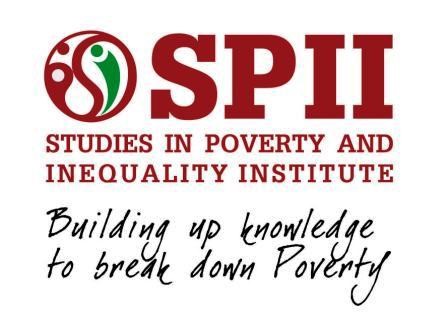
**SUBMISSION BY THE BUDGET JUSTICE COALITION (BJC) ON THE 2018 MEDIUM TERM BUDGET POLICY STATEMENT (MTBPS)**

**TO THE JOINT MEETING OF THE STANDING AND SELECT COMMITTEES ON FINANCE**

29 October 2018

Submitted by:

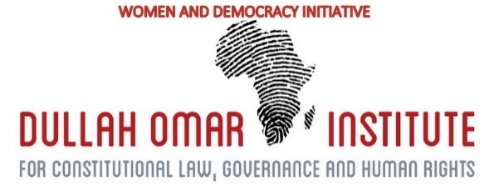










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The UMTAPO Centre

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**1. INTRODUCTION**

This submission is informed by a range of civil society organisations (CSOs) who are part of the Budget Justice Coalition, including the Studies in Poverty and Inequality Institute (SPII), SECTION27, Equal Education (EE), Equal Education Law Centre (EELC), the Rural Health Advocacy Project (RHAP), the Children’s Institute, the Alternative Information and Development Centre (AIDC), the Institute for Economic Justice (IEJ), the Dullah Omar Institute (DOI), Pietermaritzburg Economic Justice and Dignity (PMEJD), the National Shelter Movement, and the Public Service Accountability Monitor (PSAM) - CSOs working for the promotion of social justice and equality in South Africa.

We are appreciative of the opportunity afforded us by the Committees to present our inputs.

The primary purpose of this submission is to highlight areas within the selected programmes that are in need of concerted interventions in relation to budgeting and planning, following the tabling of the Medium Term Budget Policy Statement (MTBPS), the Adjustments Estimates and Adjustment Appropriations Bill by the Minister of Finance, Tito Mboweni on 24 October 2018.

Each of the organisations that contributed to this submission hope to engage further with the Committee, National Treasury, and relevant line function departments in due course.

Rather than taking bold steps to stimulate the economy and embark on a more inclusive growth path, the Medium Term Budget Policy Statement (MTBPS) merely tinkers at the margins. While we welcome that the statement focused on improving governance and strengthening institutions such as SARS, it is the view of the Budget Justice Coalition (BJC) that an economic recovery and turnaround will come only from investment in all aspects of improving our Peoples’ lives. The anaemic social spending of recent years, and real per capita cutbacks taking place in some areas, will only further entrench patterns of poverty and inequality. The MTBPS reinforces South Africa’s austerity policy direction and does little to ensure government’s revenue-raising and spending advance the fulfillment of socio-economic rights.

The country faces continued underfunding of social sectors, especially health, education, and social development. Although a useful scapegoat in the face of government’s dearth of new ideas, the public sector wage bill is not the root cause of our problems. Austere debt targets and a refusal to improve the progressivity of our tax system, by increasing taxes on the rich and corporations, are limiting government’s revenue raising and spending potential. Billions of Rands foregone from two decades of decreasing corporate and personal income tax rates and a failure to crack down on tax evasion are a central cause of our budget deficit, as is under-performance and irregular, fruitless and wasteful expenditure.

The South African economy remains stagnant over the medium term and the budget deficit persists. Notably there is no additional revenue expected and government commits to debt stabilization and fiscal consolidation. With no additional revenue, the expenditure ceiling will be maintained and reprioritisation of funds between and within Departments will be the only option. This has perverse consequences for the poor, who suffer in various ways, as we outline below.

**2. OVERALL EXPENDITURE**

Over the medium term, non-interest spending grows in real terms by an average of only 1.9% per year. This is marginally above population growth of approximately 1.6% but well below pre and post 2008 global financial crisis levels. This means that spending will be insufficient to make any meaningful dent in addressing urgent social priorities. The MTBPS shows woefully low final government consumption expenditure growth of 0.8% in 2018 and 0.2% in 2019- in other words, a real decline when considered against population growth.

Further, the President’s fiscal ‘stimulus’ is present only in name. No new expenditure is allocated and the identified priorities are funded through taking funds away from other programmes. This raises real concerns about where the reductions are being made and what is being sacrificed in the reprioritisation exercise. The BJC is also concerned that reprioritisation could potentially act to encourage underspending in important sectors/programmes.

**Recommendations:**

* Examine the proposed reprioritisations for areas where funding is being removed from programmes that are important, but are not delivering due to issues within departments.
* The Budget Justice Coalition would welcome a committee that focuses on pro-poor rights-based fiscal policy.

**3. REVENUE**

Revenue raising through both taxation and debt remains limited and constrains expenditure. The MTBPS flags tax shortfalls of R27.4 billion for 2018/19. Despite pressing social needs, the MTBPS commits government to “maintain the main budget expenditure ceiling” and “avoid increases in major tax instruments,” thus reducing room for counter-cyclical borrowing and spending, and shrinking the space for pro-equality policies. This is contrary to official policy in the 2014-2019 MTSF which committed government to counter-cyclical fiscal policies: to stimulate the economy in times of economic stagnation. Given that we have entered a ‘technical recession’ it is hard to understand why government is pursuing ‘procylical’ fiscal policies instead of stimulating the economy.

In response to a deepening socio-economic crisis, the BJC has previously proposed[[1]](#footnote-1) the beneficial potential of increasing personal income tax rates for high-income earners, raising corporate income tax rates moderately, instituting higher VAT rates on luxury goods, and cutting tax-breaks for the wealthy, while increasing taxation of wealth. Yet Treasury has consistently refused to seriously consider these options, or to seriously engage on their merits. With the Davis Tax Committee’s[[2]](#footnote-2) term having ended, it is not yet clear which committee will be doing research on these matters in future.

The BJC welcomes the scrapping of VAT on sanitary pads, bread flour, and white cake flour, but notes that these zero-ratings mask important exclusions. In the context of the staggering, anti-poor, increase to VAT in February 2018, we are disappointed that Treasury did not make the decision to zero-rate[[3]](#footnote-3) a number of essential necessities such as nappies, school uniforms, protein-rich foods (for example, chicken and peanut butter), and candles, recommended by the VAT expert panel, as well as a number of other items proposed by the BJC. These measures would have gone some way towards reducing the unsustainable costs of living for poor and low-income households. Over 50% of these households have children, which is a crucial point, given that close to two thirds of children live in poverty, and 1 in 4 children under the age of 5 years are stunted.

While the MTBPS references the VAT Expert Panel’s view that relief to low-income households could be offered via targeted expenditure, the MTBPS fails to meaningfully entertain the recommendations made by the panel in this regard. The VAT Panel recommended strengthening the National School Nutrition Programme and increasing the Old-Age Pension and Child Support Grants to mitigate the impact of the VAT increase on poorer households. It is particularly disappointing that the value of the child support grant was not increased by R20 per month as was recommended by the panel. The BJC does however welcome that it is outlined in the MTBPS that the Department of Women has developed a framework to provide free sanitary towels to learners from low-income households and that the project rollout is funded through the provincial equitable share.

