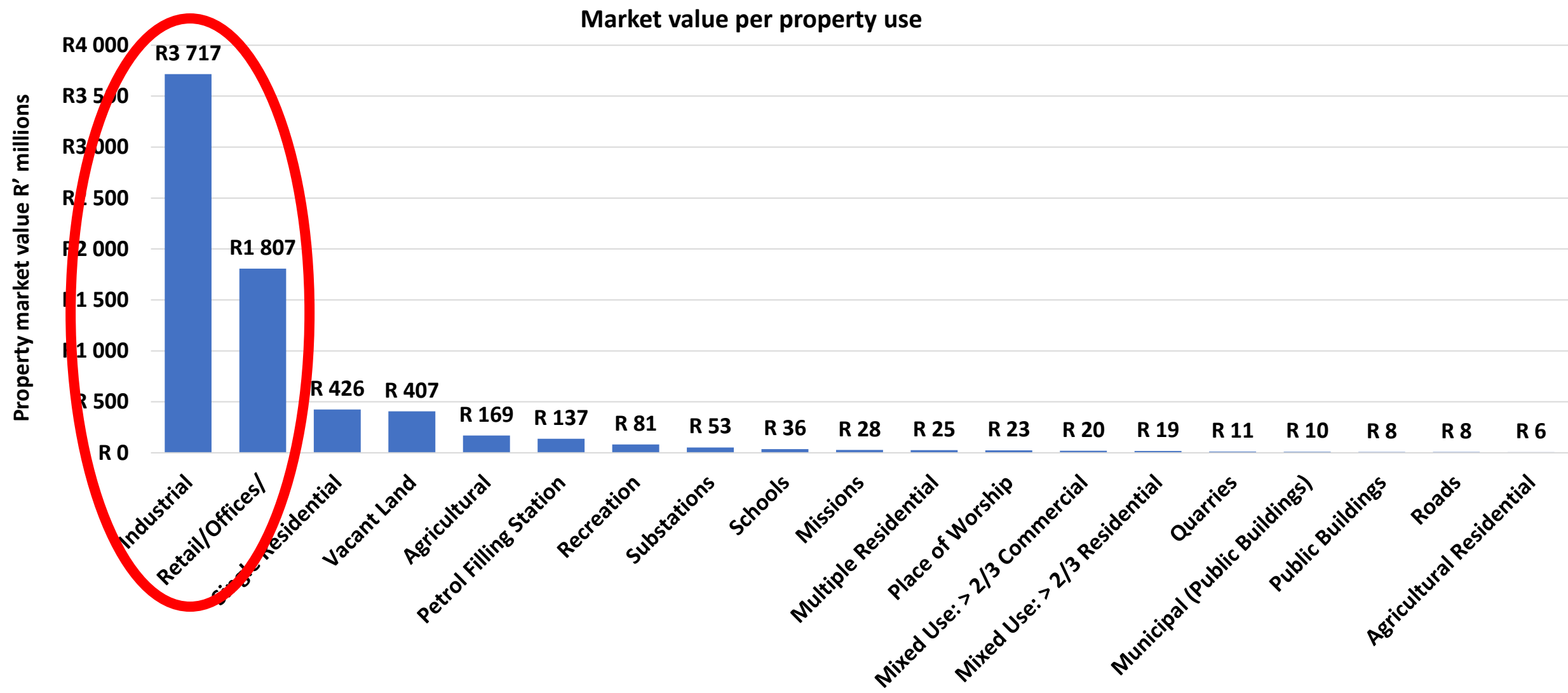
OpenStreetMap



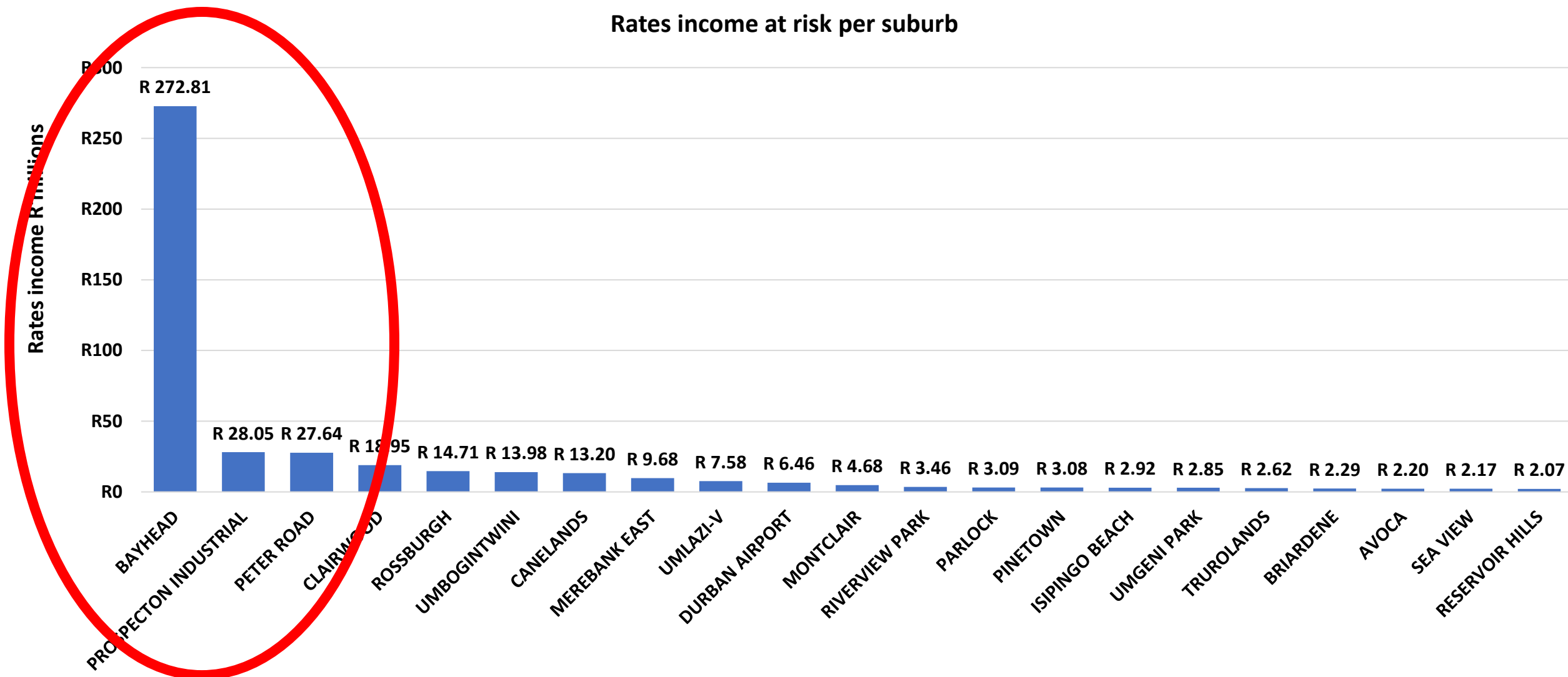
NO. OF BUSINESSES IMPACTED PER INDUSTRY SECTOR



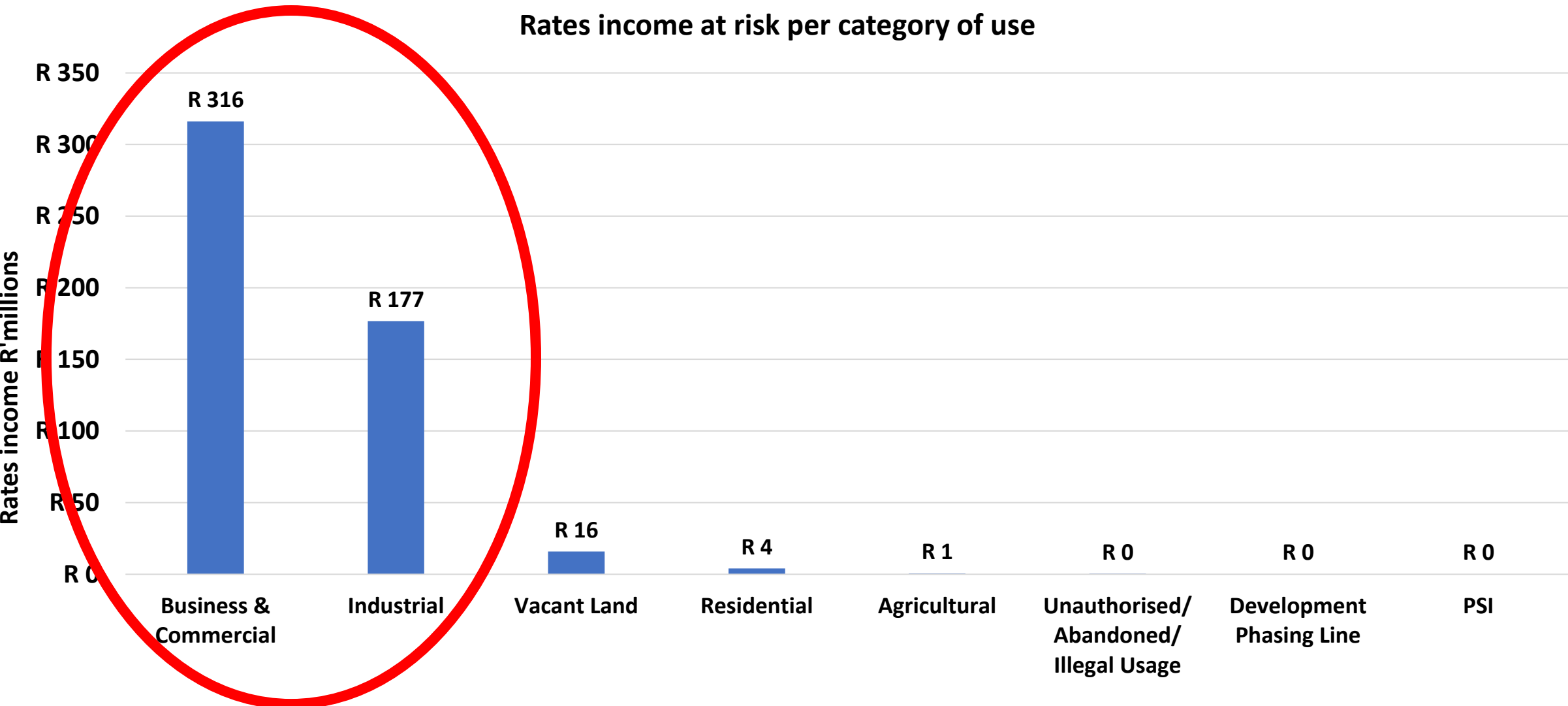
COMMERCIAL & INDUSTRIAL PROPERTIES IMPACTED



BAYHEAD REPRESENTS THE BULK OF FLOODING FINANCIAL IMPACT TO THE CITY



MAJORITY OF FINANCIAL RISK TO CITY IS IN BUSINESS & COMMERCIAL AND INDUSTRIAL PROPERTY RATES



MOTOR VEHICLE VALUE CHAIN BUSINESSES IMPACTED

INDUSTRY	SUBURB	SIC CLASS DESCRIPTION
Manufacturing	Clairwood	Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi- trailers
Manufacturing	Bluff	Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi- trailers
Manufacturing	Glen Anil	Manufacture of motor vehicles
Manufacturing	Reservoir Hills	Manufacture of motor vehicles
Manufacturing	Prospecton	Manufacture of motor vehicles
Manufacturing	Prospecton	Manufacture of motor vehicles
Manufacturing	Springfield Park	Manufacture of parts and accessories for motor vehicles
