



SUBMISSION TO SOCIAL DEVELOPMENT COMMITTEE

IN RESPONSE TO THE CALL TO CONTACT PARLIAMENTARY COMMITTEES AND
MEMBERS OF PARLIAMENT ABOUT GOVERNMENT'S COVID-19 ACTIONS AND
RESPONSE

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INTRODUCTION

The Budget Justice Coalition (BJC) makes this submission in response to Parliament’s Call to provide Parliamentary Committees with on the ground feedback and expert information. We write to the Committees on Appropriations and Finance regarding the aspect of the call that invites written input on what measures would help citizens and the economy to recover, where to appropriate funding, what legislative fixes are needed and how we can be better prepared for future disasters. We also raise considerations of oversight in respect of emergency procurement.

President Ramaphosa has indicated that the emergence of the COVID-19 pandemic has catapulted South Africa into uncharted territory, calling on the state to craft social compacts of a novel nature. Public resource management decisions to accommodate the costs of relevant disaster responses need to be made quickly. This challenges the principles and constitutional requirements for public engagement on issues of public finances and limits the scope for public engagement on these far-reaching decisions. Clear monitoring and reporting mechanisms must be established to ensure that budget and planning decisions taken to mitigate the impacts of COVID-19 are not only effective but time-bound.

Access to sufficient food and relief from economic hardship are fundamental rights entrenched in the South African Constitution alongside the right to access healthcare services. And yet, the economic measures put in place by the government so far are punitive to the poor and working class in South Africa, based less on the rights of all people – including women, children and foreign nationals – and more protective of business interests. As a result, these groups face exclusion, hunger and destitution. BJC makes a number of proposals to remedy this.

Access to basic services such as water and electricity has also been brought sharply into focus not only as an area of deep societal inequality – but because unequal access exacerbates the precariousness of underserved communities. UN-Water, for instance, warns that in *South Africa* people living in rural areas have the lowest access to handwashing facilities in their homes. In 2017, the UN’s

indicators on access to water (SDG 6) illustrated that less than 50% of the national population had basic hand washing facilities at home.¹

Evidence is mounting that millions of people are suffering as a result of a loss of income and the restrictions placed on the informal market by the lockdown regulations. This threatens to undermine the initial progress made in the public health response to the disaster.

Given the likelihood of ongoing restrictions on work and movement for the remainder of the year at least, the BJC believes the state can and must do more to prioritise its available resources to support the health care needs, incomes, livelihoods and access to food for everyone.

THE ECONOMIC RELIEF PACKAGE

At R500 billion, approximately 10% of GDP², the total size of the economic relief package is significant. The BJC is however concerned about how much new money is actually being provided, where it is coming from and who it will benefit.

R130 billion is to come from budget reprioritisation. While we accept that some money will be saved as a result of the lockdown, such as travel and accommodation costs. Expenditure on infrastructure, for example, should not be saved as unspent funds, but rather reallocated once the lockdown is over in order to help stimulate the economy. To-date, no clear indication has been given about which line items will be targeted for savings. In the past, BJC has raised concerns³ around declines in per capita expenditure on health, education and housing. While it recognises that some projects will be halted as a result of COVID-19, many of these can be postponed to the next budget year. The return to an austerity budget promised by the National Treasury after COVID-19 will only deepen the economic and social destruction exacerbated by the virus – when a massive stimulus will instead be needed.

Tax relief for businesses does not necessarily translate into the payment of wages or the retention of workers. The BJC also wants a clear commitment that job retention is a condition of the finance guarantees and the R70 billion in tax relief for businesses. Any business that is registered or shifts a portion of its profits into tax havens should not receive any taxpayer support.

The National Treasury's worst case COVID-19 scenario estimates that up to 7 million jobs could be on the line. Despite this, only 17% of the funds announced – R88 billion – are budgeted for direct cash transfers via social grants and UIF payments to the poor and working class. The need

¹ UN Water defines a basic hand washing facility as one that has both soap and water. Facilities may be fixed or mobile and include a sink with tap water, buckets with taps, jugs or basins. Soap includes bar soap, liquid soap or powder detergent.

