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IN THE HIGH COURT OF SOUTH AFRICA
Gauteng Division, Pretoria

CASE NO: **2023-071891**

In the matter between:

INSTITUTE FOR ECONOMIC JUSTICE,#PAYTHEGRANTS	Plaintiff / Applicant / Appellant
and	
MINISTER OF SOCIAL DEVELOPMENT,SOUTH AFRICAN SOCIAL SECURITY AGENCY	Defendant / Respondent

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Replying Affidavit

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REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION,
PRETORIA

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GAUTENG DIVISION,
PRETORIA

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Registrar of High Court of South Africa , Gauteng Division,Pretoria

IN THE HIGH COURT OF SOUTH AFRICA
(GAUTENG DIVISION, PRETORIA)

Case No: 2023/071891

In the application between -

INSTITUTE FOR ECONOMIC JUSTICE	First Applicant
#PAYTHEGRANTS	Second Applicant
and	
MINISTER OF SOCIAL DEVELOPMENT	First Respondent
SOUTH AFRICA SOCIAL SECURITY AGENCY	Second Respondent
MINISTER OF FINANCE	Intervening Party

FILING SHEET

DOCUMENTS PRESENTED HEREWITH FOR SERVICE AND FILING:

1. Applicants' Replying affidavit.

SIGNED and **DATED** at **JOHANNESBURG** on this the **26th** day of **MARCH 2024**

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IN THE HIGH COURT OF SOUTH AFRICA
(GAUTENG DIVISION, PRETORIA)

Case No: 2023/071891

In the matter between:

INSTITUTE FOR ECONOMIC JUSTICE	First Applicant
#PAYTHEGRANTS	Second Applicant
and	
MINISTER OF SOCIAL DEVELOPMENT	First Respondent
SOUTH AFRICAN SOCIAL SECURITY AGENCY	Second Respondent
MINISTER OF FINANCE	Intervening Party

REPLYING AFFIDAVIT

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I, the undersigned,

GILAD LEE ISAACS

do hereby make oath and state that:

1 I am an adult male, serving as the Executive Director of the Institute for Economic Justice and Lecturer in Economics at the School of Economics and Finance, University of the Witwatersrand.

2 The facts in this affidavit are both true and correct and fall within my personal knowledge and belief save for where otherwise stated or indicated by the context.

3 I have read the three answering affidavits delivered on behalf of the Minister of Social Development ("**Minister**") and the Department of Social Development (collectively, "**DSD**"), the South African Social Security Agency ("**SASSA**") and the Minister of Finance (referred to as "**National Treasury**"). I will refer to DSD, SASSA and National Treasury collectively as "**the respondents**". The purpose of this affidavit is to respond to the allegations contained in those affidavits.

INTRODUCTION

4 This application seeks to remedy unlawful, irrational and unconstitutional restrictions on access to social assistance for the millions of people who qualify to receive the Social Relief of Distress grant ("**SRD grant**"); the failure to develop any plan to increase the value of the grant and the qualifying threshold under the

means test over time; and the widespread delays and even non-payment of SRD grant beneficiaries by the South African Social Security Agency ("**SASSA**").

5 For more than four years, Government's policy has been to provide social assistance to adults of working age, with little or no income, via the SRD grant.

6 Government has repeatedly made it clear that social assistance for working age adults is here to stay, and that the SRD grant will be the foundation of that assistance. This was confirmed in the President's 2024 State of the Nation Address (SONA), which emphasised Government's commitment to improving and extending the SRD grant:

> *"In the midst of the pandemic, we introduced the special Social Relief of Distress Grant, which currently reaches some 9 million unemployed people every month. We have seen the benefits of this grant and will extend it and improve it as the next step towards income support for the unemployed.*
>
> *These grants and subsidies do much more than give people what they need to live. They are an investment in the future. Social assistance has been shown to increase school enrolment and attendance, lower drop-out rates, and improve the pass rate."*

7 That said, these statements also reveal the dissonance between what Government says and commits to as its own policy, and what it is actually doing. This dissonance is at two levels:

7.1 **First,** despite being committed to *expanding* social assistance for working age adults via the SRD grant, the Regulations that give effect to the SRD grant ("**the SRD Regulations**"):

7.1.1 irrationally and unreasonably restrict access to the SRD grant by putting in place application procedures and requirements that

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arbitrarily and unfairly exclude persons who would otherwise qualify to receive the grant; and

7.1.2 have prescribed the same grant value and income threshold for years, despite high inflation and upward adjustments to the national poverty lines.

7.2 The result is a reduction, not an expansion, in access to social assistance for working age adults. On Government's own version, it is committed to expanding the SRD grant. But the steps it has taken to give effect to that commitment are retrogressive, rather than progressive, which is what the Constitution requires.

7.3 **Second**, despite the repeated extension of the SRD grant and the President's undertaking to expand and improve it, National Treasury, which is responsible for funding the SRD grant, has stated that:

7.3.1 the grant is unaffordable and that Government "*cannot expand social grants further at this point*";[1] and

7.3.2 it has pressured DSD and SASSA to put in place procedures and barriers that will reduce spending on the SRD grant, to keep it within a budget (that has repeatedly been reduced and set at an artificially low level).

[1] NT AA para 40.

7.4 The result is that National Treasury is refusing to fund Government's own policy and the full cost of the SRD grant and, as we shall demonstrate, is requiring DSD to place arbitrary obstacles in the way of access to the SRD grant.

8 In this application, the applicants challenge aspects of the SRD Regulations that have as their result, if not their purpose, the diminishment of access to social assistance. These include irrational and unreasonable procedures that result in the rejection of applications for the SRD grant by persons who should be receiving the grant and that make it difficult, if not impossible, for some of those persons even to *apply*. These procedures, as well as the static value of the grant and income threshold, are also unlawful because they breach Government's duty to take steps to progressively realise the right to social assistance, and to prevent retrogression in access to social assistance.

9 In this replying affidavit, I respond to the main grounds of opposition advanced by the respondents, and then respond *ad seriatim* to the specific averments in those affidavits.

10 Apart from dealing with the respondents' answer to the specific grounds of review raised by the applicants, the applicants emphasise five main points:

10.1 **First**, the respondents have mischaracterised and misconstrued the applicants' case. Contrary to what they suggest, the applicants do not seek "*constitutionally inappropriate*" relief, and they do not ask this Court to wade into matters of fiscal policy, or to dictate how much money Government must spend on the SRD grant. The applicants seek only to ensure that

Government's own policy decision – to establish the SRD grant – is administered lawfully and consistently with the Constitution.

10.2 **Second**, alleged budgetary constraints and the unaffordability of the SRD grant are not an answer to this application. To the extent that there are budgetary constraints which limit funding for the administration of the SRD grant and the grant itself, they are, at best for the respondents, relevant to the question of just and equitable relief and the reasonable plan that the applicants seek from the respondents. They do not, however, save the SRD Regulations from unlawfulness and unconstitutionality.

10.3 **Third**, the respondents' argument that the SRD grant is an outlier in Government's social assistance framework, because it is temporary and fundamentally different to other social grants in other respects, is flawed. As I have noted, the SRD grant is here to stay, and it is not, in this sense, materially different to any of the other means-tested social grants provided by DSD. There is accordingly no rational basis for DSD to put in place an application procedure for the SRD grant that is less accessible and less accurate than the procedure that applies to other social grants.

10.4 **Fourth**, the flaws in the impugned regulations identified by the applicants result from a conscious decision by the respondents to prioritise minimising erroneous inclusions of beneficiaries over preventing the exclusion of eligible beneficiaries. Critically, this decision appears to have been taken without weighing up its costs and benefits. None of the respondents provide any indication that they even attempted to estimate the probable number of exclusion errors at present, the number of inclusion errors if the impugned procedures were corrected, and the cost of addressing the flaws in the application procedure which the applicants have identified.

10.5 **Fifth,** the procedural and bureaucratic obstacles placed in the way of applicants for the SRD grant are, on the respondents' own version, a deliberate means by which to reduce the uptake of the SRD grant. Insofar as these procedural mechanisms stand in the way – and, indeed, are *intended* to stand in the way – of applicants who, in substance, and on the merits, ought to qualify for the SRD grant, the mechanisms are irrational and employed for an improper purpose.

11 In what follows, I address the following topics in turn:

11.1 **First**, I reiterate what the applicants' case is and address the respondents' mischaracterisation of that case;

11.2 **Second**, I respond to the respondents' answering affidavits thematically under the following headings:

11.2.1 National Treasury does not speak for Government;

11.2.2 Budgetary constraints and affordability;

11.2.3 The nature and purpose of the SRD grant; and

11.2.4 The contrived distinction between the SRD grant and other social grants;

11.3 **Third**, I deal with the respondents' answers to the applicants' grounds of review, emphasising:

11.3.1 The respondents' concession that they prioritise exclusion over inclusion;

11.3.2 The respondent's concession that they use procedural mechanisms to reduce uptake of the SRD grant.

11.4 **Fourth**, I respond to specific paragraphs of the respondents' answering affidavit *ad seriatim*.

12 Before addressing these issues, I draw attention to two recent developments: the publication of draft amendments to the SRD Regulations and an indication by the Minister of Finance that there will, after all, be a modest increase to the SRD grant.

13 First, on 14 February 2024, the Minister published a draft amendment to the SRD Regulations, which I attach marked "**RA1**". Given that the amendment remains in draft form, and is subject to a notice and comment process before being promulgated, I do not engage with its content in any detail at this stage. It suffices for present purposes to note three striking features:

13.1 First, the draft amendment seeks to extend (and not replace) the current Regulations until 31 March 2025;

13.2 Second, in terms of the draft amendment to Regulation 5, it is proposed that the monthly amount of the SRD grant will <u>remain</u> at R350; and

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13.3 Third, the draft amendment does nothing to address the fundamental shortcomings in the Regulations identified in the founding affidavit.

14 Second, without notice to the applicants, the Minister of Finance stated in Parliament on 13 March 2024 that the value of the SRD grant will be increased by R20 (5.7%) to R370 from 1 April 2024. This increase had not previously been included in the tabling of the National Budget, despite increases to all other social grants being announced. I attach, marked "**RA2**", a report from the South African Government News Agency, reporting the announcement. The increase has not yet been implemented and is not reflected in the draft SRD Regulations published for comment.

15 The applicants reserve their right, in due course, to amend their relief and supplement their papers to challenge the amended Regulations once promulgated, should they fail to address the defects identified in this application, and to address the increase in the SRD grant value, if and when it is implemented.

THE APPLICANTS' CASE

16 The respondents persistently mischaracterise and distort the applicants' case in an attempt to cast the relief that the applicants seek as "*constitutionally inappropriate*" or somehow beyond the competence of this Court.

17 It is therefore necessary, at the outset, to explain what this case is about, and what it is not about.

18 The grounds of review advanced by the applicants centre on two core concerns:

18.1 The first is that aspects of the SRD Regulations and the procedure for applying to receive the SRD grant have as their effect, if not their purpose, the irrational, arbitrary and unfair denial of social assistance to persons who are legally entitled to receive it.

18.2 The second is that access to social assistance by working age adults is diminishing due to these exclusionary procedures and due to the static and irrationally determined value of the SRD grant and the income threshold for eligibility. This diminishment marks both the state's failure to take reasonable steps to progressively realise the right to social assistance and the infringement of its negative obligation not to interfere with and diminish existing access to social assistance.

19 Both of these concerns are based on uncontroversial legal principles of public and administrative law, including:

19.1 that regulations must be rationally connected to a legitimate purpose;

19.2 that regulations must be reasonable, in the sense that they must be proportionate and well-tailored;

19.3 that the procedures which precede a decision to grant or refuse an application for social assistance, which is administrative action, must be rational and fair;

19.4 that the state cannot irrationally differentiate between groups of persons;

19.5 that terms in a statutory provision must be interpreted in light of their literal meaning and the purpose of the provision, and in order to best give effect to the rights in the Bill of Rights, including section 27(1); and

19.6 that the constitutional right to social assistance requires Government:

19.6.1 to progressively realise the right;

19.6.2 to put in place reasonable measures to achieve the progressive realisation of the right; and

19.6.3 to avoid measures that interfere with existing access to social assistance.

20 Far from being "*constitutionally inappropriate*", the relief sought by the applicants flows directly and naturally from the grounds of review. For example:

20.1 Irrational, unreasonable or otherwise unlawful regulations must be declared invalid – a remedy that is required by section 172(1)(a) of the Constitution.

20.2 Where Government's conduct has fallen short of its constitutional duty to progressively realise the right to social assistance, a court should declare its conduct invalid. This is also relief which is expressly contemplated in section 172(1)(a).

20.3 Section 172(1)(b) empowers courts to make "*any order that is just and equitable*". I am advised that it is well-established that this includes an order directing Government to make a plan to remedy a breach of its constitutional obligations.

21 The applicants do not seek any relief that would dictate Government's social assistance policy or how much Government must spend on the SRD grant. The applicants also accept that when the Minister of Social Development prepares a plan to address the retrogression of access to social assistance and the progressive realisation of access going forward, she can choose between different ways of achieving this, within Government's available resources, provided they are reasonable. Far from overstepping the judicial role, this order would simply require Government to have a plan to do what it already confirms to be its policy – to "*extend and improve*" the SRD grant.

22 With this overview in mind, I turn to address statements in the respondents' affidavit that distort or mischaracterise the applicants' case, and the relief it seeks.

22.1 DSD suggests that the applicants seek an order directing Government to implement a universal basic income grant ("**UBIG**").[2] This is a surprising statement in the DSD affidavit, given that National Treasury confirms that it is DSD's own policy preference "*to move to universal grants for much of the population*".[3] In any event, the applicants seek no relief in relation to a UBIG. They seek orders striking down specific regulations that constitute barriers to access to the SRD grant and directing the Minister of Social Development

[2] DSD AA para 189 and NT AA para 67.3.
[3] NT AA para 34.

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[illegible]

to devise a plan that will address the retrogression in the value and qualifying threshold for the SRD grant. This does not dictate to the Minister that progressive realisation of the right to social assistance must take the form of a UBIG.

22.2 National Treasury concedes that "*the applicants do not seek a court order prescribing the precise amount of the increase of the grant which they seek*"[4] but then misleadingly refers to "*the increases proposed by the applicants*".[5] Elsewhere, it incorrectly accuses the applicants of seeking "*judicial intervention in budgeting allocation*".[6] I emphasise, again, that the applicants do not propose specific increases in the value of the SRD grant or the income threshold that applies to it. Instead, in relation to the value of the SRD grant and the income threshold, the applicants seek a non-prescriptive remedy that leaves it to the Minister to devise and implement a plan that addresses the retrogression of the SRD grant and progressively realises the right to social assistance, having regard to relevant considerations. This process would include the Minister consulting with Treasury, as the SRD regulations require.

22.3 Nor do the applicants argue, as Treasury suggests, that "*Covid-19 SRD grants must be prioritised over all government expenditure*".[7] The relief sought by the applicants would simply require Government to devise a plan to mobilise available resources to progressively realise the right to social

[4] Id para 83.3
[5] Id para 67.2.
[6] Id para 51.10.
[7] Id.

assistance, and to address retrogression in access to social assistance. It remains within Government's discretion to determine how to ensure that an adequate budget is allocated to achieve compliance with its constitutional obligations.

22.4 National Treasury also states that "*the main focus of the IEJ application is the question of the value of the SRD grant and the extent of its duration*".[8] Not so. The applicants advance numerous grounds of review, most of which relate to irrational and unconstitutional procedures and requirements in the SRD Regulations that exclude beneficiaries who should otherwise receive the grant and *not* to the value of the grant or the income threshold. Nor are the applicants dictating that the SRD grant must be retained over the coming years. As the President and the Minister of Social Development have clearly stated, Government's own policy is to expand and improve the SRD grant going forward, as the next step towards a basic income grant.

22.5 Finally, this application is not premised on the assumption that the SRD grant is "*a permanent right and entitlement from which the government cannot depart*".[9] The applicants ask this Court to enforce the constitutional right of access to social assistance in respect of Government's own policy to establish the SRD grant and to extend and improve it.

23 Having addressed the respondents' attempts to mischaracterise the case and the relief sought, I now provide a general response to the arguments made by

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[8] Id para 33.
[9] Id para 21.

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the respondents in their answering affidavits before addressing their responses to the specific grounds of review raised by the applicants.

CONDONATION: LATE DELIVERY OF REPLYING AFFIDAVIT

24 This replying affidavit is delivered outside the period provided for in terms of the Uniform Rules of Court. The applicants respectfully seek condonation for its late delivery.

25 The reasons for lateness include the need to await, and then respond to, the three answering affidavits delivered by DSD, SASSA and eventually National Treasury (after its intervention), all of which were delivered significantly out of time.

26 In addition, during the drafting of this affidavit there were new developments that became necessary for the applicants to place before the above Honourable Court. These included the President's SONA, the Budget Speech by the Minister of Finance, the promulgation of new draft SRD Regulations for comment and, very shortly before the delivery of this affidavit, the sudden announcement by the Minister of Finance on 13 March 2024 that there will be a R20 increase to the value of the SRD grant after all, notwithstanding the position of the respondents in this litigation.

27 It is submitted that the explanation for this delay is reasonable and there is no prejudice to the respondents.

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28 I now turn to set out a general response to key features of the respondents' opposition to the application.

GENERAL RESPONSE TO THE RESPONDENTS' ARGUMENTS

National Treasury is overstepping its constitutional mandate in breach of the separation of powers

29 In its answering papers and its conduct in relation to the SRD grant, National Treasury has exceeded its constitutional mandate, usurping the powers of other departments and itself breaching the separation of powers. It has done so in the following three respects:

29.1 National Treasury purports to speak for Government as a whole;

29.2 National Treasury has dictated to DSD and SASSA the value of the SRD grant and imposed retrogression, inverting the constitutionally required process of policy-making and budgeting; and

29.3 National Treasury purports to determine – finally and exclusively – the final budget allocation for the SRD (stating that it will be reduced in the next financial year), when this is a decision for Parliament.

30 First, National Treasury purports to speak for Government as a whole. While the deponent to National Treasury's answering affidavit initially concedes that his ability *"to speak for government is limited to the position of the Minister of Finance*

and Treasury",[10] he purports to express the views of "*Government as a whole*",[11] declaring, for example, that "*Government cannot go as far as the applicants would like*" and "*cannot expand social grants further at this point*".[12] The deponent even goes so far as to suggest that the SRD grant does not form part of Government policy.[13] At the same time he acknowledges sharp differences in the views of government departments, in particular between Treasury and DSD.

31 National Treasury's opposition to this application, and its pronouncements regarding the future of the SRD grant and the provision of social assistance more generally, should be understood in light of the following:

31.1 On National Treasury's own version, it is at loggerheads with other Government actors with respect to social protection policy[14] because there are "*differences within government on the best approach to replace the SRD grant*".[15] In the circumstances, it is surprising that National Treasury would state categorically in an affidavit that "*Government*" cannot expand social grants further.[16] This appears to be an internal National Treasury preference. The most recent publicly stated policy position of Government, the President's SONA, expressed the exact opposite.

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[10] Id para 72.1
[11] See for example NT AA para 63.3, where the deponent to NT's AA states that "the position taken by the applicants is based on various strong policy stances, with which the Treasury, <u>and the government as a whole</u>, respectfully disagree".
[12] NT AA para 40.
[13] Id para 20.2.
[14] Id para 26.
[15] Id para 34.
[16] Id para 40.

31.2 It is particularly surprising that National Treasury would adopt such a strident stance in circumstances where, as I highlighted in the introductory section above, National Treasury's policy positions and its attitude towards the SRD grant are at odds with the rest of Government. It is also actively frustrating the implementation of the SRD grant and exerting pressure on DSD to reduce spending on it.

31.2.1 Regarding the former strategy, an internal DSD briefing document, which was annexed to the DSD's answering affidavit in the *Black Sash* matter, records National Treasury's obstructive approach vis-à-vis DSD. A copy of this DSD brief is attached, marked "**RA3**". Critically, it makes clear that National Treasury's objection to funding the SRD grant has been its unfavourable view of the grant, rather than a lack of funding *per se*. Under the heading "*risks*", the following is noted:

> *"2.3. The Minister of Finance needs to concur with the regulations; 2.3.1 Currently we have regulations that the Minister has sent to the Minister of Finance in November 2021, to which we still have not received a response. 2.3.2. Every effort will be made to engage with NT on the regulations, however this may not yield any results, due to their unfavourable views towards the SRD grant. 2.3.3. The NT has made a number of unreasonable requests for conditions on this grant. We may run the risk that they may just withhold concurrence if we do not accede to these. 2.3.3.1. The DG has written to the NT explaining the difficulties, and even the constitutional implications of some of the conditions they require. 2.3.4. We may also need to consider the publication of the regulations without the Minister of Finances concurrence."*

31.2.2 In a letter sent to the Minister of Finance by the Minister of Social Development on 8 April 2022, attached as annexure "**RA4**", in which the latter requested the former's concurrence in the SRD regulations, the effect of National Treasury's obstructive approach on the proper administration of the SRD grant is highlighted:

> *"As I mentioned in our telephone conversation Honourable Minister, I require your urgent concurrence on the amended regulations which were supposed to come into effect in the new financial year in line with the President's executive order during the State of the Nation Address. Without your concurrence and gazetting of the regulations, the Department of Social Development and South African Social Security Agency (SASSA) cannot process applications and effect payments for the special R350 Social Relief of Distress Grant.*
> *. . .*
> *Still on matters concurrence, you will recall that I recently wrote to you seeking your concurrence that will enable SASSA to enter into contracts with commercials [sic] banks. [...] However, since the extension of the Special COVID-19 SRD Grant in August last year, SASSA has not been able to adjudicate any appeals due to SASSA not being able to conclude the required contracts with the banks, pending your concurrence on same. The timely finalisation of this matter will enable SASSA to clear the 8-month appeals backlog."*

31.2.3 For completeness, I attach National Treasury's response as annexure "**RA5**".

31.2.4 In presentations to civil society organisations in July 2023, senior officials of the DSD, including the DDG and Chief Director, outlined how their attempts to deal with the low value of the grant, and the exclusion of beneficiaries, had been vetoed by Treasury. They inter alia stated that they had sought an increase in the value of the grant to R663 (being the Food Poverty Line) or at least R500 (to match the Child Support Grant Value); an increase in the threshold to the Upper Bound Poverty Line of R1417; an increase in the overall budget; and an extension of the grant to end of 2025/2026. I attach a copy of the relevant extract of the presentation, marked "**RA6**".

31.2.5 Speaking to the NCOP in August 2022, Minister Zulu argued that the low budget allocation forced the department to change the qualifying criteria for the grant: "*R44 billion had been allocated to serve 10.5 million people until the end of March 2023. The allocation fell short of the 10.9 million qualifying beneficiaries. The Public Finance Management Act (PFMA) requires the department to stay within the allocation, so the department introduced additional qualifying criteria for the grant. This included the introduction of a means test threshold of R350 for all applicants.*" I attach a report of the proceedings of the NCOP, marked "**RA7**".

31.2.6 As I explain later in this affidavit, National Treasury admits to using budget constraints to influence how DSD administers the SRD grant.

31.2.7 Finally, it is worth noting, in particular, that when the SRD grant was in its infancy, National Treasury's attempt to limit the grant to providing substitute income for those who could not work due to the Covid-19 pandemic was rejected by the Presidency, in favour of universal income support assisting all those in need.

32 In short, National Treasury does not, and cannot, speak for Government as a whole. The views it expresses in its answering affidavit regarding the desirability

of social assistance and whether the SRD grant should be continued are not reflective of the position which Government has taken in relation to the SRD grant.

33 **Second**, National Treasury is usurping the function of the relevant substantive government department, DSD.

33.1 The respondents' papers confirm that the R350 value of the SRD grant was decided by National Treasury based on its policy preferences and its view of 'affordability'.[17]

33.2 This oversteps National Treasury's role, usurps the constitutional responsibility of the Minister of Social Development and inverts the constitutional process for government policy-making and expenditure.

33.3 Under the Constitution, it is the responsibility of the relevant Minister and department to make policy in respect of their sphere of responsibility. National Treasury's role in respect of overseeing expenditure is a separate, subsequent process. What the Constitution requires is that the Minister of Social Development determine the value of the SRD grant and the qualifying threshold taking into account all relevant considerations, including the needs, relevant poverty indices, and other factors. While policy priorities and budget priorities are relevant factors, they are not the starting point and whole basis for the determinations.

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[17] DSD AA para 147.

33.4 This is clear if one considers any functional area of governance. It is the role of the Minister and Department of Health, not National Treasury, to determine in the first instance what infrastructure (such as hospitals and clinics) and health care practitioners are required in order to discharge the obligation to fulfil the right to health. Part of this role is to decide what resources are required in order to progressively realise the relevant right. It would be constitutionally inappropriate for National Treasury to usurp this role and predetermine these needs. It is no different with social assistance.

34 **Third**, National Treasury is itself impinging on the separation of powers by purporting – finally and exclusively – to pre-determine the budget allocation for the SRD grant in the coming financial year and future years. This is not National Treasury's prerogative, but ultimately the constitutional role of Parliament.

34.1 Section 216 of the Constitution demarcates the role of National Treasury, providing:

> *"1. National legislation must establish a national treasury and prescribe measures to ensure both transparency and expenditure control in each sphere of government, by introducing*
> *a. generally recognised accounting practice;*
> *b. uniform expenditure classifications; and*
> *c. uniform treasury norms and standards.*
> *2. The national treasury must enforce compliance with the measures established in terms of subsection (1), and may stop the transfer of funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures."*

34.2 National Treasury's role in respect of "*expenditure control*" is to implement and oversee spending by government departments, not to predetermine all future appropriations of money.

34.3 Government expenditure is finally effected, not by any decision of National Treasury, but through a Money Bill passed by Parliament in terms of section 77 of the Constitution.

34.4 The parliamentary process is, crucially, transparent, democratic and permits public participation. It is for this reason that the Constitution prescribes that it is ultimately Parliament, and not National Treasury, that determines government expenditure. Treasury plays a key role in the preparation of the budget, but its role is subject to important constitutional limits.

34.5 National Treasury's role is primarily advisory. It is not the final and exclusive decision-maker. Its role is to advise the legislature of envisaged expenditure required by organs of state, and to implement and oversee expenditure as determined by Parliament.

34.6 Further legal argument in this regard will be made at the hearing of the matter.

35 Accordingly, National Treasury has overstepped its constitutional mandate and is itself violating the separation of powers by:

35.1 purporting to speak for Government as a whole;

35.2 usurping the role of the Minister of Social Development by dictating:

35.2.1 the value of the SRD grant;

35.2.2 procedural requirements that affect the implementation and administration of the SRD grant, and diminish its accessibility; and

35.2.3 that there will be no increases to the grant value or qualifying threshold; and

35.3 purporting to finally and exclusively pre-determine the future budget allocation for social assistance, including the SRD grant, which is ultimately the responsibility of Parliament.

Budgetary constraints and affordability

36 Much of the respondents' case turns on allegations of unaffordability and budgetary constraints, which underpin two overarching claims:

36.1 **First**, that the SRD grant is already unaffordable,[18] that any expansion or increase in the grant whatsoever would be similarly unaffordable, and that, for this reason, Government has not breached its constitutional obligation to progressively realise the right to social assistance; and

36.2 **Second**, that any of the shortcomings in the SRD Regulations identified by the applicants cannot be unlawful, because it would be unaffordable for Government to address them.

37 In the *ad seriatim* section of this affidavit, I address in greater detail Treasury's claim that the SRD grant is unaffordable and that no increase whatsoever would

[18] [60] "Treasury simply cannot afford to commit more than R350 per recipient, and even that sum has to be funded by borrowing". See NT Intervention FA para 29.

be affordable within available resources, and the alleged immutability of Government's budgetary constraints.

38 But the more important point, and the one that I make presently, is that even if the Treasury's affordability claims were credible, they are not an answer to the applicants' case. I say this for four main reasons:

38.1 **First**, the claim of unaffordability fails on the common cause facts for one simple reason. The budget allocation for the SRD grant in 2022/2023 was significantly underspent.[19] In the circumstances, the respondents cannot claim without more that changes to the Regulations that would increase uptake by qualifying beneficiaries would necessarily be unaffordable.

38.2 **Second**, as a justification for freezing the grant value and income threshold indefinitely, they are insufficiently unsubstantiated. I am advised that the starting point is that effective implementation of constitutional obligations requires adequate budgetary support, which, in turn, requires recognition of the obligation to meet the immediate needs of the most vulnerable. In addition, it is no answer for an organ of state to say that it has not budgeted for something, if it should have budgeted for it in the fulfilment of its constitutional obligations.

38.2.1 Therefore, in order to substantiate National Treasury's claim that the SRD grant and any enhancement of the grant whatsoever is unaffordable, it would need to indicate that it has raised and

[19] NT AA para 53.1.

deployed all available resources before reaching that conclusion. Only then could it claim that additional spending is 'unaffordable' or would need to come at the cost of existing programmes. National Treasury does not do this (nor does it attempt to) because this is not the case.

38.2.2 I am advised that in order for an organ of state to successfully invoke budgetary or resource constraints as a justification for limiting rights, it cannot make bald assertions. Where the state justifies its conduct based on factual or policy considerations, it must place material regarding such considerations before the Court, including any relevant data. And where an organ of state relies on resources constraints, it is required to detail the precise character of those constraints in the context of its overall resourcing.

38.2.3 National Treasury's factual claims regarding the cost and affordability of the SRD grant are really just back-of-the-envelope calculations of how much the grant would cost if X people received it and if Y people received it.[20] It performs the same exercise using different grant values and income thresholds.

38.2.4 Any person can do these calculations, which are hardly evidence that the SRD grant is unaffordable. And at this level of generality, National Treasury could characterise <u>any</u> of the billion rand

[20] NT AA para 83.2.

programmes Government provides – for instance in relation to health and education – as unaffordable.

38.2.5 Save for stating that South Africa's "*social wage*", of which social assistance is one component, consumes 61.6% of its budget,[21] National Treasury does not place any of its calculations in the context of the budget as a whole. If it did, it would reveal that social protection spending increased at a much lower rate than government revenue, which undermines Treasury's claim that social protection spending is unsustainable in light of revenue. Overall, the nominal growth in social assistance spending from 2019/20 to 2025/26 is 30.5%, whereas the nominal growth in consolidated budget revenue is 46.4%. National Treasury's sweeping claims about unaffordability are thus made at the level of assertion, and are not adequately supported by facts and data.

38.3 **Third**, even if, as National Treasury alleges, there are severe budgetary constraints bearing down upon Government, that can never justify regulations and procedures that irrationally and unlawfully deprive access to the SRD grant to persons who are legally entitled to receive it. Nor can it justify irrational differentiation between SRD grant recipients and the recipients of other social grants.

38.4 Government cannot create regulations that give a group of persons a legal entitlement to social assistance, and then, in an effort to keep down

[21] Id para 15.

numbers, put in place irrational and unfair procedures that prevent significant numbers of them from accessing that assistance. Government must be prepared to fund its own laws and policies and cannot put in place unlawful bureaucratic obstacles to avoid doing so. If Government needs to limit the number of people that access the grant, then it must do so in a non-arbitrary, fair and transparent manner, in which the restrictions it applies are rationally and reasonably tailored to ensure that those who qualify to receive the grant do so. Limiting numbers by way of bureaucratic obstacles that exclude persons who meet the substantive requirements for eligibility is utterly arbitrary.

38.5 **Fourth**, Government's alleged inability to fix the exclusionary and unlawful procedures identified by the applicant, and to apply the correct interpretation of "*income*" and "*financial support*", if true, would become relevant only to the question of how that unlawfulness should be remedied. While the applicants deny that there are any substantiated resource-based arguments, it is at the remedial stage that this Court can fashion a just and equitable remedy that is practical, and addresses any such concerns.

39 In short, National Treasury's appeals to alleged unaffordability and budgetary constraints do not meet the applicants' case, which does not require this Court to make a finding regarding how much the state could spend on social assistance.

40 I address the substance of National Treasury's sweeping and unsubstantiated claims of unaffordability in the *ad seriatim* response further below.

The nature and purpose of the SRD grant

41 The respondents attempt to justify deficiencies in the SRD grant application procedures and the differentiation between the SRD grant and other social grants on the basis that the SRD grant is, and was always intended to be, temporary. In making this argument, the respondents repeatedly elide both the alleged temporariness of the SRD grant as a policy intervention, and the temporariness of the social assistance it provides (due to the supposed temporariness of SRD recipients' financial need compared to recipients of other social grants).

42 To begin with, the social assistance provided by the SRD grant is no more or less "*temporary*" than the relief provided other social grant recipients. Like other social grants, the SRD grant provides immediate financial relief to a recipient in the month in which she requires it. Assistance is made available depending on the recipient's financial means, which will invariably fluctuate from month to month. In this sense, both the SRD grant and other social grants are all "*stop-gap measure[s]*",[22] intended to provide assistance for a limited period of time, until the recipient acquires income or financial support that exceeds the threshold for eligibility or otherwise cease to meet the requirements (such as a child who turns 19).

43 As for the alleged temporariness of the SRD grant itself, the respondents for the most part describe the initial purpose of the grant accurately[23] but ignore that the

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[22] Id para 24.

[23] The applicants have no quarrel with DSD's statement at para 32 that when the SRD grant was introduced, "*it was explicitly explained that the provision was aimed at redressing the deepening and increase of hunger as well as [the] devastating and catastrophic human and social effect of the Covid-19 pandemic*". In para 20 of its answering affidavit, National Treasury states that the initial purpose of the SRD grant was "*to deal with the inability of people to work during the lockdowns of the Covid 19*

nature and purpose of the SRD grant has, on their own version and as is clear from the legal framework, evolved over time.

44 While the SRD grant was initially intended to address Covid-19-related financial distress, it now gives effect to Government's broader policy objective of addressing hunger and income poverty experienced by working age adults.

44.1 This is reflected in the fact that the SRD grant is no longer housed under the Disaster Management Act, and now derives its legal existence from section 14 of the Social Assistance Act and regulations promulgated by the Minister of Social Development under that Act.

44.2 It is also reflected in statements made by the Minister of Social Development, DSD officials, and the President, which confirm that the SRD grant is the base upon which Government intends to build comprehensive social protection for working age adults:

44.2.1 On 21 November 2023, Business Live reported Minister Lindiwe Zulu as stating in response to a Parliamentary question that "*[g]iven the extent of unemployment, and the current economic climate, we have chosen to take a prudent approach of progressive realisation of the basic-income support policy through incremental changes to the SRD grant over time*". That is an acknowledgement not just of the long-term nature of the SRD

period" and to address "*the specific circumstances of Covid-19*". However as noted above, the Presidency has expressly rejected Treasury's attempts to limit the grant to a substitute income for those who could not work due to the Covid-19 pandemic.

grant, but also of the fact that DSD sees its incremental development as part of the progressive realisation of the right to social assistance. I attach a print-out of this article as annexure "**RA8**".

44.2.2 In its briefing to the Portfolio Committee on Social Development regarding its annual performance plan for 2023/2024 on 3 May 2023, DSD itself stated that "*Government must view the SRD grant of R350 as not just a temporary measure, but a precursor to a permanent income support policy for the working age population*". I note that this directly contradicts DSD's repeated insistence in its answering affidavit that the SRD grant is a temporary grant. The relevant extract from the briefing is attached as annexure "**RA9**".

44.2.3 President Ramaphosa has also made it clear that the SRD grant is here to stay and is an integral part of Government's vision for social assistance going forward. As noted above, in his 2024 SONA, the President confirmed that the Government will "*extend*" and "*improve*" the SRD grant "*as the next step towards income support for the unemployed*".

44.2.4 In *From The Desk of The President: "Stimulating Growth from the Bottom Up"*, dated March 27 2023, the President wrote that "*[t]he SRD alone represents a significant step in our commitment to* *provide a minimum level of support below which no South African should fall.*" I attach a copy of the article as annexure "**RA10**".

44.2.5 Even the Minister of Finance has conceded that Government cannot "*simply drop the SRD grant without a fundamental replacement*".[24] National Treasury also acknowledges in its answering affidavit that the SRD grant has been extended several times "*because of a recognition by government that it would cause too much financial distress to remove the grant overnight, because of the number of people who have come to rely on it*".[25] It must also accept that there is no realistic prospect of this need going away in the short- to medium-term, given its concession that "*in the short to medium term, there are likely to be millions of unemployed South Africans*".[26]

44.2.6 The governing party, the African National Congress, states in its 2024 elections manifesto that over the next five years it will "*[s]trengthen income support through existing social grants and use the Social Relief of Distress (SRD) grants as a mechanism towards phasing in a basic income support grant*". I attach the relevant extract of the manifesto as annexure "**RA11**".

44.3 These statements make clear that it is artificial to treat the SRD grant as a series of isolated and temporary grants aimed at addressing the Covid-19

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[24] See FA para 94.6.
[25] NT AA para 82.3.
[26] Id para 64.

pandemic and that this is no longer Government policy on the SRD grant. As all the statements above confirm, it is Government's policy position that each successive renewal of the SRD grant exists along a single continuum of social assistance policy-making by Government directed at progressively realising the constitutional right to social assistance.

