

THE GOOD DEAL

GOOD'S BASIC INCOME GRANT POLICY

Policy Note

What Is A Basic Income Grant?

The South African government provides grants to various categories of South Africans in need of financial support. Some of these include the child support grant, disability grant, older persons grant and more. GOOD will offer the most comprehensive, and properly costed, social security package of all political parties in the next election.

But what of those who don't qualify for any of these grants but earn no income and can't make ends meet?

During Covid-19, the government introduced a Social Relief of Distress (SRD) grant of R350 per month for those aged 18-60 who have insufficient financial means to support themselves and don't qualify for any other grant.

But the SRD grant comes nowhere near fulfilling the need it was created for, and has not even risen with inflation since it was introduced in 2020.

The Basic Income Grant is an extension of the SRD grant, making it permanent and matching it with the lower bound poverty line, thus pulling people out of poverty.

Why Do We Need A Basic Income Grant?

South Africa has an unemployment rate of roughly 43% and almost 15 million people are living in South Africa in a state of extreme poverty.

At the moment, South Africa is experiencing little-to-no economic growth, meaning that jobs are not being created in the economy. Prospects of higher levels of economic growth in the short-term are small.

But our research shows that even if the economy begins to grow at the most optimistically high levels, population growth will offset the relatively small impact that such growth would have on job numbers. In other words, while some new jobs might be created by greater economic growth, the number of unemployed and those living in poverty will not significantly change.

South Africa's Constitution is the supreme law of the country, to which GOOD is deeply devoted. Section 27 of the Constitution says that *everyone* has the right to health care, "sufficient" food and water, and "social security, including appropriate social assistance."

Section 10 of the Constitution also gives everyone the right to dignity. There is no dignity in poverty, in starving, begging on the streets or scratching through dustbins in search of one's daily bread.

The government can't physically feed every person. The best – and only – way to give effect to Section 27 of the Constitution is through cash transfers (grants). People need to eat.

Whether or not you would qualify for this grant, the current levels of poverty are unsustainable and a threat to everyone's best interests.

Won't This Provide A Disincentive For People To Find Work If They Are Given "Handouts" (As Some Like To Call It)

This sort of argument usually stems from the flawed belief that people are somehow poor because of their own individual failures and/or behavioural shortcomings, rather than because of the structural features of the societies and economies they find themselves in. The structural shortcomings of South Africa's economy are there for all to see, and those who find themselves on the wrong side of it can't be blamed for the conditions in South African society that leads to so much unfairness. Instead, they must be met with love, and shown dignity.

GOOD, with its compassion for the most vulnerable members of our society, offers the most generous, costed Basic Income Grant of all political parties in South Africa of R999 per month. To think that this is as high a living wage as people aspire to is absurd. The monthly minimum wage works out to roughly four-times that of the Basic Income Grant. In fact, research shows that a Basic Income Grant provides motivations (and sometimes resources) for people to find work and improve their lives.

The Basic Income Grant would still leave recipients in a state of relative poverty, still excluded from most aspects of South African life and still desperately in need of employment. This is about ensuring people don't starve before they can find employment and a better life, by taking their first steps out of poverty.

How Many People Would Receive The Basic Income Grant?

GOOD's proposal is that anyone who has a monthly income that falls below R1 000 per month qualifies for this grant. This falls approximately at the lower bound poverty line and amounts to roughly 12 million people who would apply for the grant, by current population estimates.

Why R999?

POVERTY LINES IN SOUTH AFRICA		
POVERTY LINES	WHAT DOES IT MEAN?	AMOUNT
Food poverty line	Monthly amount that individuals need to afford the minimum required daily energy intake.	R760
Lower-bound poverty line	Food poverty line, plus the average amount derived from non-food items of households whose total expenditure is equal to the food poverty line.	R1058
Upper-bound poverty line	Food poverty line, plus the average amount derived from non-food items of households whose food expenditure equals the food poverty line.	R1558

Currently, the SRD grant gives beneficiaries a meagre R350 per month. This is less than half of the current estimated level of the food poverty line. In other words, it is enough to buy less than half of the minimum food that a person requires to live on each month (excluding other items like soap, sanitation and looking for work).

