



Covid-19

Important Matters Relating to Government Assistance

April 2020

Disaster Management Act, 2002

Introduction and background

President Ramaphosa announced that government will be assisting employees and employers during the COVID-19 pandemic using various government funding initiatives.

The summary covers the following:

1. Department of Labour:
 - UIF
 - Compensation Fund
 - National Disaster Benefit fund- TERS (UIF)
2. Department of Small Business Development
 - Debt relief
 - SMME Business growth
3. Department of Tourism
4. IDC
5. Solidarity Fund
6. SA Future Trust
7. Business Partners
8. Informal business

Department of Labour assistance

The Department of Labour will be assisting employees and employers via the reduced work time benefit, illness benefit and the National Disaster Benefit Fund, which will pay employers to pay their employees. The Compensation Fund will pay normal benefits for COVID-19 as an occupational injury.

	Unemployment Insurance Fund	Unemployment Insurance Fund	National Disaster Benefit fund-TERS (UIF)	Compensation Fund
Benefit	Reduced work time benefit	Illness benefits – employee quarantined for 14 days	Corona Virus Temporary Employer-Employee Relief Scheme	Total temporary disablement
Reference	UIF Act S12(1B)	UIF Act S20	Regulations issued in terms of section 27(2) of the Disaster Management act, 2002, Regulation 10(8)	Notice on Compensation for Occupationally-Acquired Corona Virus Diseases under Compensation for Occupation Injuries and Diseases Act, 1993 as amended
Who	Employee claim	Employee claim	Employers that have to enforce lock-down as regulated and might require financial assistance	Employee claim
Assistance Provided	<ul style="list-style-type: none"> Maximum salary that can be claimed for= R17 712 Claim for salary Maximum paid $R17\,712 \times 38\% = R6\,730$ p/m $R4\,087 \text{ p/w} \times 38\% = R1\,553$ p/w Minimum paid at minimum wage $R20.76 \times 40 \text{ hrs} = R830.40$ p/w Use Internal Rate of Return, higher salaries can claim 38%, lower salaries can claim up to 58% 	<ul style="list-style-type: none"> Maximum salary that can be claimed for= R17 712 Claim for salary Maximum paid $R17\,712 \times 38\% = R6\,730$ p/m $R4\,087 \text{ p/w} \times 38\% = R1\,553$ p/w Minimum paid at minimum wage $R20.76 \times 40 \text{ hrs} = R830.40$ p/w Use Internal Rate of Return, higher salaries can claim 38%, lower salaries can claim up to 58% 	<ul style="list-style-type: none"> Cost of salary for employees Capped at maximum of R17 712 per month, paid per income replacement sliding scale (38% - 60%) Minimum to be paid is minimum wage of sector Claim for salary Maximum paid $R17\,712 \times 38\% = R6\,730$ p/m $R4\,087 \text{ p/w} \times 38\% = R1\,553$ p/w $R817.40 \times 38\% = R310.60$ p/d Minimum paid at minimum wage Basic: $R20.76 \times 8 \text{ hrs} = R166.08$ p/d Domestic workers: $R15.57 \times 8 \text{ hrs} = R124.56$ p/d 	<ul style="list-style-type: none"> Total temporary disablement <ul style="list-style-type: none"> Suspected cases – self quarantine (employer responsible) Confirmed cases – if Fund accept liability, will pay for 30 days Medical aid Death benefit

	Unemployment Insurance Fund	Unemployment Insurance Fund	National Disaster Benefit fund-TERS (UIF)	Compensation Fund
Assistance Provided (continued)			Agriculture: R18.68x8=R149.44 p/d Expanded public works: R11.42 x 8 =R91.36 p/d	
Forms required	<ul style="list-style-type: none"> • UI19 • UI2.7 (employer) • UI2.1 • UI2.8 (bank) • Copy of ID • Termination Code "17" 	<ul style="list-style-type: none"> • Quarantined > 14 days medical certificate & Continuation From UI3 • UI19 & UI2.7 (employer) • UI2.2 • UI2.8 (bank) • Copy of ID • Termination Code "10" 	<ul style="list-style-type: none"> • Letter of authority, on an official company letterhead granting permission to an individual specified to lodge a claim on behalf of the company • MOA (completion of the agreement between UIF, Bargaining Council and Employer for employers with more than 10 employees) • Prescribed template that will require critical information from the employer • Confirmation of bank account details in the form of certified latest bank statement • Evidence / payroll as proof of the last three months' employee(s) salary(ies) 	<ul style="list-style-type: none"> • Employers report – W.CL.1 • Notice of occupational disease and claim for compensation – W.CL.14 • Exposure and medical questionnaire • First medical report – W.CL.22 indicating U07.1 as code • Exposure history – W.CL 110 • Medical report • Progress medical report – W.CL.26 • Final medical report – W.CL.26 • Affidavit
Additional requirements	<ul style="list-style-type: none"> • Letter from employer – • Reduced work time due to • Covid-19 	<ul style="list-style-type: none"> • Confirmation letter from employer & employee – both agreed to 14 days "special leave" • Letter in place of medical certificate 	<ul style="list-style-type: none"> • Must be registered with UIF • Complete application procedure • Closure linked to Covid-10 	