45 But even if the SRD grant were temporary, in the sense that its future is not guaranteed, that is also no answer to this application:

45.1 **First**, irrational and unreasonable procedures in the SRD Regulations that result in arbitrary exclusion of eligible beneficiaries are unlawful, irrespective of whether the grant will be of limited duration. Put differently, Government cannot justify irrational and unreasonable conduct by saying that it intends doing so for a limited period of time. This is particularly so given the harsh human cost of losing access to the SRD grant.

45.2 **Second**, the temporariness of the SRD grant and its alleged imminent discontinuation would, if anything, exacerbate the ongoing retrogression in access to social assistance for working age adults.

The alleged distinction between the SRD grant and other social grants

46 As set out in the founding affidavit, the applicants point to numerous instances in which the SRD Regulations entrench the irrational differentiation between the SRD grant and other social grants.

47 In answer to this, the respondents contend that the SRD grant is an outlier in Government's social assistance framework, and is fundamentally different to other social grants.

48 For example, DSD repeatedly states that the financial circumstances of SRD grant recipients are highly variable and "*likely to improve at any time*", whereas the circumstances of other grant recipients – including, for example, recipients of old age grants, disability grants, and the child support grant ("**CSG**") – are "*permanent and unlikely to change anytime soon*".[27] It also says that the SRD grant "*is aimed at individuals who are financially distressed whose circumstances can vary from month to month*", whereas "*the circumstances of those targeted in the other social grants are permanent in nature*".[28]

49 National Treasury agrees that "*[i]t is not unreasonable or irrational to treat [the SRD] grant as different to the other categories of social assistance, because its nature is very different*".[29] It appears that National Treasury distinguishes the SRD grant and other grants on the basis that other grants are "*permanent*"[30] and are "*considered a statutory right*".[31]

50 The respondents' attempt to draw a bright line between the SRD grant and other social grants is flawed, for several reasons:

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27 DSD AA paras 277.2 and 103.
28 Id para 210.2
29 NT AA para 95.
30 Id.
31 Id para 53.3.

50.1 **First**, like the SRD grant, most social grants, including the older persons grant, disability grant and CSG, are means-tested.[32] Not every older person, disabled person, or caregiver is entitled to a social grant. While some of the criteria for receiving an older persons grant or a disability grant may be based on a permanent characteristic, like age or disability, eligibility also depends on the recipient's fluctuating financial position.[33] Indeed, everyone's financial position, including that of a parent or elderly person, is capable of changing from month to month. It is therefore untenable to treat SRD grant recipients differently simply because their eligibility for the grant changes depending on fluctuations in their income.

50.2 If anything, the reality is that the financial position of most SRD grant recipients is consistently poor, due to the reality of structural unemployment.[34] Evidence of the structural nature of poverty and unemployment in South Africa abounds. For present purposes, it suffices to highlight the following:

50.2.1 National Treasury itself acknowledges in its answering affidavit that "*in the short to medium term… there are likely to be millions of unemployed South Africans*".[35]

50.2.2 According to Statistics South Africa's Quarterly Labour Force Survey for the fourth quarter of 2023, the proportion of

[32] SASSA AA para 11.
[33] cf DSD AA para 104.
[34] Structural unemployment refers to chronic, high unemployment that is produced and reproduced by the structure of the economy, and is not the product of the behaviour of individuals.
[35] NT AA para 64.

unemployed people (narrowly defined, excluding those who have given up looking for a job) who have been unemployed for a year or more was 77.1%. This is a significant increase from 66.4% in the fourth quarter of 2013. This indicates that over the past decade, the likelihood of an unemployed person finding a job within a year has decreased significantly.

50.2.3 In the fourth quarter of 2023 "*discouraged workseekers*" - defined as unemployed persons who have given up looking for a job - made up 18% of all economically inactive persons. This is an indication of the lack of job availability and significant challenges encountered in finding a job due to the structural nature of unemployment. I attach the survey as annexure "**RA12**".

50.2.4 The total number of unemployed persons is higher now than it was in 2020. Whilst the unemployment rate (the proportion of labour market participants who are unemployed) has come down slightly since 2020, the total number of unemployed persons in the last quarter of 2023 was higher than in the fourth quarter of 2020, by a total of approximately 600,000 (applying the expanded definition of unemployment). This is an indication that need for the SRD grant has not subsided.

50.2.5 Government officials have also noted the lack of job availability for social grant beneficiaries. On 24 March 2023, Maureen Mogotsi, DSD acting Chief Director, observed:

> *"Remember we are living in an employment short country, we don't have jobs in this country [...] all of our beneficiaries were saying 'if I had a chance to work I would work, I want to work'. But the fact that we are running away from here is that this country cannot absorb this group of people. And we are quite aware that this is an economic active group. If there were jobs, the majority of them are young people with even certificate [...] but still, we are not able to place them [...]."*

This statement was made in the course of a lengthy presentation. If required, the applicants can make a transcription available.

50.2.6 To make matters worse, a recent survey by Youth Capital, which I attach as annexure "**RA13**", found that the cost of looking for work for young people has now risen to over R1400 per month, and that many are forced to choose between buying food and looking for work. The SRD grant goes some way towards meeting the costs of looking for work, as explained in the founding papers.

50.3 **Second**, and relatedly, SRD grant recipients cannot be distinguished from other grant recipients on the basis that all SRD grant recipients are people who are employable and could otherwise participate in the economy, whereas other grant recipients are not.[36] For example, SRD grant recipients include caregivers, who have little ability to take up formal employment. The respondents' arguments also ignore the reality that while SRD grant recipients are notionally employable, many have very little chance of securing work, let alone long-term, formal and secure employment.

[36] cf DSD AA para 105.

50.4 More to the point, however, it is unclear why the employability of SRD grant applicants would justify different treatment when compared to other social grant recipients. The fact that an SRD applicant is of working age does not make it fairer or more rational to, for example, assess their income using unreliable verification processes, and it does not mean the consequences of being erroneously denied access to the grant will be any less devastating personally.

50.5 **Third**, all people who receive means-tested grants are by definition in immediate need of financial assistance. It is therefore inaccurate for DSD to suggest that only SRD grant recipients are "*in immediate financial distress*".[37] As I have explained above, contrary to what DSD suggests, all grants, not just the SRD grant, aim to provide "*immediate access to financial assistance from Government*".[38] Indeed it is imperative that all grant applications be decided accurately and timeously so that applicants receive immediate assistance in the month in which they need it. To the extent that this requires SASSA to introduce new methods for assessing applications and verifying income, those methods must be accurate, fair and capable of assessing an applicants' income and financial support, properly interpreted.

50.6 **Fourth**, National Treasury's claim that the SRD grant is fundamentally different to other social grants because the latter are "*permanent*" and provided for in the Social Assistance Act is contradicted by the provisions of the Social Assistance Act:

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37 Id para 210.5.

38 Id para 102.

50.6.1 In terms of section 4, the Minister <u>must</u> make a number of social grants available, including a social relief of distress grant.

50.6.2 Like any other social grant referred to in the Act, the social relief of distress grant is dealt with individually in its own section of the Act. The only difference is that some of the eligibility requirements for other grants, like the older persons grant, are set out in the Act itself, whereas the eligibility requirements for the SRD grant are prescribed in regulations. But this does not make the SRD grant any less "*permanent*" than other grants.

50.6.3 Like any other social grant referred to in the Act, the social relief of distress grant is given effect through regulations promulgated by the Minister of Social Development.

51 In sum, the suggested bases for administering or funding the SRD grant differently to other social grants do not withstand scrutiny. Moreover, as I explain below in relation to the specific grounds of review, these suggested reasons are in any event not rationally connected to the differential treatment meted out to SRD grant applicants.

THE RESPONDENTS' CONCESSIONS

52 As I have explained, the applicants' case challenges regulations that irrationally, unlawfully and unreasonably prevent people who are otherwise eligible to receive the SRD grant from receiving it. Indeed, one of the applicants' primary focuses is the problem of exclusion errors in the SRD grant's application procedures –

that is, that eligible applicants are wrongly excluded from receiving the grant based on its current eligibility criteria, and processes for verifying eligibility.

53 Although the respondents offer various practical reasons to justify the exclusionary regulations, it is notable that they do not seriously dispute that exclusion errors occur (in the sense that those excluded should not, according to the eligibility criteria, have been excluded), and that the procedures put in place by the SRD Regulations serve to reduce uptake of the SRD grant by making it more difficult to apply for a grant, and more difficult to satisfy the means test. Indeed, they had themselves previously identified such exclusions as problematic. Speaking in October 2023, the Minister of Social Development Lindiwe Zulu stated: "*While we have extended the benefit of this grant until 2024, there are concerns that many deserving people are being excluded from it. Also, the grant value has not kept up with inflation. We are earnestly attending to these concerns and believe that solutions can be devised.*" I attach a copy of Minister Zulu's address, marked "**RA14**".

54 The respondents' attitude towards exclusion errors, and the fact that they appear to have reconciled themselves with the problem of widespread exclusion, helps to explain their defence to the specific grounds of review raised by the applicants. As such, before addressing their responses to the grounds of review, I address:

54.1 **First**, the respondents' concession that they prioritise preventing inclusion errors over preventing exclusion errors, despite it being common cause that exclusion errors are far larger than inclusion errors; and

54.2 **Second**, their concession that administrative processes and application procedures are being used to reduce the cost of the SRD grant.

The respondents admit to prioritising preventing inclusion errors over preventing exclusion errors

55 National Treasury itself accepts that the SRD grant "h*as the potential to reach 16.8 million people who are not in formal employment and live below the food poverty line of R624*".[39] As I explained in the founding affidavit, the reality is that about half of people who meet the substantive requirements for eligibility actually receive it. The other eligible applicants are winnowed out by the unlawful exclusions and barriers that are the subject of this application.

56 DSD itself has acknowledged the high rate of exclusion errors. In a 3 June 2022 briefing to Parliament, a DSD representative stated that "*we are well aware that exclusion errors are far larger than inclusion errors*". I attach this presentation as annexure "**RA15**" (see slide 7).

57 The respondents do not deny the harsh consequences of exclusion or the experiences of the deponents to supporting affidavits annexed to the founding affidavit, who confirm that without access to the SRD grant, they cannot put food on the table and afford other basic necessities.[40]

58 Despite this, the respondents are indifferent to the systemic exclusion of persons who would otherwise be eligible to receive the SRD grant.

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[39] NT AA para 77.7.

[40] For example, FA para 104. Admitted NT AA para 72. Not denied DSD AA para 230.

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58.1 DSD seems resigned to the possibility of exclusion errors, noting that if the bank verification process erroneously excludes an applicant in one month, he or she can always reapply the next month.[41] This is in circumstances where erroneously excluded applicants are by definition people whose financial means are below the food poverty line, which means that not receiving the SRD grant in one month exposes them to starvation. Unsuccessful SRD grant applicants also bear the ongoing cost of maintaining banks accounts in order to apply for and receive the SRD grant.

58.2 Overall, the respondents in general, and National Treasury in particular, make it clear that their priority is to prevent over-inclusion rather than preventing over-exclusion.[42] It refers to "*the policy choice between under-inclusive or over-inclusive approach*"[43] and makes clear it prefers under-inclusion. In other words, they prefer an approach that wrongly excludes many eligible applicants to an approach that will avoid this but *may* wrongly provide the SRD grant to a much smaller number of people who do not meet the eligibility requirements.

58.3 Leaving aside the lawfulness of choosing to over-exclude rather than over-include, National Treasury has not provided any data or other information to explain why, on balance, it has encouraged DSD and SASSA to err on the side of under-inclusion.

[41] DSD AA para 274.3-4.
[42] See NT AA paras 57.2 and 77.6.
[43] Id para 86.

58.3.1 It refers in passing to the "*over-inclusive*" approach taken when the SRD grant was first introduced but provides no data as to the likelihood of inclusion errors occurring, the cost of such errors if they do occur, and the availability of less restrictive means than those employed to prevent such errors from occurring. Without having any idea of the estimated cost of over-inclusion, it is impossible to determine whether National Treasury and DSD have weighed up the financial cost of over-inclusion against the human cost of exclusion. Indeed, in the absence of an analysis even of the extent of the risk of over-inclusion, it is not open to National Treasury to contend that there is some sort of trade-off at play between over-inclusion on one hand, and over-exclusion on the other.

58.3.2 In any event, it is patently irrational and unreasonable not to consider whether the gains reaped by preventing over-inclusion are proportionate to its cost. Reasonableness, in this context, demands that National Treasury and/or DSD consider whether the measures put in place to reduce over-inclusion have not disproportionately harmed those who have been excluded by them. This includes an assessment of less restrictive means by which over-inclusion could be addressed.

58.3.3 National Treasury also suggests, again without any data to back up this assertion, that the problem of exclusion occurs at the margins, referring to people who are denied access to the SRD grant despite their eligibility as "*unfortunate outliers*".[44] I have no idea what information this statement is based on, or what National Treasury considers to be a statistical outlier in this context. One only need look at the precipitous drop in approvals for the SRD grant from 10.9 million people in March 2022 to 5.6 million in April 2022, after the regulations took effect, with approvals at their peak only reaching less than 8.5 million, to see that the number of beneficiaries excluded as a result of the regulations has run into the millions.

58.3.4 The respondents admit that as many as half of the eligible applicants in the country are not accessing the SRD grant currently. They also either do not dispute, or provide no meaningful counter to, the individual evidence of the deponents to the supporting affidavits about their personal experience of exclusion. Therefore, while the respondents have not substantiated the risk of over-inclusion if the impugned regulations are addressed, the applicants have provided a clear picture – on facts that are not disputed – of the significant extent of exclusion currently.

58.3.5 It is telling that DSD, for its part, does not shed any light on these questions.

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[44] Id.

59 Overall, the respondents appear comfortable with the risk of exclusion errors, and the suffering those errors will bring.

60 To be clear, the applicants accept that DSD must be entitled to put in place procedural safeguards to prevent fraud and minimise the payment of the SRD grant to persons who do not meet the qualification criteria. The question, however, is whether the selected safeguards are rationally connected to the purpose of preventing fraud and errors (as opposed to reducing the cost of the grant) and are reasonable and proportional, taking into account the human cost of exclusion. The respondents also need to explain why the safeguards that have been put in place for other social grants, such as requiring declarations from applicants on affidavit and conducting random checks, are inadequate, given that these would constitute less restrictive means of achieving the same purpose.

61 I explain below why the impugned procedures do not meet the first requirement of rationality. As for the second, the analysis above makes plain that neither National Treasury nor DSD have produced the data and information to demonstrate that the benefits of minimising over-inclusion are reasonable and proportionate to its costs.

The respondents admit to using procedural mechanisms to reduce uptake of the SRD grant

62 In the founding affidavit, the applicants present clear evidence that bureaucratic obstacles and criteria in the SRD Regulations have been used by National Treasury and DSD to reduce uptake of the SRD grant.[45]

63 Although the exclusionary procedures identified by the applicants are unlawful irrespective of whether they are *intended* to be exclusionary, the fact that the respondents admit to using procedural mechanisms to reduce uptake of the grant confirms and aggravates their irrationality.

64 National Treasury "*disputes that obstacles were deliberately put in the way of deserving applications to reduce the number of recipients*"[46] but, importantly, it admits that it has put in place obstacles to ensure that spending on the SRD grant is kept within budget:

64.1 It concedes that its solution to the alleged unaffordability of the SRD grant has been to "*encourage the Department of Social Development to set administrative criteria which would broadly fit within a budget envelope*".[47]

64.2 National Treasury also "*do[es] not dispute that the Treasury has insisted on various procedural safeguards being introduced in order to ensure that the SRD grant is not abused <u>and does not exceed what the fiscus can afford</u>*".[48]

[45] See, for example, FA paras 80-2.
[46] NT AA para 69.
[47] Id para 53.3
[48] Id para 75.

64.3 National Treasury's rationale is revealed in the following passage of its answering affidavit:

> *"To cover the 16.8 million recipients as proposed by the applicants would require a budget allocation of R70.6 billion in any given year. The fiscus cannot accommodate this significant amount. So, to manage this, mechanisms had to be explored to target the neediest. The database and bank checks are used to provide the most up-to-date income data. Again, I accept that, by using these methods, some of the neediest might slip through the cracks. But, given the budgetary constraints, government has to err on the side of using the best available methods of means testing - ie, from the perspective of reliability- to ensure that, overall, the neediest people benefit from the grant."*[49]

64.4 At first blush, National Treasury claims that Government has put in place "*the best available methods of means testing*"[50] in order to ensure that every person who is eligible for the grant receives it. In fact, National Treasury is really saying that because it cannot afford to pay the SRD grant to 16.8 million beneficiaries (which is denied), it has put in place "*methods*" that will reduce the number of beneficiaries by "*target[ing] the neediest*". But there are two obvious flaws in this explanation.

64.4.1 The first is that the inaccuracy of bank and other database verification affects <u>all</u> SRD grant applicants, not just the least in need among them. The poorest SRD grant beneficiaries can be excluded by bank verification because, for example, they do not have the means to maintain their own bank account, and are accordingly susceptible to being excluded on the basis of

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[49] Id para 77.7. Here again National Treasury distorts the applicants' arguments. The applicants do not "*propose*" that the SRD grant be paid to 16.8 million people. The applicants have merely referred to independent research that was commissioned by Government, which estimates that 16.8 million people are eligible to receive the grant based on the current eligibility criteria and therefore ought to qualify to receive the grant. See Annexure "FA57".

[50] Id para 77.7.

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payments made to other persons making use of the bank account. Bank verification thus bears no rational relation to the purpose of protecting "*the neediest*". If anything, the neediest of SRD grant recipients are more vulnerable to financial exclusion.

64.4.2 A study undertaken in 2020 by Finmark Trust estimated that 60% of people likely to be eligible to receive the SRD grant at that time did not have bank accounts. Other research has found that marginalised population groups including women and rural dwellers are at greater risk of financial exclusion. I attach the relevant extract from this study as annexure "**RA16**".

64.4.3 The "*methods*" employed by National Treasury and DSD achieve a reduction in the cost of the SRD grant by excluding applicants on entirely arbitrary bases, using inaccurate verification methods and an overbroad interpretation of "*income*" and "*financial support*". National Treasury's claim that its actions are designed to assist "*the neediest*" is therefore without basis.

64.4.4 The second problem with National Treasury's explanation is that it is based on the idea that otherwise-qualifying SRD grant recipients can legitimately be excluded if they are not amongst "*the neediest*" of SRD recipients.

64.4.5 But the SRD Regulations define eligibility not according to neediness or distress, but according to whether "*income*" or "*financial support*" received by a person is less than R624.

National Treasury cannot justify stricter procedures that exclude some applicants who qualify for the SRD grant on the actual criteria set by the Minister.

65 For its part, DSD does not deny that it has implemented onerous application procedures in order to bring spending on the SRD grant within the budget allocated by National Treasury.[51]

66 Indeed, that qualifying criteria and onerous procedures limit numbers of SRD grant beneficiaries is evident from Minister Zulu's speech to parliament in October 2022, in which she: apologised to applicants for the "*inconvenience experienced*" and regretted their "*pain and hardships*"; stated that additional qualifying criteria had to be introduced because the "*PFMA requires us to stay within the R44bn*"; stated that "*very serious challenges*" had been experienced with bank verification; acknowledged that take up so far was "*less than 50% of the budgeted amount*"; noted that this was a "*serious indictment* [*for DSD*] *because we see growing numbers of hungry and distressed people*"; explained that the threshold had increased to R624 but "*we may have to consider a further adjustment to the threshold to enable more applicants to qualify*"; concluded that "*it is in the interest of income-less, un-employable and vulnerable sections of our population for implementation of the CoVID-19 SRD to improve*" and that "*while the vast majority of South Africans prefer to be in employment... we cannot helplessly sit by and watch the people lose their dignity.*" I attach a copy of her speech, marked "**RA17**".

[51] FA paras 81-2. Not denied DSD AA para 219.

67 The manner in which National Treasury's unilateral budget allocations have led to exclusionary criteria being applied has also been noted by Dr Nombeko Mbava, Chair of the Financial and Fiscal Commission, who notes that: "*the department had to retrofit the number of beneficiaries to fit the budget, essentially ensuring potential beneficiaries will not exceed the allocated R40bn budget*". Dr Mbava explained further, "*While the SRD grant aimed to intervene and alleviate social distress, its poor implementation may have excluded many eligible applicants who were ultimately kept out through imposed restrictions and an inflexible application process.*" I attach a copy of an article published in the *Business Day* quoting the chairperson of the FFC, marked "**RA18**".

68 Whatever Government's budgetary constraints may be, it cannot use irrational and unreasonable bureaucratic processes and requirements to reduce spending on the SRD grant. It is always open to Government to attempt to reduce its spending by putting in place measures that are designed and intended to prevent fraud and reduce over-inclusion. Those measures must be targeted at ensuring that those who do not qualify for the grant do not receive it. But that does not describe the bureaucratic obstacles National Treasury has encouraged DSD to put in place to reduce spending on the SRD grant. For example:

68.1 The narrow appeals process actually *excludes* information that would assist DSD to assess applicants accurately. This is admitted by National Treasury.

68.2 Bank verification assesses "*insufficient means*" by taking into account money which SRD applicants hold on behalf of other people, which National

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Treasury itself accepts should not be considered either "*income*" or "*financial support*".

69 In the final analysis, the impugned procedures increase exclusion, rather than decrease over-inclusion. They exclude SRD applicants indiscriminately and are not rationally related to improving the accuracy of the application process and verification procedure.

70 I now turn to address the respondents' answers to the specific grounds of review advanced by the applicants.

THE RESPONDENTS' ANSWERS TO THE GROUNDS OF REVIEW

The proper interpretation of "income" and "financial support"

71 In order to qualify to receive the SRD grant, a beneficiary must be a person "*with insufficient means*". Regulation 1 defines "*insufficient means*" to mean "*that a person is not in receipt of income or financial support*".

72 DSD freely admits that for the purposes of assessing "*insufficient means*", an applicant's "*income*" and "*financial support*" comprises any money received into the applicant's bank account (his or her "*cash flow*"[52]), excluding CSG payments. It therefore takes into account support from family members or friends or any other money which enables the applicant "*to survive in that particular month*".[53] Perversely, this would include money borrowed from loan sharks and *ad hoc*

[52] DSD AA para 96.
[53] Id para 95.

payments made by a SRD grant beneficiary's family on account of her being unlawfully and erroneously excluded from receiving the SRD grant in a previous month. It would also include payments received on behalf of others (as noted above, a large share of those targeted for the SRD grant are without their own bank account).

73 National Treasury's position is "*not that any receipt of money, of whatever nature, should qualify*" as "*income*" or "*financial support*", and it concedes "*at the level of principle*" that money held on behalf of someone else should not be counted.[54] However, National Treasury attempts to qualify these statements by saying that "*the difficulty becomes one of practicality*". Despite conceding that this is not what the terms mean "*at the level of principle*", it ultimately endorses DSD's broad interpretation of "*income*" and "*financial support*" as "*any money which the applicant can use in a given month to survive*".[55]

74 Applying this definition, these terms encompass any payment received by a SRD grant applicant, irrespective of the source, frequency or basis of the payment. In effect, the respondents interpret the two terms simply to mean "*money*".

75 The applicants contend that the terms "*income*" and "*financial support*", properly interpreted, encompass a narrower band of payments. Interpreted purposively, in line with and to give best effect to section 27(1) of the Constitution, these terms must be understood as referring only to payments which afford a person with the

[54] NT AA para 85.
[55] Id para 84.5.

means to support themselves, without needing to rely on the discretion or charity of another person.

76 The applicants submit that "*income*" means regular payments arising from formal or informal employment (such as wages, or earnings from informal trade), business activities or investments; and that "*financial support*" means regular payments which benefit the recipient, that do not constitute "*income*" and to which the recipient has a legal right (such as spousal maintenance payments). It should exclude money derived from loans and other forms of debt.

77 Neither National Treasury nor DSD contend that the interpretations proposed by the applicants unduly strain the text of Regulation 1, nor do they deny that they align with the language and purpose of section 27(1) of the Constitution. Instead, they argue that the terms should be interpreted in light of:

77.1 the temporary nature of the SRD grant and the purpose for which it was introduced;[56] and

77.2 Government's budgetary constraints[57] – more specifically, the fact that if "*income*" and "*financial support*" are interpreted in the manner proposed by the applicants, the pool of SRD grant recipients would expand significantly, causing "*the entire grant*" to "*collapse*";[58] and

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[56] Id para 82.3.
[57] Id para 82.1.
[58] Id para 82.1.

77.3 the practical impossibility of assessing "*income*" and "*financial support*" if the terms are interpreted in the manner proposed by the applicants.[59]

78 At one point, National Treasury also suggests that its interpretation of "*income*" and "*financial support*" should be accepted because it is "*rational and reasonable*" for DSD to adopt that interpretation.[60]

79 These arguments fall to be rejected, for several reasons:

79.1 **First**, National Treasury's arguments overlook a fundamental tenet of statutory interpretation, which is that wherever possible, courts must prefer the interpretation that best gives effect to the rights in the Bill of Rights, including the right to social assistance in section 27(1). That means an interpretation which expands access to social assistance should be preferred over an interpretation which restricts access. The applicants' interpretation of "*income*" and "*financial support*" expands access, whereas the respondents' interpretation diminishes access, as the evidence confirms to be its practical effect.

79.2 **Second,** the applicants' interpretation also best accords with the ordinary meaning of the language used. The applicants' interpretation gives distinct meanings to the two terms – "*income*" and "*financial support*" – that are consistent with the ordinary meanings of these words. By contrast, the

[59] Id para 84.3.
[60] Id para 84.5.

respondents would lump both terms together and give them a meaning of any money, from any source and received on any basis whatsoever.

79.3 **Third**, it is important to distinguish the *meaning* of "*income*" and "*financial support*" from the practical means by which SASSA assesses an applicant's "*income*" and "*financial support*".

79.3.1 The issue of practicality becomes relevant when the Court considers whether DSD and SASSA have put in place a rational and reasonable method for assessing "*income*" and "*financial support*", properly interpreted. This is a separate question from the meaning of the terms.

79.3.2 For example, the Court is also required to decide whether bank verification is a lawful and rational method for assessing eligibility for the SRD grant. This requires the Court to consider whether Regulation 2(3), which provides for bank and database verification, is a lawful means of assessing income and financial support. Whatever the answer to that question, it would not alter the meaning of the words "*income*" and "*financial support*". In other words, interpretation is distinct from implementation.

79.4 **Fourth,** the terms "*income*" and "*financial support*" do not acquire a different meaning because that meaning would make the SRD grant less expensive. There is nothing in the Social Assistance Act or the SRD Regulations which suggests that these terms must be interpreted in a manner which minimises the number of grant beneficiaries. As I have explained, principles of constitutional interpretation point in precisely the opposite direction.

79.5 **Fifth**, even if practical considerations are relevant, which is denied, National Treasury's claim that the applicants' interpretation would "*result in the entire grant collapse*"[61] is hyperbolic and unsubstantiated. It also ignores evidence that persons who do not qualify for the SRD grant self-exclude, in that they simply do not apply for the grant. Leaving that aside, it is disingenuous for National Treasury to predict the "*collapse*" of the SRD grant when DSD,[62] academic writers[63] and National Treasury itself accept that 16.8 million, or as many as 18.3 million, people have access to income and financial support below the threshold.

79.6 **Sixth,** in July 2023, both the Presidency's Task Team on Basic Income and the DSD in separate presentations proposed a significant increase in the value of the SRD grant and the income threshold for eligibility. Both DSD and the Task Team have been in regular contact with Treasury, and it is incomprehensible that they would have made these proposals if they believed this would lead to the collapse of the grant. I attach the presentation by the Presidency's Task Team as annexure "**RA19**". The DSD presentation is referred to above as "**RA6**".

79.7 **Finally,** the interpretive exercise courts engage in is not concerned with whether it would be "*rational and reasonable*" to interpret a word in the

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[61] Id para 82.1.
[62] FA para 108.4.
[63] Id paras 108.1 to 108.5.

manner contended for. Indeed, there may be various interpretations of a word or phrase that are all "*rational and reasonable*". The Court's task is to determine which one of those interpretations best accords with the plain meaning of the words and the purpose of the provision and best gives effect to the rights in the Bill of Rights. As I have explained, that interpretation is the one which the applicants advance.

Bank and database verification

80 The process of "*validating insufficient means*" that is provided for in Regulation 2(3) entails the use of both bank account information ("**bank verification**") and government databases, such as UIF and SARS ("**database verification**").

81 At the outset, I must clarify that it is not the applicants' case in these proceedings that the SRD grant cannot be means tested[64] and they accept that it is rational for DSD and SASSA to put in reasonable and accurate safeguards to ensure that the grant is paid to persons with "*insufficient means*", properly interpreted.

82 But this does not describe the bank and database verification procedure which DSD and SASSA rely on to verify insufficient means.

83 In relation to database verification, the respondents make the following key concessions:

64 cf NT AA para 77.1.

83.1 **First**, DSD concedes that the database verification provided for in Regulation 2(3)(c)(i) is inaccurate and that it has resulted in "*a lot of exclusion errors*"[65] due to the "*challenge[s] with the databases not being updated with the latest information*".[66] In Parliament, DSD's Deputy Director General stated that "*Many of the appeals from rejected applicants are because of people reflecting on the UIF and SARS database even when they are no longer active on the database.*"

83.2 Critically, neither DSD nor SASSA explain why database verification must be carried out, given its admitted inaccuracy. In the circumstances, there is plainly no lawful reason to continue using database verification until such time as the databases themselves are accurate and kept up-to-date. To continue to consult information that is known to be inaccurate, and which, as I explain below, will for that reason be overridden by information gathered through bank verification, is irrational.

83.3 On the respondents' own version, a case has accordingly been made out for the relief sought by the applicants in paragraph 7 of the notice of motion.

83.4 **Second**, and relatedly, DSD asserts that between database verification and bank verification, the latter "*reflects the most accurate financial position of the SRD applicants [and] will be used to override all other information retrieved from all other databases utilised*".[67] While this might be DSD and SASSA's practice, the SRD Regulations themselves do not provide

[65] DSD AA para 111.
[66] Id para 121.
[67] Id para 271.2.

guidance to the decision-maker as to the relative weight of the various validation methods. The applicants elaborate on this in the founding affidavit.[68]

83.5 Given these statements, in the event that this Court does not grant relief invalidating Regulation 2(3)(c)(i) to the extent that it provides for database verification, it should grant the relief sought in paragraph 10 of the notice of motion declaring the provision invalid to the extent that it does not stipulate how a conflict between methods of verification should be resolved.

84 In respect of bank verification itself, the respondents do not deny that this process:

84.1 takes into account funds which are held by the applicant on behalf of others (which Treasury admits should not be counted as either "*income*" or "*financial support*" even on DSD's broad definition);

84.2 allows for double counting of income within one household;

84.3 is incapable of identifying payments in the account that do not constitute "*income*" or "*financial support*", applying the applicants' interpretation; and

84.4 does not account for fluctuations in the income and financial support received by an applicant.

68 See FA paras 190 – 195.

85 In spite of this, DSD maintains in its answering affidavit that bank verification is "*one of the most effective way[s] of checking the financial means of the SRD applicants and is more accurate and used by SASSA to ensure that the qualifying applicants are approved*".[69] It further declares that "*there is no mechanism that can be used to reflect the accurate financial position of the individuals*"[70] and that "*in South Africa there is no accurate method of determining the exact financial status of its citizens*".[71]

86 Notably, this is the same department that described bank verification as a "*blunt instrument*".[72] This was in an internal memorandum, which I attach as annexure "**RA20**".

87 Treasury's technical unit ("**GTAC**"), which has advised Government on development of the SRD grant, was also reported in a March 2022 UNU-WIDER report on policy during the pandemic as describing bank verification as "*harsh and inhumane*". I attach the relevant extract from the report, where the SRD Grant is dealt with, as annexure "**RA21**".

88 Although Treasury admits that it is not involved in the details of "*the methods of processing grant applications*" and the "*methods of assessment*",[73] it nevertheless opines, without any evidence, that the "*introduction of the bank means test was an absolutely invaluable reform as no other method could as*

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[69] DSD AA paras 108, 116, and 126.
[70] Id para 131.
[71] Id para 224.1.
[72] Evidence folder 43, p. 126
[73] NT AA para 77.4.

reliably provide proof of individual income (and financial support)".[74] It also claims, again without any substantiation, that "*[t]he introduction of bank means testing, in the Treasury's view, has on balance been an excellent intervention as it has greatly improved means testing. It has also excluded many people who should not have been receiving the grant*".[75]

89 The respondents' unqualified endorsement of bank verification, despite its obvious shortcomings that they do not deny on the papers, is unfounded, for four main reasons.

89.1 **First**, the respondents have again made sweeping factual claims that are completely unsubstantiated.

89.1.1 Apart from the fact that it has reduced the number of beneficiaries, it is unclear what basis Treasury has for saying that bank verification has been "*invaluable*". It does not explain how bank verification has "*improved means testing*" and does not point to any objective indicator that it has done so. It is particularly unfortunate that Treasury caveats its endorsement by the words "*on balance*", which is an implied concession that there are problems associated with bank verification, including over-exclusion. But it does not address these or even acknowledge them expressly, nor explain why "*on balance*" the harm caused by the bank verification procedure is justified, having regard to the

[74] Id para 77.3.
[75] Id para 77.9.

amount of money it saves, and the cost of an alternative verification method. If Treasury does not have this information, then it should not purport to have performed a balanced assessment of bank verification.

89.1.2 DSD should have this information, but has likewise provided no factual basis to the Court for its endorsement of bank verification over other verification methods.

89.2 **Second**, DSD fails to explain how it assesses "*success*" and "*effectiveness*" in this context. Success cannot possibly depend purely on the number of applications processed and the speed of processing. Indeed, if bank verification is time-efficient but highly inaccurate, it cannot rationally or reasonably be considered "*effective*". Nor can success be measured by the number of exclusions. If those exclusions are mistaken – that is, if bank verification is excluding applicants who in fact qualify for the SRD grant in substance – then it would be perverse to describe their exclusion as "*effective*" or a "*success*". Indeed, given that the purpose of bank verification is to determine whether an applicant has "*insufficient means*", it would be unreasonable for DSD to use it if it is incapable of achieving that purpose consistently.

89.3 **Third**, there are alternative methods of processing that are already available to SASSA. It could deploy the methods currently used for other social grants, including using self-declarations, provision of required documents and random checks. These constitute less restrictive means.

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89.4 **Finally**, as I have said elsewhere in this affidavit, the inaccuracy of bank verification and its inability to accurately assess "*income*" and "*financial support*" cannot be justified on the basis that it reduces the cost of the grant.

Narrow appeal process that excludes new evidence

90 The appeal procedure provided for in the SRD Regulations precludes reliance on new information or evidence in appeals against SASSA's rejection of SRD grant applications.

91 As I explain in the founding affidavit, the exclusion of new evidence on appeal is problematic because database verification is unreliable and because bank verification is incapable of identifying payments into a bank account that constitute "*income*" or "*financial support*", properly interpreted.

92 Although the mechanics and practicality of the appeal process are outside National Treasury's remit, its recognition that a possible remedy for under-inclusion (i.e. exclusion errors) would be "*to expand the appeals process*" is notable.[76] National Treasury defers to DSD in relation to this issue, but appears to accept that expanding the appeal process would remedy some of the exclusion errors.

93 While it is true that a wider appeals process allows for the correction of undue exclusions, it could never entirely mitigate the immediate, severe and often irreparable hardship that applicants will experience when their applications are erroneously rejected. SRD grant applicants are by definition persons whose

[76] Id para 86.

financial position is extremely precarious and for many of them the difference between receiving the SRD grant and not receiving it in a given month is between being able to feed themselves, or going hungry. This is attested to in the supplementary affidavits annexed to the founding affidavit.

94 DSD denies that the exclusion of new evidence on appeal is unlawful on two main grounds:

94.1 **First,** that if the Appeal Tribunal were to consider new evidence on appeal, it would have to do so "*manually*", which will cause delays and "*will not be effective, resulting in the 3 month turnaround time within which the appeal process [must] be finalised not being met*" (sic);[77] and

94.2 **Second**, that if unsuccessful applicants were to be allowed to submit new information on appeal, "*the Appeal Tribunal will not be sitting as the body of appeal but will be sitting as a body deliberating with new applications*".[78] It contends further that "*the appeal panel cannot be expected to sit as a panel that processes new applications*" because this would "*defeat the whole purpose of their functions as the appeal tribunal*".[79] According to DSD, the "*whole purpose of the Appeal Tribunal is to ensure that the appellants' information is verified against the updated database*".[80]

95 There are at least three responses to these arguments:

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[77] DSD AA para 134.
[78] Id para 133.
[79] Id para 288.3.
[80] Id para 136.

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95.1 **First**, DSD's justification for the narrow appeal procedure reveals its irrationality.

95.1.1 According to DSD, all the Appeal Tribunal does is essentially run the bank verification check again, based on "*the latest available and relevant information relating to the specific month of decline*".

