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# Macro Budget Brief 2022

## Preface

This budget brief is one of three that explores the extent to which the national budget and social services sector budgets address the needs of children under 18 years in **South Africa.** For the 2022 Budget Brief series, two budget briefs are devoted to an analysis of the quality of service provisioning in the basic education and health sectors. The national budget brief is devoted to an analysis of the **rising cost of living issue.**

## Key Messages and Recommendations

**The South African economy grew by 4.9 per cent in 2021 and is expected to register a small positive growth for 2022.** The positive growth in 2021 also reflected in positive real growth for the country's Gross Domestic Product (GDP) per capita, which grew by 3.8 per cent in 2021.

**Individuals and households in South Africa are facing a perfect economic storm with lower economic growth predicted for 2023), rising unemployment, the rapid rise in the cost of living (including sky-high electricity costs), and a personal financial environment where it is more expensive to access much-needed credit.** The household debt to disposable ratio remains high, which means that for very R10 available, R6 must still be spent servicing debt. This calls for a far more robust State spending programme, especially in the area of social assistance and compensatory spending in education and health services.

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**Consolidated government spending is projected to decline by 1.2 per cent on average over the 2023 MTEF.** Despite the overall decline in government spending, debt service costs are planned to grow by 6 per cent annually over the new MTEF, while investment in public infrastructure is projected to grow by 8 per cent over the same period. The latter is good news for ordinary citizens given the deteriorating quality of public infrastructure, and children will be well served with the construction of new bridges and roads in rural areas.

**The social service sectors bear the biggest brunt of the decline in government spending.** Allocations to the basic education sector are planned to decrease by 2.4 per cent on average (adjusted for inflation), while the health and social protection portfolios, are planned to be decreased by 4.5 per cent and 4.1 per cent respectively over the same period. These are material reductions that will further weaken the delivery of social sector services for children. In the context of the rising costs of living, this is a double whammy for poor and vulnerable households.

**Evidence on families' access to food and the growing share of social grants in households' total income suggests that a more nuanced set of spending solutions needs to be found to support vulnerable households and individuals.** Allocations to transfers to households, of which the lion's share is dedicated to social grants, are projected to decline by 6.0 per cent annually, and there has been no further progress on the status of the Special Relief of Distress Grant or the introduction of any form of basic income support for individuals not covered by social assistance provisioning.

**The government's response to the present cost of living crisis departs sharply from the manner in which it had responded to the health pandemic.** With the latter, a whole-of-government response was provided, which included constitutional entities such as the South African Reserve Bank, and private initiatives, such as the Solidarity Fund. Commercial banks also became involved. The response to the cost of living crisis is in the main to contain inflation through actions by the SARB (interest rates increases) and the fiscal authorities (curtailing consolidated government spending). While it is understandable that the scale and scope of the response to the cost of living crisis will not be the same as the response to the health emergency, compensatory financing is still needed to offset the negative effects of poor economic growth, insufficient and expensive energy supplies, and an unacceptably high unemployment rate.

**The present budget policy proposals present a real threat to the equity gains made during the 2010-2019 period.** In the context of government departments, a general challenge to maximise the use of resources in the immediate future for social service spending for children appears bleak. In view of the need to sustain the equity gains and to address the concomitant quality challenge for public services, the national and provincial governments are encouraged to:

I. Reverse the policy of not benchmarking child grants and other social grants to the prevailing CPI.

II. Ensure that the planned public infrastructure spending benefits the broadest majority of poor learners, especially in the rural areas where access roads to health and school infrastructure remain a problem.

III. Resolve the supply of electricity crisis, which hits hospitals, crèches, and schools hard, especially those that do not have back-up generating power. Where possible, subsidise these social institutions' access to back-up generating power,

IV. Step up effort to improve the quantity and quality of food provided through the country's school nutrition scheme and supplementary food parcels under the custodianship of the Department of Social Development.

01

Section 1:

# Macro and Socioeconomic Context

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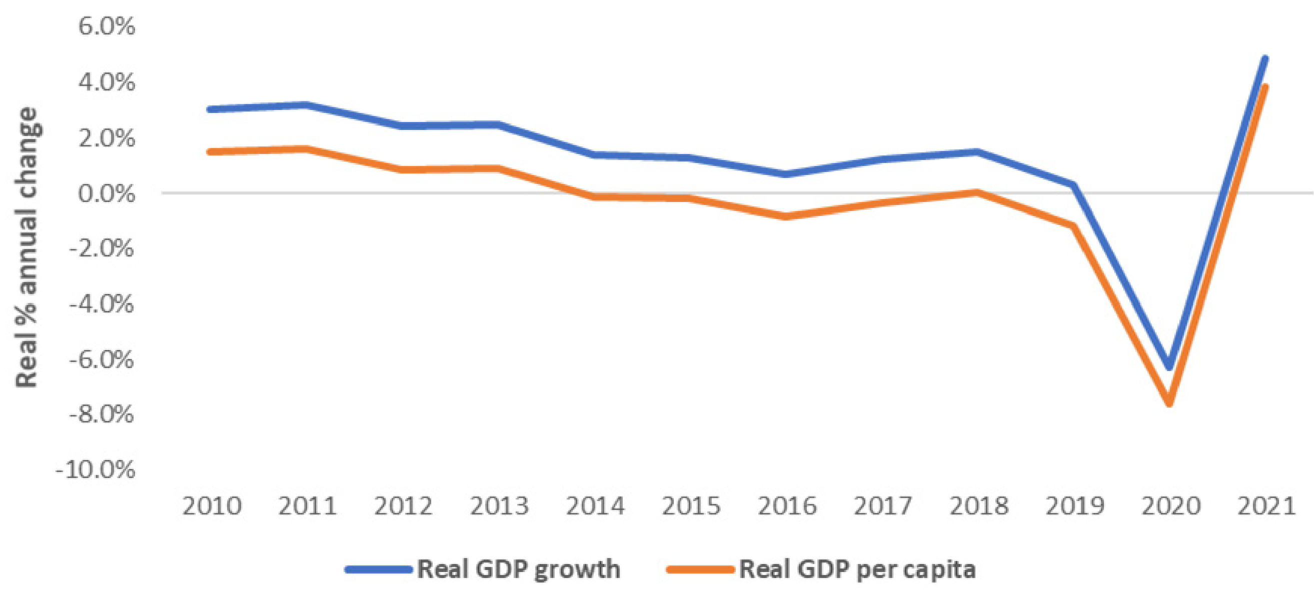
## The rising cost of living