Manufacturing	Springfield Park	Manufacture of parts and accessories for motor vehicles
Manufacturing	Waterways	Manufacture of parts and accessories for motor vehicles
Manufacturing	Rosburgh	Manufacture of parts and accessories for motor vehicles
Manufacturing	Sea Cow Lake	Manufacture of parts and accessories for motor vehicles
Manufacturing	Prospecton	Manufacture of parts and accessories for motor vehicles
Manufacturing	Umgeni	Manufacture of parts and accessories for motor vehicles
Manufacturing	Trurolands	Manufacture of parts and accessories for motor vehicles
Manufacturing	Isipingo	Manufacture of parts and accessories for motor vehicles
Manufacturing	Amanzimtoti	Manufacture of parts and accessories for motor vehicles
Manufacturing	Springfield	Manufacture of parts and accessories for motor vehicles
Manufacturing	Springfield Park	Manufacture of parts and accessories for motor vehicles

SIZE OF PROPERTY IMPACTED: TOP OWNERS

USE CODE DESCRIPTION	SUBURB	MKTVAL	EXTENT (m2)
Industrial	UMBOGINTWINI	R403 400 000	2 084 930
Industrial	BAYHEAD	R600 000 000	329 304
Mixed Use: > 2/3 Commercial	BAYHEAD	R0	300 906
Retail/Offices/Entertainment/ Restaurant	UMLAZI-V	R280 000 000	163 254
Retail/Offices/Entertainment/ Restaurant	SPRINGFIELD FLATS	R537 730 000	145 661
Industrial	ISIPINGO BEACH	R83 490 000	127 277
Industrial	PROSPECTON INDUSTRIAL	R182 890 000	106 458
Industrial	DURBAN AIRPORT	R174 890 000	97 189
Retail/Offices/Entertainment/ Restaurant	PETER ROAD	R86 080 000	71 297
Industrial	CANELANDS	R79 600 000	65 384
Petrol Filling Station	AVOCA HILLS	R10 000 000	61 610
Industrial	CANELANDS	R53 450 000	58 395
Industrial	SPRINGFIELD FLATS	R19 780 000	45 236
Retail/Offices/Entertainment/ Restaurant	DURBAN AIRPORT	R11 890 000	40 139
Industrial	PROSPECTON INDUSTRIAL	R58 000 000	35 225
Industrial	PROSPECTON INDUSTRIAL	R52 400 000	34 119
Public Buildings	ROSSBURGH	R0	33 592
Industrial	CANELANDS	R16 540 000	32 875
Industrial	PROSPECTON INDUSTRIAL	R62 000 000	32 748

