



Elections countdown - the social wage

SOUTH AFRICA

In this note, we delve into party views on the social wage which plays a crucial role in cushioning the impact of inequality, poverty, and unemployment on citizens, but is paid for by a narrow tax base. Political party views on the social wage will have implications for the fiscus due especially to the lack of easy new funding options and the challenge of raising taxes in a coalition environment.

The social wage is a contentious topic, partly because it constantly receives the largest share of non-interest expenditure at 60%. That said, among parties there is consensus on the need to retain and expand the social wage, and social grants in particular, due to the role they play in dignifying the lives of a large section of the population. The ANC holds a more optimistic view of the social wage. For instance, in substantiating its call for a basic income grant, the party argues that people aged between 18 and 59 should have access to a grant just as children and the elderly do, while other parties are wary of perpetual dependence on social grants. While appreciating the need for social grants and arguing for their expansion, the DA, IFP and ActionSA emphasise the need for economic growth to ensure that only a few need social grants. Parties also support the idea of universal healthcare coverage but generally oppose the National Health Insurance in its current proposed form, with only the ANC supporting it.

Defining the social wage

Consensus on the definition of the social wage remains elusive. However, there is a degree of agreement on the central aspects of what constitutes a social wage. Fourie, Lemboe and Patel (2021) defined the social wage as government-provided services that reduce the cost of living, including basic services the government provides from public funds, as well as the protection provided by social wages.¹ Similarly, National Treasury submits that "social assistance pays an income directly to vulnerable households, while the other public services that make up the social wage replace or subsidise day-to-day expenses such as housing, education and amenities, reducing the cost of living."²

The social wage includes services such education, health services, social development, public transport, housing and local amenities.² A 2003 review of the social wage commissioned by the Social Cluster Taks Teams on Free Basic Services and the Comprehensive Social Security Framework focused on housing, electricity, water, sanitation, education, healthcare and solid waste/refuse removal. National Treasury tends to include health, education, housing, social protection, transport, employment programmes and local amenities under the umbrella of the social wage.⁵

The social wage is partly a product of certain provisions in the Constitution of the republic, which place a responsibility on the state to ensure that citizens enjoy certain rights, services and privileges. For example, the Constitution states that everyone has a right to housing, healthcare services, social security and education. It also places a responsibility upon the state to take

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reasonable steps, within its available resources, to ensure that these rights are realised. The rights that relate to the social wage are typically found in chapter 2 of the Constitution.

Quantifying the social wage in SA

The social wage constitutes a significant portion of government expenditure. In the 2023 budget speech, Finance Minister Enoch Godongwana stated that over the medium term 60% of government's non-interest expenditure will go to the social wage.³ In the 2022 budget speech, the minister announced an allocation of R3.33 trillion to the social wage over three years, which was about 60% of non-interest spending, to support vulnerable and low-income households.⁴ This allocation prioritised (higher) education and healthcare. In the 2022 Medium Term Budget Policy Statement (MTBPS), this figure was revised to R3.56 trillion over three years, which is 59,2% of non-interest spending.⁵ In the 2024 budget speech, the social wage was once more allocated 60% of non-interest spending.

Table 1: SA government spending on the social wage

R billion	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Outcome		Revised		Medium-term estimates		
Community Development	162.2	165.1	180	198.3	215.7	226.5	233.1
Housing development	23.7	27	25.7	26.1	29.3	31	32.6
Transport	25.9	29.4	33.7	40.2	42.1	45.1	47.2
Basic services & local government	112.5	108.7	120.5	131.9	144.3	150.3	153.3
Employment programmes	16.9	18.1	20.3	20.3	21.3	22.2	23.3
Health	222.7	228.5	235.3	241.2	247.1	255.5	267.2
Basic education	247.6	262.5	276.2	293.6	296.1	308.5	322.6
Fee-free higher education and training	44.3	54.7	61	64	62.7	65.5	69.3
Social protection	247	252.2	261	280.1	294.4	312.7	326.9
of which social grants	218.9	222.7	233	252.1	266.5	248.4	259.8
Social security funds	106.9	75.9	72.6	71.4	73.9	53.3	52.1
Social wage/total	1047.7	1057	1106.3	1168.8	1211.3	1244.1	1294.6
<i>Percentage of non-interest spending</i>	60.5%	59.6%	60.2%	61.3%	61.6%	60.8%	60.7%

Source: National Treasury

The Department of Higher Education and Training (DHET) statistics indicate that almost 1.3 million students enrolled in public and private higher education institutions (HEIs) in 2021, with public HEIs accounting for 1,068,046

¹ Helanya Fourie, Craig Lemboe and Leila Patel (2021). "What can be done to increase SA's social wage?" *Business Day*.

<https://www.businesslive.co.za/bd/opinion/2021-04-22-what-can-be-done-to-increase-sas-social-wage/>

² National Treasury. 2013. "Budget Review 2023". *National Treasury*.

