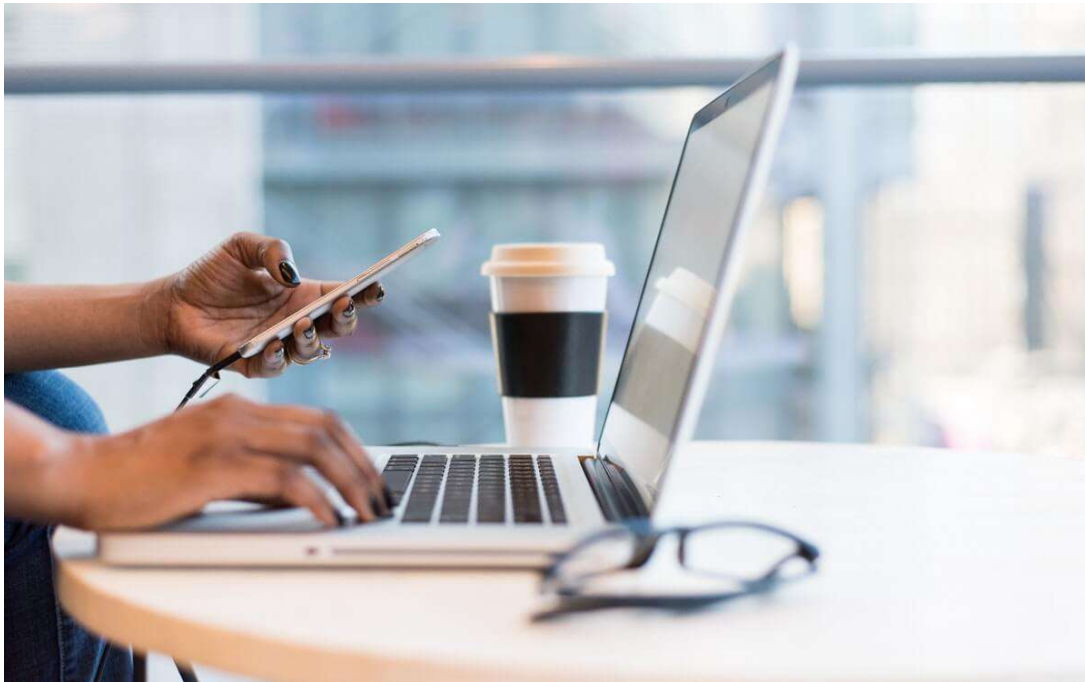




## COVID-19: Payment Relief and Other Government and Private Sector Interventions for SMEs



To find out what your business can do to adapt to the COVID-19 challenge, see our article on what to work on, including how to stay in touch with your customers, managing and conserving cash flow, how to up-skill yourself and your employees and what podcasts to listen to. **Read about it here**

*Below is a comprehensive list of initiatives and interventions by the government and the private sector, including where to get funding or payment relief to help business owners navigate through this tough time.*

### WHERE TO GO FOR SME SUPPORT – GOVERNMENT & CORPORATE COVID-19 INTERVENTIONS

#### ***Government Interventions***

In his Address to the Nation, President Cyril Ramaphosa outlined some of the ways that the government would be supporting the small business sector.

- **To support people in the informal sector, a safety net is being developed.** More details will be announced as soon the measures are put in place.
- **The Solidarity Response Fund** was launched and is expected to spend some of its money on businesses – details on this is not available as yet. The privately-managed Solidarity Response Fund began soliciting donations on 23 March, after President Ramaphosa

announced government seed funding of R150 million. Contributions can be made on the fund's website [www.solidarityfund.co.za](http://www.solidarityfund.co.za).

– **A tax payment holiday can be expected.** Businesses with an annual turnover of less than R50 million will receive a four-month tax holiday and will be able to delay payment of one fifth, or 20%, of their pay-as-you-earn liabilities, Ramaphosa said. A portion of provisional and corporate income tax will also be delayed. Taxes not paid will not accrue interest or penalties for the next six months, reported [Business Insider](#).

– **A Temporary Employee Relief Scheme is available.** If, for example, any employee falls ill through exposure at their workplace, they will be paid through the Compensation Fund. The government is also in consultations on a proposal for a special dispensation for companies that are in distress because of COVID-19. Through this proposal employees will receive wage payment through the Temporary Employee Relief Scheme, which will enable companies to pay employees directly during this period and avoid retrenchments.

