

Covid 19 Employment Scenarios

	Employment	Scenario 1 - Limited support			
	Q4 2019	2020	2021	2022	2023
		-15,0%	8,5%	3,0%	1,0%
Total employment ('000s)	16 420	13 957	15 144	15 462	15 570
jobs lost/gained over the year ('000s)	-108	-2 463	1 186	318	108
strict unemployment rate	29,1%	39,7%	34,6%	33,2%	32,7%
employment elasticity		1,0	1,0	0,7	0,7

Source: 2019 employment data is sourced from StatsSA QLFS Q4 2019

Limited business support; IFS restricted; limited UIF TERS; slow return to business activity.

About 900k jobs permanently lost

Scenario 2 - Immediate Covid19 economic protective measures				
	2020	2021	2022	2023
	-10,0%	6,6%	3,0%	1,0%
	14 778	15 754	16 084	16 197
	-1 642	975	331	113
	36,2%	31,9%	30,5%	30,0%
	1,0	1,0	0,7	0,7

IFS retail allowed to operate; commitment to partial return to business; e-commerce enabled across product range; wage support via SARS; fuller business support.

About 250k jobs permanently lost

Scenario 3 - immediate Covid19 economic protection+ big growth game changers				
	2020	2021	2022	2023
	-10,0%	8,0%	3,5%	2,5%
	14 778	15 961	16 352	16 638
	-1 642	1 182	391	286
	36,2%	31,0%	29,4%	28,1%
	1,0	1,0	0,7	0,7

As in scenario 2 + significant mobilisation of construction spending, energy investments, agriculture, and similar.

Back to 2019 employment levels by 2022/3

Scenario missing: what if a second lockdown?

Take time to think about design

Avoid temptation to:

- Think stimulation or poverty reduction always entails spending more
- Identify new projects or programmes
- Make shopping lists
- Overspend on short term

Instead aim to:

- Spend better – this is equivalent to spending more
- See if an existing programme or channel work
- Consider small number of high impact interventions that offer support across-the-board. And then ensure properly resourced for scale of covid impact
- Spend in a way that solves immediate problem should lay foundation for longer range solution. Critical when resources, capacity and time are constrained

Lockdown made more effective

Proposed measure	Township lockdown made more effective	
Impact of measures Limit community transmission in townships <i>Prevent second full lockdown</i>	(opportunity) Cost Economic devastation	Source of funds n/a
Lead department COGTA	Other departments Police, Health	Stakeholders Communities, local govt

<p>Description of the measure & key risks</p> <ul style="list-style-type: none"> • Community engagement; police as partners and for visible presence • Realistic approach to demarcating a household • Mandatory mask wearing, distributed for free • 'Health sanctuaries' for elderly and for those infected • Allow informal traders to operate, even getting them online <p>• Risk: Township residents become irretrievably cynical until it is too late</p>
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This may not seem like an economic intervention, but it is **by far** the most important action needed for the economy.

An ineffective township lockdown in this round could easily lead to a second full lockdown by June

The first lockdown would have had little of the health benefits and all of the negative economic impacts.

In suburbs:

- Lockdown more effective. But shops not adhering to social distancing. Online retail not filling the gap

Measure: Lift constraints on deliveries; work with retailers and any company that could fill delivery service gap



Seek fastest way back to economic activation

Consider continuity between lockdown to reactivation/reconstruction to post-covid growth

Proposed measure	Economic re-activation		
Impact of measures	Cost tbc	Source of funds tbc	
Lead department DTIC	Other departments Treasury, DPW&I	Stakeholders Business, Labour	
Description of the measure & key risks			
<ul style="list-style-type: none"> • Reduce probability of retrenchment and closure and smooth pathway back to operation: wage support followed by more generous ETI; bank guarantee scheme for bridging finance. • Ethos of re-opening as soon as possible subject to health guidelines– as per Genesis, First Rand, etc. <ul style="list-style-type: none"> • Empower firms and industries to apply their minds and come forward, even if not priority sector. Create inspectorate. Strict regulations in relation to immediate shut-down where needed. • Enable online sales of anything – will help firms reduce inventories. That will boost rebound • Enable informal traders 			
Risks: slow action to form effective inspectorate; lax behaviour over time; communications on covid not sufficiently continuous or impactful			

Consider continuity between lockdown to reactivation/reconstruction to post-covid growth

Proposed measure	Economic re-activation	
Impact of measures	Cost tbc	Source of funds tbc
Lead department DTIC	Other departments Treasury, DPW&I	Stakeholders Business, Labour
<p>Description of the measure & key risks</p> <ul style="list-style-type: none"> • Big-growth-game-changers that inject dynamism. Should not require international movement of people. <ul style="list-style-type: none"> • Infrastructure with focus on densified social housing; government building maintenance and refurbishment; and similar. Requires tighter rules on implementation, and focus of existing budgets. Eg. see NPC infrastructure report focused on strengthening govt capacity in managing the built environment. • Implement IRP and move fast on IPP investments in energy • Opportunities to service local and global demand for health products, taking advantage of empty factories and weak exchange rate (masks, ventilators, PPE and similar) • Agriculture and agro-processing – we have competitive advantage, exchange rate in our favour, considered essential everywhere • Roll out of affordable broadband in low income and under-served areas – to enhance digital engagement and get population accessing public and private services online <p>Risks: success will require an understanding of why despite commitments on most of above progress has been slow.</p>		