



Only a third of South Africa's rescue package has materialised.

**R342
BILLION
UNUSED**



COVID-19 SCORECARD UPDATE – 11 FEBRUARY 2021

NO RECOVERY WITHOUT RESCUE

The R500 billion COVID-19 rescue package announced by President Ramaphosa in April of 2020 held hope and promise for many. It came at the start of a period of serious economic devastation. Unfortunately, in addition to the shrinking size of the package, there has been a systematic failure to implement the rescue measures stipulated. Our estimates show that only about a third of the package has been utilised to date.

This updated rescue package scorecard by the Institute for Economic Justice unpacks this slow progress, building on an earlier scorecard published in June 2020. Many of the promises within the rescue package were not kept and millions are suffering as a result. Unfortunately, a number of important relief measures have expired while South Africans struggled through the second wave of the COVID-19 pandemic with less support.

If the government does not urgently step up and provide the rescue and relief required by households, small businesses and other vulnerable groups, there is no chance of economic recovery.



SCORECARD SUMMARY



Providing funds to pay wages

While this is one area where money has been spent through the Temporary Employee Relief Scheme (TERS), the difficulty of accessing this support, the mismanagement of funds by employers, and the halt of the support before the second wave will have negative consequences for jobs.

C



Job creation and protection

The Employment Stimulus design is commendable but the allocation of spending has been much lower than promised. Many more jobs are required in the short term, not the medium term. Reallocation of money towards grants should not count towards job creation.

D



Supporting households and communities

The interventions made until October 2020 through social grants (and the Social Relief of Distress (SRD) grant until January) saved lives and reduced hunger, however they should have been extended. The crisis is not over.

D



Supporting businesses through tax deferments and loans

There has been disastrous underspending in this area with only 12% of the loan guarantee spent.

F



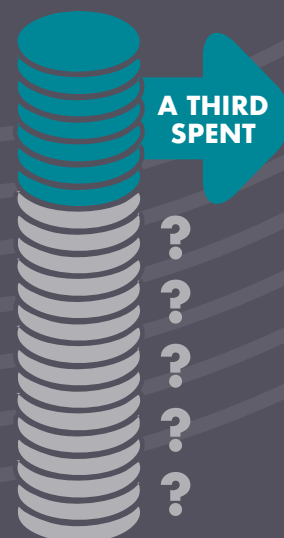
Providing additional health and municipal funding

There has been a lack of transparency on expenditure and significant gaps remain in access to sanitation and health support.



F

The R500 billion relief package has failed in important respects and should be re-launched with a clear plan on how the remaining funds will be spent, and where necessary, new measures introduced to fill the gaps.



RELIEF AREAS	PROMISED	USED ¹
Social security	R50 billion	R43.6 billion
Job creation and protection	R100 billion	R12.6 billion
Wage relief (TERS)	R40 billion	R55.6 billion
Credit guarantee scheme	R200 billion	R18 billion
Tax relief	R70 billion	R15.3 billion
Municipalities	R20 billion	R0.2 billion
Health	R20 billion	R12.5 billion
	R500 billion	R158 billion





