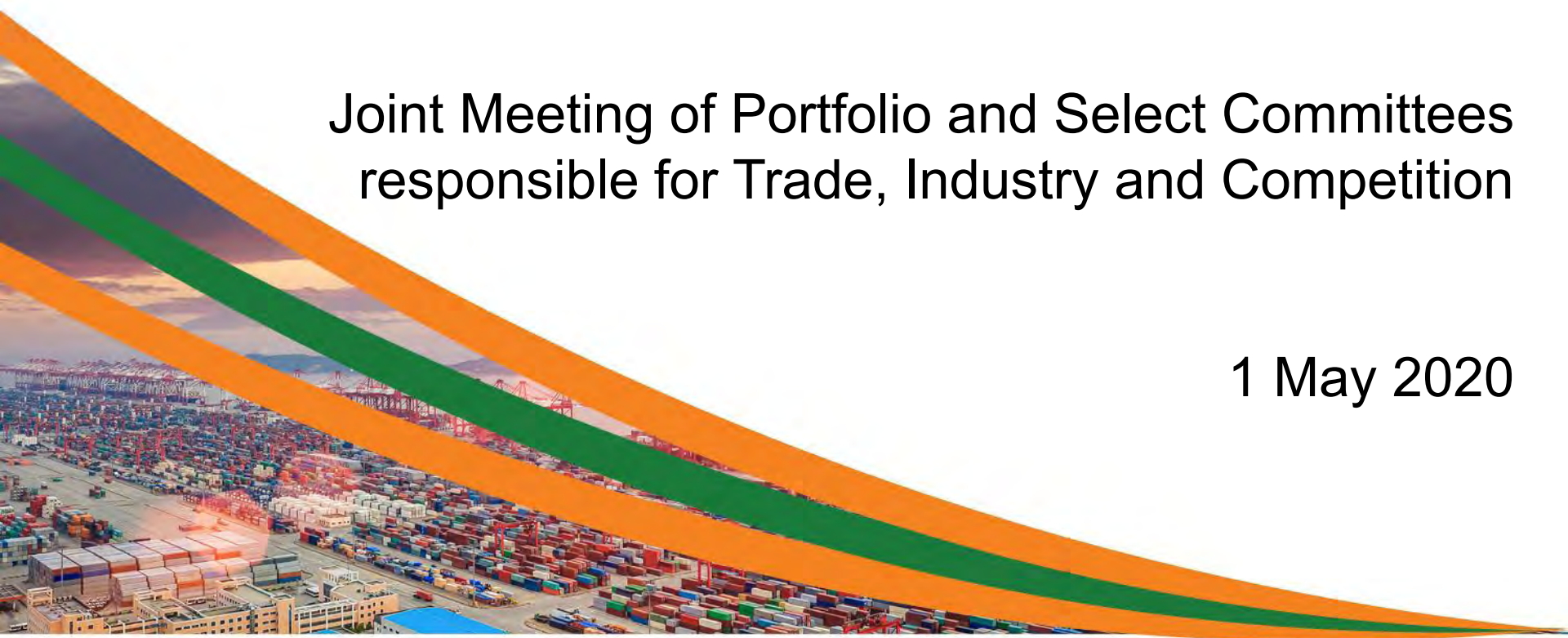


# COVID-19 Response by DTIC

Joint Meeting of Portfolio and Select Committees  
responsible for Trade, Industry and Competition

1 May 2020



**the dtic**

Department  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

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Briefing by the Minister of Trade, Industry & Competition on Government's response to the potential negative impact of Covid-19 on the economy and the measures considered to mitigate against it.

## Framing the challenge

- Covid-19 is a pandemic that has caused deep and serious damage to societies and economies across the world
- Worst pandemic of its type since the 1918 Spanish Flu
- Immediate impact of COVID-19 in SA, if no action is taken:
  - Rapid spread of the virus through community transmission
  - Healthcare systems are overwhelmed
  - Potentially devastating impact on lives of people and economy
  - Significant loss of lives, of workers, managers, technical personnel
  - Increased social tensions and damage to social cohesion
- Thus a social and economic imperative to contain the spread of virus and flatten the curve of infection
- But even with flattening the curve, significant economic damage in SA that will need to be mitigated

# COVID-19: a global pandemic

WHO declared COVID-19 a global pandemic on 11 March 2020. Data at 30 April 2020.

