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Presentation to the Standing Committee on Appropriations on the 2023 Division of Revenue Bill [B 4— 2024]

13 March 2024

Outline of the presentation



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- Introduction
- Recommendations
- Gender-responsive Budgeting
- Provincial Equitable Share
- Compensation for Employees
- Basic Education Conditional Grants
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Introduction

- South Africa continues to weather a [harsh economic climate](#) that will be borne by the most marginalised people in our society.
- In November 2023, the South African Human Rights Commission published a [report](#) highlighting the prevalence of **Severe Acute Malnutrition (SAM)** and **malnutrition-related deaths** among children in the Eastern Cape.
- **Unemployment remains high:**
 - qualified doctors, teachers and nurses are not absorbed into staffing public system;
 - Users receive poorer quality services from understaffed facilities.
- We need to **wield policy, legislation and funding to alleviate the suffering** experienced by the people in this country.



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Introduction

- While the DoRB is characterised by **less severe budget cuts** to conditional grants to public services, **it is still an austere budget** that will likely constrain resources available for public facilities like schools and hospitals to provide constitutionally protected rights.
- **Even in weak economic climates, the constitutional rights to basic education and health care for all in our country must be protected.**
- We seek to propose recommendations to **advance the power the DoRB** to protect the right to basic education (Section 29) and the right to access health care services (Section 27 of the Constitution) in these challenging times and the long term.



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Gender-Responsive Budgeting (GRB)

- In our submission last year, we continued to call on budget policy to redress gender inequity in the country rather than entrenching this.
- **Life for womxn in South Africa is challenging:**
 - womxn take up most of the [unpaid care work](#)
 - womxn-led households in the country are 40% poorer than ones led by men [poverty is gendered](#)
 - in these areas, [74.8% of womxn-led](#) households fall below the upper-bound poverty line
 - [unemployment among Black womxn](#) is higher than the national average



Photo from Mail & Guardian

Gender-Responsive Budgeting (GRB)

- We are disappointed to see that **GRB has been pushed back further to the MTBPS** later this year.
- Another budget passing budget decisions and legislation without consideration for their impact on the quality of life for womxn in this country.
- **We reiterate our call for urgent implementation of Gender Responsive Budgeting.**
- We recommend **public workshopping of GRB guidelines and tagging** so that the womxn in this country can better shape the National Budget - creating a genuinely gender-responsive budget.



Photo from Mail & Guardian

Gender-Responsive Budgeting (GRB)

- We call on Parliament and the National Treasury to **apply a gendered lens to decisions on the public sector wage bill:**
 - over 90% of nurses in the country are womxn
 - 80% of those employed in the public sector are Black womxn
 - 70% of teachers are womxn
- The public sector has a shortage of nurses and teachers, and South Africa has a critical unemployment challenge, particularly among womxn.
- A gender-responsive budget can be a powerful bridge to solving this complex challenge.



Photo from Mail & Guardian

Provincial Equitable Share (PES)

- **Increased by 2.6%** (from R585-billion to R600.5-billion) - **below the CPI inflation** rate forecasted at 4.7% for the 2024/25 period.
- Below-inflation allocations only **limit the available resources** to perform core functions effectively.
- We **recommend the reversal** of the trend to disinvest in the PES.
- Consideration of **growing number of public service users** so that PES is not eroded.



Photo from Freddy Mavunda

Personnel funding challenges



Photos from IOL

- Ahead of the Budget Speech this year, the public health care system was rocked by [protests](#) by unemployed newly qualified doctors.
- According to a report by RESEP, approximately [20 000 people](#) with tertiary training in education reported being unemployed.
- Occurs in a context of a deeply [understaffed public health care](#) and [education system](#).
- The failure to adequately staff health facilities and schools is attributed to [budget constraints](#).

Personnel funding challenges – Basic Education



Photos from IOL

- **3.2% increase** to R241.9 billion from the previous year's R235.3 billion - a **2.2% real cut**;
- Unlikely to increase the number of teachers in our understaffed public school system.
- For years, the National Treasury has merely **acknowledged that these budget allocations threaten education outcomes** through larger class sizes and higher teacher-learner ratios
- We are seeing some of the **lowest replacement rates** of retiring teachers because of fiscal austerity - **R397.9 million cut** to the Funza Lushaka bursary.
- A budget that **increases barriers to education attainment** may regress gains that progressive education policies have achieved for some people in this country.