<https://www.treasury.gov.za/documents/national%20budget/2013/review/fullreview.pdf>

³ Enoch Godongwana. 2023 "Budget 2023". *National Treasury*.

<https://www.treasury.gov.za/documents/national%20budget/2023/speech/speech.pdf>

⁴ Enoch Godongwana. 2022. "Budget 2022". *National Treasury*.

<https://www.treasury.gov.za/documents/national%20budget/2022/speech/speech.pdf>

⁵ National Treasury . 2022. "Medium Term Budget Policy Statement 2022". *National Treasury*. <https://www.treasury.gov.za/documents/mtbps/2022/mtbps/FullMTBPS.pdf>

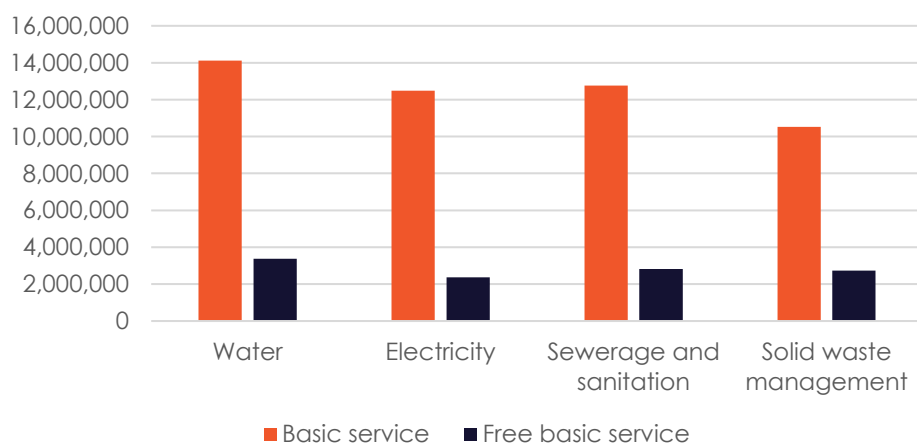
of these while private HEIs accounted for 232,915.⁶ In 2023, the National Student Financial Aid Scheme (NSFAS) funded 1.3 million students.⁷ The DHET is still to release the registration statistics for 2022 and 2023.

While the numbers vary based on the source, the South African Social Security Agency (SASSA) reported that as of December 2021, there were 18,572,195 social grant recipients in the country, excluding recipients of the Covid-19 Social Relief of Distress (SRD) grant. In his 2023 State of the Nation Address, President Cyril Ramaphosa said that there are more than 25 million people who receive some form of income support.⁸ This figure includes recipients of the SRD grant. Other sources put the number between 26 and 27 million people. These figures include the approximately 8.5 million recipients of the SRD grant.⁹

The Public Affairs Research Institute (PARI)'s analysis indicates that in 2019/20 a total of 10.1 million households were funded in the national budget for free basic services; however, fewer than one quarter of these actually received these services from their municipalities.¹¹ Additionally not more than 1.5 million households - 14.8% of the number funded in the national budget - appear to be receiving all the free basic services.¹¹

Figure 1 indicates how many consumer units received free basic services from municipalities in relation to how many received these services at a fee.

Figure 1: Number of consumer units receiving services and free basic services: 2020



Sources: StatsSA

If a municipality provides fewer households with the free-basic-service benefit compared to how many are funded in the national budget, the balance of the money allocated to that municipality for free basic services goes into general revenue and can be spent as the municipality wishes.

⁶ DHET. 2023. "Statistics on Post-School Education and Training in South Africa: 2021". Department of Higher Education and Training.

<https://www.dhet.gov.za/DHET%20Statistics%20Publication/Statistics%20on%20Post-School%20Education%20and%20Training%20in%20South%20Africa%202021.pdf>

⁷ NSFAS. 2023. "NSFAS responds to South Africa Union of Students". National Student Financial Aid Scheme. <https://www.gov.za/news/media-statements/nsfas-responds-south-africa-union-students-12-nov-2023>

⁸ South African Government. 2023. "SoNA-in-Numbers – 2023". South African Government. <https://www.gov.za/news/sona-numbers-2023-10-feb-2023>

⁹ Daily investor. 2023. "South Africa has 27.3 million people on grants – but only 7.1 million taxpayers". Daily investor. <https://dailyinvestor.com/south-africa/34380/south-africa-has-27-3-million-people-on-grants-but-only-7-1-million-taxpayers/>

Table 2: Free basic services provided by municipalities

Free basic service	Value/quantity/amount
Free Basic Water	6kl
Free Basic Electricity	50kwh
Free Basic Sewerage & Sanitation	R50 average (subsidy)
Free Basic Solid Waste Management	R50 average (subsidy)

Source: StatsSA

Table 3: Total number of registered indigent households

Year	Number of registered indigent households
2019	2,895,124
2018	3,594,058
2017	3,511,741
2016	3,564,866
2015	3,570,602

