

The COVID-19 Epidemic and Durban Business

Issues, perceptions and effects of the epidemic

In response to the effects of national and city level COVID-19 mitigation measures on Durban's economy, a survey was circulated to the Durban EDGE database. Its purpose was to gauge the needs of the Durban business community, in order to inform decisions made to stimulate the economy during and after the lockdown. The survey was open for responses from the 31st March 2020 to the 14th April 2020. The survey garnered responses from 99 businesses.

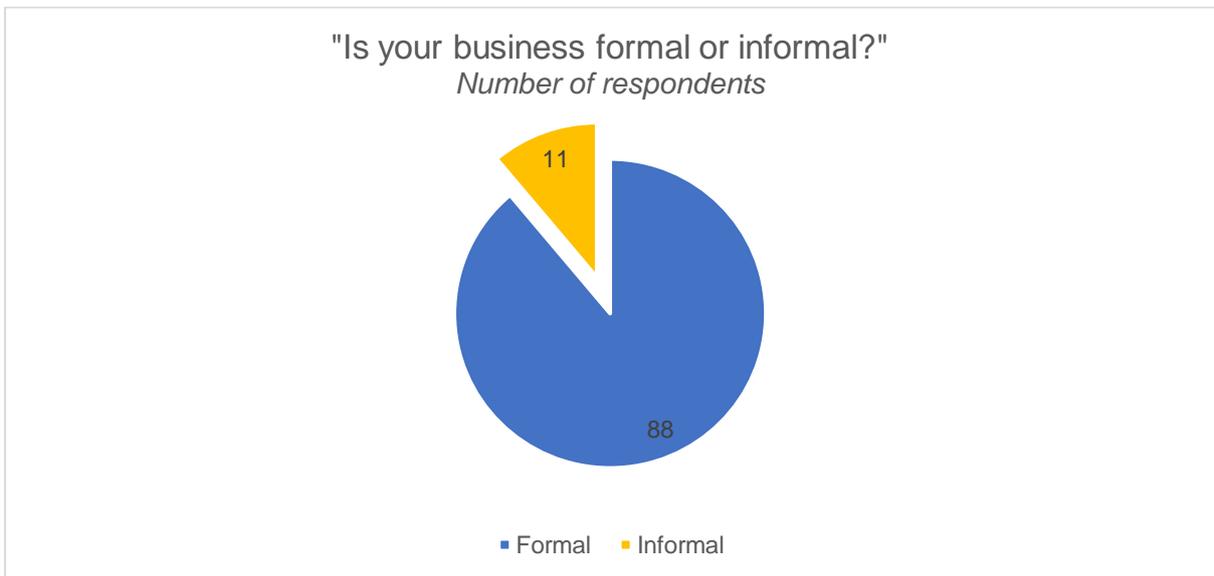
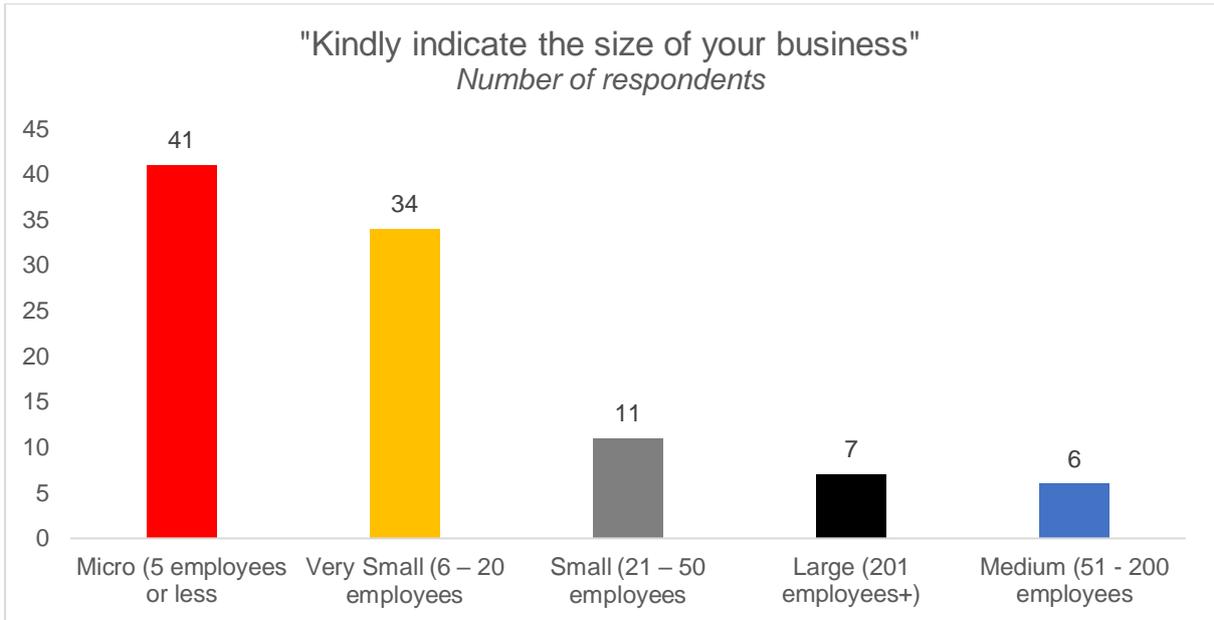
The key issues raised were;

