BUDGET
JUSTICE
COALITION

2 September 2025
Mr Enoch Godongwana
Minister
National Treasury

Submitted Via Email to fiscal.policy@treasury.gov.za

Subject: Submission to National Treasury's Macro-Fiscal Workshop

Dear Minister Godongwana,

The Budget Justice Coalition (BJC) appreciates the opportunity to contribute to shaping the 2026 Fiscal Framework through our submission to the National Treasury following our participation in the August macro-fiscal Workshop.

We welcome the introduction of this opportunity to contribute ahead of the budget tabling.

Our submission is informed by various civil society organisations that are members of the Coalition. We remain committed to engaging in a meaningful discussion that can positively influence the equitable distribution of financial resources.

Sincerely,
Budget Justice Coalition

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1. Problem Statement: Breaking with the Normalisation of Brokenness: South Africa is caught in a cycle where poverty, inequality and unemployment are treated as permanent features of our society. The normalisation of such brokenness of our economic system fosters the belief that we have nothing more left to give, and that our past failures must dictate our future constraints. The fiscal framework reflects this outlook: austerity has been entrenched, growth has stagnated, debt service costs continue rising, and human needs remain unmet. South Africa's macro-fiscal framework must break with this fatalism to build an economy that works for all. We must see the human being behind every policy decision, and boldly adopt alternatives that unlock opportunity and dignity.

2. Guiding Principles for the Macro-Fiscal Framework

1. **Human-centred Fiscal Responsibility**: Fiscal sustainability cannot be reduced to deficit targets. Every Rand spent must strengthen rights and services, not undermine them.
2. **Equity and Justice**: Revenue and spending decisions must actively reduce inequality and protect the most vulnerable, with a clear commitment to gender-responsive budgeting and youth employment.
3. **Participatory and Transparent Governance**: Fiscal choices must be made with civil society and communities, not imposed on them. A sustainable framework is one that enjoys legitimacy.
4. **Inclusive growth:** The economy must grow to serve all of our population. The growth strategy must be inclusive, and outcomes must be measured accordingly, beyond GDP growth**.**

Recommendation 1: Replace Regressive Taxation with Progressive Alternatives

Over the medium term, government must strengthen revenue collection fairly: not by squeezing small and medium businesses, but by tackling illicit financial flows and tax base erosion by large corporations and high-net-worth tax dodgers. SARS needs to be better capacitated to close tax gaps, which is estimated to be R800-billion in total. While SARS has been allocated R7-billion to improve compliance, transparency, and accountability, it will be critical to ensure this investment targets those with the greatest ability to pay. Incentives like the Employment Tax Incentive, which have been criticised for subsidising firms without significantly reducing youth unemployment, should be reviewed for effectiveness before being continued. Beyond this, Treasury must table and assess progressive options such as VAT on luxury goods, corporate tax adjustments, and wealth and inheritance taxes.

Problem Solved: Revenue collection expands fiscal space fairly, targeting large corporations and wealthy tax dodgers, not small businesses or households, ensuring those with the greatest means shoulder responsibility.

Expected Outcome: A fair, progressive revenue framework that confronts inequality, avoids regressive levies, and secures sustainable funding for health, education, and social protection while protecting the poor.

Recommendation 2: Apply Human Rights Impact Assessments to Major Fiscal Decisions

National Treasury must embed human rights impact assessments (HRIAs) into the budget process, ensuring that every significant fiscal decision, whether revenue or expenditure, is evaluated against its impact on the State's socio-economic rights obligations. HRIAs should be participatory, transparent, and incorporate disaggregated data to assess the impact on women, children, youth, persons with disabilities, and other marginalised groups.

Problem Solved: Fiscal decisions are still driven more by technical indicators than people's rights. Without HRIAs, harmful measures like fuel levy hikes or blunt cost containment pass unchecked, entrenching austerity and denying health, education, and dignity to vulnerable communities.

Expected Outcome: Treasury is better positioned to make informed, fiscally responsible decisions that uphold rights rather than undermine them. HRIAs make trade-offs transparent, strengthen accountability, and align the fiscal framework with constitutional obligations, ensuring spending and revenue choices are judged by their impact on people's lives.