1. Data compiled from latest publicly available information as outlined in the below detailed table.

WHAT WAS PROMISED AND WHERE DID IT COME FROM?	CURRENT STATUS	ASSESSMENT	WHAT IS NEEDED?
 SOCIAL SECURITY			
R50 billion towards new and existing grants (cut to R41 billion in the Supplementary Budget). Only R25 billion from new allocations. <ol style="list-style-type: none"> 1. Social Relief of Distress (SRD) grant - R350 per month (May - October 2020). 2. Caregivers top-up grant - R300 in May 2020, R500 per month thereafter (until October 2020). 3. All other grants - increase of R250 per month (May - October 2020). 	<p>After public pressure, the SRD grant was extended to 31 January 2021, and has since ended. The other grant increases ended on 31 October 2020.</p> <p>In November 2020, 6.9 million beneficiaries of the SRD grant were approved and paid. By end November a total of R13.5 billion rand had been spent on the grant</p> <p>As of October 2020, there were more than 7 million beneficiaries of the caregivers grant.</p> <p>As of 30 September 2020, 76% of the R41 billion had been spent.</p>	<p>The ending of the SRD is likely to cause increases in hunger. Research has found that the combination of the TERS scheme and the SRD Grant contributed to the decrease in levels of hunger between May and August of 2020. Researchers estimated that ending the SRD and Caregivers grant alone would plunge 5.8 million people into hunger.</p> <p>The end of the Caregivers top up grant has been particularly devastating to women who overwhelmingly provide care to children in South Africa, and benefit less from other relief measures such as SRD and TERS.</p>	<p>An extension and increase of the SRD grant to at least the food poverty line of R585 per person per month.</p> <p>Unduly harsh and narrow criteria for accessing the grant need to be reassessed.</p> <p>Inclusion of caregivers for the SRD Grant regardless of whether they are receiving a child support grant on behalf of their children.</p> <p>Urgent progress towards implementation of the long overdue Universal Basic Income Guarantee (Grant) for those aged 18 to 59 years.</p>
 JOB CREATION AND PROTECTION			
R100 billion to job protection and creation schemes.	<p>Ongoing; aims to be a 3-year programme.</p> <p>Only R6.1 billion was allocated from this in the 2020 MTBPS towards small and informal business support, and job creation and protection.</p> <p>Treasury claims the October amounts of R12.6 billion and R7 billion allocated to Public Employment Stimulus and extending the SRD grant, respectively, come from this fund. However, it is not clear that this is the case and these funds may come from the reprioritisation of existing expenditure.</p>	<p>Given the number of jobs lost during 2020, and the role of unemployment in poverty and hunger, it is unacceptable that so little of this relief package has been spent thus far.</p> <p>The Public Employment Stimulus, part of this broader programme, is intended to provide 700 000 opportunities across 11 departments.</p> <p>As of January 2021, a reported 433 167 opportunities have been created.</p> <p>Thousands of teaching assistants in this programme were not paid in Kwa-Zulu Natal.</p>	<p>The full R100 billion must be allocated to immediate emergency relief spending and a plan on its use should be urgently tabled.</p> <p>The full Public Employment Stimulus should be implemented, including the social employment programme and a Youth Service.</p> <p>The use of the R100 billion must include new industrial policy measures to assist in the targeting of labour intensive industries.</p>




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 WAGE RELIEF (TERS)			
R40 billion to pay wages and avoid job and income losses, financed from Unemployment Insurance Fund surpluses.	<p>The TERS scheme was ended unilaterally (without employer and union consent) in October 2020. TERS applications for the period up to October 2020 closed on 31 December 2020.</p> <p>According to the Dept. of Employment and Labour, R55.6 billion was paid out by mid-December to 1.1 million applicants (employers). However, how many workers benefited is unclear.</p>	<p>The TERS system was in many cases difficult to access for formal business. It was even more inaccessible for informal workers and undocumented migrants, those most vulnerable to job loss. The amount paid out, dictated according to a sliding scale, was untransparently applied and too low to compensate for the full income lost.</p> <p>The end of this programme, shortly before the second wave of COVID-19 hit South Africa, means that many of those who have permanently lost their jobs or have been temporarily unable to work due to Level 3, especially those in the hospitality industry, were left without support.</p> <p>Despite the amount of money paid out, and the reportedly high beneficiary figures, there have been numerous reports of employers not paying employees and high levels of corruption within the system.</p>	<p>Extension of the TERS scheme.</p> <p>Improve administration and reduce delays.</p> <p>Increase the level of compensation.</p> <p>Launch investigations into reports of corruption, and payback for those short-changed.</p>
 CREDIT GUARANTEE SCHEME			
R200 billion to provide loans to business, substantially guaranteed by government.	<p>Remains in place.</p> <p>By 16 January 2021, only R18 billion in loans had been given. Of the 48 366 applications, only 27% were approved and paid out.</p>	<p>This scheme has largely failed. Businesses have accessed less than 10% of the available amount.</p> <p>Heavily indebted firms have been reluctant to accumulate more debt but early in the programme banks also used traditional credit-worthiness checks. These checks should not apply to applicants as a requirement for the loan is that the business should be in financial distress. While some changes to the requirements were made in July 2020, the scheme remains inaccessible and the support it can provide is limited.</p> <p>Administrative issues have also led to delays and made it very difficult for small businesses to access these funds.</p>	<p>Set up a business rescue fund to provide bailouts and grants, as loans are not always appropriate.</p> <p>Reduce eligibility criteria to improve uptake.</p> <p>Outreach strategy to promote access.</p> <p>Rework the terms of the scheme to remove restrictions on use of proceeds and improve terms of repayment.</p> <p>Capitalise development finance institutions to rapidly scale up their financing.</p>



