



Steve Tshwete  
Local Municipality

## **Local Economic Development**

### Relief Measures & Recovery Plan

Post Covid-19



## **1. PURPOSE**

To outline Steve Tshwete Local Municipality measures which will be utilized to support qualifying businesses and households that have been directly affected by the COVID-19 Pandemic.

## **2. BACKGROUND**

The COVID 19 pandemic is unprecedented and was unforeseen. This pandemic and necessary response by our government have disrupted businesses and people's lives, with a negative impact on the economic wellbeing of the country. The South African Government declared the national state of a disaster which later was topped-up with an introduction of a national lockdown, which restricted movement of people, goods, and services. The declaration of the state of national disaster meant that the South African government has a responsibility to provide resources, guidance, and directions on how other spheres should facilitate compliance on their level of government.

The South African government has provided the following support to businesses since the lockdown, i.e deferral of tax, wage or salary subsidies, and working capital supports loans or grants, credit guarantee schemes, and relaxation of competition laws. The South African Reserve Bank has supported government efforts by using its monetary policy lever through the reduction of repo rate.

The government has also provided households with social relief packages targeting the elderly, physically challenged, children, unemployed, and poor.

Steve Tshwete Local Municipality acknowledges the fact that the current disaster is a national disaster which requires a progressive, pragmatic, and cooperative approach not only by national government but by local government as well.

It is against this that the municipality has adopted a risk-based approach in considering relief and support initiatives without compromising its liquidity, ability to provide basic services whilst preserving most of the existing companies and jobs.

## **3. LEGISLATION AND POLICY CONSIDERATION**

Steve Tshwete Local Municipality derives its mandate to promote economic and social development from section 152(1)(c) and 153(a) of the Constitution of South Africa. The proposed plan is furthering this constitutional mandate whilst acknowledging the importance of cooperative governance with other spheres of Government.

National Treasury issued an Annexure to MFMA Circular No 99 which cautioned municipality's on how they should respond to the pressure put on them to provide grant relief to consumers, such as rates holidays or rebates. It further provides recommendations, which the municipality needs to consider in this regard as follows:

- i) Where municipalities consider initiatives to reduce the impact of COVID-19 on businesses and economic households such as rebates, payment holidays, relaxation of credit control measures municipalities –
  - a. Must ensure that their liquidity and overall financial sustainability is not compromised.

b. In granting rebates to their consumers, should consider all the relevant legislation, regulations such as Municipal Property Rates Act, MFMA dealing with revenue management within the disaster management principles.

c. Must ensure that the relaxation of levying interest for overdue payments for municipal services should be in line with Council policies, bylaws and other applicable bylaws. “

The above extract therefore empowers municipalities to consider the granting of any relief, provided that its overall financial sustainability is not compromised, and subject to compliance with all prevailing Council policies, regulations, and legislation.

Steve Tshwete Local Municipality's economic relief and support package is designed, taking into account the context of the area, its economy, and people. The Municipality will further ensure that the approach that will be undertaken will be measured and balanced, in offering any business relief or support.

#### **4. PRINCIPLES**

The plan will be anchored around the following principles, which will mitigate the negative impact of COVID 19:

- 4.1. Promoting business and job retention and creation;
- 4.2. Provision of timely, targeted, measured and temporary support;
- 4.3. Monitoring and protecting municipal rates base in the end;
- 4.4. Advancing radical socio-economic transformation;
- 4.5. Complementing national COVID-19 Business support initiatives;
- 4.6. Supporting township and informal economy.
- 4.7. Enabling the business transition to a new normal.

#### **5. ELIGIBILITY**

The businesses that will be eligible for support will have to meet all of the following criteria:

- 5.1 Businesses that have suffered financially through the loss of trade effects caused by COVID 19 Pandemic,
- 5.2 The municipal accounts of the business and owners should not be in arrears for a period of more than 60 days as of the 1<sup>st</sup> of July 2020.
- 5.3 Business premises must be compliant with municipal bylaw and/or applicable law.
- 5.4 The Business should be without any pending by-law transgression notices.
- 5.5 Business should be compliant with all COVID-19 health and hygiene protocols
- 5.6. The business should be without any legal judgments or disputes concerning rates, town planning, or building control issues.
- 5.7. Must not have any record of illegal electrical connections or interfering with electrical meters or supplies.