- the need for **business continuity** by the City (particularly the **rates**, and **building plan approval** functions);
- the need for **one source of reliable information**;
- the sentiment that smaller businesses such as **informal and non-tax compliant businesses have been overlooked by most interventions**; and
- the need for a facilitator to **assist with accessing national and private sector funds** and expedite their assistance where possible.

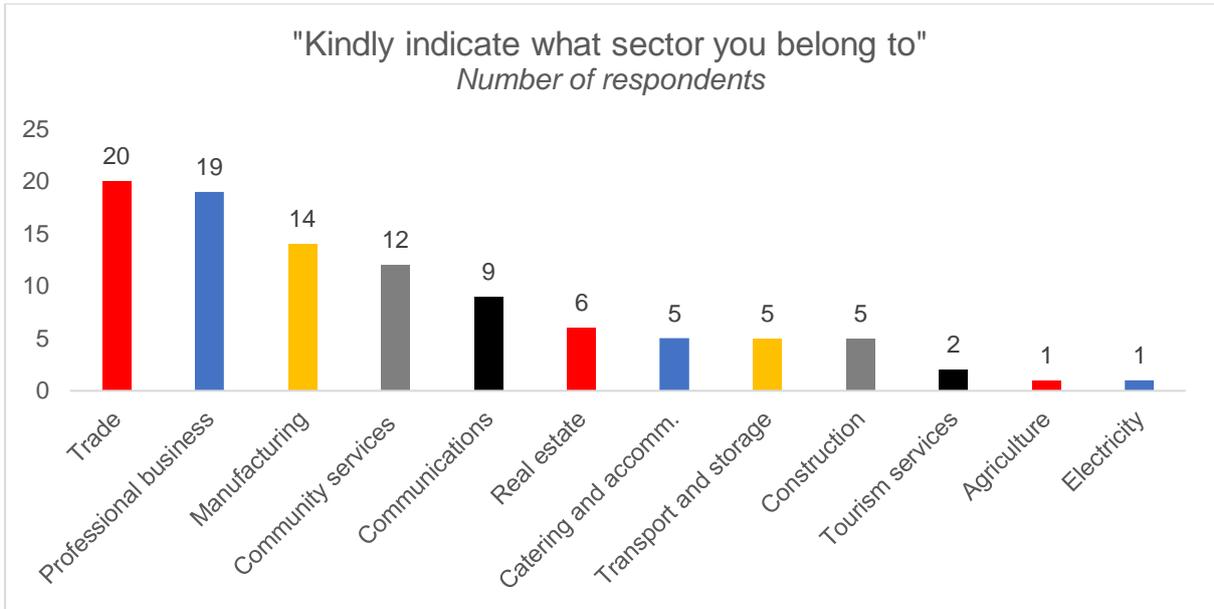
The following is a summary of the results.