Personnel funding challenges – Health care



Photo from African Liberty

- R174.6 billion, a **2.5% increase** from last year’s R171 billion (**2.5% real cut**) to the public health wage bill.
 - Funding will likely decrease staff headcount and not even cover inflation-linked wage increases.
 - Without further urgent intervention, nursing and health professional posts are likely to remain vacant.
- It is the overworked staff who are faced with **masking the impact of these austere budget measures**.
- The [underpaid](#) and overworked Chris Hani Baragwanath Hospital nurses have reported “[pooling funds to buy patients bread](#).”
- Worsening healthcare quality when nurse posts remain unfilled, resulting in overworked staff expected to provide care for an increasing number of healthcare users.

Personnel funding should be gender responsive



Photos from IOL

- A truly Gender-Responsive Budgeting is one that **recognises the gendered and racial (and other identity markers)** implications of the public wage bill.
- Healthcare and education workforces are a [critical driver](#) of **inclusive economic growth** and a means to create decent work for womxn, especially in rural and underserved communities.
- Without factoring in gender equity implications, investment in bolstering public sector capacity will likely be interpreted as an [under-appreciation of womxn's labour](#) in making a fragile public sector and society work.

Health Care: Context

- On the surface, one would think that this year's proposed health care spending is slightly better:
 - some **reversals to the cost containment** measures
 - Overall health care investment **increase of 1.7%**
- However, this is a disinvestment in public health care as this **increase will be consumed by rising prices.**
- Once adjusted for 4.7% inflation, this translated to a **2.9% real cut.**
- However, budget cuts without meaningful consideration of their impact on the constitutional right to access healthcare risks exacerbating the hardships faced in our country.



Health Care: Health Facility Revitalisation Grant



Photo from Daily Dispatch

- Clinics and health facilities are overcrowded and characterised by [massive infrastructure backlogs](#)
- We are alarmed to see a **further R1.2-billion nominal budget cut** towards the Health Facility Infrastructure Grant.
- R1.2-billion per year cut over the Medium-Term.
- Follows last year's cost containment measures which cut this grant by **5.2%**.

Health Care: Health Facility Revitalisation Grant - underspending



Photo from Daily Dispatch

- Underspending **adversely affects** the realisation of **the right to access health care**.
- We reject the approach of attempting to overcome chronic and historical underspending through budget cuts – punishes health care user.
- We recommend **urgent investment into capacity building** and **other interventions** to overcome underspending programmes **beyond budget cuts** which do not resolve this issue.

National Health Insurance Grant: Mental Health



Photo: University of Pretoria

- South Africa ranked low on mental health, according to a [2022 World Mental Health Report](#) report - attributed to:
 - High levels of violence,
 - Poverty,
 - Unemployment
 - Inequality.
- Although refreshing to see Deputy President reflect of on state of mental health services in our country, fiscal policy that does not support these positions will only entrench these issues.

National Health Insurance Grant: Mental Health



Photo: University of Pretoria

- Mental health services are allocated R164 million this year - the same allocation for 2023 - meaning that mental health investment is being eroded by inflation.
- In real terms, this translates to a **cut of 4.7%**.
- Furthermore, **contracting health practitioners** proposed funding allocation is R263 million - a **nominal cut of 8%** from 2023/24's R284 million.
- Such austere mental health funding does not reflect the urgency to address a crisis where [75% of people living with mental health illnesses](#) are unable to access treatment.

Health Care: HIV/AIDS Funding



- Our [submission last year](#) expressed concern regarding the budget cut of R1 billion to HIV funding (4% nominal cut).
- We are alarmed to see that in the 2024/25 Budget, there is a **proposed R1.3-billion cut** to HIV/AIDS funding per year over the MTEF period.
- Accepting **the lower uptake** instead of directing savings to interventions to scale ART uptake and retention is a budget decision that does not foreground the right to access quality health services in the country.
- Unlike Botswana, Eswatini, Rwanda, Tanzania and Zimbabwe have already [achieved the 95-95-95 targets](#), South Africa lags behind.

Health Care: HIV/AIDS Funding



- While the response to the HIV epidemic has improved, the epidemic has still not ended.
- **We can and must do better** to win this battle to eliminate the social and economic burden this epidemic has placed on our communities.
- Rather than returning these funds to the National Treasury, these savings need to be:
 - redirected towards **strengthening our health system's ability to scale up ART coverage** and the **treatment of TB** to allow more people with HIV to live fuller lives and overcome this epidemic.
 - **improved treatment literacy and providing comprehensive support** to people on ART to bolster ART retention.

