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FFC: SA NEEDS BIGGER, BOLDER FISCAL SUPPORT PACKAGE TO OFFSET COVID-19 IMPACT

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[Gaye Davis](#) | 26 May 2020

CAPE TOWN - The Financial and Fiscal Commission (FFC) said that South Africa needed a much bigger and bolder package to offset the impact on the economy of the COVID-19 pandemic.

The government has announced a R500 billion package of fiscal support, along with another R500 billion in other interventions.

But the FFC said that while this support was unprecedented, only R95 billion of it was new money being injected into the economy and it is not enough.

The FFC was briefing an online meeting of Parliament's Standing Committee on Appropriations earlier on Tuesday.

The Financial and Fiscal Commission said that the COVID-19 pandemic had turned the Budget tabled by Finance Minister Tito Mboweni in February "upside-down", helping make 2020 one of the most difficult years in South Africa's economic history.

The FFC's Eddie Rakabe: "The fiscal framework that was tabled in February is no longer attainable as a result of the Covid-19 induced economic slump."

The FFC believes that only R95 billion of the fiscal relief announced by the government will be new money entering the economy.

"The fiscal and monetary response in its totality represents a gap-filling, or relief measure, rather than a stimulus. This is because a number of people have lost their income-earning potential so before you can even talk about growth you have to fill (that) vacuum."

The FFC said that the government should look at its entire balance sheet, given forecasts that the economy would contract by up to 20%, to help the economy recover.

"Some of the things we think the government can deploy include the assets from the Public Investment Corporation (PIC), from the Government Employees' Pension Fund (GEPF) as well as the SA Reserve Bank's foreign reserves."

<https://ewn.co.za/2020/05/26/ffc-sa-needs-bigger-bolder-fiscal-support-package-to-offset-covid-19-impact>