

MEDIA STATEMENT: ECONOMIC CLUSTER MINISTERS

UPDATE ON RISK ADJUSTMENT MEASURES AND ECONOMIC RELIEF INTERVENTIONS ON COVID 19 - 28 APRIL 2020

INTRODUCTION

The President announced a National Lockdown on 23 March, a difficult decision - in whose absence the health, social and economic consequences would have been far worse today.

The declaration enabled our nation to have an integrated and coordinated response to deal with the spread of the Corona virus, and set into motion our disaster management mechanism focusing on preventing and reducing the outbreak of the virus.

Government has accordingly decided that beyond Thursday 30 April, we should begin a gradual and phased recovery of economic activity, which will be implemented through a deliberate and cautious approach to the easing of current lockdown restrictions associated with the current level 5 classification as explained by the President on 23 April 2020.

In undertaking the Risk Adjusted Approach, we have sequenced and phased in key sectors and priority areas with a view to deepening the fight against COVID-19 whilst rebuilding our economy.

The phased in approach will affect key economic sectors and drivers as well as promote human development and wellbeing. It had been expected that in some cases, a sector would not be able to return to full production during Level 4 or even at lower levels while the risk of infection remains.

REBUILDING OUR ECONOMIC SECTORS

If government does not coordinate the response, there is a risk of more job losses and the contracting of the economy to unprecedented levels and it is in that context that current funding or disaster response through reallocation, reprioritisation and emergency funds must also be seen.

This plan spans over six to eight months, because we believe that the curve peak will probably arrive in September 2020.

FISCAL MEASURES

Following the President's address on 21 April 2020, the National Treasury has issued second set of measures aimed at assisting individuals and businesses through the economic hardships brought by the pandemic.

These measures consist of fiscal and support instruments to help our economy overcome the severe impact on production, markets, trade and employment. The interventions include:

- Skills development levy holiday.
- Fast-tracking of value-added tax (VAT) refunds.
- Three-month deferral for filing and first payment of carbon tax liabilities.
- A deferral for the payment of excise taxes on alcoholic beverages and tobacco products.
- An increase in the expanded employment tax incentive amount:
- An increase in the proportion of tax to be deferred and in the gross income threshold for automatic tax deferrals
- Increasing the deduction available for donations to the Solidarity Fund
- Adjusting pay-as-you-earn for donations made through the employer
- Expanding access to living annuity funds
- Further support for firms will come from a R200 billion loan scheme for small and medium-sized businesses. The National Treasury is finalizing the details and should be ready by the end of this week as indicated by the Minister of Finance last week.

ON THE MINING SECTOR

The Department of Mineral Resources and Energy has issued a directive to all mining operations to ensure safe start-up procedures as the sector prepares to ramp up to 50% of capacity. The directive is issued to ensure compliance with Section 5(1) of the Mine Health and Safety Act (Act No. 29 of 1996), as amended, which requires that every employer must as far as reasonably practicable, provide and maintain a safe working environment.

These measures, in line with the latest disaster management regulations, should include:

- ♣ Rigorous screening of all employees, including contractors, prior to accessing the mine;
- ♣ Testing of employees with symptoms of Covid-19;
- ♣ Adequate social distancing;
- ♣ Provision of quarantine facilities for employees showing signs of COVID-19;
- ♣ Establishment and maintenance of a personal hygiene programme; and
- ♣ Provision of appropriate Personal Protective Equipment (PPE) including facemasks.

The direction also encourages employers to systematically phase in workers at the various mines. Start-up procedures must be developed in consultation with organized labour, which will be submitted to the department prior to ramping up operations.

TOURISM SECTOR

There is no part of the tourism industry globally that is not impacted negatively because of COVID-19. Travel bans, airline groundings, heightened restrictions to movement not only across borders, but also within our country has meant that tourism related activities are non-existent

As previously reported, and as part of government's interventions to mitigate the effects of COVID-19; the Department of Tourism opened an application portal for the COVID-19 R200 million Tourism Relief Fund. However, it is a matter of public knowledge that the Department was served with Court papers by both Afriforum and Solidarity in an attempt to set aside the scheme on grounds of its transformational characteristics as it upholds the Broad Based Black Economic Empowerment Act. In respect of the Court, whilst businesses were still able to apply, the department has kept the processing of applications on hold. The department will be guided by the outcome of the court but stands ready to support the businesses in distress. Thus far there is over 10 thousand applications

We have commenced work with global, continental and national stakeholders to develop a post covid tourism recovery strategy. Suffice at this stage to say that the industry will be focusing on three phases: survival, recovery and then prosperity.

LABOUR AND EMPLOYMENT: COVID-19 RELIEF BENEFITS TO WORKERS

Government calls on employers to apply for the Covid-19 benefits through the Temporary Employer/Employee Relief Scheme on behalf of their employees. To date, the UIF has received just over 103 thousand applications from employers representing about 1,75 million employees. In total, the UIF has over 1, 8 million employers registered on its database representing more than 8-million workers. As of today, the cumulative amount paid since April 27 is R3,3 billion.

Of the received applications, the UIF has processed 59 thousand employers applications which means that more 862 thousand employees will receive their benefit. About 10 thousand applications could not be processed due to errors and the affected companies have been notified to correct their applications and resubmit. Some of the errors identified relate to incorrect banking details, making it impossible for payments to be processed.

The UIF is working around the clock to meet the extraordinary volumes of requests for assistance presented by the Covid-19 pandemic. The UIF call centre which initially had 75 agents, has increased its capacity and now has 400 agents operating the toll-free number (0800 030 007). More call centre agents will be added should the need arise.

The Department of Employment and Labour has COVID-19 guidelines to assist South African businesses.

The guidelines will help employers identify risk levels in the workplace and to determine what appropriate control measures to implement. It focuses on the Engineering Controls, Administrative Controls, Safe Work Practices and Personal Protective Equipment. It includes:

- Installing high-efficiency air filters and increasing ventilation rates in the work environment;

- Encouraging sick workers to stay at home, minimising contact among workers, clients and customers by replacing face-to-face meetings with virtual communications;
- Minimising the number of workers on-site at any given time through rotation or shift work and discontinuing nonessential travel;
- Developing emergency communications plans, including a task team for answering workers' concerns and internet-based communications;
- Provide personal hygiene resources such as no-touch refuse bins, hand soap, alcohol-based hand rubs, disinfectants, and disposable towels; and
- Provide gloves, goggles, face shields, facemasks, gowns, aprons, coats, overalls, hair and shoe covers and respiratory protection when appropriate.

In the period since the issuing of the guidelines, a clear picture has emerged about COVID19 and the nature of hazards and precautions in the work places. That should be taken to minimize the risks. To this end the department working with social partners at NEDLAC has developed OHS direction, the purpose of which is to stipulate measures that must be taken by employers in order to protect the health and safety of workers and the members of the public who enter the workplaces or are likely to be exposed to their activities.

SUPPORTING SMALL BUSINESS DEVELOPMENT

Since COVID19 relief measures were announce, R530 million was set aside to support SMMEs and the Department of Small Business Development announced the SMME relief scheme to support payroll, rental and utilities over three months. To date the scheme has approved over R235 million, protecting over 11 thousand jobs. The Spaza shop support scheme which was launched about a week ago has already received over 104 applications with 88 already approved.

REGULATORY FRAMEWORK FOR A SUSTAINED RISK ADJUSTED APPROACH

Having received inputs on the Risk Adjusted Approach, government will consider them finalizing the Directions for the various sector and there will be a follow up media briefing once the regulations are published.