95.1.2 While it is conceivable that a government database verification may occasionally produce a different outcome due to the lag in these databases being updated, it is difficult to believe that a bank would retroactively alter an applicant's bank statements in a previous month. Indeed, it is unclear in what sense the bank verification would be based on "*updated information*".

95.1.3 What is more likely is that the appeal verification simply checks whether the wrong information was communicated to SASSA by the bank. Given the extremely low success rate of appeals, which I note in the founding affidavit, it would seem that this occurs infrequently.

95.1.4 In the circumstances, an appeal process which simply runs the verification procedure again (including database verification, which is inaccurate and practically irrelevant) gives the appearance of a reconsideration of the rejected application but in reality is not an appeal at all but simply designed to rubber-stamp the initial decision.

95.2 **Second**, I am advised that DSD's complaint that allowing new evidence on appeal would mean that the Appeal Tribunal is "*not sitting as an appeal body*" is based on an unduly narrow conception of what an appeal is and can be. While these are matters for argument, and will be addressed as such, I make the following observations for present purposes:

95.2.1 I am advised that our courts have, for at least half a century, recognised three senses in which the word "appeal" may be used: (i) in the "wide" sense, as a complete rehearing with or without additional information; (ii) in the "strict" sense, as a rehearing on the merits, limited to the information or evidence on which the decision under appeal was given; and (iii) as a "review", where the question is not the correctness of the first-instance decision, but the proper exercise of the decision-maker's powers.

95.2.2 I am advised that appeals that are wide in nature abound in our legal system – especially in the context of administrative tribunals. Wide appeals are available, for example, in the context of determinations of refugee status, breaches of financial sector laws, and various tax matters. There is simply no basis to say that where an appeal tribunal is given wide appeal powers it is "*not sitting as an appeal body*".

95.2.3 A wide appeal is especially appropriate in the present context, where SRD grant applicants have <u>no opportunity</u> at first instance to submit relevant documents or information that would assist

SASSA to assess their financial means. At no stage does the applicant interact with a human, as the verification process is fully automated. It is also necessary because, as the respondents admit, government databases contain significant errors. The supporting affidavits filed with the founding affidavit also confirm that bank verification, apart from being an "*blunt instrument*" that cannot identify "*income*" and "*financial support*", properly interpreted, is also inaccurate.[81]

95.2.4 An applicant will only know that they have been the victim of such errors when rejected, and can only demonstrate that it is an error on appeal by putting up basic new evidence, such as a document that shows that they are no longer employed, or were not previously employed.

95.2.5 In the circumstances, it is artificial and misguided for DSD to insist that the appeal procedure in the SRD Regulations be the same as an appeal in the context of civil litigation. Even in the context of a narrow appeal in civil litigation, new evidence is permitted on appeal in appropriate circumstances.

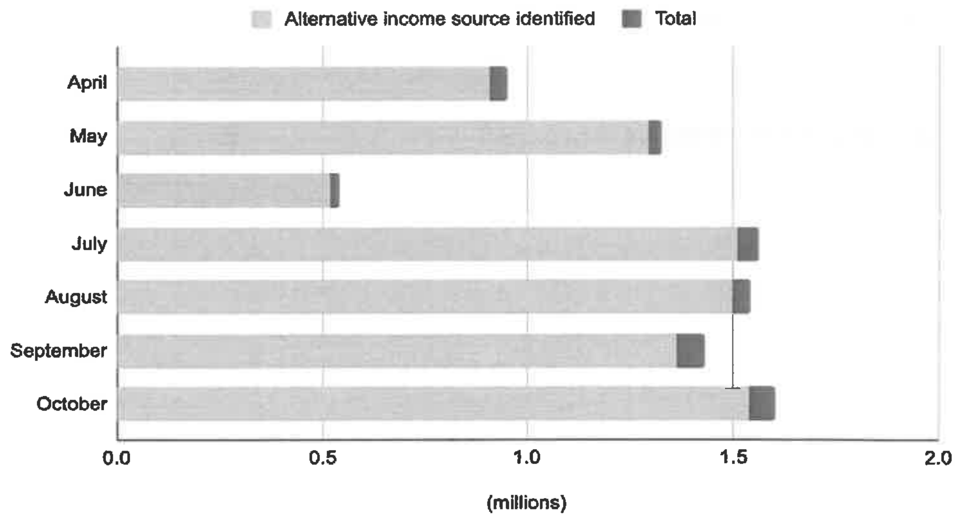
95.3 **Third**, DSD's claim that it would be impossible to allow new evidence on appeal without causing catastrophic delays is completely unsubstantiated. DSD has not produced any up-to-date information regarding its appeal

[81] These being the supporting affidavits of Amogelang Monene, Bongani Jack Mathenjwa, Charlotte Thembelihle Mgidi, Masibulelo Blaweni, Negan Leander, Nini Mofokeng, Nonyaniso Mjwaha, and Shantal Jackson.

backlog or the expected processing time of an appeal involving a consideration of new information.

95.4 The graph below, which is based on data provided in a June 2022 SASSA parliamentary briefing,[82] confirms that by far the most common ground of appeal relates to SASSA's assessment of the applicant's means. In some months, more than a million people appeal on this ground. This means that the backlog in appeals is also in large part a reflection of the fact that DSD and SASSA are employing inaccurate methods for verifying insufficient means.

<u>Appeals of rejections on the grounds of "alternative income source identified" as a proportion of total appeals April 2022—October 2022</u>



95.5 In general, appeals on the ground of alternative income source identified rarely succeed, largely because unsuccessful applicants cannot put up basic evidence to show that, for example, they are no longer employed. In

[82] Annexure "FA74" to FA; FA para 200.

the months of June-October 2022, zero appeals on the grounds of "*alternative income source identified*" were upheld.[83]

95.6 **Finally**, it bears emphasising that SASSA would have to process fewer appeals if the verification methods it used to assess income were more accurate. In other words, if SASSA used accurate verification methods, there would be less exclusion errors, and fewer appeals in turn.

Online-only application

96 Unlike all other social grants, the SRD grant can only be applied for via an online platform and cannot be applied for in person.

97 The online-only application procedure prescribed by the SRD Regulations is irrational and unreasonably restricts access to social assistance by persons who are digitally illiterate or who lack access to the internet due to a lack of resources.

98 The DSD responds to this argument as follows:

98.1 The online application procedure is easy to follow and efficient from an administrative and budgetary perspective.

98.2 In light of this, and the high level of smartphone access, the DSD doubts that there are would-be SRD grant applicants who are truly unable to navigate the online application procedure. This is due to the extent of smartphone access, the ease of applying online and the fact that SRD grant

[83] Annexure "FA74" to FA.

applicants are those "*who technically, ought to be working or are looking for employment and are capable of using or owning phone where the potential employer would be able to reach them*".[84]

98.3 Introducing an in-person application for SRD grant applicants would be onerous and would result in delays that would "*defeat the whole purpose of the SRD grant*".[85]

98.4 An in-person application procedure would involve the same "*manual methods as the other social grants*".[86] If a manual application is resorted to the SRD grant would need to be put "*on hold while more SASSA offices are fully set up, including the administration of setting up the systems and human resources*".[87]

98.5 The applicants seek to hold SASSA "*at ransom*" and are attempting to prevent it from automating its systems.[88]

99 These responses do not withstand scrutiny:

99.1 **First**, to state the obvious, there is no reason why offering an in-person option would require SASSA to abandon its online application procedure. DSD and SASSA appears to misconstrue the nature of the applicants' challenge as an attempt to replace online applications with an in-person

[84] DSD AA para 85.
[85] Id para 102.
[86] Id para 83.
[87] Id.
[88] Id para 65

process.[89] Clearly, that was never the applicants' case. The relief sought seeks to add an in-person option in the application process. Conceivably, this could be a hybrid procedure, which allows online applications to be made at a SASSA office, with the requisite assistance and facilities.

99.2 **Second**, DSD's claim that it cannot believe that there would be SRD applicants without cell phone access that would enable them to apply for the SRD grant online is, in a country such as South Africa, astonishing. In 2021, research conducted for and published by DSD itself confirmed that lack of smartphone access, internet connectivity and digital literacy is the main barrier to apply for the SRD grant:

> "4.3.2 *Reasons for not applying*
>
> *"There was a commonly held view that only a smartphone could be used to apply. A significant number of participants own 'button phones' and there were certain that this type of cellphone could not be used to apply. A few do not own cellphones and do not know how to use a cellphone, with some only able to receive calls on the cellphone."*

99.3 The same report confirms that the bias in the SRD beneficiary base towards urban recipients with relatively high levels of education could be due in part to the fact that these groups have greater internet access. I attach the relevant extract from this report as annexure "**RA22**".

99.4 **Third**, the assumption that all SRD grant applicants have smartphones, because they are by definition persons who are actively looking for work is detached from reality.

[89] See SASSA AA para 40 and DSD AA paras 81 and 83.

99.4.1 There is no reason to think that unemployed job seekers must have access to smartphones. In fact, a 2018 study by the Pew Research Centre confirmed that only 37% of 'lower income' people in South Africa own a smartphone. To avoid over-burdening these papers, I attach only the relevant extract as annexure "**RA23**".

99.4.2 In any event, SRD grant recipients include caregivers who are not active job seekers.

99.4.3 Even if a job seeker has access to a basic cell phone, he or she may not have access to a smartphone, laptop or computer, which is what he or she would need to apply for the SRD grant online. Indeed, DSD appears to forget that the pool of SRD grant applicants is made up of people who have access to less than R624 per month.

99.5 **Fourth,** it is not the case that if SASSA offers an in-person option to SRD grant applicants, it will have to forego all of the efficiencies and benefits of the electronic application procedure. This is a false choice, since there is no reason why (i) beneficiaries could not be given the option of submitting an online application or an in-person application; or (ii) an in-person application could not be made using the online application system, in SASSA's offices.

99.6 Critically, the SRD Forum Terms of Reference annexed to SASSA's answering affidavit[90] confirms that DSD and SASSA are committed to considering alternatives to the online-only procedure and to "*developing the application process to be a hybrid process*". DSD also states in its answering affidavit that SASSA "*is currently piloting the use of self-help kiosks within its offices*".[91] It is surprising that they now insist in these proceedings that any in-person option would be practically impossible and would take as long as ten years to roll out.[92]

99.7 **Finally,** if the online application process is as easy and accessible as DSD and SASSA says it is, every applicant who is able to make an online application would elect to do so instead of making an in-person application. DSD and SASSA's suggestion that allowing a small percentage of applicants to make in-person applications would over-burden its resources and infrastructure is implausible.

Irrational differentiation between the SRD grant and other social grants

100 The applicants contend that the SRD Regulations irrationally differentiate between SRD grant applicants and applicants for other social grants in three respects:

100.1 Whereas the verification of an SRD grant applicant's means is fully automated, using bank and database verification, other social grant

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90 See Annexure "SA4".
91 DSD AA para 82.
92 Id para 102.

applicants prove their income by providing a sworn affidavit and, in some instances, payslips and bank statements that are scrutinised by SASSA.

100.2 The SRD grant can only be applied for online, whereas other social grants can be applied for in person.

100.3 Whereas the income threshold for the SRD grant is set below the food poverty line, the income thresholds that apply to other social grants are above the upper-bound poverty line.

101 As I explain above, a premise underlying both DSD and National Treasury's response is that the SRD grant is fundamentally different to other social grants, because the financial position of SRD grant recipients is more variable and because the SRD grant was and remains intended to be temporary. I have explained above why these distinctions are illusory.

102 In response to the irrational differentiation leg of the applicants' challenge, National Treasury also argues that "*[t]he premise of the applicants' contentions (especially regarding equality before the law) is that government either has to change its approach to assessing applications for all grants at exactly the same time or be guilty of unlawful unequal treatment*".[93] It notes that "*Government is entitled to embark on an evolution of grant assessment based on changing technology and requirement*".[94]

[93] NT AA para 80.1
[94] Id.

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103 This criticism misses the mark. The applicants' argument is not that Government cannot improve the administration of social grants in stages, introducing technological improvements to one grant at a time as and when resources allow it to do so. The applicants' challenge is directed at the roll-out of an online-only application procedure for the SRD grant, using only bank and database verification to assess financial means:

103.1 As explained, the online-only application procedure is an insuperable barrier for some SRD grant applicants, and therefore diminishes, rather than enhances, their access to social assistance. Those applicants are in a position of disadvantage vis-à-vis similarly placed individuals applying for other social grants.

103.2 While the database and bank verification procedure may be more *technologically* advanced than the verification procedure used for other social grants, it is, in DSD's words, a "*blunt instrument*" that is inaccurate and prone to excluding applicants arbitrarily, or, in the words of GTAC, a "*particularly harsh and inhumane*" method. Unlike the verification procedure used for other social grants, bank and database verification are fully automated, without any human decision-making involved. There is no opportunity for an SRD grant applicant to declare the amount of funds that properly constituted "*income*" or "*financial support*", and his or her bank accounts are not scrutinised in order to identify amounts that should not be counted for purposes of determining eligibility.

103.3 Put simply, from the perspective of an applicant, the verification procedure used for other social grants gives an application more time and more attention. The bank and database verification introduced in the SRD Regulations was not an improvement to the means verification procedure used for other grants, but has instead been a step backwards in terms of both accessibility and accuracy. Until it is improved in line with the relief sought by the applicants,[95] it cannot seriously be thought of as a benefit conferred on SRD grant applicants.

Arbitrary and retrogressive grant value

104 The respondents do not dispute that the value of the SRD grant had remained static at R350 since it was introduced and that this constitutes a real-terms diminution in its value.[96]

105 In the draft regulations published in March 2024, the grant value was retained at R350. In the 2024 Budget speech, the Minister of Finance announced no increase. In the 2024 SONA, the President announced that Government intended to "*extend*" and "*improve*" the SRD grant, but announced no increase to the grant value.

106 Belatedly, after delivering answering papers that refused even to consider any increase and after delivering a Budget speech without any increase, the Minister of Finance indicated in Parliament on 13 March 2024 that the SRD grant will increase by R20 or 5.7% from 1 April 2024. This increase was not reflected in

[95] See applicants' notice of motion para 9.
[96] NT AA paras 60 and 95.

the draft SRD Regulations, which retained the value at R350, and has not yet been implemented.

107 If the increase is implemented, it will reveal that the claims of unaffordability by National Treasury and the other respondents were unfounded and presented to the above Honourable Court for the purpose of opposing this application. The fact that Government has conducted itself contradictorily and without transparency reinforces the need for a reasonable plan to remedy the retrogression in the SRD grant value and to progressively increase the grant value annually.

108 If the increase indicated by the Minister is implemented, the applicants reserve the right to address it in supplementary papers, with leave of the above Honourable Court.

109 In short, the applicants contend that the failure to increase the grant value annually since 2020 constitutes a breach of the state's obligation to progressively realise access to social assistance and a breach of its negative duty not to interfere with or diminish existing access to social assistance. The state has failed to justify this retrogression.

110 Given the time value of money, a decision not to increase the grant for a number of years is no different to a decision to reduce it in real terms. And on National Treasury's own version, the value of the SRD grant today is <u>not</u> linked to the FPL or any other objective measure of need. Moreover, it offers no explanation for

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why the grant value is R350,[97] which would seem to validate the Financial and Fiscal Commission's ("**FFC**") description of the R350 grant value as "*static and arbitrary*". To avoid over-burdening these papers, I attach only the relevant extract from the FFC's 2024/2025 Annual Submission for the Division of Revenue as "**RA24**".

111 The applicants further contend that the current value of the SRD grant is irrational, because it was determined without taking into account objective measures of need, such as the NPLs.

112 National Treasury raises separation of powers and affordability objections to the relief sought by the applicants in relation to the value of the SRD grant. These objections are meritless given the nature of the relief actually sought. The applicants do not seek to dictate the value of the grant; nor do they ask the Court to set its value. Instead, they seek an order directing the Minister of Social Development to develop a plan to redress the retrogression in the value of the grant and to progressively increase its value. It is therefore left to Government to develop this plan, during which affordability will be one (but not the only) relevant consideration.

113 The order seeks nothing more than to direct the Government to do what it is already doing for all other social grants and what it ought, in the discharge of its constitutional and statutory obligations, to have been doing already – to plan for the implementation of the SRD grant progressively. Indeed, it asks Government to do what the President has said it intends to do, which is to expand and improve

[97] Id paras 94 – 96.

the SRD grant, and what the Minister of Finance has now indicated is affordable. I am advised that the significance of Government's own policy statements in determining the standard of reasonableness it must meet when giving effect to its constitutional obligations will be addressed in legal argument.

Arbitrary and retrogressive income threshold

114 It is also not disputed that the income threshold for eligibility to receive the SRD grant, which is currently R624, has decreased in real terms since it was implemented in 2022.[98] Nor is it disputed that it excludes a large number of people living below the recognised poverty lines. Moreover, nowhere in the respondents' affidavits do they contend that the income threshold is set at a level which ensures that people who are "*unable to support themselves and their dependants*" (as contemplated in section 27 of the Constitution) receive the SRD grant.

115 National Treasury's answer to this argument is that the value of the income threshold is rational because it was *previously* linked to the 2021 FPL, and has remained at that level because Government cannot afford to increase it.[99]

116 National Treasury's justifications only confirm that the income threshold has not been calculated according to any accepted measure of income poverty and hunger. Instead, it has been calculated to fit within a budget cap.

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[98] Not denied NT AA paras 97-8.
[99] Id para 97.

Payment delays

117 In the founding affidavit, the applicants presented evidence of widespread failures by SASSA to pay approved SRD grant beneficiaries, including:

117.1 that only 85% of approved beneficiaries were paid in March 2023 (which, at the time of filing the founding affidavit, was the most recent publicly available data);[100]

117.2 that deponents to numerous supporting affidavits annexed to the founding affidavit had been approved to receive the SRD grant but were never paid by SASSA;[101] and

117.3 confirmation by SASSA in a 23 May 2023 presentation to the Western Cape Provincial Standing Committee on Social Development that 350,000 SRD grant beneficiaries whose applications had been approved were waiting to receive payment via the cash send payment alternative that some beneficiaries make use of and that a further 497,837 beneficiaries were awaiting payment via Post Bank.[102]

118 In their answering affidavit, DSD and SASSA do not gainsay any of this, but claim that the problem of non-payment has been solved, and that any beneficiaries

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[100] FA paras 241 – 242.
[101] See the supporting affidavits of Andrew Cassim, Josephine Monyai, Bigboy Shai, Charmaine Natasha Ashia, Makhaye Byron Zolani, Mathenjwa Thabile, Meshack Mgoqi, Siyabonga Mbulawa Nhlapo, Thamsanwa Gogela, Zanele Mnisi, Joyce Somo, Angelique Hendrick and Lebohang Malinga.
[102] Annexure "FA60".

who have not been paid by SASSSA have themselves to blame for not being paid. Indeed, according to DSD:

118.1 all "*technical glitches that were experienced by SASSA" have "been resolved*";[103] and

118.2 "*[a]ll the approved SRD applicants have since been paid*", with the exception of "*the few approved beneficiaries*" who have failed to submit bank details to SASSA or whose cell phone numbers have not been verified.[104]

119 Far from affecting only a "*few*" beneficiaries, the data referred to by SASSA in its answering affidavit confirms that between March 2023 and September 2023, the rates of non-payment ranged from 10% of approved beneficiaries to as much as 15.5%.[105] Indeed, SASSA's declaration that 84.5% of approved beneficiaries were paid in July 2023 means that the rate of non-payment has gotten worse since this application was launched.

120 A non-payment rate of 15% is alarming, especially given the human cost of erroneous non-payment, which deprives the would-be recipient of the money they desperately need to stave off hunger.

121 DSD and SASSA's putative justification for such high rates of non-payment is that SASSA cannot make payments to approved beneficiaries if:

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[103] DSD's AA para 166.
[104] Id para 167.
[105] Annexure "SA1".

121.1 the applicant has not provided SASSA with bank details that can be verified against their names;

121.2 the ID number of the approved beneficiary "has been confirmed to have been used in fraudulent matters such as identity theft"; or

121.3 their bank account has been closed or is not compliance with FICA.

122 There are several difficulties with this explanation:

122.1 **First**, neither DSD nor SASSA provide any information or data establishing that all or at least most instances of non-payment are attributable to issues of non-verification and problems with applicants' payment details and bank accounts. This is information that is peculiarly within the knowledge of DSD and SASSA and it ought to have been disclosed to this Court.

122.2 **Second**, issues of non-verification and identity theft would impede the payment of any social grant, yet the rate of non-payment of the SRD grant in particular is significantly higher than the rate of non-payment for other social grants. In this regard, I attach the relevant extract of SASSA's 2022/23 Annual Report, marked "**RA25**". In relation to social grants other than the SRD grant, it reports under the heading "*Key Achievements*" that *"[a]n average of 99.99% of social grant payments were successfully processed every month and paid into the correct beneficiary accounts*". This confirms that the rate of non-payment of successful SRD grant applicants is significantly higher than for other social grants.

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122.3 This can only mean that, contrary to what DSD and SASSA suggest, it is SASSA's administration of the SRD grant that is to blame for non-payment of the grant, not individual beneficiaries themselves.

122.4 **Third**, DSD and SASSA's argument is premised on the assumption that as many as 15% of approved beneficiaries, who are by definition persons with income and financial support that is less than the food poverty line, would simply choose not to take the administrative steps required to gain access to a grant they require to stave off hunger.

122.5 **Fourth**, problems with bank account verification do not explain why SASSA has failed to pay hundreds of thousands of approved beneficiaries who elected to be paid via cash send or via Post Bank. These beneficiaries have been refused payment because they did not provide bank details to SASSA, despite the fact that they did not select bank payment.

122.6 **Finally**, as I have explained in this affidavit and in the founding affidavit, many would-be SRD grant beneficiaries do not have their own cell phones, which means it is hardly surprising that there are approved beneficiaries who have been unable to verify a cell phone number with SASSA when they are later asked to do so, which may be some time after they originally applied.

SERIATIM RESPONSE TO SPECIFIC PARAGRAPHS

123 I now turn to deal with the answering affidavits paragraph-by-paragraph.

124 I do so only to the extent necessary, and, to avoid repeating myself, do not

address issues that have been addressed above. I ask that my responses be read together with the earlier portions of this affidavit. Where an allegation made in any of the answering affidavits is inconsistent with any part of this affidavit or the founding affidavit, it is denied.

Seriatim responses to DSD's answering affidavit

Ad paras 1 – 7 of DSD's answering affidavit

125 Save to deny that all the allegations contained in the affidavit are true and correct, I note the allegations contained in these paragraphs.

Ad paras 8 – 26 of DSD's answering affidavit

126 I note the allegations contained in these paragraphs but deny that they justify the condonation of the late delivery of DSD's answering affidavit. Given the admitted importance of this matter, and the human cost of the irrational, unlawful and unconstitutional interference with access to the SRD grant, it is unacceptable that DSD and the State Attorney took more than two months just to brief counsel and that it took several months to finalise DSD's answering affidavit. However, the applicants do not oppose condonation because the information contained in the affidavit should properly be before the above Honourable Court.

Ad paras 27 – 45 of DSD's answering affidavit

127 I note the allegations contained in these paragraphs but reiterate that while the SRD grant was initially intended to address Covid-19-related financial distress, it

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now gives effect to Government's broader policy objective of addressing hunger and income poverty experienced by working age adults.

Ad paras 46 - 62 of DSD's answering affidavit

128 I note the allegations in these paragraphs but note that:

128.1 The online application process requires either a laptop or computer or a smartphone, not just a cell phone, to complete the application.

128.2 Nothing in the SRD Regulations suggests that the purpose of the SRD grant is to assist individuals who are "*employable*", "*currently seeking employment*" and are "*temporarily in financial distress with no financial means from any source whatsoever*". This is not an accurate reflection of the requirements for eligibility and the purpose of the grant. The SRD grant is intended to be made available to all persons between the age of 18 and 59 with insufficient means, which is defined as "*income*" and/or "*financial support*" less than R624 per month. Applicants do not need to show that they are "*employable*", that they are actively seeking employment (they need only show that they have not unreasonably refused employment) or that they are in temporary "*financial distress*".

128.3 While the online application process may not be time-consuming for a digitally literate person who can read and write in English and who is familiar with such processes, it is an insurmountable hurdle for applicants who lack internet access, are not digitally literate, have a visual impairment or disability or who otherwise lack the ability to navigate an online application.

128.4 I note DSD's confirmation that, in August 2023, only 8 million applicants were approved out of 15 million applicants for the SRD grant, reflecting the effect of the unlawful barriers to access that are the subject of this challenge.

Ad paras 63 – 65 of DSD's answering affidavit

129 I deny the content of these paragraphs to the extent inconsistent with what I have said in the founding affidavit and above, and in particular:

129.1 I deny that an online only application process is "*the most effective and efficient manner ever and cannot be faulted in any way or said to be unconstitutional*". A system which results in the exclusion of persons who would otherwise qualify for the SRD grant were they able to apply is not an "*effective*" system.

129.2 I deny that the applicants are holding SASSA "*ransom from automating its systems*". As I have explained above, DSD presents a false choice between offering in-person applications and abandoning SASSA's online application system.

Ad paras 68 – 78 of DSD's answering affidavit

130 I admit that only around 8.7 million people are currently accessing the SRD grant out of approximately 15 million applicants. I have set out these statistics more accurately in the founding papers. They provide further evidence that the online application system and the impugned regulations currently present significant barriers to accessing the grant. In addition:

130.1 I deny that an online-only application procedure is "*easier and cheaper*" for every applicant,[106] given that some may be digitally illiterate, have a visual impairment or other disability, or have no access to the internet or a smartphone.

130.2 I deny that the online application is "*not complicated at all*".[107] As I address elsewhere, several of the questions on the application form are misleading and likely to exclude eligible persons.

130.3 The fact that the online application process is convenient and offers advantages to those who can navigate it only underscores that it is unrealistic and overblown for DSD to complain that offering an in-person application option, in addition, will overwhelm its administrative capacity. If most applicants still use the online process, the additional administrative burden will be very manageable, and far less than the burden associated with other social grants.

Ad para 79 of DSD's answering affidavit

131 Save to admit that the SRD grant has had a positive impact on people who have received it, it is not clear on what basis DSD says that the SRD grant is "*the most successful grant to be rolled out*", and how DSD assesses the success of any social grant. A social grant cannot be considered successful if it is inaccessible to a significant proportion of those who ought to receive it.

Ad paras 80 – 91 of DSD's answering affidavit

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[106] DSD AA para 76.
[107] Id para 76.

132 I note the allegations in these paragraphs to the extent not inconsistent with what I have said elsewhere, but:

132.1 I note DSD's confirmation that there are SASSA offices throughout the country and that the manual process is used to apply for other social grants. For example, approximately 13 million Child Support Grant beneficiaries have been processed manually over time.[108] New applicants for the Child Support Grant now have the option to apply manually or online. This confirms that SASSA has the infrastructure to receive a significant number of manual SRD applications in addition to online applications, even if online applications continue to represent the bulk of applications.

132.2 I deny that the application procedure applied to other social grants is "*not as effective*" as the procedure used for SRD grant applicants.[109]

132.3 SRD grant applicants are limited to online-only applications and automated bank verification, whereas applicants for other grants may apply in person and are assessed based on diverse sources of information, including self-reporting. This differentiation is irrational.

132.4 DSD has offered no evidence that an in-person application option would "*defeat the whole purpose of the SRD*" or that it would require the SRD grant

[108] DSD AA para 80.
[109] Id para 81.

to be put on hold.[110] To the contrary, allowing applicants who are unable to apply online to do so in person would *promote* the purpose of the SRD grant.

132.5 I again emphasise that all social grants, not just the SRD grant, are aimed at providing immediate financial assistance to those in need, in the month in which they require it. I repeat that it is incorrect to characterise the SRD grant as temporary.

132.6 I again note that not all SRD grant applicants are looking for employment. For example, some applicants are caregivers, or are discouraged work-seekers who have given up because they cannot find work.

132.7 As noted, DSD itself has admitted that smart phone access is a barrier to applying for the SRD grant. I note its reference to ICASA data that as many as 10% of the population lack smart phone access (90% have access).[111] The 10% who lack access are likely to be among the most vulnerable, overlapping significantly with the intended beneficiaries of the SRD grant.

132.8 I deny that the SRD grant, in its current form, fulfils Government's constitutional obligations.

Ad paras 92 – 103 of DSD's answering affidavit (ad income and financial support)

133 Save to note that DSD:

[110] DSD AA para 81.
[111] Id para 86.

133.1 does not argue that the applicants' interpretation of "*income*" and "*financial support*" unduly strains the language of Regulation 1 and does not best give effect to section 27 of the Constitution;

133.2 admits to having adopted a broad definition of "*income*" and "*financial support*" that encompasses all payments into a bank account (ie all "*cash inflow*");[112] and

133.3 admits to assessing income via "*proxy means testing*" instead of applying a "*proper full on income test*",

I deny the allegations contained in these paragraphs.

134 In amplification, I note that:

134.1 The SRD is not "*different from the other permanent social grants*", for the reasons set out above.

134.2 As explained above, DSD fails to appreciate the difference between the interpretation of "*income*" and "*financial support*" and the implementation of those terms, properly interpreted. The difficulty of accurately assessing "*income*" and "*financial support*" is relevant only to the rationality and reasonableness of the manner in which DSD and SASSA practically assess the amount of "*income*" and "*financial support*" that an applicant receives.

134.3 In any event, I deny that it would be practically impossible to put in place a verification system that accurately assesses "*income*" and "*financial*

[112] Id para 96.

support", or that such a system would take "*10 years to partly succeed*".[113] DSD's claims are entirely unsubstantiated.

134.4 As I note elsewhere, DSD frequently resorts to inaccurate and contradictory descriptions of the SRD grant's eligibility requirements that have no basis in the Social Assistance Act or the Regulations. For example, it states that the grant is intended to assist persons with "*no financial means from any source whatsoever*"[114] and then two paragraphs later asserts that SRD grant beneficiaries should be persons without "*financial means to survive above the poverty line*".[115] Apart from both being inaccurate, these incomes thresholds are contradictory. I also note that the income threshold for the SRD grant is significantly below the lowest poverty line (the food poverty line).

134.5 DSD's claim that it is not possible to allow applicants to make declarations on insufficient means via SASSA offices is contradicted by para 109 in which it concedes that the legislation provides for SASSA to use a declaration attesting insufficient means.

Ad paras 104 – 127 of DSD's answering affidavit (ad bank and database verification)

135 Save to note the contents of paragraphs 109, 110, 111, 117 and 118, I deny the allegations contained in these paragraphs for the reasons set out above. In amplification:

[113] Id para 102.
[114] Id para 93.
[115] Id para 95.

135.1 I deny that there are "*no mechanisms in the country that can be used to reflect the accurate financial position of the individuals*";

135.2 I reject the suggestion that database verification is inaccurate because SRD applicants do not update the information on those databases. This response is also devoid of reality. The inaccuracy of government databases is attributable in part to the relevant government agencies' delay in updating its system. It is also unreasonable to expect, for example, that a person who no longer receives or has never received UIF to have approached the UIF to request it to update its database to reflect that fact, in circumstances where that information is known to the UIF itself.

135.3 I repeat in particular what I have said under the headings "*the purpose and nature of the SRD grant*" and my thematic response dealing with the SRD Regulation's reliance on bank and database verification.

135.4 I also highlight DSD's concession in these paragraphs that database verification is inaccurate and that in practice the outcome of bank verification overrides information retrieved from government databases.

135.5 I reject the unsubstantiated suggestion that the reality of multiple household members using the same bank account is "*highly improbable*" or purely "*hypothetical*". It is #PayTheGrants's experience that this is very common in South Africa, as reflected in the founding papers. DSD's position is nothing more than a bald denial of this reality.

135.6 I again note DSD's misstatement that all SRD applicants are persons who are "*actively looking for employment*".[116] In any event, it does not follow that because a person is seeking employment, they necessarily have their own bank account.

135.7 I reject the assertion that the purpose of the grant is to assist people who would be employed but for the pandemic.[117] The grant has assisted, and has been intended to assist a range of people who have either not been employed for many years, are caregivers, or are not able to seek work. The UIF is intended to assist people who have lost their jobs recently, and UIF receipt makes you ineligible to receive the SRD.

Ad paras 128 – 146 of DSD's answering affidavit

136 Save to note the allegations contained in paragraphs 128 and 130, I deny the allegations contained in these paragraphs for the reasons set out above.

137 I note DSD's confirmation that the appeal process effectively applies the same databases and checks as the first-instance decision, databases which DSD confirms contain significant errors. It is then little surprise that most appeals fail.

138 As I have explained, DSD's answer to this ground of review is premised on an unduly narrow conception of an appeal and its claims of impracticability and unaffordability are entirely unsubstantiated. I again note DSD's misstatement that SRD grant applicants are all seeking employment.

Ad paras 147 – 155 of DSD's answering affidavit (the R350 amount)

[116] Id para 124 and paras 104-105.
[117] Id para 105.

139 Save to note that National Treasury allocates budget to the SRD grant, and to admit that Government is obliged to progressively realise the right to social assistance within available resources, I deny the allegations contained in these paragraphs. For the reasons set out below in relation to National Treasury's answering affidavit:

139.1 I note DSD's statements that National Treasury is "*the decision-maker*"[118] and that "*the decision on the value of the SRD lies with the National Treasury*",[119] confirming that National Treasury has usurped the function of the Minister of Social Development, who has unlawfully abdicated her responsibility.

139.2 I specifically deny that Government cannot afford a grant value of more than R350, but note that this Court does not need to determine what specific grant value would be affordable in order to grant the relief sought by the applicants, being a reasonable plan to determine the SRD grant's value over time.

139.3 The National Treasury's top-down approach to allocating budget to the SRD grant, which is based on artificially low historical uptake, is flawed.

.Ad paras 156 of DSD's answering affidavit

140 I deny the allegations in this paragraph, and the implied suggestion that it is impossible to accurately assess the income of SRD grant applicants.

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[118] Id para 147.
[119] Id para 149.

Ad para 157 of DSD's answering affidavit

141 I deny that the income threshold set in the Regulations is rational and I reiterate that it is retrogressive. While it is not entirely clear what is being said in these paragraphs, I emphasise the following points:

141.1 DSD has admitted that the number of people who would be eligible to receive the SRD grant may be as high as 18.3 million. Despite this, National Treasury allocated a budget of R36 billion to the SRD grant in 2023, which would cover only 8.5 million beneficiaries. For 2024/25, National Treasury has further reduced the budget to R33.6 billion, which is enough to cover only 8 million beneficiaries.

141.2 DSD does not identify which "*statistics*" it is referring to and it does not explain how these "*inform*" the setting of the means threshold.

141.3 DSD essentially admits that the means threshold is not determined according to an objective measure of income poverty.

Ad paras 159 – 164 of DSD's answering affidavit

142 To the extent that statements in these paragraphs suggest that the budget allocated to the SRD grant is an accurate reflection of the number of people who are eligible to receive the grant and should receive it, they are denied.

Ad paras 165 – 175 of DSD's answering affidavit (the delay in the payment)

143 I have addressed DSD's unsubstantiated claim that the issue of widespread non-payment by SASSA has been resolved, and its putative justifications for continuing non-payment of approved beneficiaries. In short, I deny that the problem of non-payment has been adequately addressed and reiterate that structural relief is required to ensure that SASSA investigates and addresses the problem. DSD fails to provide any data on the number of beneficiaries who have experienced delays or non-payment and does not answer the applicants' detailed evidence in this regard beyond bald denials and unsubstantiated claims that these are only "*exceptional cases*".[120]

Ad paras 176 – 190 of DSD's answering affidavit

144 Save to admit that Government has not yet decided the details of implementing a basic income grant, I deny the allegations in these paragraphs, which distort the applicants' case. The applicants do not claim that the SRD grant is a basic income grant and do not claim that it has been replaced by a basic income grant. The applicants are also not seeking an order directing Government to implement a basic income grant.

145 For reasons stated above, I further deny the contention that the SRD grant is a temporary grant and is different in any relevant respects to other means-tested social grants.

Ad paras 191 – 307 of DSD's answering affidavit (ad seriatim responses)

[120] Id para 174.

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146 I deny the allegations contained in DSD's ad seriatim responses to the extent that they deny allegations made in the founding affidavit, and to the extent that they conflict with what is said above. I also note:

146.1 DSD claims that it has no knowledge of basic, publicly available statistics regarding the extent of income poverty, including those confirmed by Stats SA. Remarkably, it pleads that it has no knowledge of the impact of the SRD grants, including its own assessments.

146.2 It is artificial to suggest that the SRD grant is a series of different temporary grants. As Minister of Social Development Lindiwe Zulu put it in a statement made in Parliament in 2023, Government has chosen to progressively realise "*basic-income support through incremental changes to the SRD grant over time*." The article quoting the Minister is attached above as annexure "**RA8**".

146.3 Contrary to what is suggested in paragraph 224.3, the decline in the budget allocated to the SRD grant is not the result of fewer people needing the grant than before. As I have explained, low uptake of the grant is due to the unlawful and exclusionary procedures identified by the applicants, which have been put in place for that purpose. Given the rising cost of living, chronic and deepening unemployment and increased hunger, it is also astonishing for DSD to suggest that lower than expected uptake must be due to fewer people needing the grant than before.