The increase in the VAT rate was made to raise an expected additional revenue of around R22.9 billion. The Independent Panel of Experts had noted that the VAT increase would raise tax on the poorest 50% of households by around R1.8 billion. Based on calculations presented by the Independent Panel of Experts in their report on zero-rating, the total VAT relief relating to cake flour is R588 million, bread flour, R153 million and sanitary products, R111 million. This represents VAT relief of R852 million to households. Of this VAT relief, only R66 million accrues to the poorest households.

Further, the speech was silent on reversing the unacceptable and regressive VAT increase. It is also noted that full year tax collections will be R27.4 billion less than expected, of which R20 billion reflects increased VAT refunds. Much of the revenue raised through the VAT increase is being counteracted by VAT refunds including outstanding VAT refunds, which is a reflection on the malaise that set in at SARS.

In the face of the scale, depth and negative consequences of the food affordability crisis facing millions of South African households, the measures proposed in the mini-budget are staggering. We see no urgent or substantial measures announced to protect millions of South Africans from a deepening affordability crisis.

Some positive interventions to improve the governance of the South African Revenue Service (SARS), and the additional allocation of R1.4 billion, are welcome. However, the government has not demonstrated that it is committed to tax justice. By not planning to increase Personal Income Tax for High Net Worth Individuals, or corporate income tax, and failing to introduce a net wealth tax, the government is failing to demonstrate a commitment to redistribute resources to poor South Africans, shortly after the painful VAT increase, despite our unacceptably high levels of inequality. The absence of fiscal space to increase taxes is a myth and the BJC rather notes a deliberate decreasing of this space. The MTBPS shows that by 2021/22 the main budget revenue to GDP ratio won't even have caught-up to its 2015/16 levels, despite the massive backlogs our country is facing.

There is also a lack of commitment towards increasing or resolving collection issues of Corporate Income Tax and of illicit financial flows. United Nations Committee on Economic Social and Cultural Rights, in its concluding observations on the initial report of South Africa on the implementation of the International Covenant on Economic, Social and Cultural Rights, recommended[[4]](#footnote-4) that South Africa intensify its efforts to combat illicit financial flows and tax avoidance with a view to raising national revenues and increasing reliance on domestic resources, including by combating trade mispricing within multinational corporations; and seeking international cooperation with relevant international organizations as well as the countries of origin of multinational corporations to this end.

The policy statement notes the challenging debt environment, projecting higher debt levels than in the February Budget. The government is pursuing only open capital market borrowing and is depriving itself of alternative sources of funding, such as borrowing at a below-market, but financially-sustainable, rate from the Government Employee Pension Fund (GEPF) which carries a significant surplus - a two percentage point lower interest rate would translate into a R55 billion savings. In other words, by not looking seriously at heterodox debt management options, the government is not only imposing austerity policies on its citizens, but is also potentially bringing South Africa closer to a debt crisis, contrary to commitments to addressing this problem.

No meaningful stimulus can be funded within the current fiscal envelope and creative solutions for generating additional revenue are urgently needed. For example, part of the large surplus in the Unemployment Insurance Fund (UIF) could be leveraged for a work-seekers grant for the unemployed - only around R15 billion p/a of the surplus would be needed from around the current R140 billion as a part contribution to such an important initiative.

**Recommendations**:

* Reverse the VAT increase and indicate when over the next three years this will be implemented.
* Look into the option of borrowing at a below-market, but financially-sustainable, rate from the Government Employee Pension Fund (GEPF).
* Look into the utilisation of the Unemployment Insurance Fund (UIF) for a work-seekers grant for the unemployed.
* Request National Treasury to seriously look at proposals to increase progressive forms of taxation, such as the detailed proposals previously put forward by the BJC, and proposals for implementing a wealth tax, including those contained in the Davis Tax Committee’s report.
* Intensify efforts to combat illicit financial flows and tax avoidance with a view to raising national revenues and increasing reliance on domestic resources, including by combating trade mispricing within multinational corporations, and seeking international cooperation with relevant international organisations, and countries of origin for multinational corporations.
* With a view towards potentially increasing the fiscal envelope, provide an urgent update on the implementation of all recent commitments relating to mitigating the impact of illicit financial flows, as per page 159 of the Budget Review 2018, including: the coordination of a 2018 national risk assessment; the 2018 commissioned study to identify gaps between the capital flows and anti-money laundering frameworks; the introduction of a requirement that state-owned companies must obtain prior written consent from the National Treasury on certain categories of cross-border transactions; participation in the multi-agency workgroup to target illicit financial flows; the increasing of capacity to detect, analyse, investigate and report suspicious cross-border transactions; and the awareness campaign involving authorised dealers to promote the early detection and reporting of suspicious cross-border transactions or activities.

**4. MACROECONOMIC POLICY**

Macroeconomic policy remains a key impediment. While the budget policy statement has rightly identified the need to “change the underlying structure of the economy” the policies listed to address this are woefully inadequate. This indicates an unwillingness to implement policies to shift the South African growth path away from a reliance on low-employment, capital-intensive and high-skill services sectors (particularly finance) that would challenge the entrenched interests of dominant sections of capital.

The MTBPS notes that inflation and exchange rate depreciation pose risks to the economy, with the latter driving the former and raising the Rand value of foreign-denominated debt. External factors drive these trends, for example, oil price trends, US interest rates, and fragilities in other emerging markets. The macroeconomic policy regime of “inflation targeting and a flexible exchange rate” (the latter without compensatory mechanisms) exacerbate, not reduce these risks, while limiting economic growth and side-lining other mechanisms for stabilising inflation and the exchange rate. In a country with our crisis levels of unemployment, and an economy mired in stagnation, our monetary policy should be targeting employment creation and growth, not further suffocating the economy through inflation targeting.

**Recommendations**:

* In light of the well-documented fact that austerity measures do not work, the South African Government needs to urgently enter into a dialogue about more creative economic alternatives.
* Fiscal policy needs to be strongly counter cyclical.
* Policies such as inflation targeting, which exacerbate risks to the economy, should not be prioritised.
* South Africa’s monetary policy should target employment creation and growth.

**5. INFRASTRUCTURE SPENDING**

In the context of this MTBPS following shortly on the heels of the Government's announcement of fiscal stimulus, the emphasis on increased infrastructure expenditure in the MTBPS is welcomed, however, we need to be cautious. The emphasis on ‘innovative financing mechanisms,’ ‘blended finance,’ and borrowing from multilateral development banks is very concerning. The history of such public-private partnership is one of onerous loan conditionalities and of financing guarantees for private profits at the taxpayer’s expense. The Budget Justice Coalition advocates for transparency in relation to any agreements to be entered into relating to these infrastructure projects.

The BJC is also concerned by on-going governance issues within the existing infrastructure programme and calls for greater transparency and citizen involvement. The BJC calls for the Asset Registers of state institutions to be scrutinised carefully for assets that have not been listed therein. Citizen based monitoring is ideally suited to tracking progress on the building of school infrastructure using the school infrastructure backlogs grant.

