

DRAFT POST COVID-19 SOCIO-ECONOMIC RELIEF MEASURES AND RECOVERY PLAN



DIPALISENG LOCAL MUNICIPALITY [MP306] AUGUST 2021

PLANNING AND ECONOMIC DEVELOPMENT SERVICES

Dipaliseng Local Municipality

Corner

Balfour

2410

Mr Lwazi Cindi

Director: Planning and Economic Development

e-mail: cindil@dipaliseng.com / mafulela@gmail.com

Date Approved:	
Effective Date:	

--	--

Contents

1. PURPOSE	4
2. BACKGROUND	4
3. LEGISLATION AND POLICY CONSIDERATION	4
4. PRINCIPLES.....	5
5. ELEGIBILITY.....	5
6. TYPE OF BUSINESS SUPPORT OFFERED BY DIPALISENG LOCAL MUNICIPALITY	6
6.1. NON-FINANCIAL SUPPORT	6
6.2. BUSINESS FINANCIAL RELIEF SUPPORT	6
7. INDUSTRY SUPPORT SCHEMES.....	6
7.1. GUEST HOUSES, BED AND BREAKFAST	6
7.2. RESTAURANTS AND PREPARED FOODOUTLETS	7
7.3. INFORMAL BUSINESS.....	7
7.4. ALL OTHER SECTORS.....	8
8. HOUSEHOLD SOCIO-ECONOMIC RELIEF PACKAGE.....	8
9. PAYMENTS OF SERVICE PROVIDERS / CONTRACTORS.....	9
10. PROCUREMENT OF GOODS AND SERVICES.....	9
11. ECONOMIC SUPPORT INFRASTRUCTURE DEVELOPMENT	9

1. PURPOSE

To outline Divaliseng Local Municipality measures which will be utilised to support qualifying businesses and households that has 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 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 a disaster meant that the South African government has a responsibility to provide resources, guidance, and directions on how other spheres should facilitate compliance on the 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 support loans or grants, credit guarantee scheme, 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 rates.

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

Divaliseng 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 backdrop 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

Divaliseng 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 the MFMA Circular 99 which cautioned municipalities on how they should respond to the pressure put on them to provide grant relief to customers, 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.

Dipaliseng 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; and
- 4.7. Enabling the business transition to a new normal.

5. ELEGIBILITY

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. Businesses that were never declared as an essential service provider/s or businesses during the initial and further extension of disaster, which ended on 30 April 2020, by National Government;
- 5.3. Businesses that were operating on or before the 29th of February 2020;
- 5.4. Businesses with three (3) or more employees registered with the Unemployment Insurance Fund (UIF);

- 5.5. Businesses with a staff complement of 90% South Africans;
- 5.6. The municipal accounts of the business and owners should not be in arrears for a period of more than 90 days as of the 26th March 2020;
- 5.7. Business premises must be compliant with Dipaliseng Municipal Land Use Management Scheme, National Building Regulations and any other municipal bylaw and/or applicable law;
- 5.8. The Business should be without any pending by-law transgression notices;
- 5.9. Business should be compliant with all COVID-19 health and hygiene protocols;
- 5.10. The business should be without any legal judgments or disputes concerning rates, town planning, or building control issues;
- 5.11. Must not have any record of illegal electrical connections or interfering with electrical meters or supplies;
- 5.12. Previously made municipal accounts payment arrangement as per the Credit Control Policy and fulfill its terms and conditions;
- 5.13. The business is currently not benefiting from any rate rebates;
- 5.14. Must have up to date trading permits or business licenses.

There will be additional sector-based criteria for business support, which is presented elsewhere in this document.

6. TYPE OF BUSINESS SUPPORT OFFERED BY DIPALISENG LOCAL MUNICIPALITY

6.1. NON-FINANCIAL SUPPORT

Dipaliseng Local Municipality will offer a number of non-financial support to businesses as a group or sector or on an individual basis. This will be linked directly to improving business processes (efficiency) or reduction of red tape, provide administrative support and technical support to businesses working with various partners to ensure sustainability.

6.2. BUSINESS FINANCIAL RELIEF SUPPORT

This category of incentives is a combination of various instruments that the municipality will use to support the COVID 19- affected businesses. These incentives are amongst others, the granting of certain fees exemptions, deferral of payments for certain months, adjusting of certain fees, providing of grants wherever feasible and applicable.

