



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

ECONOMIC ACTION PLAN

April 2020

Contents

Introduction and Background	3
Scope	4
Problem Statement	5
Framework of Intervention	7
Economic Task Team Response to COVID -19 crisis.....	8
Programme of Work.....	9
1. Pre-Lockdown Period.....	9
2. Lockdown Period Activities	10
3. Post Lockdown Period	11
Annexure A: Roles and Responsibilities for the Spheres of Government	14
Annexure B: Financial assistance available during the Corona Crisis	15
Annexure C: COVID-19 Mitigation Plans by National Government	18

Introduction and Background

This document serves as the City of Cape Town's **economic response** to and contingency plan for the short-term crisis facing the city's local economy in the wake of the spread of COVID-19. It has been developed by the Economic Task Team convened by Alderman James Vos for this specific purpose.

Cape Town's economy faces a variety of enduring challenges, symptomatic of a national economic downturn and long preceding the arrival of COVID-19. These challenges are characterised by *inter alia*:

- low economic growth;
- widespread unemployment (particularly amongst the youth); and
- worsening inequality, manifesting in racial, socio-economic and spatial fragmentation across the city.

These characteristics are prevalent across South Africa as a whole, and have now been exacerbated by the credit ratings downgrade to sub-investment grade. Whilst local government has an important role to play in addressing these challenges, it is important to note that Cape Town's aspirations, efforts and resources are limited without support from, and collaboration between, all spheres of government; the private sector; and – in an era of globalisation – support from regional, and international communities, and markets.

In the wake of COVID-19, and the accompanying nation-wide lockdown, these challenges are expected to grow exponentially over a very short period, with no clear indication of the prospect for recovery. The COVID-19 pandemic is primarily a healthcare and humanitarian crisis, with transmission and, potentially, mortality rates, expected to present a major risk to all South Africans, but particularly those most vulnerable in our society. It is with this in mind that the National Government has instituted a nation-wide "lockdown", to mitigate the spread of the disease and to alleviate pressure on South Africa's health sector.

The lockdown – whilst a necessary and expedient measure – is not without consequence. With business trading and, in effect, the economy suspended, there will be a significant and long-lasting impact on growth nationally, and income at an individual and household level. Historically, Cape Town has been one of the most resilient metros nationally to the economic fallout since 2008, with higher than average employment figures and a proudly business-friendly administration. Unfortunately, it will not be immune to the impacts of COVID-19.

This document identifies and assesses local, provincial and national level efforts to chart the way forward for the City's economic recovery.

It is important to note that this paper is a living document that will be informed by the progression of the virus – its longevity, impact and consequences; macro-economic circumstances, and the interventions of the City of Cape Town, cognisant and responsive to the Provincial and National spheres response. As much as the immediate focus needs to address the health and humanitarian crisis, the environment created by Covid-19 requires the City's response to the short and medium-term economic recovery to be flexible in responding to the dynamic opportunities and challenges created by Covid-19,

Scope

The City's Economic Action Plan identifies three stages of intervention in response to the crisis, as highlighted in Figure 1: Three Stages of Economic Intervention below.

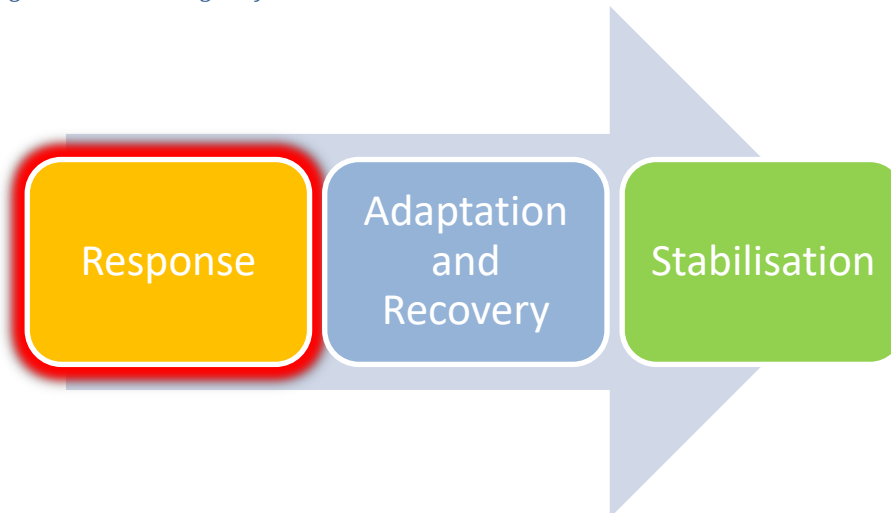
The first stage is '**response**' - the immediate, short-term support for individuals and firms suffering cash-flow shortages, lay-offs, unemployment or bankruptcy as a result of COVID-19.

