



SUBMISSION OF INFORMATION RELATED TO THE SOUTH AFRICAN GOVERNMENT'S RESPONSES TO THE "FOLLOW-UP PROCEDURE ISSUED BY THE COMMITTEE ON SOCIAL, ECONOMIC AND CULTURAL RIGHTS"

INSTITUTE FOR ECONOMIC JUSTICE
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ENDORSED BY:

STUDIES IN POVERTY AND INEQUALITY INSTITUTE AND #PAYTHEGRANTS

1. In March 2021, the South African Government submitted a response to the four recommendations that the United Nations Committee on Social, Economic and Cultural Rights ("the Committee") requested additional information on, in line with its follow-up procedure to its concluding observations.
2. **As civil society organisations, working towards rights realisation in South Africa, we argue that the response does not represent sufficient progress towards realising the Committee's recommendations.** In particular, we draw attention to the Committee's Recommendation 48(c) to "Ensure those with no or little income between the ages of 18 and 59 have access to social assistance".
3. In its response, the State party notes only that:

"The Department of Social Development has commenced policy work for income support for those between the ages of 18 to 59 with little or no income, including the consideration of a universal Basic Income Grant. A discussion paper on income support for unemployed people between 18-59 years of age has been drafted and initial consultations have commenced. Social partners within the National Economic Development and Labour Council (NEDLAC) have also commenced their own work on the matter with the view to persuade government to include this in the Comprehensive Social Security Reform proposals."

This points to three steps being undertaken by the government in response to this recommendation:

- "policy work" being done by the Department of Social Development;
- a discussion paper being produced; and
- discussions taking place at NEDLAC - the social partner dialogue forum.

Subsequent to the submission by the State party, the Department of Social Development has published, and subsequently withdrawn, a Green Paper on Comprehensive Social Security and Retirement Reform (“the Green Paper”).

4. **This does not amount to sufficient progress for at least four reasons.**
5. **First, while we appreciate amending national policy is preceded by important processes of “policy work” and “policy discussions”, these, in themselves, are not sufficient progress.** This is especially true in the context of such discussions having been sporadically on-going since the late 1990s.
 - 5.1. Given the immensely unequal country inherited from apartheid, the question of universal social assistance has been debated in South Africa since the early part of the democratic transition. In particular, there was a significant push from civil society organisations, trade unions, researchers and some parts of government for what was called a Basic Income Grant (BIG), now more commonly known as a Universal Basic Income Guarantee (UBIG).¹ The 1997 White Paper on Social Welfare committed to comprehensive social security, and proposals for a BIG were tabled in the Presidential Jobs Summit in 1998, leading to a commitment to investigate its viability. These discussions culminated in the Taylor Committee report of 2002 which recommended the introduction of a BIG.² However, this was opposed by some in government as unaffordable.
 - 5.2. Contestation on comprehensive social security policy in government and society bogged the process down over many years, and a resolution was never reached.
 - 5.3. Since the 2000s a NEDLAC task team on comprehensive social security - which is composed of representatives from organised business, labour, community and government - has met sporadically with little results.
 - 5.4. In 2014 the governing ANC elections manifesto undertook to: “Urgently finalise policy discussions on proposals for a comprehensive social protection policy that ensures that no needy South African falls through the social security net.”
 - 5.5. As recently as 2019, the ANC adopted a resolution that advanced the objective of providing comprehensive social security. Specifically, to ‘[d]efine a basket of social security benefits that all should access, with the delivery of a package of services free from administrative burdens’.³
 - 5.6. Similarly, a number of organisations have already tabled proposals (including cost analysis and funding proposals) for the implementation of a UBIG. This is indicative of the fact that policy discussions on the implementation of social assistance for this demographic group have been ongoing for almost two decades.