Profile of respondents

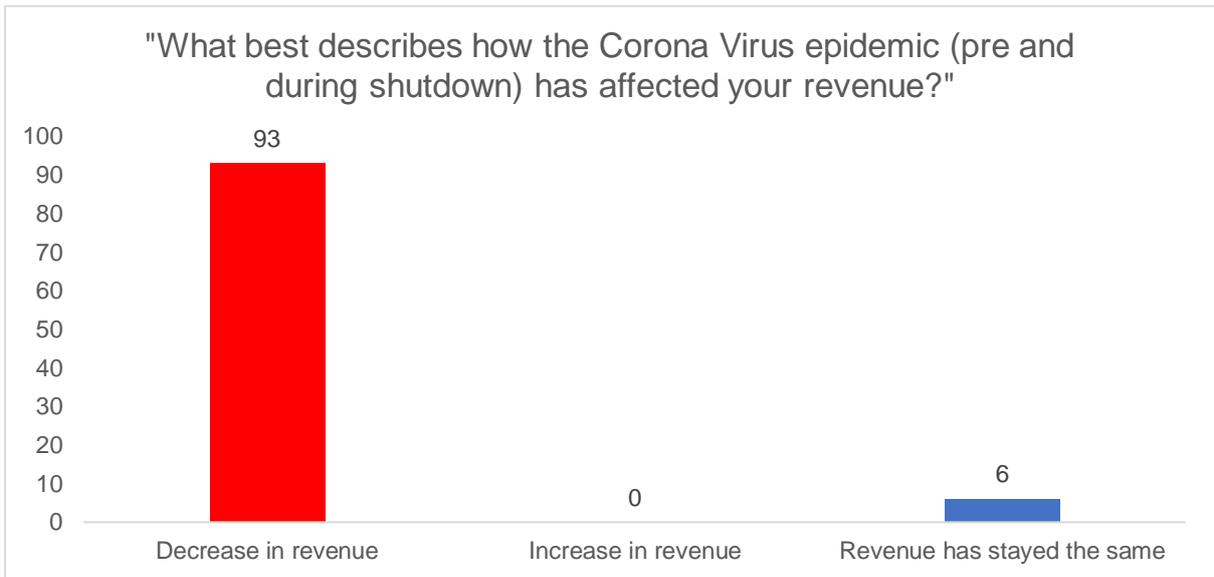
Most respondents were very small and micro businesses (76%) while only 7% were large. Almost 90% (88.9%) of respondents were formal businesses.



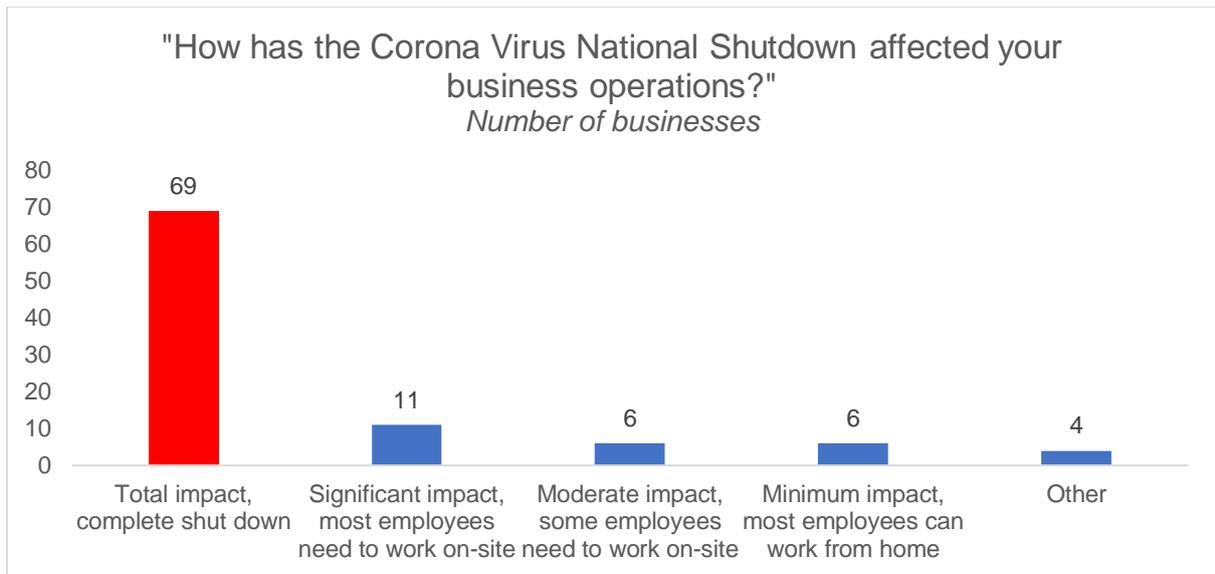
Most respondents were from trade businesses and professional business services, including clothing retailers, and events firms. Most large firms were manufacturers, estate agents and communications firms.