The second stage is '**adaptation and recovery**' - the medium-term salvaging of the economy through getting people and businesses back to work in new ways that might not have been possible or necessary in a "pre-COVID" economy.

The third stage will be '**stabilisation**' – the establishment of a new equilibrium that will act as a base-line for long-term, inclusive economic growth.

There is no way of knowing when these stages will begin or end. With expediency as a primary founding principle, this document will primarily occupy itself with the first stage – **response**.

Figure 1: Three Stages of Economic Intervention



International Best Practice on COVID-19 Response

The global impact of this pandemic has resulted in an opportunity for governments across the world to learn from each other on how best to respond to a shared crisis. The following economic measures have been widely hailed as necessary to curb the long-term impact of the disease and the resultant inevitable lockdowns required in order to 'flatten the curve':

- Kick-start the economy through Keynesian approach to economic growth and development by maximising public spending on all aspects of the economy (particularly infrastructure spending, public health investment, and accelerated procurement);
- Where possible, implement targeted tax relief and incentives;
- Where possible, issue cash grants to firms or temporary universal income to households;
- Reduce interest rates to encourage lending and spending;
- Guarantee the functioning of essential services; and
- Offer temporary relief for financially distressed businesses in the form of rates relief or deferred tax liabilities.

The above mechanisms fall predominantly within National competencies, particularly where they relate to monetary policy or meaningful fiscal stimulus packages.

The response to the COVID-19 crisis is being led by the national and provincial spheres of government. The extremity and scope of the challenge South Africa faces will require targeted and accelerated financial investment and a practical approach to the implementation of policy.

For its part, the City – in partnership with the Provincial Government – intends to leverage its role as 1) the procurer of significant goods and services, and 2) facilitator of support (from all spheres of government and external resourcing that may transpire) for those sectors and businesses most impacted by the economic impacts of the disaster.

FIGURE 2
The three spheres of government



SOURCE: 'THE PEOPLE'S GUIDE', PUBLISHED BY THE SOUTH AFRICAN CITIES NETWORK

Given the relatively limited legal powers and responsibilities afforded to municipalities, this document's proactive initiatives will be limited only to functions within the City's sphere of influence. These are summarized in Annexure A, which reflects the Constitutional roles and responsibilities allocated to each sphere. **Error! Reference source not found.** above further depicts the balance of roles between the three spheres of government.

Problem Statement

The impact of COVID-19 is not localised and the full extent is not yet known. However, drawing on learnings from previous economic crises – such as the 2008 global recession and the 2018/19 drought – the following key impacts are expected:

1. External Demand Shocks

With air traffic already halted and most countries embracing lockdown, tourism and events in Cape Town are on hold, with an expected loss of over 65 000 visitors between April and May. Notwithstanding limited flows of imported / exported goods via national ports (including Cape Town), export volumes are expected to decline as foreign markets withdraw and recover over time.

2. External Supply Shocks

Imports from China and Europe in particular, but also from other regions, are to be considered restricted for the foreseeable future, with potentially serious implications for supply chains. Building material costs and development costs generally are also expected to increase. This is currently speculative, as supply chains have not yet been significantly disrupted – but it remains a risk.

3. Local Demand Shocks

Due to increased unemployment and generally weak consumer confidence, expenditure and investment can be expected to decrease, particularly impacting on the retail and real estate sectors. This will be further exacerbated by increased debt, even for those who still have employment.

4. Local Workforce Shocks

The unemployment outlook is gloomy, and expected to worsen significantly, not to mention declines in productivity from those still employed due to increased sick leave, as symptoms spread, as well as possible issues with companies adapting to new working patterns.

5. City Revenue

A combination of the City's own investment rating following the sovereign – compromising its ability to access affordable long-term finance at competitive rates, curtailed consumer spending by households, and attempts by the City at targeted fiscal stimulus to support households and businesses, are expected to impact significantly on City revenue streams.

A downturn in the property market resulting in negative knock-on effects to the General Valuation Roll and resultant tariffs is also expected to exert significant pressure on the City's budget. The ability for individuals and businesses to pay for basic services will be compromised as unemployment and bankruptcies increase, meaning higher demand for cross-subsidized services.