– **Only spaza shops with a municipal licence will be allowed to trade** during the lock down, according to [Business Insider](#).

– **More than R500 million will be made available through the Debt Relief Fund**, which will assist small and medium enterprises that are in distress through an application process. Businesses wanting to apply for assistance from the Debt Relief Fund must register on the SMME South Africa portal at [www.smmesa.gov.za](http://www.smmesa.gov.za).

– As part of relief measures for small businesses in distress, **taxis that have been financed by the National Taxi Finance** [administered by the Small Enterprise Finance Agency SEFA] will be granted a three-month repayment holiday.

– **The Industrial Development Corporation has made available a relief facility worth R3 billion for industrial funding.** This intervention will address the issue of vulnerable firms and extract funding for companies critical to efforts to fight the virus and its economic impact. This will only be available to South African-owned companies. Firstly, a special intervention of R500 million is allocated for trade finance to import essential medical products. The element of the intervention is a R700 million facility for working capital, equipment and machinery.

### ***Government Support for Specific Sectors***

#### **Tourism: R200 million available to assist SMMEs in the tourism and hospitality sector**

The **Tourism Relief Fund** is an additional R200 million fund available to help SMEs in the tourism and hospitality sector who are under particular stress due to the new travel restrictions. The fund will benefit SMEs in all the nine provinces and various tourism sub sectors, such as accommodation, hospitality and related services, and travel and related services. More information on the application criteria is available [here](#).

– There is also a **Tourism Services Call Centre** where affected businesses can get information on available relief measures and postponements of events. It will also act as a helpline for tourists. The call centre's contact details are 0860 TOURISM (868 8747) or email [callcentre@tourism.gov.za](mailto:callcentre@tourism.gov.za).

#### **Arts and Culture: R150 million for relief to practitioners**

The Department of Sports, Arts and Culture (DSAC) reprioritised its budget allocation from Q1 to make over R150 million available to provide much needed relief to practitioners in the sector. Priority of funds allocation will be given to artists and practitioners, who were already booked by some of the cancelled and postponed events funded by the department, as well as to the legends of the industry.

– DSAC said that in support of playhouses, which are entities of the DSAC, the department will provide artists a platform to perform live streaming activities, which include stand-up comedy, poetry sessions and music. The department will share detailed plans on the process for participation.

### **Suspension of rates collection for business and households in Stellenbosch**

The Stellenbosch Municipality made the announcement that the collection of property rates will be suspended for businesses and households within the municipal boundaries that have been adversely impacted by the outbreak of Covid-19.

