**MEDIA STATEMENT**

**TRADE AND INDUSTRY COMMITTEE HEARS THAT THOUSANDS APPLIED FOR ESSENTIAL SERVICE CERTIFICATES**

**Parliament, Tuesday, 12 May 2020**– The Portfolio Committee on Trade and Industry today heard during the level 5 lockdown, approximately 270 000 companies applied for essential service certificates.

This was part of briefings by the Companies and Intellectual Properties Commission (CIPC) and the National Credit Regulator (NCR) on its contribution to government’s Covid-19 response. The committee heard that the CIPC was contacted by Ministry a day after President Cyril Ramaphosa announced a lockdown to develop a system for essential service applications by companies.

To date, as at submission of this presentation, approximately 440 000 companies have applied and received their essential service certificates for level 5 and level 4 lockdown.

The committee further heard that the system does not accept any other form of business namely, a sole proprietor, trading trust, industry body and partnership. The CIPC’s legal mandate only extends to companies in terms of the law, as there is no way to cross reference information for the above-mentioned. The Department of Small Business Development, as well as municipalities, have been advised to handle other business types.

At the same time, approximately 1 300 certificates have been revoked, and this situation continues as more information becomes available.

Regarding reckless trading, the committee noted that in terms of the practice note issued on 24 March 2020, and for the duration of the Covid-19 national disaster, the CIPC will not invoke the reckless trading provisions, if the CIPC has reason to believe that the companies are temporarily insolvent due to the national disaster.

The National Credit Regulator (NCR) told the meeting that it issued circulars on extension of businessays for credit providers, debt counsellors, and credit bureaus with regard to the submission of statutory reports and other functions to be performed by debt counsellors. A proposal was also made to the Department of Trade, Industry and Competition for a waiver and extension of renewal of registration fees for registrants.

Regarding the compliance on monitoring post the lockdown, the committee heard this will include credit agreements entered into with consumers, to intensify compliance monitoring through inspections and complaints assessments and treatment of credit information as a result of the relief provided through Covid-19 measures.

It will further conduct raids in smaller towns, townships and rural areas for illegal collection methods, such as the retention of bank cards, Sassa cards, ID books, and analyse the performance of loan books of credit providers to monitor the impact of Covid-19 on consumers.

A focus will also be on debt collection practices (for example, repossessions) because this is prohibited at this stage. Committee Chairperson, Mr Duma Nkosi, said this, however, does not mean those who are able to service loans should not be doing so. “Loans are still payable by those who are in a position to do so. We will continue to monitor the commitments and engage with entities to ensure they remain on track,” said Mr Nkosi.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY, MR DUMA NKOSI.**