²<http://www.thepresidency.gov.za/speeches/statement-president-cyril-ramaphosa-further-economic-and-social-measures-response-COVID-19>

³ Budget Justice Coalition submission to Finance Committees. Available at: <https://budgetjusticesa.org/assets/downloads/Budget-Justice-Coalition-5-year-Review-Submission-to-Finance-Committees.pdf>

far outstrips the allocation of these funds. As yet - limited information has been provided on the R100 billion allocated to job protection and creation - despite increased threats of job losses. We call for transparency on these measures.

RECOMMENDATIONS FOR WHERE TO APPROPRIATE FUNDING

Address rising levels of hunger

The Budget Justice Coalition contends that the total budget allocated for social grants is not adequate. At least 55% of South Africa's population (30 million people) live below the Stats SA poverty line of R1 267 per person per month (in 2020 Rands) and yet the R50 billion allocated for the social grant component of the disaster relief package represents only a tenth of the total economic relief package of R500 billion.

Prior to COVID-19, Oxfam-SA⁴ put the number of people in South Africa who regularly experience hunger and malnutrition at 13 million. The largest survey since the lockdown began, conducted by the Human Sciences Research Council⁵ with almost 20 000 respondents, found that almost a quarter (24%) had no money to buy food. More than half of residents in informal settlements and townships have run out of money for food. This equates to around 15 million people in South Africa right now who are experiencing hunger.

Research shows⁶ that poor households start going short on food in the middle of the month and these shortages are worsened during the lockdown. The inordinate delay of almost six weeks from the start of the lockdown on 26 March to the actual topping up of the child support grant by R300 on 06 May has contributed to endemic hunger amongst South Africa's most vulnerable communities. The situation was not responded to with sufficient urgency and proposals⁷ to #TopUpTheGrants in mid-April were ignored.

The social relief package is insufficient, inequitable and punitive to women and children. On 21 April 2020, the President announced that child support grant (CSG) beneficiaries will receive an extra R300 in May and from June to October they would receive an additional R500 each month. But subsequent briefings by SASSA, the Minister of Social Development and the Minister of Finance, indicate that although all CSGs will be increased by R300 in May, from June the R500 increase attached to the CSG is a single increase for the caregiver (the recipient of the money) rather than the child (the beneficiary for whom the money is intended). This backtracking on the President's promises to children saves the state R13 billion, yet combined with the closure of

⁴ Oxfam. Hidden hunger in South Africa. Available at: https://www-cdn.oxfam.org/s3fs-public/file_attachments/hidden_hunger_in_south_africa_0.pdf

⁵ <http://www.hsrc.ac.za/en/news/media-and-covid19/hsrc-study-on-covid19>

⁶ https://pmbejd.org.za/wp-content/uploads/2020/04/Food-and-Coronavirus_Research-Paper-28042020.pdf

⁷ <https://theconversation.com/south-africa-can-and-should-top-up-child-support-grants-to-avoid-a-humanitarian-crisis-135222>

school feeding programmes, and restrictions on caregivers' eligibility for the COVID 19 grant and food parcels, plunges families with children into destitution. On this, the following points should be considered:

- Given the increases that have now been announced for all the other grants, modelled estimates show that if the CSG increase is attached to the caregiver rather than each child, this will leave 2 million more people below the food poverty line than would be the case if the increase were attached to every child.
- The relief package does not acknowledge or cater for the fact that, in addition to job losses and rising food costs, around 10 million children have since mid-March lost their daily main meals due to the closure of schools, the National School Nutrition Programme, and ECD feeding schemes.
- The 7.1 million caregivers who receive CSGs on behalf of children have been excluded from accessing the new R350 COVID-19 grant. The majority of these caregivers (around 6 million) were unemployed or working in the informal sector prior to lockdown.
- In addition, the government's roll out of emergency food parcels to date has been far too small to meet the vast need created by the nationwide lockdown. The 250 000 distributed parcels that the President announced on 21 April is a small fraction of what is needed when around 15 million people may be experiencing hunger.

There must be public engagement on both the rationale for targeting and the eligibility criteria for the COVID-19 grant, and consideration given to replacing it with a universal grant to ensure that everyone who needs it gets it.