**South Africa's real Gross Domestic Product (GDP) per capita in 2021 (R75,000) is still lower than its comparable 2019 level (R78,000).** However, 2021 stands out as registering the highest annual growth rate across the period represented in Figure 1 (3.8%), but this must be contextualised in the large negative reduction in 2020 (-7.6%). Between 2014 and 2019, the economy hardly got out of first gear and consistently achieved real negative GDP per capita growth rates.

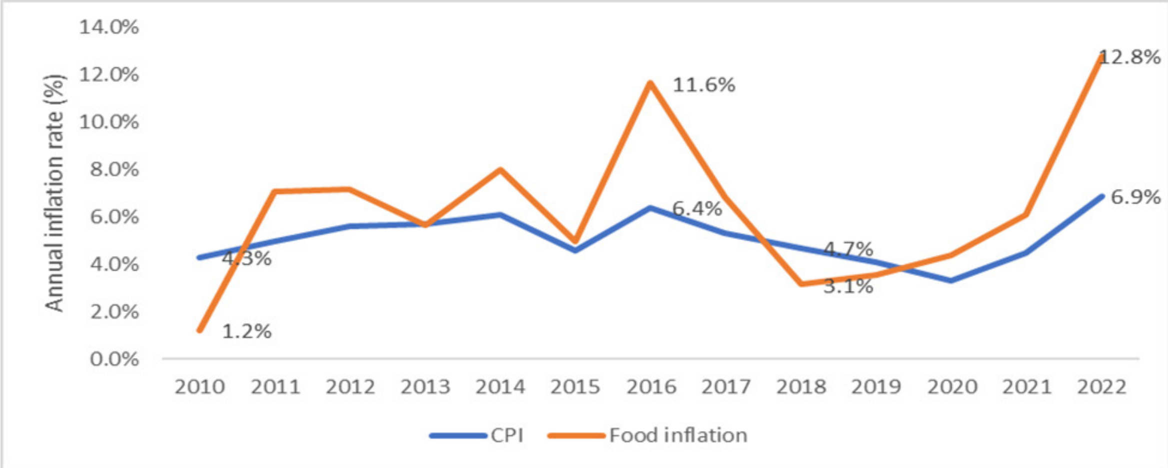
Figure 1: Real GDP and GDP per capita, 2010 to 2021 (% growth)




*Source: South African Reserve Bank online query and Statistics South Africa (https://www.statssa.gov.za/?page_id=1854&PPN=P0441&SCH=73284) <accessed December 2022>*

**In the context of slow and contracted economic growth, both the immediate post-COVID19 period and the war in Ukraine have had a damaging effect on the Consumer Price Inflation index (CPI).** At the end of 2022, the annual inflation figure was almost 7% and falling outside the target band of 3-6%, while food inflation was almost double the CPI. The dramatic rise in the prices of goods and services will further constrain households that do not have any significant economic activity, and further heightens the role of the government during this difficult period. There were signs towards the end of 2022 that inflation trends were softening, but it is too early to tell whether this will continue in 2023.

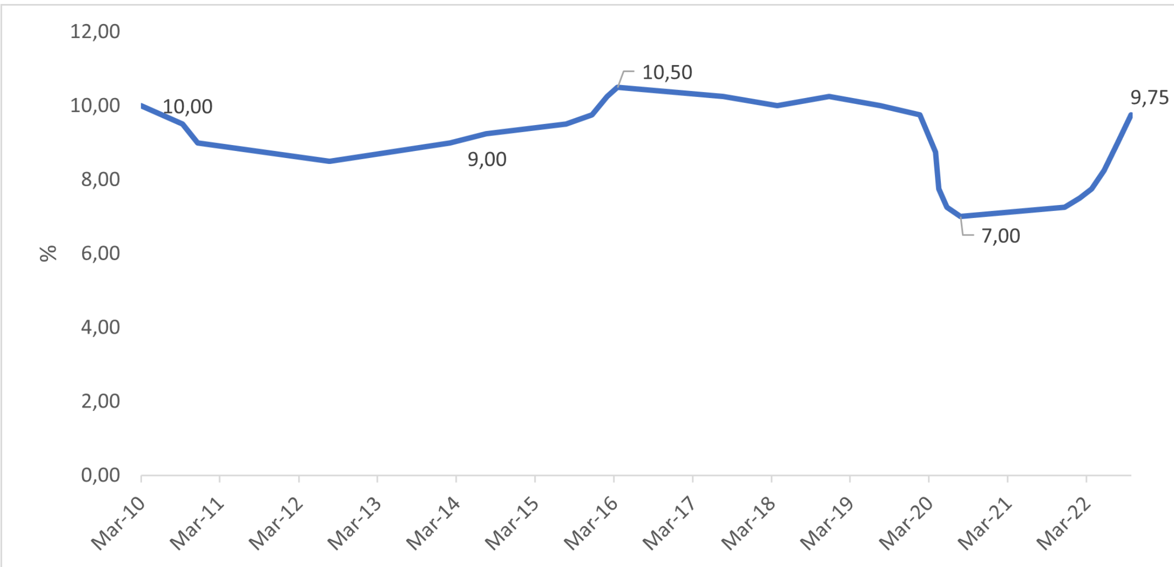
Figure 2: Consumer price inflation and food inflation, 2010 to 2022 (%)




*Source: Statistics South Africa (https://www.statssa.gov.za/?page_id=1854&PPN=P0441&SCH=73284 and https://www.statssa.gov.za/?page_id=1854&PPN=P0141&SCH=73056) <accessed January 2023>*

**A further piece of the rising costs puzzle is the rate at which ordinary consumers are able to access credit to finance asset purchases and to smooth household consumption during tough economic times.** Starting in November 2021 (7.25%), the prime lending rate was raised by more than 2 basis points and stood at 9.75 per cent in September 2022. What's worse is that further hikes are expected in 2023, which could have a serious contractionary effect on household consumption, and especially access to much-needed credit.