	Unemployment Insurance Fund	Unemployment Insurance Fund	National Disaster Benefit fund-TERS (UIF)	Compensation Fund
How to claim	<ul style="list-style-type: none"> • Easy guide for electronic claims 	<ul style="list-style-type: none"> • Easy guide for electronic claims 	<p>COVID-19 Temporary employee/ employer relief scheme Send email to address and receive draft MOA and prescribed template Covid19ters@labour.gov.za</p> <p>Claims to be submitted to Covid19UIFclaims@labour.gov.za</p>	<p>Compensation for Occupational Injuries and Diseases Act: Compensation for occupationally – acquired Novel Coronavirus Disease</p> <p>On-line claims Compensation Fund Rand Mutual Assurance Federated Employers Mutual Manual claims Compensation Fund - covid19claims@labour.gov.za Rand Mutual Assurance – contactcentre@randmutual.co.za Federated Employers Mutual – FEM-Registry@fema.co.za</p>

Funding available for SMMEs and specific sectors

The Department of Small Business Development is proving finance for small business that meet the criteria in the National Small Business Enterprise Act to qualify as a small business. The Industrial Development Corporation is also providing support for manufacturing of essential medical products. The Department of Tourism also made money available for SMMEs but they have not set out the process as yet.

	SMME Debt relief	SMME business growth / resilience facility	IDC	Tourism
Assistance provided	Debt relief finance scheme for business that are negatively affected, directly or indirectly due to the Coronavirus pandemic for a period of 6 months Employee, rates and taxes working capital	Businesses geared to take advantage of supply opportunities resulting from the Coronavirus pandemic or shortage of goods in the local market.	Support for the manufacturing of essential medical products R500 million for trade finance to import essential medical products The focus is on short term interventions. In order for IDC to react timeously a fast-tracked process to consider applications for funding will be utilised.	The Department of Tourism has made an additional R200 million available to assist SMMEs in the tourism and hospitality sector who are under particular stress due to the new travel restrictions.
Products			<ul style="list-style-type: none"> • Bulk supplies of disinfectants and sanitizers; • Accredited masks; • Accredited test-kits; • Medical Gloves; • Packaging (bottles, caps, pumps, sachets etc); • Sanitisers (hand or industrial); • Toilet Paper, Wipes, Tissue Paper, Sanitary Pads; • Cleaning materials; • Chemicals; • Approved drugs; • Ventilators and filters; • Nebulisers and nebulising agents; • Hospital beds; • Oxygen; • Aprons; 	Notice on Compensation for Occupationally-Acquired Corona Virus Diseases under Compensation for Occupation Injuries and Diseases Act, 1993 as amended

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Products (continued)			<ul style="list-style-type: none"> • Safety Visors; • Raw materials to manufacture essential products; • Urgent regulatory and compliance testing of products or treatments if required. 	
What	Provide loan to assist at prime less 5% If loan abuse – pay back at prime + 10%	Provide loan to assist at prime less 5% If loan abuse – pay back at prime + 10%	Short term loan for once off- contract or import funding <ul style="list-style-type: none"> • Revolving Credit Facility • Guarantees to banks for banking facilities, imports, ordering requirements • Term to be limited to a maximum of 3 months for all facilities • IDC loan and trade Finance facilities: P + 1% pa <ul style="list-style-type: none"> • MCEP Loan facilities 2,5% pa • Guarantees: 2% p.a. 	No information yet
Criteria	<ol style="list-style-type: none"> 1. The business must have been registered with CIPC by at least 28 February 2020; 2. Company must be 100% owned by South African Citizens; 3. Employees must be 70% South Africans; 4. Priority will be given to businesses owned by Women, Youth and People with Disabilities; 	<ol style="list-style-type: none"> 1. The business must have been registered with CIPC by at least 28 February 2020; 2. Company must be 100% owned by South African Citizens; 3. Employees must be 70% South Africans; 4. Priority will be given to businesses owned by Women, Youth and People with Disabilities; 	<ol style="list-style-type: none"> 1. Applicant background detailing historical and existing manufacturing and trading facilities and capabilities (summary of business model, products and why IDC should fund them – commercial merits) 2. Letter of standing from the bank (and all other financiers) 	<ol style="list-style-type: none"> 1. Must be a formally registered business with Companies and Intellectual Property Commission (CIPC). 2. Turnover must not exceed R2.5 million per year. 3. Must have a valid tax clearance certificate.