Source: PARI

According to Statistics SA, registered indigent households in 2019/20 numbered 3,482,656 and in 2020/21 there were 2,687,786.¹⁰ The PARI argues that not all registered indigent households receive all the free basic services. In 2019, there were 2,895,124 registered indigent households, but only:

- 890,691 were listed as receiving free basic electricity;
- 2,163,082 were listed as receiving free water;
- 1,537,749 were listed as receiving free sanitation; and
- 1,991,925 were listed as receiving free waste removal.¹¹

Party views on the social wage

Table 4: Summary of party views on key components of the social wage

	NHI	BIG	Social grants	Housing
ANC	Supports implementation. Not clear on funding, except supporting the proposal to reallocate funding for medical scheme tax credits towards the NHI. Focus to be on primary healthcare	To use the SRD grant to phase in a BIG that is linked to the food poverty line. Funding proposal includes a wealth tax.	While moderately increasing the value social grants remain key (as evident at government level), the focus is on expanding the number of recipients through introducing a BIG.	Promises to provide more subsidised human settlements.

¹⁰ StatsSA. 2023. "Non-Financial Census of Municipalities 2021 Results". *Statistics South Africa*.

https://www.statssa.gov.za/publications/P9115/NFCM%202021%20PPT_Final.pdf

¹¹ PARI. 2021. "Access to Basic Services: Enabling Progressive Transformation or Entrenching Poverty and Inequality?". *Public Affairs Research Institute*.

<https://pari.org.za/wp-content/uploads/2021/09/PARI-Short-Report-Access-to-Basic-Services-V3.pdf>

DA	Opposes the NHI. Believes its Sizani Universal Healthcare Plan would achieve universal healthcare coverage in line with global trends.	Supports some form of income support. Due to unclear funding proposals, if it took office, it would explore feasibility of a BIG without increasing taxes.	Makes proposals that would see social grants increasing in value and number, including that the child support grant be pegged against the food poverty line; and that the child grant be extended to pregnant woman. Funding focus on cutting wasteful and corrupt expenditure.	From a social wage lens, focus is on eradicating homelessness and providing shelters. Party has an extensive general housing policy.
EFF	Rejects the NHI but supports universal health coverage; has not tabled an alternative	The party's variation of a BIG would see the unemployed being paid according to their level of education. Not clear on funding.	Promises to double the value of social grants and to introduce a monthly nutritional pack for indigent families	Aims to establish a social housing company, and a fund for the development of income generating backrooms in all townships. Also plans to subsidise housing finance for middle-income earners. Funding plans are not clear.
IFP	Appreciates the need for universal healthcare coverage but rejects the NHI, citing poor funding model.	Supports the BIG and believes that eliminating irregular, fruitless and wasteful expenditure would enable the country to finance the grant.	Supports an increase in social grants, especially the old age grant. Not clear on funding.	Proposed "improving" access to low-cost subsidised housing for people who earn R3,500 - R15,000 per month.
ActionSA	Opposes the NHI and characterises it as well-intentioned but ill-conceived.	Proposes a universal basic income stimulus (UBIS) that transfers monthly cash payments to eligible citizens. Not clear on funding.	Would retain social grants as they play an important role in providing a safety net for vulnerable citizens.	Plans to expand access to affordable housing opportunities that are closer to economic opportunities.

African National Congress

During his January 8 statement address, African National Congress (ANC) president Cyril Ramaphosa "cautioned" that if the ANC were to lose power, social grants and the NSFAS would likely disappear. Given their importance, a haphazard halt of these aspects of the social wage would disrupt the lives of a significant number of South Africans and would likely result in social unrest. This is why no party has publicly stated an intention to do away with the system.

In his 2024 State of the Nation Address, Ramaphosa demonstrated the difference that the social wage has made since the dawn of democracy by relaying the story of Tintswalo, "democracy's child". Born in 1994, Tintswalo, whose mother benefited from free health care provided to pregnant women and children under the age of six years, grew up in a state-provided house, and was enrolled in a fee-free school where she received a nutritious meal

every school day as part of the National School Nutrition Programme.¹² Tintswalo also benefited from the child support grant which she used to meet her basic needs until she completed high school. With the financial aid of NSFAS, Tintswalo attended a technical and vocational education and training (TVET) college and obtained a qualification. She then entered the world of work and thrived with the support of the state's employment equity and black economic empowerment policies.¹²

The story of Tintswalo was the theme of the speech, which sounded like an ANC election campaign pitch. ANC activists subsequently took to social media to relay their stories similar to that of Tintswalo. As the celebratory mood that accompanied the telling of the story of the story of Tintswalo indicated, the ANC-led government is proud of the change it has been able to effect in people's lives through the social wage. The challenge for the party is that the social wage budget increases every year together with the number of beneficiaries, making it difficult to tell whether it is achieving the intended purpose. One would expect that the number of beneficiaries as well as the inflation-adjusted cost of specific social wage items such as social grants and fee-free higher education would show a downward trend. As was the case with Tintswalo, ideally recipients of these aspects of the social wage would achieve some upward social mobility which would ensure that their children did not need the same type of assistance. This is by no means the only way to measure the impact of the social wage as there are several studies which demonstrate a positive correlation between social grants in particular and positive socioeconomic outcomes.