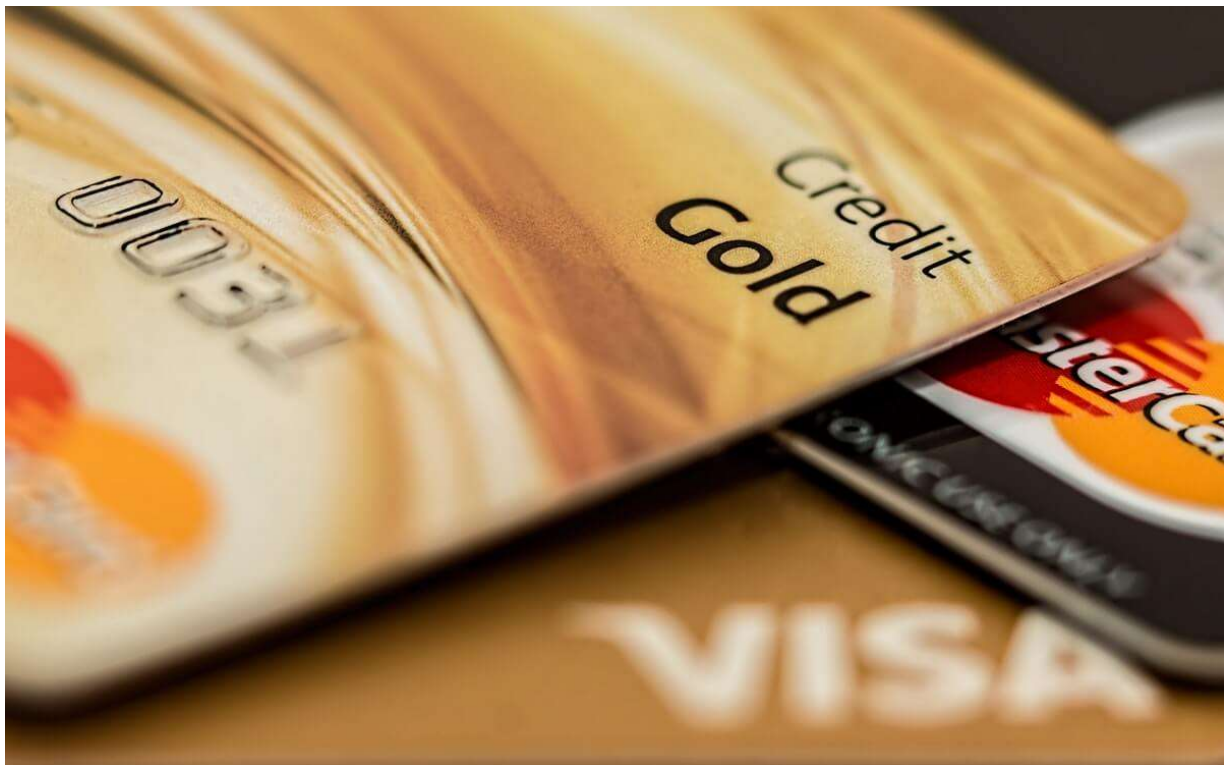
The payment holiday will last for three months. Once the crisis is over, the municipality will work with applicants to repay the principal outstanding debt on reasonable terms and without the accrual of any new interest. The Stellenbosch Municipality will only grant the rates payment holiday upon formal application – individuals, businesses, farms, and industrial enterprises must prove that their income has been negatively affected by the Coronavirus crisis.

### **Department of agriculture sets aside a R1.2 billion package**

To ensure sustainable food production during and after the COVID-19 pandemic and to address the effects of the Coronavirus, the department set aside a package of R1.2 billion. Minister Thoko Didiza said exports and imports of critical agriculture commodities will continue during the lock down period to ensure global and national food security.

The Minister explained that this is not only limited to retailers but the entire food value chain, from farm-related operations, agro-processing and food manufacturing, logistics and related services, wholesale and retail services and all support functions that ensure efficient delivery of the agro-food system.

– The department has also made available R100 million to the Land Bank to assist farmers under distress, according to [SAnews.gov.za](https://www.sanews.gov.za).



### ***Corporate COVID-19 Interventions***

#### **SAVCA pledges over 1 100 hours to assist SMMEs**

The Southern African Venture Capital and Private Equity Association (SAVCA) has launched a small, medium and micro enterprise (SMME) support platform in collaboration with its membership network, which consist of professionals who manage over R175bn in assets.

Tanya van Lill, SAVCA CEO, says the platform will provide SMMEs with access to industry professionals for free advice on managing the challenges they face in the wake of COVID-19. “We have called on our members to donate hours from staff who have capacity and specialist skills that companies may need, such as legal, accounting, supply chain and industry specific skills, to name a few.

“SAVCA is proud to report that over 1100 hours have already been pledged to the platform thus far – a number we are certain will continue to rise over the coming days,” says van Lill, who notes that the full list of support on offer is available on SAVCA’s online COVID-19 portal.

“SAVCA will facilitate all requests, matching them with support offered by members. This unique support network will therefore be available to all South African SMMEs – not only SAVCA members’ investee companies – that find themselves in dire need of support as a result of this crisis.”

*The full list of support on offer is available on [SAVCA’s online COVID-19 portal](#).*

#### **Old Mutual Insure pledges R50 million to assist SME customers and service providers**

Old Mutual Insure has set aside R40 million to assist qualifying SME, to remain solvent in these difficult times. “These interest-free loans will be granted to qualifying businesses and will be administered by the Old Mutual Masisizane Fund in partnership with Old Mutual Insure,” says Napier.

In addition, Old Mutual Insure’s own suppliers and service providers experiencing difficulties over this time will be assisted to sustain operations. To this end, Old Mutual Insure has set aside R10 million. Business partners who are unable to operate will be directly supported to survive the impact of the COVID-19 disruption. For example, all micro-enterprises supplying or servicing Old Mutual Insure, like canteens, cleaning services and car wash teams, will be supported with provisional funding during the lockdown and in the weeks that follow.

