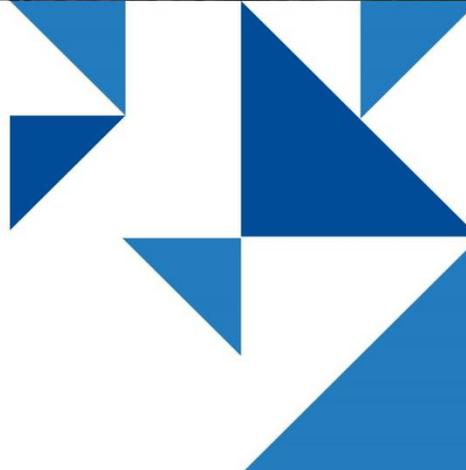




**DURBAN CHAMBER  
OF COMMERCE AND  
INDUSTRY NPC**

**COMMENT ON THE ETHEKWINI  
ANNUAL REPORT 2018/2019**



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12 March 2020

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**RE: COMMENT ON THE ETHEKWINI ANNUAL REPORT 2018/2019**

**ABOUT THE DURBAN CHAMBER OF COMMERCE AND INDUSTRY**

The Durban Chamber of Commerce and Industry (DCCI) has mushroomed, from its small beginnings in 1856 to a substantial association, respected by its sister chambers throughout the country. The Durban Chamber has been an active voice for organised business since 1856 and continues to add value to our members through our robust interactions and partnerships with both the private and public sectors.

**INTRODUCTION**

The Durban Chamber of Commerce and Industry welcomes the opportunity to comment on the eThekwini Annual Report 2018/2019. The Durban Chamber applauds eThekwini Municipality on the outstanding achievement throughout the 2018/2019 year. The relationship between the City and the Durban Chamber is indeed a significant and long-lived one. The Durban

Chamber acknowledges the annual report for the 2018/2019 year and would like to comment on the following findings:

## **SPECIFIC COMMENTS:**

### **1. Financial Performance**

The Durban Chamber applauds the City on its strong financial position as evidenced by a collection rate of 91.9%<sup>1</sup> and achieving an unqualified audit report despite the current economic climate. The Durban Chamber encourages the City to continue to deliver sound financials as this will ultimately create a better City for doing business.

### **2. Material Losses**

The issue of Non-Revenue Water has not improved despite the Durban Chamber raising the issue with the City on numerous occasions. The Durban Chamber has noted the increase in Non-Revenue Water of 32,7% in 2017/18 to 36,85% in 2018/19<sup>2</sup>. The Durban Chamber believes this high and is far from the targeted and sustained value of 25%<sup>3</sup>. This is a cause of concern as many end-users such as Business will have to bear the brunt through tariff increases. The Municipality needs to urgently embark on a massive water infrastructure upgrade and should look to creative funding models to address this matter. Businesses cannot afford to face water cuts from the City which leads to unplanned work stoppages and at times huge losses in production on top of missing production deadlines. The Durban Chamber would like to request a credible strategy document from the City that highlights the intricate details of actions that will be taken by the city to reduce to Non-Revenue Water to an acceptable figure that highlights the competency of the Water and Sanitation Department.

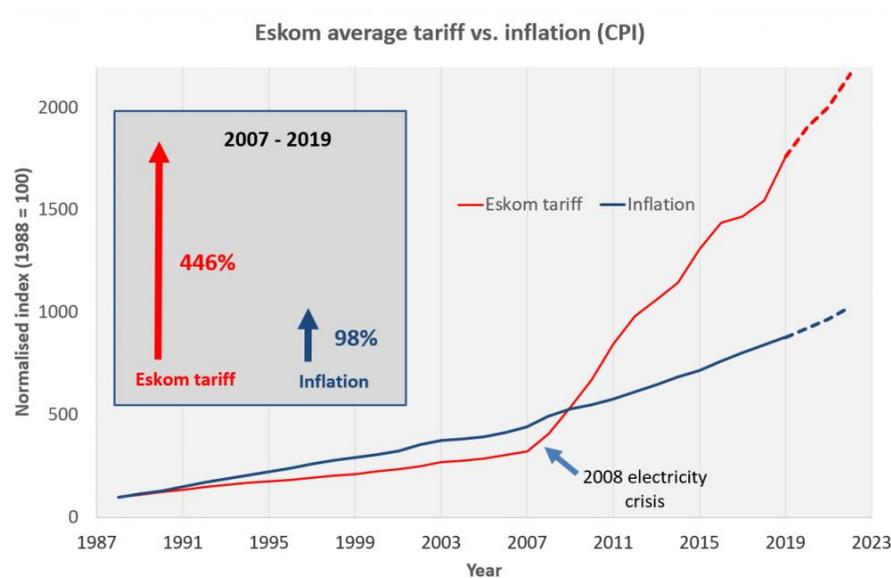
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<sup>1</sup> Ethekewini Municipality (2020), Ethekewini Municipality Annual Report 2018/2019 [online], available: [http://www.durban.gov.za/City\\_Government/Administration/city\\_manager/performance\\_management\\_unit/reports/Annua%20Reports/2018-2019%20Annual%20Report%20Draft.pdf](http://www.durban.gov.za/City_Government/Administration/city_manager/performance_management_unit/reports/Annua%20Reports/2018-2019%20Annual%20Report%20Draft.pdf) [12 March 2020]

