

1

How much do we need to spend?

6% of GDP = ~R310bn

Most countries spending > expected fall

Multiplier likely < 1.68

3

Other stabilisation measures

- The SARB needs to continue to purchase bonds in the secondary markets.
- Prescribed borrowing costs for certain tranches of borrowing.
- Targeted capital flow management measures to manage capital outflows.
- Measures to reduce the offshore trading of rands.
- Reducing the interest rate (the SARB repo rate) by 100bps (done 14 April 2020) (future rate cuts to be explored dependent on the effectiveness of capital flow management measures).
- Secure access to dollar swap lines with the Federal Reserve.
- Monetary policy coordination.
- Regional support to stabilise neighbouring economies.

4

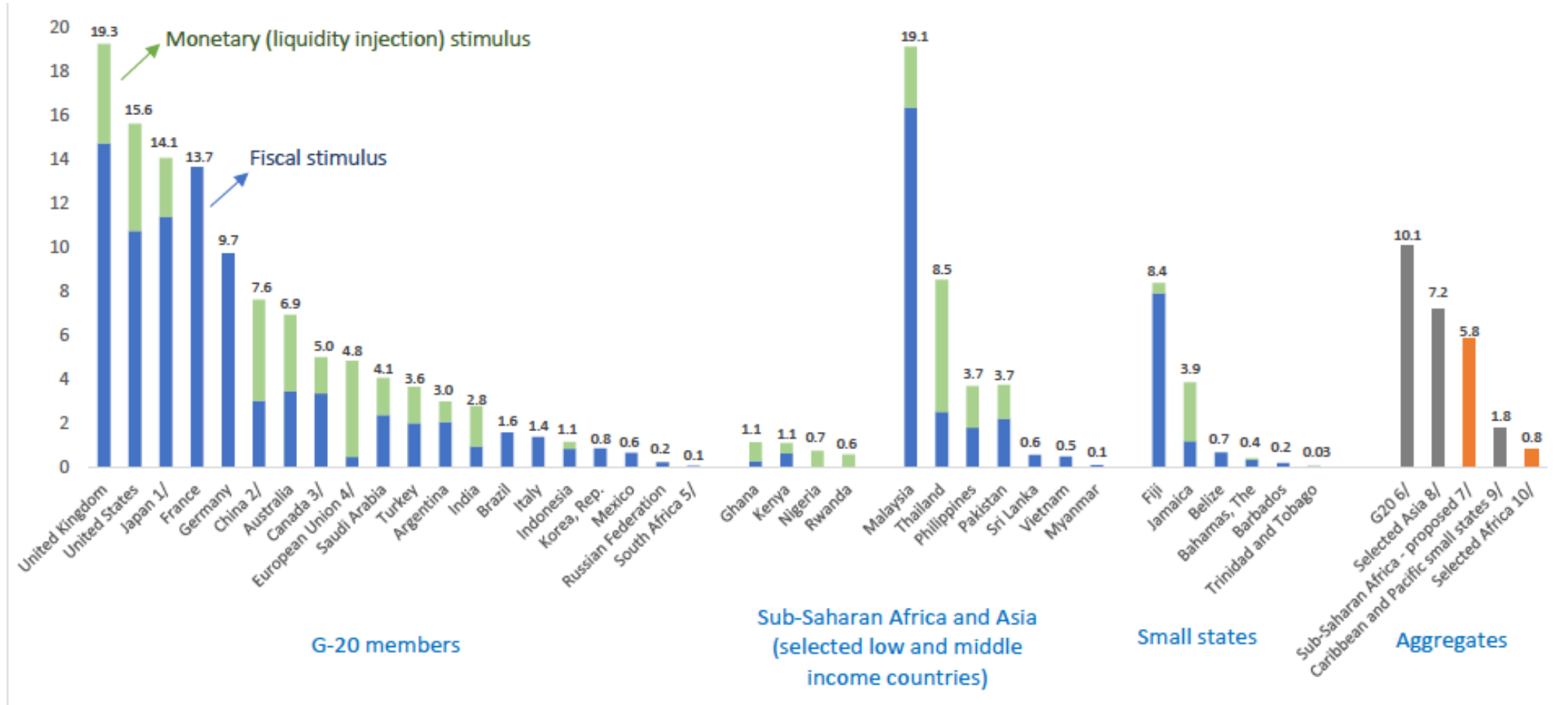
How do we pay for it?