The maintenance of infrastructure owned by the state needs to be examined. Reports in the media of “sick building syndrome” in buildings owned by the state or bridges that collapse, are concerning. Investing in infrastructure and then failing to maintain it, means that the life cycle of the infrastructure is shortened. The effective maintenance of infrastructure not only prolongs its lifecycle, but importantly, also represents an opportunity for job creation.

We note that in the Adjusted Estimates of National Expenditure, the Department of Public Works has only signed 5 of the 20 planned cooperation protocol agreements with Provinces and Municipalities and yet, the allocation for intergovernmental coordination has been reduced by R1.96 million through virements and shifts.

**Recommendations**:

* Require transparency in relation to the agreements entered into relating to these infrastructure projects.
* Asset Registers of state institutions to be scrutinised carefully for assets that have not been listed thereon.
* Deployment of officials from the Chief Procurement Officer’s office to oversee supply chain management for all government related procurement programmes.
* Partnering with civil society to undertake citizen based monitoring to track progress on the building of school infrastructure using the school infrastructure backlogs grant.
* Consider how an improved programme for the maintenance of infrastructure can be utilised to create jobs and prolong the lifecycle of state infrastructure.

**6. FISCAL RISKS**

Poorly governed and highly indebted State Owned Companies (SOCs) remain a fiscal risk, in particular, Eskom’s debt levels. It is also important to note the potential liability that the Road Accident Fund represents to the fiscus. The MTBPS shows that there will be further significant fuel levy increases to manage the liability. South African Airways also poses a risk with a R14.2 billion debt that is maturing. R5 billion has been allocated to help the airline to pay this debt. Urgent action must be taken to secure the financial stability of SOCs in order for them to fulfill their developmental mandate. A number of state owned companies are indebted. The BJC strongly urges that plausible turnaround plans need to be generated as SOCs will continue to represent a significant risk to the fiscus if the governance issues are not rectified. The BJC welcomes the efforts of shareholder departments that are exercising the oversight within their statutory mandates to address the crises at SOCs and stabilise them.

It is noted that in the Adjusted Estimates of National Expenditure document, it is outlined that five out of six shareholder compacts were signed and five out of six corporate plans were signed. The shareholder compact and corporate plan of South African Express Airways were not finalised. This is concerning at a time when SA Express is being bailed out to the tune of R1.249 billion. This is occurring at a time when media reports[[5]](#footnote-5) outline that SA Express is wasting R1 million per day on planes that can’t fly.

It is also noted that 11 out of 24 planned quarterly financial review reports per year have been completed. Six months into the year, one would expect 12 reports to have been completed, therefore there have been issues completing a financial review report with one of the State Owned Entities.

It is noted that in the Adjusted Estimates of National Expenditure, the National Treasury’s allocation to Programme 4: Asset and Liability Management has been decreased by R8.9 million. The Asset and Liability Management Division is the unit within the National Treasury “responsible for managing government’s annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. It also promotes and enforces prudent financial management of state-owned entities through financial analysis and oversight”[[6]](#footnote-6). It is inexplicable as to why this division would have a cut in its programme management spending at a time where debt management risks and contingent and accrued liability risks emanating mainly from State Owned Entities are listed as key fiscal risks. This unit needs to be bolstered. And key vacancies at the National Treasury need to be filled with experienced, skilled public servants.

There is no detail on how provinces and municipalities will be capacitated to manage funds and implement key programmes (including support for municipal recovery plans). It is noted that National Treasury is offering training of municipal officials in financial management competencies and that the progress in terms of training is that 583 out of a target of 1000 officials have been trained. This is welcomed and arguably should be expanded to further municipalities and to Provinces as well as covering the development of recovery plans.

Given that R3.4 billion had to be allocated to drought relief funding in the AENE, the BJC suggests that climate change poses a fiscal risk to the country. It is concerning to note the poor performance of the Department of Water outlined in the AENE. The Department of Water is amongst the departments with an extremely poor track record in relation to irregular expenditure. As the effects of climate change and drought have a severe impact on citizens and businesses alike, addressing the governance issues at the Department of Water and entities with mandates relating to water is key. Government needs to address the effects of climate change in a more proactive manner.

**Recommendations**:

* Continue to prioritise the urgent addressing of governance issues at State Owned Entities which are exposing the fiscus to risk through contingent liabilities.
* Look into the reasons for the decreasing of the Asset and Liabilities Management Unit at National Treasury’s programme management spending.
* Enquire with National Treasury as to plans in relation to filling key vacancies with experienced, skilled public servants.

**7. HEALTH**

Over the last 6 years health care budgets have been flat-lining with year-on-year increases amounting to little more than 1 percent after adjusting for inflation. When adjusted for population growth of 1.6 percent, the health budget is in fact declining year on year. The National Department of Health’s estimates of a funding shortfall of R14 billion per annum, along with unpaid financial commitments of a further R14 billion, push the shortfall to over R28 billion. While the government has admitted to this crisis, and while the President has committed in a number of fora to addressing this crisis, there is no additional funding in the MTBPS to deal with the challenges. Instead, funds are redirected from the NHI conditional grant to cover immediate needs.

Without health workers there is no health system and there are currently over 40 000 vacancies in the public health system. The question is; what is the makeup of the current health workforce or, what is the ratio of frontline health workers to administrators and managers? What levels of care are our existing health workers able to give?

While district health services, at an average of 57%, receive the largest share of budgets, when you consider that more than 35% of this allocation goes to district hospitals, it is evident that more than 60% of resources are spent on hospicentric curative services. So, while we speak to the importance of primary health care, this is not translated into the way budgets are being allocated or spent.

Health and healthcare needs and systems are not static. As the funding for health has deteriorated over the last 6 years, the need for health care has increased. The increase in health utilisation was driven, in part, by expanded eligibility requirements for people living with HIV, with the all positive cases now able to access ART. The poor political environment and poor economic outlook, as evidenced in the decreasing value of the Rand, has translated into higher costs. The increasing incidence of non-communicable diseases such as hypertension and diabetes are impacting significantly on the quality of life and survival of health care users. Governance failures in a number of health programmes have resulted in the deterioration of the public health system.

The findings of the long-awaited health market inquiry provided insight into the operations of the highly profitable, but too-often inefficient private health sector. It provides evidence of poor governance and accountability relationships between non-profit medical schemes and the extremely profitable medical scheme administrators. Poor use of market power by administrators in managing incidences of supplier induced demand. The latter finding was not surprising, if you consider that on a per capita basis, there are five times as many doctors servicing the private sector than those employed in the public sector. Similarly, the proportion of available hospital beds in the private sector relative to the number of insured patients far exceeds the need. Conversely, the public sector has seen a decline in total beds available and with increasing financial strain are unable to recruit or retain health care workers.