The ANC has been more specific in its manifesto that it sees a new progressive tax required to pay for the social wage but there is no sense of costing. We see a social security tax as a sensible way to highlight the extra tax needed and the social compact around it required to take in more tax to match more spending on a social wage. This may well come as early as the February 2025 budget assuming the ANC is in power and has coalition space to do this. Exploring options to fund an extended social wage will be important for the ANC as it has plans to expand other aspects of the social wage including subsidised basic services like water, houses and electricity for the poor.

The governing party has also proposed expanding the list of VAT exempted essential food items to lower the cost of food and limit food insecurity.

The ANC speaks of the need to "finalise" the establishment of a public sovereign wealth fund that will prioritise public benefit through targeted investments in social programmes, infrastructure and sustainable development initiatives.¹³ Having been mentioned in 2019, we do not see this happening in an environment where opposition parties would have been emboldened more by election outcomes.

Social grants

In its 2024 elections manifesto, the ANC promised to strengthen the social security system to reduce poverty, vulnerability, social exclusion and inequality through social assistance.¹³ The ANC wants to improve the value of

¹² Cyril Ramaphosa. 2024. "State of The Nation Address by President Cyril Ramaphosa". *Government of RSA*.

https://www.stateofthenation.gov.za/assets/downloads/SONA_2024_080224.pdf

¹³ ANC. 2024. "ANC 2024 Elections Manifesto". *African National Congress*.

<https://www.anc1912.org.za/wp-content/uploads/2024/02/ANC-2024-Elections-Manifesto.pdf>

and extend the SRD grant. The party sees this grant as a pathway towards progressively implementing a basic income grant (BIG).

BIG

Successive ANC national and policy conferences have called for implementing a BIG which has received increased attention and support over the past few years in government. At its 55th national conference, the governing party stated that it "...supports the introduction of the Basic Income Grant as a means to addressing the challenges of poverty and inequality, and further directs government to speedily work on the policy options and parameters that are acceptable, through broad consultation."¹⁴ The party also implored its government to continue to improve and expand the SRD until a BIG that is linked to the food poverty line and progressively improved to the upper bound food poverty line is introduced. The ANC sees a universal BIG as a means to meet basic needs and reduce unsustainable wealth and income inequality.¹⁵ To fund a BIG, the ANC has in the past proposed a wealth tax. Other funding options proposed by the party include closing tax loopholes, addressing base profit shifting by corporates and a transactions tax. However, in its 2024 election manifesto, the ANC does not mention a wealth tax.

Interestingly, the ANC states that since children and the elderly benefit from social grants, the focus should now be on those aged 18-59 years. The ANC notably does not address concerns about high levels of dependence on the state.

NHI

As has been the case for the duration of its 30-year reign, should the ANC retain power (which we think it will but under a coalition government) we expect an expansion of the social wage, both in terms of beneficiaries, budget and the number of programmes (line items). A new addition could be the National Health Insurance (NHI). The ANC supports the NHI Bill which is only awaiting the signature of the president to become law. In 2022, the party urged that the NHI Bill be passed speedily. In addition to the NHI, the ANC also wants an accelerated establishment of the state pharmaceutical company, to ensure local production of pharmaceuticals, vaccines and medical devices.

Democratic Alliance

With the publishing of its extensive social development policy last year, the DA has strongly attempted to neutralise claims and fears that it would significantly cut the social wage due to its market-friendly posture. The overarching principle of the DA's social welfare provisions is that they are accompanied by responsibilities to be exercised by beneficiaries such as preconditions or complimentary measures, depending on the kind of transfer and research on the impact of such measures.¹⁶ The aim of this would be to ensure that the relief provided by the state breaks the cycle of dependence.

¹⁴ ANC. 2022. "African National Congress 55th National Conference Resolutions": Social Transformation". *African National Congress*. <https://www.anc1912.org.za/wp-content/uploads/2023/02/ANC-55th-Conference-Resolutions-Social-Transformation.pdf>

¹⁵ ANC. 2022. 6th National Policy Conference Report. *African National Congress*. <https://www.anc1912.org.za/wp-content/uploads/2022/09/6th-ANC-National-Policy-Conference-Reports-2022.pdf>

¹⁶ DA. 2023. "Building A Resilient Society: Social Development Policy". *Democratic Alliance*. <https://cdn.da.org.za/wp-content/uploads/2023/03/25131025/Social-Development-Policy-1.pdf>

The DA's focus is on reducing the number of beneficiaries to enable the state to provide more meaningful support for a small number of beneficiaries, instead of meagre support to a significant portion of the population.¹⁶ To achieve this, the DA identifies economic growth and job creation as a key ingredient as it will guarantee that fewer people require state aid and that those who do receive meaningful help can ultimately change their lives.