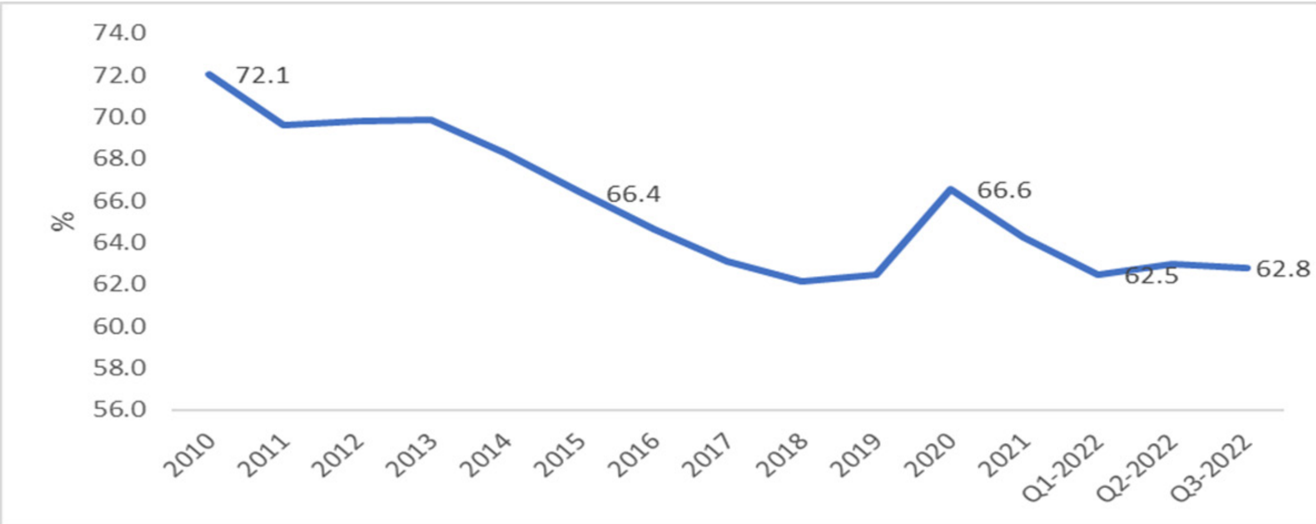
Figure 3: Prime lending rates in South Africa, March 2010 to September 2022 (%)




*Source: South African Reserve Bank online query: < https://www.resbank.co.za/en/home/what-we-do/statistics/key-statistics> (accessed December 2022)*

**Having to cope with rising prices (including food prices), an economy that does not offer gainful employment, rising credit costs, most household budgets are under severe pressure.** South Africans are notorious for the relatively low savings rate, and as Figure 4 makes it clear, debt still swallows a large portion of households' disposable income. While the debt to disposable ratios have improved, it is still a sobering thought that by the third quarter of 2022, more than 62% of every Rand services household debt. It will not be surprising if that ratio climbs, given the unfavourable macroeconomic and personal financial environment in the country.

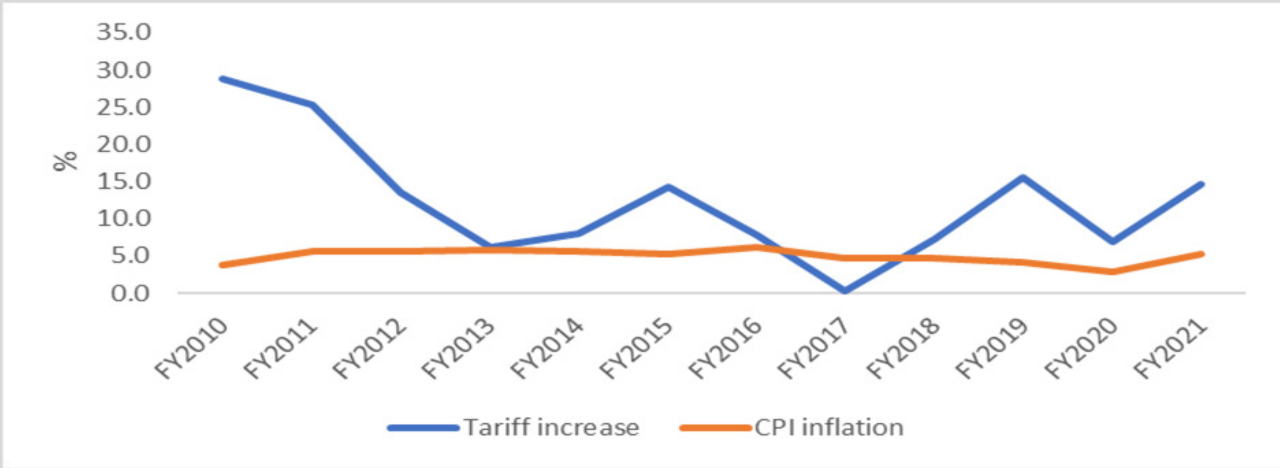

Figure 4: Ratio of household debt to disposable income, 2010 to Q3 in 2022 (%)




*Source: South African Reserve Bank online query: < https://www.resbank.co.za/en/home/what-we-do/statistics/key-statistics> (accessed January 2023)*
*Note: Quarterly data were averaged for the period 2010 to 2021*

**There is widespread documented evidence that the country's energy crisis has negatively both individuals, households, small businesses, and the economy at large.** Figure 5 records the approved electricity tariff increases against the country's CPI and with the exception of 2017 (and to a lesser extent, 2013), approved energy hikes were significantly higher than the CPI. In FY2021, the approved tariff was close to 15%, and for FY2023, it was approved to be 19 per cent. These are unsustainable price rises, especially when viewed against the background of all the variables discussed above.

