

PRESIDENT'S ADDRESS- COVID 19 21 APRIL 2020 SUMMARY

COVID-19

Confirmed cases- 3465;
Screening- 2 million people;
Referred for testing- 15 000
Deaths – 58 people

Government's economic response is divided into three Phases:

Phase 1

Announcement that the pandemic of Coronavirus is a national disaster.

Relief Measures under Phase 1

- Tax relief;
- Release of Disaster Funds;
- Emergency procurement;
- Wage support through UIF and Funding to Small Business;

Phase 2

We are now entering the second phase of the economic response to stabilize the economy.

Phase 3

Implementation of economic strategy to drive the recovery of the economy.

Recovery strategy:

- stimulate demand and supply through a substantial infrastructure build programme;
- speedy implementation of economic reforms;
- initiatives to ignite inclusive growth;

Stabilizing the Economy

Introduction of a massive social relief and economic support package in the amount of R500 billion, which being about 10% of GDP.

The social relief and economic support, center to the second phase is:

- Increased budget to respond to the coronavirus;
- Relief of hunger and social distress;
- Support for companies and workers;
- Phased re-opening of the economy.

R130 billion will come from reprioritization within the current budget, the balance will be procured from various sources.

The World Bank, International Monetary Fund, BRICS New Development Bank and the African Development Bank have been approached and are working with Treasury on different funding transactions.

An amount of R20 billion will be allocated to efforts to address the coronavirus.

Due to the negative impact that the lockdown has had on Municipalities, R20 billion will be made available to these Municipalities for the purposes of emergency water supply, increased sanitation of public transport and facilities and for food and shelter for the homeless. Details to be announced in the adjustment budget.

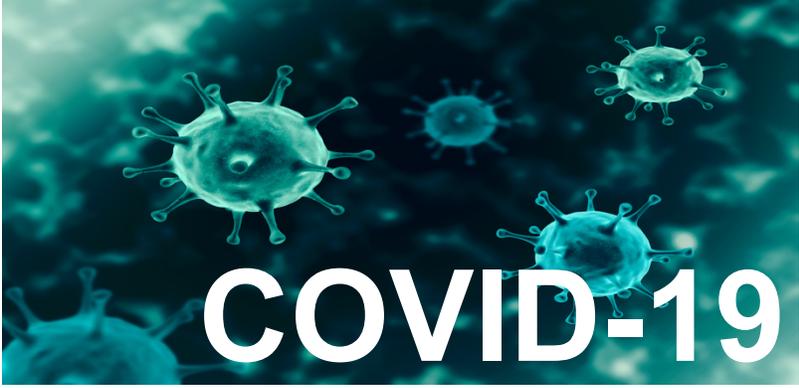
Poverty and Food Insecurity

Dramatic increase in poverty and food insecurity, consequently there will be a temporary 6-month Coronavirus grant- an amount of R50 billion available.

Increase to the child support grant- an additional R300 per child to be increased to R500 at the end of May and to continue for the next 6 months.

All other grant beneficiaries will receive an additional R250 per month for the next 6 months.

There will be the introduction of a Covid-19 Social Relief Grant of R350 for the next 6 months for unemployed individuals who do not receive and other form of social grant or UIF payment.



COVID-19

Requirements to be met to access the funding will be announced by Department of Social Development.

SASSA to implement a technology-based solution to roll out food security program through a voucher and cash system to ensure efficiency.

Department of Social Development in partnership with the Solidarity Fund and NGO's to distribute 250 000 food parcels across the country over the coming two weeks.

Persons guilty of abusing distribution of food will face the full might of the law.

Job Security

Expected increase in job loss, R100 billion to be set aside for the protection and creation of jobs.

Range of measures put in place to support workers' wages and assist companies in distress.

By end of today, 21 April 2020, UIF would have paid out R1.6 billion in assisting 37 000 companies and 600 000 workers.

R40 billion set aside for income support payments, where companies cannot pay workers.

R100 million has been spent in assistance to SMME's, spaza shop owners and other informal businesses, with an additional R2 billion to be made available for this purpose.

R162 billion facility has been approved by IDC for the manufacturing and procurement of PPE.

Introduction of R200 billion loan guarantee scheme partnership with major banks, Treasury and the Reserve Bank to assist enterprises with operational costs. Scheme is expected to support over 700 000 companies and more than 3 million employees. Some banks are ready to roll out before the end of April 2020.

Tax Relief

4-month payment holiday on company's skills development levy contributions;

Fast tracking of VAT refunds;

3- month delay for filing and first payment of carbon tax;

Previous turnover threshold of tax deferrals increased to R100 million per annum and the proportion of PAYE payment that can be deferred will be increased to 35%.

Businesses with a turnover exceeding R100 million per annum can apply to SARS for deferrals on tax payments. No penalties if they can show that they have been materially negatively impacted during this period.

Taxpayers who donate to the Solidarity Fund will be able to claim an additional 10% as a deduction on taxable income.

These tax measures will provide at least R70 billion cash flow relief to businesses or individuals.

Minister of Finance to announce further details on other related tax matters.

The Reserve Bank has cut the repo rate by 200 basis points unlocking at least R80 billion in the real economy.

Re-opening of the Economy

To end the lockdown abruptly might cause a massive and uncontrollable resurgence of the disease.

Government will follow a phased approach to gradually lift restrictions on economic activity.

President to address the nation again on Thursday 23 April 2020 on measures to be taken to re-open the economy.