Amalgamated Rural Teachers Union

(ARTUZ)

2022 Government Budget Perspective

The annual national budget statement for the year 2022 presented by the Minister of Finance Professor Mthuli Ncube on the 25th of November was presented amidst desirous anticipation, hope and keen interest by workers and citizens in general. The statement was made at a time when incomes and wages continue to be eroded by inflation and with acute deficits in funding for social services such as health, education, water and housing.

There has been hope that the annual economic growth of 7.8% projected for the year 2021 by the government would translate into meaningful change in the livelihoods of the average person and that the change would find it's logical expression in the budget statement. Frustrations with the continued talk of budget surpluses- 0.2% (2019), 1.7% for 2020 anticipated to be calmed with the redirection of funds where they are needed most in the social services where the situation is dire.

The statement reinforced government's commitment to neoliberal policies. The fiscal policies remains strongly directed towards maintaining high taxes, achieving fiscal stability , and cash budgeting . Despite repeated commitments to end RBZ quasi-fiscal commitments the government continues to trample on the independence of the RBZ which has culminated in the tax payer assuming a RBZ generated debt of US $3.3 billion. The Public debt overhang is a staggering USD $13.75 billion. The tax payer remains overburdened by odious debts negotiated by elites.

For the coming year 2022, a total budget of Zw $927.6 billion has been allocated for all government expenditure. The budget will exceed expenditure by Zw $76.5 b (1.5%) of gdp. Employment costs including pensions and interest payments have been allocated Zw $340% , 40.% of revenue. Before the appointment of Mthuli Ncube as Finance Minister the wage bill amounted to over 80% of government revenue. The former AFDB Vice President and Chief Economist achieved this through the strangulation of workers by devaluing the currency in line neoliberal structural adjustment tenets. The median wages for government workers are Zw $18000 and the lowest paid teacher earns $21000 inclusive of housing and other allowances.

As a result of both the fiscal and monetary policy distortions the inflation continues to weaken the disposable incomes of workers and working people. The current inflation rate of 58% entails that there is massive erosion of wages and that the current allocation of $340 billion is little and insignificant in improving the condition of workers. The huge disparity between nominal wages and real wages can only be addressed by the restoration of the USD$540 wage for teachers including an annual bonus. According to the fair-wage hypothesis which is based on researches carried out in the labour market, poorly remunerated workers tend to be unmotivated and their productivity as a result declines over time.

Budgetary Allocation for Social sectors

Sector.	Allocation.	% of Total Budget.	Expected Commitment
Education.	$124b.	12.8%	20% Dakar Declaration 2000
Healthcare.	$117 b.	12.2%.	15% Abuja Declaration
Housing.	$10b.	1.0%.	9.6% African Union
Social Protection.			
Ministry of Public Service,			
Labour and Social Welfare.	$10b	1.0	4.5% Social Policy Africa
Higher & Tertiary Education.	$35b.	3.5%	

Budgetary allocation for social services has fallen significantly far lesser than the recommended targets that would ensure the country's progressive realization of , a. Sustainable development goals (SDGs) and the African Union Agenda 2063. The deep cuts in social expenditure entails the continuation poverty, inequality, deprivation and the failure by the government to achieve higher scores on social indicators such life expectancy.

Resources were allocated for BEAM - $4.1B, Radio, television and online education during COVID-19- $100m, Personal Protective Equipment for schools- $1 billion, schools rehabilitation. An indication to recruit 10000 teachers was made but no fiscal commitments were made.

Taxes

The most shocking is the levy on cell phones, a flat fee of USD 50 is retrogressive as it derails all efforts towards digital inclusion. In COVID-19 context Zimbabwe should be focusing on promoting virtual learning through ICT tools. ICT tools also brings potential for economic growth if properly utilized across sectors. This levy should be scrapped.

Government taxes are mainly derived from Vat (24%), Corporate income tax (18%) , Personal income tax (17%) and intermediate transaction tax contributes the remainder. The raise of the tax free threshold from Zw $10 000 to Zw $25 000 upon which the income bracket of $25001 to Zw $60 000 is taxed 20% is retrogressive. This is the bracket that most underpaid workers fall in and it means further reduction of their starvation wages.

Retirement

package calculated based on the Total Consumption Poverty Line remains little because upon retirement workers expect a meaningful package which reflects their years of hardworking contribution to the civil service and which allows them stability.

Industry

A meagre Zw $3.9 billion was allocated for the Ministry of Industry and Commerce. Zisco steel was allocated Zw $1 billion and the Industrial Development Corporation was allocated $2.3 billion reviving it's subsidiaries. The poor funding of industry highlights the tragic weakness of neoliberalism and degenerate nationalism in formulating a progressive industrialization program. It is clear that government has no plans for reviving industry.

Agriculture

Agriculture was allocated Zw $124 billion, 12.8% of the budget thereby surpassing the Maputo Declaration (2003) of 10%.

Climate change

In the budget statement, a sum of Zw$ 54billion was set aside for climate change programs including Pfumvudza. There is need for funding of alternative renewable energy projects and incentives for those who starting renewable energy projects.

The budget statement failed to articulate how significant it is to budget in an inflationary environment where prices and costs are always changing. The big business is protected since it has access to subsidized forex on the Dutch Auction System but the average worker who does not own the means of production has no access and neither can he/ she index his/wages to the US dollar unilaterally like the business persons.

ARTUZ INFORMATION DEPARTMENT.

+263776129336/775643192/777473135