Figure 5: Rising electricity costs relative to the consumer price inflation, FY2010-FY2020 (%)

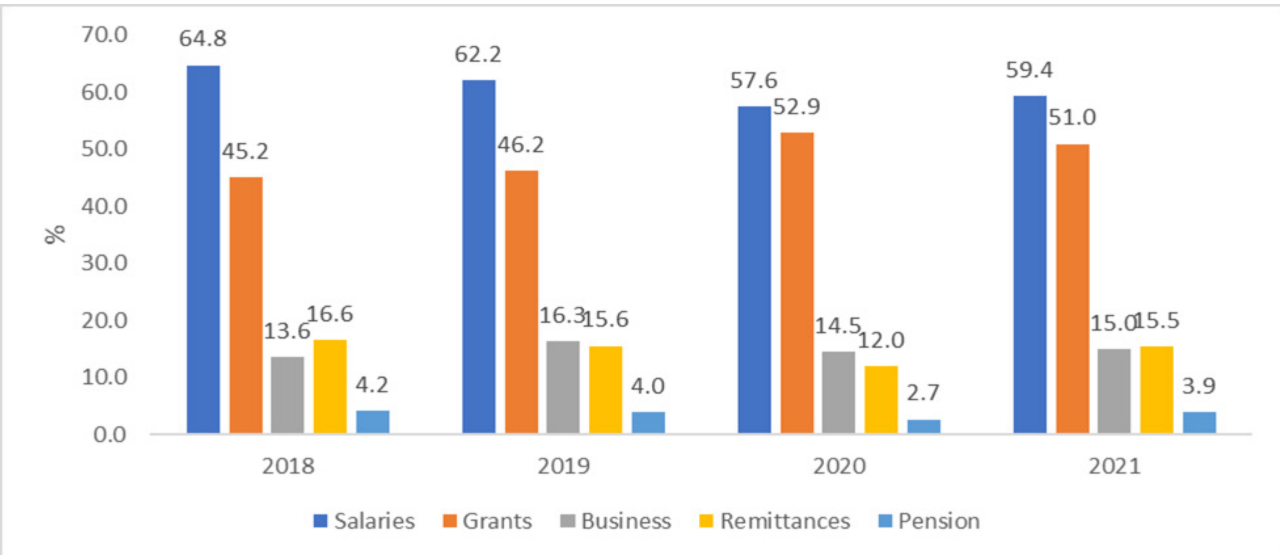



*Source: https://www.statssa.gov.za/?p=15612 and https://www.nersa.org.za/wp-content/uploads/2021/06/Decision-Determination-of-the-Municipal-Tariff-Guideline-and-the-Revision-of-Municipal-Tariff-Benchmarks-for-the-2021-22-financial.pdf (accessed January 2023)*
*Note: CPI inflation are fiscal year inflation averages*

## Social development trends

**Market-earned salaries-as a percentage of total household income-fell from 65 per cent in 2018 to 59 per cent in 2021.** Correspondingly, social grants grew by more than 6 per cent over the same period (from 45% in 2018 to 51.0% in 2021). This degree of reliance on official State social assistance is likely to increase, thus necessitating a different look at how the country finances social grants. Remittances hover around the 12-16% mark and is an important source of financing for indebted and financially stressed households.


Figure 6: Sources of household income between 2018 and 2021 (%)




*Source: Official General Household Survey Reports 2018-21, Statistics South Africa*

**While the national picture regarding sources of household income is instructive, viewing the same data from a provincial perspective provides further depth to the analysis.** Whereas nationally, 59.4 per cent of household income is derived from salaries, in the Western Cape and Gauteng, this source constitutes between 67 per cent and 72 per cent of households' income. This contrasts with 46.2 per cent and 51 per cent in North-West. From a grants perspective, households in the Eastern Cape drive 64 per of their household income from grants against the 40& and 39 per cent figures in the Western Cape and Gauteng. The rising costs of living will likely impact the rural and urban provinces differently, given their household income profiles.


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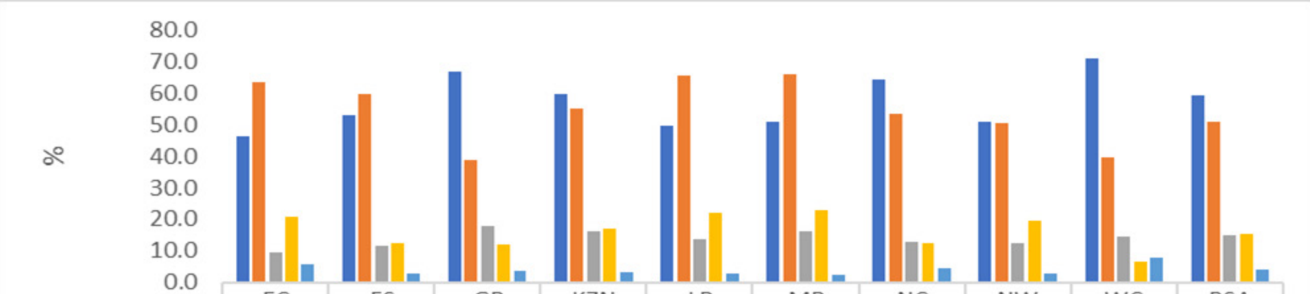
Figure 7: Sources of household income by province in 2021 (%)




| | EC | FS | GP | KZN | LP | MP | NC | NW | WC | RSA |
|---|---|---|---|---|---|---|---|---|---|---|
| Salaries | 46.2 | 53.2 | 67.0 | 60.0 | 49.7 | 50.9 | 64.6 | 51.0 | 71.2 | 59.4 |
| Grants | 63.7 | 60.0 | 38.7 | 55.1 | 65.7 | 66.2 | 53.4 | 50.4 | 39.6 | 51.0 |
| Business | 9.6 | 11.4 | 17.8 | 16.1 | 13.6 | 16.2 | 12.8 | 12.3 | 14.5 | 15.0 |
| Remittances | 20.9 | 12.4 | 11.9 | 16.8 | 22.1 | 23.0 | 12.4 | 19.5 | 6.7 | 15.5 |
| Pension | 5.6 | 2.7 | 3.6 | 3.2 | 2.6 | 2.5 | 4.4 | 2.8 | 7.7 | 3.9 |

