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ESSET RESPONSE TO 2010 BUDGET SPEECH

The Ecumenical Service for Socio-Economic Transformation (ESSET), an independent ecumenical organisation that work for social and economic justice welcomes Minister Pravin Gordhan's far-sighted maiden speech.

Indeed, his speech seem to be a blend package indicative of a country emerging from recession as reflected by his introductory remarks and making commitment to energetically and urgently addressing the problems of jobs, growth and poverty. We also share his sentiment when he noted that it takes a unified state that incorporate the talents, skills and efforts of business, labour and civil society to moderate the economic and social challenges that continues to pluck our society. However, the Minister did not share light as to when and how this partnership would be facilitated in order to build a developmental state. We also welcome the Minister's sound judgement in budget allocation to key areas such as education, health, housing, water and sanitation, as well as to social grants, infra-structural spending and municipal investment.

We noted the Minister's acknowledgement of the achievement for the well-timed completion of 2010 stadia ahead of the greatest sporting event our country will host this year as well as challenging government to extend the same effort towards addressing social and economic challenges. However, we oppose government's view of utilising the World Cup event only to display the splendour of our country as a tourist destination and its ability to deliver a world class event complimented by the glitz and the glamour as equally portrayed by foreign developed countries that hosted the event before.

Instead, we strongly hold the view that those in the margins of society in our country that have taken the initiative to improve their own lives and that of their families such as informal traders, must be assisted to positioned themselves to leverage economic opportunities that comes with the World cup tournament. This surely goes in line with what the Minister called: 'doing things differently and transforming the structure of our economy to enable all South Africans to equitably share economic opportunities'. For it is common observation that as things stand, the current economic system in our country is incapable of meeting the demands of millions of people living in poverty and at the margins of society.

As much as we support the job creation strategy for youth employment, ESSET is concerned about implementation of this initiative done through subsidizing employers that will lower the cost of hiring inexperienced and unskilled young people. Our contention is that this initiative may lead to business not only abandoning their social responsibility towards society but also giving them power to exploit labour practices. We call for the acceleration for the implementation of the comprehensive and integrated industrial strategy that will ensure a higher labour absorbing economic path. Emphasis at the same time must be put on promoting local emerging businesses. This we believe can be effected through making purchases from local semi-skilled and vulnerable groups (youth, women, the disabled and businesses in rural areas).

We noted the Minister's accurate reading of the wealth and income inequalities that make up our economy and his proposals on tax relief especially towards taxpayers in low-income brackets. We also welcome his compassion not to raise the overall tax burden this year due to the current recovery state of our economy and the financial distress of household brought about by the effects of the global economic meltdown. However, we would like to caution the Minister not to let his consideration to lead to revenue challenges and eventually, impaired public service that renders ineffective service delivery. We remain particularly concerned about government's insistency on inflation targeting which has tendency to put us under pressure to maintain our high interest rates, not withstanding our economy's vulnerability as evident by the ever fluctuating food and energy prices.

We applaud the pronouncement on policy decision to extend social grants to two million children aged between 15 to 18 years as well as the R70 increase for pensioners and the disabled. However, the increase by only R10 on child support grants would not make any significant difference to those who genuinely survive on this type of grant. We would have also like to hear the Minister making commitment on the consistency of school nutrition programme as well as offering grants and incentives to promote agriculture and food security programmes especially in rural areas to counteract the effects of recession.

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