Global infection level      **3 million**

SA infection level                      **5 647**

Global deaths                              **230 000**

SA deaths                                      **103**

# COVID-19 STATISTICS IN RSA

30-04-2020

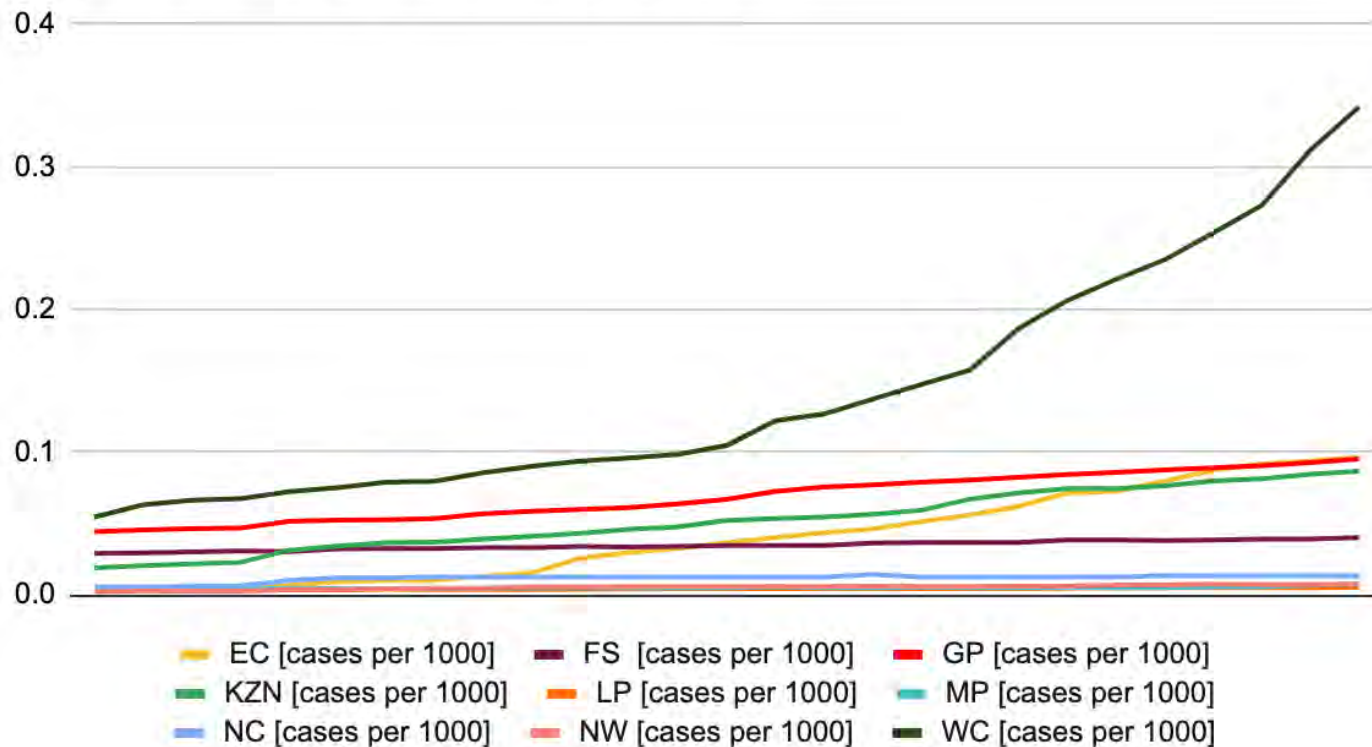
Unknown: 0  
Confirmed cases: 5 647  
Tests conducted: 207 530  
Deaths: 103  
Recoveries: 2073

Province	Deaths
Eastern Cape	11
Free State	5
Gauteng	11
KwaZulu-Natal	32
Limpopo	2
Mpumalanga	0
North West	0
Northern Cape	0
Western Cape	42



# The spread of positive cases is increasing in major centers with a particularly large increase in Western Cape

Regional Cases per 1000 people



# Impact and challenge

- Developed countries:
  - Many health services overwhelmed
  - Devastating health consequences
  - Large numbers died
- South Africa: high risk factors
  - High levels of co-morbidity and immuno-compromised population, putting large number of people at high risk
  - Poverty: over-crowding, no running water and poor nutrition
  - Uneven healthcare capacity
  - Winter approaching: higher period of risk

# South African response

- President declared a National State of Disaster on 15 March 2020
  - First priority is to save lives
  - Avoid rapid spread particularly into vulnerable communities
  - Get country ready for a more-effective healthcare response
  - Address impact on economy
- Disaster Management Act is the legal instrument applicable
- A National Coronavirus Command Council (NCCC) was set up by Cabinet to coordinate the emergency response
- Presidential Coordinating Council
- Engagements with leaders of political parties, religious organisations, Nedlac constituencies, organised business/labour and others.



# Coordination

- National Coronavirus Command Council (NCCC) comprises of members of the National Executive
- Structures for senior officials to meet regularly
- COGTA Minister is responsible for issuing **Regulations** under the Disaster Management Act (DMA)
- Cabinet Members responsible for issuing **Directions** on matters relating to their portfolio, in accordance with the DMA Regulations
- Cabinet Members may issue **regulations or exemptions** where other legislation empowers them to do so in the course of carrying out their duties (eg action in terms of the Competition Act).