Framework of Intervention

Figure 3 below represents the four areas of economic intervention available to the City in the ordinary course of business. Quality Service Provision is the core business of municipalities. Business Support is targeted, firm level intervention aimed at improving competitiveness through reduction of red tape and other forms of support. Labour Market relates specifically to the supply side of the market, such as ensuring that job seekers are able to access existing opportunities. Stimulating Investment is the proactive seeking out of new entrants to the local market. These triangles within the triangle are not mutually exclusive, and in a balanced, stable economy, the outer triangles would see roughly equal prioritisation, with the core triangle remaining the City's primary focus.

Figure 2: The triangle of City-led intervention

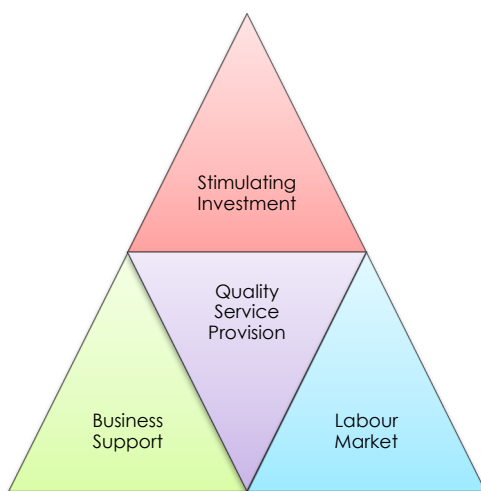


Figure 3: Prioritisation in response to multiple significant shocks

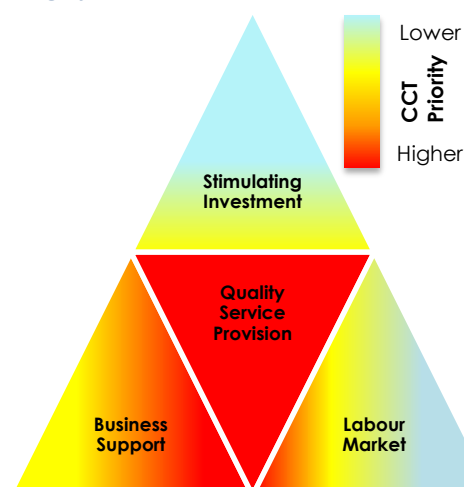


Figure 4 above depicts how the City may prioritise its response in light of the multiple significant shocks currently being experienced, with Covid-19, a prolonged economic recession, loss of investment grade status, unprecedented capital flight and the global financial crisis the most significant of these, resulting in the problem statement identified above.

For the duration of the lockdown period (with the potential for it to be extended), at least, attracting new investment is unlikely to yield returns, and with greatly reduced jobs on offer, supporting the supply of labour is similarly unlikely to be successful.

Inevitably, the central role for the City in the short to medium-term must focus on its core business offering (i.e. delivering reliable, quality services, leveraging its buying power to maximise opportunities for business (especially SMME firms), and – where possible – to support existing businesses and individuals to access national and provincial aid programmes.

The City's objective in responding to this crisis is to ensure dependable, consistent service delivery to individuals and businesses, in addition to targeted expenditure where possible through the Capital and Operating Expenditure budget to generate counter-cyclical stimulation of the economy, while safeguarding the City's financial sustainability to ensure preparedness for the inevitable – and significant – needs that will emerge in the recovery phase. Above all else, collaboration with national and provincial governments must be paramount.

Economic Task Team Response to COVID -19 crisis

The onset of the COVID-19 crisis and the national government's rapid response to it required the economic cluster of the City to quickly respond to the concomitant economic disruptions and impending economic crisis. The initial economic impacts were felt by the tourism and events industries, as comprehensive travel restrictions were rapidly instituted by national government and public gatherings were banned. It was very evident however that further measures were soon to be implemented by national government and the departments dealing with the economy in the City had to re-organise themselves in order to better respond to the impending economic crisis.

The table below gives a highlight of some of the actions that have been taken both in the pre-lockdown and lockdown period as well as what is being considered for the post-lockdown and recovery period. Our reading of the current situation is that even when this present lockdown period is ended there could well be more lockdowns over the next few months and our intention is to help as many companies as possible to adapt to this new normal for our medium term future until the virus has been brought completely under control. Finally, the Economic Task Team of the City is starting to tentatively consider what actions can be taken in the recovery period when this health crisis is finally over.

