

B4SA SUPPORTS ACCELERATED TRANSITION TO PHASED RESTART OF THE ECONOMY

Johannesburg, 6 May 2020: There is an urgent need to accelerate the phased approach to the restart of the economy, while supporting efforts to minimise the societal impacts of COVID-19, according to Business for South Africa (B4SA), the alliance of volunteers from across South African business bodies and organisations.

In an update to its member bodies, constituents and the media, B4SA said evidence-based policy making, together with an accelerated risk-adjusted release of the lockdown, will enable a successful return to work while saving lives and livelihoods and reinvigorating full economic activity in a coordinated and integrated way. This follows the extensive work undertaken to tackle the crisis since B4SA's formation in mid-March 2020.

B4SA's Martin Kingston commented: "In collaboration with government at all levels, as well as with our social partners at Nedlac, we need to accelerate the restart of the economy to minimise hardship, hunger and desperation. These factors could threaten the rule of law and weaken South Africa's capacity to respond to the impact of the COVID-19 pandemic. We have every reason to believe that a safe return to work will be successfully achieved. This is provided that people and businesses abide by the hygiene, mask usage and social distancing protocols, adhere to regulations inside the workplace and in public places and, importantly, cooperate with the authorities with due regard for healthcare protocols to reduce the risk of transmission."

Kingston concluded by saying that South Africa needs to be enabled to move down the various levels – and back to full economic activity - as quickly and responsibly as possible.

There is also a parallel work process to develop a range of economic interventions to accelerate inclusive economic growth and employment post the COVID-19 pandemic and recent downgrades.

Health

The B4SA Health workgroup reported on its joint interventions with the National Department of Health (NDoH). This work has led to the development of a sophisticated medicines and medical equipment dashboard that provides the NDoH with full visibility on the level of available medicines and medical equipment in the country.

Health workgroup lead, Stavros Nicolaou commented: "We have stabilised the supply of medicines and resolved many shortages, either through Section 21 efforts, or by securing products from local producers or suppliers. We are also continuing to secure emergency supplies of PPE. The Health workgroup has also successfully developed and integrated a number of micro and macro models with a high degree of consensus, to allow for planning, forecasting and allocation of healthcare resources. This is all being done in consultation with the Minister of Health and his department, which remains the custodian of the information."

B4SA's pandemic modelling has been integrated with its economic modelling. This will be used to inform its dialogue with the government on the country's economic recovery and return-to-work strategy. This data is also fed into B4SA's Innovation workgroup, which drives all broader B4SA work, to drive innovation and localisation, especially in sustaining local production, SMMEs and job creation.

Labour

The focus of the Labour workgroup has been on projects addressing the adverse consequences of the pandemic for employers and employees, with much of the work done through Nedlac.

Labour workgroup lead, Robert Legh said: “For the most part, a constructive problem-solving approach has been adopted by all parties, leading to positive outcomes. A key part of this work has been negotiating the scope and delivery of the Temporary Employer / Employee Relief Scheme (TERS) benefit. The initial Department of Employment and Labour (DEL) proposal only made the benefit available to employees who received no pay at all during lockdown, and only if the business was in financial distress. However, our negotiations with the DEL have ensured it is now available to any employee who experiences lost income. This includes minimum and maximum benefits, with a right of the employer to top up payments, and enables businesses to prevent financial distress rather than awaiting distress.

“Some delivery issues have been encountered, but we are working to resolve these with ongoing and intensive engagements with the UIF commissioner and DEL officials. We are already seeing an improvement, with payments of R7.3 billion from 173 000 employers in relation to 1.6 million employees processed over recent weeks,” Legh added.

The Labour workgroup has also negotiated the terms of the Health & Safety Directive, addressed blockages in the Compensation for Occupational Injuries and Diseases Act (COIDA) system, and developed a better understanding for business on the implications for medical schemes, retirement funds, and other benefits, as well as SETA levies.

Economic intervention

One of the key roles of the Economic Intervention workgroup has been the formulation of a macro-economic strategy and model to address the impact of COVID-19 and the lockdown on the South African economy. Between one million to four million formal and informal sector jobs are at risk, and the model shows that GDP could contract between 10-16.7% in 2020, despite the stimulus package.

Additional interventions are focused on supply chain security, including the need for expanded port capacity to increase movement and the volumes of imports and exports. Together with Transnet, the workgroup has sought to address bottlenecks and has achieved exemptions to expedite the receipt of essential air cargo, in particular medical supplies. It has also contributed to regulatory amendments that resulted in essential cargo efficiently reaching its intended destination.