# Overall approach

Science is leading our response to the pandemic and the need to flatten the curve of infection while we also protect the economy. This involves:

- **Doing what is necessary to ensure we are not overwhelmed by an uncontrolled epidemic** which would lead to massive loss of life, overwhelm the health system and destroy the economic foundations of the economy due to systemic cost AND remove large sections of the workforce
- **Ensuring that we take responsible steps to deliberately re-open the economy in phases, with safety of our people at the forefront of how we do that** -in ways that allow livelihoods to be preserved, protect the productive assets of the nation and sustain as much of the economy as we can while we protect lives

# Public Health response

- Most countries have responded to COVID-19 with ‘lockdowns’ of varying length and severity. This includes disruption of flights and shipping.
- Given high risks outlined, Government announced a lockdown with significant restrictions to slow the spread of the virus.
- This also provides time for the public and private healthcare sectors to:
  - Mobilise resources
  - Plan for a rapid increase in patients requiring hospitalisation,
  - Procure essential healthcare supplies such as surgical masks, disinfectants, ventilators and the like, and
  - Scale-up local production of healthcare and hygiene supplies.

# Public Health response

- Government has sought to ensure that the lockdown achieves its first order objective - namely limiting the spread COVID-19.
- Government (including through the work of the DTIC) is encouraging manufacturing and economic activity which is essential to responding to the public health demands – namely:
  - Securing adequate supplies of medical equipment and medicine
  - Encouraging domestic production of medical and hygiene supplies
  - Ensuring adequate levels of food production and other essentials
  - Facilitating exports of medical supplies to neighbouring countries.

# Economic Action across a wide front

GOVERNMENT has prioritised key interventions, including:

1. Economic impact assessment and measures to mitigate
2. Supporting health measures: essential health and PPE stocks
3. Food and hygiene product supply-lines: from farm to shop
4. Solidarity and social protection measures to assist the vulnerable
5. Regulatory support to facilitate cooperation and keeping firms in business
6. Protecting consumers: Action against unfair price rises
7. Global coordination and engagement
8. Lockdown/Reopening the economy: risk adjusted approach

# Economic impact and mitigation

## 1

### IMPACT ASSESSMENT

- Massive and rapid shock on the economy, starting globally and transmitted rapidly to SA and the rest of the continent
- Global growth impact
- Demand-shock
- Supply shock
- Sectoral implications
- Impact on GDP will be very significant – projected recession with severe contraction of the economy in 2020
- Big job losses and firm closures; high levels of social hardship

# Economic impact and mitigation

Estimates of the impact on the economy vary at the moment, and will be driven by trajectory of the virus both in South Africa and globally

- The IMF estimates that GDP will fall by **5.8%** in 2020
- The SARB estimates that GDP will fall by **6.1%** in 2020
- The IDC estimates that GDP will fall by **6.3%** in 2020

# Economic impact and mitigation

## RESPONSE

- Limit the health impact through lockdown and thereafter a risk-adjusted reopening
- Immediate social measures to support vulnerable
- Economic support: R500bn package announced by President
- The SA Reserve Bank cut the repo rate by 200 basis point, in effect unlocking at least **R80 billion** in the real economy, and taking other steps to provide additional liquidity to the financial system
- Longer-term policy measures to rebuild the economy



# Economic measures announced by President

On 21 April 2020, President Ramaphosa announced a **R500 billion coronavirus budget** to direct resources towards fighting the pandemic. Funding for the coronavirus budget will include the reprioritisation of around R130 billion within the current budget, with the balance from international and local sources. The R500 billion coronavirus budget will include the following:

- **R200 billion** loan guarantee scheme in partnership with the major banks, the National Treasury and the South African Reserve Bank.
- **R100 billion** for the UIF's COVID-19 benefit to support workers' wages and assist companies in distress.
- **R70 billion** in cash flow relief or direct payments to businesses and individuals, through a 4-month holiday for companies' skills development levy contributions, fast-tracking VAT refunds and a 3-month delay for filing and first payment of carbon tax
- **R50 billion** on a temporary 6-month Coronavirus grant towards relieving the plight of those who are most desperately affected by the coronavirus,
- **R40 billion** has been set aside for income support payments for workers whose employers are not able to pay their wages.
- **R20 billion** for additional spending on personal protective equipment for health workers, community screening, increase in testing capacity, additional beds in field hospitals, ventilators, medicine and staffing.
- **R20 billion** to municipalities for the provision of emergency water supply, increased sanitisation of public transport and facilities, and providing food and shelter for the homeless
- **R2 billion** to assist SMEs and spaza shop owners and other small businesses.

