



ZIM
BAB
WE:



THERE'S A
CRISIS ON
OUR STOEP.

SONA, SO FAR
PG 04

HOW SHOULD SA RESPOND
TO THE HUMAN RIGHTS
CRISIS IN ZIMBABWE?
PG 06

ZIMBABWE
A Migrant's Tale
PG 07

THE POLITICS OF PERSUASION
*Whose Election Manifesto Is The
Most Convincing?*
PG 08

GUEST EDITOR

Gershwin Wanneburg

WRITERS

Sergio Ben, **Isobel** Frye

COVER AND LAYOUT

Ten18 | Branding and Design

www.spii.org.za

EDITOR'S NOTE

GERSHWIN WANNEBURG

As I write this, my neighbourhood has experienced four days of uninterrupted electricity supply, after weeks of frustrating load shedding. Stories of the impact abound in my suburb in Melville, in particular about SMMEs whose equipment has been damaged by the shutdowns, and others who have suffered a huge loss in revenue. These are just the people we come across in everyday encounters. One shudders to think of the picture elsewhere in South Africa, or what it will look like six months from now, not to mention a year.

As I write this, South Africa has sent sniffer dogs and helicopters to Zimbabwe to help recover the bodies of hundreds of people who may have been buried alive in mudslides caused by Cyclone Idai.

I am contemplating: this crisis or that? Which supersedes the other? The fair, rational answer, I hope, is neither. We must confront both with equal purpose, which is why we have selected Zimbabwe as the focus of this edition of SPII Talk.

We contemplate the consequences of Cyclone Idai in this edition of SPII Talk, as well as the broader economic and human rights crisis in Zimbabwe. We also speak to gay rights advocate Frank

Malaba, who fled Zimbabwe and now lives in Cape Town.

One cannot view Zimbabwe's difficulties without considering our own political challenges at home. The one will undoubtedly affect the other. On that note, we give a brief overview of what the political parties have promised in their election manifestos.

The elections, of course, go hand in hand with two vital political events ahead of May 8. One was President Cyril Ramaphosa's State of the Nation Address in February, followed by the annual budget speech. Ramaphosa was decidedly less upbeat this year than in his inaugural address as state president. We include an assessment of the budget in a piece titled Budgeting in a Time of Austerity and State Capture.

In other housekeeping news, SPII has decided to adapt the format of its annual report in order to curb costs. An abridged electronic version of the annual report will be published in June. It will contain basic information about SPII, such as an overview of from the director and chairperson, along with financial statement. Further updates related to programmes will be issued in the SPII newsletter.



Photo: Ashraf Hendricks/GroundUp
The 2019 South African State of the Nation Address at Parliament in Cape Town.

ISOBEL FRYE SONA, SO FAR

Since 1994, the opening sessions of parliament have been referred to as the State of the Nation Address – a final shift away from the colonial trappings of the Westminster type of arrangement oddly embraced by the Apartheid republican state. The speech, delivered to both houses of parliament at a joint sitting, sets out the plans of the government for the forthcoming year.

This year's SONA could never hope to equal the dramatic ratings of SONA 2018 and the attendant riveting power play by presidential incumbents and hopefuls. Last year's bold manoeuvring by President Cyril Ramaphosa was in fact the most audacious non-violent coup I am aware of, and that was a fitting beginning for a president whose name is synonymous with the art of negotiations as a method of engagement, or, as we used to say, a site of struggle.

Ramaphosa is perhaps best known for his role as ANC negotiator in the tense constitutional negotiations. Even before then, throughout his days as a trade unionist, his ability to negotiate power imbalances was at the heart of any act he embarked on.

And this too was evident in this year's SONA. The president deftly took the sting out of any potential opposition drama that characterised the sittings of his predecessor by cleverly meeting with the leaders of the main opposition parties the day before. That was all we heard, and that worked. And so, rulers lead.

I guess I have possibly become a sensationalist adrenalin junkie of late. Political intrigue and drama have become the norm, along with looting at high noon, images of more wads of money on our TV screens than in an Oceans movie, and more poignantly, the regular assassination of people and characters, and that is on our TV News, not Netflix. And, perhaps to my initial disappointment, this SONA did not develop that genre, but I think, more or less, did what it was meant to. To be

continued, of course. The president will have to repeat the performance when he introduces the sixth democratic-era parliament following the elections on May 8.

This was the opening of a short year – the last year of a very tainted five-year administration. It has indeed been a truly horrible time, characterised by hustle, hubris and hate.

The take-home for me of the SONA was that Ramaphosa will proceed, for as long as he can, to continue to build state institutions that are fit for purpose. This came through in the realignment of the state security services, and the attempts to resuscitate the national prosecuting authorities. For constitutional power to be managed, the rule of law has to operate in a legitimate and fair manner, finish and klaar. These are initiatives accordingly that are to be welcomed, but scrutinised. Unfettered control of the intelligence of a nation in the seat of a ruler



Photo: Ashraf Hendricks/GroundUp
The 2019 South African State of the Nation Address at Parliament in Cape Town.

should never be left without mechanisms of oversight and justification.

My sense of disquiet, however, lay in the style and message of management that came through in the SONA. Few currently rate South Africa as a living, breathing, capable state, or even a competent state. But for many who are still committed to transformation beyond the 1994 political transition, a strong and capable state is what we need. The message coming through both the SONA and other addresses from the president suggested that senior management is frustrated with the failings on the factory floor and is thus seeking to install a cabal of specially selected people (people of excellence?) to lead the transformation. Sadly, this is NOT the answer that we need, however attractive it might look in the short term. And so, it may be tempting to respond to the levels of theft and incompetence at our electricity supply commission by seeking to unbundle and bring in private investors, but how is that NOT privatisation? How many private investors would be prepared

to expand the delivery of free basic services, as is the constitutional mandate of the state? And yet, if the leadership does believe that private is better than public, what better time to introduce this shift than when the public are despairing over the possibility of the average public servant to do anything with competence, let alone excellence or efficiency?