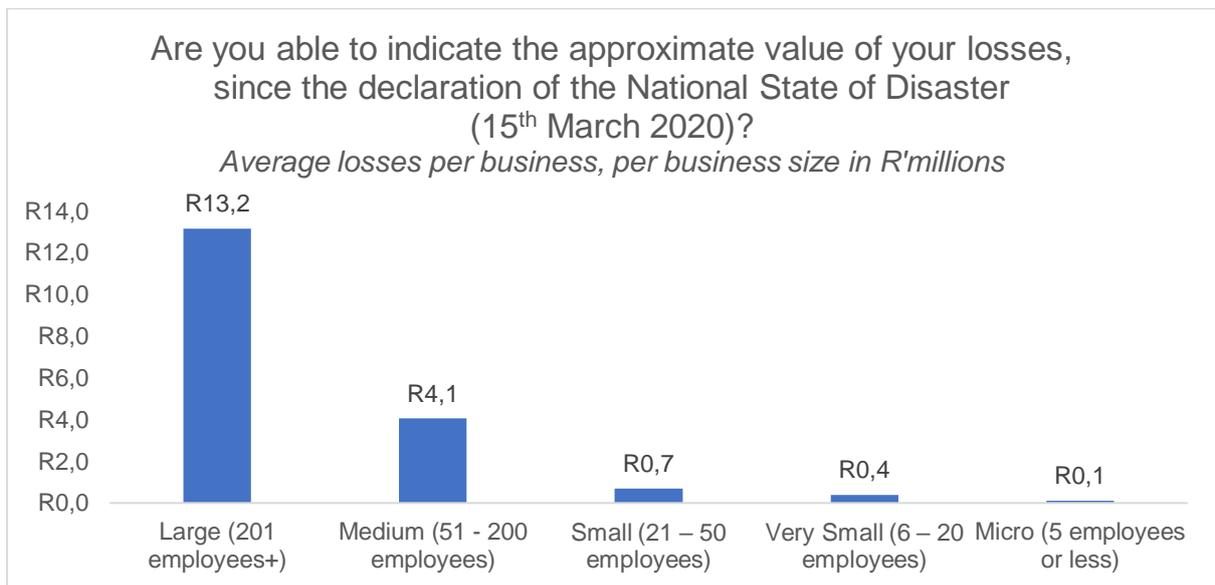
Almost all business indicated a loss in revenue as a result of the pandemic, including medical services firms. Firms which did not see a change in revenue were mainly comprised of research firms who could largely work from home, and had long standing contracts.



72% of firms have had to shut down completely, for the duration of the National Lockdown, as they are reliant on on-site work.



The rand value of losses is proportional to the size of the firm; with the average large firm (more than 200 employees) having lost R13,2 million rand in revenue, and the average micro sized firm (including informal sector businesses) having lost an average of R113,000 in revenue over the past month.



Interventions raised by business

The following top interventions were provided by businesses in response to the question ***“Please briefly describe realistic interventions which may assist your business to***

recover from the COVID 19 epidemic?" Interventions raised by businesses were wide ranging, but those listed below were the most commonly raised, and add collectively add up to 75% of responses.

