



**DRAFT STATEMENT/SPEAKER NOTES FOR
HONOURABLE MINISTER TW NXESI TO BE
PRESENTED ON THE OCCASION OF THE ILO
AFRICAN REGIONAL VIRTUAL MEETING**

THURSDAY, 2 JULY 2020

**TOPIC 1: ILO policy framework for responding to
the COVID-19 crisis – Building Back Better
in Africa**

The Republic of South Africa accounts for over thirty-five percent of Corona virus cases in the African continent. We moved quickly to impose a 100 day lockdown to curb the spread of the virus, but which also led to serious disruption of normal economic life and livelihoods.

Most economic sectors are now back in operation, with schooling being incrementally reopened.

Government has emphasized the need to maintain a balance between re-opening the economy and combatting the pandemic – in such a way so that the two complement each other.

We have utilized the time gained by flattening the curve to set up health infrastructure and procure protective equipment in anticipation of a rise in infections during the coldest months.

We have put measures in place to revive a battered economy and also to support those impacted by the pandemic and the lockdown:

❑ **Stimulus Package**

In April, South Africa announced a stimulus package worth R500 billion, equivalent to 10% of GDP.

An amount of R300 billion was earmarked to provide a liquidity injection to the real economy via support to the banking sector. An additional R20 billion was set aside to support health initiatives to contain the spread of the disease.

R50 billion has been budgeted to expand the social security safety net - monies earmarked for non-contributory beneficiaries such as pensioners, disabled and other vulnerable groups. A further R20 billion has been assigned to local municipalities to deal with the present hardships.

❑ Supporting enterprises, jobs and incomes

The Labour Survey for the first quarter of 2020 indicates that unemployment had breached the 30% mark. The South African Reserve Bank forecasts that the economy

could contract by between 2% and 4% in 2020, resulting in 300,000 job losses. The IMF estimates that the South African economy will decline by as much as 5.8% by the end of 2020, but predicts a 4% recovery in 2021.

Some large companies have already issued force majeure (*pronounce: ma-shure*) notices, not only to customers and suppliers, but also to employees – allowing them reduce or not pay salaries. We have also witnessed a rise in applications for retrenchments by employers.

Measures taken by government include:

- In anticipation of possible failure by companies to meet their commitments such as rent, loan repayments and other obligations, R200 billion has been earmarked for credit guarantees.
- R2 billion has been set aside to support small enterprises.

- Tax relief measures, amounting to R70 billion, will reduce pressure on businesses and individuals.
- R40 billion was budgeted by the Unemployment Insurance Fund to provide income support for workers laid-off during the lockdown.
- R100 billion has been ring-fenced to protect and create jobs. Government aims to give assistance in the form of loans, grants and debt-restructuring to enterprises.
- The recently revised budget added substantial amounts for job creation, relief packages, water and sanitation, as well as education catch-up and social welfare.

As a country, we are determined to 'build back better', working with social partners to promote health and safety, support enterprises and 'move to a job-rich recovery'.