The holy cow seems to be what to do with an unaccountable and unruly cohort of civil servants. From my reading of the concerns about the public sector wage bill, there is the sense that if people felt that the police, teachers, nurses and front line service officials (like Home Affairs) were actually seen to be working FOR people, the average tax payer would have no support for the calls to reduce the public sector wage bill.

Turning around the public service is a mammoth task, but it is one that can be done and we have the expertise within South Africa to do so. Taking a team like Chippy Olver and Pravin Gordhan and

giving presidential endorsement and the support of the intelligence service might enable the approach tested by Chippy in Buffalo City to work. A few arrogant heads need to roll, skills audits need to result in disciplinary action where people are in positions without the necessary qualifications. The SA Local Government Association (SALGA) needs to explain to the nation what exactly it does with the war chest it gets to build up local government capacity.

This was never going to be the moment for CR's oratory skills to shine. The SONA, like the Budget Speech that followed, were necessary actions to provide for the tidy closing down of a chapter that many would like to forget in our post-apartheid history. Strategically, perhaps, this was considered a good time to test some possible variations in policy orientation and contain the fallout, such as the downsized public service. However, outsourcing developmental mandates to a profit-driven sector will never land a happy ending.



Photo: Ashraf Hendricks/GroundUp

South African President Cyril Ramaphosa and his wife Tshepo Motsepe during the 2019 State of the Nation Address at Parliament in Cape Town, South Africa.

HOW SHOULD SA RESPOND TO THE HUMAN RIGHTS CRISIS IN ZIMBABWE?

GERSHWIN WANNEBURG

The crisis in Zimbabwe has taken a deeply sinister turn. As if matters could not deteriorate any further, we recently learnt of allegations that people were denied food and other emergency support in the wake of Cyclone Idai, which killed hundreds and left thousands homeless.

Could it get any worse for a country that is already straining under huge food, currency and other shortages? The next question is: What can and should South Africa do?

Firstly, there is little anyone can teach President Cyril Ramaphosa about resolving such an intractable crisis, nor the ANC, for that matter. After all, the ANC, under the guidance of Mandela, Ramaphosa and others, steered South Africa through a turbulent era from the late 1980s, as it was negotiating the transition from apartheid to democracy.

But does Ramaphosa have the wherewithal to deal with such an anathema, long-running and bitter, when he is confronted with his own political demons in the governing party?

At a recent bilateral commission, Ramaphosa reiterated South Africa's position that the country was committed to lobbying Western nations to lift sanctions against Zimbabwe. So, at least publicly, South Africa is distancing itself from the spiralling crisis, and focusing on the economic malaise, rather than the human rights one.

Many commentators have argued that Ramaphosa should switch tack. In other words, treat the situation in Zimbabwe as a human rights problem. That

suggestion is not altogether new, nor is the recommendation that Pretoria publicly rebuke Harare over its human rights record.

Human Rights Watch condemned Ramaphosa's silence after 12 protesters were gunned down by security forces in January following protests over President Emmerson Mnangagwa's announcement that petrol prices would be hiked by 150%. Ramaphosa's statement was far too tame, according to the regional director of HRW.

"When South African President Cyril Ramaphosa finally spoke out about the situation in Zimbabwe on Tuesday, many expected him to censure Mnangagwa over the deaths of at least 12 protesters, the arbitrary arrests of hundreds of people,

Could it get any worse for a country that is already straining under huge food, currency and other shortages? The next question is: What can and should South Africa do?

the two-day internet shutdown, and other abuses. Yet Ramaphosa did not address these concerns and instead called for the US government to remove sanctions on Zimbabwe and announced that he would soon be meeting with Mnangagwa," wrote Dewa Mavhinga, in an article published on the HRW website and in the M&G.

"While Zimbabwe is suffering from an economic crisis, gross mismanagement of public funds, the absence of the rule of law, corruption, rights violations, and macro-

economic policy instability are more likely to blame than sanctions. With Zimbabwe asking South Africa for a bailout package of 1.2-billion, Ramaphosa has an opportunity to press for key reforms in Zimbabwe to address these concerns."

It would appear that not much has shifted since the days when Thabo Mbeki was maligned over his "quiet diplomacy" approach to Zimbabwe. Back then, Mbeki and the ANC were blamed for shoring up Robert Mugabe's regime, owing to historical allegiances. That particular view may still be valid, except that, now, there is the added dimension of the ANC's own shortcomings, and whether it still has the moral high ground to play big brother in the region. Zimbabwean opposition Tendai Biti suggested as much at a recent event in Durban, South Africa.

"I come from a country called Zimbabwe, in respect of which for 39 years, power has been monopolised by a political party called Zanu-PF, on which decision making has been based on the desire and agenda for power retention and the desire and agenda for personal aggrandisement," Biti was quoted as saying. "That which you call state capture, we invented it in Zimbabwe, you just refined it."

Ultimately, any sustainable resolution in Zimbabwe will require a broad-based process, including civil society, the religious sector, opposition parties, and perhaps even a third party mediator who is completely impartial. South Africa, past and present, has clearly spent all its political capital and energy. So, maybe, this time, charity should begin at home?