Salaries Grants Business Remittances Pension

*Source: Official General Household Survey Reports 2021, Statistics South Africa*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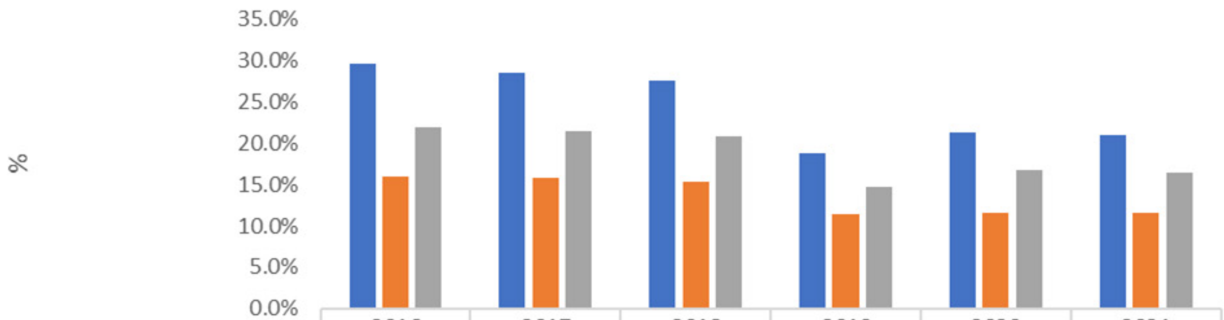
**Nationally, roughly one-fifth of grant-receiving households reported running out of money to buy food during 2020 and 2021 (Figure 8).** In absolute terms in 2021 it means that almost 3 million of the roughly 18 million households would have endured this dilemma, and these are likely to be households that contain children as well. Non-grant receiving households have a corresponding rate of 12 per cent in 2021, which translates into approximately one million households. These numbers require direct intervention from the government, especially if the key macroeconomic variables depicted above worsen in 2023 and beyond.

Figure 8: Households that ran out of money to buy food by social grant receipt status, 2016-2021 (%)




| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| Grant receiving households | 29.6% | 28.6% | 27.6% | 18.9% | 21.3% | 21.1% |
| Other households | 16.0% | 15.8% | 15.4% | 11.4% | 11.6% | 11.6% |
| All households | 22.0% | 21.4% | 20.8% | 14.8% | 16.7% | 16.4% |

*Source: General Household Surveys, 2016-2019 (Own calculations)*
*Note: The survey question for the 2016-2018 surveys reads "Did your household run out of money to buy food during the past 12 months?", while for the 2019-2021 surveys, the question was phrased as "During the last 12 MONTHS, was there a time when your household ran out of food because of a lack of money or other resources?*

## Takeaways

- Households and individuals in South Africa face a unique storm of low economic growth, rising costs of living, greater difficulty accessing much-needed credit, and energy provisioning that is erratic and expensive.
- Run-away food inflation presents real challenges to poor households and vulnerable children and threatens the gains in food security made over the last decade.
- Early indications are that consumer price inflation might have softened towards the end of 2022, but it is too early to tell whether these positive changes will be maintained in 2023.
- Social grants have become an increasing part of households' income and more so in the traditionally rural and poor provinces in South Africa.
- This places greater emphasis on the government's ability to main the real value of social grants over the new medium-term period.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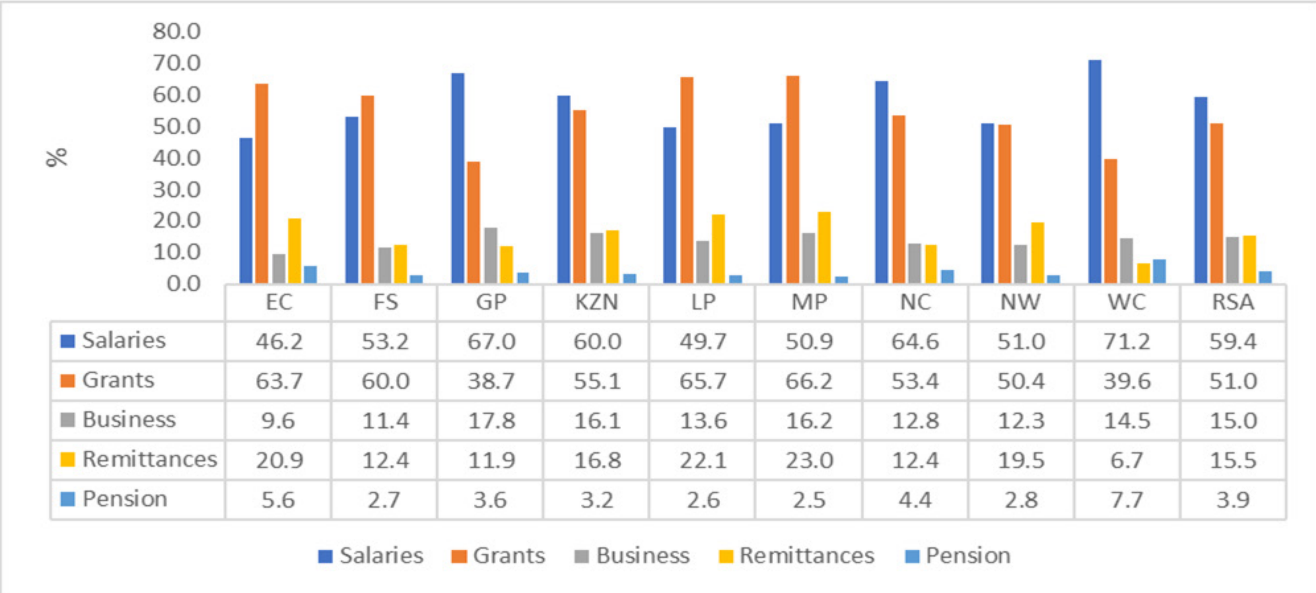
# Section 2: **Government's Budget Framework in response to the rising cost of living**


