



MEDIA RELEASE

Thursday, March 19, 2020

**SAUBC STATEMENT ON THE SOUTH AFRICAN RESERVE BANK'S DECISION
TO CUT THE REPO RATE**

The South African United Business Confederation (SAUBC) welcomes the opportunity to comment on the unanimous decision of the (MPC) to cut the repo rate by 100 basis points. This takes the repo rate to 5.25% per annum, with effect from 20 March 2020.

“This is welcome, but not large enough to meet the scale of the crisis. Other monetary policy and fiscal policy tools must now be deployed to stave off the worst effects of the crisis,” said President of the SAUBC, George Sebelela.

We look up on our Minister of Finance, Mr. Tito Mboweni to take a leaf from the UK Chancellor of the Exchequer, Mr. Rishi Sunak on COVID19 who made an initial £330 billion of guarantees equivalent to 15% of the UK GDP available. The UK Support means that any business who needs access to cash to pay their rent, the salaries, suppliers, or purchase stock, will be able to access a government-backed loan, on attractive terms. And if demand is greater than the initial £330 billion, he made available, he will go further and provide as much capacity as required.

The support offered by the UK Chancellor of the Exchequer will be delivered through two main schemes:

1. to support liquidity amongst larger firms, I have today agreed a new lending facility with the Governor of the Bank of England to provide low cost, easily accessible commercial paper
2. to support lending to small and medium sized businesses, I am extending the new Business Interruption Loan Scheme I announced at the Budget last week, so that rather than loans of £1.2 million, it will now provide loans of up to £5 million, with no interest due for the first six months



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Both schemes will be up and running by the start of next week, according to the UK Chancellor of the Exchequer.

The SAUBC expects Mr. Mboweni to go beyond the “NATIONAL TREASURY INSTRUCTION NO. 08 OF 2019/2020 for EMERGENCY PROCUREMENT IN RESPONSE TO NATIONAL STATE OF DISASTER issued today. The purpose of this Instruction is to “facilitate emergency procurement to deal with the COVID-19 pandemic which was declared a national state of disaster (the Disaster) on 15 March 2020; and avoid the abuse of the supply chain management (SCM) system to deal with the Disaster.”

In an email tonight, Discovery wrote, “As a Discovery Bank; “client, your personalised borrowing interest rate for your existing credit facilities will decrease by 1% effective tonight at midnight. This means you’ll pay less to service your debt on a monthly basis and have more disposable income to invest in your financial health.” Moreover, Neil Coleman tweeted that “commercial banks need to cut the prime lending rate by 100 basis points. Our society can’t afford the current massive spread - the additional 3.5% banks charge on the SA Reserve Bank rate. Can they do this voluntarily or should the state intervene?”

George Sebulela added “with the continuing increase in coronavirus cases, much of the current debate has rightly focused on Measures introduced by President Ramaphosa last Sunday. The Government’s Measures are welcome, but business (big and small), low earners and the self-employed are not catered for. This poses a challenge for protecting family incomes from the spread of coronavirus”.

“On Monday the SAUBC sets out the case for a package that can be delivered to assist businesses. But during this week the Minister of Finance indicated that he was instead thinking about how government can best support business. So what support is available, and through what mechanisms?” Sebulela concluded.

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The South African United
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What is the SAUBC?

South African United Business Confederation (SAUBC) is a non-profit and non-racial, business and economic federation that represents cross-cutting business interests in South Africa. SAUBC consists of members representing Export Councils, Industry Associations and Joint Groups (Business Chambers).

SAUBC Goal

The goal of SAUBC as a comprehensive **BUSINESS & ECONOMIC FEDERATION**, is to **CONTRIBUTE TO THE SELF-SUSTAINED DEVELOPMENT OF THE SOUTH AFRICAN ECONOMY** and the **IMPROVEMENT OF THE LIVES OF CITIZENS**, by drawing out the dynamism, capacity & experience of Export Councils, Industry Associations, Joint Action Groups & Corporations as well as interact with Government, Labour & Communities that support them.

SAUBC Vision

To make South Africa the best and preferred investment destination.

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