SOURCES

<https://www.hrw.org/news/2019/01/23/ramaphosa-cannot-stay-silent-zimbabwe> | <https://issafrica.org/iss-today/south-africa-again-mesmerised-by-a-zimbabwe-crisis>
<https://www.iol.co.za/news/politics/sa-refined-state-capture-after-zimbabwe-invented-it-says-tendai-biti-20100906>

ZIMBABWE

A MIGRANT'S TALE

SERGIO BEN

Frank Malaba lives in Cape Town. He lived in Bulawayo, a lethal and unforgiving environment for a gay man championing gay rights. Frank fled his home in 2008 and arrived in Cape Town with very few possessions and hope in his pocket.

Frank works as an actor in Cape Town. He tries his utmost to financially support his family in Zimbabwe.



"It's not easy being away from family. It's not easy not being able to provide," he says.

"But sometimes they need things urgently and I have learned to be resourceful.

"You can't get much for R1000 in Zimbabwe."

Oh no! South Africa is becoming another Zimbabwe! is the tired refrain on social media. "The problem with that," Frank says, "is that South Africans haven't learned to acknowledge that Zimbabwe is a country and that Zimbabwe has human beings who are intelligent, have brains and souls. So when you dehumanise another person, you cannot see them in a context you can learn something from.

They're waiting to only learn the negative." "All I ever see on Facebook is, 'Oh no! South Africa is becoming another Zimbabwe!' They don't understand the what and the why of how it got to where it is now.

"It didn't become like that only because of the political situation. It became like that because there are no new people getting training. There are

no people willing to build a country. I am here on a different reason. I didn't come out here to get a better education or for greener pastures. I came here because I was escaping persecution. I would've been happy to stay at home and live and work. But because I live as a gay man, there isn't room for me. Going back and starting again is not going to work."

Richard Benhura, 41, now runs a small carpet cleaning business. The former resident of Harare managed to snag a job at KFC in Claremont when he first came here.

He supports his parents and little sister when he first came here.

"South Africans are spoilt. They have not experienced the situation of lack," he dares to say.

And rightfully so.

Granted, the naked corruption is retarding South Africa's growth, Frank artfully encapsulates his and other Zimbabweans' envy with the following: "I don't know what it is like to have a working government."

"South Africans take a lot for granted, so I have given myself to living a very simple life," says Frank.

Richard's worries mimic Frank's and those of many other Zimbabweans. Finding reliable means to send money home, and if it gets there, will it be enough to get them through their immediate crisis?

Money is sent, but has no real value and is instead converted to bonds. Pitch up at the till, but dollars are required as payment. "It is a battle sending money there. You end up sending groceries but then you are eventually charged double. It's like you are paying double," Richard fumes.

But Richard chooses to have an optimistic view of his life.

"It's all very draining, but we are all looking forward to going back and doing something good. It will be another 15 to 20 years before change."

-Sergio Ben is a seasoned writer and editor, who is based in Cape Town. sergiowritenow@gmail.com



THE POLITICS OF PERSUASION

WHOSE ELECTION MANIFESTO IS THE MOST CONVINCING?

GERSHWIN WANNEBURG

I recently had the pleasure of interviewing several young people on their views of the upcoming elections, specifically the manifestos that each party has offered to voters.

It was heartening to discover how au fait the youngsters were with current political issues. Secondly, it was telling that they at times could not distinguish between the offerings of the three biggest parties. Which perhaps goes to explain why so many South Africans are left confused about their political choices. There does seem to be very little to distinguish the major political parties on the big issues.

For example, on crime, the big three all plan to reintroduce specialised units to tackle gang-related offences. The ANC and EFF sound almost identical when it comes to land reform. Both parties have been proponents of land expropriation without compensation, although the path to the position has differed by quite a degree. The ANC seems to be proposing expropriation as a last resort, while the EFF wants it to form a central part of reform.

President Cyril Ramaphosa has won over many supporters since he took over from Jacob Zuma last February. However, it remains to be seen whether his measured approach is sufficient to calm the frustrations of increasingly impatient populace, particularly young people. Can Ramaphosa and his fellow leaders repair the damage wrought by years of corruption and ineffective government? Or is it too little, too late.

Will the DA and EFF tactic work? In other words, will South Africans be persuaded by their anti-ANC message, which is largely based on emphasising the ANC's failings? Or can the ANC's struggle credentials save it at the ballot box?

Here is a look at some of the messages from the big parties. The excerpts are taken from each party's manifesto.

ANC

We will;

1. Ensure that law enforcement officers are adequately trained to investigate cases to improve success rates.
2. Strengthen resourcing, joint planning and budgeting across the criminal justice system, including strengthening capacity in areas of investigations and prosecutions.
3. Increase police visibility in our communities by increasing the number of men and women in uniform.
4. Strengthen Community Policing Forums and Community Safety Forums.
5. Target drug syndicates through the implementation of the National Anti-Gang Strategy and the revised National Drug Master Plan.

DA

The DA has a plan to make our police service honest, professional and effective in fighting crime. We will focus on:

1. Allowing capable provinces to take over from the national government and be responsible for running policing.
2. Fighting corruption within the police.
3. Retraining police officers to serve and protect with pride.
4. Hiring people with a passion for policing.
5. Instituting an effective drug-busting force within the South African Police Service.
6. Ensuring that law and order is maintained in our communities, and that there are effective arrests, prosecutions and convictions of criminals.
7. Ensuring that police serve protection orders within one month by expanding the number of sexual offences courts.