¹ See: IEJ. 2021. Towards Income Security for All. *IEJ Social Protection Factsheet #1*. Available: https://www.iej.org.za/wp-content/uploads/2021/03/IEJ-policy-brief-UBIG_2.pdf

² The Taylor Committee. 2002. Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa.

³ IEJ. 2021.

5.7. As such, policy discussions and consultation in government, parliament and at social dialogue forums like NEDLAC significantly predate the recommendations by the Committee, and have been going on for nearly twenty years. So continuing discussions in these forums - without any concrete outcomes - should not be taken to represent sufficient progress.

6. Secondly, recent developments regarding the introduction, then termination, then reintroduction, of a special COVID-19 Social Relief of Distress grant (“SRD grant”) do not instill confidence that the government is committed to the long-term implementation of support for this group.

6.1. In response to the COVID-19 crisis and the socio-economic impact of related lockdowns, and only after significant pressure from civil society organisations, the government put in place measures to assist those in the 18-59 bracket who were not employed. This SRD grant was set at R350 (~\$24) per person per month. Many activists and researchers were hopeful that this development would pave the way for the institution of permanent income support for this age bracket. However:

- The quantum was insufficient. While a critical lifeline for many families, it was still far below the Upper Bound Poverty Line (“UBPL”) of R1,268 (~\$87) per month and also significantly below the Food Poverty Line (“FPL”) of R585 (~\$40) per month.
- Targeting excluded many in need. In order to receive the grant, a recipient could not currently: be employed or receiving any form of income; be receiving a grant or other government COVID-19 support (including an exclusion of caregivers who receive a grant on behalf of their dependant); be receiving an Unemployment Insurance Fund (UIF) benefit nor qualifying to receive UIF benefits; be receiving a stipend from NSFAS or other financial aid; and could not be a resident in a government funded or subsidised institution. Given the inadequacy of the support, the condition of not receiving any other government support or income, is not in keeping with the right to adequate social assistance and a decent standard of living.
- Access was limited. Although approximately 6 million people accessed the grant per month, this was far below the estimated 9 to 12 million eligible recipients.⁴

6.2. The SRD grant was originally put in place for only six months and there was general reluctance to extend the SRD grant at each step. Ultimately, while the grant was extended on two occasions (each time only after considerable pressure from civil society organisations), it was terminated in April 2021. This was despite high levels of social distress and widespread hunger, worsening unemployment levels and the reinstatement of “Level 4” lockdowns in June 2021 (the second most severe on South Africa’s lockdown scale).

6.3. In July 2021, South Africa experienced some of the worst social unrest in the post-apartheid period. This was concentrated in the province of KwaZulu-Natal and some parts of Gauteng Province. The unrest was sparked by the imprisonment of former

⁴ Bassier, I. and Leibbrandt, M. 2020. Social Protection in Response to COVID-19.

President Jacob Zuma on contempt of court charges but took on a complex character. One element was the widespread looting of basic foodstuffs like bread, cooking oil, and maize meal. While the dynamics of this unrest are multifaceted and still somewhat uncertain, many commentators, civil society groups, and community leaders pointed to the fact that the extent to which people were motivated to loot even basic goods spoke to the dire socio-economic situation in the country—in part exacerbated by the removal of the SRD grant at the end of April 2021.

6.4. After significant public pressure, the government reintroduced the SRD grant from August 2021 to end March 2022. Positively, the previous limitation excluding caregivers who received a child support grant on behalf of a child, was removed, a demand which had been made by civil society organisations. However:

- Applicants must reapply through a cumbersome process that previously excluded many in need;
- The stringent criteria remain in place; and
- The level remains at the 2020 level of R350, below the UBPL and FPL, despite widespread agreement in society that the grant should be increased at minimum to the food poverty line of R585.

6.5. The SRD grant was shown to be relatively pro-poor in terms of its recipients and brought millions into the social assistance system, who were not previously receiving any other income support.⁵ While there were some issues with rollout, the SRD shows the possibility of the permanent extension of such support and proves that the infrastructure for it exists already.

