

# OPEN LETTER

## 2024 calls for a bold SONA that aligns policy across government

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6 February 2024

**Dear Mr President,**

2024 is a watershed moment for South Africa. This year will mark the thirtieth anniversary of South Africa's constitutional democracy and the seventh time South African citizens will exercise their democratic rights in a general election. As you finalise your State of the Nation Address (SONA), the last you will deliver to this sixth democratic parliament, we do not doubt that you too are reflecting on these milestones.

In this historic moment, we call on you to align government's policy and implementation efforts behind the needs of the country's marginalised people and place these at the centre of the SONA. We call on you to ensure that government speaks with one voice, coherently advancing and funding stated policy priorities. This would ensure that the advancement of constitutional rights is prioritised in key government plans and budgets.

Policy coherence requires the alignment of efforts across cabinet, and in particular between stated policy priorities and the National Budget being tabled later this month. Such alignment cannot be successful if the Minister of Finance and National Treasury continue to act unilaterally, undermining programmes that are constitutional entitlements and stated government policy.

In recent years, we have observed that while the SONA has made certain commitments, National Treasury has either failed to resource these programmes or has deliberately cut funding to them without any accountability. In 2023, National Treasury unilaterally issued instructions to all departments and state entities to make widespread and devastating budget cuts, later repudiated by cabinet. National Treasury continues to pursue hyper-austerity in critical economic and social services. This curtails the realisation of socio-economic rights, hampers economic growth, and undermines the gains made through recent government interventions.

We call on you to hold the Minister of Finance and National Treasury to account and ensure that policy priorities will be allocated adequate funds and that the macroeconomic policy stance is supportive of your developmental agenda.

Your Presidency has responded to calls from progressive movements by taking positive action in the fight against unemployment and poverty through innovative programmes such as the Social Relief of Distress (SRD) grant, the Presidential Youth Employment Initiative (PYEI), and the Presidential Employment Stimulus (PES).

The PES alone has created over one million opportunities since 2020. In the context of staggering unemployment, we need to ensure that all public employment programmes are sufficiently funded and, where necessary, improved to address the precarious nature of these jobs. However, National Treasury continues to attempt to defund the PYEI and PES actively and it appears the extension of the PES may come at the expense of other key public employment programmes, undermining the gains made.

You have repeatedly noted the importance of the SRD grant and heeded calls by civil society to extend the grant. In your letter to the nation in March 2023, you reference evidence showing that grant beneficiaries have become more economically active and are spending money in businesses in their areas, therefore keeping the local economy afloat. A study of 42 countries published in 2023 by researchers at the University of Sao Paulo finds that social protection spending has a high multiplier effect on GDP growth and that the effect is much more pronounced in low-income countries and countries with high levels of inequality.

These benefits are being consistently undermined by National Treasury's ideological choice to reduce the grant's budget allocation from R44 billion in 2022/23, to R36 billion in 2023/24, and now to R33 billion in 2023 Medium Term Budget Policy Statement. These budget cuts have been justified by underspending on the grant by DSD and SASSA. However, National Treasury has pressurised DSD and SASSA into excluding deserving recipients from accessing the SRD grant, thus generating the underspending, and in turn creating an excuse to cut the budget further. This has resulted in less than half of working-aged people living below the food poverty line receiving the grant, whose value has remained stagnant, in the context of rising hunger.

Other social grants—lifelines for the poor and those who cannot work—have also not kept pace with the cost of living. For example, the Child Support Grant received a year-on-year increase of just 4.2% in April 2023, at a time when food inflation soared to over 14%. Already, there are signs that child stunting and mortality rates are rising.

Previous SONA speeches have referenced the urgency in overcoming gender-based violence (GBV), correctly referring to GBV and Femicide (GBVF) as a “pandemic” in the country. Interventions to tackle this must recognise the gendered nature of the triple challenge of inequality, poverty, and unemployment—the root causes of GBVF. Investment in public provisioning must foreground protecting women and recognise their disproportionate care work burden. Instead, National Treasury's budget cuts have disproportionately impacted marginalised women in the country, raising the burden of care. Promises of tackling GBVF must be accompanied by concrete action and the required funding.

Ahead of the SONA, we call on you and the Presidency to:

1. Ensure that pronouncements in the SONA prioritise addressing unemployment, poverty, and inequality, and are fully resourced and followed through in the National Budget, and government's spending framework;
2. Improve and expand the SRD grant—ensuring it is improved to at least the food poverty line, raising the means test to the UBPL, and removing unfair exclusions—while announcing a clear timetable for the phased introduction of a basic income grant by 2025;
3. Restore the value of the Child Support Grant to at least the food poverty line as a critical means of addressing child hunger;
4. Articulate a vision for public provisioning - including in health and education - that places the needs of the people at its centre and thereby protects and adequately resources public services and frontline public employment;
5. Similarly acknowledge that electricity is a public good and must be reliable and affordable to all, requiring increased public investment to resolve the electricity crisis within the framework of a just transition;
6. Announce a bold investment plan in South Africa's ailing social and economic infrastructure, including urgent upgrading of rail and ports;
7. Lay out a vision for decent job creation and economic expansion through the structural transformation of the economy, ensuring diversification into labour-intensive and environmentally-sustainable sectors, including through investment in master plans and industrial policy;
8. Acknowledge that the market alone cannot solve the scale of unemployment and so cement public employment programmes, grow the innovative Presidency-led programmes, and ensure that no programme is sacrificed at the expense of another;
9. Instruct the National Treasury to raise the revenue necessary to realise rights through taxing wealth, thereby ensuring greater redistribution to fund critical social and economic programmes that the most vulnerable depend on;
10. Establish an inclusive team of experts to review the macroeconomic policy framework and embrace economic and employment growth as necessary goals of monetary policy;
11. Ensure that those guilty of corruption are held accountable, and governance issues are resolved, especially at State Owned Entities, to rebuild state capacity; and
12. Give South Africa hope that we can build an economy that prioritises care, tackles the scourge of gender-based violence, promotes equality, and centres the needs of the most vulnerable.

South Africa faces severe socio-economic challenges. Addressing these challenges requires bold political leadership and enormous courage. SONA 2024 provides a historic opportunity to set our country on a new course. Mr. President, if you announce a programme in SONA that moves us decisively in this direction, you will have our support for such a national effort.

Yours sincerely,

- Institute for Economic Justice (IEJ)
- Budget Justice Coalition (BJC)
- Children’s Institute, UCT
- Corruption Watch
- Equal Education
- Healthy Living Alliance (HEALA)
- Health Justice Initiative (HJI)
- National Education, Health and Allied Workers' Union (NEHAWU)
- #PayTheGrants
- Pietermaritzburg Economic Justice and Dignity Group (PMBEJD)
- RightfulShare
- SECTION 27
- Social Policy Initiative (SPI)
- Socio-Economic Rights Institute of South Africa (SERI)
- Youth Capital

