



Budget 2020 : What is in store for provincial education, human settlements and health

28 February 2020

On Wednesday, 26 February 2020, the Minister of Finance, Tito Mboweni tabled the 2020 Budget and Tax Proposals. The focus of Budget 2020 has been to curb public spending to help contain the national debt and improve economic growth. While it is paramount for the government to cut public spending, the impact of the cuts have a negative effect in different departments and within different programmes in the Departments.

Many schools have unsafe or inappropriate infrastructure (pit latrines); [totaling 3710 across South Africa](#). According to the 2019 [National Education Infrastructure Management System \(NEIMS\)](#), the Eastern Cape alone has 1 587 schools with pit latrines as the only form of toilets. The Department of Education is failing to provide proper sanitation to public schools. The allocation to the Department of Basic Education (DBE) increased by 4%, in nominal terms, from the adjusted budget of R24 billion in 2019/20 to R25 billion in 2020/21. In real terms, the budget allocation increased by only 1.8%. While the Education Infrastructure Grant (EIG) was allocated R35 billion over the Medium-Term Expenditure Framework (MTEF), it is concerning that the Eastern Cape budget has been reduced by 2% in real terms from a 2019/20 allocation of R 1.58 billion. In our [2018 Budget Brief](#), we noted that the continued budget reductions will affect the realisation of the rights of learners to quality basic education, through the delayed delivery of infrastructure projects, for example. The ECDoE continues to experience delays in the completion of infrastructure projects due to budget reductions and poor performance. We explained the context of poor performance in our [2019 Expenditure Tracking Report](#) and noted that the department only supplied water to 94 of the targeted 169 public ordinary schools. The allocation to KwaZulu Natal decreased by 9% in nominal terms from R2.1 billion in 2019/20 to R1.9 billion in 2020/21. This decrease to the rural provinces which face the worst infrastructure challenges is concerning. The department should develop and publish publicly an action plan for performance reviews and hold non-performing contractors and project managers accountable.¹

¹The Public Service Commission. 2007 Report on Senior Management Service Compliance with Performance Agreements in the Eastern Cape Provincial Administration. Accessed from: https://www.gov.za/sites/default/files/gcis_document/201409/report-senior-management-service-compliance-performance-agreements-ecape0.pdf

It is concerning that the allocation to the School Infrastructure Backlogs Grant (SIBG) for the Eastern Cape has been reduced by 26%, in nominal terms, from R1.36 billion in 2019/20 to R1.01 in 2020/21. The SIBG funds the accelerated school infrastructure delivery initiative (ASIDI). In real terms, the SIBG allocation decreased by 29% to R965 million. The Free State had the highest decrease by 59%, in nominal terms, from R77 million in 2019/20 to R32 million in 2020/21. The reduction is of concern because it will delay the delivery of infrastructure projects by the DBE. For example, in our 2019 Expenditure Tracking Report we reported that the DBE managed to provide 63 schools with sanitation facilities, through ASIDI, against the target of 717. More funding is required for the rural provinces to ensure that the departments of education eradicate all pit latrines.

In our [2019 Budget Brief](#), we recommended that the 6th administration should ensure sufficient funding for early learning. It is worth noting that budget allocations to the Early Childhood Development Grant increased in the 2020/21 financial year. In the Eastern Cape and Kwazulu Natal this increased by 57% and 67%, in nominal terms between 2019 and 2020 respectively. The total allocation for the ECD to all the provinces increased by 77% in nominal terms to R915 million. In order to increase the number of poor children accessing subsidised ECD services through partial care facilities, the ECD grant was implemented by the Department of Social Development (DSD). This grant is currently in its fourth year and plays an important role in the resourcing of ECD as anticipated in the National Development Plan. The grant has two different objectives; to improve poor children's access to early childhood programmes and to ensure that childhood centres have adequate infrastructure. The proposed plan by the DBE to conduct an ECD audit to determine the scope of need this year is a welcome step given the need for evidence-based provisioning in all provinces.²

The budget for Human Settlements is reduced by [R14.6 billion over the MTEF](#), a decrease at an annual rate of 1.1% from R33.9 billion to R32.8 billion. This translates to a negative growth rate of -3.2 % in real terms³. This is in alignment with "government's broad imperative to reduce public spending"⁴. This decrease will further reduce the rollout of state housing for low-income earners. The Department is failing to address the housing backlog which is growing unabated and has been described as a moving target.⁵ Failure by the state to provide housing to the poor who have over the years been promised their own houses has potential to cause contestations and damage social cohesion in communities.

