

Dear Minister Mboweni and Parliamentary Select Committee on Finance,

1. We write in response to your budget and related announcements in parliament on 24 June 2020 and to the invitation for the public to participate in the process of adjusting the national budget in the light of recent developments in the economy due to increased joblessness and deepening recession both of which have been exacerbated considerably by the pandemic and the costs attendant upon dealing with it.
2. It is assumed that Treasury is familiar with sections 1(d) 7(2) 10 11 12 27 28 195(1) 217 and 237 of the Constitution all of which have bearing on the content of this representation. We do not dwell on these. Our concerns are that you did not directly address hunger in the land nor did you go beyond existing measures concerning the provision of income to the poor in your address to parliament.

HUNGER

3. According to research recently carried out by Professor Jeremy Seekings of UCT and reported on in the media, hunger is on the increase, more malnourished children are presenting at health facilities, more jobs have been lost due to pandemic related causes such as closure of businesses and retrenchments of staff in businesses that have reduced their economic activities, all this while food production has been unaffected by the pandemic.
4. Earlier research by the CSIR (Prof Oelefse) indicates that 30% of food produced in South Africa is thrown away even though it is in edible condition and nutritious.
5. It is forecast that GDP will shrink in the year ahead. The extent of the shrinkage is likely to be between 7% and 14% if the range of opinions of economists is considered.
6. The tax collected by the fiscus will diminish by approximately R300 billion according to your own estimate and confirmed by Judge Dennis Davis.
7. The impact of these economic stressors will clearly be felt most keenly by the poor and those who recently became unemployed. More than 40% of the workforce are now potential work-seekers and very few new jobs are available. A good proportion of the extra R41 billion allocated to the Department of Social Development should be spent on feeding the poor with due regard to the recent court decision that it is legally acceptable for the private sector to be directly involved in feeding schemes despite it being the constitutional responsibility of the state to provide food and nutrition under C27 and C28.
8. It is not beyond the capacity of the state to engage the private sector and Non-Profit Organisations to put an end to the wastage of surplus edible food by ensuring that all of it reaches the poor. There are many organisations working on this already. FoodForward SA (<https://foodforwardsa.org/>) is but one good example of what can be achieved with the recovering of quality edible surplus food from the consumer goods supply chain to feed the poor and needy. Government should be looking to take this type of operation to scale so that all of the good food going to waste is not wasted. At present a minute fraction of wasted food is recovered. SA can and should do better. Urgent steps are needed both to reduce the waste and to put in place a system that is C217 compliant for the long-term.

A BASIC INCOME GRANT

9. The poor need more than just food for their dignity and psychological integrity (both of which are guaranteed human rights) to remain intact. Many of the poor rely on grants, but those in the 18 to 59 year age group are not eligible for grants if they are not disabled.
10. It is suggested this age group should be allowed to apply for a Basic Income Grant (BIG) for at least the next two years so that they are able to keep body and soul together in the difficult times ahead and so that their hunger does not engender anarchy. We are encouraged by media reports that indicate that you think about the BIG every day. Please bear these issues in mind when finalising the new budget so that some of its R2 trillion is spent on the BIG and enough on feeding the poor.

BACKGROUND RESOURCES.

11. We have created a "Hunger Alleviation" page in the Project Section of our website www.accountabilitynow.org.za where recent articles and research are collected.
12. On 29/6/20 Business Day published a relevant article: <https://www.businesslive.co.za/bd/opinion/2020-06-28-graft-is-the-killer-hippo-in-the-room/>.
13. The numbers to consider in relation to BIG are:

Population:

59,3 million as at 26/6/20 – 25th in the world and growing

Working population:

16 million approximately, and falling

Social security beneficiaries:

Roughly 18 million and rising (child and foster care, disability, war veterans, carers and old age from 60 years up) at a cost in the 2018 to 2019 fiscal year of R162,709,840.079,99 (per SASSA report)
Post- COVID 4,7 million workers have received UIF benefits.

Total 20 to 59 year olds:

28,7 million according to StatsSA report

Estimated 19 to 59 year olds out of work who are not taxpayers:

15 million - no official second quarter (post pandemic) figures available yet.

Cost of BIG

15 million x (R1,500 to) R2,000 per month = max R30 billion per month or R360 billion per year.

Funding the cost of BIG

1. AG PFMA report reveals R416 billion fruitless and wasteful expenditure over past five years to 2019
2. AG reports in 2019 state irregular expenditure of R62,2 billion

3. In 2019 AG audited SOEs irregular expenditure was R1,4 billion and in unaudited SOEs, R57 billion
 4. At municipal level AG reports R21,243 billion in 17/18 and R27,050 billion in 16/17 as irregular expenditure
 5. The loot of State Capture is estimated by the President at R1 trillion and by Daily Maverick (#Guptaleaks) at R1,5 trillion
 6. Cancelling the arms deals would enable recovery of R90 billion (Sylvester and Seeger) or R 71,2 billion (Holden and Van Vuuren) [both per Corruption Watch report]
- Total of 1 to 6 is more than enough to fund a BIG and hunger alleviation measures.

Yours in accountability,

Paul Hoffman SC
Director
Institute for Accountability in Southern Africa
Campaigning as Accountability Now
paulhoffman@webafrica.org.za
www.accountabilitynow.org.za
Twitter: paulhoffmansc