Cross cutting gaps

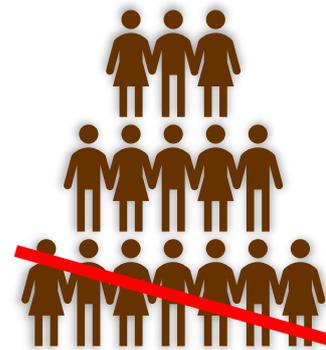


A need for consolidated information

Three cross cutting gaps were raised across most interventions. The first is that while many funds and initiatives have been made available by both the public and private sector, there is **lack of consolidated information on how to access the funds.**

The most vulnerable do not qualify

The second is that while many funds are available, they are **largely not designed for informal, non-VAT compliant, and non-South African owned businesses.** In the case of Durban, informal labour, including self-employed and those informally employed form almost a quarter (23,8% or 283 000 people) of all employed people in the City, and would therefore not qualify for most interventions.



Food parcels needed

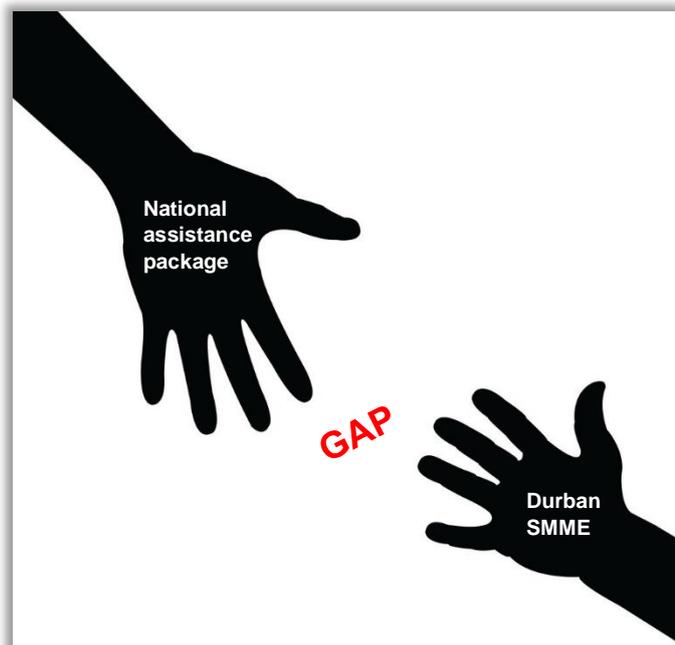
Finally, the cross between social and economic needs is exacerbated by the pandemic. There is a **need for food parcels**, mainly for the informal sector which largely does not have sufficient safety mechanisms such as savings and (legal) credit. One (street trader) respondent lamented needing both assistance to start afresh and buy stock, as well as food parcels. The same respondent noted *"...because of this lockdown I used all the money for stock...the little that I was trying to save is also used because I don't have a job. I only depend on selling clothes on the street."* Solutions should therefore not only be focussed on business, but on the socio-economic health of (especially informal) business owners. There are approximately 43 000 permit holding street traders and informal businesses in Durban. The number of informal

businesses is greater, as not all businesses are permit holding. This indicates the scale of the socio-economic need.

Top 5 interventions requested

Facilitation role missing

One in four businesses (25%) stated that they required **assistance with accessing national government, and private sector funds.** Some indicated that they had already applied and needed their applications expedited, or that they had tried to apply but didn't qualify. Reasons included being informal, or non-VAT compliant, not holding existing debt with the institution offering debt relief, being 'non-black', or not being South African. Amongst those that cited not qualifying as an issue, the most

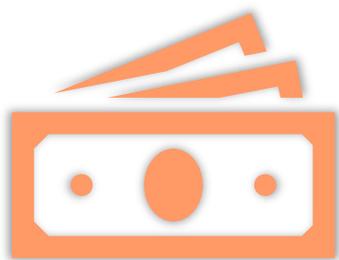


frequently mentioned fund was the UIF TERS (Temporary Employment Relief Fund). Some respondents said that their employees were informal or employed on a 'needs basis' (temporary or seasonal employment). One business noted that tax compliance penalises small businesses, as "...both UIF call centres and SARS offices are closed so it will take a long time to sort out compliance", meaning that even if they wanted to comply, they may not be able to do so on time.

Others referred to national government initiatives assisting businesses to produce goods in demand during the pandemic (e.g. Business Growth Fund); but said that they **needed assistance accessing markets to buy the goods.** One respondent lamented "...I could supply masks and uniforms to hospitals and other people but I'm only getting hoax emails and it's scary". Another respondent requested that big businesses who supply such goods should be required to liaise with small business.