The 2020 Budget affirms policy shifts towards upgrading of informal settlements away from provision of housing units to the majority poor South Africans.⁶ –The Informal Settlements Programme has been created to meet these objectives, accounting for R22.6 billion or 4% of the medium-term budget. The budget for Informal Settlements programme is set to grow at an average rate of 157% over the MTEF. On the other hand, allocations for state housing units (RDP)

² 2020 Estimates of National Expenditure, at page 223.

³ $(R32.8 \text{ billion} - R33.9 \text{ billion}) / R33.9 * 100 = -3.24$

⁴ Estimates of National Expenditure 2020. Pg 522. National Treasury

⁵ Human Settlements Budget Vote. 2017 Minister Lindiwe Sisulu. Online <https://www.gov.za/speeches/minister-lindiwe-sisulu-human-settlements-dept-budget-vote-ncop-201718-6-jun-2017-0000>

⁶ Budget Review, 2020 Pg 71. National Treasury.

which fall under Affordable Housing, the budget will grow at an average rate of 39.4%.⁷ The 2020/21 budget clearly supports the Department of Human Settlements' priority for upgrading informal settlements. The state will continue to allocate RDP housing to the most vulnerable groups including the elderly and child headed households. However, the targets for providing fully subsidized will fall from 98 152 in 2019/20 to 71 685 by 2022/23.⁸ This is a reduction in supply for state housing regardless of the increasing demand of the housing for the poor. Although upgrading informal settlements will improve the wellbeing of the people living in informal settlements and provide security of tenure through formalization, the hope for the poor to own their own houses shall fade away.

In addition to the provision of houses for the most vulnerable, under the Affordable Housing Programme, whose income is above the RDP eligibility income threshold of R3500, with lump sum deposits to lower their monthly mortgages.⁹ It is however unclear how the Department will monitor the spending of the beneficiaries of the lump sum in order to ensure that it is spent on housing if the intention is to make direct transfers to beneficiaries.

In the [Budget Review](#) tabled by the Minister, expenditure for Community Development of which Human Settlements is a component, has been drastically reduced by 19% to R39.6 billion in 2020/21. Human Settlements has the lowest average annual growth rate (0.9%) over the MTEF of all other spending areas namely public transport, local government equitable share, municipal infrastructure grant, regional and local water and sanitation services and electrification programmes.¹⁰ This reduction will lower the chances of the poor accessing the right to housing as stipulated in section 26 of the Constitution of the Republic of South Africa. The Constitution states that, everyone has a right to have access to adequate housing and the state must take reasonable legislative and other measures for the right to be realised.¹¹

There several changes to conditional grant allocations for health that are tasked with implementation of the National Health Insurance (NHI). The NHI is a financing system aimed at ensuring that all citizens have access to essential healthcare, regardless of their employment status and ability to make a direct monetary contribution to the NHI Fund¹².

R55.6 million will be reprioritised over the medium term to strengthen the Department of Health's (DoH) capacity in phasing in the NHI. With conditional grants to the provinces accounting for R159.7 billion of the national budget, the budget reductions intended to lower the national expenditure ceiling affect areas like conditional grants to provinces, goods and services, transfers

⁷ Ibid 1 Pg 523

⁸ Ibid 1 Pg 521

⁹ Ibid 1 Pg 523

¹⁰ Ibid 3 Pg 59

¹¹ The Constitution of the Republic of South Africa Section 26

¹² The National Department of Health South Africa NHI (Assessed on the 27 February at <http://www.health.gov.za/index.php/nhi>).

to public entities and compensation of employees¹³. This will affect direct conditional grants which are transferred to the provinces like the direct national health insurance grant.

R55.6 million of the NHI programme has been reprioritised to build a health insurance unit¹⁴. The NHI programme aims to implement national policies and health financing reforms. With the quality of public healthcare continuing to deteriorate, the reprioritisation would be welcomed in programmes like Primary Healthcare Services (PHC). In light of the delayed plan to implement the NHI and while the NHI is being phased in, a better use of the funds could be directing them towards the strengthening of the public health system. PHC is the cornerstone to ensuring that everyone in South Africa has access to equitable healthcare services. By the time that the NHI fully comes into operation, the foundation may be strong enough to ensure health equity at all levels of care. The PHC programme develops and oversees the implementation of legislation, policies, system, norms and standards for a uniform, well-functioning district health system, including emergency, environmental and port health services¹⁵.