Basic education funding: Context



Dispatch Live

- Although allocations towards Basic Education have historically been larger than other spending areas, there is still [historic and ongoing underfunding](#) of schools.
- Many learners in the country continue to attend schools plagued with [inappropriate and crumbling infrastructure](#), [unsafe pit latrines](#) and massive [teacher shortages](#).
- These problems are worsened by historic, chronic underspending, creating additional barriers to the provision of quality basic education.
- However, this underspending does not justify reducing basic education budgets as it is the most disadvantaged learners who will suffer from underfunded school systems.

Basic education funding: Context



Dispatch Live

- Consolidated Basic Education spending has received a **3.4% increase** from 2023/24's R313.7 billion (following further spending reductions owing to cost containment measures) to R324.5 billion.
- However, if we factor in the effect of a projected CPI inflation of 4.7% for the 2024/25 period, we may see an **actual investment in basic education of about R309.2 billion**.
- This will result in **fewer resources for South African public schools** to adequately fund, for example, the provision of scholar transport, stationery, and learning materials.

Basic Education: Education Infrastructure Grant (EIG)

- The EIG received a **11.4% increase**.
- Effectively a **reversal of last year's 11.5%** nominal cut to the EIG.
- Worse, Cabinet has approved a **R611-million cut** to this grant over the medium term.
- We express concern that these budget cuts constrain funding available to ***urgently eradicate unsafe pit latrines in schools***
- To eradicate overcrowding, we need adequate investment in safe and sufficient classrooms.



Photo from News24

Basic Education: School Infrastructure Backlog Grant (SIBG)



Photo from News24

- Cabinet has approved a **R1.2 billion cut** to the school infrastructure backlog grant (SIBG) over the medium term.
- Although there has been much debate on the efficacy of the SIBG, considering [its low spending rates](#), **cuts to this grant without an alternative form of intervention** will only **perpetuate the backlog** of inadequate infrastructure and hinder learners' rights to quality basic education.

Basic education: National School Nutrition Programme (NSNP)



Photo from City Press

- We **welcome increase of 5.6%** - above the estimated food inflation rate of about 4.7% in 2024 - according to the National Treasury's forecasts.
- However, we are cautious considering **actual food inflation has tended to be well above CPI inflation.**
- Food inflation in December 2023 was recorded at [8.5%](#).
- Nevertheless, a **food-inflation-linked allocation** to the NSNP will hopefully allow the current level of provisioning of the NSNP continue.

Basic education: National School Nutrition Programme (NSNP)



Photo from City Press

We reiterate our support for the South African Human Rights Commission's [recommendations](#):

- For the NSNP to be **extended to serve children below the primary school level**;
- To consider extending the NSNP to distribute food to learners on **weekends and school holidays**.
- Child hunger remains a devastating problem - in the Eastern Cape in particular.
- For many children, the NSNP provides **the [only nutritious meal](#)** they will receive in a day.
- The NSNP can be leveraged as a starting point to ensure all poor children in South Africa receive this meal throughout the year.

HIV/AIDS Life Skills Grant



- We welcome the **16% increase** in the grant.
- This reflects both a **reversal of last year's austere cuts** to this programme as well as an upward adjustment.
- HIV education is a [powerful tool](#) to reduce this risk and to support the health sector's testing and treatment of HIV.
- Just last month, the Gauteng Department of Health issued a public warning on "[risky sexual behaviour](#)": increasing transmission of STIs and HIV infection.
- [UNAIDS](#) found that providing sexual education in schools is **significant in overcoming** risky behaviour.

Conclusion

- By foregrounding human rights, funding to the provinces, conditional grants and fiscal policy all around could be a powerful lifeline for millions of people in this country.
- As such, we continue to call for **participatory human rights impact assessments** to be applied as a measure to protect the most marginalised learners and people in this country.
- We continue to call on Parliament to amplify the call to the public sector to address gender inequality through **gender-responsive budgeting** and, as such, wield fiscal policy to overcome our country's legacy as the most unequal society globally.



Conclusion

- Rather than punish learners and health care users in poor-performing provinces plagued by underspending, **funding must be directed towards investments in capacity building** to resolve underspending in the provinces.
- Budget cuts owing to underperformance without intervention to fix this **only threaten the realisation of the Constitutional rights** of the intended beneficiaries.



Conclusion

- We also remind the Cabinet that the United Nations Committee on Economic, Social and Cultural Rights (CESCR) had [expressed concern](#) in 2018 that the austerity measures introduced in our Budget could further exacerbate inequality and restrain the redistributive capacity of our fiscal policy.
- They further recommended that South Africa increase the level of funding in social security, health and education, review its fiscal policy and re-examine its growth model to move towards a more inclusive development pathway.
- It is crucial that we wield the power of the Division of Revenue Bill to proactively alleviate the hardships that people in our country are facing.