146.4 I do not understand what DSD means when it says that "*[t]he eligibility criteria of the SRD is not an income test but a means test*"[121] or that the SRD "*looks into the means of the individual for that particular month and not their basic income*",[122] in circumstances where "*insufficient means*" is determined according to "*income*" and "*financial support*".

146.5 The statement that the number of people who are eligible for the SRD grant "*will surely decrease*" due to the end of the Covid-19 pandemic ignores the structural nature of unemployment and poverty, and is inconsistent with Government's own assessment of the need for the grant.

146.6 The slow rollout of the CSG cannot possibly justify application procedures for the SRD grant that are irrational and arbitrary. It is certainly positive that the SRD grant reached millions of people within months, but that does not mean that the procedures in the SRD Regulations are lawful and constitutional. Indeed, as the applicants have demonstrated, unlawful, irrational and unconstitutional procedural obstacles are actually undermining the progress and success which the SRD grant initially enjoyed.

146.7 It is not the case that the SRD grant and CSG differ because "*[t]he SRD is aimed at people with no financial means at all in a particular month*". First, the SRD grant is aimed at people with insufficient means, which is defined as "*income*" and "*financial support*" that is less than R624 per month.

[121] Id para 232.2.
[122] Id para 237.4.

Second, the CSG is also means-tested, which means eligibility for the CSG is dependent on the recipient's financial position, which can change from month to month.

146.8 Contrary to what is suggested in paragraph 266.2, the test for eligibility for the SRD grant is not whether the applicant is in "*dire financial distress*" in a particular month. The requirements for eligibility are those set out expressly in the SRD Regulations.

146.9 I deny that the applicants are "*misleading the Court in advancing that the verification is conducted once in three months*".[123] SASSA verifies an SRD beneficiary's income monthly, and the point made in the founding affidavit is that because bank verification takes a snapshot of an applicant's income in a single month, it is incapable of taking into account fluctuations in a person's income. It is irrational and unreasonable not to conduct this assessment over a longer period. The idea of using an average measure of inflows into bank accounts over a longer period, such as three to six months, is supported by the Presidency task team on basic income, as well as researchers advising it.

Seriatim responses to SASSA's supporting affidavit

Ad paras 1 – 12 of SASSA's supporting affidavit

[123] Id para 274.5.

147 Save to deny that all the allegations contained in SASSA's supporting affidavit are true and correct, I note the content of these paragraphs.

Ad paras 13 and 14 of SASSA's supporting affidavit

148 Save to state that SASSA does not verify applications for the SRD grant "*thoroughly*", due to the irrational and unlawful procedures impugned in this application, I note the allegations contained in these paragraphs.

Ad paras 15 – 26 of SASSA's supporting affidavit

149 Save to deny that the application procedure described in this paragraph is lawful, rational and constitutional, I note the allegations contained in these paragraphs but state the following:

149.1 Contrary to what is stated in paragraph 16, the SRD Regulations do not require that SRD grant recipients must "*have no financial support from any other source whatsoever*". They require that the recipient must have "*insufficient means*", which is defined as "*income*" and "*financial support*" that is less than R624 per month.

149.2 I deny the suggestion in these paragraphs that the SRD grant application procedure has been "*successful*" and easy to navigate for all applicants and I reiterate what I have said about the unlawfulness and unconstitutionality of the online-only application procedure. I also deny that the "*online *application platform used in the SRD has proven to be the most effective and successful method by far*".[124]

149.3 I deny that SRD grant applicants need only submit the information listed in paragraph 18. The application procedure also elicits information from applicants via a questionnaire. The applicants contend that several questions in this questionnaire are unlawful.

Ad paras 30 – 32 of SASSA's supporting affidavit

150 I deny that database verification is rational, lawful and constitutional for the reasons set out in the founding affidavit and in this affidavit. As I note above, DSD itself admits that database verification is inaccurate and for that reason is trumped by bank verification.

151 It is also irrational for SASSA to continue to use an inaccurate verification method because it provides Government with useful data.

Ad paras 33 – 42 of SASSA's supporting affidavit

152 I deny the allegations in these paragraphs.

152.1 As I have explained, SASSA mischaracterises the nature and purpose of the SRD grant and it incorrectly suggests that the SRD grant is more temporary than other means-tested social grants.

[124] SASSA supporting affidavit para 25.

152.2 I note SASSA's confirmation of application and approval numbers, reflecting that approximately 8.5 million out of 15 million applications were approved from March to May 2023.[125] SASSA offers no explanation for the extraordinarily high level of rejected applications, approximately 6.5 million per month.

152.3 For the reasons set out above and in the founding affidavit, the online-only application procedure is unlawful.

152.4 SASSA's vague reference to "*human resource capacity*"[126] does not provide an acceptable explanation for insisting that every SRD grant applicant apply online, while allowing applicants for all other social grants to apply in person. SASSA's disclosure that it is considering adding an online process for other grant applications confirms that it is possible to combine online and manual processes, as the applicants seek.[127]

Ad paras 43 – 47 of SASSA's supporting affidavit

153 I note the allegations contained in these paragraphs.

154 SASSA does not provide any data on alternative payment options, and the rate of non-payment to successful applicants who select those options.

155 As far as I am aware, SASSA has inexplicably ceased paying the SRD grant via cash send. Because SASSA does not communicate this to successful

[125] Id para 34.
[126] Id para 41.
[127] Id para 39.

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beneficiaries, they have no way of knowing which payment options are actually available, and which are not. A successful applicant who does not have a bank account or reliable bank access may select cash send, not knowing that the option is not available, and not knowing that they are required to verify their bank account details.

156 The confusion regarding what payment options are practically available and evidence of widespread non-payment are sufficient to warrant an order directing SASSA to investigate the issue non-payment and all causes of non-payment, including the refusal to provide alternative payment methods and SASSA's failure to communicate which methods are actually available.

Ad paras 48 – 50 of SASSA's supporting affidavit

157 Save to admit the figures in paragraph 48, I deny the allegations in these paragraphs. The fact that SASSA pays over 7 million approved SRD applicants via bank accounts confirms that not every SRD grant beneficiary uses their own bank account.

158 The applicants have never claimed that <u>all</u> grant applicants come from homes where one bank account is used for the entire household.[128] The applicants stated that <u>some</u> grant applicants come from households where members share a bank account. The truth of this claim is confirmed by SASSA's own statement that it is having difficulties because not all applicants provide bank details that

[128] Id para 49.

can be verified against their names.[129] This is because not all applicants have bank accounts.

Ad paras 50 – 59 of SASSA's supporting affidavit

159 I have addressed SASSA and DSD's justifications for widespread payment delays above. I deny that these justifications justify and fully account for those delays.

160 In addition, the biometric and facial recognition that SASSA refers to in these paragraphs has not been rolled out successfully. As far as I am aware, successful applications do not receive links to verify their identities, or the links they are sent do not work.

Ad paras 60 – 69 of SASSA's supporting affidavit

161 Save to note SASSA's description of the various forums that afford the public and stakeholders to engage with SASSA in relation to the SRD grant, I deny the allegations in these paragraphs.

162 The suggestion that this litigation is an abuse of process is remarkable and, I am advised, legally unfounded.

163 SASSA confirms that the applicants and other civil society organisations have been raising the same concerns addressed in this application in the forums, and that the concerns have still not been addressed by SASSA and DSD. The

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[129] Id para 50.

applicants were left with no alternative but to approach the above Honourable Court.

164 To begin with, the first and second applicants have repeatedly raised the issue of unfair exclusion of SRD grant applicants, and of non-payment to approved SRD grant beneficiaries, to no avail. In this regard, I attach as annexure "**RA26**" a document prepared by DSD which it annexed to its answering affidavit in the *Black Sash* matter. The document summarises submissions made in relation to the 2022 Regulations, which include submissions made by the first applicant on this very issue. In engagements with DSD and SASSA, as well as publicly, the first applicant has stated that if the issues it has repeatedly raised are not dealt with, it would have no option but to approach the courts. In this regard, I attach two public statements made by the IEJ and the Universal Basic Income Coalition which clearly foreshadowed the institution of these proceedings as annexures "**RA27**" and "**RA28**".

165 The applicants have engaged, and continue to engage, with DSD and SASSA in good faith but these engagements do not preclude the applicants from approaching this Court to enforce Government's legal and constitutional obligations.

166 I also deny SASSA's claim that it has put in place the infrastructure required to assist approved beneficiaries who have not received payment of the grant. A survey conducted by amandla.mobi in 2021, which I attach as annexure "**RA29**", found that 24% of people who called SASSA's call centre reported that their calls were not answered.

Ad paras 70 – 73 of SASSA's supporting affidavit

167 I deny the allegations contained in these paragraphs. Like DSD, SASSA does not explain the factual basis for its claim that the administration of the SRD grant uses "*one of the most successful and effective systems*", save to suggest that the ultimate measure of effectiveness is the speediness with which applications are processed. But again, a system that is efficient but wildly inaccurate cannot possibly be regarded as "*effective*".

168 I am advised that it is inappropriate for SASSA, as an organ of state opposing constitutional litigation that seeks in good faith to vindicate the constitutional right to social assistance, to seek costs if the application is unsuccessful.

Seriatim responses to National Treasury's answering affidavit

Ad paras 1 – 5 of National Treasury's answering affidavit

169 Save to deny that all the allegations in National Treasury's answering affidavit are true and correct, I note the allegations contained in these paragraphs. I confirm that the applicants consented to the intervention of National Treasury.

Ad paras 6 – 9 of National Treasury's answering affidavit

170 I note National Treasury's position in this litigation but I deny that it has any merit, or that it is an answer to this application. I note in particular the deponent's concession that he can only speak to National Treasury's policy position, which means that he cannot speak for Government as a whole (despite elsewhere purporting to do so).

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171 I have already addressed the arguments advanced in paragraph 7.

Ad paras 10 – 11 of National Treasury's answering affidavit

172 I note National Treasury's acknowledgement of "*the extreme levels of poverty faced by far too many South Africans*". I deny the suggestion that social assistance is a "*narrow*" solution to the problem. I note that while there may be disagreements as to how Government should address poverty, they do not detract from its constitutional obligation to progressively realise the right to social assistance.

Ad National Treasury's thematic response generally (paras 12 – 54)

173 At the outset, I deny any allegations contained in these paragraphs which are inconsistent with what I have said above. To the extent that specific paragraphs warrant a response, I address them below.

174 Although this case does not require this court to adjudicate the merits or demerits of Treasury's fiscal policies or determine how much money is really available to spend on social assistance, Treasury's sweeping declarations regarding the alleged unaffordability of the SRD grant require a response. Treasury's claim that that the SRD grant is unaffordable, and that this unaffordability is an immutable fact, cannot be taken at face value.

175 Contrary to what Treasury seems to suggest, the amount of money available to Government (what I will refer to as the "*fiscal envelope*") is neither static nor pre-ordained. It is a function of both economic circumstances and policy choices.

Regarding the latter, Government chooses how much revenue it can generate through taxation and borrowing, and how much money it spends.

176 In the present context, it is well known that the National Treasury's fiscal policies prioritise "*consolidation*" and debt reduction, which experts refer to as "*austerity*". It is also well known that National Treasury's austerity policies have been the subject of trenchant criticism by economists and policy experts. In this regard, I attach as annexure "**RA30**" an extract from an open letter signed by 100 economists and policy experts ahead of the Medium Term Budget Statement in 2023, which warned against the institution of budget cuts in the name of fiscal consolidation and debt reduction—arguing that this would be a self-defeating strategy.

177 National Treasury has repeatedly chosen not to mobilise available resources that could be used without compromising fiscal consolidation. To give just two examples:

177.1 For almost two decades, National Treasury inexplicably failed to access gradually accumulating funds in the Gold and Foreign Exchange Contingency Reserve Account (GFERCA), an account which holds funds derived from realised and unrealised profits arising mainly from changes in the value of foreign exchange and gold reserves. As of 2023, funds in this account, which is held within the South African Reserve Bank, stood at R497 billion. It was only after pressure from civil society actors and experts that National Treasury eventually decided to draw on R150 billion of these funds in the 2024 National Budget.

177.2 Government's tax policy has entrenched exemptions and subsidies for higher-income individuals.

178 National Treasury asserts, without evidence, that while policy options to raise additional revenue may be available in theory, the level of taxation in South Africa (measured by the ratio of tax revenue to GDP) is already too high and that "*further tax increases would be detrimental to economic growth*".[130] While these are not questions that the Court is required to decide in this application, this is misleading both empirically and theoretically.

178.1 Among upper-middle income countries South Africa's tax-to-GDP ratio is above average, but it is not excessive. The comparison may also be skewed because South Africa's tax base is relatively broad compared to most other middle-income countries. Irrespective, the tax-to-GDP ratio may be higher than others not because taxation is overly burdensome but because growth is presently weak.

178.2 In any event, the failure of Treasury to harness unanticipated revenue of over R350 billion between 2021 and 2023 to address critical social needs, but rather to use it to largely retire debt, reflects Treasury's priorities, rather than the inability to direct available resources to where they are most needed.

178.3 More fundamentally, National Treasury's approach flattens the complexity inherent in such policy choices. It is not self-evidently the case that the

[130] NT AA para 18.4.

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economy will be worse off through additional tax measures, if this were true no tax would ever be raised. National Treasury fails to (i) distinguish among the effects of different types of tax increases on economic growth and (ii) acknowledge that what the revenue is spent on is determinate of the overall effect of putting in place the additional tax measure.

179 National Treasury also implies the SRD grant is subject to a different resourcing strategy than the rest of government expenditure. It asserts that *"there is no permanent funding source for the grant,"*[131] and that for the grant to continue in the medium term *"a clear source of revenue will have to be determined in advance"*.[132] This is at odds with its own stated practice of not earmarking particular revenue for particular expenditure purposes but rather for revenue to accrue to the National Revenue Fund and for programmes to be funded from it. National Treasury is therefore applying a different bar of "*affordability*" to the SRD grant, than any other expenditure item – that it is only "*affordable*" if it has a dedicated revenue source and will not incur additional debt.

180 Once it has raised its chosen quantum of funds, Government makes further decisions about what it will spend money on, and what it will not.

180.1 Here again the concept of "*affordability*" is not a neutral concept. Indeed, when National Treasury says that the SRD grant is "*unaffordable*", what it is really saying is that it has chosen not to prioritise spending on it. This choice is apparent even within the pool of social grants as the SRD grant is

[131] Id para 20.2.
[132] Id para 32.

the only social grant that has not been increased annually in the relevant period.

180.2 The history of the SRD grant confirms that the concept of affordability is a matter of weighting of priorities, not immutable constraints.

180.2.1 National Treasury admits that although "*government did not have sufficient funds to extend the SRD grant a further year*",[133] it found the money to do so because of the critical need it serves and the state's constitutional obligations in respect of social assistance.

180.2.2 Shortly before the filing of this affidavit, the Minister of Finance indicated in Parliament that the SRD grant will be increased by R20 to R370. This did not arise from any change in circumstances or acquisition of new revenue, but simply a re-weighting of priorities aimed at meeting the state's constitutional obligations.

180.3 Finally, "*affordability*" for the government cannot solely be about how much a programme costs. Rather, it should be about weighing the programme's financial costs against its social, economic and financial returns. This will reveal that some policies, such as the SRD grant, cost less than they appear because of their positive impacts on economic growth, social outcomes and subsequent tax receipts. Further, the "*affordability*" of a programme that fulfils vital constitutional obligations must be assessed differently from the affordability of one that does not.

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[133] Id para 36.

180.4 In short, the statements declaring that the SRD grant is unaffordable cannot be taken at face value.

181 I turn next to address the National Treasury's argument that committing resources to the SRD grant, and social grants generally, is a "*downstream solution*" that detracts from Government's ability to tackle unemployment and is a "*burden*" on taxpayers. While I provide a brief response to these allegations, the relative policy merits of diverse approaches to poverty and inequality are not issues that this Court is required to decide in order to determine the constitutionality of the SRD Regulations.

182 National Treasury presents a false choice between providing adequate social assistance and addressing unemployment. In National Treasury's telling, social assistance is merely a "*stop-gap measure while people are enabled to become economically active*"[134] rather than part of the solution to economic stagnation and unemployment.

183 These assumptions are not borne out by available evidence, which reveals that while the SRD grant is in the first instance a poverty alleviation measure and bulwark against hunger, and it has positive impacts on local economies and the broader economy. It is also at odds with statements made by the President and the Minister of Social Development, which confirm that social grants have a stimulus effect.[135] In his March 2023 newsletter, which I attach as annexure "**RA31**", the President also acknowledged that social grants "*act as a stimulus*

[134] Id para 24.
[135] See FA para 102 and Annexures "FA54" and "FA55".

for the economy as a whole, increase spending in townships and rural areas, and improve employment outcomes."

184 Several studies, some of which are described in the applicants' founding affidavit, confirm that the SRD grant has increased spending power in marginalised/depressed communities; helped informal traders to stay in business; helped people start new micro-enterprises; and increased recipients' likelihood of finding employment.

184.1 For example, a study published in April 2023 by Plagerson et al. made the following findings:

> *"(i) widespread receipt of the SRD led to an increase in customer demand within local economies;*
> *(ii) the SRD played a redistributive role by extending a social protection mechanism to previously excluded constituencies including informal workers and unemployed youth;,*
> *(iii) the SRD helped informal trader businesses survive and in some cases new businesses were initiated;*
> *(iv) the SRD supported the circulation of people, goods and money and stimulated higher transaction intensity in different sectors (food and non-food) and across value chains;*
> *(v) economic multipliers associated with the SRD included the ability to afford transport costs for traders and customers and the ability for traders to stock small items.*
> *Although the SRD could not reverse the negative impacts of COVID-19, and cannot be considered a standalone intervention, it did function as an effective shock-responsive mechanism for households and local economies. The detection of economic multipliers in a time of emergency, signals the potential for a long term intervention that could be beneficial to local economies."*

184.2 It is also notable that the FFC has recommended that the government should *both* continue a strategy of debt reduction and debt sustainability, *and* address exclusion from the SRD grant, as these are not mutually exclusive goals. I attach the relevant extract from its 2024/25 Annual Submission for the Division of Revenue as annexure "**RA32**".

184.3 These recommendations align with international studies which confirm that increasing investments in social protection including in low- and middle-income countries has a positive impact on GDP growth, employment, and tax revenue, especially in countries with lower GDP per capita. For example:

184.3.1 Research conducted by Development Pathways on behalf of the International Trade Union Confederation has confirmed that "*by investing in social protection, fiscal revenues increase, making social protection funding less dependent on external sources. Investment of 1 per cent of GDP in social protection has a positive effect on total government tax revenues: between 0.6 per cent and 3.5 per cent in the eight case studies.*" I attach the relevant extract from this report as annexure "**RA33**".

184.3.2 Development Pathway's findings are supported by a comprehensive research paper published in 2023 by researchers at the University of Sao Paolo, which finds that social protection spending has a high multiplier effect on GDP growth (i.e. it generates additional economic returns for each Rand spent), and that the effect is much more pronounced in low-income countries and countries with high levels of inequality. To avoid over-burdening these papers, I attach relevant extracts from the paper as annexure “**RA34**”.

184.3.3 This evidence was also acknowledged in a 2023 International Monetary Fund Report, which noted the finding by Bracco *et al.* that the multiplier effects for social transfers is approximately three times higher in emerging market economies (like South Africa) than in advanced economies. I attach the relevant extract from this report as annexure **“RA35”**.

185 I turn next to address two further statements in Treasury’s answering affidavit that are inaccurate and misleading.

185.1 The first is that there is no provision for the SRD grant in the baseline budget, and that this is somehow proof that Government cannot continue to fund it.

185.1.1 To begin with, it is unclear what constitutes Government’s “‘*baseline*” budget. The repeated inclusion of the SRD Grant in five national budgets since 2020, combined with repeated statements by Government policy makers that it will be extended and expanded until a permanent system of basic income is in place, confirms that it has indeed become part of the “*baseline*”.

185.1.2 Despite this, there is no specific allocation for the SRD grant the MTEF because, as National Treasury notes, Government has not reached agreement regarding the precise form that social protection for working adults should take going forward. This is because National Treasury cannot include a spending item in the MTEF that has not been announced, which in turn requires agreement being reached within Government.

185.1.3 Nevertheless, it is notable that, while not contained in the 2023 MTEF, in the 2024 annual budget allocations are proposed for 2025 and 2026. In this way, provision for the SRD grant is being made in Government's medium term budget, which is a further reflection of the fact that there is agreement within Government that the SRD grant cannot be discontinued.

185.2 Second, National Treasury's claim that the SRD grant is funded by debt is incorrect and it is misleading for it to say that the SRD is currently "*being financed through borrowing*"[136] or that for 2024/25 year, "*government has had to borrow to retain the current level of social grant spending*".[137]

185.3 It is nonsensical to speak about a particular line item in Government's budget as being funded by debt as opposed to income tax receipts. The Public Finance Management Act 1 of 1999 provides that all money raised by the government – whether through taxation or borrowing – is credited to the National Revenue Fund. Similarly, any expenditure by Government is debited from the National Revenue Fund.

[136] Id para 29.
[137] Id para 39.

185.4 National Treasury could say the same thing about relief seeking the provision or increase of absolutely anything by the state – from prison conditions, to health care to school sanitation – that it would have to be 'funded by debt'. If such an approach were to be accepted, I am advised that it would render all constitutional obligations unenforceable.

Ad para 12 of National Treasury's answering affidavit

186 Save to admit that increasing economic opportunities and jobs is essential to reducing poverty and to note the concession that Government's desire to promote economic growth to address poverty is not an answer to this application, I deny the allegations contained in these paragraphs. I specifically deny that:

186.1 social grants are "a *downstream intervention in response to an upstream problem*" for the reasons set out above; and that

186.2 progressively realising the right to social assistance would be "*short-sighted*".

187 The relief sought by the applicants does not prescribe to Government what approach to social assistance it should adopt, provided that it takes reasonable steps to progressively realise the right to social assistance. The application is premised on achieving the purpose of Government's own policy decision to implement the SRD grant.

Ad paras 15 of National Treasury's answering affidavit

188 As noted above, spending on social assistance has lagged behind increases in revenue. In addition, the SRD grant has been the only grant not to receive annual increases.

189 The comparison with other developing and emerging-market countries is misleading and unhelpful because South Africa has much higher levels of unemployment, poverty and inequality than many of these countries.

Ad paras 16 - 18 of National Treasury's answering affidavit

190 I deny the allegations in these paragraphs. Again, this application does not require this Court to adjudicate Government's fiscal policy at all, or to force Government to depart from those policies or to adopt specific policies. The SRD grant *is* Government policy, designed to give effect to the right to social assistance. That said, the applicants disagree with the statements made in these paragraphs for a number of reasons, including that:

190.1 Social assistance contributes to economic growth and has positive multiplier effects, as I explain above. It is not merely a "*burden*" or "*cost*".

190.2 National Treasury's sweeping unaffordability claims are unsubstantiated. For example, it is unclear why it is "*unsustainable*" for Government to provide social assistance to those who need it, particularly in the context of chronic and structural unemployment and given the fact that social assistance has positive impacts on the economy and employment outcomes.

190.3 The "*agonising choices*" referred to in paragraph 18.3 must be made in conformity with Government's constitutional obligation to progressively realise access to social assistance and to prevent retrogression in respect of that access.

190.4 The unqualified and sweeping statement that further tax increases would be detrimental to economic growth is incorrect. In any event, no part of the relief sought requires Government to impose any tax increase.

190.5 In addition, National Treasury's presentation attached as annexure "ES1" to its answering affidavit actually confirms that the state has identified and is able to implement several measures to increase revenue and reduce spending other than making cuts to programmes such as the SRD grant. These include steps to reduce tax evasion and 'leakages', broadening the tax base, taxing the digital economy, reducing fruitless and wasteful expenditure, and improving municipal recovery of rates and charges. All of these measures identified by National Treasury are implementable on its own version, and would constitute less restrictive means in the context of the SRD grant.

190.6 It is misleading to say that meeting the needs of the population is somehow beyond Government's control. The Covid-19 pandemic demonstrated that Government is able to mobilise resources quickly and prioritise the most vulnerable members of society. All of the issues raised in this application relating to the SRD grant are within the control of Government to remedy.

Ad paras 19 – 34 of National Treasury's answering affidavit ("How to address the overarching problem")

191 Before addressing the specific paragraphs in National Treasury's affidavit which deal with "*how to address the overarching problem*" it identifies, it is necessary to say something about National Treasury's conception of social assistance.

192 In these paragraphs, Treasury seeks to instrumentalise social assistance, as if it were merely a component of Government's economic policy, rather than a fundamental constitutional right. In doing so, it ignores that while social assistance makes good sense as a matter of economic policy, and has widespread economic benefits, it is also an end in itself, and not a mere policy tool which Government is at large to make use of.

193 Section 27 of the Constitution makes plain that the purpose of social assistance is to provide support to those who cannot support themselves, for whatever reason. The primary function and objective of the SRD grant, as one measure to fulfil the right in section 27, has been to relieve financial distress which takes the form of hunger and food poverty.

194 Although Government is only obliged to progressively realise access to social assistance "*within available resources*", its obligation is not subject to the further qualification that it need only provide access to social assistance if doing so aligns with National Treasury's policy preferences.

Ad paras 19 and 20 of National Treasury's answering affidavit

195 Save to note the history of the Covid-19 SRD grant and National Treasury's concession that it has used "*restrictive measures*" to ensure that spending on the SRD grant is within the artificially low budget set aside for it, I deny the allegations in these paragraphs.

195.1 As I have explained, the SRD grant cannot be characterised as "*temporary*" and the relief it provides is no more temporary than the relief provided by other social grants.

195.2 The nature and purpose of the SRD grant has evolved over time.

195.3 It is nonsensical to say that *"[t]here is no permanent funding source for the grant*". The same would be true of every other social grant. As indicated above, unless funded by a dedicated revenue stream (which is the exception not the rule) all budget items are paid for with funds from the National Revenue Fund. The use of those funds will depend on the items to which Parliament has allocated funds in the budget, which change from year to year. This means that no budget item save – from those funded by a dedicated revenue stream – have a "*permanent funding source*".

195.4 It is also incorrect to suggest that the SRD grant does not give effect to Government's social assistance policy. The statements made by the President and the Minister of Social Development make clear that the SRD grant is a central part of Government's policy of providing social assistance to working age adults. The SRD grant has also been incorporated into the Social Assistance Act itself. National Treasury's resistance to the grant has thwarted Government's attempts to fully institutionalise the grant.

195.5 National Treasury also confirms that it took "*a range of restrictive measures to ensure that the SRD grant is received by those in distress and is affordable within the limited available budget*".[138] These are the very measures that the applicants challenge in this application, being the barriers introduced into the SRD regulations to exclude eligible persons so as to suppress beneficiary numbers.

Ad paras 21 – 26 of National Treasury's answering affidavit

196 I deny the allegations in these paragraphs.

196.1 The permanent right to social assistance which this application seeks to enforce is the constitutional right to social assistance in section 27 of the Constitution.

196.2 The applicants do not seek relief that would dictate Government spending on social assistance. They seek to enforce Government's own policy choice – to extend and improve the SRD grant – in line with constitutional requirements. The Constitution ordinarily precludes retrogression and requires rights to be progressively realised.

196.3 National Treasury may say that Government "*has not reached a single way forward to address the increasing problem of unemployed working-age adults*" but the reality, as the applicants explain in the founding affidavit and as I have explained above, is that Government is committed to expanding and improving the SRD grant as the cornerstone of social assistance for

[138] Id para 20.4.

working age adults. This has been publicly confirmed, again and again, by the President, the Minister of Social Development, DSD officials and even the Minister of Finance, among others. National Treasury ignores this fact, and has admitted to using budget allocations to frustrate the implementation of the SRD grant and the progressive realisation of access to social assistance for working age adults.

196.4 As noted above, the purpose of social assistance is to provide assistance to persons who cannot support themselves and their dependants. It is an end in itself and a constitutional right, and is not subject to the qualification that it can only be provided if doing so would address unemployment.

196.5 Again, to the extent that Government is required, in order to meet its constitutional obligations, to allocated resources towards spending on social assistance, that is an ineluctable consequence of the Constitution entrenching justiciable socio-economic rights. The position is the same with all constitutional rights.

196.6 Spending on social assistance and improving employment outcomes are not mutually exclusive, as social assistance assists recipients to become economically active.

196.7 I deny that providing adequate social assistance is "*only viable on a short-term basis*".

Ad para 27 of National Treasury's answering affidavit

197 The applicants admit that there are various ways in which social assistance can be provided and that there are various ways of expanding employment opportunities. Critically, however, spending on programmes aimed at expanding employment does not insulate from constitutional scrutiny the implementation of a social grant that Government itself has established. Again, under the Constitution, social assistance is not only a means to an end but an end in itself.

198 I also emphasise that the job-seeking conditionalities referred to in paragraph 27.2, which at this stage are just one idea being floated by National Treasury, make little policy sense because they:

198.1 are expensive to police and enforce;

198.2 are not feasible in a context where employment is not available for people;

198.3 can coerce vulnerable people into exploitative work;

198.4 can be expensive to comply with; and

198.5 exclude caregivers and other beneficiaries who have legitimate reasons not to work, or cannot seek work.

199 Moreover, research shows that grant recipients in South Africa are highly motivated to work, and that the true barriers to employment are lack of jobs and the high cost of job searching.

200 Again, these possible policy alternatives are completely irrelevant to whether the SRD Regulations are lawful and constitutional. For as long as Government's own

policy approach is to implement the SRD grant (which the President confirms remains the position), it must do so consistently with the Constitution. It is no answer to a complaint of unconstitutionality to say that Government may introduce something different in future.

Ad para 28 – 30 of National Treasury's answering affidavit

201 I deny the allegations contained in these paragraphs for the reasons more fully set out above, including that:

201.1 The budget for the SRD grant was underspent in the previous budget year.

201.2 Spending on the SRD grant is part of Government's baseline budget.

201.3 National Treasury's unaffordability claims are unsubstantiated, and are completely undermined by the Minister of Finance's belated indication that there will be a R20 (5.7%) increase to the grant value.

201.4 As I have explained, it is nonsensical to claim that the SRD grant specifically is being funded by debt. Its funding is the same as all other social grants and most other budget line items, as explained above.

201.5 As I have noted, National Treasury and DSD cannot be described as "*working together*". National Treasury is obstructing DSD's implementation of the SRD grant by dictating that it put in place irrational and unlawful procedural hurdles in order to keep spending within a budget that is based on artificially low historical uptake.

201.6 It is regrettable that National Treasury would pit the SRD grant against other social grants, suggesting that there is a choice to be made between progressively realising access to social assistance for working age adults and implementing existing social grants for child support, people living with disabilities and elderly persons, among others. The applicants do not seek to prioritise the SRD grant over other social grants, but to remedy the unconstitutional de-prioritisation of the SRD grant, the only grant that has been left with a static value since 2020.

Ad para 31 and 34 of National Treasury's answering affidavit

202 The statements in these paragraphs reveal the dissonance I referred to in the introduction to this affidavit. Contrary to what National Treasury suggests, Government has publicly and formally committed itself to expanding and improving the SRD grant as part of its overarching policy of providing social assistance to working age adults. There has been no suggestion that the development of social assistance for working age adults is contingent on some unspecified alternative "*interventions*" being put in place instead at some uncertain point in the future.

203 While National Treasury may prefer to replace social assistance with investment in economic programmes to increase employment, this is irrelevant to whether the SRD Regulations are lawful and constitutional in their current form.

204 While it is not necessary for the Court to make findings on these issues raised by National Treasury, the evidence put up by National Treasury itself casts doubt

on the efficacy of the programmes that National Treasury appears to prefer to the SRD grant.

204.1 The 2022 World Bank study on Government's labour market and employment interventions referred to later in National Treasury's answering affidavit[139] assessed 106 programmes (excluding social grants), and concluded that many of these programmes failed to target the most marginalised and vulnerable.

204.2 Further, despite nearly R100-billion being spent on these programmes (about three times the SRD grant budget), they had only about 4.8 million beneficiaries. In a 2023 presentation to the President, National Treasury itself concluded that when compared to the SRD grant, "*[n]one of [the] current programme can absorb over 8 million people at the similar cost*". I attach, marked "**RA36**", a copy of the relevant extract of this presentation.

205 I have no idea what National Treasury means when it says that it wants to replace the SRD grant with interventions that are "*more participatory*".

Ad para 32 of National Treasury's answering affidavit

206 I have no idea what National Treasury would regard as a "*clear source of revenue*". In any event, I reiterate that the SRD grant is already part of baseline spending by Government. The applicants' proposed relief would entail the Minister of Social Development developing a plan to be implemented moving

[139] Id para 44.

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forward, with the concurrence of the Minister of Finance in terms of section 32 of the Social Assistance Act.

Ad para 33 of National Treasury's answering affidavit

207 As I explain above, it is misleading to say that "*the main focus of the IEJ application is the question of the value of the SRD grant and the extent of its duration*". The applicants' review does not concern the duration of the SRD grant at all, and the value of the grant is only one of the issues it raises. The other issues relate to the income threshold and to barriers to access to the SRD grant and have nothing to do with its value or duration.

Ad paras 35 – 37 of National Treasury's answering affidavit

208 For reasons already canvassed, while accepting that South Africa faces serious fiscal challenges, the applicants disagree with National Treasury's characterisation of the country's fiscal position, the reasons why it is in that position, and the available solutions to address it. However, these issues are not questions that the Court needs to determine in order to decide the application.

209 In the paragraphs under reply, National Treasury avers that "*government did not have sufficient funds to extend the SRD grant for a further year, i.e to 2024/2024*".[140] This statement is self-evidently false and is denied. National Treasury not only extended the SRD grant, but has belatedly promised to increase its value.

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[140] Id para 36.

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Ad paras 38 – 41 of National Treasury's answering affidavit

210 Save to note the statistics referred to in these paragraphs and the expansion of other social grants, I deny that any of this renders the SRD grant unaffordable.

Ad paras 42 – 46 of National Treasury's answering affidavit

211 I deny the allegations contained in these paragraphs to the extent that they are inconsistent with what is set out above. The following also bears emphasising:

211.1 Spending on the SRD grant is better at rapidly alleviating poverty and hunger than the programmes mentioned in these paragraphs. As the President himself pointed out in a 2022 address: "*We are undertaking fundamental economic reforms . . . [i]n the long term, these reforms will unlock much higher economic growth . . . [but] millions of other people across our country cannot wait for the impact of these reforms to be realised. That is why, as we implement these measures, we are seeking – within our constrained public finances – to provide a basic level of social protection to the most vulnerable.*" I attach the President's speech, marked "**RA37**".

211.2 I reiterate what I have said above regarding the findings of the 2022 World Bank study referred to by National Treasury,[141] that many of these 106 government programmes failed to target the most vulnerable and marginalised.

[141] Id para 44.

211.3 There is substantial evidence, both local and international, that social assistance in the form of cash transfers 'changes peoples' fortunes' by supporting, inter alia, job searching and entrepreneurship. As I have explained above, cash transfers are linked to improved employment outcomes, educational attainment and child nutrition, among other benefits.

211.4 Whether or not "*structural reforms*" alone are capable of alleviating poverty and hunger is not a question that this court is required to decide. It is irrelevant to the constitutionality and lawfulness of the impugned SRD Regulations.

211.5 I note National Treasury's recognition that the SRD grant with a value of R350 and an income threshold set at R624 would cost R76 billion per annum to fund. Despite this, National Treasury has allocated only R36 billion to the SRD grant in its budget. I am advised that it is no defence that an organ of state has failed to budget adequately if its failure arises from a misconception of its constitutional obligations.

211.6 Although this case is not about whether a basic income grant is affordable, and does not require this court to dictate to Government what its social assistance policy should be, I deny that the basic income grant is unaffordable in the long-term and point out that there are numerous studies which confirm that a basic income grant would produce growth in the economy.

211.7 National Treasury distorts the conclusions reached by the SALDRU study, which concluded that "*it would be premature to favour the Family Poverty*

Grant based on how it would work in theory, when actually implementing the grant is likely to reduce its advantages and pose additional problems." I attach the relevant article written by two of the SALDRU study's authors, as annexure "**RA38**".

211.8 The proposal that the SRD grant be replaced by a family grant has also been widely criticised. It is in any event irrelevant to the present application.

Ad paras 47 – 54 of National Treasury's answering affidavit

212 I deny the allegations contained in these paragraphs to the extent that they conflict with the founding affidavit, what I have said elsewhere in this affidavit and what I say below.

213 Before responding to these allegations, I note that:

213.1 National Treasury makes no attempt to establish whether the "*procedural safeguards*" it refers to are narrowly tailored and rationally capable of specifically excluding persons who are not eligible to receive the grant. Indeed, it has not produced any data or information establishing that the negative impact of these safeguards is proportionate to its positive impact.