The PHC programmes received a increase in budget of 2.2% in real terms over the medium term Besides the [shortage of prompt, reliable, Emergency Medical Services \(EMS\) in the country](#), PHC is essential as it meets the health needs of communities and ensures that people receive comprehensive care, which ranges from promotion and prevention to treatment, rehabilitative and palliative care¹⁶.

The R160.2 billion cut from public wages¹⁷ could potentially impact on the significant additional investments in the health workforce required to improve health service access, quality and equity. According to the report on the human resources for health strategy, the improvement of inter-provincial equity in the public sector by 2025 will require an additional 97 000 health workers, mostly Community Health Workers (CHWs.) In a province like the Eastern Cape with the highest unemployment rate of 37.4% in the country, the Department of Health has only managed to employ 333 of the 500 nurses and 300 support staff which were promised in 2019 State of the Province Address¹⁸.

¹³ National Treasury Estimates of National Expenditure 2020 P. 268

¹⁴ *Ibid*

¹⁵ *Ibid* P278

¹⁶ World Health Organisation (WHO) Primary Healthcare (Assessed on 27 February at <https://www.who.int/news-room/fact-sheets/detail/primary-health-care>).

¹⁷ M Merten Tito Mboweni has gone where previous finance ministers have feared to tread — slashing the public wage bill. The political landmines are about to explode Daily Maverick (Assessed on 27 February at https://www.dailymaverick.co.za/article/2020-02-27-public-servants-wages-no-longer-sacred-in-a-time-of-doing-more-with-less/?utm_medium=email&utm_campaign=First%20Thing%20Thursday%2027%20February%202020%20SAICA&utm_content=First%20Thing%20Thursday%2027%20February%202020%20SAICA+CID_9d1f42820ed1a4db55f2c54671df3562&utm_source=TouchBasePro&utm_term=Public%20servants%20wages%20no%20longer%20sacred%20in%20a%20time%20of%20doing%20more%20with%20less)

¹⁸ Eastern Cape State of the Province Address 2020 P. 4

The personal services component of the national health insurance indirect grant which was allocated R 935.9 million over the MTEF funds the contracting of private general practitioners to provide primary healthcare services in their own practices. R1.4 billion has been reallocated towards the direct national health insurance grant which is paid to the provinces for the contracting of general practitioners to do session work in PHC facilities. This is a welcomed reallocation more so, in light of clinics in the Eastern Cape having to wait sometimes weeks for a doctor visit.

The allocation of funds to fight HIV, TB and malaria is important but the effective execution of these budgets to meet health demands is just as important. R800 million has been reprioritised from the HIV and AIDS component of the grant which may impact the country's ability to comply with the [UNAIDS 90-90-90](#) targets for South Africa.

The amount of R 800 million was reprioritized towards the community outreach service component. This is a positive towards training, remuneration and monitoring of the performance of community health workers (CHW) who are essential to meeting national 90-90-90 targets. In the current financial year, the R800 million will ensure that the standardised stipend of R3 500 per month is implemented throughout the country to community health workers¹⁹, the driving force that ensures that PHC is brought closer to the communities. The R3 500 a month stipend that is paid to CHW must be re-evaluated in light of the growing cost of living and poverty line.

Further reductions to the budget are likely to cause more harm than good. The 6th administration should ensure that there is sufficient funding for pit latrines in all public schools. With regards to Human Settlements, there is need to ensure no further budget cuts are undertaken going forward as this delays the establishment of integrated and sustainable human settlements. In order for the right to housing to be realised, there needs to be adequate resources committed by the state. Primary healthcare is essential in ensuring that a majority of the marginalised members of the population who rely on public healthcare get access to health services. There is a need for health systems strengthening while the NHI is phased into implementation. The budget must enable the department of health to better the standard of healthcare in South Africa, this means that it must increase in real terms and those tasked with service delivery must be assisted with public resource management.

[END]

For more information contact:

Esteri Msindo: Human Settlements Researcher- esterimsindo@ru.ac.za

Siyabulela Fobosi: Education Researcher- s.fobosi@ru.ac.za

Tlanelo Mothudi: Health Researcher- t.mothudi@ru.ac.za

Public Service Accountability Monitor (PSAM)

¹⁹ National Treasury Estimates of National Expenditure P. 269

School of Journalism & Media Studies

Rhodes University

South
Africa

+27 46 603 83585 (w)

Twitter: @PSAM_AFRICA

www.psam.org.za