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# EMPLOYMENT LAW ALERT

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### COVID-19 pandemic and unrest support package: what the numbers mean for businesses

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## COVID-19 pandemic and unrest support package: what the numbers mean for businesses

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As South Africans try navigate their way through these tumultuous times, it is estimated that the unrest has cost the country's already delicate economy well over R20 billion and countless jobs will be lost as a result of the damage caused. In buttressing President Ramaphosa's statements about an unrest support package, on 28 July 2021 Finance Minister Tito Mboweni announced the National Treasury's plans to assist businesses that have suffered losses as a result of the unrest.

Minister Mboweni acknowledged that South Africa's fiscal remains strained and ominously stated that the country now "consumes R1 out of every R5 raised in taxes". Against this sombre backdrop, he offered some good news by saying that the National Treasury is in the process of developing a COVID-19 pandemic and unrest support package to assist the South African Special Risk Insurance Association (Sasria) with paying out claims from affected businesses.

Minister Mboweni added that Sasria, with the backing of Government, will have a mandate to honour the claims of "all insured businesses". With respect to businesses that are not insured by Sasria, Government will seek to provide assistance through reprioritisation of the existing support mechanism for small, medium and micro enterprises. Furthermore, Government will engage stakeholders such as NEDLAC, the banks and insurance companies, to deal with the challenges faced by uninsured businesses.

## AN EMPLOYER'S GUIDE

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## COVID-19 pandemic and unrest support package: what the numbers mean for businesses...*continued*

The events of the past few weeks have shown South Africans at their best, but regrettably also at their worst, and the country now holds a collective breath in the hope that a new dawn will emerge.

The minister said that the package will amount to roughly R38,9 billion of "on-budget items". Importantly, he stated that fiscal indicators show that Government is ahead of its revenue estimate to accommodate the fiscal relief measures and the package will therefore be accommodated without an increase in debt.

In the package, spending measures will include:

- A temporary reintroduction of the R350 Social Relief of Distress grant until the end of the financial year, at a cost of roughly R26,7 billion.
- Increased financial backing of Sasria.

- Supporting small businesses not covered by Sasria with an amount of R2,3 billion, with the assistance of the Department of Small Business Development and the Department of Trade, Industry and Competition.
- A further R950 million to be allocated to the South African Police Service and the South African National Defence Force.

These measures are a step in the right direction as Government seeks to repair an already fragile relationship with business and restore investor confidence in South Africa. The events of the past few weeks have shown South Africans at their best, but regrettably also at their worst, and the country now holds a collective breath in the hope that a new dawn will emerge.

*The Employment Department*

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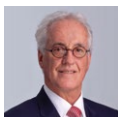
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### BBBEE STATUS: LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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