



GODONGWANA'S 'TOUGH LOVE' BUDGET: PROTECTING THE RICH, WHILE ABANDONING THE PEOPLE AND HUMAN RIGHTS COMMITMENTS

25 February 2022 -- The Budget Justice Coalition (BJC) is deeply disappointed that in his Budget Speech on 23 February, Finance Minister Enoch Godongwana renewed the South African government's commitment to austerity budgeting. After two years of a public health and economic crisis, this budget makes us question the Finance Minister's commitment to the government's constitutional duties. The preamble of the Constitution states that the role of our elected representatives is to "*heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights*". This also applies to the 2022 Budget proposal tabled before parliament. While the Budget Review¹ states that the 2022 Budget extends government's "support to poor and vulnerable South Africans", the BJC believes this is not evident in the way Treasury proposes to raise public finances or spend them.

In the words of the Minister, the "tough love" envisaged by this budget will be borne by the people, and not by others. It is the learner at a public school with unsafe infrastructure; the patient of a public health facility; the social grant recipient, who will feel most acutely the bite of this budget.

Fundamentally, this budget represents the continuation of austerity budgeting, again jeopardising government's ability to realise its human rights commitments. Spending on health and basic education will both be reduced over the medium term expenditure framework, with the one year extension of the Social Relief of Distress Grant a slight silver lining in the midst of an otherwise bleak picture for social spending. But even the extension of the SRD grant is clouded by reduction in broader social protection over the next three years. With urgent need to safeguard public funds, procurement and transparency remain serious challenges with this budget. The budget is also largely silent on issues of gender or climate change.

This budget does not do enough prioritise the people, their human rights or the planet and the BJC intends to engage on sustained advocacy to challenge its vision for the country. Further analysis is provided on these areas of social spending in the document that follows.

For several years, the Budget Justice Coalition (BJC) has engaged both the Finance and Appropriations Committees at various points of the fiscal calendar, submitting detailed inputs including comprehensive financing options and modelling for alternatives to the current financial catastrophe. Despite this, Treasury seems intent on relying on stagnant and regressive policy decisions.

¹ P.g. 1. <http://www.treasury.gov.za/documents/national%20budget/2022/review/FullBR.pdf>

South Africa is well positioned to be charting a brave way forward in terms of alternative economies; feminist economies, economies of care. More needs to be done to recognise networks of informal labour, prioritising primary health care strengthening, investing in fiscal stimulus and adequate social protection systems beyond cash transfers, pro-poor land and agrarian reform, labour guarantees at living wages, free education, nutrition and early childhood development support, infrastructure investment, strengthening of municipalities, and youth employment.

Public scrutiny of the Budget is growing. Let the Presidency and Treasury be wary; this won't subside until we see public finance, finally, being used for the people!

[ENDS]

For media enquiries contact:

Phemelo Khaas Khaas.pp@gmail.com 0837633472

BUDGET JUSTICE COALITION ANALYSIS OF 2022 BUDGET

CONTINUATION OF AUSTERITY BUDGETING Despite [local](#) and global criticism of austerity, Treasury tabled cuts to public spending in the above areas with the mere promise of a “primary surplus” – where the money coming into the public purse will exceed the spending and “somehow” deliver public services. The Budget fails to lay out clear plans for addressing the climate and biodiversity crises or plans towards a South Africa that is equitable, carbon-neutral and nature-positive for current and future generations.

The BJC calls on Treasury and the Executive to abandon yet another version of the 2012 fiscal rules² aimed at keeping a ceiling on government spending. Rather they should embrace a vision of a South African economy grounded in democratic values, social justice and fundamental human rights by valuing the wellbeing of individuals, communities and the planet, ensuring that no-one faces discrimination, homelessness, landlessness, violence or poverty. South Africa has one of the biggest economies in Africa and is the 36th largest economy in the world; it is political will that prevents the delivery of services, and political will that can change this. Government must report back on the short and long-term impacts that retrogressive budget decisions of recent years have had on human rights. We support **human rights impact assessments (HRIA)** of fiscal policy and of individual budget decisions where human rights are impacted, which government has committed to in the past but is yet to implement.

