



**BUSINESS INPUT TO THE NEDLAC SPECIAL EXECUTIVE COUNCIL MEETING ON
THE IMPACT OF THE COVID-19 VIRUS IN SOUTH AFRICA: 16 MARCH 2020**

Delivered by Stavros Nicolaou, BUSA board member

1. Introduction

- Good afternoon Ministers Mkhize, Patel and Nxesi, Nedlac Executive Director, and leaders of the Nedlac social partners. Today's meeting comes a day after an historic intervention on public health grounds, including the unprecedented closure of schools, banning of mass gathering and travel restrictions. While registered cases in South Africa constitute a small fraction of the cases recorded globally, there is at this point simply no certainty as to the overall effect of the pandemic globally and domestically. We therefore applaud government's decisiveness in taking urgent steps to tackle this pandemic.
- Colleagues, we are facing an unprecedented crisis – akin to a war – and we need to respond accordingly, with speed and resolve. We will therefore dispense with formalities and posturing and appeal to all partners to do the same.
- Having due regard for the gravity of the unprecedented challenge that the COVID-19 pandemic presents to our country and its people, the private sector under the aegis of BUSA met over an extended period yesterday (15 March 2020). Various sectors, fellow citizens and colleagues from the Black Business Council joined this meeting either in person or telephonically. As a consequence of this meeting and further deliberations by BUSA, the private sector resolved the following set of interventions and / or committed resources in respect of and in support of the national effort:

2. Public health interventions

- BUSA in the strongest way possible commends President Ramaphosa for his bold and decisive leadership expressed in his address to the nation last night. BUSA has

advocated that the best way of defeating this pandemic is through the boldest prevention and containment measures. The President has largely achieved these and left the door open for further containment measures in the days and weeks to come. Only the most vigorous containment measures will defeat the pandemic. Business will lend its full support in ensuring the successful implementation of these measures.

- Business equally wishes to commend Minister Mkhize and his team for their leadership and efforts thus far. Although domestic transmissions are inevitable in every society, they have done a good job in containing these thus far. The private sector stands poised to continue supporting the Minister in these efforts and in the broader national interest. Accordingly, BUSA and its partners are able to announce the following immediate supportive measures:
 - i. Supporting the National Department of Health's Mission Critical Communication and Education Strategy, including messages of self isolation by using members' reach to disseminate material to all its members.
 - ii. Assist with and work in collaboration with social influencers such as Siya Kolisi to ensure that accurate messaging and communication reaches every corner of our country. Business commends Siya Kolisi for taking this initiative with his fellow sportspersons and countrymen. The private sector has agreed to consider covering the costs of the envisaged communication production.
 - iii. Ensuring that the public receives accurate information is key to defeating the pandemic. Business will work in concert with the NDoH in regularly providing updated and accurate information to the public.
 - iv. Finding, testing and isolating affected patients is critical to managing the pandemic. Accordingly, as announced in our President's address last night, the private sector in consultation with Minister Mkhize has with immediate effect made available and will today set up tracking, tracing and monitoring facilities and resource availability. In those countries that experienced early spikes in the pandemic, these facilities were not set up and this remains an important element to reducing community transmission and contagion.
 - v. The private sector at the level of first point of patient call is prepared to carry out testing under guidance from the NDoH in appropriate facilities such as car parks, soccer stadiums and where possible to apply technology such as telemedicine and digitalisation to assist in these processes.

- vi. In further support of the testing initiatives, business will meet with the pathology laboratories in order to develop appropriate protocols and efficiencies in the testing procedures.
- vii. Easing the impact and strain on healthcare facilities to assist in managing case load related to the pandemic, otherwise expressed as flattening the curve, remains a priority. Accordingly, ensuring sustainable and secure supplies of medicines and medical devices and diagnostics is key. This is particularly relevant to ongoing supply of chronic medicines, particularly ARVs. Many so-called chronic patients belong to the COVID-19 vulnerable groups and ongoing chronic management is critical. To this end, the need to build stockpiles of strategic medicines (particularly ARVs) through the release of supplementary procurement mechanisms is urgently required. In addition, BUSA will discuss with medical schemes the possibility of patients receiving extended chronic supplies to ease the burden on facilities and will do the same in the public sector. This will require careful and appropriate stockpile management in concert with the NDoH.
- viii. Business will continue discussions with the NDoH will continue on rapid test kits and methods to enhance the efficiency of testing.