Pre-Lockdown	Lockdown	Post-Lockdown	Recovery
Re-purposing of Enterprise and Investment Department to operate effectively during the crisis	Analysed all regulations and sought to gain clarity in order to communicate with business	Assisting more businesses to put business continuity plans in place for potential further lockdown periods	Develop an economic recovery package along with Provincial government to support those sectors that are best positioned to grow in the long term
Assisted High Growth Sectors with business continuity during lockdown where possible	Analysed all relief packages in order to guide businesses in accessing relief	Assessing effectiveness of national relief measures and which businesses in distress are not covered by these measures	Retrain workers in long term depressed sectors so that they can migrate to other growth sectors
Interpreted essential services regulations and lobbied national governments for amendments where needed	Assessed ability of companies to manufacture goods for health needs		
Assisted with the Re-purposing of companies to pivot towards meeting the needs of the health crisis	Worked with partners in putting in place systems to rapidly respond to health needs		

Refocussed SPV's deliverables on assisting in health and economic crisis	Assessment of immediate economic impacts on different sectors		
Investigated possible City Relief measures	Start work on economic scenarios to understand the potential fundamental shifts in our economic landscape		

Programme of Work

Flowing from the table above, the following package of work has been undertaken or initiated by the Economic Task Team.

1. Pre-Lockdown Period

Re-purposing of the Enterprise and Investment Department

The Enterprise and Investment Department, like many other departments in the City had to quickly adapt its structure and way of working in order to best assist the economy adapt to the disruptions flowing from the COVID 19 crisis. Apart from rapidly instituting business continuity measures such as moving operations on-line – including the Business Hub - the department also redefined the role that each of the staff played during this crisis. Staff from the Policy and Research Units joined the Economic Task Team to provide rapid assessment of any proposed economic initiatives. Linkages were also made with other government structures, where staff serve on the economic cluster of the Provincial JOC and head up the services workstream. Staff from the Economic Task Team also contribute to the work of the COVID-19 Contact Centre (CCC) which has been set up by Wesgro to coordinate the flow of accurate information to businesses.

Assisting with Business Continuity for High Growth and Employment Sectors

In the pre-lockdown phase the Enterprise and Investment Department, along with some of the City's Special Purpose Vehicles (SPV), assisted companies to implement rapid business continuity measures to ensure that as many people as possible remained employed during lockdown. Some of these initiatives included assisting the BPO sector equip their staff to work from home and facilitating discussions between Fedhasa and BPO operators to enable workers to move into hotels where they could continue working during the lockdown period.

Analysing National Regulations and Assisting Businesses to get Essential Services Status

During the pre-lockdown period the Enterprise and Investment Department, along with partners in the SPVs and Province, assisted businesses who were entitled to gain essential status so that they could operate during lockdown. The City also lobbied national government to amend the regulations, where required, to ensure that no companies doing essential services were prohibited from operating during lockdown.

Repurposing and Re-allocation of SPV Funding

All SPVs currently contracted by the City have been asked to provide updates on their CCT 2019/20 deliverables. Any funding that cannot be spent due to COVID19 needs to be reported and suggestions as to how best to utilise the funding, to support the industry they operate in, have been put forward and are being considered.

SPVs with available funding will be asked to revise their business plans in consultation with the City to provide for the repurposing of allocated, but yet unspent, funds for the benefit of small and micro businesses at risk within their respective sectors.

Investigation of Possible Immediate Relief Measures from the City

At the beginning stages of this crisis the first sector that was negatively impacted upon was the tourism and events sector due to the sudden imposition of travel bans. As the economic cluster we therefore investigated potential relief measures that the City could implement to assist this sector but as the crisis rapidly evolved it became clear that all sectors of the economy would be severely negatively impacted upon particularly due to lockdown. It then became clear that the City did not have the resources to implement relief measures for the entire economy and that the focus in the immediate term should be on maintaining service delivery, shifting resources to assist in dealing with the health crisis and keeping the next financial years' rates and tariff increases as low as possible for all citizens.

Enhanced and Targeted Communication for Business

The Economic Task Team is working through its Catalytic Sectors Unit to support SPVs and their members by supplying information on ongoing interventions and assistance available from national, provincial and local government. The Place Marketing Unit in the Enterprise and Investment Department is also running a number of campaigns to drive traffic to the Business Hub and to our Invest Cape Town portal, which together with Wesgro's Support Business website holds a variety of useful information for businesses to access in dealing with the Covid-19 crisis.

