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Honourable SN Buthelezi, MP, Chairperson: Standing Committee on Appropriations (National Assembly), and Honourable DG Mahlangu, MP, Chairperson: Select Committee on Appropriations (National Council of Provinces).

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**Written submission and request to make an oral presentation at the public hearings on the 2023 Division of Revenue Amendment Bill on Friday, 17 November 2023. Submitted by amandla.mobi, on behalf of other community organisations and various members of the public.**

Dear Members of the Standing and Select Committee on Appropriations, this submission presents the demands and concerns of those directly impacted by decisions that underpin the 2023 Division of Revenue Bill. In addition to the below-written submission, we would like to make an oral presentation to the committee members on Friday, 17 November 2023.

Ahead of the MTBPS, we called on this government to stop the VAT hike plan proposed by National Treasury. We welcome the decision not to hike the VAT. The marginalised millions who cannot afford to put food on the table would not have survived an increase in food and other basics.

We welcome the extension of the R350 grant and the Presidential Youth Employment Initiative (PYEI) by another year. These are essential interventions that millions of people rely on for survival.

However, we must reiterate that more needs to be done. The budget tabled by Finance Minister Godongwana is nothing short of perpetual poverty for the marginalised majority.

### **R350 grant**

Although the R350 grant has been extended to March 2025, the grant budget has decreased from R40 billion in 2022 to R34 billion [1]. Not only has the grant been inundated with maladministration, but the exclusionary regulations have seen millions of people rejected for it. With this budget cut, more people will be excluded from the grant, pushing them into deeper poverty. It is unacceptable that National Treasury cut funding and shows little consideration for people who rely on the grant to survive.

The amandla.mobi community and other organisations have consistently called on this committee to urge the National Treasury to increase the grant and turn it into a Basic Income Grant (BIG). We still stand by that demand.

### **Presidential Youth Employment Initiative**

Since its inception in 2020, the Presidential Youth Employment Initiative (PYEI) has provided employment opportunities for more than 830,000 youth. By August 2023, four million young people were reported to have been registered onto the network of the PYEI [2].

It is disappointing that the year-long extension of the PYEI comes at the expense of other social intervention programmes under the Presidential Employment Stimulus (PES), with money redirected to fund the extension.

It remains unclear which of the programmes under the PES will be defunded.

Youth organisations such as the Youth Capital are actively advocating for more funding for the PES because unemployed youth rely on that for money and work experience to increase their employability in an already challenging environment.

We call on this committee to investigate further what other programmes have been cut off and to encourage the Presidency to find the money to continue funding the stimulus package.

### **Social grants**

We have presented to this committee countless times why social grants must be increased, and where to find the money. However, Finance Minister Godongwana continues to leave people experiencing poverty behind with his budgets.

Social grants, including the R350 grant, are insufficient to sustain livelihoods. The R350 grant is inundated with maladministration, and the exclusionary regulations have seen millions of people rejected, although they qualify for the grant [3]. In 2022, civil society took the government to court over unfair R350 grant regulations, which were new at the time [4]. The Institute for Economic Justice (IEJ) and #PayTheGrants recently launched litigation against Sassa over unfair exclusions of the R350 grant [5]. Across the country, tens of thousands of people, and organisations, have called for the better administration of the grant and an increase to match the food poverty line. But even after countless efforts to appeal to Social Development Minister Lindiwe Zulu & SASSA to fix issues with the grant, the calls have fallen on deaf ears.

We call on this committee to heed the calls to fix the R350 grant problems, increase all social grants by R500, and implement a BIG urgently.

## **Taxes**

It is encouraging that the Minister has mentioned plans for more taxes in the next budget to help raise revenue.

We again reiterate and present to you the need for a wealth tax in this country. SARS has since done a good job identifying and tracking individuals who have evaded tax.

We once again call on this committee to urge National Treasury to implement the following taxes:

- Increase Personal Income Tax for those earning over R1 million annually;
- Commit to introducing an annual net wealth tax at a higher rate of 3% for those with a wealth of more than R3.8 million, 7% for those with a wealth of more than R30 million and 9% for those with a wealth of more than R146 million.

We understand this committee deals with how the pie is cut during budgets. Every time National Treasury opts for austerity, it compromises this committee's credibility in ensuring the most deserving get justice. This committee must hold National Treasury accountable for not introducing more effective taxes that will raise revenue to help close the poverty gap.

## **Health and Education**

In his February budget, Finance Minister Godongwana allocated R259 billion to public healthcare. This budget was further reduced in his MTBPS by R24 billion. Mzansi is already struggling with a shortage of health care practitioners, and public hospitals are overcrowded, need more resources and face medicine shortages. Funding for HIV/Aids and TB services has been cut by R1 billion, not to mention cuts on healthcare infrastructure.

While more money was allocated for wage costs in the education sector, the budget for education has not been increased, with 1.7 billion reduced for school infrastructure.

Cutting funding for health and education sectors is a form of violence towards millions who rely on public services. The cuts further exacerbate poor health and inequality.

### **National Treasury remains unaccountable**

In October, we sent a PAIA request to National Treasury to provide research evidence behind their decision not to tax the rich more and increase social grants. The request followed after National Treasury was ordered to provide the information during the Finance Committees' public hearings in March. Our follow-ups were then ignored. We were supposed to have received the response before the MTBPS, but Treasury requested an extension, blaming it on the preparations for the MTBPS. It is alarming that National Treasury cannot readily provide information they use to make decisions. Does this mean their decisions that impact millions of lives are not evidence-based?

Hundreds of thousands of amandla.mobi members have signed different petitions with different demands in the people's best interest. A fraction of those demands have been implemented, but the victories have since been undermined by the continuous austerity budgets and measures that have taken the country steps back. Unfortunately, it is the marginalised majority who feel the consequences of these setbacks.

For years, National Treasury has continued to fail the majority of the poor by protecting the greedy people and big businesses. Over the years, the Treasury has created a sense of panic with claims that the country has no money, making people feel they must choose one social intervention over the other. But we continue to see corruption scandals with millions of money missing, misused, underspent, or unaccounted for. This has further created a divide among the people in Mzansi. No human being is better than the other, and everyone living in Mzansi deserves a decent and dignified livelihood.

This government needs to get its priorities straight. We continue to advocate for a better and dignified life for all. We can only hope that one day, we won't have to come to this committee to complain about the same issues.

Regards,

Tlou Seopa on behalf of the amandla.mobi community and various members of the public.

*[1] Treasury has again neglected South Africa's most economically vulnerable, says civil society organisations, Lerato Mutsila, Takudzwa Pongweni and Naledi Sikhakhane for Daily Maverick, 1 November 2023.*

*[2] Presidential Youth Employment Intervention registers 4 mln young people, Dinilohlanga Mekuto for SABC News, 28 August 2023.*

*[3] Under new rules, fewer people will qualify for R350 grant, Carol Paton for News24, 25 April 2022.*

*[4] Activists takes government to court over "unfair" R350 grant application rules, Liezl Human for GroundUp, 23 June 2022.*

*[5] Conditions for R350-a-month grant to be challenged in court, Daniel Steyn for GroundUp, 27 July 2023.*