With the introduction of a human resources component to the NHI indirect grant for the employment of critical health staff, the funding availed is likely to only the meet funding shortfalls in government’s contractual obligations to fund the medical internships and the employment of community service professionals. However, the broader Human Resources crisis remains unaddressed: 2 200 additional recruits, while welcome, are far from answering the urgent combined needs of the 9 Provinces. The allocation of over R150 million towards the procurement of bed linen and beds, while important, seems arbitrary in light of broader health system’s needs. For instance, there is a continued failure to address the broader infrastructure needs, and no allocations are made either to improve staff accommodation in rural areas, which prevents health care professionals from settling themselves sustainably in these areas. Finally, community health workers have a significant role in addressing the burden of disease. Transitioning these workers’ stipends in line with the national minimum wage is commendable, but the continued unnecessary delay suggests this hasn’t been adequately prioritised (the increase is only planned for 2021).What is concerning is the lack of alignment to the principles of the NHI in the prioritisation of funds from the NHI grant. A key concern raised in comments on the NHI bill has been on the state's ability to transition to strategic purchasing and the reprioritisations are effectively a missed opportunity to test some of these principles.

In light of the urban-rural gap in accessing health, we are therefore questioning these patch-up reforms as a failure to address the really critical issues. In other words, by simply re-prioritising expenditure allocations, and giving short-term solutions, the MTBPS doesn’t address core questions: Why is there so much underspending within health departments? Why are the health revitalisation grants being reduced? Why are health departments still underfunded to meet their mandates? Why have medico-legal expenses escalated to R2 billion per annum? All these question are important, and answering them will be critical in order to implement the NHI, yet are far from addressed by the MTEF, as currently proposed.

**Recommendations:**

* Address underspending in health departments.
* Reverse reductions to the health revitalisation grants.
* Reduce medico-legal expenses.
* Future allocations to address broader health infrastructure needs.
* Urgently address the Human Resources crisis within the health-care sector.
* Future allocations to improve staff accommodation in rural areas which prevents health care professionals from settling themselves sustainably in these areas.

**8. EDUCATION**

Whilst we welcome funding being re-prioritised to basic education infrastructure for the 2018/19 financial year, the additional R800 million that has been allocated to the nationally administered School Infrastructure Backlogs Grant (SIBG) does not come close to reversing the almost R7.153 billion cuts[[7]](#footnote-7) made to infrastructure grants in the previous budget. This adjustment to school infrastructure grants will, in some part, alleviate the pressure felt by the Department of Basic Education (DBE) as it now has had to continue delivering school infrastructure with a significantly limited infrastructure budget.

However, more concerning is the pace and efficiency with which the DBE has been working towards achieving its infrastructure delivery targets. When comparing the Department’s performance against its set targets for the Accelerated Infrastructure Delivery Initiative (ASIDI), the Department has, in the first six months of the 2018/19 financial year, built 9 out of 50 schools, provided 64 out of 285 schools with sanitation facilities and provided 64 out of 325 schools with access to water. This gross underperformance by the DBE is deplorable and we are deeply disappointed that no-one is being held accountable to address this situation. There is a need for more financial and performance management support in order to avoid under/over-expenditure and improve performance within the ASIDI. In other words, there should be greater attention to improving the performance of the infrastructure programmes in the short to medium term.

The 2018 MTBPS and tabled adjustments to estimates of national expenditure have made upward adjustments, however there are serious concerns regarding the source of the re-prioritised funds that have increased these baseline allocations. The MTBPS notes that funds have been re-prioritised from poor performing and underspending programmes, however this does not address the challenges inherent within those programmes that have led to their respective underperformance. During the 2017/18 financial year, R415 million of the education infrastructure grant – which is allocated to provinces – was declared unspent. The return of these funds to National Treasury signals that at a provincial level, departments of education struggle to plan and spend budgets adequately. Despite their failure to spend the entire EIG allocated budget, poor school infrastructure continues to be a consistent feature across the country. We see a mutually reinforcing cycle of under-performance, under-resourcing, and under-delivery.

The MTBPS 2018 further notes that the early childhood development (ECD) conditional grant of R500 million will continue to subsidise services for children from low-income households and improve ECD centres. However, no adjustments have been made to the grant in the 2018 MTBPS. The R500 million allocation is not enough to subsidise the number of poor children and ensure adequate infrastructure for ECD centres in South Africa. It is important to note that the delivery of ECD services requires an understanding of the number and distribution of young children. It is also critical to understand the conditions that children live in in order to provide needs-based services. The ECD services are important for the educational development of children, to ensure that they have a good foundation. We welcome the continuation of the ECD grant beyond its inception year as it is projected to reach 60 000 children; however with more children needing to be provided with this service, the Department of Social Development and National Treasury must work to together to ensure that the 21% budget underspending from the 2017/18 year does not continue in the upcoming financial year.

We acknowledge the zero-rating of sanitary pads as of 1 April 2018, but are disappointed that school uniforms were not similarly zero-rated, as recommended by the Independent Panel of Experts. We also note the announcement that the Department of Women has developed a framework to provide free sanitary towels to learners from low-income households, and that this project rollout will be funded through the provincial equitable share. An undisclosed allocation to the provincial equitable share- which is not ring-fenced- does not ensure that such funds will be used specifically for the purpose of providing sanitary towels, or even for any education purposes at all.

Finally, attention must be paid to the quality of education learners receive. The 2016 [Progress in International Reading Literacy Study](https://www.up.ac.za/media/shared/164/ZP_Files/pirls-literacy-2016_grade-4_15-dec-2017_low-quality.zp137684.pdf) (PIRLS)[[8]](#footnote-8) has revealed that after four years of schooling, 78% of South African learners cannot read for meaning. This compares poorly with the international average of 4% and with other middle income countries such as Iran (35%) and Bulgaria (only 5%).[[9]](#footnote-9)  
  
Learners from rural areas achieved significantly lower scores than learners attending school in suburban and urban areas, with the latter being more than two years of schooling ahead. Disparities were also evident between language groups, with learners who wrote in English and Afrikaans achieving far higher scores than those who wrote in other African languages.

Considering that the ability to read is necessary for learners to progress to the next grade, these statistics highlight that learners’ potential to progress through the basic education system is compromised. The government needs to pay particular attention to ‘no-fee’ schools, which are often under-capacitated and under-resourced. The constitutional right to basic education does not only speak to access to schooling, but also the quality of the education provided. With regard to improving learning outcomes, targeted, funded interventions are required, such as teacher coaching, reduced class sizes and/or remedial classes.

**Recommendations:**

* Reductions to school infrastructure grants over the medium-term must be reversed. These reductions undoubtedly impact on government’s ability to deliver desperately needed school infrastructure and address the dire circumstances under which thousands of learners, especially those in rural provinces, are expected to learn.
* There needs to be a concerted effort to provide both the national and provincial departments of education with the necessary support, to overcome governance and administration challenges, in relation to school infrastructure delivery.
* The draft framework on the provision for sanitary towels for girl learners must be finalised and made available for public comment. An appropriate funding mechanism must be developed to ensure that girl learners are indeed able to access these free sanitary towels.
* Department of Social Development and National Treasury to work to together to ensure that the 21% budget underspending on the ECD grant from the 2017/18 year does not continue in the upcoming financial year.

**9. SOCIAL DEVELOPMENT**

With regards to Social Development, the Constitution, as well as the International Covenant on Economic Social and Cultural Rights (ICESCR), obliges the South African government to respect, protect and fulfil socio-economic rights. Progressive realisation requires the full realisation of socio-economic rights over time and entails the obligation of non-retrogression. Further, the Maximum Available Resources obligation of the ICESCR requires states to demonstrate that they have utilised all of their available resources to fulfil socio-economic rights.