## Government's budget framework for FY2022[i]

The government's consolidated budget is projected to decline at a real average annual rate of 1.2% (inclusive of debt service costs). Projected spending in the health and social development sectors is set to decline by 4.5 per cent and 4.1 per cent on average over the next three years. Spending in the basic education sector is not spared either and is set to decline at 2.4 per cent on average over the new MTEF. Positive changes are recorded for activities within the economic development function, while debt service costs continue to absorb additional resources from the consolidated budget (growing at almost 6% on average over the MTEF).

Figure 9: Growth in consolidated government expenditure by broad functions, FY2022-FY2024 (%) (FY2021=100)

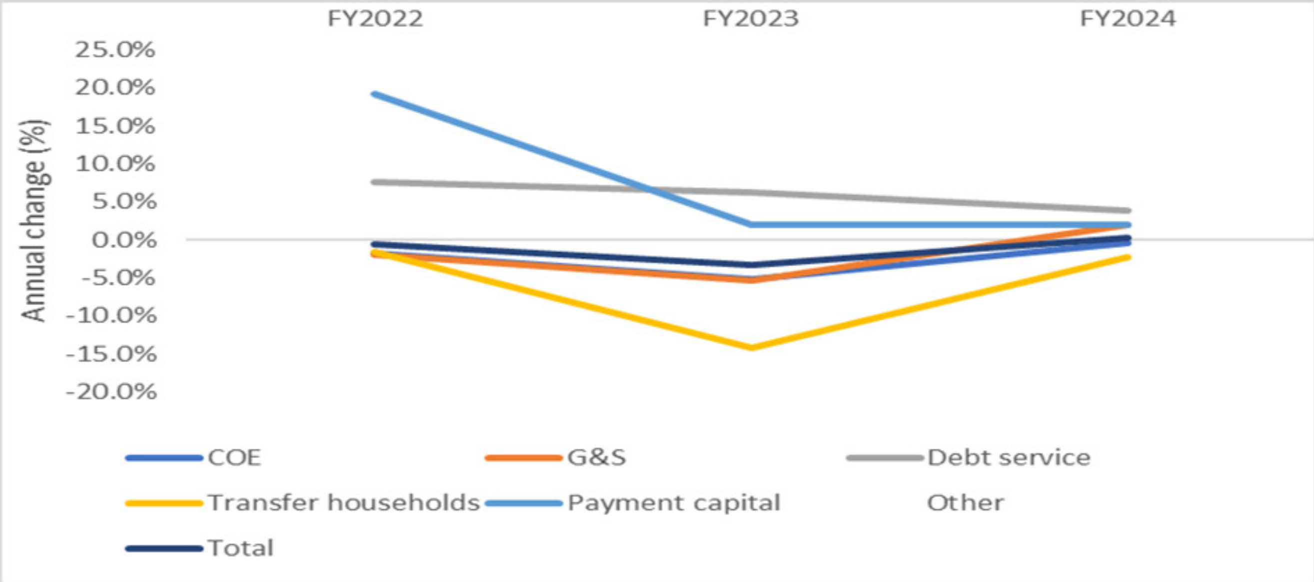



| | EC | FS | GP | KZN | LP | MP | NC | NW | WC | RSA |
|---|---|---|---|---|---|---|---|---|---|---|
| Salaries | 46.2 | 53.2 | 67.0 | 60.0 | 49.7 | 50.9 | 64.6 | 51.0 | 71.2 | 59.4 |
| Grants | 63.7 | 60.0 | 38.7 | 55.1 | 65.7 | 66.2 | 53.4 | 50.4 | 39.6 | 51.0 |
| Business | 9.6 | 11.4 | 17.8 | 16.1 | 13.6 | 16.2 | 12.8 | 12.3 | 14.5 | 15.0 |
| Remittances | 20.9 | 12.4 | 11.9 | 16.8 | 22.1 | 23.0 | 12.4 | 19.5 | 6.7 | 15.5 |
| Pension | 5.6 | 2.7 | 3.6 | 3.2 | 2.6 | 2.5 | 4.4 | 2.8 | 7.7 | 3.9 |

*Source: Medium Term Budget Policy Statement 2022 (own calculations)*

**The framework proposed in the 2022 MTBPS gives a prominent role to investment in public infrastructure, and this allocation is set to grow by close to eight per cent over the mew MTEF.** On the other hand, transfers to households, which are dominated by social grant payments, are set to decline at a real average annual rate of 6.0 per cent. In its bid to control overall spending, the projected decline on compensation of employees is 2.5 per cent on average, while spending on goods and services is projected to decrease by 2.0 per cent over the MTEF.

Figure 9: Growth in consolidated government expenditure by type of expenditure, FY2022-FY2024 (%) (FY2021=100)




*Source: Medium Term Budget Policy Statement 2022 (own calculations)*

### Contrasting the government's budget response to COVID-19 with its response to the rising cost of living issue

**The government's response to the health pandemic was wide-ranging and comprehensive.** From a financing point of view, resources in the public and the private sector were mobilised, and the general government sector (including a constitutional entity such as the SARB) became involved. Changes were also proposed to offer tax relief to protect employment, and social assistance was stepped up to deal with the fact that many work opportunities closed. The financing framework was made sustainable and "affordable" by the large-scale closure of the economy, and the consequent redirecting of funding that would otherwise have been used for normal programming. Access to credit was also eased.