7. Third, the government has adopted a medium-term fiscal framework that makes significant cuts to social support and cannot therefore be understood as reasonably able to accommodate the type of expansion of social support that this recommendation entails.

7.1. The National Treasury, on countless occasions, has reinforced the government's commitment to 'fiscal consolidation,' citing the country's debt burden as 'unsustainable' and using this to justify heavy budget cuts. The Budget proposes R1.74 trillion in consolidated non-interest expenditure in 2021/22, R1.73 in 2022/23, and R1.75 trillion in 2023/24. Considering expected inflation, as National Treasury notes "consolidated non-interest spending will contract at an annual real average rate of 5.2 per cent". This entails a fall in spending per person and leads to real reductions in health, learning and culture, and general public services. In 2022/23, real per capita non-interest spending will have been reduced by 10% compared with 2019/20 (meaning government will be spending R2,700 less per head of population on public services). These cuts are also primarily in care industries which increases the burden on women. Given the pressing social needs, enormously exacerbated by COVID-19, this is deeply irresponsible.

⁵ Köhler, T. and Bhorat, H. 2020. Social assistance during South Africa's national lockdown: Examining the COVID-19 grant, changes to the Child Support Grant, and post-October policy options. *NIDS-CRAM Research Paper*.

- 7.2. In real terms, current social grants will decline by 2.4%. The Child Support Grant, which decreases least, sees a nominal rise of 3.4% - from R445 to R460 - below the 2021/22 expected inflation of 4.2%, resulting in a real decrease of 0.8%.
- 7.3. Funding for the original extension of the SRD grant was provided at the expense of funding for the Presidential Employment Stimulus.
- 7.4. In the context of these major budget cuts and decreases in social grants in real terms, it is untenable for the government to claim that progress is being made towards income support for 18 to 59 year olds.
8. **Fourth, although the Green Paper takes an ambitious position in moving towards a Basic Income Grant (“BIG”), this position was rejected by others within Cabinet and following intense contestation, withdrawn.** The Green Paper makes a number of critical policy statements which are welcome.
- 8.1. On the desirability of a BIG it notes (para 4.14): ‘In the context of the SA social assistance landscape, a BIG will be easier to implement for the working age group only while maintaining the existing social grants for children, the elderly and people with disabilities. In line with the reform proposal for our existing social grant framework, the BIG should be unconditional, individually targeted and at level that will at least lift the individual out of poverty.’
- 8.2. On the universality of a BIG it notes (para 4.14.1): ‘A universal grant will clearly be the fastest route as it could likely have almost everyone reached in a matter of months. ... Administratively, it is a lot easier for SARS to recoup the grant paid to a wealthy individual with a technical adjustment to the tax brackets than for SASSA to interview millions of applicants to determine whether the applicant qualifies based on income. A universal grant is therefore potentially more efficient, cost effective and better targeted resulting in fewer exclusions. ... The key benefit of universal benefits is that it promotes social solidarity and buy-in to the system; and it is administratively much simpler to administer with fewer exclusion challenges. It reduces stigma of the poor and discontent amongst the wealthy who feel that they are the ones funding the system.’
- 8.3. On the quantum of the BIG it notes (para 4.14.2): ‘While many appreciated the COVID relief, being 40% below the poverty line, it makes a very small dent as many people are still experiencing hunger and starvation. These are almost similar arguments made regarding the CSG, which is way below the poverty line and while it has aided to reduce poverty shocks, it makes very little impact, if any on SA’s widespread inequalities. The options for the value thus depend on what objectives the state would like to achieve first, including inter alia; reducing hunger, reducing poverty and improving the standard of living of our people. The options for the value thus depend on what objectives we would like to achieve first. The options would include: • Reduce hunger (with the goal being to eradicate). With this option, the grant value would have to be around the FPL, and • Reduce poverty (with the goal being to eradicate). This option would require the grant value to be pitched around the LBPL. • Improve people’s standard of living (with the goal being to significantly reduce inequality and

social ills in society). In this case, the value should be significantly higher, but at least starting at the UBPL.’