The BJC asserts an understanding/reframing of social grants as necessary economic stimulus and recommends more fully integrating the welfare system into South Africa’s economic recovery plans. Increasing social grants should be at the centre of a pro-poor economic stimulus. This point remains pertinent when amelioratory measures in response to austerity are severely lacking; despite the weight of its constitutional guarantee, poor people between 18 and 59 still have no access to state financial support. The BJC is also very concerned that the Child Support Grant (CSG) of R410 is below the value of the food poverty line of R547/person/month. The low value of the grant means parents and caregivers cannot afford basic food for their children, never mind other costs such as nappies, school uniforms, and transport. To address these wrongs, the United Nations Committee on Economic Social and Cultural Rights [recommended](https://tbinternet.ohchr.org/_layouts/treatybodyexternal/SessionDetails1.aspx?SessionID=1200&Lang=en) on 12 October 2018,[[10]](#footnote-10) that South Africa investigate the feasibility of a Basic Income Grant for All, and increase the CSG amount to the level of the food poverty line. The need to increase the CSG amount was also recommended by the Panel of Experts appointed by Treasury to investigate ways to mitigate the negative impact of the VAT increase. We are disappointed that these recommendations have not been responded to in the MTBPS.

The BJC is very concerned about under-spending within the Department of Social Development (DSD), in relation to the Child Support Grant(CSG), which stands at R100 million in the first half of the 2018/2019 fiscal year. This is reported to be due to “lower than anticipated take-up”. These are significant funds that have been taken away from government’s most successful child poverty alleviation programme. This follows on a R518 million underspend on the CSG for the 2017/18 year reportedly due to “greater efficiency in eligibility assessment”. The BJC is concerned that this trend of taking money away from the CSG line-item does not align with the principles of Non-Retrogression or Maximum Available Resources.

The take-up of the Child Support Grant is lowest among infants and orphans- two particularly vulnerable groups that should be prioritised in a time of resource constraints. The BJC would like to know what the government is doing to address the barriers that exclude these especially vulnerable children from access to this grant- especially the birth registration barriers.

In the February 2017 budget of the Department of Social Development, a commitment was made to providing a higher CSG to orphans who are in the care of extended family members and additional budget was included for implementation in 2019/20. However the law required to put this into effect, the Social Assistance Amendment Bill, has been sitting on Parliament’s table since April 2018 despite a court order requiring it to be prioritised. Without this law being passed, the budget will be unspent- at a time when caregivers are most in need of additional income.

The DSD also underspends on the Food Relief Programme. Only 112,806 vulnerable individuals accessed food through this programme, against a target of 415,000 individuals. That is only 27% of the targeted individuals and follows a similar trend in the previous year. In both years, this was attributed to delays in making transfers to Non-Profit Organisations. These delays in transfers to NPOs negatively affect not only the individuals in need of the food, but also the continued employment of the women and youth working in the NPOs. The Budget Vote narrative does not offer any detail on how these delays will be prevented from reoccurring.

**Recommendations:**

* More fully integrating the welfare system into South Africa’s economic recovery plans.
* Address underspending in relation to the Child Support Grant (CSG).
* Urgently Increase the Child Support Grant amount.
* Address the barriers that are reducing the take-up of the CSG, especially those that exclude vulnerable children.
* Investigate the feasibility of a Basic Income Grant for All.
* Address underspending in relation to the Food Relief Programme.
* Parliament to prioritise the Social Assistance Amendment Bill in line with court order.

**10. VIOLENCE AGAINST WOMEN & CHILDREN PROVINCIAL EQUITABLE SHARE AND THE VICTIM EMPOWERMENT PROGRAMME**

Social welfare services continue to be overlooked as a key component of social spending. This is a decades’ old problem, the neglect of which significantly disadvantages both those who undertake the work of social care, as well as those who receive this care. We illustrate this through the example of funding to shelters.

The 2017 MTBPS announced that additional funds would be allocated to address violence against women and children (VAWC). Following this, R788 million was allocated to the provincial equitable share (PES) at the start of the 2018/19 financial year to be used to fund VAWC and Isibindi programmes. The 2018 MTBPS reiterates this commitment by noting that provinces will continue to increase victim empowerment centres and community-based care services for children. This needs to be much more directive as a statement, if we are to apply any lessons from the allocations in 2018/19. The addition to the PES was not in the form of a conditional grant and, as a consequence, provinces spent the money in different ways.

In the Western Cape the Department of Social Development (DSD) allocated R13 million of the equitable share to its 2018 budget, creating a total of R45 million to be distributed amongst 16 shelters for abused women. This permitted the introduction of a new funding model that allowed for a 30% unit rate increase per beneficiary to cover direct costs related to their sheltering and increases to post subsidies that enabled shelters to employ 3 housemothers instead of 2 at an increased monthly rate of R3 500 (instead of R2 116). In addition, a new subsidy was made available to shelters: a skills development subsidy amounting to R2 500 per beneficiary and intended to help women increase their employability.

By contrast the Free State DSD allocated R5.5 million of its R11.2 million equitable share portion to the Victim Empowerment Programme. This was used to employ social workers, train personnel, market the National DSD’s GBV Command Centre and establishment of shelters[[11]](#footnote-11). In the interim at least one shelter closed in the province due to underfunding.

This particular shelter was allocated just under R400 000 for 2018/19, with the bulk of this funding earmarked for community victim support services, a Men and Boy’s programme, some administrative expenses, and the employment of a veteran social worker. Approximately 35.9% of the funding was allocated towards shelter expenses. This intended to cover costs includinged client expenses i.e. transport (R895/month) and food (R4 583/month). With the shelter housing a total of 16 women and children the food allowance amounts to a mere R9 per person per day. Post subsidies were equally low. All personnel, but for the retired part-time social worker, were provided with a volunteer stipend of R600/month – including the shelter manager, all housemothers and other administrative staff.

Two points can be made about the inadequate subsidisation of NPO social welfare services: the amounts deprive beneficiaries of an acceptable standard of quality care; and they may result in staff being paid less than the proposed minimum wage. These unacceptable service and working conditions will be worsened should Cabinet effect budget cuts to spending on social welfare. This is an area where funding needs to be increased to ensure that beneficiaries’ rights to dignity are upheld, while organisations receive subsidies that fairly reflect the value of their work.

We thus welcome Minister Mboweni’s suggestion that the size of cabinet be reduced and ministerial perks be decreased. This could contribute to ensuring that NPOs across the frontline of welfare services’ provision, receive subsidies for their staff that appropriately recognise the monetary value of their labour, including by ensuring that no subsidy is below the minimum wage. In addition, organisations must also receive subsidies of a size that enables the effective functioning of programmes. Finally, clear guidance should be provided around the allocation of the PES. Rather than it being utilised to add more staff to government’s wage bill we suggest that it be used to strengthen existing NPO services.

