

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR ORAL REPLY
QUESTION NUMBER: 67 [NO194E]

★67. Mr Z Mkiva (Eastern Cape: ANC) to ask the Minister of Finance:

What (a) measures is the Government planning to implement to address the extreme levels of poverty, hunger and destitution in the country and (b) further measures have been put in place to address the unemployment crisis, apart from the President's job stimulus packages which are effectively temporary public works programmes?

CO194E

REPLY:

(a) Government has introduced immediate measures to protect livelihoods and reduce the impact of the pandemic. In addition, over the medium term, the budget makes provision for spending on the 'social wage' (i.e. funding for education, healthcare, social protection, community development, free basic services and public works programmes) which plays a critical role in reducing poverty. Ultimately, poverty reduction can only be achieved on a sustainable basis through faster economic growth. This will require the implementation of reforms to reduce constraints on the economy, as outlined in government's Economic Reconstruction and Recovery Plan.

Government put in place a massive intervention to deal with an unprecedented threat to lives and livelihoods. The response included over

R54 billion in increases to social grants, including a new Social Relief of Distress grant that reached six million new recipients as well as approximately R20 billion in health spending. A further R12 billion was spent on emergency job programmes of which the teacher assistant programme was particularly effective by reaching over 300,000 young people. Around 116,000 early childhood development (ECD) workers will also benefit from the ECD relief package. By the end of the 2020/21 fiscal year, the Unemployment Insurance Fund (UIF) projects that it will have spent R73.6 billion on the COVID-19 Temporary Employer/Employee Relief Scheme.

At the same time, the COVID-19 pandemic has continued to have an impact on our country, as we saw with the recent second wave. In response, the SRD grant has been extended a further three months (at cost of R6.3 billion), R11 billion has been added for additional employment programmes and funding has been provided for COVID-19 vaccines. In particular, government's roll-out of a mass COVID-19 vaccination campaign to the public, which will be free of charge, will save many lives and support a full reopening of the economy.

(b) Over the next three years, government will spend a total of R3.2 trillion on the 'social wage', which includes spending on education, health, social protection, community development, free basic services, and public employment programmes. The social wage accounts for more than 50 per cent of total consolidated expenditure (see Table 1 on the following page)

Poverty reduction will ultimately require much faster economic growth. Government is implementing an Economic Reconstruction and Recovery Plan that removes structural constraints that obstruct faster growth, which includes the high cost of doing business in South Africa, low levels of competitiveness and a weak public-sector balance sheet. In support of the Economic Reconstruction and Recovery Plan, the 2021 Budget also boosts infrastructure spending, by providing R18 billion over the medium-term to the Infrastructure Fund. Implementing these structural reforms can unlock large-scale investment by the private sector, which will be the primary source of growth and job creation, with the public sector playing an enabling role.

Table 1: Estimate of the social wage

Category	Level 1	Level 2	Item	Description	2021/22	2022/23	2023/24	
Social wage	Community development	Community development	Housing development	Housing development grants (PCG and LCG) ar	26 895 006	27 860 576	28 958 775	
			Local conditional grants	Direct grants, Regional bulk infrastructure grant subprogramme	30 285 150	32 230 371	33 374 990	
			Local equitable share	Local equitable share	77 999 135	83 084 515	83 569 989	
			Transport	Public transport excl. Gautrain and admin	31 448 255	36 305 765	38 925 846	
				Water services	Water Services Infrastructure Grant - Direct and indirect (Water services infrastructure grant subprogramme);	4 512 459	4 640 449	4 837 184
	Economic development	Job creation and labour affairs	Employment programmes	EPWP	33 396 286	23 997 142	24 228 635	
		Economic development		Direct grants to local government (Rural roads asset management systems grant; Energy Efficiency and Demand-Side Management grant)	330 744	346 224	347 553	
	Health	Health	Health	Local conditional grants - Econ	Provincial health excl admin	224 191 228	221 719 779	222 324 683
				Basic education	Basic education	Provincial basic education excl admin and Independent school subsidies. Incl learner and teacher support material on national	248 966 990	253 210 521
	Learning and culture	Post-school education	Post-school education	Fee-free higher education and training	All transfers to households in the budget group Post-school education and training, the programme Technical and vocational education and training as well as the Community Education subprogramme	51 717 538	53 260 172	53 438 635
				Social development	Social protection	Children and families	Children and families	9 335 019
	Other social services	Other social services excl admin	11 900 933			12 057 175	12 314 098	
	Social grants	Social grants	195 516 423			205 294 592	206 083 314	
	Welfare services	Social welfare and restorative services programmes	8 540 270			8 589 777	8 697 410	
		Social security funds	Social security funds	Transfers to households in Social security funds	92 140 252	73 044 940	70 471 030	
	Social wage Total					1 047 175 688	1 045 105 445	1 053 451 600
	Non-social					703 443 656	696 368 627	703 103 354
	Debt-service costs					269 741 139	308 012 627	338 591 234
	Total					2 020 360 483	2 049 486 699	2 095 146 188
	Percentage of total							
Social wage Total					51,8%	51,0%	50,3%	
Non-social					34,8%	34,0%	33,6%	
Debt-service costs					13,4%	15,0%	16,2%	
Total					100,0%	100,0%	100,0%	