7. INDUSTRY SUPPORT SCHEMES

7.1. GUEST HOUSES, BED AND BREAKFAST

Guest House	Building with communal dining and kitchen facilities used for temporary paid accommodation, for a maximum of 16 guests or 8 double rooms, including: back-packers, bed and breakfast establishments and other similar facilities, but excluding Hotels,
-------------	---

Bed and Breakfast	<p>Conference Centers, self-catering units, chalets and boarding houses.</p> <p>A dwelling house or additional house which to occupant of the dwelling supplies lodging and meals for compensation to transient guests who have a permanent residence elsewhere; provided that:</p> <ol style="list-style-type: none"> a) The dominant use of the dwelling house concerned shall remain for the living accommodation of one family; b) And the land unit complies with the requirements contained in the Dipaliseng Land Use Scheme for a bed and breakfast establishment; c) A maximum of 4 rooms for a maximum of 8 occupants shall be permitted; d) Does not include a guest house or a guest lodge.
Additional Criteria	<ol style="list-style-type: none"> i. Legally operating as a tourism establishment; ii. Adhering to the norms and standards of the tourism industry; iii. Must be a South African citizen.
Non-Financial Relief	<ol style="list-style-type: none"> i. Provide relevant information on any relevant informal trading support offered by government linked to COVID-19

7.2. RESTAURANTS AND PREPARED FOOD OUTLETS

Restaurants	<p>Land or buildings used for the preparation and sale of food or drinks, whether or not consumed on the site, and including inter alia a Pub, Take-Away and Drive-Through Restaurant, as well as ancillary children's play area, but excludes a Canteen, Tavern, Place of Entertainment or live performances.</p>
Additional Criteria	<ol style="list-style-type: none"> i. Legally operating as a restaurant or food outlet; ii. Valid business license issued or pending application lodged prior 26th March 2021; iii. Employing 90% of South Africans and willing to increase the number to 100% during the course of the scheme.
Non-Financial Relief	<ol style="list-style-type: none"> i. Provide relevant information on any relevant tourism support offered by government linked to Covid-19; ii. Promote and market tourism destination; iii. Incorporate participating tourism establishment in our tourism website, brochure and e-marketing collateral; iv. Provide support for the business to enlist with the Government Central Database in order to qualify for government work.

7.3. INFORMAL BUSINESS

Informal Business	<p>The conducting of a business which, with the consent of the municipality after consultation with the surrounding owners, is</p>
-------------------	--

	conveyed from place to place, whether by vehicle or otherwise, in a street or at any other place accessible to the public, at any open property or in, on or from any vehicle or movable structure, subject to such requirements laid down by the municipality.
Additional Criteria	<ul style="list-style-type: none"> i. Possession of valid informal trading permit or the application for renewal that was lodged before the 26th March 2020; ii. Operate as an informal trader for the whole year and without any additional source of income from formal employment; iii. Must be a South African citizen; iv. Must provide Dipaliseng proof of residence co-signed by the relevant Ward Councillor
Non-Financial Relief	Provide relevant information on any relevant informal trading support offered by government linked to COVID-19

7.4. ALL OTHER SECTORS

The Dipaliseng Local Municipality will consider providing the following support to all businesses operating in the MP306 area upon the approval of this policy:

- a) 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;
- b) 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;
- c) The municipality will accelerate business-to-business linkages to ensure that businesses share ideas, resources, markets, and transit to technology-based economies;
- d) The LED Unit will assist all eligible SMMEs and Cooperatives to access available COVID-19 national relief support and any other additional support available to assist affected businesses;
- e) LED Unit will work closely with businesses and relevant stakeholders to support and connect innovative initiatives aimed at sustainable job creation;

8. HOUSEHOLD SOCIO-ECONOMIC RELIEF PACKAGE

The Dipaliseng Local Municipality clearly understands that the COVID-19, has also affected households in different ways. This household relief packages takes into account that most of the households income has been negatively affected by COVID-19, in particular those who have been working and self-employed. There are a number of our economy workers who have lost income and jobs, which make it impossible for them to pay their municipal accounts. The social relief package of Council offers this to households:

It must be noted that the Dipaliseng Local Municipality reserves its rights to immediately withdraw any of its above listed support, if any household/s is found that it tampered with their electricity supply.

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 14 days of submitting their invoices;
- 9.2. The municipality will also encourage the private sector to pay on-time their service providers or subcontractors.

10. PROCUREMENT OF GOODS AND SERVICES

- 10.1. The Municipality will strive to ensure that most of the goods and services are sourced from Dipaliseng based businesses with bias to SMMEs and Cooperatives;
- 10.2. The municipality will focus on ensuring that its Supply Chain Management Empowerment Goals are achieved by ensuring that 30% subcontracting of bigger projects is enforced in all contracts with a value of more than R10 million.

11. ECONOMIC SUPPORT INFRASTRUCTURE DEVELOPMENT

- 11.1. Dipaliseng Municipality will continue to implement and complete projects which were awarded before COVID-19 lockdown;
- 11.2. The municipality will also continue to facilitate and implement the infrastructure that supports our economy recovery **i.e. refer to project list**;
- 11.3. The municipality will continue to facilitate the public-private initiative related to the expansion of the Karan Beef which supports High Economic Impact Projects;
- 11.4. Facilitate alternative funding of infrastructure from the private sector, government grants and donor community;
- 11.5. Facilitate other Provincial and National Infrastructure Projects to be accelerated and continue to be implemented post-COVID-19 period (i.e. CHC, construction of a new Gert Sibande TVET College)