**Recommendations:**

* Ensure that NPOs across the frontline of welfare services’ provision, receive subsidies for their staff that appropriately recognise the monetary value of their labour, including by ensuring that no subsidy is below the minimum wage.
* Ensure that NPOs providing services that are government mandates receive subsidies of a size that enables the effective functioning of programmes.
* Clear guidance to be provided around the allocation of the Provincial Equitable Share.

**11. GENDER SENSITIVE BUDGETING**

The BJC reiterates its concern about the impacts of austerity and fiscal adjustment on households and particularly on women and children, LGBTQI+ individuals, and rural households.

The MTBPS presented Minister Mboweni with a chance to address this pivotal issue but unfortunately it had no assessment of the impact on the aforementioned groups.

**Recommendations:**

* The impacts of austerity and fiscal adjustments on women and children, LGBTQI+ individuals, and on rural households needs to urgently be examined and addressed.
* More disaggregated data collection in terms of various gender and sexual identities needs to urgently be enabled and implemented.

**12. HUMAN SETTLEMENTS**

Two matters tabled in the MTBPS are worth highlighting; the first being the changes to grant structures amounting to R14.7 billion to promote upgrading of informal settlements and the second being the centralisation of housing subsidies amounting to R1 billion to better support middle and lower income home buyers.

Expenditure over the medium term has decreased compared to same time last year due to low transfers to the Social Housing Regulatory Authority and it is concerning to note the withholding of the Human Settlements Development Grant to Limpopo due to the province’s non-compliance with the Division of Revenue Act.

In the first half of 2018/19, only 74 of the annual target of 546 informal settlements had clear settlement upgrading plans. It is also of concern that in the first five months of the financial year, only 30 576 subsidy units were delivered against an annual target of 99 454 and 789 finance linked individual subsidies were disbursed to qualifying home owners in affordable housing market against a target of 18 680. 545 rental units were delivered in the first quarter against a target of 20 429. These constitute a massive shortfall against governments own targets.

The finance linked subsidy programme supports households whose income is too high to qualify for a government provided house. Subsidies within the programme administered through the National housing Finance Corporation will be increased with funding shifted from the Human Settlement Development Grant. The title deeds restoration grant will be phased back after 2021/22.

**Recommendations:**

* Urgently address the failure to meet human settlements targets.
* Address decreasing expenditure due to low transfers to the Social Housing Regulatory Authority.
* Address the withholding of the Human Settlements Development Grant to Limpopo.

**13. RURAL DEVELOPMENT & LAND REFORM**

The AENE shows the lack of commitment by the government to land reform and restitution. In the mid-year performance report for the Department of Rural Development and Land Reform, both the targets for land reform and for restitution appear unachievable. After 6 months, government has only reached 12.5% and 23% of these targets respectively.

**Recommendation:**

* Urgently address the poor performance on land reform and restitution.

**14. PUBLIC SECTOR WAGE BILL**

The discourse from government on public sector wages has been quite disturbing. The reality is that development cannot take place, unless the right number of properly trained, decently remunerated public servants are available in all the critical areas, particularly frontline service delivery. Instead of confronting the top-heavy nature of the bureaucracy, and the need for fundamental restructuring to ensure that resources go to the right places, ordinary public servants, often overstretched and working under difficult conditions, are being demonised. The BJC is aware that far more needs to be done to improve the training and performance of public servants at all levels, but cutting back critical staff, or their wages, in the context of dire shortages of staff in key areas, is the wrong approach. The MTBPS unfortunately takes this problematic stance to a new level.

No additional funds have been made available for personnel budgets, despite above inflation wage rises, meaning that departments will continue to be forced to cut non-personnel budgets, such as on goods and services, transfers to implementing agents such as NPOs providing social welfare services to vulnerable groups, equipment and maintenance, or to reduce critical posts, either directly, or by failing to fill vacancies, which already stand at close to 200 000.

There are concerns that responsibility for wage increases is now being shifted to provinces, without increasing their allocations, with potentially disastrous results. In the context of accumulating spending arrears and the increased wage bill, social sector departments are operating in a near unworkable environment in their quest to deliver services.

Members of the Budget Justice Coalition have put forward concrete proposals on how the wage bill can be restructured, including through rationalising high paid posts, reducing upper end salaries and perks, and redeploying administrative staff to support frontline professionals, to release them from non-core functions, thereby improving delivery. But Cabinet remains trapped in an old mindset, thinking that by applying blunt fiscal instruments they can resolve what is in reality an organisational problem. In reality such ‘solutions’ will only exacerbate the problem, and force departments and provinces to make impossible choices, for example between key personnel and infrastructure, which in the end will prejudice poor and working class communities who have to rely on public services.

**Recommendations:**

* Ensure that the right number of properly trained, decently remunerated, public servants are available in all the critical areas, particularly frontline service delivery.
* Urgently address vacant critical posts, which already stand at close to 200 000.
* Additional funds must be made available for personnel budgets in order to decrease forced cuts to non-personnel budgets, such as goods and services, and equipment and maintenance.
* Urgently consider the BJC’s proposals on how the Wage Bill can be restructured, including through; rationalising high paid posts, reducing upper end salaries and perks, and redeploying administrative staff to support frontline professionals,  in order to release them from non-core functions and thereby improve delivery.

**15. UNEMPLOYMENT**

Vague promises to create jobs through a ‘fiscal stimulus’ focused on infrastructure, within the parameters of an austerity budget, and a stagnating economy, are unrealistic and unconvincing. The BJC is very disappointed to see no meaningful proposals to stimulate the economy and create employment. Dogmatic adherence to conservative and self-defeating fiscal policy stances, which have consistently failed in the past, show an inability to respond boldly to a crisis situation, or to consider a serious stimulus along the lines of what a number of countries have done since the global economic crisis.

Unfortunately, it seems the government is relying nearly exclusively on private investors to solve the problem, when they themselves have been waiting on the sidelines for a number of years, waiting for action from the state. This business as usual stance is extremely disappointing especially in a context where South Africa needs massive investments to both deliver essential goods and services, and to transition its economy towards a wage-led low carbon development path. We don’t accept the mantra that there were no other choices. What we have seen is a singular failure of imagination and a new dialogue on economic alternatives is required.

We note that in a time where unemployment is of extreme concern, the Adjusted Estimates of National Expenditure show underspending of R17.473 million from the Jobs Fund. Whilst it is noted that the Jobs Fund is on track with achieving its targets for 2018/19, notwithstanding the underspending, there appears to be a trend of underspending from the Jobs Fund. The Jobs Fund is an important programme in terms of addressing unemployment. The underspending needs to be addressed.

To the extent that there is a mismatch between skills and current labour market demand, government should be improving the opportunities for vocational training that meets labour market demand. There is also the need to improve the opportunities and support for entrepreneurship and the creation and sustainment of small businesses, including through making affordable credit available.

It must also be noted that research has also shown that a work-seekers grant would be immediately affordable and feasible and the BJC calls for more government engagement around this.

**Recommendations:**

* Address underspending on the Jobs Fund.
* Improve the opportunities for vocational training.
* Improve opportunities and support for entrepreneurship and the creation and sustainment of small businesses.
* Engage around the feasible implementation of a work-seekers grant.