LOCATION: PROSPECTON TOP OWNERS

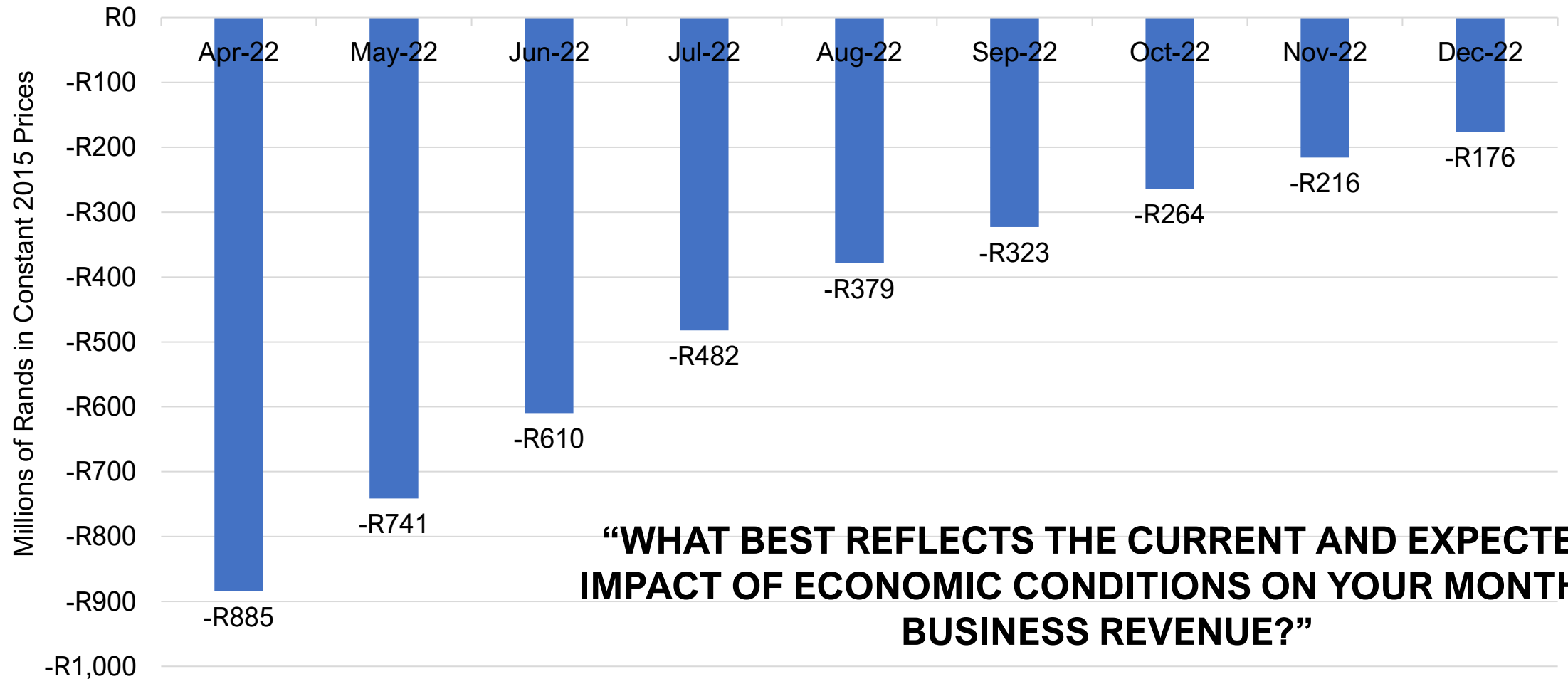
USE CODE DESCRIPTION	SUBURB	MKTVAL
Industrial	PROSPECTON INDUSTRIAL	R182 890 000
Industrial	PROSPECTON INDUSTRIAL	R62 000 000
Industrial	PROSPECTON INDUSTRIAL	R58 000 000
Industrial	PROSPECTON INDUSTRIAL	R52 400 000
Industrial	PROSPECTON INDUSTRIAL	R45 000 000
Recreation	PROSPECTON INDUSTRIAL	R44 520 000
Industrial	PROSPECTON INDUSTRIAL	R33 970 000
Industrial	PROSPECTON INDUSTRIAL	R30 600 000
Industrial	PROSPECTON INDUSTRIAL	R24 700 000
Retail/Offices/Entertainment/ Restaurant	PROSPECTON INDUSTRIAL	R24 000 000
Industrial	PROSPECTON INDUSTRIAL	R23 200 000
Industrial	PROSPECTON INDUSTRIAL	R19 660 000
Industrial	PROSPECTON INDUSTRIAL	R15 350 000
Industrial	PROSPECTON INDUSTRIAL	R15 190 000
Industrial	PROSPECTON INDUSTRIAL	R14 440 000
Industrial	PROSPECTON INDUSTRIAL	R14 000 000
Industrial	PROSPECTON INDUSTRIAL	R12 830 000
Industrial	PROSPECTON INDUSTRIAL	R11 370 000
Industrial	PROSPECTON INDUSTRIAL	R10 900 000
Retail/Offices/Entertainment/ Restaurant	PROSPECTON INDUSTRIAL	R10 770 000