Old Mutual Insure’s payments process is also being accelerated to ensure outstanding payments are made within three working days after invoices are submitted. All previously scheduled payments will be released earlier than the scheduled date.

#### **Assistance from the banking sector**

##### **FNB SME customers can now register for the South African Future Trust**

FNB has announced alternative funding that they will be making available to their SME customers via the FNB portal. The funds are from the [South African Future Trust \(SAFT\)](#), a Public Benefit Organisation established by Nicky and Jonathan Oppenheimer to extend financial assistance to employees of South African SMMEs who are at risk of losing their jobs or will suffer a loss of income because of COVID-19.

FNB SMEs can register their interest to apply for the South African Future Trust (SAFT) funding by completing the SME assessment found under the “COVID-19 – For My Business” menu on the FNB App or FNB Online Banking.

SMEs who meet the following criteria could be eligible for the funding as determined by SAFT:

- The business has an annual turnover below R25m
- The business can clearly demonstrate the impact of COVID-19 on their operations; the business must have been in good financial health prior to 1 March 2020.
- The business must have been trading for at least 24 months
- Confirmation of permanent employment status of employee
- The business must have its main bank account with FNB and be in good standing with the bank; demonstrated sound banking behaviour maintained a good credit history

**The Banking Association South Africa** said in a press release that South African banks strongly support the decisive leadership of President Cyril Ramaphosa and his government in the effort to protect lives and slow the spread of Covid-19.

At the request of BASA, the Minister of Trade, Industry and Competition published Government Gazette Notice 11058, which allowed banks to have a collective discussion on how to strengthen their response to the Covid-19 pandemic.

“Banks have been declared an essential service during the 21-day lockdown in terms of the regulations issued to give effect to the declaration of a State of National Disaster. Banks will work within current regulations to assist customers. BASA will have ongoing discussions with the National Treasury and the SARB, among others, to evaluate the possible further relaxation of regulations, if necessary,” [read the press release](#).

“BASA also encourages all customers to continue to meet their banking and financial services obligations wherever possible.”

Darlene Menzies, [FinFind](#) CEO, shared the following lifelines that the big banks will be extending to their SME customers:

– **Standard Bank** was first to the party, offering a three-month payment holiday for debt repayments for qualifying business customers with an annual turnover of less than R20 million. Furthermore, the bank recently made a statement on Twitter, committing to reach out to their vehicle and home loan customers individually with payment relief options.

– **Nedbank** is encouraging their customers to get in touch with them directly. They are offering solutions such as debt repayment holidays, extended loan periods, or short-term credit extensions on a case-by-case basis. They will make further announcements regarding their relief offerings in the coming days.

Menzies urged small business owners who are facing cash flow challenges, to make contact with their banks, suppliers and other creditors sooner rather than later. “It is crucial that business owners proactively communicate their inability to meet payment commitments over this time, rather than taking no action. It is in the best interests of the business and the credit provider to find a workable repayment plan to address the outstanding debt.”

– **Absa Bank**’s Daniel Mminele, the Group Chief Executive, said they have introduced a comprehensive customer, business and corporate relief programme, which was effective from Monday, 30 March 2020. Mminele said their relief programme included that SMEs that play a role in creating jobs and sustaining livelihoods, can get a rental holiday for the next three months. The COVID-19 programme includes:

- Relief for consumer, business banking and wealth customers;
- Solutions for corporate and business banking clients;
- Additional administration fees waived;
- To allow benefits to reach more customers, those who can pay are encouraged to continue payments;
- Programme applies to all Absa markets, subject to legislation, regulations and conditions applicable in each country.

– **First National Bank**’s Jacques Celliers, the Chief Executive Officer, said from 1 April – 30 June 2020 they will implement measures to provide relief to individual and business customers whose financial stability has been impacted by COVID-19. The interventions will be covering the following:

- Instalment cash flow relief, during which part or no instalments/repayments will be due for a specific period;
- A preferential interest rate will apply to the COVID19 relief interventions given;
- No fees will be charged for any relief granted;

- Assistance with processing credit insurance claims, where possible;
- Individualised bridge facilities for those who need it;
- FNB will also waive Speedpoint device rentals and not charge a minimum fee for some merchants who are in good standing but operate in distressed industries.
- In April, individual and business customers on FNB Connect will also receive 1GB of free data to help them stay connected during the lockdown. FNB is working with industry partners to ensure that customers can use any bank's ATMs without paying additional fees over and above the fees charged by their bank.
- FNB has also made a significant contribution to FirstRand's SPIRE initiative contributing, alongside the FirstRand Foundations and RMB, to the group's total anchor funding of R100m. Through SPIRE, FNB is also providing critical operational capacity (including its payments and governance platforms) to help the healthcare system scale its response to COVID19, with a particular focus on testing equipment, protective clothing and ventilators for hospitals.