# Health stocks

## 2

- Develop integrated health-stocks database
- Issue Competition Act exemption: healthcare sector
- Support firms to ramp up local production of face-masks and health stocks
- Assist NDoH to secure medical supplies abroad
- Launch the National Ventilator Project

# Health stocks – examples of actions

- The Department is working with stakeholders to build stocks of critical medical and pharmaceutical goods required for the prevention, spread and treatment of COVID-19;
- Focus is on mechanical breathing apparatus, like ventilators and CPAPs; personal protective equipment, like face masks and gloves; hygiene products, like hand sanitiser and disinfectant; and other medical goods, like hospital beds;
- A centralized database has been created to ensure unified knowledge of existing stocks and orders;
- The healthcare exemptions were amended to include coordination of medical and hygiene supplies at the direction of the DTIC and NDoH to ensure appropriate supply;
- DTIC has worked with South African suppliers, including major suppliers of ethanol for the production of hand sanitiser, disinfectant and other cleaning products to ensure adequate supplies in South Africa; and clothing manufacturers to ramp up production of face masks for healthcare workers and the general public;
- Export controls have been implemented by ITAC on hand sanitizer, face masks, vaccines, antibiotics and other medicines to monitor outflows, while ensuring adequate supplies to neighbouring countries;
- Directions are being prepared on additional measures to strengthen the quality of information

# Food and hygiene supply-lines

## 3

- Work with industry to maintain production and security of supply
- Help to trouble-shoot challenges and difficulties experienced during the period
- Liaise with retail sector on stocks, panic-buying, store safety and pricing to consumers

# Solidarity and social protection

## 4

A number of measures have been initiated or supported

- Support for workers in distress
- Support for enterprises in distress
- Food security
- Solidarity Fund
- Support from Tirisano Fund
- Corporate initiatives

# Solidarity and social protection

## SUPPORT FOR WORKERS IN DISTRESS

- DEL, supported by DTIC, has developed a Covid-19 UIF programme
- Programme allows employers to apply on behalf of employees as a means to speed up the process
- Approximately R2.2 billion has been paid out to employers who are now paying these funds out to their workers
- DTIC supporting DEL to develop safety protocols to protect workers when returning to work
- DTIC supporting DOT to develop public transport safety protocols to protect workers travelling to work

# Solidarity and social protection

## SUPPORT FOR ENTERPRISES IN DISTRESS

- ‘War chest’ created to support SMMEs and large firms in distress. R700m transferred to IDC for this purpose
- In addition, IDC has earmarked an additional R3bn to be released for this intervention
- Accepting applications through the IDC with low interest-loans, and payment holiday as the main forms of support
- Progress on funding amounts has been reported by the President in addresses to the nation
- DTIC also supporting DSBD to provide relief measures to self-employed, spaza shops, informal traders and SMMEs
- R200bn Credit Guarantee Scheme announced for firms in distress

# National Credit Act

## Providing greater access to finance during COVID-19

- The Department is working with stakeholders, including the SARB, bank lenders and other credit providers and the regulator, on proposals to provide greater access to finance for consumers and small businesses impacted by COVID-19
- Proposals have been considered on two areas in the NCA: the 'public interest credit agreement' and 'emergency loan' provisions of the Act, which can be used to provide finance to customers and small businesses in distress as a result of COVID-19,
  - Under the Act this part of the market may otherwise not qualify for financing due the provisions in the Act to limit 'reckless credit' extensions
- Deliberations on the matter have included a number of considerations:
  - Aligning with the Credit Guarantee Scheme as announced by the President
  - Aligning with workable proposals from credit providers, and avoiding predatory practices
  - Managing potential over-indebtedness for consumers; and
  - Ensuring broad-based access for firms and individuals in need
- A final decision will be coordinated with the other measures announced by Government.



# Solidarity and social protection

## FOOD SECURITY

- Variety of interventions have been developed to improve flow of funds to SA's most vulnerable citizens
- NT's introduction of increases to Child Support Grant and new Grant for those not already receiving social grant greatly extends SA's social grant coverage
- SASSA ramping up supply of food parcels
- Government also considering an eVoucher system to get funds to those most in need
- Solidarity Fund also providing targeted support

# Solidarity and social protection

## **SOLIDARITY FUND**

- Initiated by Government following discussion at Nedlac
- Announced by President on 23 March 2020
- Government provided seed capital of R150 million
- 1000 Corporate and 75 000 individual contributions already received.  
President and Cabinet Members donate one-third of salaries for 3 months.
- R2,6 billion raised to date
- Spending on masks, ventilators & social support
- Broad-based Board of Governance

## **TIRISANO FUND**

- R50m to Municipal Infrastructure Support Agency (sanitisers/boreholes)

## **CORPORATE DONATIONS**

# Regulatory support

5

- Healthcare Sector
- Banking Sector
- Retail Property Sector
- Hotel Industry
- Tribunal Rules for COVID-19 excessive pricing complaint referrals
- CIPC Practice Note

