

Update:

Business for South Africa - COVID-19 Response

6 May 2020

Audio webcast - agenda

Agenda Item	Lead
Introduction to the call	Timothy Schultz
About Business for South Africa	Phumzile Langeni & Martin Kingston
Healthcare	Stavros Nicolaou
Labour	Robert Legh
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Business for SA update

Phumzile Langeni & Martin Kingston

Business for South Africa

Introduction

- A comprehensive and speedy economic and health response is needed for all South Africans
- Government's approach is strategically sound and has, seemingly, served to 'flatten the curve'
 - Government must be commended on its achievements
- We also salute the essential workers, volunteers and citizens supporting our national response
- The economic and social impact has been severe. Unless we restart the economy, hardship, hunger and desperation threaten the rule of law, weakening the State and businesses' capacity to respond to the crisis, and worsening the impact on society
- Support is critical for a national response to this health, labour and economic crisis, while ensuring continued social solidarity to help reduce economic hardship
- Economic projections show that despite the stimulus, GDP could contract between 10-16.7% in 2020
 - This will effect the entire nation, and especially the most vulnerable
 - It has severe health consequences for non communicable diseases such as diabetes, hypertension, cardiovascular, etc (which evidence suggests are risk factors for Covid-19)

Business for South Africa

Introduction

- This all culminates in the need to move quickly and use evidence-based policy making for the transition through the various levels of the risk-adjusted re-opening of the economy
 - Level 4 will have limited beneficial economic impact based on the current regulations
 - A significant increase in economic activity will only occur at level 2, particularly given inter-dependencies between sectors of the economy
- While government can enforce compliance in public spaces, business, in partnership with labour, can implement stringent social distancing, testing and monitoring of the workforce to ensure that the virus spread is controlled, and health care capacity is not overwhelmed
- Government and business must work together with civil society to promote respect, social solidarity and support for the most vulnerable
- B4SA's parallel work, which is underway as a Phase 3, is for the development of a range of economic interventions to accelerate inclusive economic growth and employment post the Covid-19 pandemic and recent downgrades

Business for South Africa – structure



STEERCO

Organised by a Programme Management Office

SEVEN WORKGROUPS

Workgroups	Healthcare	Labour	Economics	Communications	Civil Society Interface	Legal, Regulatory & Tax	Risk
Executive sponsors	Stavros Nicolaou	Rob Legh	Martin Kingston	Phumzile Langeni Busi Mavuso	Nolitha Fakude	Glenn Penfold	Norman Mbazima

Solidarity Fund

Nomkhita Nqweni

Healthcare

Stavros Nicolaou

Healthcare

Key achievements:

- **Dashboard:** Jointly, with the NDoH, developed a sophisticated medicines and medical equipment dashboard that provides the Minister of Health, Dr Zweli Mkhize with full visibility of levels of medicines and medical equipment in SA
- **Securing medicines supply:** Stabilised the supply of medicines in SA, and resolved many shortages either through Section 21 efforts, or securing from local producers or suppliers
- **PPE:** Secured emergency supplies of PPE for SA public and private sector for first eight weeks, and monthly thereafter. Current order book of R900 million, including:
 - N95 respirators, 13.52 million; surgical masks, 35.5 million; gloves, 900 000 pairs; goggles/face shield, 20 000; gowns, 100 000; hand sanitisers, 500 000
- **Pandemic modelling:**
 - Successfully developed an integrated micro and macro modelling with a high degree of consensus, in consultation with the MoH, who remains the custodian of the information
 - Pandemic modelling has been integrated with economic modelling, to be used to inform dialogue with Government on the country's economic recovery and return to work strategy
- **Healthcare professionals (GPs, specialists, community and corporate pharmacy):** Integrated HCPs into overall B4SA Health Workgroup to enhance the country's overall response to the pandemic
- **Innovative approach:** Innovation Workgroup underpins all broader B4SA work, to drive innovation and localisation, especially in respect of sustaining local production, SMMEs and job creation

Labour

Robert Legh

Labour

Key achievements:

- Focus – through Nedlac - has been on projects addressing the negative consequences of COVID-19 for employers and employees
- A constructive problem-solving approach adopted by all parties leading to positive outcomes
- Key part has been negotiating the scope and delivery of the COVID TERS benefit
- Initial DEL proposal was only for employees receiving no pay at all during lockdown, and only if the business was in financial distress
- Through negotiation, these are now available to any employee who experiences lost income, which enables businesses to prevent financial distress rather than awaiting distress
- Serious delivery issues. There have been intensive engagements with UIF commissioner and DEL officials: better delivery has resulted in R7.3bn from 173 000 employers in relation to 1.6m employees processed
- Beyond TERS:
 - Negotiating terms of the Health & Safety Directive
 - Dealing with blockages in the COIDA system
 - Developing understanding of implications: medical schemes, retirement funds, other benefits, SETA levies
 - General labour law support to business
 - Renewed phase of co-operation between social partners
- Support and cooperation from all stakeholders needed going forward

Economic Intervention

Martin Kingston

Economic Intervention

Key achievements:

Macroeconomic strategy

- Developed an economic model to assess impact on the economy: South African GDP could contract between 10-16.7% in 2020, despite the stimulus
- Between 1 million to 4 million formal and informal sector jobs are at risk

Supply chain security

- Expanded port capacity to improve movement and increase volumes of import and export cargo respectively cargo (working with Transnet)
- Achieved exemptions to expedite the receipt of essential air cargo, in particular medical supplies
- Contributed to regulatory amendments that resulted in the movement of all cargo to decongest the ports so that essential cargo can efficiently reach its intended destination

Security of critical infrastructure

- Mapped demand for electricity and liquid fuels in various scenarios, and coordinated the relevant industry response to ensure demand can be met
- Developed a view of risks across the value chains and putting in place mitigating and tracking measures