The DA has focused funding of a richer social wage on cutting wasteful and corrupt expenditure. Given the cuts that National Treasury is already pushing down in the Budget and the deep intertwining of the rent extractive with programmatic spending, we struggle to see a DA-led administration being able to adequately gain sufficient savings over even a couple of years to match the costs of more social wage spending. The party has yet to say how it might deal with this timing mismatch problem.

Social grants

Being the biggest type of social grant by number of beneficiaries, the DA proposes that the child support grant be pegged against the official food poverty line to ensure that children can access the necessary nutritional value and to reduce the risk of malnutrition.¹⁶ To prevent the long-term effects of malnutrition on children, the DA proposes that the child grant be extended to pregnant women/mothers for the duration of the pregnancy. The party also calls for the extension of the child grant beyond the age of 18 years for learners who stay at school beyond that age. These learners would receive the grant until they complete their National Senior Certificate/matric.

Noting the dependence of South Africa's older population on government grants and poor savings levels among the working-age population, the DA proposes the introduction of an auto-enrolment workplace pension scheme with an option to opt out.

BIG

While highlighting its support in principle for some form of income support for the unemployed, the DA is concerned about the ability of the state to support increasing number of dependents in the context of low growth and shrinking revenues.¹⁶ The party concludes that because it is not clear how a BIG would be financed without raising taxes, if it took office it would continue to explore the feasibility of a BIG and also consider the possibility of financing it as a cash substitute for appropriate social services. The services that would be replaced with a BIG include electricity, water, housing and health services. Upon receipt of the cash substitute individuals would decide whether they want to spend their money on these services, or elsewhere. It would be interesting to witness whether substituting these services with cash transfers would be deemed an adequate measure to fulfil the constitutional obligation of the state to ensure the realisation of rights linked to these services.

Free basic services

The DA aims to align the minimum threshold of free basic services such as water, electricity, sanitation, and waste disposal provided to indigent households with their needs. This means the party would provide 200kWh (instead of the current 50 kWh) of free electricity and 10kl (instead of the current 6kl of water) per month for example.¹⁶ While it acknowledges the need to periodically adjust these thresholds, the DA states that this is unsustainable in a country with high levels of dependency and a small taxpayer base. This is why it reinforces the call for the need to reduce the number of people/households dependent on the state.

NHI

The DA is one of the biggest opponents of the NHI. The party has put in significant work to oppose the signing of the NHI Bill. The party has a website called "stop NHI", where individuals can submit their objections to this bill. The party also compiled 50 reasons why it believes the NHI will never work. These include that: South Africa cannot finance the NHI in its current form; it will result in emigration as it would require tax increases; doctors would emigrate to escape its impact; the bill gives the minister of health too many powers and duties; the NHI Bill requires every citizen to register for the NHI online but not everyone has access to the internet; and many more.¹⁷ As an alternative to the NHI, the DA has the Sizani Universal Healthcare Plan which the party argues would achieve universal healthcare coverage in line with global trends.¹⁶

Housing

To combat homelessness, a DA-led government would develop a national framework, the absence of which means that there is no allocation to address the issue. The DA believes programmes addressing homelessness need funds allocated to them. The party also believes that the scope of services provided by shelters needs to be expanded to include helping homeless individuals get off the streets. The party has a policy on housing, which stretches beyond just the aspects of housing that fall within the realm of the social wage. The goals of this policy are to ensure that all homeowners have registered ownership; to ensure that there are no households living in informal dwellings; to eradicate "sleeping rough"; to ensure that all households have access to basic services and to reduce urban sprawl while encouraging sustainable dense and connected urban areas.¹⁸

The DA probably has the most extensive and clearest policy documents on social wage matters. This clearly demonstrates the inequality of research capacity and capability among parties. The social policy document tries, with a degree of success, to balance the party's market-friendly outlook and the realities of the country which necessitate spending on the social wage.

Economic Freedom Fighters

Given its socialist underpinnings, the Economic Freedom Fighters (EFF) unsurprisingly proposes a number of interventions that would result in more expenditure on the social wage.