Furthermore, only those earning below the threshold of R350 per month qualify for this grant, excluding many others who are also in a genuine state of poverty.

This clearly fails to fulfil the rights granted to all people in Section 27 of the Constitution. In addition, to ensure that everyone has their right to dignity upheld, social assistance must meet the other basic human needs envisaged by the lower-bound poverty line.

GOOD has conducted extensive research as to the feasibility of funding a Basic Income Grant from the National budget. R999 is the maximum that could reasonably be funded through the current budget.

But, as we can see, inflation (particularly of food prices) drives up the poverty lines. By 2024, our ambitious Basic Income Grant proposal may already dip slightly below the lower-bound line after inflation. The Basic Income Grant will have to rise at the level of inflation – something which the government has failed to do with the SRD grant which has remained at R350 since the onset of Covid-19.

How Much Would It Cost And Can We Afford It?

Let's spin this question around. Instead of asking if we can afford to have a Basic Income Grant, ask if we can afford *not* to have one. Can we afford to leave 15 million South Africans in a severe state of hunger, failing in our constitutional obligations and increasing the levels of anger and desperation in our society?

In the hierarchy of priorities, this should come first: meeting the most basic human needs of those who call South Africa home. With the appropriate moral conviction and priorities, we can make it work.

The cost to the fiscus would be roughly R110bn per annum. This is about 2% of our 2023 budgeted expenditure.

But sound fiscal management is fundamental to GOOD's approach to governance. The debt crisis leads to high costs of borrowing and debt servicing (interest expenditure) which crowds out social spending.

As we are not a populist party, we have 'done our research' and figured out how we can reallocate the national budget to fund this measure without increased borrowing.

How Will We Pay For It?

GOOD has engaged experts in public finances to figure out how the State can afford this Basic Income Grant proposal.

We have discovered that the Grant can be funded through:

1. Adopting an approach of zero-based budgeting and closing inefficient government programmes that don't yield a satisfactory return on investment, including (but not limited to) reducing the number of ministers, ministries and departments. There are also several poverty alleviation programmes by government that can be substituted by this Grant;
2. Reducing the size of provincial legislatures, provincial executives and resources allocated to offices of the Premiers;
3. Professionalising the public service, so that government doesn't have to spend so much on consultants (currently R11bn per year);
4. Cutting out corruption (which may be enough to fund this Grant on its own) and privatising (rather than bailing out) dysfunctional state-owned enterprises;
5. Tax reforms, including:
 - Raising corporate taxes (personal income tax will remain unchanged);
 - Reducing the deductibility of retirement contributions for richer South Africans (the current retirement deduction scheme hugely benefits wealthy South Africans);
 - Closing the Employment Tax Incentive;
 - Increasing VAT on luxury goods (and adding to the list of essential goods that are VAT-free);
6. 'Earmarking' and allocating revenues from the Criminal Asset Recovery Account and Mineral and Petroleum Resource Royalties towards the Basic Income Grant;
7. A top-up system could be explored whereby those earning some monthly income but below the R1 000 threshold receive only the difference between the two;

8. Government will also recover some this is money through tax revenue from spending of the grant funds, and enhanced levels of social stability.

CONCLUSION

The measure of a society is in how we treat our most vulnerable members.

GOOD is a party of compassion. GOOD is *the only* party that cares. GOOD is a party committed to the Constitution.

With this in mind, we must do the most basic act of human care and compassion: feed the hungry. If we do not, we will all suffer the consequences, no more so than those who will starve in a deeply unjust economy of exclusion and unemployment.

We aren't giving up on the people in need, like other parties are doing. We aren't here to save the rich. We are here to help everyone. Join us as we pour out our hearts and souls onto the people of South Africa. Join us as we wave goodbye to poverty in South Africa.

Countless politicians have promised to bring an end to poverty, but have no plan to do it. Here is a plan. We can do it. We can bring an end to poverty in our lifetime.

It's time the rich chipped in... **for the common GOOD!**