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| MEMORANDUM FROM THE PARLIAMENTARY OFFICE |

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 871**

**DATE OF PUBLICATION OF INTERNAL QUESTION PAPER: 15/05/2020**

**INTERNAL QUESTION PAPER NO 15 OF 2020**

**Mr L J Basson (DA) to ask the Minister of Higher Education, Science and Technology:**

(1) Whether his department will offer any form of Covid-19 financial or other relief to small businesses; if not, why not; if so, what are the relevant details;

(2) whether the Covid-19 financial or other relief will only be allocated to qualifying small businesses according to the Broad-Based Black Economic Empowerment Act, Act 53 of 2003, as amended; if not, what is the position in this regard; if so, (a) on what statutory grounds and/or provisions does he or his department rely to allocate Covid-19 financial or other relief only to small businesses according to the specified Act and (b) what form of Covid-19 financial or other relief, if any, will be made available to other small businesses?

**NW1078E**

**REPLY:**

**DEPARTMENT OF SCIENCE AND INNOVATION**

(1) Currently, the DSI has not planned on providing specific Covid-19 financial or other relief to small businesses. The focus of the DSI is to continue strengthening existing interventions that provide technology and other support to small and medium enterprises including the technology stations programmes, industry development centres, technology localisation programme. These support programmes continue to prioritise critical priority beneficiary groups such as black people, youth, and women.

(2) Not applicable

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

(1)   His Excellency, the President of the Republic of South Africa, Mr Cyril Ramaphosa, on the occasion of announcing further economic and social measures in response to the COVID-19 pandemic on 21 April 2020, stated “…*in addition to existing tax relief measures, we will also be introducing a 4-months holiday for companies’ skills development levy contributions..*.”.

Subsequently, National Treasury and the South African Revenue Service published the revised 2020 Draft Disaster Management Tax Relief Bill and 2020 Draft Disaster Management Tax Relief Administration Bill with the following reference regarding the skills development levy “*this is a suspension, not a deferral, as a result, employers will not become liable for these amounts after 31 August 2020*”.

It is estimated that the 4-months' skills levy holiday (May, June, July and August 2020) will lead to a reduced income of R4.89 billion for the Sector Education and Training Authorities and R1.22 billion for the National Skills Fund. In total, this amount for the 2020/21 financial year is estimated to be R6.1 billion.

In response to the COVID-19 relief, the National Skills Fund has set aside a budget of   
R1.5 billion for COVID-19 relief that focusses on continued funding of learners’ stipends during and after the lockdown to complete their learning programmes, as well as additional funding of R1 000 per learner for skills development providers to support additional COVID-19 measures such as hygiene consumables, masks, etc.

Six of the Sector Education and Training Authorities (SETAs) are collaborating in support of the interdepartmental economic stimulus project for small enterprises and cooperatives. This project will provide support for small enterprises and cooperatives covering the following scope:

* Demand and need for the supply of essential goods and services during the Covid-19 lockdown period and beyond.
* Manufacturing, warehousing and distribution of essential goods during the COVID-19 lockdown period and beyond.
* Provide opportunities for Small Enterprises and Cooperatives in the Value Chain of Manufacturing / Procurement and Distribution of these goods and services.
* Capacity building for the Small Enterprises and Cooperatives in value chain management of manufacturing, procurement and distribution of these target goods and services.
* Sustainable Funding Mechanism for the Small Enterprises and Cooperatives beyond the COVID -19 Lockdown Period.

The broad objective of this initiative is to support various entities involved in the supply of the essential needs across all provinces and districts as listed below:

* Personal Protective Equipment (PPE) and systems;
* Sanitizers and sanitation and disinfectant systems;
* Coffins and Funeral undertaker services;
* Manufacturing of the essential goods: PPE and systems, sanitizers, sanitation and disinfectant systems as well as coffins; amongst others; and
* Packaging, Warehousing and Transportation services.

This project will be supported using budgets allocated to support Small Medium and Micro Enterprise (SMMEs) and Cooperatives as captured in the participating SETA’s Annual Performance Plans for 2020/21 financial year. Each SETA will implement their response programs in line with their budget availability, reprioritization, KPAs and approval protocols.

The following are the SETAs participating in the interdepartmental economic stimulus project for small enterprises and cooperatives:

1. Transport Education Training Authority (TETA);
2. Manufacturing, Engineering and Related Services Sector Education and Training Authority (merSETA);
3. Services Sector Education and Training Authority (Services SETA);
4. Fibre Processing and Manufacturing (FP & M SETA);
5. Chemical Industries Education and Training Authority (CHIETA); and
6. Wholesale and Retail Sector Education and Training Authority (W&RSETA).

(2)  The National Treasury published the Disaster Management Tax Relief Bill, 2020 on   
1 May 2020, which deals with the Covid-19 relief.