213.2 The applicants do not say that the estimated number of persons eligible to receive the SRD grant is 18.5 million and the premise of this application is not that "*18 million people should receive the grant*".[142] The applicants simply provide data, which is not seriously disputed, about the number of

[142] Id para 52.

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people in the country with income below the SRD grant's income threshold and below the poverty indices.

213.3 I have no idea what National Treasury means when it says that "*the idea behind the Covid-19 SRD grant is to focus on people with insufficient means/immediate need and not overall poverty*". Indeed, I do not understand the difference between income poverty experienced by individuals and "*overall poverty*".

213.4 The budgeting process National Treasury describes plainly does not take into account actual need for the SRD grant. Indeed, it expressly acknowledges that it uses "*the trend in the number of people qualifying for the Covid-19 SRD grant*" as "*a proxy for need*". Contrary to what is suggested in paragraph 51.9, the budgeting process National Treasury describes is entirely "*top-down*", with no regard for DSD's assessment of need. DSD makes clear in its affidavit that budget allocated to the SRD grant and the grant value are simply decreed by National Treasury.[143]

213.5 National Treasury has inverted the constitutionally mandated process, in terms of which the substantive department (here, DSD) conducts an assessment of what provisioning would meet the department's constitutional obligations and then consults National Treasury on the budget required and any affordability constraints. National Treasury has instead usurped the authority of DSD and dictated the SRD grant value based on

[143] DSD AA paras 147 and 149.

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what it has determined is an appropriate budget allocation. This, I am advised, is unlawful.

214 I now turn to address the allegations in these paragraphs more generally.

215 In its answering affidavit, Treasury accepts that although "*the grant has the potential to reach 16.8 million people who are not in formal employment and live below the food poverty line of R624*".[144]

216 To begin with, the current food poverty line is R760, not R624, and it was not R624 when National Treasury filed its answering affidavit. National Treasury's apparent obliviousness to that fact would seem to confirm that National Treasury determines the SRD grant's income threshold and value without even considering well-established benchmarks of income poverty and hunger.

217 Despite acknowledging that in 2021 R16.8 million adults between age 18 and 59 currently were living below the threshold for "*insufficient means*", National Treasury reduced the budget allocated to the SRD grant from R44 billion in 2022/23 to R36 billion for 2023/24. This was an 18% reduction that reduced the number of possible beneficiaries from 10.5 million to 8.5 million. In the 2024 budget, only R33.6 billion has been allocated to the SRD grant, reducing the number of possible beneficiaries to just 8 million.

218 National Treasury has therefore determined a budget for the SRD grant that is significantly lower than the budget that it itself admits is required to pay the grant to all persons who are eligible to receive it. This under-budgeting in turn informs

[144] NT AA para 77.7

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National Treasury's determination – which it admits – to pressure DSD to introduce restrictive measures that decrease uptake of the SRD grant. The result is that historical uptake of the SRD grant is kept at an artificially low level. In light of this, it is perverse and disingenuous for National Treasury to treat "*the trend in the number of people qualifying for the Covid-19 SRD grant*" as "*a proxy for need*" because that trend has been artificially suppressed by the barriers that exclude eligible persons.

219 The basic premise underlying Treasury's approach to budget allocation is that budgeting should be based on historical uptake of the SRD grant. The applicants do not contend that budgeting cannot take into account historical uptake. However, the reality is that for the SRD grant, uptake has been driven by budget allocation, not the other way around. The allocation of funding for the SRD grant, which is ostensibly based on low uptake the previous year, determines provision and uptake for the year going forward, whereafter both Treasury and DSD use bureaucratic obstacles to ensure that uptake remains low and spending is kept within budget. Ample evidence of this dynamic has been canvassed in the founding affidavit, and as I have explained above, National Treasury admits to encouraging DSD to tighten application procedures in order to remain within budget.

220 A more apt analogy than the training seminar analogy suggested in Treasury's answering affidavit would be to say that a company committed to distribute a bonus to all employees. However, to receive this each employee needed to undertake a complex and difficult process, which was designed to prevent a large proportion of the staff from qualifying. In the first year not all employees managed

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to complete the process and so only half of the staff were paid out. In the next year, the amount the company spent in the first year (based on the 50% of staff that managed to navigate the complex process) was used to determine the budget that was assigned for this purpose. To ensure the budget was not overspent the company made the process to access the bonus even more arduous. Less people applied in the second year and less received the bonus, meaning less was spent overall, indeed the budget was underspent. The lower amount spent in year 2 was then used to justify a further budget reduction for the bonus in year 3. And so on. In such a circumstance the use of historical data is manifestly irrational and drawing the conclusion that only half of the staff want or need the bonus is ridiculous.

221 As for Treasury's training seminar analogy, I make the following further observations:

221.1 The stakes are far lower when one is budgeting for notebooks than when budgeting for a grant that staves off hunger. Indeed, budgeting for a seminar would only be analogous to budgeting for the SRD grant if the organiser of the seminar reasonably anticipated that the consequence of under-budgeting would result in some attendees going hungry for a month.

221.2 Whereas the organiser of a seminar would be justified in assuming that extra notebooks were left over from the previous seminar because some attendees simply preferred not to take one, it would be remarkable for National Treasury or DSD to assume that people with incomes below R624 have simply elected not to apply for the SRD grant because they would prefer not to receive it.

Ad paras 55 – 99 of National Treasury's answering affidavit

222 In the thematic response above, I have already addressed National Treasury's answers to the grounds of review advanced by the applicants. I deny the allegations contained in these paragraphs to the extent that they conflict with the founding affidavit and what I have said elsewhere in this affidavit.

223 For the avoidance of doubt, the applicants' response to these paragraphs also encompasses the following:

223.1 This application is not based on "*various strong policy stances*" taken by the applicants. It is based on uncontroversial legal principles and Government's obligations under section 27 of the Constitution. The relief sought by the applicants does not dictate Government's social assistance policy and does not require social assistance to working adults to take a particular form. The application engages Government's chosen policy approach – the SRD grant – on its own terms and challenges aspects of the SRD Regulations that frustrate the purpose of the grant and infringe the constitutional rights of persons who should be receiving it.

223.2 National Treasury claims that it "*and government as a whole disagree*"[145] with the IEJ support for a UBIG. While this matter is not at issue in this case, this is a false statement. The relevant department, DSD, has in

[145] Id para 63.3.

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various policy documents expressed support for implementation of a UBIG, as has the governing party. Government 'as a whole' has not yet expressed a final view. This is another example of Treasury advancing its own view as that of Government.

223.3 Indeed, the position in National Treasury's affidavit is not even consistent with the Minister of Finance's public position. In an SABC television interview on 6 March 2024, when asked directly whether South Africa can afford a UBIG, the Minister answered that it depends on how government manages the various aspects of a comprehensive social security package as an "*integrated whole*", and that "*if that's the case, then we can*". He was then asked, "*how can we, with the current financial constraints?*" The Minister answered, "*Not at the current financial… these things are going to be phased on the basis of the ability of the economy to afford them*".[146]

223.4 In any event, the question of the viability of a UBIG does not arise for decision in this application. The case is concerned only with the current SRD grant.

223.5 It is not the applicants' case that a particular amount of money must be spent on the SRD grant and the applicants are not asking this Court to direct Government to allocate resources in a particular way. That said, I repeat that to the extent that this requires Government to allocate resources to social assistance in order to meet its constitutional obligations, as I am advised the courts have repeatedly confirmed, that is the ineluctable

[146] The full interview is available on Youtube at https://www.youtube.com/watch?v=p6abyiAQeWo.

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consequence of the state bearing constitutional obligations to progressively realise socio-economic rights.

223.6 I note National Treasury's acceptance that the SRD grant cannot be discontinued without being replaced by an alternative form of social security. Again, the applicants do not ask this Court to dictate to Government what this alternative should be. The relief seeking a plan by the Minister of Social Development to address the breaches of section 27 identified in this application is not prescriptive in this regard.

223.7 The applicants do not deny that it is important to put in place safeguards to minimise the misuse of public funds. They simply contend that whatever safeguards are put in place must be non-arbitrary, proportionate, fair and transparent.

223.8 It cannot be accepted that the "*significant decrease in recipients … should not be interpreted necessarily as a bad thing*".[147] The overnight collapse in approval of beneficiaries in April 2022 meant the loss of social assistance to millions of beneficiaries with little source of income. For them and their families this was a disaster.

223.9 The claim that the grant would 'collapse' if the applicants' proposed narrow definition of income is accepted is without merit. By Treasury's own admission, previous iterations of the grant had less strict requirements, yet that did not cause the grant to collapse.

[147] NT AA para 77.9.

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Ad paras 100 – 102 of National Treasury's answering affidavit

224 I deny the allegations contained in these paragraphs to the extent that they conflict with the founding affidavit and what I have said elsewhere in this affidavit.

225 I am advised that the appropriateness of the relief sought by the applicants is a matter for legal argument.

226 I note that National Treasury submits that it would be inappropriate for the Court to direct only the Minister of Social Development to make the plan contemplated in paragraphs 18 and 19 of the notice of motion, and that the Presidency should be included in the process of developing the plan.[148] To the extent that National Treasury seeks to imply that the President is required to be joined, I am advised that the President is not a necessary party, as the application does not concern the powers or obligations of the President. I am further advised that it is appropriate that the Minister of Social Development be directed to develop the proposed plan in respect of the SRD grant on the basis that:

226.1 she alone has the power to promulgate the SRD regulations (which require the concurrence of the Minister of Finance, but he does not make the regulations); and that

226.2 she is the member of the executive responsible for the administration of SASSA and of social assistance generally.

[148] Id para 101.7.6

227 I am advised that, having regard to section 32 of the Social Assistance Act, the Minister of Social Development will be required to secure the concurrence of the Minister of Finance before promulgating any new SRD Regulations arising from the Court's order. The applicants envisage her doing so, as she has done with every other set of SRD Regulations. In addition, the Minister of Social Development may consult with the President, any other Minister, and Cabinet more broadly, if and to the extent appropriate.

228 Further legal argument in this regard will be made at the hearing.

Ad paras 104 – 109 of National Treasury's answering affidavit ("Condonation")

229 I note the allegations contained in these paragraphs.

Ad para 110 of National Treasury's answering affidavit

230 For the reasons set out above and in the founding affidavit, the application should succeed.

CONCLUSION

231 For the reasons set out above, the applicants persist in seeking the relief set out in the notice of motion.

GILAD LEE ISAACS

I hereby certify that the deponent knows and understands the contents of this affidavit that it is to the best of the deponent's knowledge both true and correct. This affidavit was signed and sworn to before me at Braamfontein on this the 25th day of **MARCH 2024**, and that the Regulations contained in Government Notice No. R1258 of 21 July 1972, as amended, and Government Notice No. R1648 of 19 August 1977, as amended, having been complied with.

KHUSELWA DYANTYI
Commissioner of Oaths
Attorney (SA)
SECTION27
1st Floor, South Point Corner
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COMMISSIONER OF OATHS

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Capacity: Attorney

Full names: Portia Khuselwa Dyantyi

Physical address:

GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF SOCIAL DEVELOPMENT

NO. 4364 **14 February 2024**

CALL FOR COMMENTS ON THE AMENDMENTS TO THE REGULATIONS RELATING TO COVID-19 SOCIAL RELIEF OF DISTRESS ISSUED IN TERMS OF SECTION 32, READ WITH SECTION 13, OF THE SOCIAL ASSISTANCE ACT, 2004 (ACT NO. 13 OF 2004), AS AMENDED

I, Lindiwe Zulu, Minister responsible for Social Development, under Section 32(1) and (2), read with section 13 of the Social Assistance Act, 2004 (Act No.13 of 2004) intend to make amendments to the Regulations relating to Covid-19 Social Relief of Distress as set out in the Schedule.

Interested persons or organisations are hereby invited to submit written comments on the draft regulations within 21 days from the date of publication thereof. Comments shall be forwarded to Dr Maureen Mogotsi, Acting Chief Director: Social Assistance by:

(a) **Post to:**
The Department of Social Development
Private Bag X901,
Pretoria
0001;

(b) **Hand to:**
The Department of Social Development
Chief Directorate: Social Assistance
134 Pretorius street
HSRC building
PRETORIA
0001;

(c) **by email to:** SAREGS@dsd.gov.za

Lindiwe Zulu

L ZULU (MP)
MINISTER OF SOCIAL DEVELOPMENT
DATE: 14/2/2024

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ISICELO SEMIBONO NGEZICHIBIYELO ZEZIMISO EZIPHATHELENE NOSIZO LWEZENHLAKAHLE LWE-COVID-19 EZIKHISHWE NGOKWESAHLUKO SAMA-32, ESIFUNDWA NESAHLUKO SE-13, SOMTHETHO WOKUSIZO LWEZENHLALAKAHLE WONYAKA WE-2004 (UMTHETHO WE-13 WONYAKA WE-2004), NJENGOBA UCHITSHIYELWE

Mina, Lindiwe Zulu, uNgqongqoshe obhekele ukuThuthukiswa Komphakathi, ngokweSahluko sama-32(1) nese-(2), esifundwa nesahluko se-13 soMthetho Wosizo Lwezenhlalakahle wonyaka we-2004 (uMthetho we-13 wonyaka we-2004) ngihlose ukwenza izichibiyelo kwiZimiso eziphathelene noSizo Lwezenhlakahle Lwe-covid-19 njengoba zishiwo kuSheduli.

Abantu abanetshisekelo noma izinhlangano ezinetshisekelo bayamenywa ukuba baletHe imibono ebhalwe phansi mayelana nezimiso ezisasetshenzwa kungakapheli izinsuku ezingama-21 kusukela ngosuku lokushicilelwa kwazo. Imibono izodluliselwa ku-Dkt Maureen Mogotsi, oyiBamba Lomqondisi Omkhulu: Usizo Lwezenhlakahle ngalezi zindlela:

(a) **Ngeposi ku:-**
The Department of Social Development
Private Bag X901,
Pretoria
0001;

(b) **Ngesandla ku:-**
The Department of Social Development
Chief Directorate: Social Assistance
134 Pretorius Street
HSRC Building
PRETORIA
0001;

(c) **Nge-imeyili ku:- SAREGS@dsd.gov.za**

Lindiwe Zulu

L ZULU (u-MP)
UNGQONGQOSHE WOKUTHUTHUKISWA KOMPHAKATHI
USUKU:14/2/2024

PK

SCHEDULE

In these regulations "Regulations" means the regulations published in the Government Notice No. R. 2042 of 22 April 2022, as amended by Government Notice No. R. 2381 of 16 august 2022, and Government Notice No. R. 3210 of 29 March 2023.

Amendment of regulation 5 of Regulations

1. Regulation 5 of the Regulations is hereby amended by the substitution for sub-regulations (1) and (3) of the following sub-regulations:

"(1) The monthly amount of the COVID-19 Social Relief of Distress is R350 per person and is payable for the months in the period 1 April **[2023]** 2024 to 31 March **[2024]** 2025".

"(3) The payments in terms of these regulations- (a) are limited to the amount appropriated for the **[2023/2024]** 2024/2025 financial year to the vote of Social Development for social relief of distress; and (b) may only be made in respect of applications, made during the period 1 April 2022 to 31 March **[2024]** 2025, and approved by the Agency".

Insertion of regulation 6A in Regulations

2. The following regulation is hereby inserted after regulation 6.

"Recovery and uncollected benefits"

6A. "(1) The Agency may recover all monies paid to any person in the event that such a person has irregularly benefitted or was not entitled to benefit from the COVID-19 Social Relief of Distress.

(2) An applicant whose application was approved but was not paid because he or she was not traceable or did not contact the Agency to update his or her personal details, including payment details, within 90 days of being notified to do so, the application may be cancelled and any monies due to him or her will be forfeited to the State.

(3) Before the money is forfeited to the State as contemplated in subregulation (2), the applicant who has not responded to the communication of the Agency must be given 90 days to respond from the date of notification by the Agency through the last known mobile number in possession of the Agency.

(4) It is the responsibility of the applicant to ensure that the Agency has his or her current mobile number as the Agency cannot be held liable for messages sent to an incorrect mobile number.

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(5) The applicant must ensure that the Agency has his or her correct banking details to enable bank verification and payment".

Insertion of regulation 6B in Regulations

3. The following regulation is hereby inserted after regulation 6A.

"Death of COVID-19 Social Relief of Distress beneficiary"

6B "If the beneficiary of a COVID-19 Social Relief of Distress dies, the grant will be paid until the end of the month in which the beneficiary died".

Insertion of regulation 6C in the Regulations

4. The following regulation is hereby inserted after regulation 6B.

"Transitional provision"

6C "To ensure uninterrupted assessments and payments during the transition between the Regulations published on 29 March 2023 and these amendments, the Agency may use data used during the March 2024 assessment cycle, in terms of regulation 2, for continued assessments of clients up to 31 May 2024".

Short title and Commencement

6. These Regulations are called Social Assistance Act, 2004: Amendment Regulations Relating to COVID-19 Social Relief of Distress and take effect on 01 April 2024 by publication of this notice in the Gazette.

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ISHEDULI

Kulezi zimiso "iZimiso" zichaza izimiso ezishicilelwe kwiSaziso Sikahulumeni Esingunombolo R. 2042 somhla zi-22 Ephreli 2022, njengoba zichitshiyelwe ngeSaziso Sikahulumeni Esingunombolo R. 2381 somhla zi-16 Agasti 2022, kanye neSaziso Sikahulumeni Esingunombolo R. 3210 somhla zi-29 Mashi 2023.

Ukuchitshiyelwa kwesimiso sesi-5 seZimiso

1. ISimiso sesi-5 seZimiso lapha siyachitshiyelwa ngokufaka esikhundleni sesimiswan soku-(1) kanye nesesi--(3) salezi zimiswana ezilandelayo:

"(1) Inani lemali yanyanga zonke zoSizo Lwezenhlalakahle lwe-COVID-19 ingama-R350 umuntu ngamunye futhi ikhokhelwa izinyanga ezisukela mhla lu-1 Ephreli 2024 ukuya zingama-31 Mashi 2025".

REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA GAUTENG DIVISION, PRETORIA
Private Bag X67, Pretoria 0001
REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA GAUTENG DIVISION, PRETORIA

"(3) Izinkokhelo ngokwale zimisoo- (a) ziphelela enanini lemali elabelwe unyaka wezimali 2024/2025 mayelana nokuThuthukiswa Komphakathi ngosizo lomphakathi; futhi (b) zingakhokhwa kuphela mayelana nezicelo, ezenziwe ngesikhathi esimaphakathi komhla lu-1 Ephreli 2023 ukuya mhla zingama-31 Mashi 2025 , futhi ezamukelwe yisiKhungo"

Ukufakwa kwesimiso sesi-6A kuZimiso

2. Lesi simiso esilandelayo lapha sifakwa ngemuva kwesimiso sesi-6.

"Ukubuswa kwemihlomulo kanye nemihlomulo engagogiwe"

6A. "(1) I-Ejensi ingase ibuyise zonke izimali ezikhokhelwe nanoma yimuphi umuntu esimweni lapho lowo muntu ehlomule ngokungafanele noma ebengenalungelo lokuhlomula oSizweni Lwezenhlalakahle lwe-COVID-19.

(2) Umfakisicelo osicelo sakhe savunywa kodwa sangakhokhwa ngenxa yokuthi ubengatholakali noma akangazange axhumane ne-Ejensi ukuze kubuyekzwe imininingwane yakhe, kubandakanya imininingwane yokukhokha, kungapheli izinsuku ezingama-90 zokwenze njalo, isicelo singakhanselwa futhi nanoma yiziphi izimali okufanele zikhokhwele yena zizophucwa uMbuso.

(3) Ngaphambi kokuthi imali iphucwe uMbuso njengoba kuhlongozwe kwisimiswana sesi-(2), umfakisicelo ongakaphenduli ekuxhumaneni ne-Ejensi ufanele anikezwe izinsuku ezingama-90 ukuba aphendule kusukela ngosuku lokwaziswa yi-Ejensi keinombolo kamakhalekhukhwini eyaziwayo yokugcina ephethwe yi-Ejensi.

(4) Kungumsebenzi womfakisicelo ukuqinisekisa ukuthi i-Ejensi inenombolo yakhe yamanje kamakhalekhukhwini njengoba i-Ejensi ingeke ithweswa icala

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ngemiyalezo ethunyelwe enombolweni yeselula okungeyona.

(5) Umfakisicelo ufanele aqinisekise ukuthi i-Ejensi inemininingwane yakhe yasebhange efanele ukuze ikwazi ukuqinisekisa nebhange kanye nokukhokha".

Ukufakwa kwesimiso sesi-6B kuZimiso

3. Lesi simiso esilandelayo lapha sifakwa ngemuva kwesimiso sesi-6A.

"Ukushona kohlomula oSizweni Lwezenhlalakahle lwe-COVID-19"

6B "Uma ohlomula oSizweni Lwezenhlalakahle lwe-COVID-19 eshona, isibonelelo sizokhokhwa kuze kube sekupheleni kwenyanga lowo ohlomulile ashone ngayo".

Ukufakwa kwesimiso sesi-6C kuZimiso

4. Lesi simiso esilandelayo lapha sifakwa ngemuva kwesimiso sesi-6B.

"Umbandela wesikhashana"

6C "Ukuqinisekisa ukuhlolwa nezinkokhelo ezingaphazamiseki ngesikhathi soshintsho oluphakathi kweZimiso zomhla zi-29 Mashi 2023 kanye nalezi zichibiyelo, i-Ejensi ingasebenzisa umnininingo osetshenziswe ngoMashi 2024 ngomjikelezo wokuhlola, ngokwesimiso sesi-2, ukuze kuqhutshekwe nokuhlolwa kwamaklayenti kuze kufike mhla zi-31 Meyi 2024.".

Isihloko Esifushane Nokuqala

6. Lezi Zimiso zibizwa ngoMthetho Wosizo Lwezenhlalakahle wonyaka we-2004: IZimiso Ezichitshiyelwe Ezihlobene Nosizo Lwezenhlalakahle lwe-COVID-19 futhi izoqala ukusebenza mhla lu-01 Ephreli 2024 ngokushicilelwa kwalesi saziso kwiGazethi.

'RA2'

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Godongwana announces increase in R350 grant

Thursday, March 14, 2024

The Social Relief of Distress (SRD) grant – popularly known as the R350 grant – is expected to be raised to R370 from April this year.

This was announced by Finance Minister Enoch Godongwana in the National Assembly on Wednesday.

"His Excellency, the President, in his State of the Nation Address, said that the [SRD grant] is going to continue, and the R350 will be improved. My colleague, the Minister of Social Development, is going to publish for comments a comprehensive social security programme and that… will define a better platform and a future for the social security net in South Africa.

"I am pleased to say that we have found consensus that in between, subject to the finalisation of the comprehensive social security [programme], we'll increase the R350 to R370 by the 1st of April this year. That is part of the progressive realisation of the basic rights of our people," he said.

In the Budget Speech delivered in February, Godongwana had announced that social grants across the board are set to increase over the course of 2024.

The increases to be implemented during this year are as follows:

- An increase of R100 to the old age, war veterans, disability and care dependency grants. This amount will be divided into R90 effective from April, and R10 effective October;
- A R50 increase to the foster care grant; and
- A R20 increase to the child support grant.

"We are sensitive to the increase in the cost of living for the nearly 19 million South Africans who rely on these grants to make ends meet. In this regard, we have done as much as the fiscal envelope allows," Godongwana said at the time.
– **SAnews.gov.za**

PC

social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA

BRIEFING DOCUMENT

EXTENSION OF SOCIAL RELIEF OF DISTRESS

1. The purpose of this document is to provide Minister with:

   a. An overview of the project plan for the development or regulations for the extension of the COVID Social Relief of Distress Grant within the Social Assistance Legislative Framework.

   b. An outline of the risks associated with the extension.

   c. A high level overview of the amendments that need to be made, and areas that may be contentious.

PART ONE: PROJECT PLAN

1. A detailed project plan has been developed for the development the regulations (attached as Annexure A). At a high level the following processes are required to be ready for implementation.

   1.1. Drafting of regulations to the Social Assistance Act by the 16 February;

   1.2. Publication in the Government Gazette for public comment by 22 February;

   1.3. Three weeks will be provided for public comments. It is envisaged to hold consultation with key stakeholders during this time as well.

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Annexure "ND4"
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1.3.1. Even though the regulation will not be final, i.e. post incorporation of public comments, it is envisaged that we will share these with the National Treasury, the Presidency and the Office of the Chief State Law Advisor (OCSLA) to facilitate certification and concurrence later on.

1.3.2. Engagements with NEDLAC, NATJOINTS, the AG and other key stakeholders may also be considered during this period.

1.4. The public comments will be reviewed and necessary changes will be incorporated into the regulation between 14 March and 20 March.

1.5. The regulations will be sent to OCSLA for certification, The Presidency for SEIAS certifications and Minister of Finance for concurrence on 21 March with the expectation that it will be returned by 25 March.

1.6. Final amendments will be effected and approval to publish by the Minister submitted by 28 March.

1.7. The Gazette will be sent to Government printers on 30 March.

PART TWO: RISKS

2. When the department attempted to approach Cabinet for the extension of the Social Relief of Distress Grant in September 2021, we optimistically indicated that we needed at least 6 months (even though we've never been able to do this in this timeframe before) to develop the regulations outside of the disaster management framework. We now have 6 weeks for this. The key risk is that most of the processes have external dependencies. For example,

2.1. The timeline for OCSLA to certify legislation is 6 weeks.

2.1.1. During the State of Disaster the turnaround times were 1 to 2 days, however at the time they dedicated all their capacity to disaster regulation.

2.1.2. Disaster regulations were separate from other legislation and they only had to review what was on paper before them.

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2.1.3. For normal regulations they need to consider if the legislation is aligned to the Constitution, to other legislation of the department as well as to other government legislations.

2.1.4. OCSCLA will need to reduce their normal timeline from 6 weeks to about 3 days.

2.1.5. A request has been sent to the DG of Justice to facilitate this, however it's important to note that the shortened timeframes may negatively impact on the due diligence processes they need to follow.

2.2. Similarly the Presidency needs to provide SEIAS certification.

2.2.1. The normal process is two weeks for pre certification and two weeks for final certification..

2.2.2. Agreement has been reached with the Presidency to only do final certification within 3 days.

2.2.3. A request has been sent to the DG in the Presidency to facilitate this agreement, however it's important to note that the shortened timeframes may negatively impact on the due diligence processes they need to follow.

2.3. The Minister of Finance needs to concur with the regulations.

2.3.1. Currently we have regulations that the Minister sent to the Minister of Finance in November 2021, to which we still have not received a response.

2.3.2. Every effort will be made to engage with NT on the regulations, however this may not yield any results, due to their unfavourable views towards the SRD grant.

2.3.3. The NT has made a number of unreasonable request for conditions on this grant. We may run the risk that they may just withhold concurrence if we do not accede to these.

2.3.3.1. The DG has written to the NT explaining the difficulties, and even the constitutional implications of some of the conditions they require.

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2.3.4. We may also need to consider publication of the regulations without the Minister of Finances concurrence.

2.4 The Independent Tribunal for Appeals will not be able to cope with the expected number of appeals.

2.4.1 Currently the Tribunal deals with approximately 3 000 appeals per year.

2.4.2 SASSA dealt with almost 900 thousand appeals on the SRD grant during the state of disaster.

2.4.3 Appeals were not allowed to the Independent Tribunal during the State of Disaster for the SRD grant, however within a post disaster situation, such an exemption may be deemed unconstitutional.

2.4.4 The Tribunal will need to rely on the electronic mechanism of SASSA to handle this case load, and amend the manner in which they adjudicate appeals. This will require amendments to the existing Draft Appeals Regulations which was already published for public comments and for which SEIAS approval was obtained during 2021

2.4.5 No additional funding is provided for the Tribunal to administer the SRD Grant related appeals. The department will need to reprioritise funding for this function.

2.5 An Insufficient budget was allocated for the SRD Grant.

2.5.1 An amount of R44 billion was allocated for 10.5 million people.

2.5.2 The letter we sent to NT indicated that we would require a budget of between R56 and R75 billion per year for the extension of the SRD grant.

2.5.3 We were already at 10.45 million in January and likely to pass the 10.5 million mark in February.

2.5.4 It is possible that we will already be overspending when the new iteration of the grant starts in April.

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2.5.5 There are 13.4 million people in this age cohort with no income and 18.3 million people below the food poverty line (the current means test we are using).

2.5.6 The DG has already written to the NT to inform them of such, however it is very unlikely that we will get a higher allocation.

2.5.7 Should no additional money be allocated, we may have to suspend the grant in month 9, depending on how fast the grant uptake increases.

2.6 To deal with the budget constraints the department and SASSA needs to consider:

2.6.1 Reducing the qualify criteria for bank checks from R624 to R0. This reduces the potential application pool from 18 million to 13.4 million

2.6.2 Require new applications instead of automatically approving everyone from the current iteration. This will mostly likely reduce the numbers to around 8 to 9 million at the start, however it is likely to increase quite fast.

2.6.3 Consider limiting the durations for SRD to 3 months (as per the normal / historical SRD); with the possibility for further extensions of 3 months cycles (or 6 months). This will require the client to re-engage with SASSA every 3 months/ 6 months.

2.6.4 Consider limiting the benefit to a fixed duration per beneficiary. For example 9 months maximum per beneficiary. This is typically used in social insurance schemes (eg. UIF) and public employment schemes (eg. EPWP).

2.7 No additional funding was allocated for administration costs.

2.7.1 SASSA is expected to administer a benefit on a monthly basis to 28 million clients with their existing budget for 18 million clients.

2.7.2 The Agency need approximately R900m just for fees and charges, such as bank fees for processing the additional SRD payments (approximately 12% of existing budget).

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2.7.3 We do run the risk of bankrupting the Agency, or having to stop payments if they do not have the budget to pay for admin charges related to processing payments.

2.7.4 Fortunately the Agency has a reserve of approximately R500 million which can be utilised for approximately 6 months for this purpose.

2.7.5 The lack of resources also limits the Agency's ability to make improvements to the administration system. Ideally, the agency should also be introducing further administrative processes to reduce the high exclusions and inclusion errors on this grant; however, this will be constrained without any additional funding.

2.7.6 There may be a general societal dissatisfaction due to the regulations not making any progress in terms of the calls for a higher value for the grant and ensuring less people are excluded.

2.7.7 From the allocation, no room is provided to reach more people or increase the value of the grant.

PART THREE: REGULATIONS

3.1 The Social Assistance legislative framework already makes provision for Social Relief of Distress. However, there are some limitations to the existing provisions that will need to be amended to enable the more specific SRD R350 grant.

3.2 Furthermore, the existing regulations enable the use of a Procedure Manual for determining the application processes, eligibility and payment of social relief of distress. The manual is approved by the Minister and is a guide for implementation. This will make the legislative amend relatively easy, as many of the changes to bring about the grant can be made through an update to the procedure manual. This will also facilitate easier amendments during the course of the year if needed.

3.3 It is recommended that the value and the duration of the grant be provided separately with the annual gazetting of the social grant values. This will enable Minister to easily extend the grant, if such is needed in the future. Or to terminate the grant, if such a situation were to arise; without the need to redo regulations.

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3.4 There is however still a need to amend the regulations to allow for the implementation of the R350 SRD grant. These include:

3.5 The definition of "means" includes the income and assets of an applicant and his or her spouse.

3.5.1 This definition will be amended so that it does not apply to SRD. And new definition for "insufficient means" will be added

"insufficient means" for purposes of social relief of distress means that a person is not in receipt of income or financial support, the determination of which is provided for in the Procedure Manual;

3.5.2 The definition allows for income to be assessed at the individual level and to enable the determination to be guided by the procedure manual.

3.5.3 Financial support is added to include "money" obtained for any purposes; and thereby facilitate a relatively blunt instrument such as checking bank account details.

3.6 The forms of SRD are redefined to include a provision that will facilitate the payment of the SRD grant of R350 (SRD grant):

a South African citizen or a permanent resident or a refugee registered on the Home Affairs database or persons who are holders of special permits under the Special Angolan Dispensation, the Lesotho Exemption Permit Dispensation and the Zimbabwe Exemption Permit Dispensation or an asylum seeker whose section 22 permit or visa is valid, and who-

(i) is between the ages of 18 and 60; and

(ii) has insufficient means; and

(iii) does not unreasonably refuse to accept employment; or

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(iv) does not unreasonably refuse to accept educational opportunities.

3.6.1 Additional clauses are added to enable the linkages to work and educational opportunities.

3.7 A provision is added to enable the receipt of the SRD grant together with SRD when paid for disasters.

3.8 A provision is made for the Agency to determine the payment method for SRD, and also to stop payment if the budget is exceeded. This is further elaborated on in the procedure manual.

3.9 SRD needs to be approved immediately, this is amended to "a reasonable period of time"

3.10 Correspondence in writing is amended to include electronic communication.

3.11 Provisions are made for an Appeal

3.11.1 Current legislation allows for a beneficiary to lodge an appeal with the Independent Tribunal for Social Assistance Appeals, if they are dissatisfied with the outcome of their grant applications.

3.11.2 This process is heavily reliant on manual paper based processes, and the Tribunal will be overwhelmed by Appeals.

3.11.3 The regulations will be amended to enable the Tribunal to develop a specific and customised appeals process and procedure for SRD related appeals, through the existing digital platform that SASSA is using.

3.11.4 Provision is made for the Minister to designate such number of members of the Tribunal as deemed necessary to consider these SRD appeals.

3.11.5 Provisions are made for an applicant to lodge an SRD appeal within a period of not more than 90 days from rejection by SASSA and that the

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Independent Tribunal must finalise the appeal within a period of 90 days.

3.11.6 No provision is made for condonation for an appeals submitted late. This is due to the temporary nature of the grant.

3.12 Provisions are made to empower Minister to determine the value and the duration of the SRD grant.

3.13 Under the existing regulations SRD can only be paid for 3 months and then if needed, extended for a further period of 3 months (thus a maximum of 6 months). The renewal requires a social worker report.

3.13.1 These clauses are amended to provide for an indefinite number of extensions, without the need for a social worker report

3.13.2 An alternative may be to extend this period for 6 months or not to have this limitation.

3.13.3 If the 3 month period is kept, this enables SASSA to implement some level of budget control, enable regular interaction with the client and may be the beginning steps for the development of active labour market policies.

3.13.4 We may also want to consider the use of social service professionals and other community support in future, however the consensus at the moment is that the Agency does not have the capability to deal with this. Hence it has been removed from the regulations.

4 Matters that may need further deliberation.

4.1 Defining income to include financial support. The consensus is to maintain this to enable bank verification.

4.2 Keeping the provision for SRD to be provided in 3 month cycles. This remains very controversial with the agreement to keep in for public comment and to review again at that stage.

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4.3 The use of social service professionals and community organisations. The consensus is to remove this for now.

4.4 The provisions for Appeals, given the risks highlighted.

5 Other amendments

5.1 Removal of "Agency Branded" from the definition of Card

5.2 Provision is made for consent to check data with other government and private institutions

5.3 Provisions are made to take applications in the absence of documentation, where such information can be verified via alternative means; e.g. confirming an ID number with DHA.

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Annexure "DVD5"

PUBLIC COMMENTS DOCUMENT ON SOCIAL RELIEF OF DISTRESS REGULATIONS- WORKING DOCUMENT (16.03.2022)

REGULATION	PUBLIC COMMENT	DEPARTMENT RESPONSE
SCHEDULE 1. In these regulations "the Regulations" means the regulations published by Government Notice No. R. 898 of in GG 31356 of 22 August 2008, as amended by Government Notice No. R.67 in GG 31824 of 28 January 2009, Government Notice No. R.208 in GG 31955 of 26 February 2009, Government Notice No. R.591 in GG 32254 of 29 May 2009, Government Notice No. R. 1252 in GG 32853 of 31 December 2009, Government Notice No. R. 193 in GG 32917 of 12 March 2010, Government Notice No. R. 232 in GG 34120 of 15 March 2011, Government Notice No. R. 286 in GG 34169 of 31 March 2011, Government Notice No. R 566 in GG 34529 of 15 August 2011, Government Notice No. R 746 in GG 34618 of 19 September 2011, Government Notice No. R 269 in GG 35205 of 30 March	**BASA** Regulations were published in August 2008 and thereafter on a number of occasions by means of publication of the amendment only and not reflecting the complete/consolidated version of the Regulations as amended. This complicates the review of proposed amendments since the 2008 version of the Regulations are outdated and cannot be used as an accurate source document. 2. We cannot find evidence of promulgation of the amendments proposed in January 2021 and circulated for comment. Therefore, the wording as contained in the document, in so far as it relates to Government Notice No. R 39 in GG 44099 of 25 January 2021 cannot be used in assessment. 3. The review is therefore limited to what is contained in Notice 1771 of GG 45947 (22 Feb 2022) and we strongly advise that a more thorough review must be done against an updated version of the Regulations which reflect all promulgated amendments applicable thereto.	Comments are noted, and this challenge normally occurs when legislation is amended over time. The regulations in the forthcoming publication will consolidate all previous amendments. The reference to the publication on January 2021 is an error, and will be corrected.