HEALTH and economic development are intrinsically connected; investments in health care must be understood as necessary investments in social stimulus and economic growth. It is therefore highly worrying that the percentage of health spending has, in recent years, been declining given that healthcare is essential social protection.³ Despite this, the Budget announces that **the per person, real cuts are, over the next three years, 15% for healthcare**⁴. It is unfathomable in this context of cutting spending to public healthcare, that the Budget proposes **subsidising private healthcare** by increasing medical aid credits! What we need to be seeing now, is longer term systemic change in relation to the health sector,

² P.g. 24 <http://www.treasury.gov.za/documents/mtbps/2012/mtbps/Chapter%203.pdf>

³ <https://budgetjusticesa.org/media/media-statement-the-budget-justice-coalition-calls-on-treasury-to-reverse-continued-cuts-to-social-spending/>

⁴ <https://theexcluded.org.za/budget-2022-3-tell-no-lies-claim-no-easy-victories/>

which should include prioritised implementation of **existing accountability mechanisms**, such as the recommendations of the 2018 Health Market Inquiry.⁵

We welcome the government's ambitions to **vaccinate** 70 per cent of the adult population by March 2023 and the earmarking of R2.1 billion to purchasing additional vaccines in addition to the R4 billion budgeted. Also worth noting is the R8,8 billion commitment over the MTEF including R2,1 billion for primary health care doctors, and mental health and oncology service providers.

A 1% increase in health expenditure for the 2022/2023 year and a 0,2% increase over the medium-term expenditure framework (MTEF) period was announced, equating to a cut of 4,1% over the same period. These cuts are coupled with slashes in HIV, TB and community outreach of -2,8% in real terms (after inflation). And despite **deep inequality of access** in the healthcare system and a need for renewal, there is little commitment to concrete timeframes in the rollout of the **National Health Insurance (NHI)**. NHI implementation must be prioritised- with sufficient budget allocations. The NHI is an important step towards addressing the inequalities in health provision through the dismantling of the two-tiered health system and the creation of **Universal Health Care (UHC)**.

One way to effectively utilise the NHI framework to most **effectively address poverty and inequality**, is to focus on **Primary Health Care (PHC)** strengthening within the NHI. Importantly, PHC prioritises rural communities; where 70% of South Africans access healthcare; where frontline health workers such as Community Health Care Workers (CHWs) are essential; and where some of the most marginalised and unsupported people in South Africa, being wom_n and the youth, are currently concentrated.

BASIC EDUCATION funding will continue to decline in real terms in 2023/24 and 2024/25. Average growth of total basic education funding is projected to only grow by 2.0% in nominal terms over the next three years. Considering the vast and systemic inequalities that need to be addressed this budget does not rise to meet the moment. The 2022 Budget Review recognises the impact of this on learners, schools and communities stating that the projected funding for teacher compensation will result in *'fewer teachers and increased class sizes in some provinces'*.

Funding for school infrastructure has increased by approximately R700 million this year. However this increase does not reflect the urgency required to fix the huge social infrastructure challenges that persist, especially as learners return to full time schooling. Over the next two years, we again see decreases to school infrastructure budgets and often hidden behind this is cuts in maintenance of existing school infrastructure.

We welcome the proposed increases to the National School Nutrition Programme grant of 4,6% over the next three years, which match the expected inflation rate of 4,57% over that period. However, a fairer increase would be to match these increases with the food inflation rate which, according to the Pietermaritzburg Economic Justice and Dignity Group's index currently stands at 8.6%.

SOCIAL GRANTS While R 44 billion was earmarked for the extension of the Special COVID-19 Social Relief of Distress (SRD) Grant by 12 months, the allocation for 2023/24 and 2024/25 has been drastically eroded, signalling the government's intention to terminate the provision of social relief. This will have dire impacts on the nearly 10 million people currently receiving the grant. Additionally - social protection, in general, sees a real reduction of 12.9% compared to 2021.⁶

⁵ <https://www.compcom.co.za/healthcare-inquiry/>

⁶ <https://aidc.org.za/budget-2022-3-tell-no-lies-claim-no-easy-victories/>

The Child Support Grant (CSG) which supports 13 million poor children, received a below-inflation increase for the second year running.⁷ At R460 per month, the CSG is substantially below the food poverty line (R624) and does not even allow for basic nutrition in spite of persistently high rates of child malnutrition. The real value of the CSG must be protected, irrespective of fiscal constraints. Year-on-year CPI for food was 5.7% at the end of January. In the short term, the CSG would need to increase to at least R490 from April 2022 just to keep pace with food inflation since last year. PMBEJD calculate that the average cost of feeding a child a basic nutritious diet is R770 a month⁸. Even with its increase in 2022/23, the CSG is 40% below this line.

The BJC therefore supports arguments for increasing the CSG substantially over the medium term, to bring it in line with the food poverty line as a minimum benchmark, as has been recommended by the UN Committee on Economic, Social and Cultural Rights, the UN Committee on Children's Rights and the AU Committee on the Rights and Welfare of the Child. In addition, the Foster Child Grant received a paltry increase of just 1.9% and no provision was made in the 2022/23 budget for the implementation of an "extended CSG" to top up the Child Support Grant for orphans living in the care of relatives.