	SMME Debt relief	SMME business growth / resilience facility	IDC	Tourism
Criteria (continued)	<ol style="list-style-type: none"> Be registered and compliant with SARS and UIF; SEDA will assist microenterprises to comply and request for assistance must be emailed to debtrelief@seda.org.za; Whereas small and medium enterprises must ensure own compliance; Proof that the business is negatively affected by COVID-19 pandemic; Complete the simplified online application platform; Company Statutory Documents; FICA documents (e.g. Municipal accounts, letter from traditional authority); Certified ID Copies of Directors; 3 months Bank Statements; Latest Annual Financial Statements or Latest Management Accounts not older than three months from date of application – where applicable; Business Profile; 6 months Cash Flow Projections – where applicable; 	<ol style="list-style-type: none"> Be registered and compliant with SARS and UIF; For non-compliant Micro businesses, SEDA will assist them to comply and request for assistance must be sent to: growthfund@seda.org.za Complete the simplified online application form available from www.dsbd.gov.za www.sefa.org.za www.seda.org.za CIPC Registration Documents; FICA documents (e.g. Municipal accounts, letter from traditional authority); ID Copies of Directors/ members; 3 months Bank Statements; Latest Annual Financial Statements or Management Accounts not older than three months from date of application; Business Profile; 6 months Cash Flow Projections – where applicable; Relevant Industry Certification – where applicable; Estimations for funding requested 	<ol style="list-style-type: none"> Bank statements for the last 12 months Confirmation and copies of all other financing facilities FICA documentation and PEP status Tax clearance certificate CV's of Management Financial statements (annual audited or reviewed and interim management accounts not older than 2 months). Analysis of stock, debtors and creditors Budgets including the contract Description of Project and products to be manufactured. Copy of contract or purchase order from government or reputable strong customer i.e. retailer, or multinational; Documentary evidence of product accreditation where required by government or customer; Quotations to support application of funds 	<ol style="list-style-type: none"> Guaranteed employment for a minimum number of staff for a period of 3 months. Proof of minimum wage compliance. Must provide proof of UIF registration for employees employed by the business. Be an existing tourism-specific establishment as outline in the scope of application (suppliers and intermediaries are not eligible). Must be in existence for at least one business financial year. Prove that the relief is required as a result of the impact of COVID-19. Must submit statements of financial position; over 12 months' bank statement, balance sheet, income statements, cash flow statements. Indicate the intended use of the resources.

	SMME Debt relief	SMME business growth / resilience facility	IDC	Tourism
Criteria (continued)	<p>17. Copy of Lease Agreement or Proof ownership if applying for rental relief;</p> <p>18. If applying for payroll relief, details of employees – as registered with UIF and including banking details – will be required as payroll payments will be made directly to employees;</p> <p>19. SMME employers who are not compliant with UIF must register before applying for relief;</p> <p>20. Facility Statements of Other Funders; Detail breakdown on application of funds including salaries, rent etc.</p>		<p>15. Motivation/validation of applicant's supplier to determine its credibility and ability to deliver the contracted supplies.</p> <p>16. Payment terms of suppliers</p> <p>17. Supply chain arrangements i.e. how will the product be shipped, after how long?</p> <p>18. Security available</p> <p>19. Personal balance sheets and balance sheets of guarantor</p> <p>20. Legal information as per the fact track legal DD information request as below:</p> <p>Corporate Records, Management and Shareholders</p> <ul style="list-style-type: none"> • Copies of the registration certificate, memorandum of incorporation, share certificates, securities register including particulars of share capital, showing authorised and issued capital and classes of shares, copies of any agreement or commitment to create, issue or transfer shares (including loans and share options). 	

