



Mboweni: SA risks a fiscal fix

South Africa risks a fiscal crisis in four years, similar to that experienced by Argentina, said Finance Minister Tito Mboweni.

The minister made the remarks during a panel discussion hosted by Stellenbosch University's economics department, which on Friday was celebrating its centenary.

Mboweni spoke frankly about the state of the economy, which was already in a recession prior to the nationwide lockdown that started in late March to stem the spread of the coronavirus.

The economy is set to contract anywhere between 7% and 13% this year — the worst performance in 90 years.

As a consequence, Treasury sees SA's debt-to-GDP ratio widening to 81,8% this fiscal year, and possibly breaching 100% by 2023/24 if no changes are made.

"I do not think the medium-term budget policy statement will be popular, particularly as we will deal with things like South African Airways and other state-owned enterprises," Mboweni said. He is due to table the medium-term budget policy statement on 21 October, which will map out expenditure plans for the next three years.

All sectors of the economy, bar agriculture, contracted significantly during the second quarter of the year. — Fin24.