# Healthcare Sector: COVID-19 Block Exemption

- Regulations enable private healthcare system to cooperate to ensure adequate capacity and stocks at healthcare facilities throughout the country in order to respond to the COVID-19 national disaster.
- Conditions: co-operation needs to be at the request and in coordination with National Department of Health. Records of meetings and agreements to be kept.
- Exempted action cover:
  - Hospitals and Healthcare facilities: patient allocation, facility capacity, efficient procurement of consumables, allocation of expertise/services, quality standardisation
  - Medical suppliers: supplies availability, supplies procurement and distribution
  - Medical specialists and radiologists: data sharing & utilisation, quality standardisation, supplies and equipment transferring
  - Pathologists and laboratories: capacity, supplies procurement
  - Pharmacies: availability, procurement & transferring of consumables,
  - Healthcare funders: cost reduction between funders and between funders and facilities
  - Facilitating additional capacity and supplies to, and cost reduction for, the public health sector

# Banking Sector Exemptions

- Regulations exempt a category of agreements or practices between Banks, Banking Association of SA and/or Payment Association of SA for the sole purpose of enabling banking sector to:
  - minimise negative impact on the ability of customers to resiliently manage their finances
  - manage the banking infrastructure, including the payment infrastructure, ATMs and branches.
    - Excludes communication with regard to prices.
    - Records keeping of all meetings and agreements or practises
- Actions to be undertaken at request of, and in coordination with Minister of Trade, Industry & Competition or Finance
- Exempted action cover:
  - Continuation of essential payment systems: ATMs, electronic payment systems
  - Management of debtors and extension of credit: payment holidays/debt relief, limits on asset repossessions subject to financial stress, extension of credit lines subject to financial stress

# Retail Property Sector Exemptions

- Regulations exempt a category of agreements or practices between designated retail tenants and the retail property landlords for the sole purpose of enabling the retail property sector to:
  - minimize the negative impact on the ability of retail tenants, including small independent retailers, to manage their finances during the national disaster and be in a position to continue normal operations beyond the national disaster.
    - Excludes communication with regard to prices.
    - Records keeping of all meetings and agreements or practises
- Actions to be undertaken at request of, and in coordination with DTIC
- Exempted actions cover:
  - Payment holidays/Rental discounts and limitations on tenant eviction
  - Suspension/adjustment of lease agreements clauses restricting reasonable measures by retail tenants to protect business viability during the national disaster
    - Exemptions must extend to all South African retail tenants in the designated retail lines including small, independent retailers – unless otherwise authorised by Minister of Trade, Industry and Competition or the Competition Commission
  - Designated trading lines: Clothing, footwear and home textile retailers; Personal care services; Restaurants

# Hotel Industry exemptions

- The purpose of these regulations is to enable the hotel industry to :
  - collectively engage with the Departments of Health and of Tourism to identify and provide appropriate facilities for persons placed under quarantine
    - Records keeping of all meetings and agreements or practises
    - Actions regarding cost reduction to be at the request, and subject to oversight by, the Departments of Health and Tourism, respectively
    - Actions regarding pricing must be authorised by Ministers of Health and Tourism
- Exempted actions cover:
  - Cost reduction measures: communicating and agreeing on cost reduction; pricing of appropriate facilities
  - Identification and provision of facilities: identifying facilities; communicating regarding capacities of facilities

# Expedited Competition Tribunal Rules for COVID-19 excessive pricing complaint referrals

- Regulations provide for rules regulating complaint referrals for alleged contraventions of excessive pricing under the Competition Act and Regulation 4 of the Consumer Protection Regulations
- A complaint referral for an alleged contravention may be dealt with by the Competition Tribunal on an urgent basis
  - Urgent complaint referral procedures
  - Urgent hearing
  - Remedies – including a respondent's right of appeal on an urgent basis to the Competition Appeal Court
  - Consent Order



# CIPC – Practice Note issued on reckless trading

- To provide companies with comfort that they will not fall foul of the reckless trading provisions of the Companies Act, on 24 March 2020, the CIPC issued a practice note in terms of Section 22 of the Companies Act
- The provisions provides the CIPC the power to issue notices requiring a business to cease trading if it finds that a company is carrying “on its business recklessly, with gross negligence, with intent to defraud any person or for any fraudulent purpose”
- In term of the practice note, and for the duration of the COVID-19 national disaster, the CIPC will not invoke the reckless trading provisions, if the CIPC has reason to believe that the companies are temporarily insolvent due to the national disaster

# Protecting consumers: action on price rises

## 6

- Issued a Regulation covering price gouging, excessive pricing and supply of goods on 19 March 2020
- Stock-piling – engagement with retailers
- Monitoring prices
- Competition Commission prosecution
- Consumer Commission
- Further regulatory measures may be introduced

# DTIC Regulations and Directions on Consumer & Customer Protection

- Competition Commission prosecutions
  - Dischem has been charged by the Competition Commission with excessive pricing on face masks – the matter will be heard by the Tribunal on 4 May 2020;
  - A face mask distributor has reached agreement with the Competition Commission to pay R11 million for excessive pricing, in addition to price remedies on products sold;
  - A further two retailers of face masks have been ordered to pay damages and reduce prices
- National Consumer Commission has established toll-free number for complaints – **0800 014 880** (Also available on twitter **@NCC\_COVID19**)
- Agreement with major retailers to impose item limits on key goods to address panic buying