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2012, Government Notice No. R 211 in GG 37474 of 28 March 2014, Government Notice No. R621 in GG 39007 of 21 July 2015, Government Notice No. R511 in GG 39978 of 6 May 2016 and Government Notice No. R 39 in GG 44099 of 25 January 2021	4. BASA's previous submissions are attached for reference purposes, please refer **Annexure A1**,	These were considered previously, and amendments were made where appropriated. Refer to the consolidated document with responses.
DEFINITIONS		
"card" means a pocket-sized card with embedded integrated circuits, which is able to store data, process payment and communicate with a Card Reader;'	STELLENBOSCH UNIVERSITY Happy with amendment and suggest the inclusion of the purpose of the proposed amendment, to create a yardstick against which it can be measured.	Comment of support and suggestions to improve processes are noted
"insufficient means" for purposes of social relief of distress means that a person is not in receipt of income or financial support, the determination of which is provided for in the Procedure Manual;	**BASA** Kindly advise, is the intention that the person is not in receipt of **any** income or support or is a threshold determined in the Procedure Manual? It must be noted that in terms of the Directions published under the Disaster Management Act, Notice R 681 GG 44938, the food poverty line threshold is set as standard. This is currently being used to determine income in reassessments of declined applications submitted for social relief of distress. Extract copied below for ease of reference: *"income" for the purposes of Direction 4 means, any source of income as defined in regulation 19 of the Social Assistance Regulations, 2008 and includes any form of donation or other financial support or financial assistance received by the applicant of not more than R595 as per the food poverty line threshold;*	Public consultations were held on the Procedure Manual where question regarding the manual were responded to; with an opportunity for organisations to provide written comments The threshold will be set in the procedure manual; and this will be determined by the availability of funds from time to time.
	BLACK SASH Black Sash notes that the procedure manual will be used to determine the eligibility.	Public consultations were held on the Procedure Manual where question

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	We are not able to comment because we have not had the opportunity to fully consider the procedure manual and reserve the right to comment. Insertion of Procedure Manual The Black Sash notes that DSD and SASSA are in the process of developing the procedure manual, which is meant to guide implementation of the amended Regulations on Social Relief of Distress, including the R350 Covid Social Relief of Distress (SRD) Grant. We acknowledge the invitation to participate in the consultation session on the procedure manual and look forward to the engagement in anticipation of our comments being favourably received. Black Sash recommends that the consultation process on the content of the Procedure Manual be made mandatory to ensure transparency through a public consultation process. Black Sash begs the question why the discretionary powers of the Minister which form the substance of the regulations in terms of application, eligibility, payment, and appeal processes is guided by a Procedure Manual, rather than be included in the regulations? The Procedure Manual is deemed to be used to determine application, eligibility, payment, and appeal processes for Social Relief of Distress approval by the Minister and therefore, a critical document guiding the regulations. It is therefore, critical that the Procedure Manual should have been finalised to respond comprehensively to the draft regulations.	regarding the manual were responded to; with an opportunity for organisations to provide written comments. Consider changing the reference to a procedure manual to a policy/directive/ practice note; and in the definition include a requirement for consultations. Check the process of DPSA According to the Social Assistance Act social assistance is comprised of a social grant (which is non-discretionary) and social relief of distress (which is discretionary).

	Black Sash wishes to remind the DSD and SASSA that the administration and delivery of the SRD Grant must be consistent with Section 33(1) and (2), and Section 195 of the Constitution, and Promotion of Administrative Justice Act (Act No 3 of 2000).	The procedure manual provides a direction from the Minister to the Agency for the implementation of SRD.
	SOUTH AFRICAN INSTITUTE OF RACE RELATIONS *insufficient means*': Under the Regulations, '"insufficient means" for purposes of social distress means that a person is not in receipt of income or financial support, the determination of which is provided for in the Procedure Manual'. This wording is intrinsically vague, especially as regards 'financial support'. Uncertainty is compounded, moreover, by the reference to the 'Procedure Manual' which has still to be developed by the minister.	A draft procedure manual was developed which describes insufficient means, public consultations were held on the Procedure Manual where question regarding the manual were responded to; with an opportunity for organisations to provide written comments.
	STELLENBOSCH UNIVERSITY Happy with amendment and suggest the inclusion of the purpose of the proposed amendment, to create a yardstick against which it can be measured	Comment of support and suggestions to improve processes are noted
"means" for the purposes of the older persons grant, disability grant and war veterans grant means the income and assets of- (a) an applicant; or (b) an applicant and his or her spouse;	STELLENBOSCH UNIVERSITY Happy with amendment and suggest the inclusion of the purpose of the proposed amendment, to create a yardstick against which it can be measured	Comment of support and suggestions to improve processes are noted
"procedure manual" refers to the manual for determining the application, eligibility, payment and appeal	**SOUTH AFRICAN INSTITUTE OF RACE RELATIONS**	A draft procedure manual was developed which describes insufficient means, public consultations were held

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processes for social relief of distress approved by the Minister;	*'procedure manual'*: The Regulations define this manual as 'the manual for determining the application, eligibility, payment and appeals processes for social relief of distress approved by the minister'. Again, there is uncertainty as to what this manual may in time provide. In addition, the manual need not deal with the amount or duration of SRD grants, thereby adding to uncertainty.	on the Procedure Manual where question regarding the manual were responded to; with an opportunity organisations to provide written comments.
REGULATION 1: DEFINITIONS	**UNHCR** With respect to Regulation1, UNHCR notes that there is no definition of an 'asylum-seeker' in the Act or these Regulations. UNHCR however notes that a refugee is defined in the Act which provides that a ***'refugee'*** *means a person referred to in section 1 of the Refugees Act, 1998 (Act 130 of 1998,)'.* **UNHCR recommends** the insertion of a definition for an asylum-seeker in the same manner as it is in the Refugees Act; ***"asylum seeker"*** *means a person who is seeking recognition as a refugee in the Republic;* **Amendment**	Noted: definition for asylum seeker to be added to the definition section.
Regulation 9 of the Regulations is hereby amended by the substitution for regulation 7 of the following regulation:	**BASA** The reference to regulation 7 seems incorrect. Replace reference to 7 with regulation 9	Noted and will be corrected.
9. Persons eligible for social relief of distress	**CHILDREN INSTITUTE** **(1) The regulations should expressly state that caregivers with SASSA generated 'quad 7' numbers, and youth with birth certificates are eligible for the SRD grant** The South African Social Security Agency has on its grant system, beneficiaries who do not have identification from Home Affairs but	Omission noted, a regulation will be added to accommodate existing quad 7 beneficiaries.

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	are receiving social grants. This is because South African citizens, permanent residents and refugees who do not yet have their own IDs are currently eligible in terms of Regulation 11(1) of the Social Assistance Act to apply for a social grant using alternative proof of identity. Once on the system, they are allocated a unique system generated 'quad 7 number' [the number starts with 7777…]. There are currently a significant number of such grant beneficiaries on the SASSA system, including unemployed caregivers who are receiving the Child Support Grant (CSG) for children in their care and youth who do not yet have their IDs but do have birth certificates On 30 July 2021, the Children's Institute sent a letter to the Minister, DG, Department and SASSA requesting that CSG caregivers who do not have IDs but are already in receipt of a CSG using a SASSA generated 'quad 7' number, be included in the eligibility criteria for the SRD R350 grant. The Minister responded on 25 August 2021 noting that SASSA had adjusted its online portal to include these caregivers. On 27 August 2021, the CI and Legal Resources Centre wrote back to the Minister, welcoming the agreement to include quad 7 caregivers and alerting the Minister to the need to amend the Directions so as to clarify their eligibility in law. We note that this amendment was not done, yet quad 7 caregivers were enabled to apply on the online application system using their quad 7 numbers. As a result there are a number of CSG Caregivers currently receiving the SRD R350 grant using their quad 7 numbers. We note that Regulation 9 of the draft regulations, which clarifies who is eligible for SRD, does not include quad 7 CSG caregivers in the eligibility criteria but continues to expressly exclude them because it requires all applicants to be……*'registered on the Home Affairs database'* or '*a holder of a special permit….*' , or an *'asylum seeker whose section 22 permit or visa is valid*'.	eg. a 9(1)(d) Notwithstanding 9(1)(b) – something similar to the disaster direction 3e = (44938) SASSA uses the ID number of an applicant to verify with DHA. The ID number on birth certificates are acceptable. For the purpose of the SRD grant. There are no limitation to the use of the birth certificate for application.

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	We note that the Regs and Procedure Manual do recognise that alternative forms of identity may be accepted by SASSA, but we are concerned that there is no detail provided on what suffices, thereby preventing potentially eligible applicants from knowing what they need to provide and leaving what suffices as alternative proof in the discretion of the Agency, and subject to being changed on a whim with no transparency or participation for those affected.	
(1) Subject to the provisions of section 5 read with section 13 of the Act, a person in need of temporary assistance <u>may qualify</u> **[qualifies]** for social relief of distress if he or she is: -	**BLACK SASH** Black Sash submits that the insertion of *"may qualify"* is open to discretion and promotes exclusion which is not in the spirit of the Constitution and the right to social security. We recommend that *"may"* must be substituted with *"must"* (9(1)).	Comment noted but not supported since qualification is dependent on the applicant meeting all other requirements. Section 13 of the Act also make SRD discretionary in that the Minister may provide SRD.
	SOUTH AFRICAN INSTITUTE FOR RACE RELATIONS This regulation begins by indicating that SRD grants may be paid to: (a) '<u>a person or representative of a household that has been affected by a disaster</u>', whether or not a disaster has been declared under the Disaster Management Act of 2002. (b) '<u>a South African citizen or permanent resident...who is (i) between the ages of 18 and 60; and (ii) has insufficient means; and (iii) does not unreasonably refuse to accept employment or educational opportunities</u>'. (c) [those] '<u>awaiting payment of an approved grant</u>'. There is no indication as to whether these criteria are conjunctive or disjunctive, which again adds to the uncertainty of this wording.	[redacted]

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	A further vague provision indicates that people may also qualify for SRD grants if refusing their applications 'may cause undue hardship as contained in the Procedure Manual for Social Relief of Distress'. This manual may or may not be the same as the 'procedure manual' referred to in Regulation 1. The meaning of 'undue hardship' is not defined and is also uncertain.	Comment noted, the clause creating ambiguity to be deleted.
[(a) affected by a disaster whether declared or not; (b) a South African citizen or a permanent resident or a refugee and resides in the Republic who- (i) is awaiting payment of an approved social grant; or (ii) the breadwinner- (aa) has been assessed to be disabled for a period of less than six months; (bb) of that household has died and an application for social relief of distress is made within 12 months	STELLENBOSCH UNIVERSITY While we agree with the compilation of a list of households affected by a disaster as verified by the Provincial or Local Disaster Management Response Unit, will be regarded as the final list for the provision of immediate humanitarian relief, we propose that the list be verified by a professional who has no political affiliations; such professionals could be social workers, legal practitioners and / or an auditor. This is to ensure impartiality of the process in instances of disaster management. The inclusion of the purpose of the proposed amendment, to create a yardstick against which it can be measured. Together with the addition of an independent professional to verify the list of households to be regarded as the final list for the provision of immediate humanitarian relief.	Comment noted but not supported. The lists are verified by the Provincial or Local Disaster Management Response Unit, who are professionals in the disaster management space on the ground.

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following the death of the breadwinner; [or] (cc) of that household has been admitted to a public or private institution for a period of at least one month; and [.] (dd) does not receive any form of maintenance from a person legally obliged to pay maintenance to him or her, or (iii) a person's household has been affected by a disaster whether or not it has been declared in terms of the Disaster Management Act, 2002 (Act 57 of 2002), provided that person's household has been determined by the Agency as such based on the needs of the affected community.]		
(a) a person or a representative of a household that has been affected by a disaster whether or not declared in terms of the Disaster Management Act, 2002 (Act 57 of 2002).	**BASA** 1. It is unclear whether sub-regulations (a) to (c) must be read as a combined list of requirements or whether complying with only 1 of the 3 will be sufficient (i.e. is it intended to be read, in the alternative). 2. It is unclear whether the word "and" highlighted in yellow in regulation 9(b) is an accurate reflection of intent and whether it should not be "or".	Comment noted, the provision will be reviewed to ensure that the criteria are disjunctive, the word "or" to be placed between paragraphs a,b and c. Comment noted and the word "and" shall be replaced with "or".

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	3. It is unclear what purpose regulation 9(c) serves, in effect (depending on the outcome of the commentary above) a person would be disqualified from receiving a social distress relief grant if such person is not awaiting payment for an approved social grant/or does not qualify for an approved social grant. This also appears to contradict the wording of regulations 9(3) and 9(4). Please note the commentary below in relation to regulation 14A. **Suggest adding the words "and"/"or" as appropriate between (a); (b);(c).** **Change wording:** ***"....permit under the Special Angolan Dispensation, the Lesotho Exemption Permit Dispensation and or the Zimbabwe Exemption Permit Dispensation or an asylum seeker whose section 22 permit..."*** **It is proposed that regulation 9(c) be deleted.**	The regulation enable SASSA to provide SRD in instances where payment of an approved social grant is delayed. 9(3) enabled SASSA to pay SRD for disasters together with a social grant or SRD for insufficient means. 9(4) deals with recoveries in instances where 9(3) occurs. Comment noted, the provision will be reviewed to ensure that the criteria are disjunctive, the word "or" to be placed between paragraphs a,b, and c. Comment to delete 9 (1) (c) is noted but not supported.
	SOUTH AFRICAN INSTITUTE FOR RACE RELATIONS This regulation begins by indicating that SRD grants may be paid to: (a) 'a person or representative of a household that has been affected by a disaster', whether or not a disaster has been declared under the Disaster Management Act of 2002. (b) 'a South African citizen or permanent resident...who is (i) between the ages of 18 and 60; and (ii) has insufficient means; and (iii) does not unreasonably refuse to accept employment or educational opportunities'. (c) [those] 'awaiting payment of an approved grant'.	Comment noted, the provision will be reviewed to ensure that the criteria are disjunctive, the word "or" to be placed between paragraphs a,b, and c.

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	There is no indication as to whether these criteria are conjunctive or disjunctive, which again adds to the uncertainty of this wording.	
(b) a South African citizen or a permanent resident or a refugee registered on the Home Affairs database or a person who is a holder of a special permit under the Special Angolan Dispensation, the Lesotho Exemption Permit Dispensation and the Zimbabwe Exemption Permit Dispensation or an asylum seeker whose section 22 permit or visa is valid, and who-	**CHILDREN INSTITUTE** We recommend that regulation 9 be amended to expressly include quad 7 caregivers. Insert the underlined text in bold. **Regulation 9. Persons eligible for social relief of distress** (b) a South African citizen or a permanent resident or a refugee registered on the Home Affairs database **or registered on SASSA's grant database with a unique system generated identifying number for people without identity documents**, or a person who is a holder of a special permit under the Special Angolan Dispensation, the Lesotho Exemption Permit Dispensation and the Zimbabwe Exemption Permit Dispensation or an asylum seeker whose section 22 permit or visa is valid, and who- (i) is between the ages of 18 and 60; and (ii) has insufficient means; and (iii) does not unreasonably refuse to accept employment or educational opportunities.	Comment noted and supported and regulation to be amended
(i) is between the ages of 18 and 60; and	**UNHCR** With respect to Regulation 9(1)(*b*)(i), UNHCR notes with concern that asylum-seekers aged over 60 years are excluded from Social Relief of Distress (SRD) Grant assistance and yet they are equally ineligible to apply for the Older Person's Grant under section 10 of the Act. **UNHCR recommends the removal of the maximum age requirement for SRD assistance with respect to asylum seekers.**	Comment noted but not Supported. The policy for social assistance does not make provision for old age benefits and child benefits to be paid. That could be a consideration in the future.
(ii) has insufficient means; and	**INSTITUTE FOR ECONOMIC JUSTICE**	

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	Amendment of regulation 9 of the Regulations 9. (1) (b) (ii) indicates that a person who has insufficient means (and is between the ages of 18-60) will qualify for social relief of distress. We await the further clarification of how "insufficient means" is defined, including in the Procedure Manual. We advocate for this threshold to be indexed to an objective and scientific measure of poverty, rather than an arbitrary threshold. The current means test is too low and unfairly excludes many living in poverty. Available options for a means testing threshold include the Food Poverty Line(FPL) of R624, the lower bound poverty line (LBPL) of R890 or the Upper Bound Poverty Line (UBPL) of R1335. Civil Society partners have recommended that this grant should be means-tested at the Upper Bound Poverty Line in order to reach all in South Africa currently living in poverty. We will continue to advocate for the expansion of the SRD grant to all people living below this line, as well as the increase of the grant above the current wholly inadequate level of R350p/m, to the level of the Food Poverty Line in the short to medium term. In the long term, we propose that this grant be transitioned into a Universal Basic Income at the level of the Upper Bound Poverty Line. We note that this regulatory framework and the anticipated procedure manual has the potential to form an administrative foundation for a UBI, and we welcome this step towards institutionalising comprehensive social protection.	A draft procedure manual was developed which describes insufficient means, public consultations were held on the Procedure Manual where question regarding the manual were responded to; with an opportunity for organisations to provide written comments. The matters relating to the threshold has been dealt with in the procedure manual.
(iii) does not unreasonably refuse to accept employment or educational opportunities.	**INSTITUTE FOR ECONOMIC JUSTICE**	

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	9. (1) (b) (iii) states that a person qualifies for social relief of distress if they do not "unreasonably refuse to accept employment or educational opportunities". We request clarity as to how this clause will be interpreted, operationalised, and verified. Without clear parameters for this requirement there is an extremely high risk of this clause being deployed in an unfair and coercive way against grant recipients, with perverse outcomes. It also carries the risk of supporting predatory and exploitative employment practices. Various documented barriers exist to persons living in poverty to accessing work and educational opportunities, including the costs of transport, data, and printing. Where offered work or educational opportunities are likely to impose unreasonable costs on recipients compared to benefits, where they are characterised by unsafe and precarious conditions and do not adhere to decent work standards, and in a number of other scenarios, grant recipients should have the right to refuse such work. The regulations should therefore define such conditions under which it is reasonable for beneficiaries to refuse an employment opportunity. If the state creates conditions whereby workers are unable to refuse offered work, this heavily distorts labour market power relations and gives rise to predatory and exploitative labour practices on the part of employers, who are able to coerce workers into accepting exploitative or unsafe working conditions.	Comment noted, the clause make provision for reasonable refusal to accept employment or educational opportunities. It will not be practical to describe in this law all aspect of reasonable which is provided for in other laws and various case laws.

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	It is also extremely unclear as to how this clause will be monitored and enforced; will it be through public reporting, through the gathering and surveillance of applicants' personal information by SASSA or another agency, or will SASSA be responsible for offering work or educational opportunities to SRD applicants? We do not support the inclusion of this clause in its current formulation unless the significant risks to applicant/recipient welfare, as well as administrative issues are adequately mitigated and addressed, including through a clear and considered definition of "reasonable" in this context.	
(c) awaiting payment of an approved social grant.	**INSTITUTE FOR ECONOMIC JUSTICE** 9. (1) (c) states that a person qualifies for social relief of distress if they are awaiting payment of an approved social grant. Furthermore 9. (3) states that "Where a person has received both social relief of distress and a social grant for the same period, the value paid for social relief of distress must, subject to the provisions of sub-regulation(5), be recovered from any social grant payment, including an arrear payment." More clarity is needed in the Regulations and the final Procedure Manual around the circumstances under which SRD payments may be recovered from a recipient. In particular; Recovery of monies paid must not have a direct impact on the recipient receiving their full level of monthly entitlements from their approved grant; i.e. the approved grant must be effectively back-paid to the date of initial application, in order to recover the SRD payments without impacting the recipients' ongoing income. This should be made clear in the regulations and Procedure Manual.	Comment is noted and both regulations and procedure manual provide clarity on recovery of monies. This is a long standing provision.

	There should be no provision or scenario whereby a grant recipient is in debt to DSD, where debt is either recoverable through future grant payments, or out of the recipient's pocket. This will result in hardship. If payments are recovered through deductions from ongoing grants (which we do not recommend), the level of deduction (as a percentage of income) and timeframe for repayment must be stipulated in the Procedure Manual.	
(2) Subject to the provisions of sub-regulation (1), a person may qualify for social relief of distress if refusal of the application may cause undue hardship as contained in the Procedure Manual for Social Relief of Distress **[as approved by the Minister]**.	**SOUTH AFRICAN INSTITUTE FOR RACE RELATIONS** A further vague provision indicates that people may also qualify for SRD grants if refusing their applications '<u>may cause undue hardship as contained in the Procedure Manual for Social Relief of Distress</u>'. This manual may or may not be the same as the 'procedure manual' referred to in Regulation 1. The meaning of 'undue hardship' is not defined and is also uncertain.	Comment noted, the clause creating ambiguity to be deleted.
(3) A person is not entitled to a social grant in respect of himself or herself and social relief of distress simultaneously <u>except in case of a person or household affected by a disaster as contemplated in paragraph 1 (a).</u>	**BASA** It is unclear who is responsible to monitor that a person does not receive two grants/alternatively to recover the value paid for social relief of distress from any social grant payment.	Comment noted, SASSA monitors this process.
(5) Notwithstanding the provisions of sub-regulations [(1)] <u>(3) and (4)</u>:	**BASA** Regulation 9(5)(a) does not make sense, given regulations 9(3) and (4) above.	Comment noted, clarity provided in the SRD procedure manual. 9(5) (a) provides an exception to 9(4) in cases of a disaster in line with 9 (3).

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[(a) a person may qualify for social relief of distress if that household has been affected by a disaster as defined in the Disaster Management Act, 2002 (Act 57 of 2002).]		
(a) the value of social relief of distress paid to a person or a representative of a household affected by a disaster as contemplated in paragraph 1 (a), may not be recovered from any social grant payment, or other forms of social relief of distress being provided, including an arrear payment.		
(b) a list of person's or households affected by a disaster as verified by the Provincial or Local Disaster Management Response Unit will be regarded as the final list for the provision of immediate humanitarian relief.		
(6) In respect of sub-regulation (5) (b) a list of households affected by a disaster as verified by the provincial or local office of the Agency will be regarded as the final list of those who are affected for the purpose of disbursing social relief of distress.		
(7) The Agency may determine the most suitable method for disbursing social	**BLACK SASH**	Comment noted and confirm that the client will have a right to choose from

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relief of distress and may amend such method from time to time, as required.	Black Sash is concerned that SASSA has the discretion to determine the method of how the Social Relief of Distress grant is disbursed. We **submit**, that due consideration must be given to the circumstances of the applicants where an applicant has the choice to choose the method of payment, to ensure that the recipient receives the full cash value of the grant. Our work on the ground reveals that social grant beneficiaries have to spend money to receive the grant which lessens the value of the grant thereby affecting the impact of the grant (9 (7)).	the **available** options provided by SASSA. The regulation should be read together with Regulation 23(1) ? This cla[use] provides an empowering provision for payment of SRD
(8) The Agency may limit disbursements to the budget made available for this benefit.	**BLACK SASH** Black Sash is concerned that SASSA has a discretion to limit the disbursements to the budget without providing guidelines to the exercise of this discretion (9 (8)).	The procedure manual provides guideline for this limitation.
	INSTITUTE FOR ECONOMIC JUSTICE 9. (8) states, "The Agency may limit disbursements to the budget made available for this benefit." This clause is highly problematic as it clearly suggests an arbitrary cap being placed on the number of successful applicants. Treasury in the 2022/3 budget has provided for 10.5 million applicants to receive a SRD grant over the financial year ending March 2023 at R350 per month (totalling a R44 billion allocation). This clause suggests that even if a higher number of applicants qualify for the SRD grant, the number of recipients will remain capped. This could be implemented either through an arbitrary cut-	The procedure manual provides guideline for this limitation. According to the Act social relief of distress is discretionally and "may" be provided by the Minister.

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	off; or deliberate tightening of qualifying criteria and administrative requirements to artificially constrain eligibility. In either event this would be grossly unfair and probably unlawful. This provision needs to be seen in the context of the fact that as at 1 March, a total of 15 544 890 applications have been received by SASSA, while slightly less than 10.5 million have been approved (SASSA report as at 1 March 2022). As indicated—and accepted by SASSA itself—many people have been excluded based on inaccurate databases particularly in relation to UIF and PAYE, which incorrectly reflect applicants as employed. Therefore many (and possibly the majority) of the more than 5 million applicants whose applications have been rejected in the latest SRD round, have been falsely excluded. This provision will entrench and exacerbate unfair exclusions. The 'available' budget is not a static, fixed amount but has needed to be repeatedly adjusted to address the depth of the crisis which the SRD grant is attempting to ameliorate. Unplanned extensions of the SRD grant have happened on multiple occasions, and the funding has duly been found. There can be no justification for arbitrarily excluding applicants who otherwise qualify, on the basis of budget allocation decisions. This provision would not in our view sustain a legal challenge, and we call for its deletion. The Government has an obligation to continue to progressively fund social protection and assistance which has been enshrined in practice and in legislation. This is in keeping with the Government's constitutional obligation to progressively realise social protection and assistance.	The government has increased the budget for SRD from R400m in 2019 to approx. R26 bn in 2021 and for 2022 increased it further to R44bn.

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	The SRD grant must be provided for all those who need and are eligible for it, in the current as well as in future budgets and adjustment budgets. As recent experience has shown, with the political will the necessary resources are able to be found. But it would be particularly objectionable for government to refuse to assist South Africans who have no other means of support, and are facing dire hunger and distress, in the context of current large revenue overruns. Further it is bad policy to plan based on one budget allocation. As we have seen previously, the stop-start approach to the SRD grant has caused multiple social and administrative problems, including for DSD and SASSA's ability to effectively administer the grant. Therefore a provision which implies that this is a temporary intervention, when the President has clearly communicated the need for a permanent response to the crisis, is confusing and creates further uncertainty. **This clause should be removed from the regulations.**	
	SOUTH AFRICAN INSTITUTE FOR RACE RELATIONS Particularly disturbing is Regulation 9(8), which states: '<u>The Agency</u> [ie the South African Social Security Agency or Sassa] <u>*may* limit disbursements to the budget made available for this benefit</u>'. This wording suggests that Sassa may disregard what the Department's annual budget allows. Yet this would be contrary to the Public Finance Management Act of 1999. It would also – and especially with public debt already disturbingly high – put the Department's accounting officer in breach of his or her fiduciary obligation to 'prevent any prejudice to the financial interests of the state'.	Clear guidance is provided in the procedure manual on how to manage the budget

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11. Documents to accompany application for social [grant] <u>assistance</u>	**BLACK SASH** The core objective of the DSD is oversight over policies that aim to alleviate poverty and must therefore, not introduce regulations which will have a contrary impact.	Comment noted.
(7) <u>Notwithstanding sub-regulation (1) to (6), the Agency may allow an application for social assistance to be completed by means of any other form of communication including electronic means and approved in the absence of documentation, where such information can be verified by alternative means.</u>	<u>**BLACK SASH**</u> The introduction of digital technology in the administration of social assistance can and will further entrench economic and racial inequality, if not managed carefully and balanced with the Issues of access (11 (7)). There are beneficiaries and recipients who do not own or have access to digital technology including devices (i.e., laptop, desktop, cell phone); interconnectivity (i.e., WIFI, modems and opportunities to hotspot) or data to participate and access the social grants for which they are eligible. Nor do they have an email account. For example, information or digital technology in rural communities and/or villages, townships, etc. is almost non-existent. Another hindrance for poorer and economically challenged persons is the high data costs as well as the lack of digital literacy. They should have the choice to access the facilities of SASSA in person to make a submission, lodge a complaint or access payment and recourse. SASSA offices must be open to all beneficiaries and prospective beneficiaries must have access to front-line services. Whilst the Black Sash supports the transition to online modes of applying and receiving social grants, such measures must not deny access, exclude, or discriminate against any person with none or limited technological infrastructure and lack of education, capacity, and resources.	Comment noted If the limited resources available to the agency is not managed in a balanced way this could lead to the collapse of the system and compromise the ability of the state to continue to render this service. The use of digital platforms in conjunction with traditional infrastructure need to be balanced to ensure that access to social assistance is maximised.

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	The right to social security must prevail over electronic tools which might have the unintended effect of diminishing this right. Furthermore, electronic tools must not diminish the right to administrative justice (and recourse). It is therefore, necessary for SASSA to consider what methods of application an applicant can easily access without incurring any cost.	
	INSTITUTE FOR ECONOMIC JUSTICE Regulation 11 (7) indicates that applications for the social relief of distress can be made by electronic and other means of communication. We welcome the flexibility this appears to provide in terms of means of application. However, we are aware of high barriers to access to electronic systems including digital exclusion and digital illiteracy which are likely to disproportionately affect grant applicants. An inability to access or navigate electronic systems must not disadvantage applicants or cause delays compared to applicants who can access and navigate electronic systems. This is especially of concern where applicants may need to travel to access other assistance in order to apply for the grant. **We recommend that a commitment to equity and inclusion in the context of digital barriers should be reflected in the regulations and/or in the Procedure Manual.** **Moreover, we recommend that the regulations and/or the Procedure Manual should deal explicitly with the cost of**	Comment noted If the limited resources available to the agency is not managed in a balanced way this could lead to the collapse of the system and compromise the ability of the state to continue to render this service. The use of digital platforms in conjunction with traditional infrastructure need to be balanced to ensure that access to social assistance is maximised. The digital barriers and costs are significant less than the barriers through the traditional means of application.

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	access to electronic systems (data costs, mobile phone costs, etc.) which could serve as a barrier to access to the SRD. **The provisions should ensure that these costs are not a barrier to an individual applying for or receiving their entitlements.**	
	STELLENBOSCH UNIVERSITY The proposed Amendment Bill makes no mention of the Purpose of the Amendments. Propose the inclusion of the purpose of the proposed amendment, to create a yardstick against which the proposed amendment can be measured	Comment of support and suggestions to improve processes are noted
(8) <u>By virtue of application for Social Assistance, an applicant grants consent for the Agency or the Independent Tribunal, where relevant, to verify his or her identity, residency, sources of income, social security benefits or any other information required to assess an application with:</u>	**BASA** This pertains to manner/channel of applications and documentation to accompany applications. None of the changes will have any impact on bank or bank processes since banks are not involved in decision making/processing of grant applications. It is important to note that by virtue of application for Social Assistance, an applicant grants consent for the Agency or the Independent Tribunal, where relevant, to verify his or her identity, residency, sources of income, social security benefits or any other information required to assess an application with inter alia financial institutions. Banks may therefore be called upon by SASSA and the Tribunal, in terms of said regulations to provide details relevant to income and benefits of accountholder clients.	Supported Regulation 11(8) to be amended (a) By virtue of application for Social Assistance, an applicant grants consent for the Agency or the Independent Tribunal, where relevant, to process, including collect, verify, use and share the information of the applicants including his or her identity, residency, sources of income, social security benefits, or any other information required to assess an application with:

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	• Sharing account information is therefore required in terms of regulation and • The application on SASSA's website already requires acceptance of detailed disclosure and consent to collect personal information. However, the draft interim and future memorandum of agreement between SASSA and each Bank (both yet to be concluded/signed) (MOA) requires SASSA to obtain an applicant's express consent to share data and collect information from inter alia, banks. The SASSA website and application process currently includes such consent document. No provision is made for Independent Tribunal (or other 3rd Party) and consideration must be given to this in the MOA drafting. Please see further commentary in this regard in relation to regulation 14A, below. We welcome the introduction of the deemed consent provision. However, we would phrase same as a right in law and obligation of the agency, rather than a deemed consent. We would however respectfully request consideration of the following: The regulation refers to "verify", which means that the applicant would submit information to the agency and the agency may only verify same – that is, is it accurate or not. We would propose the broadening of the scope to include process, verify, collect, and use and that these identified public and private bodies may share and disclose the information.	*(b) the Department of Home Affairs;* *(c) Social Security institutions;* *(d) Financial institutions, and any other government or private institution deemed necessary.* Additional regulation 14(9) to be added to provide consent for institutions listed in regulation 14(8) to disclose information to the Agency and Tribunal.

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	The regulation determines that the agency may verify the sources of income, but not the value. We would propose the inclusion of value. We would propose the following wording: *(a) By virtue of application for Social Assistance, an applicant grants consent for the Agency or the Independent Tribunal, where relevant,* ***must*** *to process* ***(including collect, verify, use and share) the information of the applicant including*** *his or her identity, residency, sources of income, social security benefits, or any other information required to assess an application with:* *(b) the Department of Home Affairs;* *(c) Social Security institutions;* *(d) Financial institutions; and any other government or private institution deemed necessary.*	

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	BLACK SASH Black Sash has consistently objected to the verification of information by alternative means using government databases (11 (8)): Black Sash has highlighted how the gross exclusions from accessing the SRD Grant can be attributed to challenges with the online and administrative processes such as applications being verified monthly against outdated databases, delays and glitches with payments and corruption within government departments Black Sash conducted a qualitative study, conducted in all nine provinces, which sought to understand how the Covid-19 SRD Grant was distributed and how people experienced its distribution. One of its key findings was that almost one third of applications were rejected where the most common reason for rejection was conflicting information with national government databases. Numerous applicants were rejected because they appeared on outdated Unemployment Insurance Fund (UIF), South African Revenue Service (SARS), National Student Financial Aid Scheme (NSFAS) and SASSA (SOCPEN) databases. In the recent meeting between SASSA, Civil Society and the Department of Labour (UIF) and SARS, it was made clear by both entities who provide databases to SASSA that, for the purpose of the SRD grant, their information is outdated and in order for SASSA to realistically ensure that the grant goes to those who do qualify, human capacity must be brought into the system to ensure that technical errors can be ruled out and some form of discretion is used within the system.	The request to increase human capacity is noted, however not practically feasible in the short term. No additional funding was received to increase capacity and even if additional funding were received the Agency would not be able to scale up in the level they expected to within a year that this grant is extended for. The demand on the fiscus to implement the proposal will be very high. The levels of exclusion and inclusion errors are also noted and to this extent SASSA is implementing alternative mechanisms for verification.

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	Black Sash is part of the SASSA Recourse Forum which was initially formed to address the Recourse system, education and communication challenges to grant beneficiaries which provides a platform for Black Sash to submit reports to reflect the lived realities of social grant beneficiaries. In our most recent report to the Recourse Forum, we shared our concern that applicants for the COVID-19 SRD grant have been rejected solely due to information used and relied upon by SASSA on government databases without being able to submit additional evidence. It is critical that rejected applicants be permitted, and encouraged, to provide additional documentation to ensure that SASSA has the most up-to-date information on file to ensure that eligible applicants receive this vital grant to be procedurally fair and promote efficient administration. At the recourse Forum of September 2021, Black Sash highlighted the issue of the databases and queried whether the databases were fully updated and relevant as we are still receiving complaints of UIF and NSFAS where these do not apply. If these databases are not updated, what alternatives are SASSA able to use to ensure the determinations made are fair and based on relevant, updated information? At the Recourse Forum of March 2021, Black Sash provided case typologies to illustrate the broader challenges identified within the COVID-19 SRD Grant automated system where identity verification; verification with SARS and other databases inhibit qualifying applicants from accessing the grant. Furthermore, the automated appeals process presents an additional barrier against access to the grant. SASSA responded to the cases and made	

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	recommendations for applicants to appeal in many cases but given the fact that applicants cannot provide additional information to substantiate the appeal does little to address the problem of using the government databases to determine eligibility. The Auditor General identified challenges with the government databases: In the first special report of the Auditor General on the financial management of Government's COVID-19 initiatives, it noted that the information technology systems used in government were not agile enough to respond to the changes required. The lack of validation, integration and sharing of data across government platforms resulted in people (including government officials) receiving benefits and grants they were not entitled to, and applicants being unfairly rejected as a result of outdated information5. The report found that SASSA still makes use of outdated government databases to verify applications. The Black Sash can confirm this troubling finding given our ongoing community monitoring programme. Our national Helpline is inundated with queries from applicants who were unsuccessful in accessing the Covid-19 SRD grant, despite them being unemployed and desperate to receive some relief that the grant can provide. Rejections are primarily due to outdated databases that reflect these applicants as recipients of a social grant or receiving income- claims they deny vehemently. SASSA must urgently ensure that these inadequate verification controls are speedily resolved so that all those in distress receive this grant. With the release of the national audit office's second real-time audit	

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	report on government's covid-19 expenditure, the Auditor General reported that in response to these findings, SASSA stopped the payment of grants to the flagged people who could also be receiving income from other sources until they can prove they are entitled to the grant. The Auditor General noted that SASSA *"is also taking a conservative approach when evaluating applications for the grant - if a discrepancy is identified, the application is rejected and only if the applicant queries the rejection and provides proof of eligibility will the grant be activated or re-instated"*.	
	INSTITUTE FOR ECONOMIC JUSTICE Regulation 11 (8) lays out the various third parties which the Agency may use to verify applicants' eligibility for social relief of distress grant. We note that there have been significant issues caused by the use of out-of-date, flawed and incorrect databases to verify eligibility for SRD, which according to researchers at SALDRU, may unfairly exclude up to one third of SRD applicants. In light of these administrative issues, we wish to stress the following:	Comment noted The matters raised are addressed in other sections of the Regulations and Procedure Manual as far as it is practically feasible. The levels of exclusion and inclusion errors are also noted and to this extent SASSA is implementing alternative mechanisms for verification.