BAYHEAD KEY PROPERTIES

Use Code Description	SUBURB	MKTVAL
Industrial	BAYHEAD	R600 000 000
Water Treatment Works	BAYHEAD	R250 000
Roads	BAYHEAD	R1 000
Vacant Land	BAYHEAD	R0
Mixed Use: > 2/3 Commercial	BAYHEAD	R0
Railway Stations	BAYHEAD	R0
Roads	BAYHEAD	R0
Vacant Land	BAYHEAD	R0

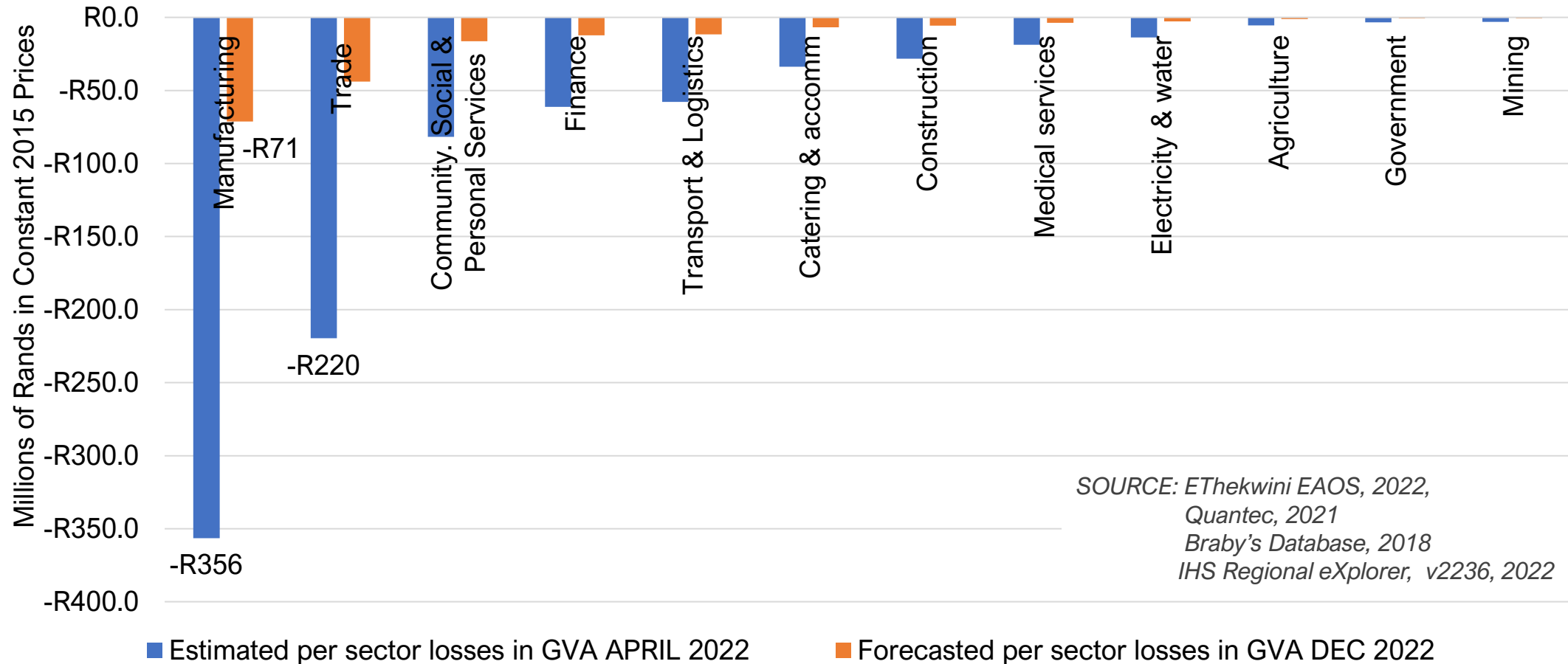
FORECASTED LOSSES IN DURBAN'S GVA DUE TO FLOODING

(LOST PRODUCTION AND SALES – EXCLUDES DAMAGE SUSTAINED)