8.4. However, the Green Paper has been rejected by National Treasury, the department holding the purse strings.

8.5. On 19 August 2021, it was reported that Deputy Director-General Ismail Momoniat said the proposal reflected *some of the aspirations of the various constituencies* in the National Economic and Labour Council (NEDLAC), which had not reached consensus on it after several years of discussion. Further, the Green Paper *has not been approved by the cabinet and is not government policy*.⁶

8.6. On 27 August 2021, it was reported that Deputy Finance Minister David Maseko cautioned against the “aspirational plans” proposed by the department – warning that it’s not something the country can afford. He said: ‘We have to ask ourselves what are the preconditions for a social security grant proposed in these reforms,’ and ‘As a country, we should sequence our current economic priorities, and we should not confuse our aspirations with what is possible economically.’ Further: ‘Many countries that have social security funds have good economic growth. Currently, we have an economy that is faced with many fiscal risks.’ It was further reported that similar concerns were raised by the Treasury Director-General, Dondo Mogajane, who said that South Africa’s debt to gross domestic product (GDP) is one of the largest in the world.⁷

8.7. On 31 August 2021, the Green Paper was withdrawn.

9. The undersigned organisations fear a regression in the South African government’s commitment to expanding social security to 18-59 year olds as recommended by the Committee.

9.1. While “policy discussions” are ongoing the first concrete step towards expanding social security is being rejected by the National Treasury.

9.2. The existing SRD grant has only been extended until the end of March 2022, missing an opportunity to clearly state this should serve as a bridge to universal society security.

9.3. Budgets indicate a reduction in the real value of existing social grants.

9.4. Budgets provide for less funding for social spending, and social security in particular.

⁶ Ensor, L. 2021. Treasury steps in to calm raging debate over social safety net. Business Day. Available at:

<https://www.businesslive.co.za/bd/national/2021-08-19-treasury-steps-in-to-calm-raging-debate-over-social-safety-net/>

⁷ Business Teach. 2021. Treasury’s sombre warning about the proposed basic income grant for South Africa. Business Tech. Available at:

<https://businesstech.co.za/news/finance/516398/treasurys-sombre-warning-about-the-proposed-basic-income-grant-for-south-africa/>

10. The institution of social assistance for those aged 18-59 remains critical to South Africa. This is particularly the case within the context of rising unemployment and massive cuts to social assistance programmes as outlined above. The COVID-19 crisis has only exacerbated this requirement. While there appears to be increased attention, especially among the public, paid to the importance of a Basic Income Grant / Universal Basic Income as a means of ensuring income support for 18-59 year olds, there is concern that government will use the existence of these policy documents and discussions as evidence that progress is being made without actually instituting the policies needed to give effect to this. In particular, without a supportive macroeconomic policy framework, and specifically the reversal of austerity budgeting, the extension of income support will either not take place or will be at the expense of numerous other social services. In this way, a distorted version of a universal basic income can be used as a cover for a further hollowing out of the state and social protections in South Africa. This cannot be understood to be in line with the obligations as embedded in the ICESCR.

11. For these reasons, we urge the Committee to:

- 11.1. Make a finding of insufficient progress with respect to Paragraph 48(c).**
- 11.2. Note that current austerity measures undermine the ability to realise the Committee's recommendations.**
- 11.3. Restate the importance of its original recommendations on the right to social security and highlight the need to increase interim social assistance measures to, at least, the level of the Food Poverty Line and phase in a Universal Basic Income Grant.**
- 11.4. Request the State party to report on actions taken in regard to the above as well as on real per-capita planned social security expenditure over the medium-term budget cycle, as well as to explain how this advances the rights to social security.**