**16. CONCLUSION**

Our recommendations emerging above are summarized as follows:

**Overall expenditure:**

* Examine the proposed reprioritisations for areas where funding is being removed from programmes that are important, but are not delivering due to issues within departments.
* The Budget Justice Coalition would welcome a committee that focuses on pro-poor rights-based fiscal policy.

**Revenue:**

* Reverse the VAT increase and indicate when over the next three years this will be implemented.
* Look into the option of borrowing at a below-market, but financially-sustainable, rate from the Government Employee Pension Fund (GEPF).
* Look into the utilisation of the Unemployment Insurance Fund (UIF) for a work-seekers grant for the unemployed.
* Request National Treasury to seriously look at proposals to increase progressive forms of taxation, such as the detailed proposals previously put forward by the BJC, and proposals for implementing a wealth tax, including those contained in the Davis Tax Committee’s report.
* Intensify efforts to combat illicit financial flows and tax avoidance with a view to raising national revenues and increasing reliance on domestic resources, including by combating trade mispricing within multinational corporations, and seeking international cooperation with relevant international organisations, and countries of origin for multinational corporations.
* With a view towards potentially increasing the fiscal envelope, provide an urgent update on the implementation of all recent commitments relating to mitigating the impact of illicit financial flows, as per page 159 of the Budget Review 2018, including: the coordination of a 2018 national risk assessment; the 2018 commissioned study to identify gaps between the capital flows and anti-money laundering frameworks; the introduction of a requirement that state-owned companies must obtain prior written consent from the National Treasury on certain categories of cross-border transactions; participation in the multi-agency workgroup to target illicit financial flows; the increasing of capacity to detect, analyse, investigate and report suspicious cross-border transactions; and the awareness campaign involving authorised dealers to promote the early detection and reporting of suspicious cross-border transactions or activities.

**Macroeconomic policy:**

* In light of the well-documented fact that austerity measures do not work, the South African Government needs to urgently enter into a dialogue about more creative economic alternatives.
* Fiscal policy needs to be strongly counter cyclical.
* Policies such as inflation targeting, which exacerbate risks to the economy, should not be prioritised.
* South Africa’s monetary policy should target employment creation and growth.

**Infrastructure spending:**

* Require transparency in relation to the agreements entered into relating to these infrastructure projects.
* Asset Registers of state institutions to be scrutinised carefully for assets that have not been listed thereon.
* Deployment of officials from the Chief Procurement Officer’s office to oversee supply chain management for all government related procurement programmes.
* Partnering with civil society to undertake citizen based monitoring to track progress on the building of school infrastructure using the school infrastructure backlogs grant.
* Consider how an improved programme for the maintenance of infrastructure can be utilised to create jobs and prolong the lifecycle of state infrastructure.

**Fiscal risks:**

* Continue to prioritise the urgent addressing of governance issues at State Owned Entities which are exposing the fiscus to risk through contingent liabilities.
* Look into the reasons for the decreasing of the Asset and Liabilities Management Unit at National Treasury’s programme management spending.
* Enquire with National Treasury as to plans in relation to filling key vacancies with experienced, skilled public servants.

**Health:**

* Address underspending in health departments.
* Reverse reductions to the health revitalisation grants.
* Reduce medico-legal expenses.
* Future allocations to address broader health infrastructure needs.
* Urgently address the Human Resources crisis within the health-care sector.
* Future allocations to improve staff accommodation in rural areas which prevents health care professionals from settling themselves sustainably in these areas.

**Education:**

* Reductions to school infrastructure grants over the medium-term must be reversed. These reductions undoubtedly impact on government’s ability to deliver desperately needed school infrastructure and address the dire circumstances under which thousands of learners, especially those in rural provinces, are expected to learn.
* There needs to be a concerted effort to provide both the national and provincial departments of education with the necessary support, to overcome governance and administration challenges, in relation to school infrastructure delivery.
* The draft framework on the provision for sanitary towels for girl learners must be finalised and made available for public comment. An appropriate funding mechanism must be developed to ensure that girl learners are indeed able to access these free sanitary towels.
* Department of Social Development and National Treasury to work to together to ensure that the 21% budget underspending on the ECD grant from the 2017/18 year does not continue in the upcoming financial year.

**Social development:**

* More fully integrating the welfare system into South Africa’s economic recovery plans.
* Address underspending in relation to the Child Support Grant (CSG).
* Urgently Increase the Child Support Grant amount.
* Address the barriers that are reducing the take-up of the CSG, especially those that exclude vulnerable children.
* Investigate the feasibility of a Basic Income Grant for All.
* Address underspending in relation to the Food Relief Programme.
* Parliament to prioritise the Social Assistance Amendment Bill in line with court order.

**Violence against women & children Provincial Equitable Share and the Victim Empowerment Programme:**

* Ensure that NPOs across the frontline of welfare services’ provision, receive subsidies for their staff that appropriately recognise the monetary value of their labour, including by ensuring that no subsidy is below the minimum wage.
* Ensure that NPOs providing services that are government mandates receive subsidies of a size that enables the effective functioning of programmes.
* Clear guidance to be provided around the allocation of the Provincial Equitable Share.

**Gender sensitive budgeting:**

* The impacts of austerity and fiscal adjustments on women and children, LGBTQI+ individuals, and on rural households needs to urgently be examined and addressed.
* More disaggregated data collection in terms of various gender and sexual identities needs to urgently be enabled and implemented.

**Human settlements:**

* Urgently address the failure to meet human settlements targets.
* Address decreasing expenditure due to low transfers to the Social Housing Regulatory Authority.
* Address the withholding of the Human Settlements Development Grant to Limpopo.

**Rural development and land reform**:

* Urgently address the poor performance on land reform and restitution.

**Public Sector Wage Bill:**

* Ensure that the right number of properly trained, decently remunerated, public servants are available in all the critical areas, particularly frontline service delivery.
* Urgently address vacant critical posts, which already stand at close to 200 000.
* Additional funds must be made available for personnel budgets in order to decrease forced cuts to non-personnel budgets, such as goods and services, and equipment and maintenance.
* Urgently consider the BJC’s proposals on how the Wage Bill can be restructured, including through; rationalising high paid posts, reducing upper end salaries and perks, and redeploying administrative staff to support frontline professionals,  in order to release them from non-core functions and thereby improve delivery.

**Unemployment:**

* Address underspending on the Jobs Fund.
* Improve the opportunities for vocational training.
* Improve opportunities and support for entrepreneurship and the creation and sustainment of small businesses.
* Engage around the feasible implementation of a workseekers grant.

**The Budget Justice Coalition thanks the committees for the opportunity to submit our inputs and engage further in relation to the submission.**

**ABOUT THE BUDGET JUSTICE COALITION**

The Budget Justice Coalition (BJC) is a coalition of about twenty progressive civil society organisations who acknowledge that work to ensure substantive equality in our society is not possible without active engagement with, and transformation of, the budget.

**WHO WE ARE**

The **Alternative Information & Development Centre (AIDC)** is an activist think-tank that implements an integrated strategy that involves research, information dissemination, popular education, coalition building and advocacy. AIDC was formed in 1996 and has played a significant role in challenging corporate globalisation through supporting and coordinating campaigns for debt cancelation, against trade and financial liberalisation, for tax justice and against illicit capital flight. Over the years AIDC has had the capacity at a national, regional and international level to draw a broad range of movements into networks and coalitions around critical issues of development.