1. Borrowing: R50bn
 - 1.1 Open market borrowing. R50bn
 - 1.2 Borrowing from SARB. R80bn
 - 1.3 Special COVID-19 bond at concessional rates – GEPP. R100bn
 - 1.4 Special COVID-19 bond - institutional investors. R108bn
2. Existing funds R108bn
3. Solidarity taxation R48bn
 - 3.1. Income tax > R1 million and removal of deductions. R48bn
 - 3.2. UBI claw back tax. R11bn
4. Other: R446.6bn
 - 4.1 SARB monetary financing?
 - 4.2. Multilateral institutions?

2

How do we spend it?

1. Measures to support the public health response – preventative equipment, testing, treatment, isolation/quarantine facilities and payment for use of private facilities. R20bn
2. Measures to mitigate loss of income
 - 2.1 An emergency mid-month - R500 - April 2020 to all grant beneficiaries. R9.15bn
 - 2.2 All grants should be increased by R500 for three months. R27.5bn
 - 2.3 Once off UBI - R 4,500 - all adults (18+ years) - May 2020. R150bn
 - 2.4 The extension of the child support grant to pregnant women R1.9bn
 - 2.5 Automatic renewal of disability grants.
 - 2.6 2 million food parcels a month for 3 months. R4.5bn
 - 2.7 Additional unemployment benefits to meet increased demand. R18.4bn
 - 2.8 Payment holidays and deferrals
3. Guarantee wage payments Additional R30bn
 - 3.1 Temporary Employee / Employer Relief Scheme
4. Business support R311.4bn
 - 4.1 Expanded credit facilities SARB and banks
 - 4.2 Funds for business support and industrial policy R50bn
 - 4.3 Tax and payment deferrals / holidays



Notes: Fiscal stimulus includes both aid and grants. Monetary stimulus only includes central banks' explicit monetary liquidity injection (e.g., through lending facilities, open market operations) and expected impact from lowering policy interest rates. Weighted average for country aggregates. See [ODI policy country response tracker](#) for details.

1/ Substantial fiscal stimulus under proposal; 2/ Fiscal stimulus in China under discussion; 3/ Monetary stimulus in Canada is an estimate; 4/ European Union economic stimulus from European Commission, European Investment Bank and European Central Bank; 5/ Estimate based on measures that have indicated costs; 6/ G20 members excluding EU; 7/ Proposed support for Sub-Saharan Africa based on [ODI analysis](#); 8/ Selected Asia includes Malaysia, Myanmar, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam; 9/ Caribbean and Pacific small states include The Bahamas, Barbados, Belize, Fiji, Jamaica and Trinidad and Tobago; 10/ Selected Africa includes Ghana, Kenya, Nigeria and Rwanda.

Sources: News reports, official press releases as of 2 April 2020. GDP data from World Development Indicators database. Exchange rates are based from respective countries' central banks.

Table 13 PIC assets under management (R billions)

Asset class	GEPF	UIF	Comp fund	Other	Total
Equity	1 032.4	40.0	16.2	-	1 088.6
Bonds	574.9	89.5	41.5	13.1	719.0
Money market	75.1	18.4	8.5	34.0	136.0
Property	95.4	4.8	0.1	1.4	101.7
Unlisted investments	70.9	13.6	1.9	-	86.4
	1 848.7	166.3	68.2	48.5	2 131.7

Table 14 Adjustments to personal income tax effective rates

	Taxable income (R billions)	Effective tax rate	Tax assessed (R billions)	Effective tax rate	Tax assessed (R billions)
0 - 150 000	454.1	4.9%	22.4	4.9%	22.4
150 001 - 250 000	354.3	8.1%	28.8	8.1%	28.8
250 001 - 500 000	742.4	16.6%	123.5	16.6%	123.5
500 001 - 1 000 000	593.9	25.7%	152.4	25.7%	152.4
1 000 000 - R1 500 000	217.2	32.3%	70.1	37.3%	76.9
R1 500 000+	376.4	39.7%	149.6	44.7%	160.0
Total:	2 361.9		546.8		564.0
Additional revenue					17.2