### **Oppenheimers and Ruperts each give R1 billion donation to help small businesses**

President Cyril Ramaphosa announced in his address to the nation that two of South Africa's richest families will each donate R1 billion to help South African small businesses and their employees who are affected by the Corona virus pandemic. Together, Nicky Oppenheimer and Johann Rupert are worth almost R200 billion.

Business Partners Limited – a leading risk finance company for SMEs – has been selected as the Administrator of the R1 billion funding. It's reported that they be will ready to take applications for the Rupert funding by the end of this week.

### **Facebook launches R1,7 billion Small Business Grants Program to help 30,000 small businesses**

[Sheryl Sandberg](#), chief operating officer (COO) of Facebook, announced the launch of the [Facebook Small Business Grants Program](#) on March 17, 2020. The initiative will see Facebook invest \$100 million (R1,7 billion) to help 30,000 small businesses in over 30 countries where their employees live and work.

This program will help business owners with rent costs, to keep their workforce going strong, and help connect them with more customers and cover operational costs.

– Facebook also launched the **Business Resource Hub** [[Facebook.com/resource](https://www.facebook.com/resource)]— a resource for Facebook employees and health experts— available for everyone. The Hub has courses available, including how to sell products on Facebook and Instagram, and how to schedule appointments and host virtual sessions through Messenger and WhatsApp.

### **Alcohol producers have pledged to donate 40,000 liters of pure alcohol**

To assist with the shortage of surface and hand sanitisers in the country, alcohol will be donated to producers of sanitisers to help slow the spread of COVID-19.

Sibani Mngadi, spokesperson of South African Liquor Brand Owners Association, told radio CapeTalk: "We are waiting for confirmation from SARS on whether we can get tax exemption [referring to sin taxes] to provide another 100 000 litres of pure alcohol... Sanitiser producers are struggling to obtain alcohol."

### **Telkom to offer public access to GCIS-managed www.gov.za and websites of educational institutions**

According to [SANews.gov.za](http://SANews.gov.za), Telkom's offer includes **free public access to www.gov.za – the gateway to government information and services**, including other government news sites such as [www.sanews.gov.za](http://www.sanews.gov.za) and [www.vukuzenzele.gov.za](http://www.vukuzenzele.gov.za) to access information on a range of services and programs vital to the development of the country.

– It will also offer **free access to educational institutions**, including primary websites of more than six universities and Further Education and Training institutions as well as knowledge-enhancing sites such as Wikipedia, Everything Science, Everything Maths and the Department of Basic Education Cloud.

### **Essential goods and services providers**

Minister Ebrahim Patel of the Department of Trade, Industry and Competition announced that all businesses that provide essential services during the 21-day COVID-19 lock down must seek approval, according to [SAnews.gov.za](http://SAnews.gov.za).

Businesses have to apply via the Companies and Intellectual Property Commission (CIPC) Bizportal website at [www.bizportal.gov.za](http://www.bizportal.gov.za).

They will require a certificate from the Commission to continue trading. The application can be made on the Bizportal website – listed as “Essential Service Businesses”.

### **What are essential goods and services?**

- **Food.** This is any food product including non-alcoholic beverages, animal food, chemicals, packaging and ancillary products used in the production of any food product.
- **Cleaning and hygiene products.** Toilet paper, sanitary pads, sanitary tampons, condoms, hand sanitiser, disinfectants, soap, household cleaning products, personal protective equipment, chemicals, packaging and ancillary products used in the production of any of the above. Read more on what the requirements are to submit proposals for critical non-food supplies, [here](#)
- **Medical supplies** – Read more on what the requirements are for proposals on hygiene-, medical products manufactured and critical services, [here](#)
- **Fuel**
- **Airtime**