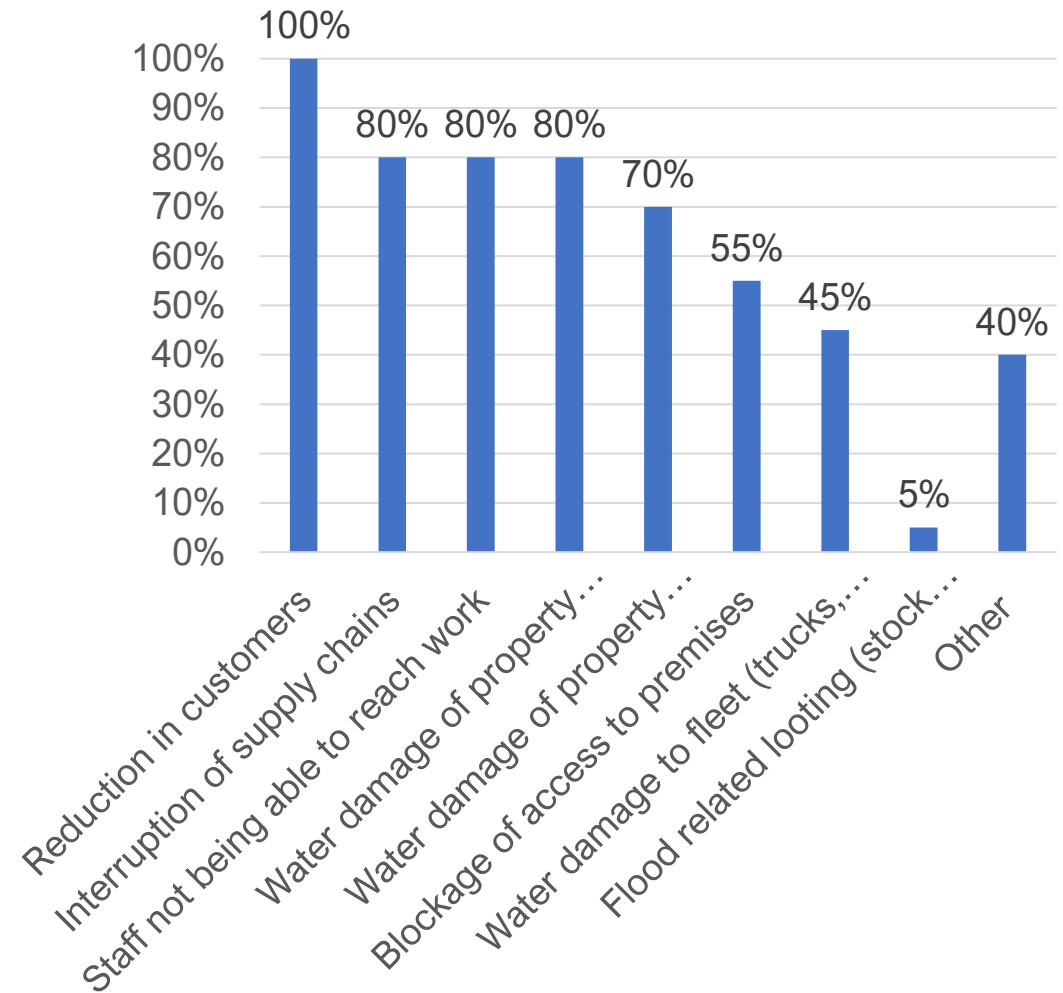
SOURCE: EThekweni EAOS, 2022,
Quantec, 2021
HIS Regional eXplorer, v2236, 2022

SECTORAL MONTHLY LOSSES IN DURBAN'S GVA DUE TO FLOODING



The City's flood plain and impacted businesses is dominated by the manufacturing and trade sectors. This is significant because manufacturing is the largest contributor to City revenue, while trade is the City's largest employer.