The **Children's Institute, University of Cape Town**, aims to contribute to policies, laws and interventions that promote equality and realise the rights and improve the conditions of all children in South Africa, through research, advocacy, education and technical support.

**Equal Education (EE)** is a movement of learners, parents, teachers and community members. EE works for quality and equality in South African education, through research, analysis and evidence based activism. EE’s head office is in the Western Cape, with satellite offices in Gauteng and the Eastern Cape, and a strong presence in KwaZulu-Natal and Limpopo. Since being founded in 2008, Equal Education has led campaigns aimed at the development of learning facilities; improved practice, content and access to teaching; the building of commitment and passion among teachers and learners; and improving the overall efficacy of South Africa’s education system. Our focus and attention is directed by the interests of our members, drawn largely from working-class and poor communities.

The **Equal Education Law Centre** is a public interest law centre made up of activist lawyers and researchers working to advance the struggle for quality and equality in education through legal research, advocacy and strategic litigation.

The **Institute for Economic Justice (IEJ)** is a new progressive economic policy think-tank located in South Africa, and launched in 2018. IEJ’s core objective is to provide policy makers and progressive social forces in South Africa with access to rigorous economic analysis, and well thought through policy options, as a basis for concrete interventions. Interventions proposed by the IEJ seek to advance social justice, promote equitable economic development that realises socio-economic rights, and ensure a thriving, democratic, environmentally sustainable, and inclusive economy that places the needs of the majority at the centre.

The **National Shelter Movement (NSM)** is an NGO established in 2008 to serve as a formalised body to represent shelters across South Africa. The NSM secretariat is based at the Nisaa Institute for Women’s Development and comprises of 8 provincial representatives. The NSM has played a vital role in establishing and mentoring shelter movements in all 9 provinces; in monitoring of shelter service delivery and conducting assessments to understand the differing needs of women’s shelters across the country and to facilitate relationships between shelters and provincial DSD’s. The NSM also engages with other government departments and relevant stakeholders on any shelter and victim empowerment related topics.

The **Pietermaritzburg Economic Justice & Dignity Group (PMEJD)** envisions a society of solidarity rooted in new forms of relationships based on a politics of love and universality for a new economy which serves society and provides justice, equity, and dignity for all. PMEJD was founded in 2018 in Pietermaritzburg, South Africa, in response to the unjust and unequal political economy of South Africa which is characterized by high levels of economic inequality, low baseline wages, high levels of unemployment, a household affordability crisis and an apartheid neoliberal capitalism that destroys human solidarity. PMEJD locates itself in solidarity with those who suffer the consequences of this unjust political economy; and in support of imagining and working towards a more just political economy which is dignified, just and inclusive.

The **Public Service Accountability Monitor (PSAM)** is a civil society organisation that aims to improve the provision of public services essential to the reduction of poverty by strengthening social accountability initiatives. The PSAM is specifically concerned with improving governance and public resource management in South Africa and sub-Saharan Africa. This is achieved through the activities of three interrelated programmes: the Monitoring and Advocacy Programme (MAP), the Regional Learning Programme (RLP) and the Advocacy Impact Programme (AIP). The PSAM was established in 1999 and is based at Rhodes University within the School of Journalism and Media Studies in the Eastern Cape. The Monitoring and Advocacy Programme of the PSAM seeks to contribute to the progressive realisation of the rights to housing, health and education. The programme also focusses on strengthening public accountability mechanisms in the areas of environmental governance and local government.

The **Rural Health Advocacy Project (RHAP)** is a leading health advocacy organisation based in Johannesburg, advocating for equitable access to quality health care for rural communities in the whole of South Africa. Informed by the voices of rural healthcare workers and communities on the ground, partner organisations, stakeholders and research, RHAP conducts advocacy, generates debate, monitors implementation of health policies in rural areas, supports pro-equity government interventions, and rural-proofs policies to ensure that they are in tune with rural realities. RHAP’s vision is a health system where rural communities access equitable, quality health care services.

**Section 27** is a public interest law centre that seeks to achieve structural change and accountability in the health care and education sectors in particular to ensure the dignity and equality of everyone under the Constitution.

The **Studies in Poverty and Inequality Institute (SPII)** is an independent research and advocacy think-tank that focuses on generating new knowledge, information and analysis in the field of poverty and inequality studies. SPII’s objective is the realisation of the transformative principles enshrined in the South African Constitution through advancement of the socio-economic rights (SERs) contained under the Bill of Rights. SPII acts to achieve this overarching objective through an applied use of research – policy and budget analysis, and the development of quantitative indicators to provide tools for rigorous time- specific analysis, building qualitative research through community participatory active research, and promoting participation in social dialogues to achieve the change we seek. SPII has conducted human rights budget analysis for almost decade, through the Socio-Economic Rights Monitoring Tool project, and published two research reports on the right to adequate housing.

The **Women and Democracy Initiative**, based at the **Dullah Omar Institute (DOI)** focusses on realising the rights of women and other marginalised people through strengthened democratic systems. The DOI started its work under the name 'Community Law Centre', an organisation borne out of the struggle against apartheid. The Community Law Centre opened its doors in 1990, Adv Dullah Omar, a human rights lawyer, was its first director. The Centre played a major role in the negotiations towards a democratic South Africa. The Institute works in five research areas, namely children’s rights, socio-economic rights, multilevel government, criminal justice reform and women’s rights.

1. <http://section27.org.za/2018/10/press-statement-civil-society-organizations-highlight-mtbps-expectations/> [↑](#footnote-ref-1)
2. <http://www.taxcom.org.za/> [↑](#footnote-ref-2)
3. <https://www.dailymaverick.co.za/article/2018-08-10-new-report-supports-expanding-vat-zero-rating/> [↑](#footnote-ref-3)
4. <https://tbinternet.ohchr.org/_layouts/treatybodyexternal/SessionDetails1.aspx?SessionID=1200&Lang=en> [↑](#footnote-ref-4)
5. <https://businesstech.co.za/news/government/280357/sa-express-is-blowing-r1-million-a-day-on-planes-that-cant-fly-report/> [↑](#footnote-ref-5)
6. National Treasury website: <http://investor.treasury.gov.za/pages/default.aspx> [↑](#footnote-ref-6)
7. <https://equaleducation.org.za/2018/10/23/pre-statement-on-mtbps-minister-mboweni-reverse-cuts-to-education-spending/> [↑](#footnote-ref-7)
8. <https://www.up.ac.za/media/shared/164/ZP_Files/pirls-literacy-2016_grade-4_15-dec-2017_low-quality.zp137684.pdf> [↑](#footnote-ref-8)
9. https://equaleducation.org.za/2018/01/10/media-statement-children-who-cannot-read-cannot-participate-in-democracy/#\_ftn6 [↑](#footnote-ref-9)
10. <https://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=E/C.12/ZAF/CO/1&Lang=en> [↑](#footnote-ref-10)
11. Correspondence between the Institute for Security Studies and National Treasury, letter dated 7 September 2018. [↑](#footnote-ref-11)