2. Lockdown Period Activities

Giving Business Clarity on Lockdown Regulations

Given the speed at which lockdown was announced and the raft of different national regulations that were hastily issued governing business during this period, it was clear to the Economic Task Team that guidance would need to be given to the private sector to make sense of it all. For this reason, the Business Hub, working alongside the partners in the small business development forum, concentrated on analysing these regulations and providing clarity to business. Where there were contradictions, clarity was sought from SAPS WC to get concurrence on how they were interpreting them so as to avoid businesses falling foul of the law during lockdown. The Business Hub continues to provide this service and assist those businesses who are uncertain with lockdown conditions.

Facilitating National Relief for Businesses

The Business Hub has also assisted businesses in making sense of the variety of different relief packages available to them and has assisted them in accessing such relief. Through this process, various problems with the relief packages will be identified and communicated with the national entities in charge of them so as to ensure as many businesses that require such relief are able to access them.

Enrolling Companies to Assist in the Health Crisis

Given that Covid-19 is a global crisis and that many countries are looking to land urgent orders for Personal Protective Equipment (PPE) as well as critical medical supplies like ventilators it was vital for the City to identify local companies that could pivot their normal manufacturing to meet these health needs. Working through SPV's and in partnership with Province, a comprehensive database has been compiled of all the local clothing and textile companies that are able to manufacture PPE's and have assessed their individual capacity to produce at scale. This information has been given to supply chain management in both Province and City. In addition, one of the City's SPV's, the Craft and Design Institute (CDI), has been tasked to work with the 3D printing sector to see what medical equipment could realistically be produced using this technology. In addition, the recent national directive regarding citizens wearing cloth masks to slow the spread of the virus has led to the opening up of many opportunities for both small and large scale clothing manufacturers. Two SPV's namely the Cape Clothing and Textile Cluster (CCTC) and the CDI are working on compiling a comprehensive database of both small and large manufacturers that can supply corporates who are wanting to procure masks for their employees.

Another industry which has been called upon at this time is the hospitality industry and working with Cape Town Tourism and Wesgro the City has been able to compile a list of tourism establishments that are willing to rent out their rooms for isolation and quarantine sites. This is being shared with both the City and Provincial Health Services to assist with their operations.

Economic Data Tracking

The City's Economic Research Unit is monitoring the impact of the crisis on an ongoing basis to ensure that best available data is relied upon in the implementation of this and other City documents. This is a vital component of responsive policy-making, and it is of the utmost importance in a unique economic crisis such as this one. Furthermore, the Economic Task Team is engaging with its business network to identify the full impact of the crisis, determine their immediate needs, and assist with channelling them towards the appropriate sphere of government. The Investment Facilitation Unit in Enterprise and Investment is currently running an industrial survey, and SPV's have also been actioned to conduct similar surveys with the companies in their sector so that we can obtain real-time data on how this crisis is impacting on their businesses.

During this period the Economic Task Team working with partners in Province and Wesgro along with the consulting firm PWC will be producing scenarios to properly understand the fundamental shifts that are going to take place in our economic landscape so as to better inform our thinking on an eventual economic recovery plan once the crisis is over.

3. Post Lockdown Period

Counter-cyclical spending of the City's capital budget and increased efforts to enhance local procurement

At a time where spending in the economy is likely to have dropped off significantly, both due to social distancing measures (including trade and travel bans) and as a result of constrained consumer spending as unemployment rises and incomes are jeopardised, the City commits to using its considerable capital budget to stimulate the economy through its planned infrastructure projects. Where possible, the City will limit the leakage of the impact of its spending, by enhancing the local procurement of goods and services.

Assisting Businesses to Better Prepare for Further Lockdowns

After the extension of the lockdown was announced, the Economic Task Team urgently compiled a document arguing for certain restrictions on economic activity to be reviewed. While it is clear that a drastic lockdown was initially required to stop the exponential spread of the virus, it is also clear that certain changes can be made that will allow for a greater measure of economic activity without compromising the principle of social distancing. One of the primary tasks of the Economic Task Team in the immediate ending of this lockdown period will also be to assist as many businesses as possible to have better business continuity plans in place so as to lessen the economic impact of further lockdowns. The Economic Task Team will also compile various learnings of the lockdown that can hopefully better inform future national lockdown regulations.

Identifying the Gaps in National Relief

It is also during the post-lockdown period where businesses will be able to properly assess whether they have been able to obtain the necessary national relief in order to remain a viable enterprise. The Economic Task Team will therefore work with those companies in distress and see what further measures can be obtained for them. The Business Hub has also increased its ability to respond to business rescue by partnering with Productivity SA that can undertake rapid diagnostics of companies in distress and where possible propose immediate measures that can restore the financial health of the company. This work will be done in conjunction with the City's revenue department who will in the first instance indicate which companies are struggling with their City arrears.