Criteria (continued)	SMME Debt relief	SMME business growth / resilience facility	IDC	Tourism
			<p>Compliance</p> <ul style="list-style-type: none"> • Details of any compliance programmes of the company including: product liability, competition law. • Copies of all compliance notices issued to the company by the companies' Commission. <p>Government Regulations and Filing</p> <ul style="list-style-type: none"> • Copies of all licenses, consents, permits, authorisations required to carry on the business of the company or target. <p>Litigation</p> <ul style="list-style-type: none"> • Details of any litigation, arbitration, investigations, pending or threatened action by or against the company. <p>Agreements</p> <ul style="list-style-type: none"> • Copies of all material and long term contracts including leases, facilities agreements with financial providers, supply agreements, off balance sheet funding, preference shares, profit sharing agreements, options, share incentive schemes. • Copies of any guarantees, sureties, indemnities, letters of comfort, notarial and mortgage bonds provided to third parties. 	

	SMME Debt relief	SMME business growth / resilience facility	IDC	Tourism
Website	Register on https://smme.gov.za Apply by completing the simplified online application form & submit supporting documents	Register on https://smme.gov.za Apply by completing the simplified online application form available from www.dsbd.gov.za www.sefa.org.za www.seda.org.za & submit supporting documents	IDC	Tourism
Effective from	1 April 2020	1 April 2020	Not provided	Not provided
How obtain	On-line application form & supporting documents	On-line application form & supporting documents	No further information published	No further information published
Contact details	info@dsbd.gov.za info@mybindu.org.za 0860 663 7867 or 0860 ONE STOP	info@dsbd.gov.za info@mybindu.org.za 0860 663 7867 or 0860 ONE STOP	Not provided	Not provided

Other Funding

Informal sector

The Minister of Small Business Development stated that self-employed traders and hawkers cannot apply for the SMME funding but that government is working on programs for assisting these businesses. Some of the criteria is that the business must be owned and managed by South African citizens. No further detail has yet been supplied.

Solidarity Fund

The Solidarity Fund was launched with the goals of prevention, detection, care and support of those whose lives has been disrupted by the pandemic. Further information provided states that the Solidarity Fund will be focusing on three areas:

1. Health Response to provide direct support for the healthcare system, augmenting both the private and government healthcare sectors to ensure they have what they need, as well as enabling emergency supplies. Currently they have bought Personal Protective Equipment to the value of R100 million for health workers.
2. Solidarity Campaign to mobilise citizens while inspiring behavioural change to flatten the curve and manage the pandemic.
3. Humanitarian Effort to enable resilience through augmenting the efforts of government and business to provide various forms of humanitarian aid and support to the most vulnerable households and communities to enhance their ability to cope – through sustaining access to food, care and through providing SMMEs support to sustain their employees through the economic shutdown.

The Solidarity Fund specifically stated that they will not be providing any short-term funding for SMMEs.

Name	SA Future Trust (SAFT)	Business Partners
Information	The SA Future Trust will disburse the Oppenheimer family's R1-billion donation with the purpose of extending a financial lifeline to employees of small, medium-sized and micro enterprises (SMMEs).	The R1-billion donation by the Rupert family to assist businesses in financial distress as a result of Covid-19 will be managed by Business Partners.
Purpose	<p>The purpose of SAFT will be to disburse funds by way of interest-free loans to employees of participating SMMEs over a five-year term, allowing businesses who are suffering from short-term cash-flow constraints to continue operations while retaining their employees. The SA Future Trust fund money will be disbursed by the following banks:</p> <ul style="list-style-type: none"> • Standard Bank • Nedbank • ABSA • FNB 	<p>Small and medium enterprises (SMEs) may apply for R250 000 to R1 million in funding from the R1-billion donation the Rupert family made to assist businesses in financial distress as a result of Covid-19.</p> <p>No financial assistance will be provided to businesses in primary agriculture, mining and non-profit organisations.</p> <p>For the first year, applicants will not have to pay interest or instalments, but thereafter they will be expected to pay interest and repay the loans on commercial terms.</p>
Criteria	<ol style="list-style-type: none"> 1. Annual turnover below R25 M 2. Must have been trading for at least 24 months 3. Business adversely impacted by COVID-19 4. Must have been a sustainable business on 29 February 2020 	<ol style="list-style-type: none"> 1. South African owned 2. Supporting documentation showing how the business is in distress as a result of Covid-19 3. SME
Documents	<ul style="list-style-type: none"> • Registration number of company or close corporation • Master reference number if trust • ID number and business address if sole proprietor • PAYE number • Income tax • Confirmation of employment status of employees 	<ul style="list-style-type: none"> • Tax compliant • Have annual financial statements • Proof of the employment of employees • Rent statement • A three-month bank statement
Website	SA Future Trust	On-line portal to be launched

**THANK
YOU**