

Wage support in the formal sector

Proposed measure	Wage Support in the formal sector		
Impact of measures Slow down retrenchments Slow down business closure Maintain employment relationship & enable faster rebound May encourage tax registration in cash economy	Cost R27bn April less in subsequent months	Source of funds Partially UIF, Treasury to identify other sources	
Lead department Department of Employment and Labour	Other departments National Treasury	Stakeholders Labour, Business	
Description of the measure & key risks			
<ul style="list-style-type: none"> • Channel UIF Covid19TERS type payment through SARS. • Covid19TERS requires an application and is paid in respect of firms that ‘temporarily lay off’. Employees apply if firms employ fewer than 10, and it can also be paid through bargaining councils. • The wage support proposal sees a non-discretionary credit paid to firms registered with SARS, paid according to set of rules • Example of rules: exclude any firm categorised as essential, a floor and ceiling payment determined, large firms may have to apply while firms below a certain size are automatically covered, payments may be recovered through annual tax returns where relevant, penalties may be imposed where abused). Employee does not have to be UIF contributor. • Risks = firms do not pay their workers, which is same risk as Covid19TERS. The risk of channelling funds 			

Informal retail activation

Proposed measure	Informal sector activation		
Impact of measures	Cost n/a	Source of funds n/a	
Enables 1.1 million informal retailers to thrive in this period Reduces need for informal sector grant			
Lead department DSBD	Other departments COGTA	Stakeholders Business, Labour	
Description of the measure & key risks			
<ul style="list-style-type: none"> • Apply DSBD notice 450 health rules • Eliminate restrictions on what informal traders can sell • Do not require them to get new/additional operating permits • Ensure their supply chains are functional • Support them to get online, enable online orders. This may be transformational for future of township business • While schools are closed, replace NSNP with R440 CSG top up <i>per caregiver</i>. Over 3 months could cost R9bn, reaching 12 million children in 7 million households. This ensures children eat and it is likely they will spend the funds with informal traders. • Risk = challenges in application of health rules. Approach may be to immediately shut operation down where violated. 			