The allocation for the special COVID-19 grant is approximately R20 billion over six months, but it does not extend to the majority of people in need. The special COVID-19 grant is intended for unemployed individuals who do not have access to a social grant or UIF payment. Calculations by SALDRU show that there are approximately 15 million people who could qualify for the grant.

It has become clear over the past week that the plan is to reduce the number to be reached by additional targeting mechanisms, such as applying some kind of income threshold, so that only 8 million people are reached. Recent reports⁸ indicate that banking details, proof of residence and identity documents will be required, thereby excluding the millions who are unbanked or who do not have proof of residence due to living in informal settlements or rural areas where addresses are not available. Furthermore, the administrative and cost implications of this targeted approach are likely higher than a universal approach.

The decision to implement a targeted COVID-19 grant has been taken without sufficient transparency or explanations. The BJC is of the view that a universal grant would be a more equitable and feasible mechanism to implement than this limited COVID-19 grant. However as this appears to be fait accompli at this time, the BJC calls for the rationale for targeting and for

⁸ <https://www.iol.co.za/news/politics/heres-what-you-need-to-access-the-r350-covid-19-social-relief-grant-47345931>

the eligibility criteria to be scrutinised through a public engagement process to ensure that these measures are evidence-based, equitable, reasonable, and possible to implement successfully.

Recouping a universal grant from the upper deciles through tax instruments would be an easier and more equitable exercise and will lead to less exclusion of the lower deciles than a narrow targeting approach.

The amount of the proposed COVID-19 grant, at R350 per month, is even lower than the CSG, less than a third of the value of StatsSA's upper bound poverty line (R 1267 in March 2020 Rands). The rationale for restricting the amount to R350/person needs to be subject to a public engagement process.

Funding of Gender-based Violence response and prevention

Gender-based Violence prevalence is extremely high in South Africa. The number of calls to the Gender-Based Violence hotline⁹ illustrates that this crisis remains a crisis during the public health pandemic. In previous submissions, the Budget Justice Coalition has pointed out how there was a lack of transparency about where the R1.6 billion reprioritization to Gender-Based Violence was located in the national budget. Gender-Based Violence was a pre-existing crisis in South Africa when the COVID-19 pandemic began to buffet South Africa. In lockdown, victims of intimate partner violence find themselves in constant proximity of their abusers. The lockdown circumstances have created domestic circumstances in which violence has tends to escalate worse than when a victim could potentially go to a friend or family member for a break or work during the day would bring reprieve. The National Strategic Plan on Gender-based Violence has recently been released. It is important that this plan is adequately funded and that previously reprioritized funds that were earmarked to address Gender-Based Violence are not now prioritized away to COVID-19. The quality of statistics and data available about Gender-Based Violence also urgently needs to be improved because funding decisions need to be made on the basis of reliable official statistics. We call on the Department of Social Development to adequately fund shelters and Non-Profit Organisations which are in the referral pathway.

Recommendations for where to appropriate funding

The BJC recommends that:

1. The budget for the social grant component of the relief package should be increased in recognition of the size of the population in need.
2. The CSG increase of R500 should be attached to each child grant paid.

⁹ ENCA. April 2020. Cele urges SA to report abuse as GBV calls top 2,230. Available at: <https://www.enca.com/news/police-minister-encourages-sa-report-abuse>

3. Unemployed caregivers, who are in receipt of a CSG for their children's basic needs, should not be excluded from the COVID-19 unemployment grant.
4. The assumptions, projections, and eligibility criteria for the COVID-19 unemployment grant (including the income threshold being applied) should be made public so that there can be informed engagement.
5. Cabinet urgently considers a universal income grant instead of a very narrowly targeted COVID-19 unemployment grant, which is likely to create inequality, confusion and conflict and to cost more. SARS should be used to recoup the grant from the upper deciles.
6. Informal food traders must have greater freedom to trade, with or without a permit.
7. Food parcel distribution must be ramped up, requirements for beneficiaries to produce SA ID's abandoned, and community based organisations allowed to distribute food relief without a permit. However, this should be viewed as a stopgap measure; sustainable food security for all should be the goal.
8. Adequately fund Gender-Based Violence response and prevention, including adequate funding of shelters and Non-Profit Organisations in the referral pathway.