The workstream tasked with security of critical infrastructure has mapped demand for electricity and liquid fuels in various scenarios and coordinated the relevant industry response to ensure demand can be met. It has also developed a view of risks across the value chains and initiated mitigating and tracking measures. The team considering the critical sectors of the economy has contributed to the conceptualisation of the risk-adjusted approach, and provided input into the initial thinking on Level 4 regulations. It has also worked on the development of safe return2work resources and tools to enable occupational health and safety.

The work being directed at Small and Medium Enterprises (SMEs) and the township economy has gained good support, with successes seen in the call for corporates to urgently pay their SME creditors. An immediate financial relief communication campaign is underway, via a multi-language ‘WhatsApp’

platform. Additionally, work is underway with industry participants on developing alternative financing structures for SMEs that do not meet the criteria for accessing government or banking relief measures. There is ongoing engagement with the Small Enterprise Finance Agency, Industrial Development Corporation, National Empowerment Fund and others to identify where additional resources to support faster disbursement of funds can be provided, and this workgroup is ensuring SMEs are part of the lockdown re-opening priorities.

In terms of water and sanitation, there are coordinated response efforts for the provision of hand washing facilities and improving sanitation and hygiene in informal settlements, among other activities, in collaboration with the National Business Initiative (NBI) for the Department of Water and Sanitation (DWS) and local municipalities.

Regulatory, legal, tax, communication and risk

B4SA's core workgroups are supported by critical information inputs pertaining to regulation, legal, tax, communication and risk.

The legal work is directed through a panel of more than 150 senior lawyers from top law firms to manage all legal, regulatory and tax issues arising out of the B4SA COVID-19 response initiative. The legal panel is embedded in every workgroup and workstream enabling the timeous and urgent resolution of all legal, tax and regulatory issues.

The communication function ensures members are updated daily via the B4SA website, which is the repository of all B4SA information and work efforts, while also implementing campaigns to enhance understanding of the initiatives emerging from B4SA.

B4SA has concluded a systemic risk model to identify COVID-19's most immediate threats and mitigation strategies. According to B4SA's Norman Mbazima, who led the risk assessment study: "We have identified the most severe and likely individual elements of COVID-19, including, economic impact/damage, which makes the lockdown economically unaffordable; insufficient healthcare, workforce, infrastructure and equipment; the loss of livelihoods, social unrest, riots; and the sustainability and practicality of lockdown rules in a South African context.

"The greatest systemic concern was found to be the well-being of the country's people," Mbazima added. "It has surpassed businesses' concern for the economy, which ranked second in systemic importance."

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ABOUT BUSINESS FOR SOUTH AFRICA

B4SA is structured into three core work groups, Healthcare, Labour and Economic Intervention, and these all have numerous workstreams with activities being implemented in a structured and considered manner. These are further underpinned by a comprehensive risk assessment and mitigation plan, and engagement with civil society, while reinforced by legal, regulatory, tax and communication initiatives.

The **Healthcare workgroup** (led by Stavros Nicolaou) - Has as its core mandate to support the national response, including Government and the private sector's public health efforts.

The **Labour workgroup** (Robert Legh) - Is addressing matters relating to the impact of the lockdown on employment and labour relations, where organised business may have a role to play.

The **Economic Intervention workgroup** (Martin Kingston) - Aims to align Government policy makers with industry experts, acting as a feedback mechanism from business to Government, and communicating information, actions and policies to the business community.

Risk assessment (Norman Mbazima) - An important element of this process, is an assessment of strategic risks and mitigations. This will help manage the risk clusters and enable prioritisation of the mitigation measures across the entire network.

Civil society intervention (Nolitha Fakude) - This group, working in collaboration with Nedlac and other civil society formations, is providing the interface between B4SA and civil society, with the partners currently outlining and agreeing the priority areas of integration and focus as well as identifying opportunities for synergies, alignment and areas of leverage for collaboration.

Legal, Regulatory and Tax (Glenn Penfold) - This is a collaboration amongst contributing law firms providing support to all areas of the B4SA initiative. The workgroup collaborates with business, partners and Government in facilitating a conducive and enabling regulatory environment during the national response to the pandemic.

Communication (Phumzile Langeni and Busisiwe Mavuso) - This group is advancing the development of a stakeholder engagement strategy and has established and implemented regular business member communication. It supports a public communications capacity and has created an interface for ongoing interaction between Government and B4SA workstream leads.

For further information please contact:

Julian Gwillim
Email: info@businessforsa.org