BIG

Foremost is the party's variation of a BIG, which would see the unemployed being paid according to their levels of education. In its 2024 election manifesto, the party promises a grant for unemployed graduates.¹⁹ Speaking before the launch of the manifesto, party leader, Julius Malema promised

¹⁷ DA. 2023. "50 Reasons why the NHI will never work". *Democratic Alliance*. <https://www.da.org.za/2023/05/50-reasons-why-the-nhi-will-never-work>

¹⁸ DA. 2022. "A Firm Foundation DA Position Paper on Housing and Housing-related Urban Development". *Democratic Alliance*. <https://cdn.da.org.za/wp-content/uploads/2022/04/28103215/A-Firm-Foundation-Position-Paper-2022.pdf>

¹⁹ EFF. 2024. "2024 Election Manifesto". *Economic Freedom Fighters*. <https://effonline.org/wp-content/uploads/2024/02/A5-EFF-2024-Manifesto-full-version.pdf>

national senior certificate holders who are not employed or furthering their studies a R1,000 monthly grant.²⁰

Community development

The EFF also plans to provide land, free seedlings and equipment for subsistence farming to places such as villages, orphanages, and old age homes; subsidise public transport fares for senior citizens; and to produce and distribute sanitary products for free to public spaces including clinics, district, regional, tertiary, and central hospitals across the country by 2025.¹⁹

Education and employment programmes

In the employment programmes space, the EFF wants to provide internships, learnerships and skills development opportunities for the youth. In the education space, the party would provide free education to all children of school-going age and access to early childhood development (ECD) education. The party envisages that under an EFF government, all schools and ECD centres would offer nutritious meals to all learners.

Social grants

The EFF wants to increase social grants as follows:

Table 5: EFF social grant increase proposals

Grant type	Current (before 2024 increase), R	EFF proposal, R
Old age grant	2,090	4,180
War veterans grant	2,110	4,220
Disability grant	2,090	4,180
Care dependency grant	2,090	4,180
Foster child grant	1,130	2,260
Child support grant	510	1,020
Grant-in-aid	510	1,020

Source: Economic Freedom Fighters

In addition to social grants, the EFF wants to introduce a monthly nutritional pack for indigent families to complement the cash transfers. Under an EFF government, indigent families would be provided with an expanded social package which would include free water and electricity. Recipients of social grants would also receive free water and electricity. The party would also expand the list of VAT-free basic food staples and encourage concessions and discounts for older persons, families, and those with low income on products or services offered by the government and its partners.¹⁹

Housing

To address the country's housing needs, the EFF wants to establish a social housing company in all nine provinces by 2026. The party also wants to build houses with a minimum of three bedrooms for "all the people".¹⁹ The party has also committed to amending the Social Housing Regulatory Agency (SHRA) beneficiary policy to include student accommodation as part of

²⁰ Sandile Motha. "EFF will give jobless matrics R1 000 grant, says Malema". *Sunday Mail*. <https://sundayworld.co.za/news/malema-wants-unemployment-matriculants-to-get-r1k-grant/>

social housing by 2026. This is in addition to amending the Social Housing Restructuring Zones to include previously “white-owned” areas to promote full integration and social cohesion by 2026. The EFF also wants to “ensure” that all private housing developments include mixed developments for the benefit of the poor and middle class by 2026. How the party would go about doing this is not clear.

The EFF plans to create a fund for the development of income-generating backrooms in all townships by 2027. By 2026, the party also plans to repurpose the Housing Development Agency (HDA) into a fully-fledged state housing construction company to accelerate the delivery of houses. In addition, an EFF-led government would establish an Informal Settlement Agency (ISA) to rezone and formalise all informal settlements by 2028.

To enable greater home ownership, an EFF government would subsidise housing finance for middle-income earners, including workers who earn the minimum wage; legislate the reduction of 20- to 30-year housing loans to a maximum of ten years by 2027; halt the repossession of houses by financial institutions such as banks from people who have paid back 50% of their loans and are unable to continue paying due to socioeconomic circumstances by the end of 2026; and make it illegal to use houses as surety for any loans from financial institutions by 2026.¹⁹

NHI

The EFF has been firm in rejecting the NHI in its current form, arguing that it does not address inequality and deliver universal healthcare coverage.²¹ The party argued that the NHI Bill’s intention to create a national funding pool is problematic because the country does not need an NSFAS-style funding system to resolve the “crisis of debilitating healthcare”.²¹ Importantly, the EFF’s rejection of the NHI is not the rejection of universal health coverage, as it states that it would focus on “primary health with a commitment to attain universal health coverage”.¹⁹ The party is however yet to develop a clear universal coverage system which would be an alternative to the NHI. The EFF identified its rejected 2018 National Health Amendment Bill - which aimed to ensure that clinics open for 24 hours, seven days a week – as part of the solution to the country’s healthcare challenges.

A significant part of the EFF’s ideas is not new. Several of the party’s proposals would refine and expand some of the ideas and programmes of the ANC government. Nonetheless, the EFF would still spend significantly on the social wage due to costs that would arise from its proposals.

ActionSA

ActionSA’s “economic prosperity” vision includes “ample economic opportunities to provide households with the dignity that comes from earning an income, minimising the need for social grants.”²² ActionSA adopts an economic-growth centred approach to the social wage. It is evident from the party’s policies that it views the social wage as a means towards achieving greater economic growth rather than a need in and by itself.