- Based on responses received in the City's survey, the losses in GVA/ production amount to **R5 billion between April and December**.
- **This does not include the damage to property or cost of rebuilding, only the lost production**
- Damage to stock and property is thought to be in the order of R20bn for business alone
- Municipal infrastructure damage approximately R5-6bn
- SOEs, Province and National government in the order of R12-15bn
- **1,6% loss in GDP**. This means that the floods wiped out more than a year's worth of GDP growth in a stable economy.

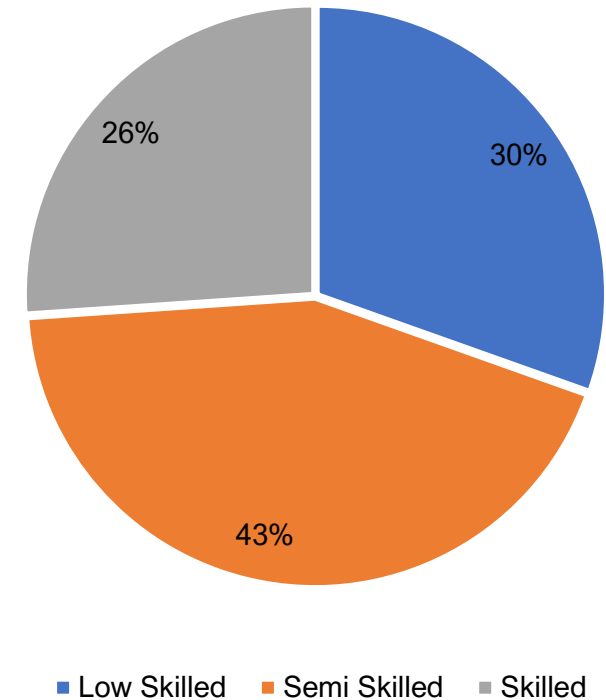


SOURCE: EThekweni EAOS, 2022,
 Quantec, 2021
 HIS Regional eXplorer, v2236, 2022

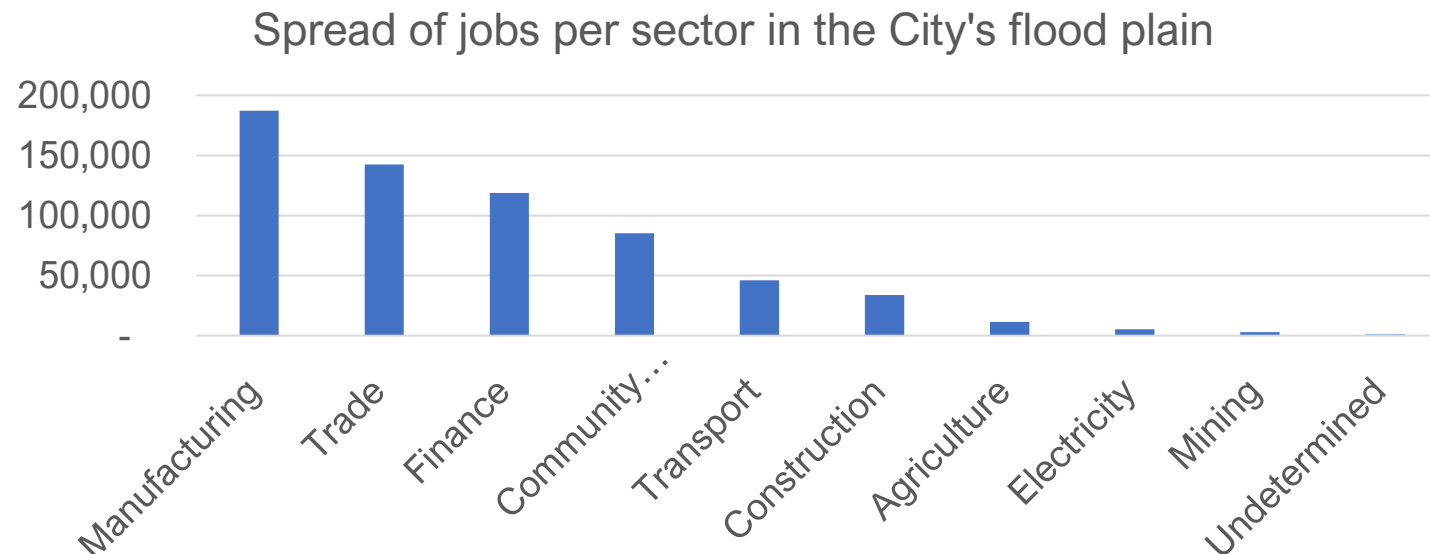
IMPACT ON JOBS

- There are **635,259** formal full time equivalent jobs at risk
- **7,900 jobs are estimated to have been lost due to the flooding**
- According to respondents, the majority of these **jobs lost are in the low skilled/ semi-skilled category**. The flooding has therefore increased the vulnerability of the City's labour market, having had a disproportionately lower impact on skilled people.