WHAT WAS PROMISED AND WHERE DID IT COME FROM?	CURRENT STATUS	ASSESSMENT	WHAT IS NEEDED?
<div>  TAX RELIEF </div>			
<p>R70 billion in tax deferments, including:</p> <ol style="list-style-type: none"> 1. Four-month holiday from skills development levy contributions; 2. Fast tracking VAT refunds; 3. Three-month delay for filing and the first payment of carbon tax; 4. Increase of PAYE deferral to 35%; 5. Expansion of the employment tax incentive; and 6. Deferrals in the payment of excise duties on alcohol and tobacco products and the fuel levy <p>The total cost to the fiscus is estimated at R26 billion.</p>	<p>All tax relief measures have now come to an end.</p> <p>There is limited data about uptake. In April and May, 16 000 firms used the PAYE deferral option, with the total relief estimated at R750 million.</p> <p>The skills development levy holiday of four months from May 2020 cost about R6 billion.</p> <p>Only 434 small, medium and micro-enterprise (SMME) vendors made use of filing VAT returns on a more frequent basis to access VAT refunds sooner.</p> <p>Deferrals in the payment of excise duty on alcoholic beverages and tobacco products and the fuel levy amounted to R7.5 billion by July 2020.</p> <p>R1 billion was also paid out for relief on a "case-by-case" basis for 167 applications.</p>	<p>There is little reporting and data on the efficacy and uptake of these programmes. However it would be appear that most businesses, particularly SMMEs, have not made use of the programmes.</p> <p>In some cases, conditions, such as not having any tax debt, would exclude many of the most vulnerable small businesses. For the programmes that required an application, it is likely that businesses with in-house finance teams were able to benefit, while smaller businesses would be left behind.</p>	<p>Extend tax relief measures for small businesses and employees. These businesses are trying to re-open and cash flow remains a serious constraint.</p> <p>Make certain forms of relief automatic for small businesses.</p> <p>Develop tax relief measures for households.</p> <p>Additional tax revenue must be raised through increasing taxes on the wealthy and high-income earners.</p>
<div>  MUNICIPALITIES </div>			
<p>R20 billion to support municipalities in providing proper water and sanitation, sanitary public transport, food provision, and accommodation for the homeless.</p> <p>Financed from a R11 billion increase in local government funding, and a R9 billion reprioritisation of existing municipal budget expenditure.</p>	<p>Remains in place. As of 30 September 2020, only 1% of this money had been spent.</p>	<p>There is a lack of transparency around municipal funding so it is unclear whether these funds have in fact been allocated to municipalities and whether and how municipalities have spent them.</p> <p>Lack of sanitation and water provision remain endemic to poor communities, particularly in rural areas.</p>	<p>The rapid scaling up of emergency measures to provide water and sanitation.</p> <p>A system of transparency for how money has been spent and will be spent in future.</p> <p>A model instituted whereby poorer municipalities receive necessary funding.</p>



WHAT WAS PROMISED AND WHERE DID IT COME FROM?	CURRENT STATUS	ASSESSMENT	WHAT IS NEEDED?
 HEALTH			
R20 billion (revised to R21.5 billion in the Supplementary Budget). The net increase to the health budget was R2.9 billion.	Remains in place. As of 30 September 2020, 58% of the R21.5 billion had been spent. However, a recent report suggests that a significant proportion of this was lost in corruption associated with the procurement of PPE, as well as other medical services and products.	Ongoing COVID-19 health spending will be required throughout 2021/22, including between peaks. National Treasury has not made public plans for funding of the vaccine programme. Estimates of the cost range between R12 billion and R20 billion, which is a small amount, given the anticipated benefits of the vaccines. Treasury's reported reluctance to fund this programme is therefore odd.	Adequately funding the vaccination programme is essential and the costing plan must urgently be made available publicly. Further transparency is required for the vaccine programme processes and logistics. Continued lobbying for a waiver of Intellectual Property rights on COVID-19 vaccines and medication. Increased investment in local medical manufacturing capacity. Continued testing and quarantining capacity. Filling of vacant posts and increasing hiring to cover sick and overworked healthcare workers. Improvement of health care facilities.



The government's rescue package has failed South African citizens. Urgent action is required to support incomes, give relief to destitute households, advance access to healthcare and sanitation, rescue businesses and prevent further economic and social collapse.



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