²¹ EFF. 2023. “The Eff Statement on the Passing of the National Health Insurance (NHI) Bill In Parliament”. Economic Freedom Fighters. <https://effonline.org/wp-content/uploads/2024/01/THE-EFF-STATEMENT-ON-THE-PASSING-OF-THE-NATIONAL-HEALTH-INSURANCE-NHI-BILL-IN-PARLIAMENT.pdf>

²² ActionSA. 2023. “Summary of Approved Policies from the 2023 Policy Conference”. ActionSA. <https://www.actionsa.org.za/wp-content/uploads/2023/09/Summary-of-Approved-ActionSA-Policies-EducationDIGITAL.pdf>

Education

Firstly, the party wants to merge the Departments of Basic Education and Higher Education and Training into a single Department of Education. While this would ensure greater education policy coordination and implementation, it also seems like a path towards cutting the costs of running the two departments.

Nonetheless, ActionSA is of the view that no one should be denied access to education due to the lack of funds. As such the party identifies a need to develop a sustainable tertiary education funding model that provides appropriate funding for students, including free and subsidised education and affordable loans.²² The party also wants abandoned and hi-jacked buildings near educational institutions to be handed to the private sector which would repurpose them for mixed-use developments that will include affordable student housing.

ActionSA also wants the education department to collaborate with the Departments of Social Development and Health to ensure that ECD centres provide comprehensive services to children from indigent households. The party would also increase the budgetary allocations to ECD to ensure adequate funding. To ensure that learners have access to the internet and dignified ablutions, ActionSA identifies water and sanitation and broadband connectivity as part of key school infrastructure priorities.

NHI

Despite admitting to the existence of challenges in the country's healthcare system, ActionSA argues that these should be addressed by improving the performance of public healthcare institutions and not the NHI, which it characterises as well-intentioned but ill-conceived. The party believes that addressing the performance of public health institutions would gradually create a healthier population and reduce the need for healthcare provided by the NHI, which is not in sync with the country's fiscal and economic realities.²² That said, the party sees a need to review the private healthcare insurance industry to ensure that more people have access to affordable medical insurance and to do away with the profit-driven aspects of healthcare. Interestingly, the party proposes that through regulation, ministers and parliamentarians must be compelled to use only public healthcare. This is one of the more populist proposals from the party which is unlikely to be achieved constitutionally.

BIG

Importantly, ActionSA proposes the introduction of a three-year universal basic income stimulus (UBIS) that transfers monthly cash payments to eligible citizens, calculated at the food poverty line in year one, the lower-bound poverty line in year two, and the upper-bound poverty line in year three.²² All adult South Africans earning below the South African Revenue Service income tax threshold and all children eligible for the child support grant would be automatically registered to receive the UBIS. All other South Africans would be eligible but would have to register to receive payments. This appears to be ActionSA's alternative to, or version of, the BIG.

Social grants

Despite stating that social grants alone are not enough to ensure upward social mobility, ActionSA says that if it were to gain power it would maintain social grants as they play an important role in providing a safety net for vulnerable citizens. An ActionSA government would also partner with financial institutions to provide more affordable property loans and other

property financing options to first-time house buyers and low- and middle-income families.

Housing

The key proposal from ActionSA is to provide and expand access to affordable housing opportunities that are closer to economic opportunities.

Inkatha Freedom Party (IFP)

The Inkatha Freedom Party (IFP) held its first policy conference in 15 years in December 2023. This was the party's first ever policy conference held in the absence of its late leader, Mangosuthu Buthelezi, whose influence over the party's decisions was unmatched. As such, the outcomes of this conference were highly anticipated given that they would indicate whether the party's leadership would seek to chart a path away from Buthelezi's lingering influence. This was not to be the case. Party President, Velenkosini Hlabisi listed crime, unemployment, the energy crisis, corruption, education and the healthcare system as the IFP's focus areas for the 2024 elections.

NHI

The IFP rejected the NHI, stating that it has a poor funding model and "provides no clear role for private sector healthcare providers".²³ Like many other parties the IFP appreciated the need for universal healthcare coverage.

Social grants

The IFP views social grants as a necessary bridging measure that must be retained and protected from collapse and corruption. The party proposed that "if social grants genuinely became a bridging measure, the amount provided could be increased so that those who need them can access them, for as long as they are needed, and can use them – not just to survive – but to emerge from crisis."²⁴ That said, the IFP cautioned against perpetual dependence on social grants, arguing that recipients should be linked to empowerment programmes that could enable them to be self-dependent. This model may not be suitable for all social grant recipients. For instance, some recipients of the old age grant may not be able to be economically productive due to their age.

In response to Ramaphosa's statement that social assistance may disappear should the ANC lose power, Hlabisa argued that Buthelezi, not the ANC, was the one who issued the first social grant in South Africa as the leader of KwaZulu.²⁴ This was of course during the apartheid days and may be contested considering that the apartheid government also provided social grants to a limited number of people.