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	Where verification takes place (both for new applications or for those who have received or are currently receiving the SRD), it is important that the verification process; (1) is not onerous towards the recipient/applicant, (2) is not unreasonably intrusive on the privacy of the recipient/applicant, (3) adheres to high standards of transparency, consent and security when accessing personal data, (4) does not result in delays to the applicant/recipient receiving entitlements which they expect and rely upon, (5) does not present a direct or indirect cost to the applicant/recipient (such as the cost of transport or data), (6) does not rely on databases which are known to be out of date, flawed and erroneous. **We recommend that the above commitments are reflected in the regulations and Procedure Manual, along with clear steps to achieving them.**	
	UNHCR With respect to Regulation 11(8), UNHCR notes with appreciation, the mechanism for the South African Social Security Agency (the Agency) to verify the identity, residency, sources of income, social security benefits, or any other information required to assess an application with, among other entities, the Department of Home Affairs (DHA) directly. With specific reference to asylum seekers and refugees, this would obviate the need to provide valid documentation. UNHCR calls attention to the fact that currently the Refugee Reception Offices (RROs) have been closed since March 2020 and online renewal systems and/or blanket extensions in	Comment noted but not supported. All government offices are now fully operational.

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	place only apply to those asylum-seekers and refugees whose documents expired after March 2020. **UNHCR recommends extending the qualification for social assistance to asylum-seekers and refugees who are not currently able to renew their documentation (those whose documents expired prior to March 2020), until such time that full services resume at RROs in South Africa.**	
(a) the Department of Home Affairs; (b) Social Security institutions; (c) Financial institutions; and (d) any other government or private institution deemed necessary.		
14. Procedure to be followed in application for social relief of distress		
(1) An application for social relief of distress must be made on the relevant form, manually or electronically and be [-] completed and signed by the applicant or his or her procurator.	**BASA** Since the application can be completed on behalf of the applicant by a procurator (other words used in the regulations 'representative of the household'), should regulations also allow for result/outcome of application to be provided to procurator? Please refer regulation 14(3).	This is already provided for in the Regulations.
	BLACK SASH Black Sash submits that an applicant must be given the option to make an application manually or electronically (14(1)). As highlighted in 9.3, there are applicants who do not own or have access to digital technology including devices, data, or an email account to participate and access the social grants for which they	Comment noted If the limited resources available to the agency is not managed in a balanced way this could lead to the collapse of the system and compromise the ability of

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	are eligible. **Such applicants should have the choice to access the facilities in person to apply.**	the state to continue to render this service. The use of digital platforms in conjunction with traditional infrastructure need to be balanced to ensure that access to social assistance is maximised. The digital barriers and costs are significant less than the barriers through the traditional means of application.
	CHILDREN INSTITUTE **Continual exclusion of vulnerable people without cell phones** Section 14(1) of the Regs states that an application for social relief must be made on the relevant form, manually or electronically and be completed and signed by the applicant or his or her procurator. However, in practice, access to the SRD Grant has only been via electronic platforms. People without access to cell phones have therefore been unable to apply for the SRD. This aspect of the system effectively excludes the poorest most vulnerable people, especially those in rural areas. **Recommendation:** **The procedure manual should provide a clear mechanism for people without cell phones to make applications for SRD-IMGs.**	Comment noted If the limited resources available to the agency is not managed in a balanced way this could lead to the collapse of the system and compromise the ability of the state to continue to render this service. The use of digital platforms in conjunction with traditional infrastructure need to be balanced to ensure that access to social assistance is maximised.

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		The digital barriers and costs are significant less than the barriers through the traditional means of application.
	STELLENBOSCH UNIVERSITY We agree with the proposed amendments.	Comment noted
[(a) completed by the applicant in the presence of a designated officer, or with the assistance of the designated officer; and] **[(b) signed, certified or confirmed by the applicant in the presence of the designated officer].**		
(2) The Agency must approve or reject the application for social relief of distress **[immediately]** <u>within a reasonable timeframe as provided for in the Procedure Manual</u>.	**BLACK SASH** Black Sash recommends that the regulations should provide a fixed time frame for the approval or rejection of an application bearing in mind that the applicant is experiencing distress and must be considered urgently. Providing for a *"reasonable timeframe as provided for in the Procedure Manual"* does not bode well for a person in distress who is seeking relief urgently (14(2)). **Given the nature of the application for distress, Black Sash submits that the regulation should specify the time frames to approve and/or reject an application. Black Sash proposes that the time frame must not exceed 7 calendar days (14(2)).**	Comment noted but not supported Due to the nature of SRD and different forms of SRD a uniform timeframe as proposed by Black Sash is not feasible.
(3) (a) The **[designated officer]** <u>Agency</u> must inform the applicant for social relief of distress that if the documentation required in terms of		

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regulation 15(1) is not available when the application is made, such documentation must be produced before any subsequent payments are made.		
(b) The applicant for social relief of distress must be furnished with an **[a]** electronic receipt or notification of outcome for the application for social relief of distress **[which must be dated and stamped with the official stamp of the Agency stamp]** and must contain the name of the applicant **[,] [the designated officer]** and the date of the application.		
(4) Where an application for social relief of distress is approved, the Agency must inform the applicant **[in writing]** by electronic communication or any other means of communication of such approval **[,]** and the amount or form of relief **[and date on which such approval is]** granted.	**BLACK SASH** Black Sash submits that provision must be made for applicants to choose the method of communication in which they wish to receive information with regards to the outcome of their application (14(4)).	**Comment noted** Beneficiaries will be given a choice based on communication methods used by SASSA and relevant to the type of SRD they are applied for.
(5) Where an application for social relief of distress is rejected, the Agency must inform the applicant by electronic communication or any other means of communication **[in writing]** of such rejection and of-		

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(a) the reasons for such rejection; and		
[(b) the applicant's right to request the Agency to reconsider its decision; and] <u>(b) his or her right to, if he or she disagrees with the decision of the Agency, lodge an appeal electronically, or by any other means of communication as determined in the procedure manual, with the Independent Tribunal within a period of 90 days of the decision being made by the Agency.</u>		
[(c) the applicant's right, if he or she disagrees with the reconsidered decision, to lodge an appeal in writing with the Independent Tribunal; and		
(d)the mechanism and procedure to lodge such an appeal.]		
[(6) With regard to the extension of social relief of distress, the Agency may request a social worker or any other designated person to investigate the circumstances of an applicant and to submit to the Agency a written report containing a recommendation whether social relief of distress should be extended.]		

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(8) The Agency must ensure that all personal information and biometrics received are processed, stored and protected in terms of the Protection of Personal Information Act 2013 (Act 4 of 2013) and the Electronic Communications and Transactions Act 2002 (Act 25 of 2002).	**BLACK SASH** Black Sash approves of the provision to place an obligation on SASSA to comply with the Protection of Personal Information Act (POPIA) (2013) and the Electronic Communications and Transactions Act 2002 (14(8)).	Comment of support noted
14A. Appeal against decision of agency in relation to social relief of distress		
(1) Notwithstanding the existing regulations governing appeals as contemplated in section 14(3)(b)(iii) and section 18 of the Social Assistance Act and its Regulations, the appeals process for social relief of distress will be governed as follows:	**BASA** Currently the reconsideration process is regulated in terms of the Directions issued under DMA Notice R 681 GG 44938 (inserted for ease of reference below in orange) The draft interim and future MOA to pay the social relief grant is based on the process of appeal (reassessment) to SASSA as well as the instruction to check for income against bank records. The Tribunal process and involvement/instruction from such Tribunal is not catered for in the MOA.	Comment noted and operational issues around this will be looked to/considered.
(a) The Minister must appoint such number of persons as members of the Independent Tribunal as may be necessary to consider social relief of distress appeal applications as contemplated in regulation 14(5)(b);	**BASA** The appeal process as contemplated in the DMA Directions, will be fundamentally changed by the promulgation of these regulations and of importance to note is the following – 1. The independent tribunal ('IT') is the only 'entity' authorised to consider the appeal application;	Comment noted and operational issues around this will be looked to/considered.

	2. The IT is to reassess the decision of the Agency **against the latest available information at its disposal.** We take note of the content of regulation 11(8) which states *'By virtue of application for Social Assistance, an applicant grants consent for the Agency* **or** *the Independent Tribunal, where relevant, to verify his or her identity, residency, sources of income, social security benefits or any other information required to assess an application with:* *(a) . . . ;* *(b) . . . ;* *(c) Financial institutions; and* (d) . . . ' Banks do not have an agreement with the IT, but only with the Agency. The MOA contemplates sharing the information directly with the Agency for purposes of the Agency determining, on reassessment/appeal, whether the applicant must be successful or not in respect of the application for social relief of distress (SRD). Noting the content of regulation 11(8), this means that each bank must therefore conclude an MoA with the Agency and IT independently (at least in relation to the means test(s) to be conducted). 3. No application for SRD will be considered if not submitted within the prescribed period of 90 days from the date of rejection of such application of the Agency, however it does not bear in mind the time period it may take the Agency to advise the Applicant of rejection – noting the content of regulations 14(2) and (5)– the time period of 90 days from such date may be unreasonable. Potentially the time period should run from the time the Agency dispatched the 'rejection notice' to the applicant (including the method of delivery of such notice).	[redacted]

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	Regulation 681 GG 44938. 9. Reconsideration process (1) Following the consideration of an application for the Social Relief of Distress Grant provided for in these Directions, SASSA must inform the applicant- (a) whether the applicant qualifies for the grant; or (b) that the applicant does not qualify for the grant in terms of these Directions, stating the reasons why the applicant does not qualify and inform the applicant of the applicant's right to appeal or request SASSA to reassess its decision; (c) that the applicant must, if the applicant so decides, submit an application for appeal or reassessment to SASSA electronically, within 30 days from the date of each notification of SASSA's decision; and (d) that for the purposes of an application for an appeal or reassessment, the appellant must only set out the reasons why the appellant disputes the decision of the SASSA and that the appellant may not submit any new or additional evidence. (2) Upon receipt of a request for reassessment or appeal, SASSA must reassess its decision against the latest available information, including checking with banks to determine whether the appellant has an income, within a period of 60 days from the date on which the application for reassessment was received by SASSA and inform the appellant of the outcome of the reassessment and provide reasons for such an outcome including that- (3) An appellant may access information regarding the outcome of his or her application on SASSA's website.	

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	SOUTH AFRICAN INSTITUTE FOR RACE RELATIONS The proposed Regulation 14A allows the minister to 'appoint such number of persons as members of the Independent Tribunal as may be necessary to consider social relief of distress appeal applications'. However, declaring a tribunal to be 'independent' does not make it so. The Regulations should therefore set out the steps that will be taken to ensure the necessary independence of the tribunal and its members, as required by Sections 32 (the right to administrative justice) and 34 (the right of access to court) of the Constitution.	Comment noted, the matters of establishment and appointment of members of the Independent Tribunal as well as the independence is addressed in the Regulations.
	BLACK SASH We strongly advocate for the inclusion of a member of Civil Society as part of the composition of the Independent Tribunal for all Appeals adjudicated by the Tribunal. The perspective of a member of Civil Society provides insights to the socio-economic context and the struggles of grant beneficiaries to access administrative justice (and recourse) which is crucial in the transformation out of poverty with the payment of grants where the appeals process is crucial to promote transparency and accountability (14A(1)(a)).	Comment noted. The matter is addressed in the Regulations.
	STELLENBOSCH UNIVERSITY We agree with the proposed amendments.	Comment of support noted
(b) When lodging an appeal as contemplated in regulation 14(5)(b) the applicant or procurator must not be allowed to submit any evidence or information which was not provided to	**BLACK SASH** It is contrary to administrative justice, not to allow an applicant to submit any evidence when lodging an appeal to substantiate the grounds of appeal (14A (1)(b)(c)). Having due consideration for the	This is not contrary to administrative justice and the tribunal process is of quasi-judicial nature requiring that we

<u>the Agency at the time of the application for social relief of distress;</u>	proposed draft providing specific sources to verify information, it is critical that an appeal process allows for an applicant, to mitigate a rejection with additional evidence given the fact that the sources are not up to date as at date of application of the grant. Black Sash strongly objects to the method of lodging an appeal electronically. As reiterated above, due consideration must be taken of the fact that the applicant is applying for relief of distress and must consider that applicants may have challenges with digital online platforms as they may not own or have access to digital technology, interconnectivity and/ or data to participate and access the social grants for which they are eligible. In the spirit of just administration and transparency the applicant must be able to provide supporting documentation to mitigate his/her appeal for reconsideration. DSD and SASSA have indicated that they do not have the human capacity to be able to consider documents submitted in support of an appeal. Black Sash strongly recommends that a budget be allocated for resources to be able to consider documents to ensure that all eligible applicants are successful with their application. Social Relief of Distress is a form of social assistance provided for in the Social Assistance Act (2004), therefore, SASSA is obligated to have systems in place for the administration of Social Relief of Distress applications. The Black Sash acknowledges the issue of arranging labour given the temporary nature of the COVID SRD Grant but given the fact that the grant has been extended for a year, it is strongly	deal with evidence or information that was presented at the time of application meaning no new information will be accepted during the appeal process.

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	recommended given the high unemployment rates in our country, especially amongst the youth, it is recommended that SASSA procure staff, particularly those aged 18-24, (like the Department of Home Affairs is doing) to increase capacity within SASSA. SASSA will fulfil a dual purpose to ensure that the grants are received by those who really need it and provide employment opportunities for the youth which government has flagged as a priority. In a meeting with government departments to seek to address challenges with rejections of applicants of the COVID Social Relief of Distress grant, SARS proposed that exception management is important, given the significant number of applications, and there is a need for the application of the human mind with human intervention.	
	CALS CALS is advised by its client the Black Sash Trust that applicants for the COVID-19 SRD grant continue to be rejected solely due to information used and relied upon by the South African Social Security Agency ("***SASSA***") on the databases of the UIF, SARS and NSFAS, which information is either outdated or incorrect. This is compounded by applicants being barred from submitting new evidence or additional documentation in the appeal application. It is manifest that many applicants' employment status has changed over the course of the COVID-19 pandemic and continues to be unstable and affected by the economic downturn resulting from the pandemic. This is indeed one of the many reasons that receiving the COVID-19 SRD grant is crucial for those applicants.	This is not contrary to administrative justice and the tribunal process is of quasi-judicial nature requiring that we deal with evidence or information that was presented at the time of application meaning no new information will be accepted during the appeal process

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	It is critical that rejected applicants be permitted, and encouraged, to provide additional documentation to ensure that SASSA has the most up-to-date information on file to ensure that eligible applicants receive this vital grant. CALS accordingly submits that an applicant for an SRD grant who is appealing a refusal to grant them an SRD grant should be permitted to submit evidence which was not provided to SASSA at the time of the initial application for the following reasons: In times of exacerbated distress and vulnerability which give rise to the need for an SRD grant, an applicant may reasonably have neglected to submit relevant documents or information during the initial application stage; In such times, updated documentation may not be readily available to applicants when applying on an urgent basis for an SRD grant; and/or There may be a change in the applicant's circumstances between the initial application and the appeal stage, which change is relevant to the determination of their qualification for the SRD grant. The applicant should be permitted to submit further documents to prove this. In summary, CALS calls on the Minister to amend the draft Regulations as follows: That applicants lodging an appeal against the refusal of their application for an SRD grant be allowed and indeed encouraged to submit additional documentation at the appeal stage to ensure that	

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	SASSA has the most up-to-date information on file to ensure that eligible applicants receive this vital grant; and That the time period for lodging an appeal against a decision on an application for an SRD grant may be extended by the Independent Tribunal if it is satisfied that there is a reasonable explanation for the applicant's delay.	
	CHILDREN INSTITUTE However, there is a need to amend the regulations on the appeal process to enable applicants to submit new documents to support their appeal. Currently no additional documents are allowed which thwarts many an applicant's ability to contest the outdated information on the various databases that SASSA uses for its monthly verification processes.	This is not contrary to administrative justice and the tribunal process is of quasi-judicial nature requiring that we deal with evidence or information that was presented at the time of application meaning no new information will be accepted during the appeal process
	INSTITUTE FOR ECONOMIC JUSTICE Regulation 14A (1) (b) prohibits appellants from submitting new or additional evidence. The continuation of this clause discriminates against appellants unjustly rejected on the basis of outdated or incorrect databases continuing to be used for verification, or unique circumstances. **Appellants must be given the ability to submit new or additional evidence.** No provision within this section clarifies whether successful appeals entail payment from month of appeal being approved, or from month of initial application or rejection.	This is not contrary to administrative justice and the tribunal process is of quasi-judicial nature requiring that we deal with evidence or information that was presented at the time of application meaning no new information will be accepted during the appeal process

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	The Procedure Manual must stipulate that payment is due from the date of the initial application.	
(c) The Independent Tribunal shall consider a social relief of distress appeal application by reassessing the decision of the Agency against the latest available information at its disposal and has the powers to either confirm or set aside the decision of the Agency;	**BLACK SASH** Black Sash, therefore, recommends that the Independent Tribunal must be able to consider additional information from the applicant in support of the appeal and not be limited to the information at its disposal (14(1)(c)).	This is not contrary to administrative justice and the tribunal process is of quasi-judicial nature requiring that we deal with evidence or information that was presented at the time of application meaning no new information will be accepted during the appeal process
d) The Independent Tribunal must finalise a social relief of distress appeal as contemplated above within a period of 90 days from the date on which the appeal was received by the Independent Tribunal and communicate such decision and reasons thereof to the applicant;	**BLACK SASH** Black Sash submits that the prescribed period of 90 days to lodge an appeal must be calculated from the date the applicant becomes aware of the rejection. We want to emphasise, that we appreciate the period of 90 days to lodge an appeal but note that any successful application, must have a retrospective effect from the date of the first and/or original application, noting the fact that this is for relief of distress which is an urgent need. Black Sash appreciates that provision is made for the protection of personal information by placing an obligation on SASSA. Black Sash further recommends, that SASSA has a further obligation that must be extended to third parties who have access to the information of applicants and recipients to ensure the protection of personal information.	Comment noted. Regulations will be updated to reduce the appeal process to 30 days. Comment noted the matter is addressed in the regulations and POPIA Act

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	Black Sash has a grave concern that the Independent Tribunal can consider an appeal for 90 days. Given the context of the application as an urgent application for relief of distress, 90 days is too long to consider an appeal. Black Sash submits that the Independent Tribunal must finalise an appeal within 14 days of submitting an appeal and recommend that successful applications must be paid retrospectively from date of first application (14A(1)(d)).	Comment noted but 14 days is not supported however the period will be reduced to 60 days for the consideration of appeal.
(e) No application for a social relief of distress appeal shall be considered by the Independent Tribunal if not submitted within the prescribed period of 90 days from the date of rejection of such application by the Agency.	**CALS** CALS commends the extension of the period for lodging an appeal against a decision on an application for an SRD grant to 90 days. CALS nevertheless submits that, given the uncertainty and exacerbated distress under which applicants for an SRD grant may be operating, it is necessary to allow for an extension of the time period for lodging such an appeal in the event that a reasonable explanation for applicant's delay is provided to the Independent Tribunal.	Comment noted but not supported due to the temporary nature of this grant and the monthly validation by SASSA which renders condonation for late appeal irrelevant.
15. Documents to accompany application for social relief of distress		
(1)(c) **[proof of]** for the purposes of insufficient means, **[by way of]** a declaration of **[assets and income]** insufficient means and an assessment provided for in the procedure manual:	**BLACK SASH** Black Sash reserves the right to comment on the assessment as provided for in the Procedure Manual (15 (1)(c).	Comment noted Public consultations were held on the Procedure Manual where question regarding the manual were responded to; with an opportunity for organisations to provide written comments.

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	CHILDREN INSTITUTE We further recommend that regulation 15 be amended to clarify that what suffices as alternative proof of identity will be set out in the procedure manual so as to be clear and transparent to all potential applicants. (1) The following documents or certified copies thereof must, subject to regulation 14(3)(a), accompany an application for social relief of distress, where applicable- (a) the identity document or birth certificate or any other document acceptable to the Agency, which proves the identity of- (i) the applicant; (ii) his or her spouse; and (iii) children dependent on the applicant; (b) proof of spousal relationship; (c) for the purposes of insufficient means, a declaration of insufficient means and an assessment provided for in the procedure manual; (d) alternative proof to what is contemplated in paragraphs (a),(b), and (c) **as provided for in the Procedure Manual** [approved by the Agency]; and .... We recommend that what suffices as sufficient alternative proof should not be decided by the agency on its own and left untransparent to potential applicants. It should rather be clarified in the procedure manual which would ensure it is clear, consistent and transparent. We recommend that the procedure manual should provide for the following options as sufficient alternative proof: • **A SA citizen birth certificate** for applicants older than 18 who have not yet managed to obtain their IDs for some reason *[for example youth who have been orphaned and do not have a parent*	**Comment noted but not supported, the procedure manual is clear on qualifying criteria and accepted options for those not having documentations.**

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	or guardian to 'vouch' for them, are currently unable to obtain their IDs from Home Affairs despite having South African citizen birth certificates]; OR • In the absence of a birth certificate; a **Maternity Certificate** or **Road to Health Card** and **an affidavit** attesting to the applicant's identity and citizenship status.	
	STELLENBOSCH UNIVERSITY We agree with the proposed amendments.	Comment of support noted
[*(d)* proof of admission of the breadwinner to a public or private institution;		
***(e)* proof of temporary medical disability; or]**		
[*(f)*]<u>(d)</u> alternative proof <u>to what is</u> **[that]** contemplated in paragraphs *(a)*,*(b)*, <u>and (c)</u> **[(c),(d) and (e)]** as may be approved by the Agency; and		
[(g)]<u>(e)</u> in the case of a disaster, the list of households affected by a disaster as verified by the Provincial or Local Disaster Management Response Unit.		
(2) The Agency may **[, in exceptional circumstances, such as when the prescribed document is lost, stolen or destroyed,]** allow an application for social relief of distress to be completed <u>by means of any other form of communication</u>	<u>**BLACK SASH**</u> The provision of SASSA to allow an application to be completed by means of *"any other form"* and approved, where such information can be verified by *"alternative means,"* puts an applicant at a disadvantage in that the form allowed may not consider the subjective context of applicants, and the verification may be discriminatory if it is in the discretion of SASSA to choose the form of the application (15(2)).	Comment noted, this clause empowers SASSA to reach more people than what it would reach using traditional application methods at a much lower cost to both SASSA and applicant.

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including electronic means **[, attested to]** and approved in the absence of **[the required]** documentation where such information can be verified by alternative means.	We caution SASSA from introducing processes that have cost implications for an application.	
16. Determination of amount and period of social relief of distress		
(1) Subject to the provisions of the Act, the value of social relief of distress may, in the case of- (a) a single person, contemplated in regulation 9 (1) (c), not exceed the maximum amount payable per month in respect of an older person's grant;	**SOUTH AFRICAN INSTITUTE FOR RACE RELATIONS** The Regulations are particularly vague, contradictory, and confusing in their description of the different values that SRD grants may have for people awaiting payment of approved grants and 'households' (this time there is no reference to 'persons') affected by a disaster. These individuals or households may receive either the equivalent of 'an older person's grant', or 'an amount determined by the Agency to provide humanitarian relief to the displaced person'. No guidance is provided as to which of these options is to apply, or how the decision between them is to be made. SASSA is also given an untrammelled discretion to decide what 'humanitarian' relief is to be provided, while the term 'displaced' is also not defined. At the same time, humanitarian relief is confined to those displaced by a disaster when it might also be needed by people who are still living in their homes but whose livelihoods have been reduced or eliminated by government restrictions (as under the Covid-19 lockdown rules).	Comment noted however section 16(1) clearly links the values as per the 03 categories of SRD as provided for, due to the nature of disasters it may not be possible to define uniform relief measures.

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	STELLENBOSCH UNIVERSITY While we agree with the proposed amendment to regulation 16, our concern is in relation to regulation 16(2) in so far as 'without confirmation that the person is still in need of assistance' is deleted. This amendment is ambiguous and does not provide clarity in cases where the social distress extends for a period longer than three successive months.	**Comment noted, it should be understood that the financial circumstances of applicant may change anytime and state has an obligation to verify and reconfirm if the need to continue to receive the relief still exist**
(b) a person in a spousal relationship, <u>contemplated in regulation 9 (1) (c),</u> where both spouses living together apply, not exceed the maximum amount payable per month in respect of an older person's grant for each spouse;		
(c) a child, <u>contemplated in regulation 9 (1) (c),</u> not exceed the maximum amount payable per month in respect of a child support grant for the child concerned: Provided that in the case of a child awaiting the payment of an approved care dependency grant, the amount must not exceed the maximum amount of the care dependency grant payable per month for the child concerned: Provided further that in the case of a foster parent awaiting the payment of an approved foster child grant, the amount must not exceed the maximum amount of the foster child	**BLACK SASH** Black Sash specifically speaks to the amount of the Child Support Grant (CSG) which is below the Food Poverty Line7. Black Sash is a strong advocate for this grant to at least be in line with the Food Poverty Line (16 (1) (c)). Black Sash recently launched a research report on children, social assistance, and food security where one of its key findings was that the Child Support Grant is not enough even to support a single mother and her young child, highlighting the need to increase the CSG to afford children (0-18 years) adequate nutrition. The Child Support Grant should be linked to an objective measure of need, such as the Food Poverty Line. The amount for a child for Social Relief of Distress is informed by the amount of the CSG and therefore, Black Sash submits that the amount of the CSG must be increased.	**Comment noted but this is not within the scope of this Regulation. This could be considered for future policy work.**

grant payable per month for the child concerned;		
(e) insufficient means, not be below or above the value and duration prescribed by the Minister.	The Regulations also state that, 'in the case of insufficient means, [the value of social relief of distress may] not be below or above the value and duration prescribed by the minister'. This wording is extraordinarily vague and uncertain, for it allows the minister to prescribe any 'amount' or 'duration' for SRD grants. To say that these grants may not be 'below or above' what she has laid down does not solve the fundamental problem of the untrammelled discretion hereby accorded the minister.	Comment noted but not supported, Social Assistance Act give the Minister the discretion to determine values for social grants in concurrence with the Minister of Finance.
(2) Social relief of distress **[must]** may be issued monthly but may not be paid for a period exceeding three successive months, without confirmation that the person is still in need of assistance.	**BLACK SASH** Black Sash submits the period of 3 months to pay for social relief of distress is too short given the current economic climate and recommends that payment **must** at least be for 6 months before the beneficiary is required to provide proof that assistance is needed (16(2)).	Comment noted, it should be understood that the financial circumstances of applicant may change anytime and state has an obligation to verify and reconfirm if the need to continue to receive the relief still exist.
	CHILDREN INSTITUTE **Three-monthly "re-affirmation of data" procedure should be removed as it is effectively making the SRD grant a 3- month temporary grant whereas the President agreed to extend the grant for 12 months.** 'Reg 16: (2) Social relief of distress may be issued monthly but may not be paid for a period exceeding three successive months, without confirmation that the person is still in need of assistance. (3) Social relief of distress may, at the end of the period contemplated in sub-regulation (2), and on confirmation that the person is still in need of assistance, be extended for further periods not exceeding three months.' The President announced that the SRD (IMG) grant would be extended for a **further** 12 months. However, regulation 16	Comment noted, it should be understood that the financial circumstances of applicant may change anytime and state has an obligation to verify and reconfirm if the need to continue to receive the relief still exist The SRD grant is not limited to 03 months the beneficiary can get it for a full period of 12 months if they still qualify.

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	effectively reduces this to a three-month grant. It is not clear why this is being proposed when SASSA already has a mechanism in place to verify each beneficiary's income status on a monthly basis. **Recommended amendment:** **(2A) 'SRD-IMG may be issued monthly until 31 March 2023.'** If SASSA does a month-to-month verification process, then there is no need for the applicant to reapply every three months as SASSA already has all their information as reflected in the databases of Home Affairs, UIF, NASFAS, SOCPEN.	
	INSTITUTE FOR ECONOMIC JUSTICE Regulation 16 (2) states that the social relief of distress may not be paid for a period exceeding three months without confirmation that the person is still in need of assistance. It is unclear whether this clause means that recipients must re-apply after three months. If this is the case, it constitutes a punitively short timeframe which will place pressure on the capacity of the Agency and entail an unreasonable administrative burden and stress for the applicant. The confirmation that the person is still in need of assistance should be a less arduous process than the initial application with fewer steps and requirements, and should never result in the delay of an entitled payment, or entail costs to the recipient.	Comment noted. The confirmation process will be less arduous than the initial application but the response turnaround time by the client will remain critical.

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(3) Social relief of distress may, at the end of the period contemplated in sub-regulation (2), and on confirmation that the person is still in need of assistance, [recommendation of a **social service professional [worker] or any other person designated by the Agency,]** be extended for **[a]** further periods not exceeding three months.	**SOUTH AFRICAN INSTITUTE FOR RACE RELATIONS** The Regulations further provide that 'social relief of distress may, at the end of [a three-month period], and on confirmation that the person is still in need of assistance, be extended for further periods not exceeding three months'. According to the 2021 regulations, any extension of a SRD grant requires the recommendation of a social service professional or other person designated by Sassa. Under the Regulations, by contrast, SRD grants may be extended (for successive three-month periods) without any time limit if recipients are 'still in need of assistance'. This allows a grant intended as a temporary measure to become a permanent one. The Regulations also empower Sassa to 'provide non-financial assistance or relief to eligible applicants for social relief of distress'. This provision, introduced in 2015, is inherently vague and uncertain.	Comment noted. However the Regulations have been relaxed due to the higher number of beneficiaries that the Agency has to deal with. In addition this requirement will reduce the burden and cost to beneficiaries.
[(4) Subsequent applications for social relief of distress within one calendar year from the date of application must be supported by a report from a social service professional worker].		
[(5)] (4) The Agency may provide non-financial assistance or relief to eligible applicants for social relief of distress.		
[16A. Exceptional circumstances under which social relief of distress may be provided		

(1) Notwithstanding the provisions of regulation 6(1)(d), regulation 9(2) and (3) and regulation 16(1)(c) and (4) of the Regulations, social relief of distress may be provided to a child where-		
(a) the prevailing economic circumstances in the Republic warrants the provision of social relief of distress; or		
(b) failure to provide such social relief of distress would cause undue hardship to the child. Subreg. (1) substituted by GN R208 of 26 February 2009 (wef 1 November 2008).		
(2). The provisions of subregulation (1) only apply in respect of the amount of R500 million appropriated to the Department of Social Development for social relief of distress as part of the 2008/2009 Adjusted Estimates of National Expenditure.		
(3). Upon the amount of money contemplated in subregulation (2) being exhausted, the provisions of regulation 16A will cease to apply. Reg. 16A inserted by GN R67 of 28 January 2009 (wef 1 November 2008).]		

17. Date of application for social relief of distress		
The date on which **[an]** <u>a complete</u> application for social relief of distress is **[signed]** <u>submitted</u> **[before a designated officer]** is deemed to be the date on which the application is **[made]** <u>lodged</u>.	**BLACK SASH** Black Sash submits that due consideration must be given to the nature of the application of the grant for distress and appreciates that the date of the submission be deemed to be the date of the application. However, while we acknowledge that due consideration must be given to the fact that those who are eligible should receive the grant, we are concerned that the prerequisite that the application must be duly completed may hinder eligible applicants from receiving the grant as a matter of urgency.	**Comment noted but not supported. It is not possible for the Agency to consider incomplete applications.**
	STELLENBOSCH UNIVERSITY We agree with the proposed amendments.	**Comment of support noted.**
GENERAL COMMENTS	**CHILDREN INSTITUTE** **Delegation of decisions that should be contained in the law, to a procedure manual.** We note that important decisions that affect eligibility and access have been delegated to a procedure manual. This is different to how such decisions are currently being made in relation to other social grants. This delegation in particular affects the qualifying income threshold and means test applicable to applicants. **Reg 1: "insufficient means"** for purposes of social relief of distress means that a person is not in receipt of income or financial support, the determination of which is provided for in the Procedure Manual; This delegation removes this substantive decision from the realm of 'sub-ordinate' legislation. Current law requires regulations to be published in draft form for public comments. This ensures that there	Comment noted for future consideration

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	is transparency and public participation in the decision-making process. There is no such requirement for departmental procedure manuals. While we recognise that the Department and SASSA have opened the current procedure manual drafting process to participation by a few organisations, it has not been published for comment by the general public or other organisations who may not have been invited to participate. Furthermore, there is no legal requirement that future amendments to the procedure manual be done transparently and with participation. Future amendments therefore could be made to substantive areas that affect eligibility and access, without public knowledge or participation. This is a dangerous precedent to set. It opens the door not only to future untransparent amendments to the SRD procedure manual but could also lead to such an approach to decision- making being taken with the permanent social grants in the Social Assistance Act such as the Old Age Pension, Disability Grant and Child Support Grant. **Recommended amendment:** **The regulations should specify that there is an obligation on the Department and SASSA to enable broad public participation in any amendments to the procedure manual. This could be achieved by specifying in the regulations that any proposed revisions to the procedure manual must be published for comment on the Department and SASSA's website and that due consideration should be given to all comments received. The Dept and SASSA should also be obliged in the regulations to publish the final procedure manual on their websites to ensure transparency.**	

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	SOUTH AFRICAN INSTITUTE OF RACE RELATIONS **No satisfactory SEIAS assessment** Since September 2015, all new legislation and regulation in South Africa has had to be subjected to a 'socio-economic impact assessment' before it is adopted. This must be done in terms of the Guidelines for the Socio-Economic Impact Assessment System (SEIAS) developed by the Department of Planning, Monitoring, and Evaluation in May 2015. The aim of this system is to ensure that 'the full costs of regulations and especially the impact on the economy' are fully understood before new rules are introduced. According to the Guidelines, SEIAS must be applied at various stages in the policy process. Once a new regulation has been proposed, 'an initial assessment' must be conducted to identify different 'options for addressing the problem' and making 'a rough evaluation' of their respective costs and benefits. Thereafter, 'appropriate consultation' is needed, along with 'a continual review of the impact assessment as the proposals evolve'. A 'final impact assessment' must then be developed that 'provides a detailed evaluation of the likely effects of the regulation in terms of implementation and compliance costs as well as the anticipated outcome'. When a regulation is published 'for public comment and consultation with stakeholders', this final assessment must be attached to it. A particularly important need, moreover, is to 'identify when the burdens of change loom so large that they could lead to excessive costs to society, for instance through disinvestment by business or a loss of skills to emigration'.	Comment noted, the SEIAS assessment has been conducted and will be placed on the department's website once the final certification has been received.

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	The Regulations are likely to trigger precisely such 'excessive costs' – particularly in terms of skilled emigration. They will also bring South Africa closer to a damaging fiscal cliff, while deterring investment, limiting growth, adding to unemployment – and making it increasing difficult to sustain existing social grants, let alone the new ones the Regulations propose to usher in. Yet no proper SEIA assessment of the Regulations has been carried out, while no final SEIA report has been appended to the Regulations to help the public understand the ramifications of the Regulations. A comprehensive SEIA report is nevertheless vital to proper public consultation – for it is only when the public is well informed on pending laws that they can make their comments with sufficient understanding of all relevant costs and likely consequences.	
	Proper public participation Public participation in the law-making process is a vital aspect of South Africa's democracy, as the Constitutional Court has repeatedly reaffirmed in judgments spanning a decade or more. These include *Matatiele Municipality and others* v *President of the Republic of South Africa and others*, *Doctors for Life International* v *Speaker of the National Assembly and others*, and *Land Access Movement of South Africa and others* v *Chairperson of the National Council of Provinces and others.* In the *New Clicks* case in the Constitutional Court, Mr Justice Albie Sachs noted that there are many ways in which public participation may be facilitated. He added: 'What matters is that…a reasonable opportunity is offered to members of the public and all interested parties *to know about the issues* and to have an adequate say'.	Comment noted, however given the circumstances under which the regulations had to be developed in the light the imminent lifting of the state of disaster, the Department had only six weeks to develop, consult and publish these regulations in order not to compromise the payment of the SRD grant to more than 10 million people as committed to by the President. The OCSLA was also consulted on the processes followed and a favourable opinion was provided.

	This passage was quoted with approval in both *Doctors for Life* and in the *Land Access* case. However, the public cannot 'know about the issues' nor have an adequate say when the provisions of a measure are so vague and uncertain that it remains entirely unclear what is being proposed and what the costs and consequences may be. This risk is particularly great in relation to these Regulations. This is partly because the Regulations give the minister enormous and untrammelled discretionary powers to decide on the amount and duration of social relief of distress (SDR) grants. So vague are the relevant provisions that no one can tell what is being proposed, what the costs might be, and how these costs can in future be met. Moreover, no clear parameters have been included to guide the minister in the exercise of her discretion. The absence of these parameters is inconsistent with the rule of law, the supremacy of which is guaranteed by Section 1 of the Constitution. The uncertainty generated by all these factors makes it impossible, moreover, for the public to 'know about the issues' raised by the Regulations and to make informed comments on them as part of the public participation process. In addition, too little time has been allowed for public consultation. The Regulations were gazetted on 22nd February 2022 with a deadline for comment of 13th March 2022. Hence, less than three weeks has been allowed for stakeholders and other interested parties to get to grips with wording that is confusing and uncertain and economic ramifications which cannot be quantified or properly evaluated.	