# Global coordination

## 7

- African Union solidarity interventions
- Shifting of the AfCFTA timeframes
- G-20 Leaders meeting on global coordination
- G-20 Trade Ministers Meeting
- Engagement on supplies: India and China

# Lockdown/reopening of economy

## 8

- A lockdown was announced by the President to limit movement and people and the spread of the virus and ‘flatten the curve’ of infections
- The lockdown limits both economic and social activities in the society
- Provision was made in the initial lockdown phase for essential services
- As more health data becomes available and based on the need to restart more parts of the economy over the period, a risk-adjusted approach has been developed and was announced by the President to the nation.
- The new approach seeks to calibrate the opening of the economy and social activities with the level of risk

# A NEW APPROACH: THREE SYSTEMS

- **SYSTEM 1** A new alert system to measure the degree of risk, from the highest being level 5 to the lowest being level 1 to determine the level of restrictions in place nationally, in provinces and in districts
- **SYSTEM 2** An industry classification for readiness to return at each level based on criteria, together with restrictions that should remain after the lockdown regardless of the alert level
- **SYSTEM 3** Enhanced public health and social distancing arrangements at workplaces and public spaces (including schools and Higher Education institutions that may reopen during the pandemic period)

# 1. RISK-ADJUSTED STRATEGIC APPROACH

<b>Level 5</b>	High virus spread and/or low health system readiness	Full lockdown
<b>Level 4</b>	Moderate to high virus spread with low to moderate readiness	High restrictions
<b>Level 3</b>	Moderate virus spread with moderate readiness	Moderate restrictions
<b>Level 2</b>	Moderate virus spread with high readiness	Reduced restrictions
<b>Level 1</b>	Low virus spread with high readiness	Minimum restrictions

The purpose of the new approach is to calibrate the level of openness with the level of risk and enable us to restart or increase as many economic activities as is possible given the health risks.

## 2. INDUSTRY CLASSIFICATION

**To sequence economic areas to be opened after the initial lockdown period, an alert system has been developed which considers the following criteria:**

- (1) Risk of transmission
- (2) Expected impact on the sector should the lockdown continue;
- (3) Value (and economic linkages) of the sector to the broader economy (including its contribution to the GDP, employment, multiplier effects, its export earnings, supply-chain linkages and industrial policy goals); and
- (4) The promotion of community wellbeing and the livelihoods of the most vulnerable

Initially, return to work will be based on the national level, but will progressively be expanded to provincial and district level, enabling workplaces to adapt to the level of infection and healthcare readiness in locality.



# 3. ENHANCED PUBLIC HEALTH

Comprehensive system of health protocols and social-distancing arrangements, covering areas such as the following:

- Industries are encouraged to adopt a work-from-home strategy where possible, and all staff who can work remotely must be allowed to do so.
- Phasing in of the numbers of workers traveling and working at any one time depending on the sector. This ranges from 30% to 100%.
- Workers above the age of 60, as well as workers with comorbidities, should be offered a work-from-home option or remain on leave after engagement with employers and the UIF.
- Workplace protocols to be in place that would include disease surveillance and prevention of the spread of infection, disabling contact biometric systems or making them Covid-proof
- Guidelines for public servants as well as correctional facilities.

# COVID-READY WORKPLACES

- COVID-19 prevention and mitigation plans and protection measures:
  - Identification and protection of vulnerable employees
  - Safe transport of employees
  - Screening of employees on entering the workplace
  - Prevention of viral spread in the workplace
  - Hand sanitisers and face masks
  - Cleaning of surfaces and shared equipment
  - Good ventilation
  - Shift arrangements and canteen controls
  - Managing sick employees
- Monitoring systems must be in place to ensure compliance with safety protocols and identify infections among employees.
- Partnerships with unions to get work-places Covid ready
- Mass testing should be carried out for workplaces over 500 workers.

# Level 4

- President announced that the country would go to Level 4 of the new alert system based on the risk assessment and the new systems
- Based on that risk assessment, a proposal was developed to open the economy to an increasing level, with a number of additional economic activities to be enabled to commence work
- A draft proposal was publicly released by COGTA on 25 April 2020, for public comments and sector feedback
- More than 850 sector, business and union inputs were received, plus submissions from political parties and tens of thousands of public comments
- The draft proposals were reviewed and amended based on feedback received and the need for a deliberate and cautious easing of lockdown measures.
- If we can avoid a sharp increase in levels of infections with the return to work of large numbers of workers, and expand testing and healthcare facilities, the economy could shift to Level 3 as soon as possible.