BIG

The IFP has a history of supporting calls for a BIG. In 2022, the party noted that despite its seeming unaffordability, if government were to eliminate irregular,

²³ Thapelo Lekabe. 2023, "IFP sets six priorities for 2024 elections: jobs, education and healthcare top agenda". News24. <https://www.news24.com/citypress/politics/ifp-sets-six-priorities-for-2024-elections-jobs-education-and-healthcare-top-agenda-20231213>

²⁴ Velenkosini Hlabisa. 2024. "Forethought: Securing the Future of Social Grants: IFP's Vision for Sustainable Economic Growth and Empowerment in South Africa". Inkatha Freedom Party. <https://www.ifp.org.za/newsroom/forethought-securing-the-future-of-social-grants-ifps-vision-for-sustainable-economic-growth-and-empowerment-in-south-africa/>

fruitless and wasteful expenditure, South Africa would have funds for the grant.

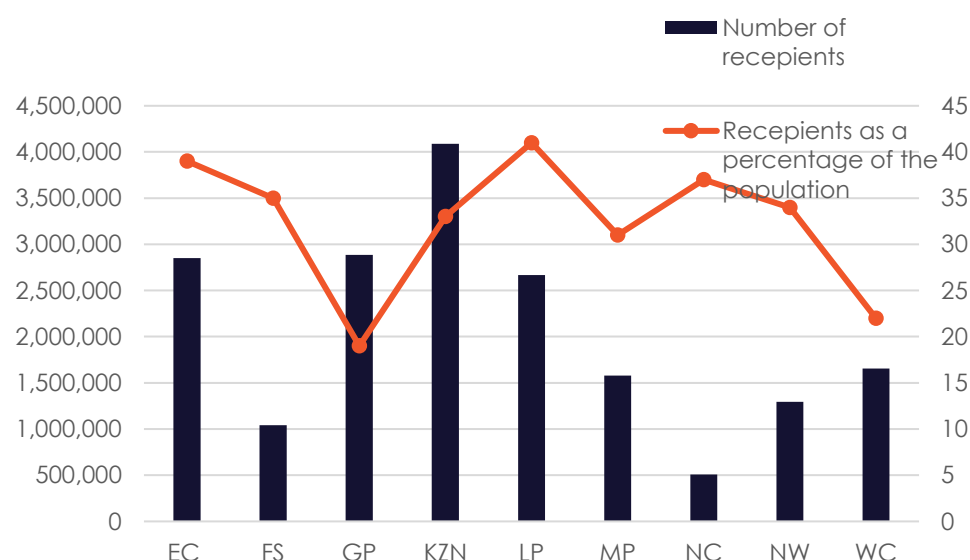
Housing

The IFP's focus has been on trying to improve the quality of houses constructed by the state and rooting out corruption in their allocation. The IFP has in the past proposed to improve access to low-cost subsidised housing for people who earn between R3,500 and R15,000 per month.²⁵

Subnational influences

With Gauteng and KwaZulu-Natal (KZN) looking ever likely to be governed by coalition governments, there may be important implications for the social wage. In KZN, we expect the IFP to form part of a coalition government with either the ANC and smaller parties (baseline) or the DA and others. The IFP and the DA are proponents of the devolution of powers and if they were to govern Gauteng and KZN, two provinces that have the highest number of social grant recipients, they would likely seek some degree of power in dispensing the social wage.

Figure 2: Number of social grants recipients in provinces, 2021



Source: SASSA & StasA, with Krutham calculations

Conclusion

The social wage will continue to constitute the most significant part of non-interest government spending for the foreseeable future. As unemployment, poverty and inequality remain high, no government would be brave enough to significantly cut spending on the social wage. Parties would rather wait for economic growth and the subsequent unemployment rate reduction, which would lower the burden on the social wage than propose cutting spending. Given coalition scenarios, it seems guaranteed that social grants will be increased as parties suggest that the current amounts, including the increases announced in the 2024 Budget speech, are not enough. The ANC

²⁵ IFP. 2019. "2019 Election Manifesto". *Inkatha Freedom Party*. <https://www.ifp.org.za/wp-content/uploads/2019/03/IFP-Election-Manifesto-for-2019.pdf>

does not seem to be focused on reducing dependence on the social wage but appears to be intent on ensuring that all sections of the population have equitable access to it. A focus on a BIG, which would be designed to ensure that people aged 18 to 59 years have equal access to social grants as children and the elderly, rather than to help engender economic activity and opportunities for recipients, suggests this. The ANC stands alone in supporting the proposed NHI, despite other parties not being opposed to universal health coverage. This suggests that even if the NHI Bill is not signed into law by the president, the debate about universal healthcare coverage will continue. Given all the above, we expect a tax increase as early as 2025 to fund the expanded social wage. A social security tax is a sensible option.

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