EFF

1. The EFF government will amend the Constitution to make the National Prosecution Authority (NPA) a constitutional institution accountable to Parliament to guarantee its independence in the fight against corruption and crime in general.
2. Education of the police on gender justice and the establishment of specialised law enforcement units to deal with women-related crimes;
3. The EFF government will amend the Criminal Law Amendment Act and existing legislation to include harsher minimum sentences for 'corrective' rape specifically, or crimes committed with hatred as motivation in general.
4. The EFF government will by 2024 establish satellite police stations that will be open 24 hours in a day and seven days in a week in every ward of the country where there currently is no police station.
5. The EFF government will employ an additional 100,000 police officers by 2023.

ANC

We will;

1. Support the amendment of section 25 of the Constitution to clearly define the conditions under which expropriation of land without compensation can take place. This should be done in a way that promotes economic development, agricultural production and food security.
2. Speed up the resolution of all outstanding land restitution claims
3. Work with the established agribusiness to:
4. ensure that the sector continues to increase its contribution to export earnings;
5. develop greater support for emerging and small-scale farmers;
6. invest in agricultural research and new smart technologies to enhance the sector's market share in global trade;
7. work with like-minded countries to ensure just international agricultural trade regime;
8. develop a sustainable agriculture strategy to mitigate the impact of climate change and identify new growth areas for production as well as diversification to new agricultural products that will ensure food security.
9. Ensure tenure security through adequate recognition and protection of the rights of long-term occupiers, women and labour tenants in communal land tenure.
10. Advance women's access to land and participation in agriculture and rural economies.

DA

In national government, the DA will extend our successful programme of land reform by:

1. Prioritising land reform in the budget and cutting back on unnecessary spending.
2. Working with all stakeholders, including traditional leaders and communities, to give title deeds to those who currently live on communal land.
3. Making sure suitable government-owned land that isn't used will be released and divided for land reform and housing needs.
4. Giving title deeds to urban housing beneficiaries so that they can pass their homes on to their children.
5. Creating voluntary incentivised partnerships with farmers so that farmworkers can own shares in the farms they work on.
6. Support those land reform beneficiaries who want to farm with the skills, resources and market access they need to be successful.

EFF

1. All land will be under the custodianship of the state, for equal redistribution to all.
2. The EFF government will discontinue ownership of land by a few and ensure that all South African land is owned by all South African people through the principle of progressive state custodianship of land.
3. The EFF government will redistribute land in a manner that is demographically representative, meaning that black people will accordingly control the majority of the land, as they constitute the majority in South Africa.
4. The EFF government will redistribute a minimum of 50% of the land to be controlled by women and the youth.
5. The EFF government will abolish foreign land ownership.
6. The EFF government will abolish rentals of all residential land.

ANC

We will;

1. Strengthen the criminal justice system to recover stolen public funds, including those in offshore tax havens.
2. Step up measures that act against private companies, financial services and agents that facilitate tax avoidance and illicit financial flows, profit shifting, illegal imports and import fraud, thereby robbing the country of tax revenue.
3. Ensure the speedy implementation of lifestyle audits and broaden vetting and financial monitoring to curb corruption.
4. Strengthen implementation of legislation preventing public servants from conducting business with the state.
5. Develop systems to ensure that we build a more transparent and more open tender system as mitigation against fraud, bribery and corruption.

DA

The DA national government will:

1. Introduce a minimum sentence of fifteen years for anybody found guilty of corruption in a case where either of the parties were a government official or public office bearer, and where public money in excess of R10,000 was used. This would mean an automatic fifteen-year prison sentence unless sufficient evidence is placed before the court that there are grounds for a shorter sentence.
2. Ensure the payment of all public money is done in a transparent fashion by:
 - placing key information about tender processes – such as bid specifications, names of companies submitting tenders, names of selection panel members, scores given by the selection panel and so forth – online;
 - digitising government records and declaring certain classes of documents automatically publicly available online, particularly documents relating to supply chain management; and requiring government departments to publish monthly financial reports detailing, amongst other things, contracts entered into and tenders awarded.
3. Bringing in direct elections for all political office holders so that the South African people can hold their president, premiers and mayors directly accountable.
4. Implementing lifestyle audits for all politicians and government officials above a certain level, or those suspected of fraud and/or corruption, as well as doing annual lifestyle audits for government officials selected randomly, by a similar process as that through which SARS identifies taxpayers for auditing.
5. Ensuring that officials found guilty of financial misconduct or mismanagement are placed on a register that disbars them from working in procurement of supply chain management.

EFF

1. The EFF government will abolish the usage of private companies to fulfil functions and duties that government should fulfil.
2. The EFF government will establish state administration courts to promptly respond to incidents of corruption with the aim

of firing and blacklisting corrupt state employees and private companies and recovering money lost due to corruption.

3. The EFF government will introduce a minimum sentence of 20 years for all public representatives and servants convicted of corruption.
4. The EFF government will introduce legislation preventing all public representatives and public servants from doing any form of business with public institutions.

The EFF government will introduce new legislation and other measures for:

1. compulsory imprisonment plus community

service during and beyond the term of imprisonment to pay back to society any money gained through corruption and send a clear message that corruption does not pay;

2. corrupt offenders employed in the public sector to forfeit their pensions and other benefits; and
3. corrupt offenders to receive lifetime bans from employment in the public sector.

The EFF government will amend the Constitution to make the National Prosecution Authority (NPA) a constitutional institution accountable to Parliament to guarantee its independence in the fight against corruption and crime in general.

