

**Remarks by Minister Ebrahim Patel during NCOP debate on Government's response to the Covid Pandemic. 23 June 2020.**

Honourable Members

Thank you for the invitation to participate in the debate on **Government's response to the Covid-19 Pandemic.**

My colleague, Minister Dlamini-Zuma has set out the overall context of the pandemic globally and the response that was put in place by Cabinet in South Africa, when the first local infections became clear. I will build on her remarks, and look at a few of the economic interventions.

I want to frame my response with the introductory observations that

- This pandemic is serious with significant loss of life; and it is being taken seriously by policy-makers across the world;
- That our actions as a country have been bold and appropriate to the scale of the crisis; and that
- The combination of measures to slow down the pandemic (or flatten the curve) and get society ready for living with the virus until we have a vaccine, have yielded positive results in the first 100 days

The range of economic and related actions have been extensive.

These actions together have sought to limit the loss of life and provide the greatest possible protection to citizens. They also lay the foundation for the measures we will need to take to address the economic reconstruction our country needs.

Honourable Members, in the available time, I wish to briefly highlight ten areas where Government sought to address a crisis that was sudden, unexpected and unprecedented in recent history.

**The 1<sup>st</sup> area of action was to undertake economic impact surveillance**, identifying the key risks and challenges we faced with the pandemic and later the lockdown, so that our responses could be based on the best available evidence.

We surveyed the impact of the pandemic on other economies and the projections by leading public and private sector economists. These looked at impacts on sectors, exports, growth and jobs.

It enabled Government to develop a range of responses, some of which I will briefly refer to.

**The 2<sup>nd</sup> area of action was to secure essential health stocks in the country.**

Confronted with the need for Personal Protective Equipment and medical devices, we developed an integrated health-stocks database, and worked closely with local industry to repurpose their production machinery to make face-masks, hand-sanitisers, surgical masks and gown and basic ventilator machines.

Let me take the example of medical-grade face-masks: we have been able as a country to ramp up production by six million additional masks a month, virtually doubling the local production capacity in less than 3 months.

Similarly, we are now developing and building a locally-designed ventilator machine that can be used in hospitals during the pandemic, with production of 20 000 CPAP ventilator units as the immediate goal, an example of South African innovation.

We granted the healthcare sector exemption from some provisions of the Competition Act to enable public and private hospitals and professionals to share information and personnel, and coordinate their responses and stocks of medical supplies.

Government introduced export controls on critical medical supplies so that we could assure supply to the local market and to neighbouring countries.

Working with key partner countries, we secured scarce medical supplies from elsewhere and locally we launched an industrial policy intervention, through the National Ventilator Project

**The 3<sup>rd</sup> area of action was to ensure the integrity and operation of food and basic goods supply-lines: from farm to shop, and avoid food shortages in the country.**

This was done in partnership with farmers, workers and manufacturers; and collaboration with grocery and food retailers.

A team of public officials helped to trouble-shoot challenges and difficulties experienced during the period in supply-chains. Government partnered with retailers on stocks of basic goods, measures to address panic-buying, store safety protocols and pricing to consumers

**The 4<sup>th</sup> area of action was the measures to mitigate the economic impact on workers and firms.**

On 21 April 2020, President Ramaphosa announced a R500 billion coronavirus budget to direct resources towards fighting the pandemic. It included

- 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
- R200 billion loan guarantee scheme in partnership with the major banks, the National Treasury and the South African Reserve Bank.
- R2 billion to assist SMEs and spaza shop owners and other small businesses.

These measures addressed the sudden drop in aggregate demand and sought to inject liquidity into the economy, so that the negative impact of the pandemic and lockdown would be moderated.

**The 5<sup>th</sup> area of action was promoting a broader solidarity and putting in place social protection measures to assist the vulnerable**

This included an initiative that led to the establishment of the Solidarity Fund, which is an independent structure that mobilises the public behind efforts to buy PPEs, provide basic support to vulnerable communities and communicates the messages of social distance and responsible behavior.

These were complemented by temporary social grants to citizens and funding at local municipality level for Covid-19 interventions.

**The 6<sup>th</sup> area of action was regulatory support to facilitate cooperation and keeping firms in business**

These included special measures and exemptions from competition legislation to enable businesses and firms to work together.

