

# **CIVIL SOCIETY CALLS ON THE FINANCE MINISTER TO DELIVER A PRO-POOR 2018 BUDGET**

## **FOR IMMEDIATE CIRCULATION**

The annual national budget has profound implications for poor and working people, and civil society is committed to engaging with government to ensure a pro-poor policy agenda. Towards this end, civil society organisations held a budget workshop on 15-16 February 2018 to explore critical issues in the runup to the 2018 budget speech, and ways for civil society to engage with the budget going forward.

An extensive range of issues were discussed, related to the budget and the fiscal framework to be tabled on 21 February. These included:

- Approaches to managing government debt in a pro-poor manner;
- Advancing a progressive taxation agenda;
- Debates on the role of macroeconomic policy in development;
- Consolidating and expanding social protection, with a focus on enhancing the impact on women and children in particular and working age people aged 18 to 59 who are currently not covered by any form of social grant;
- Approaches to orienting the public sector wage bill to improving delivery and reducing unnecessary bureaucracy, and resolving crises facing SOEs;
- Parliament and civil society oversight over the budget;
- Coordinating engagement by civil society on the budget.

Many issues were identified for further work, and organisations present expressed interest in taking this collaboration forward. Important themes which emerged included:

1. Civil society wants to see the budget being used as an instrument to advance the progressive realisation of socio-economic rights in the constitution. In this respect, the interest and needs of the most marginalized, including rural populations must be prioritized. Specifically, we call for more equitable allocations to rural services such as health, education and social development that recognize that in seeking quality services rural communities face particular constraints and urgent action is required to adequately resource rural service delivery. In addition, the budget must indicate where resources for combating violence against women and children have been allocated and will be spent.
2. We support the fight against state capture and corruption. This must be accompanied by measures which see a real improvement in the lives of the poor, including through the building of a developmental public service and the reorientation of state owned enterprises towards servicing the public. The proceeds reclaimed from illegal activities should be used for strengthening pro-poor policy objectives.
3. Our members and organisations are concerned about growing pressures for budget austerity arising from this period of looting of public resources and associated low rate of economic growth, and expressed the need to protect social spending and advance pro-poor programmes and promote employment. Budget prioritisation, including filling of critical vacancies and elimination of unnecessary bureaucracy, needs to ensure that frontline services are improved, and not eroded.
4. We are extremely concerned about the implications of proposals to increase VAT, which places a disproportionate burden on the poor. Any potential revenue shortfall should be addressed in a manner that increases the progressivity of the taxation system. Our organisations expect our new President to avoid any unilateral action in this regard, and ensure that there is proper engagement on this matter.
5. We would like to see a new approach from Treasury in this new administration, including in the budget, which reflects active support for a pro-poor agenda. Civil society appreciates the role Treasury needs to play in fighting corruption, including through its public procurement office, but also recognises the conservative role,

particularly regarding economic policy, that Treasury has played historically. In no sphere of government can we afford to revert to 'business as usual'.

We acknowledge the commitment by the President in his 2018 State of the Nation Address to convene a social sector summit this year and in turn commit to using such spaces to advance a progressive policy agenda that responds to the urgent social and economic challenges facing our country.

The below signed civil society organisations will go back to our members and officials to seek a detailed mandate on these and other issues which arise in the budget, and will consider further responses which will be advanced in parliament, and in other public fora. We will also look at developing further institutional capacity to support civil society in its budget work.

### Organisational endorsement



- LGBTI COMMUNITY AND HEALTH CENTRE
- METRO COMMUNITY SERVICES
- DIRECT DEMOCRACY SA
- WOMEN AND DEMOCRACY INITIATIVE

### Individual endorsements

- Makale Ngwenya

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**ENDS**