Critical sectors of the economy

- Contributed to conceptualisation of the risk-adjusted approach, and provided input to the initial thinking on Level 4 regulations
- Development of safe return2work resources and tools to enable occupational health and safety
- Currently unblocking Level 4 challenges including regulatory complexity and unworkability, as well as discussing how businesses can enhance safe work practices and public transport solutions

Economic Intervention

Small and Medium Enterprises (SME) and the township economy

- Championed the B4SA call for corporates to urgently pay their SME creditors – the campaign is gaining support (Discovery, RMI, JSE, Old Mutual, Adcock, EY, Sasol, Std Bank, Vodacom, amongst others)
- Immediate financial relief communications through a multi-language WhatsApp Bot
- Helped clarify Level 5 and 4 gazetted directives
- Working with industry players on developing alternative financing structures that don't meet the criteria for accessing Government or banking relief measures (too small, informal, etc.)
- Continual engagement with SEFA, IDC, NEF and others to identify where additional resources to support faster disbursement of funds can be provided
- Ensuring SMEs are part of the lockdown re-opening priorities

Water and Sanitation

- Coordinated response efforts in collaboration with the National Business Initiative (NBI) for the Department of Water and Sanitation (DWS) and of local municipalities. These included:
 - The provision of hand washing facilities and improving sanitation and hygiene in informal settlements, un-serviced areas and high-density areas such as taxi ranks.
 - Technical solutions through targeted fundraising and technical support from engineers, scientists, water experts, projects managers and communication specialists
 - Arrangement of borehole donations and hygienic hand washing facilities and launched an affordable, in-house hand washing unit

Legal, regulatory and taxation

Martin Kingston

Legal, regulatory and taxation

Key achievement:

Creation of a legal panel of over 150 senior lawyers from top law firms who have provided their dedicated resources to support in managing all legal, regulatory and tax issues arising out of the B4SA COVID-19 response initiative. Legal panel is embedded in every workgroup and workstream enabling the timeous and urgent resolution to all legal, tax and regulatory issues arising.

Some of the notable successes, working in conjunction with government, include:

- Providing input to the proposed amendments to the regulations and directions, and advising on implementation thereof, including teething problems in the misapplication of the regulations by law enforcement officers
- Obtaining rebates on custom duties and exemptions on VAT for the input of essential services including critical medical supplies
- Advising on emergency procurement processes that are currently underway or being devised
- Advising on competition exemptions in various sectors for purposes of combatting the virus
- Submitting tax policy proposals to Government including comment on draft tax relief bills

Input on Level 4 regulations

High Level Principles

B4SA believes that the regulations should follow the risk adjusted principles: discussions are underway at various levels of government, and we believe that a situation must be reached whereby South Africa is able to move down the various levels – and back to full economic activity - as quickly as possible

We must limit social contact within public spaces, transportation and places of work, to contain transmissions

- Level 4 should include what was contained in Level 5 and, in addition, restore more economic activity under conditions that minimise the spread of the virus. Level 4 provisions should not be more restrictive than those applicable under Level 5
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- Value chain disruptions will occur, but should be minimised: it does not make economic sense to sectionalise the economy
- Agriculture, as one example, can operate at full capacity but is restricted due to blockages at ports, lack of access to market and restrictions at outlets
- There are significant interdependencies in value chains that law enforcement officials cannot be expected to know of, for purposes of implementing the regulation
- These new regulations make new laws that are of critical national importance: these should therefore be as concise and clear as possible, complied with and enforced
- The regulations should be used for the purpose for which they are designed – to respond to the national disaster
- Wherever possible civil liberties and choice should be retained, giving individuals and businesses as much freedom as possible to operate within boundaries that limit the spread of the virus

Containing the spread in a scenario of faster economic unlock

In partnership with government and labour, business commits to accelerating the implementation of a set of practices to minimize COVID-19 transmission as the economy re-opens



Workplace Controls

- Procuring sufficient PPE (e.g. 89% of manufacturing firms already with access)¹
- Implementing a readiness and monitoring tool (>2000 firms have been engaged)²
- Ensuring employees who are able to work virtually do so

Monitoring

- Taking responsibility for test, track and tracing incl.
 - Daily symptom checker mandatory for all employees³
 - Track and trace digital app³

Public transport

- Supporting employees in accessing safe public transport
 - Corporates to organize their own transportation⁴
 - Curtailing the # of passengers and increasing transport offers during rush hours

Protecting the vulnerable

- Maintaining those that are most vulnerable (65 years + certain co-morbidities) in a remote and safe environment to reduce COVID ICU case load

¹ According to Manufacturing Circle Survey April 30, 2020 (n=277 manufacturing firms), the remaining 11% said they will procure PPE once operations are able to resume

² A readiness tool has been built to ensure that businesses are prepared to comply with regulations as they reopen, and monitor them weekly once they have

³ B4SA is developing an integrated contact tracing and symptom tracker tool in partnership with the Department of Health Occupational Safety team, with a few pilots in the field

⁴ According to Manufacturing Circle Survey April 30, 2020 28% are willing to arrange their own transport (n=277 manufacturing firms)

Questions & Answers

Timothy Schultz

Closing

Phumzile Langeni

A last plea



To the **fullest extent that you can**, we call on all business and business leaders to “do the right thing” and put our people first today, so we all have a future tomorrow.

- PLEASE: pay employee salaries in full and on time
- PLEASE: pay your SMME suppliers in full and on time
- PLEASE: buy from local businesses wherever you can
- PLEASE: support your local community and charities with financial donations, food or skills they need
- PLEASE: if you have the means, please contribute to the Solidarity Fund
- PLEASE: Only apply to the UIF if you are eligible and in real distress