Administering Payment Schedules for Companies in Distress

The Finance Directorate of the City recently announced various forms of rates rebates for individuals in financial distress due to the COVID – 19 crisis. In addition to assistance granted to individuals in distress it was also announced that businesses who are in distress and unable to pay their rates bills at this time can apply to the City for an extended interest free payment period. This measure will provide some relief to those businesses who in particular are experiencing cash flow problems due to the crisis.

Development of an Economic Recovery Plan

While the full impact of the COVID-19 crisis is yet unknown, the City sees the above initiatives as the first step towards a recovery. Building on the framework identified in this document, and learning from responses and recoveries from other Cities ahead of us on the crisis clock, Cape Town will be well placed to rebuild its economy and ensure inclusive economic growth in a "post-COVID" economic landscape. Key to this will be support at a sector level, responsive to new supply and demand dynamics, to ensure that those industries best-placed to thrive will receive the support they need in order to do so, while ensuring opportunities for individuals and firms across the income spectrum.

The following components which may make up an Economic Recovery Plan are, amongst other things, currently being investigated:

- *Enhancing business retention efforts.* This may include business aftercare and support, reducing the cost of doing business in the city and targeted assistance from Sector Support Organisations.

- *Making it easier for expansion and investment to resume again.* The City will continue to work toward lowering the costs of doing business and transacting with the City. The Investment Incentive Policy will also be re-looked at to see how it could be adapted to further stimulate investment during the recovery phase.
- *Equipping businesses for new ways of working.* The COVID pandemic and associated preventative measures may have fundamentally changed the way work takes place. The City will work through its SPVs (and in particular the Cape IT Initiative) to assist in equipping businesses for new ways of working.
- *Utilising the City's sectoral support approach to identify and exploit new sectoral opportunities emerging from the crisis (eg. EdTech)*

Annexure A: Roles and Responsibilities for the Spheres of Government

National	Provincial	Municipal
<ul style="list-style-type: none"> • Health • Basic Education • Agriculture, Land Reform and Rural Development • Cooperative Governance and Traditional Affairs • Environment, Forestry and Fisheries • Employment and Labour • Higher Education, Science and Technology • Human Settlements, • Water and Sanitation • Justice and Correctional Services • Public Works and Infrastructure • Small Business Development • Social Development • Transport • Women, Youth and Persons with Disabilities • Sports, Arts and Culture (Chair) • Environment, Forestry and Fisheries (Chair) • Communications • Defence and Military Veterans • Finance • International Relations and Cooperation • Justice and Correctional Services • Mineral Resources and Energy • State Security • Tourism • Trade and Industry 	<ul style="list-style-type: none"> • Agriculture • casinos, racing, gambling and wagering • cultural affairs • education at all levels, excluding university and university of technology education • environment • health services • human settlements • language policy • nature conservation • police services • provincial public media • public transport • regional planning and development • road traffic regulation • tourism • trade and industrial promotion • traditional authorities • urban and rural development • vehicle licensing • welfare services <p>Exclusive to Provinces:</p> <ul style="list-style-type: none"> • abattoirs • ambulance services • liquor licences • museums other than national museums • provincial planning • provincial cultural matters • provincial recreational activities • provincial roads and traffic. 	<ul style="list-style-type: none"> • Electricity delivery • Water for household use • Sewage and sanitation • Storm water systems • Refuse removal • Fire fighting services • Municipal health services • Decisions around land use • Municipal roads • Municipal public transport • Street trading • Abattoirs and fresh food markets • Parks and recreational areas • Libraries and other facilities • Local tourism

Annexure B: Financial assistance available during the Corona Crisis

Source: <https://www.businessinsider.co.za/what-financial-help-can-i-get-coronavirus-2020-3> [As at 2 April 2020]