Required response: Facilitation of access to national government funds.

Cash injection needed



Over a fifth (22%) of them said that they **urgently required a cash injection** for increased debts for overhead costs, and for debtor accounts. Some businesses indicated being aware of national government and private sector initiatives which would provide the cash injection, but also indicated that they did not qualify; again due to being non-VAT compliant firms, non-South African business owners, or non-bank clients. Nonetheless, urgent cash injection was the second most commonly requested intervention.

Required response: Provision of cash injection.

EThekweni Municipality Business continuity



The third most popular issue raised (14%) was the need for **business continuity**; mainly by the Municipality. Businesses noted that as far as possible, those departments which most directly facilitate economic activity should work remotely or digitally; even if done on a skeleton staff. The business unit most frequently mentioned is the Rates Department (by estate agents), which would “allow for a flow of business transactions” despite the lockdown. Estate agents also requested that functions of the Deeds Office in Pietermaritzburg continue to operate, although this is not in the direct control of the Municipality. Respondents in the construction industry raised the need for the Municipality to expedite plan approvals on housing, and infrastructure projects, during the lockdown if possible.



Required response: Business continuity and where possible, digitisation of key economy enabling municipal functions.

Some businesses felt that **after the lockdown**, the Municipality requires a new approach to procurement, where processes are made faster, more digitised, and public, without officials

“extorting bribes”, and with a wider range of service providers being used. Some construction businesses highlighted a need to fast track the execution of housing infrastructure projects. One respondent highlighted the need for the City to be intentional about procuring locally manufactured products; as opposed to contracting from local companies who import the bulk of their products.

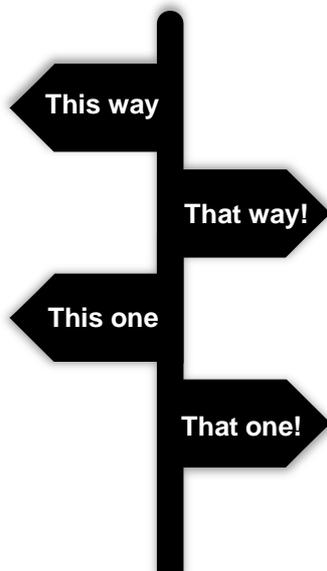
Rates and rent relief



Some businesses (8%) indicated that a **rent and rates holiday from the Municipality** would be necessary for their businesses to survive. One respondent noted that the rates holiday should be translated into a discount in rent required by landlords. One business also requested a plan to get landlords to accept part rental at least for March and April until they “get back onto their feet”.

Required response: Rates and rent holiday, and advocating on behalf of tenants.

Consolidated information needed



Finally, some businesses (7%) indicated that they **needed more information** on initiatives available, some noting that they are aware of business opportunities made available by the pandemic but they **don’t know where to find the information**. Some businesses listed a need for tax breaks, help with salary payments, soft loans, and other aspects of business; all of which is already available. These respondents most frequently cited the need for assistance with paying salaries; with no reference made to the UIF TERS fund. This indicates that they were not aware of the fund at the time of responding, and highlights the need for a coordinated effort to disseminate consolidated

information.

There also appears to be a concern around accessing information timeously, with one respondent pointing out that “...the Sukuma relief fund was great however when we tried to register they said they had stopped taking applications”.

Required response: Provision of regular information on initiatives available in private sector, public sector and all tiers of government.

A small number of respondents (3%) indicated that there was nothing more that could be done as their businesses had already closed down. Other issues less frequently raised include a need for assistance with transportation of essential workers, assistance with digitisation of businesses to ensure resilience during shocks and termination of ‘harassment’ by metro police.

Response by the City



The report has since been distributed to the City’s Economic Development Cluster leadership; who have noted the experiences of businesses and are liaising with relevant departments through the COVID-19 Command Team. In addition, development of an economic opportunities tool on the Durban EDGE portal is underway. This is a partnership between the Durban EDGE, The Durban Chamber, and Open Cities Lab, and is designed to consolidate all funds by national, provincial and private sector, and make it easier to locate the relevant intervention for your business.