Investments in children are not discretionary contributions. They are the enactment of the socio-economic rights enshrined in the Constitution, and an investment in the future of the country.

SAFEGUARDING PUBLIC FUNDS Addressing corruption is an urgent matter. It is a direct threat to the state's ability to realise human rights. The government spends more than R 800 billion per annum procuring goods and services. In 2017 alone, payments for state goods equated to 19.5% of GDP.⁹ A significant proportion of this is syphoned due to malfeasance in the public sector. The BJC is concerned that despite the important role that state procurement *should* play in ensuring redress of past inequalities; there is inadequate decisive action to protect public funds from corrupt practices in both the public and private sector. Despite calls from civil society and parliament for greater transparency and progress with the stalled Draft Procurement Bill - no concrete commitments regarding this important Bill were announced in the Budget Review. The National Treasury must also play a stronger role in ensuring the implementation of the recommendations of the Zondo Commission.

CLIMATE JUSTICE The overall position of the budget poses a threat to the "just" element of a transition to a low-carbon and socially resilient society. Without a meaningful stance on social protection through a time of austerity, the just transition away from fossil fuels could pose significant equity challenges to those in coal, oil, or gas value chains.

Budget 2022 presents an orthodox economic position of embarking on a shift to cleaner energy through incentivising the market and private sector to invest, as seen in the National Treasury's Technical Paper: Financing a Sustainable Economy. In order to ensure our exploitative systems of the past are not repeated in the future, a radical shift is needed in our systems in ways that put people first, rather than assuming benefits of the market will trickle down in cleaner greener ways.

Continued investments in fossil fuels places further strain on public budgets, shaping the renewable energy space to be conducive for private sector investment. This perpetuates systems of inequality, rather than supporting localised value chains that can take advantage of the employment potential, and cheapening costs, of renewable energy. Histories of fossil fuel extraction have left regions

⁷ The primary purpose of the CSG is to ensure that caregivers have the resources to provide their children with adequate nutrition and other essentials.

⁸ <https://pmbefd.org.za/index.php/household-affordability-index/>

⁹ State Capture Report Part 1 (Klaaren and Brunette)

underdeveloped and increasing austerity measures continue to leave households vulnerable, where wom_n are known to shoulder more risk at a localised level.

GENDER ABSENT IN THE 2022/23 BUDGET

The Minister made no mention of wom_n, violence against wom_n and children, or the National Strategic Plan on Gender-based Violence and Femicide. While the Budget Review states that Treasury is “*working with other stakeholders to implement gender-responsive budgeting across government,*” this process is worryingly opaque and provides little reassurance.

The BJC is concerned by poor prioritising of support to the informal economy – mainly driven by wom_n, and hardest hit by the pandemic-induced lockdown. When social spending is cut, including spending on social infrastructure, the burden is absorbed by wom_n who are largely responsible for unpaid care work. What this means is when the state cuts spending on social services, wom_n take on the added responsibility of delivering those services. . There also remains a shocking absence of appropriate measures to create gender sensitivity and to address LGBTQI+ murders in South Africa.

We reiterate that gender equity must be prioritised through urgently **increased allocations to pro-poor land and agrarian reform**; by enforcing the Labour Relations Act to ensure that **every worker earns a living wage** and by **investing in the informal economy**. Important too, is the prioritisation of the hospitality, child care (both in the home and in ECD centres, the majority of which are informal and unregistered), and domestic work sectors, where black wom_n make up the majority of the workforce.¹⁰

[ENDS]

ABOUT THE BUDGET JUSTICE COALITION:

Civic organisations who are part of the [Budget Justice Coalition](#) include: the Alternative Information and Development Centre (AIDC), the Children’s Institute at UCT (CI), Corruption Watch (CW), the Dullah Omar Institute at UWC (DOI), Equal Education (EE), Equal Education Law Centre (EELC), the Institute for Economic Justice (IEJ), Oxfam SA, Pietermaritzburg Economic Justice and Dignity Group (PMEJD), the Public Service Accountability Monitor (PSAM), the Rural Health Advocacy Project (RHAP), SECTION27 as well as friends of the Coalition.

The purpose of the Budget Justice Coalition is to collaboratively build people’s understanding of and participation in South Africa’s planning and budgeting processes – placing power in the hands of the people to ensure that the state advances social, economic, and environmental justice, to meet people’s needs and wellbeing in a developmental, equitable and redistributive way in accordance with the Constitution.

10

<https://budgetjusticesa.org/media/media-statement-the-budget-justice-coalition-calls-on-treasury-to-reverse-continued-cuts-to-social-spending/>