<p>For all businesses</p>	<p>Tax breaks:</p> <ul style="list-style-type: none"> Companies can claim back up to R1 500 a month per employee who earns less than R6 500 (for those younger than 30), and R500 for those 30 and older. These amounts will be paid back every month by SARS as part of the Employment Tax Incentive (ETI) programme. <p>UIF pay-outs:</p> <ul style="list-style-type: none"> As part of the special Temporary Employee/Employer Relief Scheme (TERS), administered by the Unemployment Insurance Fund (UIF), money will be paid out to workers in distressed companies. The amounts paid will be a percentage of an employee's salary, according to a legislated sliding scale from 38% (for the highest earners) to 60% (for the lowest earners). <p>The maximum benefit is R6 730 a month. Companies struggling to pay salaries due to the coronavirus crisis need to report this per email to Covid19ters@labour.gov.za.</p>
<p>For small and medium-sized businesses</p>	<p>Department of Small Business Development</p> <p>There are two main government schemes aimed at small businesses.</p> <ul style="list-style-type: none"> The Debt Relief Finance Scheme will assist distressed small companies with funding. Then there is the Business Growth/Resilience Facility aimed at small companies which can take advantage of supply opportunities resulting from the coronavirus pandemic or a shortage of goods in the local market. Money will be paid out within seven business days after an application has been approved, the department of small business development promised. <p>Delay in payment of provisional tax:</p> <p>Instead of paying 50% of their expected tax bill six months into the tax year, and then settling the full amount at the end of the tax year, companies are now allowed to pay only 15% after six months, and</p>

	<p>another 50% by the end of the tax year. Then, by 30 September 2021 (or six months after the end of its financial year), the company needs to pay the outstanding balance. (This option is only for companies with an annual turnover of less than R50 million.)</p>
	<p>Delayed employee tax payments:</p> <p>Businesses with an annual turnover of less than R50 million can also keep back 20% of the pay-as-you-earn (PAYE) payments they were supposed to hand over to the SA Revenue Service (SARS) for the next four months. But they will have to pay back this amount in equal instalments, with the first payment expected on 7 September 2020.</p>
	<p>The Oppenheimer family's R1 billion:</p> <p>The money made available by the Oppenheimer family will be paid out directly to employees of small, medium and micro-sized businesses as interest-free loans. Employees themselves will not be liable to pay the money back, but companies will be. The typical loan amount per employee is expected to be around R750/week, for a period of 15 weeks. Currently, the money is available to clients of Absa, First National Bank, Nedbank, and Standard Bank, and limited to businesses which were "financially sustainable" before the coronavirus crisis. Businesses will be able to apply directly with their banks from Friday, April 3.</p>
	<p>Johann Rupert's R1 billion:</p> <p>The Rupert family's donation will be distributed as loans through Business Partners, a funder of small companies. Business Partners says applicants for finance will be able to apply via www.businesspartners.co.za – but applications are not yet open.</p>
Help for different sectors:	<p>IDC funding:</p> <p>The Industrial Development Corporation (IDC) has allocated billions in emergency funding to help manufacturers with working capital, as well as for companies in agriculture, tourism, energy, and vehicle components manufacturing.</p>
	<p>Film industry:</p>

	<p>The National Film and Video Foundation (NFVF) has invited the industry to submit funding applications for script development, animation, and post-production projects. The call for these applications was supposed to have opened in August, but this has been hastened "to keep the industry busy during this downtime". The NFVF will also provide a once-off cash injection of R500 000 to the ten companies currently commissioned by the organisation.</p>
	<p>Minibus taxi owners:</p> <p>SA Taxi, which finances more than 32 000 minibus taxis, has announced a repayment holiday of a month (from April 1) for its clients.</p>
	<p>OUTsurance suppliers:</p> <p>The insurance company has allocated money (part of R102 million in total) to some of its service providers, such as panel beaters and plumbers. Companies need to have a turnover of less than R50 million per year, and the rand value of work allocated by OUTsurance must drop by more than 50% during the period April to June 2020. Other requirements also apply.</p>
	<p>Spaza shops:</p> <p>Government's new support scheme for spaza shops will give them funding to buy stock and assure bulk-buying discounts at approved wholesalers. But the spaza shops need to be registered with the SARS, the Unemployment Insurance Fund, and the Companies and Intellectual Property Commission (CIPC).</p>
For individuals	<p>South Africa's big banks have announced individual measures to assist clients, with some offering three-month payment holidays on home loans, vehicle finance, personal loans, and credit cards.</p> <ul style="list-style-type: none"> • Momentum short-insurance clients: Clients can get cash back (to a total amount of R26 million) early from their no-claims and safety bonuses. • MiWay clients: Clients will automatically get an average 10% reduction in their car insurance premiums during the month of April.