# Economic Sectors in Level 4

- **Agriculture:** all agriculture, forestry, fishing and related services
- **Utilities:** All electricity, gas and water supply
- **Manufacture:** All manufacturing operations at a level of at least 30% employment; increasing to 50% employment for certain sectors, and 100% for others (see next page for detail)
- **Construction:** Public works civil engineering and construction works, roads, bridges and critical maintenance and repairs
- **Retail:** Stores and online platforms selling (see separate slides)
- **Mining:** 50% employment phased-in; 100% for collieries and open-cast mining
- **Restaurants:** for food delivery only
- **Financial and business services:** Designated financial services, private security, and other businesses to support Level 4 services; call centres (see separate slides)
- **Transport:** Transport services for movement of workers in Level 4 and movement of essential goods from ports of entry, and Level 4 goods for export to ports of exit
- **Other services:** See regulations

# Manufacturing in Level 4

## Operating at up to 100% employment:

- Food products, incl non-alcoholic beverages and animal food.
- Toilet Paper, sanitary pads, sanitary tampons, and condoms.
- Hand sanitiser, disinfectants, soap, alcohol for industrial use, household cleaning products
- Personal protective equipment.
- Products for the care of babies and toddlers
- Children's clothing.
- Personal toiletries, including haircare, body, face and nail care products, roll-ons, deodorants, dental care products.
- Medical and Hospital Supplies, medicine, equipment
- Fuel and lighting, including wood, paraffin and gas.
- Chemicals and ancillary products used in List 4 products

# Manufacturing in Level 4

## Operating at up to 100% employment:

- Textiles for face masks and other personal protective equipment.
- Educational books.
- Personal ICT equipment including computers, mobile telephones and other home office equipment.
- Paper and paper products, excluding stationery, subject to strict health protocols;
- Plastics and packaging, including glass, plastic bottles and containers, subject to strict health protocols;
- Petroleum refineries, smelters, and furnaces, subject to strict health protocols.

# Manufacturing in Level 4

## Operating at up to 50% employment:

- Manufacturing of automotives, steel and other metals, rail and ship-building (including components), scaling up in phases to 50% employment and subject to strict health protocol;
- Stationery production, scaling up in phases to 50% employment and subject to strict health protocols;
- Cement, other construction material, and hardware, scaling up in phases to 50% employment and subject to strict health protocols;
- Manufacture of winter clothing, footwear, bedding and heaters (and all inputs required, including textiles) permitted, commencing at 25% and scaling up to 50% employment and subject to strict health protocols.

# Manufacturing in Level 4

**Operating at up to 30% employment** - All other manufacturing activities, such as (not the full list):

- General and special purpose machinery
- Household appliances
- Publishing, printing and reproduction of recorded media
- Electrical machinery and apparatus not elsewhere classified
- Radio and television equipment
- Furniture and wood products
- Textiles, clothing and footwear plus chemical products not covered in previous categories

**Supply-chains:** Production, manufacturing, critical maintenance and repair of goods and services (including components and equipment) required for the production or rendering of permitted goods and services under Level 4



# Retail Sectors in Level 4

**Retail:** Stores, spaza shops and informal traders selling

- food and non-alcoholic beverages
- personal toiletries, cleaning and related products
- medication, medical equipment and PPEs
- products for the care of babies and toddlers
- children's clothing, winter clothes and footwear, bedding, heaters
- textiles for face-masks, winter-clothing, children's clothes and PPE
- hardware supplies and components
- fuel, lighting, airtime and electricity
- stationery and educational books, and
- personal ICT equipment (phones, computers, etc)

**Car-related:** car sales; car parts; car hire; emergency car repairs;

**Other:** machinery hire; and chemicals and packaging for Level 4.

# eCommerce in Level 4

## Online platforms and delivery services (eCommerce)

- List of products sold by retailers
  - food and non-alcoholic beverages
  - personal toiletries, cleaning and related products
  - medication, medical equipment and PPEs
  - products for the care of babies and toddlers
  - children's clothing, winter clothes and footwear, bedding, heaters
  - textiles for face-masks, winter-clothing, children's clothes and PPE
  - hardware supplies and components
  - fuel, lighting, airtime and electricity
  - stationery and educational books, and
  - personal ICT equipment (phones, computers, etc)
- Plus: hot cooked foods
- Plus: Directions may permit the incremental expansion of e-Commerce, taking into account the need to limit the extent of movement on the road, contact between people, law-enforcement challenges and the impact on other businesses irt Covid-19

# Financial and business services in Level 4

- Essential financial services operating under Level 4, subject to directions issued, include
  - the banking environment (including the operations of mutual banks, co-operative banks, co-operative financial institutions and the Postbank)
  - the payments environment
  - the financial markets (including market infrastructures licensed under the Financial Markets Act, 2012 (Act No. 19 of 2012);
  - the insurance, savings and investment environments
  - pension fund and medical aid administrations
  - outsourced administration
  - medical schemes administration; and
  - additional services designated
- Services necessary for the provision of social grants
- Private security services
- Implementation of payroll systems
- Chauffeur services, rental of motor vehicles, driven vehicles, machinery, equipment and goods to support other Level 4 services;
- Call centres for global services and other specified services (subject to directions; and
- Other professional services (see next slide)