ANC

We will;

1. Work with social partners (business, labour and communities) to implement the Presidential Jobs Summit framework agreement, which has the potential to create around 275,000 jobs annually.
2. Set bold but achievable targets for youth internships, including prescribing a minimum percentage in the public sector while securing concrete commitments from the private sector.
3. Increase employment through programmes that expand early childhood development sites, primary health care services and increase police visibility in our communities.
4. Scale-up support for micro, small and medium enterprises, co-operatives and township and village enterprises, including through the rapid

implementation of measures contained in the Competition Amendment Bill. Support for these enterprises will include enterprise development, public and private procurement and access to funding and enterprise development.

5. Increase participation in public employment programmes such as the Expanded Public Works Programmes through a guaranteed placement of TVET graduates and increasing private sector placement for beneficiaries of public employment programmes.
6. Build a social compact on infrastructure investment with business and organised labour to build more and better infrastructure. These investments will boost faster economic growth and improve the lives of many South Africans.

DA

1. Providing Policy Certainty and Direction for Growth and Jobs.
2. Passing the Jobs Act, which will offer a special incentive to foreign and domestic investors

who meet a minimum employment threshold.

3. Eradicating employment corruption
Ensuring labour unions protect the interests of workers, not their own elites.

EFF

1. The EFF government will ensure and lead massive and protected sustainable industrial development and diversification to create millions of decent jobs between 2019 and 2024.
2. The EFF government will declare multiple special economic zones in various regions of South Africa, clearly emphasising that each investor will gain special economic zone benefits such as tax incentives and factory building allowances if they each employ and sustain a minimum of 2,000 jobs.
3. The EFF government will ensure that a minimum of 80% of the goods and services procured by the state at all levels and at all state companies are domestically produced.
4. The EFF government will ensure that a minimum of 50% of all South Africa's mineral resources are locally beneficiated, processed and value added.
5. The EFF government will build sustainable food processing zones that will supply food items to other parts of the world, particularly the rest of Africa, China, Latin America and India. This will lead to the creation of millions of jobs across the entire food chain.
6. The EFF government will protect the right of street hawkers and informal traders to trade in a safe and clean environment in all the cities of South Africa without fear of police harassment.

SOURCES

<https://www.sahistory.org.za/archive/eff-2019-election-manifesto> | <https://www.politicsweb.co.za/documents/the-ancs-2019-election-manifesto>
<https://cdn.da.org.za/wp-content/uploads/2019/02/22160849/A4-Manifesto-Booklet-Digital.pdf>

IMAGES

Julius Malema, PHOTO: Ashraf Hendricks, https://www.groundup.org.za/media/uploads/images/photographers/Ashraf%20Hendricks/VoteNoConfidence_20170808/NoConfidenceVote-2561HR.jpg | Mmusi Maimane, PHOTO: Ashraf Hendricks, <https://www.groundup.org.za/media/uploads/images/photographers/Ashraf%20Hendricks/SONA2019/SONA2019-3304HR.jpg> | Cyril Ramaphosa, PHOTO: <http://en.kremlin.ru/catalog/countries/ZA/events/58107/photos/54771>.

BUDGETING IN A TIME OF AUSTERITY AND STATE CAPTURE¹:

INTRODUCTION

In his 2019 State of the Nation Address the President outlined for key priorities to address the challenges we face as we continue our journey to freedom. The top five priorities identified include the constant but elusive search for inclusive economic growth and job creation, the overhaul of the education system and the adoption of a skills system to develop skills appropriate for current and future needs, a commitment to improve the conditions of life for all South Africans, especially the poor, taking appropriate steps to address corruption and state capture, and the improvement of state capacity.

This piece extracts main points from the Budget Justice Coalition's recent submission to Parliament, addressing particularly the following questions:

- Is this an austerity budget?
- An Overview of the Consolidated Budget
- The effective utilisation of debt
- Poverty and inequality
- Social Development Allocations
- Parliament's Oversight role in relation to the Budget
- *Final Recommendations:*
 - Social Development Allocations
 - Local Government
 - Gender Budgeting
 - Strengthening Parliament's Oversight Capacity.

FISCAL POLICY OF AUSTERITY

Many believe that Government's fiscal policy since at least 2014/15 can be described as one of austerity.² In its finding of government's performance of its human rights obligations in late 2018, the UN Committee on Economic, Cultural and Social Rights (the CESCR) stated that it was "concerned that [South Africa] has introduced austerity measures to relieve the debt level". Table 1 below highlights the key trends in this regard.

Table 1: Consolidated revenue, non-interest expenditure and population growth, 2014/15-2018/19³

	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	Average growth
Revenue growth	2.7%	5.1%	0.6%	-1.0%	2.7%	2.0%
Non-interest expenditure growth	1.7%	4.6%	-0.2%	0.3%	2.6%	1.8%
Population growth	1.6%	1,6%	1,6%	1,6%	1.6%	1.6%

¹ This is an edited extract of the submission of the Budget Justice Coalition, of which SPII is a founding member, to the Joint Select and Standing Committees on Appropriations, 6 March 2019.

² A video was made about the government's appearance before the UN Committee, highlighting the subsequent findings of the Committee. To view, visit: https://twitter.com/IEJ_SA/status/1098522871582797829.

³ Consolidated budget revenue, National Treasury 2017-2019 Budget Review and own calculations. StatsSA Mid-Year Population Estimates. <http://www.statssa.gov.za/publications/Report-03-10-06/Report-03-10-062015.pdf>

Non-interest expenditure (i.e. all expenditure except for debt service costs) was cut in real terms in 2016/17, in per capita terms in 2017/18 and has grown at a slower rate than revenue growth in four of the past five years. This is a clear demonstration of austerity, as a larger pool of available resources has not translated into larger allocations to government departments. The difference (between revenue and non-interest expenditure) has gone to debt service costs.