FOOD RETAILERS NEED TO PROVIDE COVID-19 RELIEF, NOT EXPLOIT THE DISASTER

The BJC also recommends the monitoring of business and private actors during this time. Poor access to food may be exacerbated by the unscrupulous behaviour of the big four food retailers, Shoprite/Checkers, Pick 'n Pay, Spar and Woolworths. Rather than contributing to ensuring access to affordable, nutritious food during the COVID-19 crisis, evidence is emerging that these retail giants are continuing to increase the price of food staples relied on by low-income families.

A Food Price Barometer report published on 28 April by the Pietermaritzburg Economic Justice and Dignity Group¹⁰ finds that a monthly basket of basic staple foods has increased by R253, from R3 221 on 02 March before the onset of the COVID-19 crisis, to R3 474 on 23 April. This represents a 7.8% increase at a time when millions of families are having to provide more meals at home, but on reduced household incomes.

This is especially problematic when informal traders are still not on the streets to offer more affordable alternatives, and the major retailers are positioning themselves¹¹ to exploit the financial distress experienced by existing spaza shops by opening their own spazas in townships.

¹⁰ Pietermaritzburg Economic Justice and Dignity. April 2020. Available at: <https://pmejd.org.za/index.php/2020/04/27/covid-19-food-prices-continue-to-spike-women-are-getting-increasingly-concerned/>

¹¹ Power987. April 2020. Available at: <https://power987.co.za/news/listen-shoprite-pick-n-pay-roll-out-spaza-shops-in-townships/>

COVID-19 RESPONSE MUST BE BASED ON HUMAN RIGHTS

The concept of an economy that is fair and equitable, respecting people's dignity, is simple. This has been enshrined in the Constitution and in international human rights instruments ratified by South Africa post-1994 at the United Nations and the African Union.

In the context of a global pandemic, investments in the human rights to safe housing, water and sanitation, nutritious food, education, quality, free health services and income security are more crucial than ever. South Africa is in a state of disaster (not emergency) and therefore the Constitution still applies in its entirety.

The promotion, protection and realisation of human rights cannot be simply implied in the economic responses outlined by the government but must be explicitly addressed. The government is obligated to take measures to prevent, or at least to mitigate against, the human rights impacts of COVID-19, and to ensure that everyone's rights are protected, with particular consideration for marginalised and vulnerable populations, including foreign nationals residing and working in South Africa.

South Africa's COVID-19 responses should provide impetus for the long-term mobilisation of resources and capacity toward the fulfilment of all socio-economic rights, to further the spirit of the South African constitution.

CONCLUSION

We affirm that the South African government needs to ensure that people's needs, the promotion of equality and the realisation of rights are key fiscal policy objectives. This is not a choice, it is a constitutional obligation. We urge the Committees to consider the recommendations proposed in this submission to secure a COVID-19 response that affirms people's Constitutional and Human Rights.

SUBMISSION ENDORSED BY:

The following organisations endorse this submission

1. Children's Institute, UCT
2. Institute of Economic Justice (IEJ)
3. The Public Service Accountability Monitor, Rhodes University (PSAM)
4. Rural Health Advocacy Project (RHAP_
5. Southern African Faith Communities Environment Institute (SAFCEI)

ABOUT THE BUDGET JUSTICE COALITION

Civil society organisations who are part of the Budget Justice Coalition include: the Alternative Information and Development Centre (AIDC), the Children's Institute at UCT (CI), Corruption Watch (CW), the Dullah Omar Institute at UWC (DOI), Equal Education (EE), Equal Education Law Centre (EELC), the Institute for Economic Justice (IEJ), OxfamSA, Pietermaritzburg Economic Justice and Dignity Group (PMEJD), the Public Service Accountability Monitor (PSAM), the Rural Health Advocacy Project (RHAP), SECTION27, and the Treatment Action Campaign (TAC).

The purpose of the Budget Justice Coalition is to collaboratively build people's understanding of and participation in South Africa's planning and budgeting processes – placing power in the hands of the people to ensure that the state advances social, economic and environmental justice, to meet people's needs and wellbeing in a developmental, equitable and redistributive way in accordance with the Constitution.