



## PRESS RELEASE

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### CIVIL SOCIETY HUMAN RIGHTS BUDGET

## PEOPLE SHOULD BE AT THE HEART OF MINISTER'S BUDGET, NOT COST CUTTING

*Treasury's MTBPS cannot cut costs at the expense of vulnerable South Africans.*

Minister Malusi Gigaba will deliver the Medium Term Budget Policy Statement (MTBPS) at National Parliament tomorrow. The MTBPS is a crucial part of government's budget cycle, and will include all adjustments and reallocations to the national budget. It is vital that the minister does not announce any cost-cutting measures which might see the rights of South Africans, and especially vulnerable groups, impeded on.

South Africa currently faces massive economic and social pressures. One out of every two South Africans is living in poverty. The rate of unemployment continues to grow - 64% more people are in long-term unemployment today than in 2008. The state is accruing debt faster than it is collecting revenue.

To protect ordinary people, the budget must prioritise investment in our human capital through education, health, and social services. Retrenchment of frontline employees – nurses, teachers, doctors and police – must be avoided at all costs.

As civil society organisations, we call on the Minister to address the following concerns:

#### **Health:**

Despite nominal increases in health budgets, current provincial allocations for health care remain insufficient. A number of provincial departments have reported unfunded commitments in excess of R13 billion. These are expenditures that have been incurred in the absence of funding and have a significant impact on health care delivery. Meeting these commitments reduces operational health budgets, leading to a vicious cycle of underfunding often with disastrous consequences. The Life Esidimeni crisis is a harrowing example.

The final National Health Insurance, if implemented, would ensure that quality health care is available for all. However, the ongoing freezing of critical health posts and under investment in the maintenance of critical infrastructure, including medical equipment, puts this project at risk.

We call on the minister to urgently resolve provincial departments' solvency crisis and avail the resources required to ensure critical health posts are fully funded.

#### **Basic education:**

The 2016 deadline for implementing the *Minimum Regulations Relating to Norms and Standards for School Infrastructure* has come and gone. Yet, access to water, electricity and sanitation remain inadequate, and school building constructed of unsafe materials such as asbestos and mud are yet to be replaced. Infrastructure backlogs are particularly severe in rural provinces.

Inadequate funding at both provincial and national level is a significant driver of this failure, as is a crippling lack of capacity. The inability of PEDs and DBE to utilise allocated funds have precluded increases to the Education Infrastructure Grant and the School Infrastructure Backlog Grant despite the additional delivery pressures created by the Norms and Standards. Future arrangements must factor in the costs of additional capacity, especially in rural provinces. It cannot be that the provinces with the greatest need are allocated the least given inadequate capacity. We urge National Treasury to use allocation methodologies that do not deepen inequalities between historically disadvantaged and advantaged provinces.

### **Housing:**

South Africa's housing crisis will only be addressed with adequate resources. Instead, we have noted worrying decreases in real term allocations to the national housing budget. Although expenditure trends are generally positive, spending by metros on the Urban Settlements Development Grant faces serious challenges. We hope that this will not result in the reduction of funds.

The USDG is crucial for the upgrading of informal settlements, which together with the provision of affordable public rental housing will be central in addressing South Africa's housing backlog.

If government is serious about improving the living conditions of households residing in informal settlements, where the majority of South Africa's poor continue to live, a more concerted effort needs to be made and political will given to turning this grant around. The efficient use of the USDG could go about transforming South Africa's urban housing landscape.

### **Social security:**

Without social grants, many families would simply not survive. The *Poverty Trends* report shows the critical extent to which grants reduce poverty. The issue of the low value of social grants is something that is frequently raised. Although 17 million of 55 million have access to the grant, more than 12 million of these grants are child support grant. In 2016, the monthly value of this was R360 per child per month, which is far lower than the R498 food poverty line.

For the last 5 years, the respective ministers of finance have committed to eradicating the means test for children and older people, due to the very high levels of poverty in these age cohorts. We urgently call for this to be part of the outcomes of the current Nedlac negotiations around comprehensive social grants.

In addition, there are no social grants for able-bodied working-age people between the ages of 18 and 59 years old. The result is a large number of poor people without access to social security, despite their Constitutional Rights.

We call on National Treasury to increase the rand amount for the child grant, to at least the level of the still minimalist 2017 lower bound poverty line of R758. We also call on the Minister of Finance to consider social grants for working-age people.

### **Conclusion:**

The Minister's controversial appointment as the head of National Treasury comes at a time when vulnerable South African's cannot afford to have their Constitutional rights compromised. We call on the minister to take up the onus of the developmental and redistributive government imagined in the Constitution, and deliver a budget that prioritises the needs of people over those of the elite.

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