Average non-interest expenditure growth has barely kept up with population growth. This means that, in real terms, non-interest expenditure has hardly grown at all, in real terms, during the 5th democratic administration. Austere expenditure ceilings have affected local, provincial and national government departments across the country, and every service area from water to electricity to housing and social development.

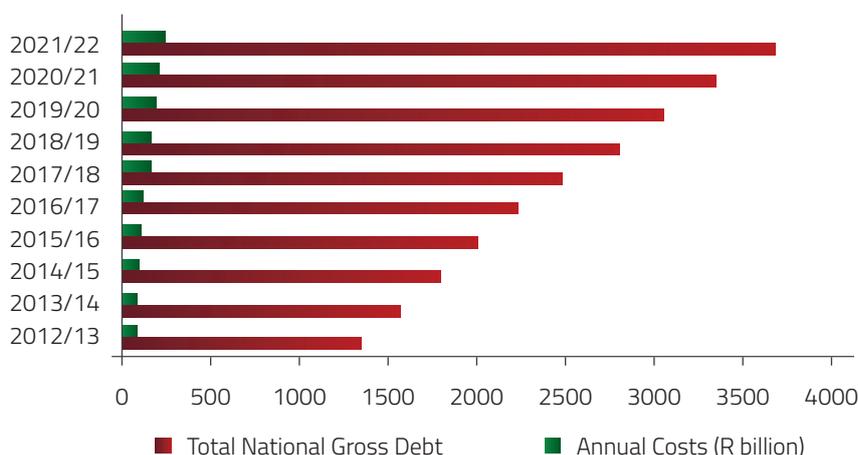
AN OVERVIEW OF THE CONSOLIDATED BUDGET

The budget theme, Risk, Renewal and Growth, aptly captures the challenges faced by our young democracy. How does the tabled three-year vision match up with these?

This year the consolidated expenditures across government will amount to just over R1.8 trillion and is expected to rise to just short of R2.1 trillion, presenting growth of just over 2% in real terms. After adjusting for debt servicing costs and additions to the contingency reserve, budgeted expenditure over the next 3 years is set at R1.4 trillion, R1.54 trillion and R1.65 trillion. Noting the differences between consolidated expenditures after provision for the contingency reserve, the impact of debt servicing on available resources is significant. Since 2015, national debt has grown by more than 30% and is expected to breach R3 trillion this year.

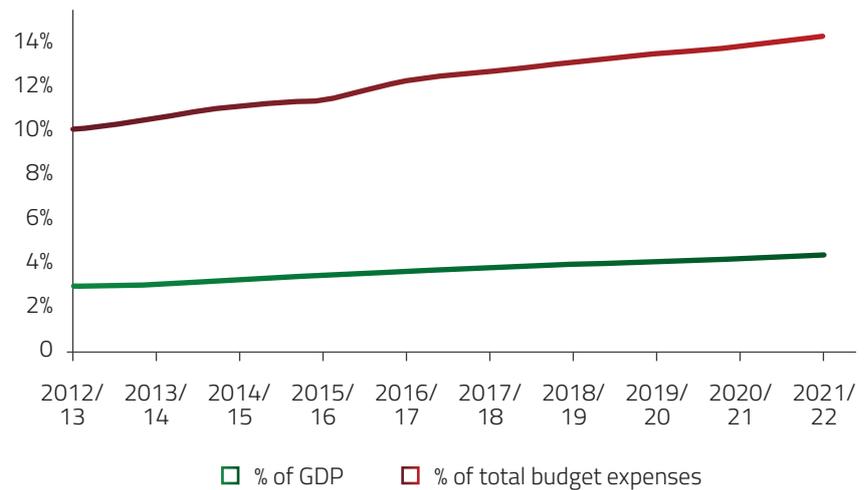
Figure 1: National Debt Trends, in R billion, 2012/13 - 2021/22

Source: Budget Review 2019, Stat. annexure table 1 and 10)



As debt grows, so does the cost of servicing said debt. Over the term of the current government, debt servicing costs as a percentage of government spending has increased from just over 10% in 2012/13 to just over 13% by 2021/22. To put this into perspective, debt servicing costs this year will total just over R200 billion, around 10% less than projected spending on health, which is projected at R222 billion.

Figure 2: Debt-service Costs,
2012/13 - 2021/22



In our submission to the Standing and Select Committees on Finance we provide a detailed analysis of current debt management and provide a number of **alternatives** for the management of the national debt.

THE EFFECTIVE UTILISATION OF DEBT

While debt repayments do divert funds from other expenditure, it is critical to stress that debt, particularly at the moderate levels currently held, can have substantially positive benefits. It is widely accepted that if borrowing is effectively spent in a manner that stimulates the economy then it has both short- and long-run benefits. It is further able to reduce the debt-to-GDP ratio through both growth (the more GDP increases the more the debt levels fall, even if the gross amount of debt increases) and the resulting increased taxation. By international norms, South Africa actually has the capacity to borrow more – if financed at sustainable rates – and to spend this on critical social and economic infrastructure in a manner that would be growth enhancing.