Recommendation 3: Institutionalise Gender-Responsive Budgeting

Government must move beyond symbolic gender statements and institutionalise GRB across departments. This means embedding gender analysis into planning, reporting, and accountability, focusing on recognising and reducing unpaid care work, ensuring equitable access to services, and scaling care-driven employment. Treasury should strengthen gender data, formalise GRB guidelines, and enable subnational rollout so budgets actively dismantle gender inequality.

Problem Solved: The current fiscal frameworks still fail to reflect the disproportionate burden of unpaid care work carried by women or the sectors with the greatest potential for redressing gender inequities. Without deliberate gender-responsive interventions, inequality will deepen, and socio-economic hardship will persist.

Expected Outcome: The budget would become a tool for actively reducing gender and generational inequalities. This would lead to more equitable resource allocation, better recognition of care work, and expanded opportunities for young people through public employment and skills initiatives. In practice, fiscal priorities would align with equity goals, enabling a fairer economy that reflects the constitutional commitment to dignity, equality, and social justice.

Recommendation 4: Open and Accessible Budget Process

Treasury must design a budget process that is open and accessible to all South Africans, echoing civil society's vision of *Imali Yesizwe*: by the people, for the people. This requires building civil society's and the public's capacity to understand, engage with, and monitor the budget. Allocations and reporting processes should be simplified so that trade unions, community groups, and individuals can easily track how funds are spent.

Problem Solved: Current budget processes are overly technical and inaccessible, excluding communities and weakening accountability. This fuels mistrust and leaves citizens unable to track how funds are allocated or spent.

Expected Outcome: An open, simplified budget process strengthens civil society's oversight, enables meaningful participation, and rebuilds trust by ensuring fiscal choices are transparent and accountable to the people they affect.

Recommendation 5: Make Youth Employment a Fiscal Priority

The medium-term expenditure framework must explicitly position youth investment as a central fiscal priority. Each allocation in the budget should therefore be assessed against its impact on addressing structural social challenges, including unemployment and exclusion from education, training and decent work, rather than deficit.

Problem Solved: Current fiscal planning treats youth unemployment as an add-on, subject to volatile allocations that erode programme continuity and impact. This entrenches precariousness, limits the developmental return on expenditure, and overlooks the multiplier effects of youth-focused investment on demand, household stability, and growth.

Expected Outcome: A predictable pipeline of resources for both immediate relief (through scaled, quality public employment) and structural transition (through education, skills, and permanent employment opportunities). This approach will secure a higher social and economic return on public spending, while signalling a decisive break from austerity that has entrenched youth exclusion.

Trade-Offs and Risks

Within this macroeconomic framework, all fiscal choices involve trade-offs. The real test is transparency: Who bears the burden, and is it fair? The government must weigh not only proposed risks but also the costs of doing nothing.

a. **Progressive Tax Alternatives:** Strengthening compliance and closing loopholes may face corporate resistance, while wealth and inheritance taxes risk capital flight if poorly designed. Sequenced reforms, stronger SARS capacity, and global cooperation can mitigate this. The alternative - continued reliance on regressive levies - deepens inequality and weakens demand.
b. **Human Rights Impact Assessments:** Embedding HRIAs may lengthen the budget process and require new institutional capacity. Yet without them, fiscal decisions will continue to be made on narrow technical grounds, undermining constitutional obligations and eroding public trust. The short-term administrative cost is far outweighed by the long-term benefit of budgets that actively protect rights.
c. **Gender-Responsive Budgeting:** Institutionalising GRB requires upfront investment in data, training, and monitoring, and will face inertia in departments unused to integrating gender analysis. However, failure to do so risks perpetuating unpaid care burdens, worsening gender gaps, and missing opportunities to stimulate inclusive growth through care-driven employment. Furthermore, National Treasury has committed to implementing Gender Responsive Budgeting. Failure to advance this commitment, timeously, risks erosion of public trust and credibility of the budget.
d. **Open and Accessible budget process:** Expanding participation requires funding, materials, and sustained Treasury effort, with risks of poor-quality engagement. Yet failing to engage the public is costlier: eroded trust, weak buy-in, delayed budgets, and wasted transparency gains that undermine Treasury's strong OBS credibility.
e. **Youth employment:** Prioritising youth requires sustained investment, but returns in participation, skills, and stability outweigh costs. Continued exclusion drives unemployment, mental health crises, and crime — challenges far costlier to remedy later.