For example, exemptions were gazetted to enable

- The banking sector to meet to discuss customer payment holidays
- Tenants of retail landlords to meet to discuss rent deferments and limits to evictions
- The hotel industry to meet to enable quarantine sites to be made available.

The Competition Tribunal Rules were amended to fast-track cases on for excessive pricing complaint referrals.

The CIPC issued a Practice Note on reckless trading to enable firms to stay open.

## **The 7<sup>th</sup> area of action was the various measures to protect consumers against unfair price rises**

Shortly after the state of disaster was declared, Government put in place Regulation covering price gouging and excessive pricing.

The regulations on excessive pricing and price gouging covered a range of goods and services including:

- basic food and consumer items
- emergency products and services
- medical and hygiene supplies and
- emergency clean-up products and services.

A toll-free complaints line was put in place and the competition and consumer regulators immediately sprang into action.

About 180 complaints and cases have been or are being investigated for various over-pricing offenses. Of those completed, the Competition Commission imposed fines and other payments on 21 companies over the period, totalling more than R13 million.

The National Consumer Commission imposed penalties on 4 companies for over-charging consumers.

## **The 8<sup>th</sup> area of action was to work with other countries on global coordination and engagement**

The President led efforts to engage global leaders at the G-20 and the African Union to ensure that developing countries had access to basic medical support and that global institutions inject funding into slowing economies.

I held meetings with Trade Ministers both at the G-20 and of the AU to ensure that coordinated responses are developed.

We engaged with Trade Ministers of immediate neighbours to address challenges with flows of goods and show practical solidarity with each other during the pandemic.

**The 9<sup>th</sup> area was to manage the Lockdown/Reopening the economy through developing a risk adjusted approach**

This work helped to slow down the movement of people whilst maintaining essential and critical economic services.

A system with 5 risk levels was developed; and detailed work took place to identify the sectors which could reopen as soon as possible.

This enabled South Africa to calibrate the level of risk with the level of openness.

Together with the risk systems, Government developed protocols and social compacts with individual sectors to address ways of lowering the risks on workers, from social distancing, to redoing the clocking in arrangements, providing sanitisers at workstations and changes to starting times of firms to relieve pressure on taxis and public transport.

**The 10<sup>th</sup> and final area of action is to lay the foundations for a post-Covid economy**

We cannot go back to a pre-Covid economy. We must take the opportunity now to build the more inclusive, dynamic and jobs-rich economy that the vision of the Freedom Charter entails.

This work on the new economy is on-going and involves identifying new industrial and economic opportunities that we need to utilize.

They include:

- Essential goods production and local industrial value-chains, looking at new opportunities with production of Medical supplies, including pharmaceuticals and medical equipment
  
- New urgency on our Infrastructure-drive
  - Repairing social damage: construction and maintenance of health, housing, sanitation, water, roads
  - Identifying local input production: cement, bricks, steel, paints, equipment
  - Multiplier: local production of consumer appliances
  
- Promoting Industrial dynamism: skills, innovation and productivity; agile companies will survive and prosper and a Greener economy, using new technologies (batteries/fuel-cells), retrofit, global funds
  
- Building on the Digital technologies and ensuring it is open to small businesses and township enterprises
  
- Speeding up our work on African integration: continental supply-chains and greater levels of industrialisation
  
- Economic inclusion and transformation: strengthening cooperatives, SMEs and township enterprises with measures to mainstream women, youth and black South Africans in economy

Above all, the work ahead is about building State capacity: towards a new entrepreneurial state to drive development, and building on the examples of the state moving with speed, energy and partnership with our people.

Our response as government has been characterized by that deeper partnership. We have worked closely with a number of key stakeholders

- Portfolio and select Committees – I want to acknowledge the role of the NCOP members on the Select Committee dealing with our portfolio
- Engagements with provinces through bilateral discussions, sessions of the Presidential Coordinating Commission and various MINMECS
- Meetings and work sessions with business, labour, community organisations and religious leaders.

Our democracy has indeed risen to the unusual and serious challenge of the pandemic – and though much needs to be done, we have shown that South Africans have the resilience and fortitude to address the challenges of our time.