INCREASING POVERTY AND INEQUALITY

A foundational value in the preamble of the Constitution is to improve the quality of life of all our people. The government response to addressing the drivers of poverty and inequality is clustered in the social wage, which includes investments in education, healthcare services, social development, as well social assistance to vulnerable households and individuals, which include contributory social security, public transport housing and social amenities. Total expenditure on the social wage makes up close to 60% of all government expenditure. Despite significant investments in the social wage, rising poverty and inequality remain a significant challenge. Statistics SA’s 2017 report Poverty Trends in South Africa revealed that rates of poverty increased between 2011 and 2015. In 2015, over half (55.5%) of the population — 30.4 million people — lived below the official national upper bound poverty line (UBPL) of R992 per person per month (2015 prices). Notably, this increased from 53.2% in 2011, thus approximately 2.9 million people were pushed into poverty over this period. A quarter — 13.8 million people — lived in “extreme poverty” in 2015, unable to afford enough food to meet their basic physical needs. These trends have almost certainly continued since 2015 as the economy has dipped in and out of recession, unemployment has continued to rise and food prices spiked due to the drought, exacerbated by the increase of VAT by 1% in the last budget (2018).

SOCIAL DEVELOPMENT ALLOCATIONS

Section 27(1)c of the Constitution guarantees the right of access to social security for all, including access to social assistance (revenue funded assistance) to those unable to provide for themselves and their dependents. This right is subject to progressive realization, in other words, the state is obliged to progressively increase access to social security to reach universal enjoyment.

Social security, of course, refers to both contributory social insurance and social assistance. We welcome the announcement by the President in SONA 2019 of the planned establishment of a National Social Security Fund with the objective of ensuring universal coverage for all people in South Africa.

We are, however, aware of the very slow nature of these negotiations, and the continued failure of the state to meet its obligations as follows:

01 | Despite the constitutional guarantee, there is no provision of access to social assistance to able-bodied poor people between the ages of 18 and 59. In the face of such rampant income poverty as set out in the introduction of this submission, and unemployment figures of between 37% and 46% depending on the age cohort, this is a severe failing by the state.

02 | The only temporary social assistance provided by the state for this age group is the 3-month Social Relief of Distress grant. We note with dismay the continued real and nominal decline of budget allocations for this relief, and submit that the Committee request of the Department its justification for this.

03 | The values of social assistance continue to fall short of the value that would enable any person in South Africa to enjoy their absolute right to dignity contained in the Constitution. Recent research identified a Decent Standard of Living as democratically defined as R7 043 per person per month in 2018 prices. The 2018 Child Support Grant constituted just 6% of this standard, while the Old Age and Disability grants constitute 24% of this value.

04 | The BJC is very concerned that the Child Support Grant (CSG) of R425 is well below the value of the food or EXTREME poverty line of R547/person/month, let alone the Lower or Upper Bound poverty lines which are still regarded as being survivalist measures, of R785 and R1,183 per person per month as at 1 April 2018. The low value of the grant means parents and caregivers cannot afford basic food for their children, never mind other costs such as nappies, school uniforms, and transport.

05 | The government continues to fail its obligations to provide a detailed road map, setting out how people will be covered in a comprehensive social security system through progressive realisation, which opens the state up to constitutional vulnerability.

06 | The VAT increase of 2018 was clearly a regressive step. We call on the Committee to meet their obligation to call on the Ministry of Finance once again to justify this regressive step.

07 | The National Development Plan talks about reducing the cost of living on the poorest in society, and yet the 2019 budget announces another round of delays to the

extension of the child support grant to orphans, more increases to the fuel price, and below-inflation increases to social grants, including the old age pension.

08

With regards to Social Development, the Constitution, as well as the International Covenant on Economic Social and Cultural Rights (ICESCR), obliges the South African government to respect, protect and fulfil socio-economic rights. Progressive realisation requires the full realisation of socio-economic rights over time and entails the obligation of non-retrogression. Further, the Maximum Available Resources obligation of the ICESCR requires states to demonstrate that they have utilised all of their available resources to fulfil socio-economic rights.

09

In addition to the Constitutional obligations on the state in regard to social security, the BJC asserts an understanding/reframing of social grants as necessary economic stimulus and recommends more fully integrating the welfare system into South Africa's economic recovery plans. Increases to social grants will increase the spending power of over 17 million people. This money is most likely to be spent on food, basic services and transport. The money will therefore flow back into the economy and stimulate growth.

- a. Increasing social grants should be at the centre of a pro-poor economic stimulus. This point remains pertinent when amelioratory measures in response to austerity are severely lacking; despite the weight of its constitutional guarantee, poor people between 18 and 59 still have no access to state financial support.

10

To address these wrongs, the United Nations Committee on Economic Social and Cultural Rights recommended on 12 October 2018,[4] that South Africa investigate the feasibility of a Basic Income Grant for All, and increase the CSG amount to the level of the food poverty line.

11

The need to increase the CSG amount was also recommended by the Panel of Experts appointed by Treasury to investigate ways to mitigate the negative impact of the VAT increase. We are disappointed that these recommendations have not been responded to in the Budget.

In the February 2017 budget of the Department of Social Development, a commitment was made to providing a higher CSG to orphans who are in the care of extended family members, and additional budget was included for implementation in 2019/20. However, the law required to put this into effect, the Social Assistance Amendment Bill, has been sitting on Parliament's table since April 2018, despite a court order requiring it to be prioritised and passed by 28 November 2019. Without this law being passed, the budget will be unspent – at a time when caregivers are most in need of additional income. The UN Committee on Social, Economic and Cultural Rights also recently recommended that the SA government should prioritise this reform.

PARLIAMENT'S OVERSIGHT ROLE IN RELATION TO THE BUDGET

The extent of the corruption and state capture that is being highlighted in various commissions points to an issue with the ability of Parliament and other oversight bodies to exercise the oversight function that would curtail this.