The government's response to the rising cost of living crisis was more restricted and is dominated by the need to contain inflation (interest rates hikes by the SARB and reduced public spending). Indications are that the decade-long sending cuts will be terminated in 2024, but it remains a challenge to provide the level of funding that is commensurate with the country's social and economic needs.

## Takeaways

- Spending in key social sector budgets is planned to take a severe knock over the new MTEF period.
- While the consolidated government budget declines by 1.2 per cent on average over the new MTEF, health and social development spending decline by 4.1 per cent and 4.5 per cent respectively.
- The main beneficiaries of additional spending over this new MTEF is government's planned spending on public infrastructure and an attempt to reduce the government's overall debt service burden.
- In contrast with the government's health emergency response, in the present climate of rising costs, government has contained its overall response and is focusing on containing inflation through the monetary authorities (increasing interest rates) and the fiscal authorities (spending less on key social sector programmes that serve children).

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Section 3:

# Probing the concept of a "decent standard of living" in South Africa


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**The immediate aftermath of the COVID-19 pandemic and the disruptive effects of the war in Ukraine have produced serious inflationary pressures in the global and local economy.** It is in this challenging economic environment that questions about the cost of living and a "decent standard of living" have become pronounced.

**However, this issue of a decent standard of living is not new in policy discourse in South Africa.** In 2018, the Committee on Economic, Social and Cultural Rights (CESCR), in its Concluding observations on the initial report of South Africa, made explicit reference to a composite index on the cost of living.

**Under its social security commentary, it states** "There is no composite index on the cost of living that provides the State party with a benchmark to adequately set the levels of social benefits consistent with the requirement to ensure an adequate standard of living for all." In response to this observation, the Committee put forward the following recommendation (section 48a): "Design and regularly update a composite index on the cost of living."

**While the concept of a "composite index on the cost of living" is not pervasive in South Africa, the country's Consumer Price Inflation (CPI) index could potentially be used for this purpose.** One challenge would be that the consumption patterns of rich and poor households and individuals differ substantially, thus making it hard to base cost of living measures on the general basket of goods and services. There is the further challenge that sub-components of the inflation basket, such as food inflation and medical inflation, are substantially higher than the average inflation rate, and poor households are disproportionately affected by changes in food prices and medical costs.

**In its response to the observations of the CESCR, the Government of South Africa argued that the CPI is a viable cost of living measure.**[ii] It takes the view that the CPI is both a cost of living measure and a macro-economic indicator of inflation. It further asserts that the CPI is intended to measure change in the cost of living for all South African households and promotes equity in the measures taken to adjust wages, contracts etc.

**In its submission, the then Studies for Poverty and Inequality Institute (SPII) argued that the CPI merely functions as "as a reference to increases in prices of goods and services, not what the goods and services are themselves, that is the very reason why the CPI cannot be the standard demanded by the UN CESCR."**[iii] It further argues that the CPI is a measure of change as opposed to being a measure of substance, and hence would be disqualified as a composite index of living tool sufficient to measure access to guarantee of an 'adequate standard of living' in Article 11 of the UN ICESCR.

**Apart from the official food inflation monitoring by Statistics South Africa (as part of the CPI), there is also the Pietermaritzburg Economic Justice and Dignity entity, which has developed the Household Affordability Index**[iv] The index tracks food prices form 44 supermarkets and butcheries in three metropolitan areas (Johannesburg, Cape Town, and Durban), as well as Pietermaritzburg and Springbok towns. While an extremely useful and informative exercise, it is not a composite cost of living index as it is restricted to measuring food prices only.

**Another candidate that could be used as a composite cost of living index is the Decent Standard of Living index (DSL) that was developed and pioneered by the Social Policy Initiative (SPI, formerly known as SPII).**[v] This methodology uses carefully selected and sampled Focus Group Discussions with a representative sample of adults who reside in South Africa and who are quizzed on goods and services they consider indispensable for a "decent standard of living." Inclusion into the index requires more than two-thirds of participants to identify an item, and subsequent empirical work tests the overall distribution of possession ownership in the population using official and/or specially-collected national survey data. The final set of items is viewed as "indicators" of underlying "essentials", thus increasing the robustness and generalisability of the findings. These Socially Perceived Necessities (SPNs) are themselves not a definitive basket of goods and services, but they provide agreed essentials, the possession of which is indicative of a decent life. They thus have a dual function as being essentials in themselves and being proxy indicators for a decent life.

**The first iteration of the DSL work was started in 2012 and according to SPII in its 2018 submission to the CESCR, the DSL eschews "survivalist" measures such as the official poverty lines and its starting point is centred on what ordinary people deem socially necessary.** It challenges the normative approach in poverty measures and replaces it with a human-centric understanding of socially perceived necessities. It includes both subjective measures of wellbeing and objective quantification of access to those measures. It also presents the multiple dimensions of well-being that includes both goods such as a cell phone and fridge, services such as street lighting and refuse removal, and wellbeing, such as safety and security and someone to care for you when you are ill.