Annexure C: COVID-19 Mitigation Plans by National Government

[As at 2 April 2020]

Department	Mitigation Plans
National Treasury	<ul style="list-style-type: none"> National Treasury will make funds available from the National Disaster Fund and some funds will be redirected from some government programmes, at this stage these funds will be mainly distributed to the Department of Health to manage Covid-19.
Small Business Development	<ul style="list-style-type: none"> Over R500 million is available to assist small and medium enterprises that are in distress through a simplified application process. Department is finalising the SMME Support Intervention comprising of Debt Relief Fund and Business Growth/Resilience Facility. <p>Debt Relief Fund:</p> <ul style="list-style-type: none"> Aimed at providing relief on existing debt and repayment To be eligible, applicants must demonstrate a direct link of the impact of potential impacts of COVID-19 to the business operations. This intervention will assist entities to acquire raw material, pay labour and other operational costs. <p>Business Growth/Resilience Facility</p> <ul style="list-style-type: none"> Created to enable continued participation of SMMEs in supply value-chain, specifically those who manufacture locally or supply various products that are in demand such as hand sanitizers, masks and gloves. This facility will offer working capital, stock, bridging finance, order finance, equipment finance and the amount required will be based on the funding needs of the business. <p>Other:</p> <ul style="list-style-type: none"> The department is currently rescheduling repayments of those businesses funded by the department. Government is currently engaging with banks to come up with a plan for loan repayment arrangements for small businesses. (Standard Bank has already implemented a 3-months payment holiday for small businesses due to COVID-19) The department will also be able to assist and fund those small businesses not currently funded by the department nor banks. Government has classified certain sectors within the SMME cluster such as tourism as directly hit by Covid19 to which assistance will be made available by the department of Tourism. Any assistance is for South African owned businesses that appoint a majority of locals. Small businesses which are tax compliant with a turnover of less than R50 million will be allowed to delay 20% of their pay-as-you-earn liabilities over the next four months and a portion of their provisional corporate income tax payments without penalties or interest over the next six months.

	<ul style="list-style-type: none"> • Donations worth R2 billion were made to assist small businesses and their employees affected by COVID-19. • A safety net is being developed to support persons in the informal sector.
Trade, Industry and Competition	<ul style="list-style-type: none"> • The Industrial Development Corporation (IDC) has put a package together with the Department of Trade, Industry and Competition of more than R3 billion for industrial funding to address the situation of vulnerable firms and to fast-track financing for companies critical to fighting the virus and its economic impact. <p>The department announced its six focus areas to mitigate economic impact which include:</p> <ul style="list-style-type: none"> • Securing supplies of basic public hygiene and medical stocks; • Monitoring the effect of the virus on the global economy and on critical export channels on which South Africa is dependent; • Industrial measures to protect against infection • Organisation of industries to address potential downtime and shutdowns; • Discussing measures to deal with the anticipation of an economic slowdown; and • Securing supply chains and dealing with the disruptions.
Tourism	<ul style="list-style-type: none"> • The Department of Tourism has made an additional R200 million available to assist SMEs in the tourism and hospitality sector who are under particular stress due to the new travel restrictions.
Employment and Labour	<ul style="list-style-type: none"> • Government is currently exploring the temporary reduction of employer and employee contributions to the Unemployment Insurance Fund and employer contributions to the Skill Development Fund • Funds Temporary Employer/ Employee Relief Scheme will be used to ensure that workers are not laid off. • If a company decides or contemplates to close for a short period as a precautionary measure: <ul style="list-style-type: none"> - The short term UIF benefit will kick in - Companies are required to inform the Unemployment Insurance Fund - Department will visit the companies to provide assistance with the processing of UIF claims • Employees in self-quarantine: <ul style="list-style-type: none"> - <i>For an employee required to self-quarantined for 14 days, a special leave will be fully recognised and will be fully paid on condition that the reason for the quarantine meets the requirements and that employee can apply for UIF benefits.</i> - <i>For an employee is required to be quarantined for longer than 14 days as a result of having travelled or been in contact with an infected person, a special leave will be recognised and that employee will be eligible to apply for unemployment insurance benefits.</i> - <i>Any employee who falls ill through exposure at their workplace will be paid through the Compensation Fund.</i> • Using the tax system, government will provide a tax subsidy of up to R500 per month for the next four months for employees in the private sector earning below R6,500 under the Employment Tax Incentive. • SARS will work towards accelerating the payment of employment tax incentive reimbursements from twice a year to monthly to get cash into the hands of compliant employers as soon as possible.

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| | <ul style="list-style-type: none">• Government is considering a special dispensation for companies in distress because of COVID-19 to be able to pay their employees through the Temporary Employee Relief Scheme to and avoid retrenchment.• In the event that it becomes necessary, government will use the reserves within the UIF system to extend support to workers in SMEs and other vulnerable firms who are faced with loss of income and whose companies are unable to provide support. |
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