# Financial and business services in Level 4

- Other professional services may operate where work-from-home is not possible, and where required to support other Level 4 services.
- Such services for Level 4 in the Standard Industrial Classification would normally include:
  - Software and hardware consultancy
  - Data processing and database activities
  - Maintenance and repair of office, accounting and computing machinery
  - Other computer related activities
  - Research and development
  - Legal, accounting, bookkeeping and auditing activities; tax consultancy; market research and public opinion research; business and management consultancy;
  - Architectural, engineering and other technical activities
  - Advertising

## Other services in Level 4

The framework enables a number of other sectors to operate in Level 4, including

- Recycling services (including glass, paper, plastics, metal and tyres) at 50% and informal recyclers
- Licensing, permitting, deeds, masters offices
- Cleaning, sanitation, pest control, sewerage, waste and refuse removal services
- Transport services for passengers, including public rail, minibus taxi, bus services and ehauling based on the progressive increase in commuter numbers during Level 4, subject to Directions
- Ocean, rail, road and air transport of goods (see details in regulations)
- Productions for local broadcast (eg television and radio), livestreaming and the activities of newspapers and broadcasting
- Information and Communication Technology services for all private and business customers.
- All telecommunication services and infrastructure
- Postal services and courier services for Level 4 economic activities

# Agriculture in Level 4

Agriculture, hunting, forestry, fishing and bee-keeping, including

- preparation, cultivation, harvesting, storage,
- transport of live animals
- auctions (subject to health directions)
- agricultural infrastructure and
- services (including research, inspection, certification and quality control).

All fishing, operation of fish hatcheries and fish farms.

Harvesting and storage activities essential to prevent the wastage of primary agricultural, fishing and forestry goods.

Export of all products from

- Agriculture
- agro-processing
- Fishing
- Forestry.

# DTIC: Readiness for post-lockdown

- Site inspection conducted on 24 April 2020 to assess COVID-19 occupational health and safety risk and to make the workplace ready for employees to return to offices.
- A dtic protocol for new working arrangements has been drafted in line with Regulations issued by the Department of Co-operative Governance and Traditional Affairs with directions from the Department of Employment and Labour
- **the dtic** is required provide and maintain a safe and healthy environment for its employees and the public to mitigate the contracting and spreading of COVID-19 at **the dtic** offices. The purpose of the protocol is to provide new working arrangements to combat the spread of COVID-19 in **the dtic**
- The protocol addresses the following: Access to **the dtic** offices and buildings by employees and the public, PPE requirements for employees and the public, office layouts, air quality, washing of hands, cleaning services, working remotely, provision of ICT tools for remote working, meeting rooms, pause areas, lifts, communication and raising awareness

# DTIC: Impact on Departmental Programmes

- COVID-19 will impose significant costs on the economy
- Departmental priorities and budgets will all need to be reviewed as soon as the scale of the challenges and the costs have been better determined, based on success with flattening the curve and enabling the step-by-step reopening of the economy
- Initial thinking is that a portion of EMIA, SPII and THRIP budget allocations be postponed/deferred to the 2021/22 financial year, to release resources for the measures announced to mitigate the economic effects
- Additional funding may be required to assist affected sectors in the economy and stimulate investment by easing the cost of doing business while sustaining existing jobs. This could take the form of a combination of grant and loan funding towards working capital, machinery and equipment, targeting manufacturing and its related sectors. Discussions are underway with National Treasury.



# DTIC: Impact on financial reporting

- The Minister of Finance has granted a two months extension under the Public Finance Management Act (PFMA) for the submission of Annual Financial Statements (AFS) for all PFMA listed entities.
- This means that the AFS submission date has moved from 31 May 2020 to 31 July 2020. All other reporting requirements for the last financial year i.e the Auditor-General finalising his audit, the finalisation and the tabling of the Annual Reports will be moved by 2 months.
- This delay will impact and put a strain on the administration processes for this financial year, more so for **the dtic** due to the consolidation of the Department of Trade and Industry and Economic Development Department. The consolidation entails the consolidation of assets and liabilities of **the dti** and EDD into **the dtic**.

# Conclusion

- The risk-adjusted reopening of the economy is intended to be done in phases to limit overall movement of, and physical contact between people, taking account of the challenges of implementation in both public and private sectors
- The critical focus in Level 4 should be on making workplaces Covid-ready, through arrangements at firm-level to reduce the risk of infections of employees and customers and increase the rate of testing
- A flexible approach is necessary to take account of size of enterprise and level of risk and engagements are taking place with different sectors to determine what additional sector-specific measures may be required
- The experience in this phase will provide valuable insights in efforts to get the economy fully-opened as soon as possible.
- Further work is being done on the post-Covid economic landscape and adjustments required to industrial strategy to mitigate the economic effects and incorporate the lessons of this pandemic.

**THANK YOU**