3. Economic and labour market interventions

- While the above understandably represents mainly business' immediate public health and medical interventions, the economic and labour impacts of the pandemic are critical considerations.
- Social solidarity is critical at this time and we will explore options that relate to setting up a Solidarity Fund modelled on what the WHO has done to receive donations from foundations, corporations and the general public to assist with the cost of supplies, personal protective equipment and so on.
- Business will expeditiously implement best practice advice and disseminate this as widely as possible regarding recommendations for firms to:
 - Implement remote working wherever feasible and where not feasible, to strictly observe NDoH recommendations on social distancing;
 - Observe strict hygiene practices in the workplace; and
 - Adopt shift work / staggered meal times, etc. with the objective of reducing crowding.

- Other urgent interventions will require engagement on an equally urgent basis by social partners. Business has the following crisis-driven proposals relating to economic and labour-market interventions:
 - Adoption of short-time as an alternative to retrenchments arising from significantly reduced economic activity. Amendments are to be introduced to the UIF Act to allow for any shortfall in workers' wages to be claimable from the UIF.
 - In addition, the UIF (which enjoys a considerable surplus) should be accessed to cushion the blow on companies arising from pandemic-related downtime.
 - Immediate tax and loan relief, particularly for SMMEs. Urgent reprioritisation of funds from non-critical or under-performing programmes to be redirected to fund this and provide loan guarantees.
 - As early as possible in the forthcoming financial year, direct the R5bn contingency reserve to the health sector.
 - Terminating financial support for non-critical SOEs (SAA, SA Express, PetroSA and others) and redirecting these funds to COVID-19 related expenditure.
 - Reduction / elimination of customs duties on critical imports.
- At a microeconomic level, data from China suggests wide discrepancy in the impact on different sectors. While certain sectors, including software and services such as healthcare equipment and services have largely recovered, the majority of sectors have not yet done so. These include transportation, retail and energy. A recent study from McKinsey points to considerable long term effects on sectors such as tourism and hospitality, aviation and oil & gas. Differences in the structure of our economy notwithstanding, similar effects in South Africa may be expected, and there may consequently be a need for sector-specific support packages to be developed and implemented. Business will work on identifying sectors most at risk.
- We have already seen significant volatility in the exchange rate and in the price of commodities, particularly oil. The exposure of the financial sector in particular – given the collapse in asset values illustrated by the stock market – may require specific attention and timely intervention. This will have an impact on the positions of multiple companies and sectors, and may require appropriate action on the part of social partners and regulators. Indeed, we will need to be ready for a potential market collapse.
- At the same time, it is incumbent on us to identify opportunity amid adversity. Business therefore proposes that a task team be established to identifying local manufacturers of products experiencing global supply chain disruptions, commencing with medical

equipment and critical medicines. This may be scaled up to other sectors thereafter. A possible extension of the Proudly South African mandate along these lines should be explored.

- Additionally the increased uptake of e-commerce that occurred in China following the SARS crisis in the early 2000s may point to longer term structural changes in the economy that may be expected as a result of the pandemic, ranging from increased offerings and uptake of online education to B2B digital channels. In this regard, the finalisation of the auctioning of spectrum may greatly ease the development of these sectors. Similarly, taking full advantage of likely reduced electricity demand from subdued economic activity to more aggressively pursue Eskom's maintenance programme would be another short term measure to position the economy well for recovery. In the short term however, significant risks to electricity supply will be present, including absences of key Eskom personnel, potential risks to the coal supply, etc. Loadshedding will need to be carefully managed given the increased uptake of remote working.
- IT networks are likely to furthermore be placed under significant pressure from remote working and loadshedding. This will require specific attention to ensure the success of remote-working initiatives.
- Furthermore, increasing the efficiencies of ports and customs will be critical to ensure security of supply.
- A major vector for the transmission of COVID-19 is likely to arise in the form of public transport. While there are no obvious solutions in this regard, engagement will need to take place on an urgent basis to identify alternative transport arrangements for workers to be transported to their places of work.

4. Conclusion

- The unprecedented global pandemic confronting us may pose unprecedented challenges to the capacity of our state and civil society to respond with the requisite flexibility and speed. An adequate response will require the availability and focus of all stakeholders to effect the necessary changes in government policy, business practice and lifestyle that may be required. While Nedlac is best placed to facilitate this, it is proposed that a senior Nedlac Response Team be formed for urgent, expedited and streamlined communication and decision-making.

- Clear, concise and integrated communications among Nedlac social partners to combat misinformation, avoid panic and raise awareness is essential, and constitutes an immediate avenue for close collaboration.

ENDS.