<sup>2</sup> Ethekewini Municipality (2020), Ethekewini Municipality Annual Report 2018/2019 [online], available: [http://www.durban.gov.za/City\\_Government/Administration/city\\_manager/performance\\_management\\_unit/reports/Annua%20Reports/2018-2019%20Annual%20Report%20Draft.pdf](http://www.durban.gov.za/City_Government/Administration/city_manager/performance_management_unit/reports/Annua%20Reports/2018-2019%20Annual%20Report%20Draft.pdf) [12 March 2020]

<sup>3</sup> Ethekewini Municipality (2020), Ethekewini Municipality Annual Report 2018/2019 [online], available: [http://www.durban.gov.za/City\\_Government/Administration/city\\_manager/performance\\_management\\_unit/reports/Annua%20Reports/2018-2019%20Annual%20Report%20Draft.pdf](http://www.durban.gov.za/City_Government/Administration/city_manager/performance_management_unit/reports/Annua%20Reports/2018-2019%20Annual%20Report%20Draft.pdf) [12 March 2020]

### 3. Energy



Source: EThekweni Municipality Annual Report 2018/2019 Presentation

The Durban Chamber has noted the excessive tariff increase by Eskom. Eskom's tariff increase has outpaced inflation by 348% (446%-98%). This proves that the cost of electricity is not sustainable.

Whilst all sectors are vulnerable to tariff increases, the most vulnerable sector is the Manufacturing sector. The Durban Chamber of Commerce and Industry's membership consists of some of the country's largest manufacturers and excessive tariff increases will be detrimental to their operations and a drain on the ability of businesses to grow and to create jobs. Many of these plants run 24-hour production operations and are heavily dependent on electricity.

On the other hand, load shedding is severely impacting businesses resulting in loss of productivity, revenue losses and unplanned operational expenditure across industries and their value chains. Load shedding is also negatively impacting economic growth prospects resulting in other risks and threats to businesses such as equipment damage and project delays which can have lasting medium- and long-term implications for businesses.

We are pleased by President Ramaphosa's announcement that government will action crucial legislation that will enable the development of additional grid capacity from renewable energy and that municipalities in good financial standing will be allowed to procure their power from independent power producers<sup>4</sup>. The Durban Chamber believes that this will provide relief to businesses, especially those that are dependent on energy for their operations. The Durban Chamber anxiously awaits the City's timeline for the implementation of procurement from IPPs, including proposals on how organised business can support government to action these plans.

#### **4. C3 Corridor**

The Durban Chamber has noted the delay in terms of the launch of the project of the Go Durban Project. We cannot afford to delay this large infrastructure investment any longer. The City needs to ensure that there is meaningful consultation with all stakeholders to fast track the process. The Durban Chamber seeks clarity as to when this project will become fully operational.

#### **5. Homelessness**

The Durban Chamber welcomes the Multi-Disciplinary Task Team set-up by the City to deal with Homelessness. We believe that the matter of Homelessness needs to be a priority focus for the City. There is a growing problem of people being allowed to stand at traffic intersections and to beg from motorists in contravention of City by-laws. This also intimidates international tourists and citizens when confronted at the vehicle windows. The Durban Chamber recommends the following solutions:

1. Create Employment Opportunities
2. Tokens for Litter Initiative
3. Shelter Provision by Utilizing Abandoned Buildings

The City also needs to start committing financial resources towards addressing this problem.

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<sup>4</sup> The Presidency Republic of South Africa (2020), *State of the Nation Address by President Cyril Ramaphosa*, Parliament, Cape Town [online], available: <http://www.thepresidency.gov.za/speeches/state-nation-address-president-cyril-ramaphosa%2C-parliament%2C-cape-town-0> [12 March 2020]

The Durban Chamber remains committed to developing Durban's economy. We believe that the City needs to work closely with the private sector in order to unlock economic benefits and create value in the City. The Durban Chamber endorses the City's vision to be the "most caring and liveable city, in Africa, by 2030".

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**Your reference:**

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