5.8. The business is currently not benefiting from any rate rebates.

5.9. Must have up to date trading permits or business licenses.

## **6. TYPE OF BUSINESS SUPPORT OFFERED BY STEVE TSHWETE LOCAL MUNICIPALITY**

### **6.1. NON-FINANCIAL SUPPORT**

The Municipality will offer a number of non-financial support to businesses as a group or sector or on an individual basis (Informal or formal). This will be linked directly to improving business operations during the continuation of the lockdown.

### **6.2. BUSINESS FINANCIAL RELIEF SUPPORT**

This category of incentives is a combination of various instruments that the municipality will use to support affected businesses. These incentives are amongst others, the granting of certain fees exemptions, deferral of payments for certain months, adjusting of certain fees, providing grants wherever feasible and applicable for purchasing of tools for trading.

## **7. CROSS-SECTORAL BUSINESS SUPPORT MEASURES**

The Steve Tshwete Local Municipality will consider providing the following support to all businesses operating in the MP313 area as of 01 July 2020.

- I. The municipality will consider case-by-case deferral of rates payable to the municipality. The applicant shall provide evidence that they are incapable of making payments due to the impact of COVID 19 Lockdown.
- II. Property owners shall provide proof that they have offered rental deferment to their tenants for a similar period they are requesting deferment.
- III. The municipality will work with both private and public institutions in providing various financial and non-financial support to all businesses who will be reopening their businesses on different phases of lockdown lifting.
- IV. The Municipality through the Local Economic Development Unit will establish funding of R5 million to support local SMMEs with tools of trade.
- V. The municipality will accelerate business-to-business linkages to ensure that businesses share ideas, resources, markets, and transit to technology-based economies.
- VI. The Local Economic Development Unit will offer support to all SMMEs including those in the informal sector with compliance issues for eligibility.
- VII. The Local Economic Development Unit will assist all eligible SMMEs and Cooperatives to access available COVID-19 national relief support programs.
- VIII. The Local Economic Development Unit will work closely with businesses and relevant stakeholders to support and connect innovative initiatives aimed at sustainable job creation.
- IX. Consider an MoU with the steel incubation program to increase the number of SMMEs under incubation; as part of the broader manufacturing sector strategy.

- X. Through the partnership with GIZ launch a One-stop Service Centre aimed at assisting local SMMEs with enterprise development programs including market linkages and business support services such as Advisory and Access to finance.

## 8. ISSUING OF PERMITS

Issuing of permits will be handled by Community Services Licensing Department. Businesses in need of permits should visit Municipal Offices (Licensing) to be assisted.

## 9. PAYMENTS OF SERVICE PROVIDERS/CONTRACTORS

9.1 The municipality will continue to pay service providers /contractors within the prescribed period, with SMMEs and Cooperatives being paid within 30 days of submitting their invoices.

9.2. The municipality will also encourage the private and mining sector to pay on-time their service providers.

## 10. PROCUREMENT OF GOODS AND SERVICES

10.1. The municipality will strive to ensure that most of the goods and services sourced are from businesses based within the municipal area with bias to SMMEs and Cooperatives.

10.2. The municipality will encourage the private sector to source good and services from businesses based within the municipal area with bias to SMMEs and Cooperatives.

## 11. APPLICATION PROCEDURE

11.1 For rates and Property Taxes; requests may be forwarded in writing to:

**Mr David Mogofe**

Executive Director: Financial Services

Cnr Wanderers Avenue and Walter Sisulu Street

Middelburg, 1050

11.2 For all other business support enquiries:

**Local Economic Development Unit**

Mr Michael Nkosi or Mlungisi Sindane

Tel: 013 249 7153/7856

Email: [Michaeln@stlm.gov.za](mailto:Michaeln@stlm.gov.za) or [Mlungisis@stlm.gov.za](mailto:Mlungisis@stlm.gov.za)

## **14. OVERSIGHT AND ACCOUNTABILITY**

14.1. The Accounting officer of the Municipality will play the oversight role on these incentives.

14.2. The Accounting officer may further sub-delegate oversight to EXCO and relevant departmental heads.

## **15. REVIEW**

Steve Tshwete Local Municipality reserves its right to review this recovery plan at any appropriate period.

## **16. VALIDITY PERIOD**

The economic recovery plan is valid from the date of approval until End of year 2020.