**In its 2021 survey, 50 items were tested, comprising a mix of personal belongings, access to community-based services, and facilities and relationships with friends and family.** Of those 50 items, 34 were identified as being "essential" to having a decent standard of living by more than 50% of a representative sample of the South African population

Table 1: Socially perceived necessities identified by respondents in the Computer Assisted Telephonic Interviews in South Africa[iv]

| **Item**<br>**Marked in light blue meeting the 67% threshold. Dark blue marks meets the 50% threshold.** |
|---|
| Mains electricity in the house |
| Someone to look after you if you are very ill |
| A house that is strong enough to stand up to the weather, e.g. rain, winds, etc. |
| Street lighting |
| A fridge |
| Clothing sufficient to keep you warm and dry |
| For parents or other carers to be able to buy complete school uniform for children without hardship |
| A flush toilet in the house |
| Paid employment for people of working age |
| Somewhere for children to play safely outside of the house |
| A cell phone |
| People who are sick are able to afford all medicines prescribed by their doctor |
| Having police on the streets in the local area |
| Separate bedrooms for adults and children |
| A neighbourhood without rubbish/ refuse/ garbage in the streets |
| Having an adult from the household at home at all times when children under ten from the household are at home |
| A fence or wall around the property |
| Someone to transport you in a vehicle if you needed to travel in an emergency |
| Burglar bars in the house |
| Ability to pay or contribute to funerals/ funeral insurance/ burial society |

| |
|---|
| Being able to visit friends and family in hospital and other institutions |
| Tarred roads close to the house |
| Regular savings for emergencies |
| A place of worship (church/ mosque / synagogue) in the local area |
| A large supermarket in the local area |
| A bath or shower in the house |
| Someone to talk to if you are feeling upset or depressed |
| A neighbourhood without smoke or smog in the air |
| Television / TV |
| Someone to lend you money in an emergency |
| A sofa / lounge suite |
| Meat or fish or vegetarian equivalent every day |
| A radio |
| A lock-up garage for vehicles |

*Source: SPI 2022 (Obtained in personal communication with SPI in 2023)*

**What is important to understand about the DSL tool is that it could indicate the income level associated with a decent standard of living, but it does not indicate the cost of attaining this standard or the income required to achieve this standard.** The monetary value associated with a Decent Standard of Living in 2002 was per person per month. The total value has dropped from the 2018 amount due in part to the greater roll out of public goods. An individual may have access to all the socially perceived necessities but may have an actual income far lower that the associated income level (inheritance, donations, located in a better serviced community etc.).

**What are the pros and cons of using the DSL as a composite standard of living index?** On the positive side, the DSL measure

- Concretises what a decent standard of living looks like for a cross-section of the population in South Africa.
- Enables one to simulate a level of income associated with the concept of a decent standard of living, which could of course be attained in-kind (publicly or privately) and through earning a market-related wage.
- Deepens a human-centric view of poverty, and avoids the pitfalls of normative approaches, which requires decision-making (technical or otherwise) on behalf of people.
- While similar in its approach to data collection for the CPI, the "preferences" recorded in Income and Consumption surveys cannot always be ascribed to active preferences by respondents and may simply reflect the degree of financial space to obtain certain goods and services.

**Some of the drawbacks of the DSL measure include**

- Any attempt to fully monetise the DSL will run into the challenge of quantifying some items such as having access to someone when you are ill, or even the provision of public goods because of the differential local government financial and professional capacities in producing local goods and services.
- It is worth noting, however, that the DSL does not try to monetise each of the SPNs, but it does derive the median income of respondents who have access to all the SPNs.

- Although the DSL avoids prescriptive approaches (no normative model assumed), it remains an assumption that recorded preferences are "uncontaminated" and these recorded preferences may have been realised by means other than what respondents truly deem as necessary (local media, advertising, socio-economic conditioning etc.).
- The averaging effect of the DSL tool will sideline some preferences that are genuine, but which are not supported by the requisite numbers in the development of the index.

- Although robustness has been claimed for the indicators (or proxy items), some items are transient by nature (such as having access to a lock-up garage), because of the uncontrolled nature of crime in South Africa and the poor state of public transport. Any change in these variables may alter the preferences of respondents. To counter this limitation, the DSL attempts to refresh the list of SPNs every five years.

**In spite of the limitations of the DSL as a robust multidimensional poverty tool, it deserves a place among the various poverty tools available in South Africa.** There is little doubt that it has advanced the cause of multidimensional poverty tools and has also succeeded in introducing technical and conceptual rigour in the development of such tools. Its human-centric (and in-built human rights orientation) makes this a tool fit for the twenty-first century South Africa and its myriad challenges.

## Takeaways

- Successful measurement of an "adequate" or a "decent" standard of living requires the use of multidimensional or composite indices to give justice to this rich and consequential concept.

- This has become even more important in the context of cost of living crisis globally and locally.

- Following the recommendation from the Committee on Economic, Social and Cultural Rights (CESCR), the government indicated that it intends to use the CPI as its chosen composite cost of living measure.

- From the point of view of the idea of "preference revelation" by individuals, the CPI is limited in that it records what ordinary citizens are able to buy based on their ability to afford access to certain goods and services.
- The Decent Standard of Living index aims to ameliorate this weakness by relying on the active (and presumably freely chosen socially perceived necessities) framing of "adequate" or "decent" standards of living by respondents.

- Using both income and multidimensional poverty approaches will work best and that is the context within which the usefulness of this pioneering DSL tool must be understood.

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## Endnotes

i Consolidated government spending includes provisions on the contingency reserve over the MTEF and allocations to public entities that are connected to departmental votes as well as provision for debt service costs.

ii Republic of South Africa (2021) South Africa's response to the concluding observations and recommendations follow-up procedure issued by the Committee on Social, Economic, and Cultural Rights, March 2021

iii The Studies in Poverty and Inequality Institute (2021) Submission to UN CECSR on South Africa's implementation of UN CECSR recommendations-composite index on the cost of living

iv See the latest Household Affordability Index by the Pietermaritzburg Economic Justice and Dignity here: https://pmbejd.org.za/index.php/household-affordability-index/

v The Studies in Poverty and Inequality Institute (2012) A decent living level for South Africa: a report on how possessions of socially perceived necessities relates to income

vi Due to the extensive lockdowns experienced in South Africa, SPI promoted the use of Computer Assisted Telephonic Interviews (CATIs) to ensure that the fieldwork continued. While an in-person Focus Group Discussion format would have been utilised in the absence of the restrictive lockdowns, much was learned from how to utilise CATIs and the overall costs involved in doing this type of fieldwork.


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