SKILL CATEGORY OF MAJORITY JOB LOSSES



SOURCE: EThekweni EAOS, 2022,
National Treasury/ SARS Tax data, 2021
StatsSA QLFS 2021



BUSINESS SUPPORT MEASURES

SEDA

- Received 200 applications from eThekweni businesses to the value of R90 million. The maximum grant that can be offered to a company is capped at R2 million. The maximum scheme amount offered is R 50 million.
- The applications will be processed, consolidated, and only then will businesses be shortlisted. The verification and assessment of qualifying businesses will be done during the course of next week.
- The informal scheme has not yet been launched.

DTIC STILL FINALISING FUNDING PACKAGE

Trade and Investment KZN

- Applications will open on the 27th of May and close on the 24th June.
- Application forms will be posted on the website, EDTEA districts offices, and should be returned to business.support@TIKZN.co.za
- Distribution channel for this relief package will be distributed on newspapers, isolezwe, mercury, SABC radio, media statements, social media posters, chamber of commerce.
- Capped at R1,5 million per applicant
- **Items covered scheme include:** Replacement of movable assets/equipment, Refurbishment of offices/infrastructure, Replacement of stock
- **Category A** - Informal businesses to value of R20 000
- **Category B** - Up to value of R100 000
- **Category C** - Up to value of R500 000
- **Category D** -Up to value of R1,5 million

BUSINESS SUPPORT MEASURES

- The **Industrial Development Corporation** has committed R500 million to help the nation to recover and rebuild all affected infrastructure.
- Loan Funding (*R400m for insured, uninsured and underinsured businesses*)
 - Insurance Bridging Finance, Working Capital, Damaged Plant & Equipment (including infrastructure)
 - Designed for • Damage to plant and equipment • Inventory damages and losses • Damages incurred by farmers from losses of inputs, inventory and damage to equipment • Infrastructure rebuilds
- Grant Funding (*R100m for uninsured and underinsured businesses*)
 - Insurance Bridging Finance, Working Capital, Damaged Plant & Equipment (including infrastructure)
 - Partnership Programmes Focused on Flood Damages to Informal & Township Economy
 - Designed for • Damage to plant and equipment • Inventory damages and losses • Damages incurred by farmers from losses of inputs, inventory and damage to equipment • To assist township traders and informal business who suffered damages and losses to inventory and movable assets • Infrastructure rebuilds

APPLY HERE: <https://protected.idc.co.za/FloodRelief#registerPart>

BUSINESS SUPPORT MEASURES

- **EThekweni municipality** - In order to facilitate the rebuilding of the economy, the submission of a building plan is not required for rebuilding of flood damaged buildings, provided that the rebuild remains unchanged and in accordance with the previously approved building plan. The Building Inspector must be contacted for clarity if required.
- **National Housing Finance Corporation SOC Ltd** would contribute R152 million while the Department of Water and Sanitation has reprioritised R45 million to provide 80 freshwater tankers.
- **Human Settlements** minister Mmamoloko Kubayi has also promised about R143m for disaster relief and temporary shelter to those whose homes were destroyed.

ACTION REQUIRED

- ***ACTION REQUIRED AROUND FLOOD MITIGATION IN PROSPECTON AND BAYHEAD***
- ***LARGE-SCALE CAPITAL INVESTMENT PLAN REQUIRED – (INFRASTRUCTURE CLUSTER TO QUANTIFY)***
- ***INVESTMENT RETENTION FOCUSED ON PROSPECTON, BAYHEAD, JACOBS, SPRINGFIELD PARK***
- ***INFRASTRUCTURE FAILURE HAS BEEN WIDESPREAD AND REQUIRES URGENT ATTENTION***
- ***URGENT ACTION REQUIRED TO ENSURE BUSINESSES IN THESE AREAS ARE COVERED BY INSURERS – THE MAJORITY WERE NOT COVERED FOR THE APRIL/MAY EVENTS***
- ***PLEASE CONTINUE TO FILL OUT SURVEY***

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PLEASE SIGN UP WITH A COMMENT IN THE CHAT BOX



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