We are concerned about the extent to which Parliament has become the seat of spectacle, feeding into an angry news and social media cycle. Social media is gripped with a massive fight to control the narrative. At times this entails actors involved in state capture manufacturing the narrative. We are deeply concerned about the manner in which the role of the media as the fourth estate is being undermined. This is not a virtuous cycle, but a toxic one. In amongst all the noise and posturing, the net losers are the citizens.

The triple challenges of poverty, inequality and unemployment are extremely vexatious challenges which we have not been able to address adequately as a country. As civil society organisations, we are concerned that the situation of citizens of the country is worsening. Representative democracy entails elected representatives carrying the interests of their constituents and making them heard in Parliament. We are concerned about the extent to which, during the fifth Parliament, politics has become beset with self-interest, corruption and greed.

Austerity budgeting has led to expenditure cuts and allocations which pit the realisation of different rights against each other. Whereas the Constitution envisions progressive realisation of rights, we are concerned that, in an austerity environment, certain rights are being eroded and their realisation is regressing. Households are under increasing pressure as their cost of living is increasing, driven by a combination of increases in fuel prices, which affects the cost of food, the VAT rate increase in 2018, and increases in the cost of electricity and water.

FINAL RECOMMENDATIONS

The Budget Justice Coalition urges Parliament to hold the executive accountable to the recommendations of the UN Committee on Economic, Social and Cultural Rights in general, and in particular, we draw attention to the following recommendations:

SOCIAL DEVELOPMENT

1. Publicise a clear commitment to plans to increase the Child Support Grant, in line with the survivalist Food Poverty Line by February 2020.
2. Publish a clear road map by the 2019 October MTBPS by which the state sets out its commitment to progressively realizing universal coverage of social security to all, in terms of headcount and in terms of adequacy of values, as required by the Constitution.

3. In this roadmap, clearly commit to rapid extension of coverage to all people between the ages of 18 and 59, as would be achieved by the policy commitment to the roll-out of a universal Basic Income Grant, paid to all but clawed back from those who do not need it through the tax system.

LOCAL GOVERNMENT

1. Appoint an expert panel to undertake a study into the municipal revenue model and to provide recommendations.
2. Mitigate against the risks to service delivery provision if Eskom requests that the equitable share of indebted municipalities be paid directly to settle outstanding debt.

GENDER BUDGETING

The Budget Justice Coalition notes the recommendations contained in the submission of civil society organisations who made a submission relating to gender-based violence to the Standing and Select Committees on Finance and supports these recommendations:

1. Emphasize to the Minister of Finance and National Treasury that it has a crucial role to play in the combatting of gender-based Violence when it comes to ensuring gender responsive budgeting.
2. Call on National Treasury to include a chapter on gender in the Budget Review, with clear gender targets and indicators.
3. Note that the Department of Performance Monitoring and Evaluation is currently conducting a Synthesis Evaluation of the relationship between government and the Not for Profit Sector and to flag this in order to engage with the implications of the DPME evaluation as they pertain to the funding of NGOs, particularly in light of the NAWONGO case.
4. Engage Statistics South Africa in respect of the importance of official statistics when it comes to budgeting and the need for further work on crime statistics and statistics that pertain to the realities of LGBTIQI persons.

STRENGTHENING PARLIAMENT'S OVERSIGHT CAPACITY

1. Parliament must improve its own capacity to scrutinise budget proposals by filling posts within its research units, especially the Parliamentary Budget Office.

SPII *Matters*

UPCOMING EVENTS

SPII HAS MOVED

SPII has moved offices and is now situated at: Building 3, Old Trafford, Ilse of Houghton, 36 Boundary Road, Parktown.

WATCH THIS SPACE

The Annual Decent Standard of Living Colloquium will be held in September 2019.

Please email isobel@spii.org.za to advise if you would like to receive an invitation to this Colloquium; otherwise keep an eye on this space.

HOT OFF THE PRESS

Our report on civil society engagement with the Legislatures to strengthen Oversight.

[Read Here](#)

KEEP IN TOUCH

To stay up to date with the latest news from SPII, please visit Facebook and Twitter:



[/studiesinpovertyandinequalityinstitute](https://www.facebook.com/studiesinpovertyandinequalityinstitute)



[/SPII1](https://twitter.com/SPII1)



www.spii.org.za

Please contact Isobel Frye at SPII should you wish to have any information about any of the pieces - Email: isobel@spii.org.za



STUDIES IN POVERTY AND INEQUALITY INSTITUTE

www.spii.org.za

*Building up knowledge
to break down Poverty*

SPII Services:

SPII provides the following services:

Bringing people together, "honest broker" at roundtables and seminars

Conference host, bringing together a verity of stakeholders to share new information

Basic Needs Basket research – a representative sample of poorest members of society

Research project

Policy support and analysis

Training in research methodologies – on request

*SPII is a not-for-profit
Public benefit Organisation*

Tax deductible donations and bequests are welcomed to enable us to build our sustainability and to continue to undertake these critical projects.

Current Partners who made the work in this Publication possible:

Church of Sweden

Foundation For Human Rights

Friedrich-Ebert-Stiftung

Christian Aid - Core Funding

Standard Bank

Open Society Foundation South Africa

Open Society Foundation New York

Open Society Initiative for Southern Africa

Rosa Luxemborg Foundation

National Lotteries Commission (NLC)

CONTACT US

Old Trafford 3 Building,
Ilse of Houghton,
36 Boundary Road,
Parktown.

PO Box 31747,
Braamfontein, 2017

Tel: + 27 11 833 0161/2

Fax: + 27 11 832 3085

Email: isobel@spii.org.za