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	Moreover, the Regulations are defined as 'including' regulations published in 2008, 2009 (when four different sets of rules were adopted), 2010, 2011 (with again four sets of rules in a single year), 2012, 2015, 2016 and 2021. That 14 sets of regulations must thus be taken into account makes the task of understanding and evaluating the Regulations very difficult, if not impossible, to achieve within the time allowed. **In a nutshell, the public has been given inadequate information and not nearly enough time to make meaningful submissions. Regulations adopted on such a flawed basis will be ripe for constitutional challenge.**	
	Ramifications of the Regulations In practice, the SRD grant has been pegged at R350 a month since it was introduced in 2020 to help counter job losses and increasing destitution under the Covid-19 lockdown. However, there is nothing in the Regulations to cap the grant at this amount. In addition, the Regulations break fresh ground in stating that, in cases of 'insufficient means', the SRD grant is have 'the value and duration prescribed by the minister'. There are no evident limits to her discretionary powers in this regard.	Comment noted. However the Social Assistance Act provides the Minister with the power to determine the values of social grants in concurrence with the Minister of Finance as well as adhere to PFMA prescripts.

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	According to the Regulations, what the national budget provides for SRD grants may be seen as irrelevant too. The relevant wording in Regulation 9, as earlier noted, states that Sassa '*may* limit disbursements to the budget made available for this benefit'. However, 'may' has a different meaning from 'must' – and suggests that Sassa is being empowered to disregard what the Department's budget allows. Yet any over-spending going beyond the Department's annual vote must be approved by Parliament under Section 34 of the Public Finance Management Act of 1999 (failing which the amount over-spent will become a charge against the Department's vote in the next or future years). The Regulations provide no limits as to how high the SRD grant might go in the future. This is particularly concerning in the light of a recent report – compiled by an expert panel comprising seven academics under Professor Alex van den Heever, chair of social security systems administration and management studies at Wits University – which provides some possible figures. This expert report, which was completed late last year, begins by recommending that the current R350-a-month SRD grant with its 10 million or so beneficiaries should be retained for an additional year. This is also what the February 2022 budget now authorises. The expert report further recommends that the country should thereafter shift to what it describes as a 'viable entry-level' option: a Basic Income Support (BIS) grant paying R595 a month (the food poverty level) to 27.5 million people and costing some R181bn a year.	

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	The report urges that this BIS grant should thereafter be raised in incremental steps to R1 300 a month, the upper-bound poverty level. The grant would then cost some R430bn a year – which is more than the entire social development budget of some R410bn for 2021/22. Some BIS proponents argue that the grant can easily be funded through increased borrowing and limited tax increases. The cash injection from the grant, they say, would stimulate demand among lower-income groups, which in turn would push up growth and generate more revenue, mainly through extra VAT. However, Wits University adjunct professor Michael Sachs has cautioned that a BIS grant will not help stimulate growth and would have to be financed by raising either VAT or personal income tax. Said Sachs at a Department of Social Development webinar last year: 'Ultimately, every rand spent on BIS will have to be funded by an extra rand of taxation, either now or in the future.' However, South Africa's tax base is unusually narrow. This is primarily because almost half the population is unemployed (on the expanded definition), while millions of registered taxpayers earn less than the income tax threshold. The tax burden is already very high, moreover, and cannot easily be increased without deterring already limited fixed investment and promoting a further flight of capital and skills. In addition, the country is drawing uncomfortably close to a damaging 'fiscal cliff'. South Africa's fiscal cliff study group defines the fiscal cliff as the moment when all tax revenues collected are spent on payments to civil servants, social grants, and debt servicing costs.	

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In 2007 spending on these three items absorbed roughly 55% of government revenue. By February 2020, however, such spending was expected to absorb 76% of tax revenue. Later in 2020, moreover, the mid-term budget policy statement showed that the fiscal cliff had been reached – for spending on these items was expected to absorb 100% of the country's diminished tax revenues.

Then, however, came the mining tax bonanza triggered by recovering economies and rising commodity prices. This has averted the fiscal cliff for now, but spending on public servants, social grants, and debt servicing nevertheless stands at 75% of estimated tax revenues in the February 2022 budget.

The closer the country comes to the fiscal cliff, the more consumption spending will drive out investment spending on the infrastructure, plant, and machinery vital to increased productivity and faster growth. Without growth, moreover, unemployment will continue to increase. This will leave ever more people with 'insufficient means' and in need of social assistance that the country will not be able to sustain.

This helps explain why the National Treasury, in the February 2022 *Budget Review*, was adamant that 'any permanent extensions of social support need to be matched by new tax measures or expenditure reductions'.

However, the new Regulations ignore the Treasury's injunction in their attempt to empower the minister to prescribe SRD grants of increasing amounts and indefinite duration.

	These SRD grants could in practice be the equivalent of the BIS grants advocated in the recent expert report. However, since no one can predict the size of these SRD grants – or how many people would qualify for them over time – no accurate costing of what the Regulations propose can even be attempted. What is certain, however, is that the Regulations are seeking to make a small temporary grant into a large permanent one. Moreover, they seem intent on doing this via the back door: through ministerial regulation, rather than the normal parliamentary process – and hence without sufficient public debate or informed assessment of likely costs and consequences. If the Regulations are adopted in their current form, the fiscal cliff will draw closer, growth will wither further, public debt and interest payments will expand, unemployment will worsen, and the jobless poor are likely to become ever more dependent on shrinking social grants that cannot be maintained.	
	Unconstitutionality of the Regulations The Regulations are unconstitutional in various ways. Among other things, the wording of the Regulations is far too vague to comply with the rule of law – which requires that laws of all kinds be certain and clear. In addition, the Regulations are inconsistent with Section 27 of the Constitution, which authorises the state to provide access to 'appropriate' social assistance – but obliges it to take 'reasonable' measures towards this end and to act within the limits of its 'available resources'.	Comment noted. However all matters relating to the vagueness have been dealt with above. It is not possible for the Minister to agree to values that are not consented to by the Minister of Finance or to spend money that is not appropriated. Hence

	If the Regulations are adopted in their current form, the present temporary R350-a-month SRD grant could soon be replaced, at the minister's discretion, by a permanent R529-a-month grant going to 27.5 million beneficiaries and costing at least R180bn a year. This is far from 'reasonable' and would take spending on social assistance way beyond the limits of the government's 'available resources'. It could also precipitate a financial crisis in which the country's sovereign debt rating is further downgraded, debt servicing costs increase even more rapidly than is currently anticipated, and the government becomes unable to sustain its spending on social grants and the wider social wage. All social grants would then have to be reduced, making for regression in the provision of social assistance rather than the 'progressive realisation' of this right, as required by Section 27(1)(c) of the Constitution. In addition, the Regulation's inconsistencies with Section 27 are not justifiable under Section 36 of the Constitution. This is because 'less restrictive means' of providing and sustaining social grants are clearly available. These less restrictive means require effective controls over the state's consumption spending, coupled with appropriate measures to attract investment, expand employment, and bring South Africa's growth rates back into line with the global growth rates it had succeeded in tracking for many years before 2012. That South Africa's growth rates have languished far below global ones since that year is the result of damaging policies, excessive red tape, and gross inefficiency and corruption in public administration. All these problems have been created by the government – and therefore lie within the state's power to resolve.	the limitations are provided for in the regulations to provide for this. These amendments need to be read in conjunction with the Social Assistance Act and the full set of Regulations.

	However, overcoming these barriers to investment, employment and growth will become more difficult to achieve if the Regulations are adopted in their current form and the country thus shifts closer to the fiscal cliff. The Regulations are unconstitutional and economically unwise and should be abandoned, not made part of the law.	
	WESTERN CAPE GOVERNMENT The 2022 Draft Amendment Regulations indicate in the definition of "the Regulations" that the original Regulations have been amended, amongst others, in 2021 (it refers to GN R 39 of 2021, which was the Notice calling for comment on the 2021 Draft Regulations). The Western Cape Government has submitted comments on previous draft amendments to the Regulations in February 2021 (attached). As far as we could ascertain, the 2021 Draft Amendments were never finalised and published. It is impossible for the Western Cape Government (WCG), and the public, to submit meaningful comments on the 2022 Draft Regulations, as: the wording of the Regulations as depicted in the 2022 Draft Regulations, is not in line with the current version of the Regulations (i.e. with the last amendments being in 2016); and the indication of amendments is incorrect and non-sensical (e.g. the proposed amendment of regulation 9: regulation 9(1)(a) has a square bracket to indicate that it will be deleted. It looks like the	Comment noted. The 2021 regulations have not yet been promulgated due to the department waiting for concurrence of the Minister of Finance. However the urgent need to provide for the continued payment of the SRD R350 grant compelled the Department to make further amendments to the Regulations to ensure continued payment of the SRD grant and not to compromise the livelihoods of more than 10 million people. The Department has received a substantive number of meaningful comments on these Regulations from majority of stakeholders.

	square bracket is only closed after regulations 9(1)(b)(iii), but some of the wording in between is underlined (which normally indicates that new wording is proposed to be included). The same issue is evident in the proposed amendments to regulations 14(3)(b), 16(3), and 16(4)). It is therefore unclear which wording is proposed to be deleted, and which wording is proposed to be inserted. The Amendment Regulations require language editing and formatting. Further, the Commonwealth conventions on legislative drafting apply to all forms of legislation, including subordinate legislation. The Amendment Regulations do not comply with these conventions. The Amendment Regulations should be amended to ensure consistency with accepted legislative drafting practices and Commonwealth conventions, and should then be re-published for public comment.	Comment noted but not supported as it will compromise the livelihood of 10.5 million beneficiaries.
	Terence Mc Clelland Brink The problem that i see is that the Staff at all post offices must be inform what their duties are in connection with the srd grants They must also get some kind of a link to tell people what the status of the people that are collecting this grant People have to travel very long distances to the nearest post office just to be turned back. Either the post office don't have money to give to the srd beneficiaries. I also see that the post office in Poffader in the Nothern Cape has closed his doors, now people have to travel from Poffadder to Kakamas to collect their SRD and just to find out the Post Office in Kakamas don't have money to assist them and return empty handed with no money to travel	Comment noted. However these are operational issues and they will be addressed at that level.

PK GJ

	back to Poffadder in the Nothern Cape. This is one of the situations that are really sad.	
	Tsepo Maphebela My comment is that the President must make reasonable adjustment and increase the monthly amount to R500.00 as the cost of living is way too high and the R350.00 is substaindard to be honest.	**Comment noted. However it is not within the scope of these Regulations.**

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ANNEXURE "ND8" 26/3/2024-4:24:07 PM
'RA4'

MINISTER
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REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION,
PRETORIA

Mr Enoch Godongwana, MP
Minister of Finance
Private Bag X 115
PRETORIA
0001

Dear Colleague,

URGENT REQUEST FOR CONCURRENCE TO PUBLISH NEW REGULATIONS RELATING TO THE APPLICATION FOR AND PAYMENT OF SOCIAL ASSISTANCE AND THE REQUIREMENTS OR CONDITIONS IN RESPECT OF ELIGIBILITY FOR SOCIAL ASSISTANCE

1. Your correspondence dated 06 April 2022 on the aforementioned subject refers.

2. I want to thank you very much for your prompt response and concurrence on the additional allocations for the Child Support Grant and Older Person's Grant, which will go some way to cushion the poor and vulnerable groups from the ravages of the global COVID-19 pandemic and the current harsh economic climate.

3. As you are aware, the declaration of the National State of Disaster provided the legal basis for the introduction of the Special COVID-19 Social Relief of Distress Grant (R350), which continues to bring much needed relief to those most affected by the COVID-19 pandemic. On Tuesday, 5 April 2022, President Ramaphosa officially lifted the state of the national disaster. The President further announced that the Directions that provide for the payment of the special R350 Social Relief of Distress Grant will remain in place to enable the Department of Social Development to finalise the regulations that will allow the payment of the grant to continue.

4. As I mentioned in our telephone conversation Honourable Minister, I require your urgent concurrence on the amended regulations which were supposed to come into effect in the new financial year in line with the President's executive order during the State of the Nation Address. Without your concurrence and gazetting of the regulations, the Department of Social Development and South African Social Security Agency (SASSA) cannot process applications and effect payments for the special R350 Social Relief of Distress Grant due to the following:

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a. the regulations published under the Disaster Management Act were repealed when President Ramaphosa officially lifted the National State of Disaster on 5 April 2022;

b. A provision has been made for the directives pertaining to various functions to remain in force for a period of 30 days after the termination of the National State of Disaster;

c. However, due to the SRD grant directives having a very specific end date of 31 March 2022, the extension for the 30-day period as included in the recently published notice is rendered moot;

d. As a result, the Department is required to issue new directions to extend the provision of the Special R350 Social Relief of Distress Grant date beyond 31 March 2022, but unable to do so due to the disaster regulations having been repealed;

e. There is no other legal option for the continued payment of the SRD grant, other than to issue the amendments to the SRD regulations; and

f. Considering that we are already in April, time is of essence to ensure that we conclude this mater speedily without any further delays.

5. Following our discussion, I met with the DSD team and directed that they continue engagements with your team on outstanding areas of concern. The regulations in their current form incorporate various amendments that were recommended by the National Treasury. In this regard, the DSD team concurs with your proposal for a clear reference to the COVID-19 SRD amount and duration ending 31 March 2023, both of which have now been included in the proposed new regulation 11(2) for your consideration.

6. Considering that the DSD team has already accepted the inclusion of various recommendations by the National Treasury into the regulations, I would like to propose that:

a. Regulation 11 deals with eligibility criteria and not amounts and duration as the first and the latter are adequately dealt with in regulation 18 and through separate Government Notices.

b. I therefore propose that we adopt the same approach for the Special COVID-19 SRD Grant as we use for all our other social grants. This will thus include the amendment of regulation 18(1)(e) to read as follows:

18(1)(e) insufficient means, contemplated in regulation 11(1)(c), not be below or above the value and duration determined by the Minister, with the concurrence of the Minister of Finance.

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c. Should you concur with the proposal, the publication of the attached notice, as per our standard processes for determination of amounts and duration for grants; which will include the following statement (the full notice is attached):

The amount of Social Relief of Distress contemplated in regulation 11(1)(c) read with 18(1)(e) will be provided for the period April 2022 to March 2023 as follows:

Type of Grant	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
SRD	R350	R350	R350	R350	R350	R350	R350	R350	R350	R350	R350	R350

For the purpose of determining insufficient means, as contemplated in regulation 11(5), the threshold is deemed to be R350.

d. I am informed that this proposal, which in my considered view will address your concerns, has been consulted and agreed with the National Treasury team. Honourable Minister, it is important to point out that there are no disagreements on the need to be clear on the amount and duration of the SRD grant; but rather the position within our legislative framework about where it should be placed. I do believe that the latter is within the mandate of DSD and not necessarily subject to concurrence, provided the overall matter related to finance has been adequately addressed.

7. Honourable Minister, you will recall that during the National State of Disaster, we suspended all categories with exception of support for children to prevent double dipping. The current regulations provide for the same and enable us to be able to switch between the in- kind benefits (largely provided previously and referring to the support in the form of meals, uniforms and dignity packs) or the cash benefit.

8. With regard to concurrence for the issuing of directions, my understanding is that this is currently not a requirement in our law due to these being operational matters that guide implementation within available budgets. I can assure you that the DSD team will continue to consult with the National Treasury on any matter that need concurrence.

9. Still on matters concurrence, you will recall that I recently wrote to you seeking your concurrence that will enable SASSA to enter into contracts with commercials banks. In the previous iteration of the SRD grant, we only used a means test for appeals. However, since the extension of the Special COVID-19 SRD Grant in August last year, SASSA has not been able to adjudicate any appeals due to SASSA not being able to conclude the required contracts with the banks, pending your concurrence on same. The timely finalisation of this matter will enable SASSA to clear the 8-month appeals backlog.

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10. Given that the third iteration of the Special COVID-19 SRD Grant now relies heavily at the applications stage on means testing, SASSA will not be in a position to process the grant applications if we do not conclude the contracts with the banks as a matter of urgency. Should there be further delays on this matter, the means test requirements will have to be removed from the regulations, and the cash send (mobile money) payment option will not be available, thus limiting payment options for SASSA, at a considerable disadvantage to eligible beneficiaries.

11. I would like to point out that if the means test is removed as part of the application process, we run the risk of continuing to have both inclusion and exclusion errors for this grant – something we would like to prevent as far as is possible.

12. Given that we are not making amendments to our provisions for support as a response to disasters, I would like to advise that our teams restrict themselves to matters relating to the Special COVID-19 SRD Grant, for which I urgently seek your concurrence as follows:

    a. Regulation 11(1)(c), (2), (3), (4), (5) and (6) that contain the eligibility criteria for the SRD Grant;

    b. Regulation 18(1)(e) and the attached notice that provides the values and specific duration for the grants

    c. Concurrence in terms of Section 66 of the PFMA for SASSA to enter into contracts with commercial banks.

13. Considering that we have already lost a lot of ground on this matter, I have directed SASSA to be ready to start processing applications for the Special COVID-19 SRD Grant on Monday, 11 April 2022, pending your concurrence. Enclosed herewith is the amended regulations for your consideration and concurrence.

I remain as always available for further discussion with you prior to the launch of the application process on the proposed date.

Yours sincerely,

Lindiwe Zulu

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MS LINDIWE ZULU, MP
MINISTER OF SOCIAL DEVELOPMENT
DATE: 08/04/2022

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Annexure "ND7" 26/3/2024-1:24:07 PM

'RA5'

MINISTRY: FINANCE
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Ref: M3/15/26(384/2022)

Hon L. Zulu, MP
Minister of Social Development
Private Bag X 901
PRETORIA
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REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION,
PRETORIA

Private Bag X67, Pretoria 0001

REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION,
PRETORIA

Dear Minister Zulu

RE: URGENT REQUEST FOR CONCURRENCE TO PUBLISH NEW REGULATIONS RELATING TO THE APPLICATION FOR AND PAYMENT OF SOCIAL ASSISTANCE AND THE REQUIREMENTS OR CONDITIONS IN RESPECT OF ELIGIBILITY FOR SOCIAL ASSISTANCE IN PARTICULAR THE COVID-19 SOCIAL RELIEF OF DISTRESS

Thank you for the correspondence of 10th April 2022 on the above matter

The DSD and Treasury teams have met to discuss the regulations and agree on a clear reference to the COVID-19 SRD amount and duration ending 31 March 2023. The teams agreed on a separate set of regulations on the COVID-19 SRD to allow for specificity of criteria and terms. Attached are the regulations agreed between National Treasury and Department of Social Development, to which I grant my concurrence.

On the matter relating to SASSA's entry into contracts with commercial banks, National Treasury officials are engaging with SASSA officials to get a better understanding of the commitment SASSA is entering, the risks involved, the exemption or indemnity required, and the structure of the contract. Unfortunately, the letter received end March 2022 on the matter provides insufficient detail on the risks. Providing the National Treasury with the draft MOA would have assisted to determine what is to be concurred with. The request letter also makes no reference to Means Testing as a key service to be provided, instead it refers only to money transfer payment option to eligible citizens who do not have bank accounts. I agree that the matter is urgent and requires both SASSA and National Treasury to find each other and clarify the request to determine the nature and implications of concurrence. I am assured our officials are working together and giving the matter the urgent attention, it deserves.

I trust that you will find the above in order.

Yours sincerely

MS MT KUBAYI, (MP)
ACTING MINISTER OF FINANCE
DATE: 20/04/2022

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'RA6'

26/3/2024-1:24:07 PM

PROGRESS REPORT ON THE COVID-19 SRD AND PATHWAY TO BASIC INCOME SUPPORT

PRESENTATION TO CIVIL SOCIETY

24 JULY 2023

social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA

NDA National Development Agency

sassa
SOUTH AFRICAN SOCIAL SECURITY AGENCY

2030 NDP

STAY SAFE

Presentation outline

1. Purpose
2. Contextual Background
3. Coverage statistics and analysis
4. Proposals for post 31 March 2024
5. Rationale for the proposals
6. Costing scenarios
7. Envisaged next steps
8. Recommendation

social development
Department:
Social Development
REPUBLIC OF SOUTH AFRICA

NDA National Development Agency

sassa SOUTH AFRICAN SOCIAL SECURITY AGENCY

2030 NDP

STAY SAFE

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1. PURPOSE

- To provide feedback and progress report to civil society groups on the progress in the implementation of the COVID -19 Social Relief of Distress (cSRD), and proposals for a pathway to Basic Income Support

social development
Department:
Social Development
REPUBLIC OF SOUTH AFRICA

2. CONTEXTUAL BACKGROUND

- The COVID-19 Social Relief of Distress (cSRD) was initially provided from March 2020 as a temporary measure to respond to the COVID-induced humanitarian crisis.

- In recognition of the prevailing conditions of ongoing vulnerability to hunger and distress amongst the unemployed, the grant was intermittently extended, with the latest extension due to expire on 31 March 2024.

- The grant has been shown by multiple studies to be well targeted, and successful in reducing hunger, poverty and inequality while also improving the participation of beneficiaries in job search and other economic participation.

- The grant has proved to be one of government's most effective anti-poverty instruments to date, with positive spillover effects on economic growth and social stability.

3a. SRD grant take up province and gender as at 27June 2023

Province	Female	Male	Total
Eastern Cape	1,045,171	846,443	1,891,614
Free State	453,886	361,787	815,673
Gauteng	1,507,723	1,357,667	2,865,390
KwaZulu-Natal	1,862,175	1,522,383	3,384,558
Limpopo	1,083,342	836,006	1,919,348
Mpumalanga	722,440	575,526	1,297,966
North West	560,854	461,177	1,022,031
Northern Cape	166,383	142,121	308,504
Western Cape	629,375	486,317	1,115,692
Total	**8,031,349**	**6,589,427**	**14,620,776**
%	**55%**	**45%**	**100%**

social development
Department:
Social Development
REPUBLIC OF SOUTH AFRICA

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3b. Total Applications by non-citizens as at 27 June 2023

Province	Angolan Special Permit Holder	Asylum Seeker	Lesotho Exemption Permit Holder	Zimbabwean Exemption Permit Holder	Grand Total
Eastern Cape	33	489	173	49	744
Free State	4	267	762	15	1,048
Gauteng	15	1,120	4,871	229	6,235
KwaZulu-Natal	32	816	371	66	1,285
Limpopo	18	449	294	42	803
Mpumalanga	8	321	229	38	596
North West	15	248	1,029	28	1,320
Northern Cape	12	159	60	9	240
Western Cape	21	1,149	104	30	1,304
Total	**158**	**5,018**	**7,893**	**506**	**13,575**
%	**1%**	**37%**	**58%**	**4%**	**100%**

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3c.Total Applications Age and Gender as at 27 June 2023

Age group	Female	Male	Total	%
Under 20yrs	625,759	613,692	1,239,451	**8.5%**
20-24	1,436,239	1,400,823	2,837,062	**19.4%**
25-29	1,318,979	1,140,974	2,459,953	**16.8%**
30-35	1,370,869	1,112,613	2,483,482	**17.0%**
36-39	780,439	611,374	1,391,813	**9.5%**
40-44	781,008	594,005	1,375,013	**9.4%**
45-49	637,258	451,656	1,088,914	**7.4%**
50-54	570,149	363,979	934,128	**6.4%**
55-59	499,890	294,166	794,056	**5.4%**
60 and above	10,339	6,138	16,477	**0.1%**
Unknown	420	7	427	**0.0%**
Grand Total	**8,031,349**	**6,589,427**	**14,620,776**	**100%**

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3d. Level of education of applicants as at 27 June 2023

Province	No schooling	Primary school	Grade 10	Grade 12	Tertiary	Total
Eastern Cape	156,987	264,880	819,338	568,601	81,808	1,891,614
Free State	44,120	69,463	331,949	325,720	44,421	815,673
Gauteng	122,364	119,059	1,057,630	1,352,329	214,008	2,865,390
KwaZulu-Natal	248,490	223,897	1,182,765	1,559,908	169,498	3,384,558
Limpopo	155,629	91,694	784,047	765,205	122,773	1,919,348
Mpumalanga	97,477	71,191	462,871	600,401	66,026	1,297,966
North West	89,180	101,545	392,693	393,803	44,810	1,022,031
Northern Cape	22,419	39,457	127,014	107,717	11,897	308,504
Western Cape	40,402	115,480	537,933	377,261	44,616	1,115,692
Total	**977,068**	**1,096,666**	**5,696,240**	**6,050,945**	**799,857**	**14,620,776**
%	**6.7%**	**7.5%**	**39.0%**	**41.4%**	**5.5%**	**100%**

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3e. Total applications vs approvals as at the end of May 2023

For the 2023/24 Period	April 2023	May 2023
New applications	227,898	88,515
Total Applications	14,200,330	14,288,845
Applications approved	8,162,659	8,476,083
% approved	57.5%	59.32%
Applications declined	5,621,563	[redacted]
% declined	39,6%	
Applications Paid	6,725,000	
% paid	82.4%	
Applications pending payment	1,437,527	
% pending payment	17.6%	

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4. Proposals for SRD grant for 2024/25- 25/26

- In February 2023, National Treasury allocated R35.7 billion to the SRD for the year 2023-2024.
- The current amount of R350 has not been adjusted to keep pace with inflation since the introduction of the grant in 2020. In real terms this implies a decrease in the grant value individuals are receiving of around 16%. Increasing the grant to R500 or R663 a month would have a significant effect on poverty.
- Given the ongoing vulnerability of the beneficiaries to hunger and poverty, as a result of continuing high unemployment and the escalating food prices, the Department is proposing the extension of the CSRD until end of 2025/26 financial year, while policy work is under way to finalise a more permanent income support policy.
- The Department therefore recommends the following:
  1. Extending the allocation for the SRD grant for the next two financial years.
  2. Increasing the amount of the grant from R350.
  3. Increasing the current means test threshold from R624

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5 (a) Rationale for extension of the SRD Grant

- First and foremost, South African constitution mandates government to provide social assistance to those unable to support themselves and their families. Lack of social assistance for working age individuals remains one of the most critical gaps in our social security system.
- Latest estimates suggest that roughly a quarter of the South African population (15 million individuals) live below the food poverty line of R663, without enough income to buy a basic basket of food items necessary for survival.
- At the same time, the informal sector is only absorbing around 20 percent of the labor force, compared to much higher levels in comparable countries. These figures reflect an unemployment problem that is structural, long term and extremely high, with very limited prospects of being eliminated any time soon.
- A 2021 World Bank report found that government invests more than R100 billion in various Active Labor Market Programs (ALMPs) to stimulate job creation and strengthen youth participation (e.g., employment tax incentive, NYDA, Jobs Fund, EPWP), UIF LAP, Harambee, YES, labor centers, etc.).
- However, the design and implementation of these programmes have been fragmented, resulting in very limited impact on vulnerable youth.

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5 (a) Rationale for extension of the SRD Grant

- The country' faces long term structural unemployment currently estimated at an official rate of 32.9, (43% expanded definition), with youth carrying a disproportionate burden of the challenge.
- StatsSA paint a bleak picture of 44.7% of youth between the ages of 15-34 were not in education, employment or training as at the first quarter of 2023. As much as 48% of unemployed do not have a matric qualification, but this declines to 40% for those with a matric and only 2.7% of those with a degree.
- The numbers are closely mirrored in the SRD grant take up proportions, where 61% are youth under age 35, and as much as 5% of applicants are graduates.
- In addition to addressing poverty, the SRD has been shown to also contributing to address the exclusion of our youth from social and economic participation in our country. For example, some recipients have used the grant to search for employment and even set up small businesses, therefore building the case for the continuation and strengthening of the provision to enhance and deepen its impact.

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5(b) Rationale for increased amount

- Given the current high levels of inflation and ever-increasing cost of living, it is imperative that government continue to provide immediate assistance to avert severe hunger and deprivation among unemployed adults in the country.
- Since the grant has been kept at R350 since 2020, its real value has declined to R282 in 2023 prices. This represents a significant decline in the purchasing power of the grant, from around R11 per day to R9 per day in real terms.
- The Department therefore proposes an increase in the value of the grant to R663 which is the latest Food Poverty Line published by StatsSA. This would provide the minimum amount of money required to enable an adult to purchase adequate food per month.
- Alternatively, the grant value should at least be increased to R500 per month, to at least match the child support grant value. Although this is still not enough to buy a monthly package of adequate food for an adult, it would be an important signal to the poor that government recognises their hardship in the face of escalating food prices and the generally steep cost of living increases.
- Furthermore, it would signal the intent of government to move towards the establishment of a minimum social protection floor as outlined in the NDP Vision 2030, to ensure that no one lives below a given level of income. Such a minimum income should at the very least be sufficient to protect citizens from hunger.

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5(c) Rationale for increased means test threshold

- The current means test threshold used by the Department is R624, based on the previous year's food poverty line (FPL).
- StatsSA has since adjusted the FPL to R663, and also adjusted the lower bound poverty line from R890 to R945, while the UBPL was adjusted from R1335 to R1417.
- These adjustments are critical to ensure that at the very least, any policy consideration aimed at addressing the needs of the poor is adjusted for inflation, which has a very significant detrimental effect on the poor.
- In light of this, the Department recommends that the means test threshold used for determining eligibility for this basic income support be adjusted in line with StatsSA guidance.
- The use of the food poverty line as a means test threshold will fall short of supporting every poor person, as it will exclude those above the FPL but below the LBPL and UBPL.
- In order to eliminate poverty, it would be essential that the means test be adjusted above the UBPL, which could also be established as the social protection floor for income poverty below which no citizen should fall.

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6a.Envisaged way forward for SRD grant

- The DSD is working as part of the Basic Income Task Team to provide recommendations on the way forward for income support for the unemployed beyond the SRD Grant.
- The following issues are under consideration:
- **Design options for targeted income support**. This includes identifying design options for a future grant, including eligibility criteria, targeting mechanisms, value and mechanisms to encourage job search and/or support grant recipients to engage in productive activity and employment.
- **Funding options for a future grant**. This includes identifying options for financing targeted income support, and assessing the economic incidence and poverty impact of those options (including tax mechanisms).
- **Mechanisms to improve implementation.** This includes linking administrative databases in order to improve targeting, developing more efficient options for means testing, and identifying other efficient mechanisms for disbursement of the grant.
- This work will be used to enable the Department to approach Cabinet to support a pathway towards basic income support for the 18-59 age group, building on the existing systems and processes.

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6a.Envisaged way forward for SRD grant

- The draft BIS policy has been drafted, and the DSD will table it to Cabinet during the current quarter to request approval to consult on it.

- Once consultation is approved, the DSD will invite formal inputs on the policy, so that all stakeholders can give their additional input.

- During Q3, we will refine the policy and table the refined version for Cabinet approval.

- In Q4, we hope to present the final policy to Cabinet for approval, so that we can begin in the new financial year with the legislative process.

- The legislative process entails amendment to the Social Assistance Act to introduce a new categorical grant, and the relevant regulations specifying the qualification and access criteria for SASSA to implement.

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7. Recommendation

- Civil society stakeholders to
  - take note of the progress to date, and intended next steps.
  - raise questions and comments.

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PMG PARLIAMENTARY MONITORING GROUP

Social Relief of Distress Grant progress report by Minister

NCOP Health and Social Services

23 August 2022

Chairperson: Ms M Gillion (ANC; Western Cape)

Meeting Summary

Video

The Minister of Social Development, along with the Department of Social Development (DSD), gave a progress report on the third Covid-19 Social Relief of Distress (SRD) grant that started from 1 April 2002 ending 31 March 2023. The briefing outlined the implementation timeline by the South African Social Security Agency (SASSA), the application and screening process, data and bank checks, proxy means testing, the amended regulations and appeals process. It also provided a profile of the grant recipients. It was found that most recipients have been using their grants for food and electricity.

Committee Members asked questions about measures for when the grant expires on 31 March 2023, current difficulties with payments, food insecurity in the country, the appeals process for rejected applicants, alternatives to reliance on grants, and prognosis for the Basic Income Grant.

Meeting report

The Chairperson noted it was still Women's Month and the meeting was dedicated to all women, especially single moms, who are doing a brilliant job in raising their children. The Committee appreciates that in this sector the Minister and the Deputy Minister are both women.

Minister input
Ms Lindiwe Zulu, Minister of Social Development, introduced the report on the third iteration of the Social Relief of Distress (SRD) grant. The impact of COVID-19 and its lockdown measures had deeply impacted both social and economic activities of South African citizens. Under the leadership of President Ramaphosa, the COVID-19 SRD grant was introduced in May 2020 to be implemented by the Department of Social Development (DSD) through the South African Social Security Agency (SASSA). The first iteration of the grant ended in April 2021 and the second iteration ended in March 2022. In the 2022 State of the Nation Address, President Ramaphosa announced the third iteration of the SRD grant.

There are three primary factors underlying the continued implementation of this grant of which one is the ongoing impact of COVID-19 on the economy and the slow economic recovery. The grant also positively impacted poverty and inequality in South Africa, especially food insecurity among the needy. In 95% of cases, recipients use their grants for food and electricity.

The Minister shared an inspiring story of a young woman who started her own business with her R350 grant. After enquiring about old farm tunnels, she researched and turned them into a vegetable farm to benefit her family and the community.

Ms Brenda Sibeko, Deputy Director-General: Comprehensive Social Security, DSD, added that this woman participated in the workshops on developing, finalising and strengthening the DSD basic income support proposal.

Minister Zulu noted that the third iteration of the grant was announced after lifting the National State of Disaster in March 2022. The Department had to develop new regulations by which they could continue to implement the grant under the Social Assistance Act. By implementing the third iteration of the grant, R44 billion has been allocated to serve 10.5 billion people until the end of March 2023. The allocation fell short of the 10.9 billion qualifying beneficiaries. The Public Finance Management Act (PFMA) requires the department to stay within the allocation, so the Department introduced additional qualifying criteria for the grant. This included the introduction of a means test threshold of R350 for all applicants. This was implemented by checking the bank account of each applicant monthly to assess whether their monthly income is R350 or more. This assessment was very difficult as DSD had to negotiate with the banks to perform these means tests and banks always choose to protect their clients' accounts. In the first three months, serious challenges were faced, resulting in a two-month delay in grant implementation.

The most serious challenge faced is the low uptake of the grant, which is lower than the budgeted amount. Unfortunately, the unspent money must be returned to National Treasury, despite the growing number of hungry and distressed people in the communities. DSD and SASSA will have to review policy and legislation positions in collaboration with National Treasury as policy and legislation create difficulties for implementation.

DSD notes the public's frustration about the qualifying criteria as the court has been approached to declare these criteria unlawful. On

16 August 2022, the amended regulation was published which simplified some uncertainties on the qualifying criteria. The biggest amendment made was the increase of the means test from R350 to R624, which is the estimated food poverty line for 2022 as agreed upon by the Minister of Finance. DSD hopes that this will increase the uptake of the grant and already, by the beginning of August 2022, SASSA had received just under 12 million applications. With the means test threshold being increased, it created misunderstanding as people thought that the grant payment had been adjusted upwards but this was not the case.

In June 2022, there were 11 million applications, of which 6.6 million were approved and almost 4 million received their grant payments. The assessment for July 2022 had some delays because the previous regulations required people to reconfirm their grants every three months. June 2022 was the third month from April and many people failed to reconfirm their grants.

Under the new regulations, July assessments will be done soon, but there are still challenges as applicants are not providing correct banking details. Applicants were encouraged to provide correct details and SASSA will conduct ongoing communication and publicity to increase grant uptake. The Minister said that DSD should develop a fluent grant system in the interest of those without income, employment, and the vulnerable. The Department understands that the majority of South Africa prefer to be employed compared to receiving a grant, but until the economy has grown, it cannot helplessly watch people lose their dignity.

SRD grant provision and interventions
Ms Sibeko acknowledged the importance of the SRD platform in building a fluent social assistance system for people between 19-59 years old. DSD hopes this grant and its success can be used as a foundation to implement longer-term support.

Mr Brenton van Vrede, Chief Director: Social Assistance, DSD, reported on the timeline of the third iteration of the COVID-19 SRD grant, the application and screening process, data and bank checks, proxy means testing, the amended regulations and appeals. The profile of the R350 SRD grant applicants was presented according to gender, province, age, educational profile as well as applications by non-citizens.

Mr van Vrede drew attention to the DSD appeals website hosted by the Department, which makes the appeal process easier.

He provided information on the challenges faced with payments, especially because of the new regulations and other challenges. Additional statistics were presented.

Discussion
Mr E Nchabeleng (ANC, Limpopo) was concerned about double dipping and duplication with the SRD grant. The Department of Sports, Arts, and Culture (DSAC) gave relief to artists affected by the lockdown. Is there a possibility that people already receiving relief from DSD can double dip and receive payment from SASSA as well?

Ms N Ndongeni (ANC, Eastern Cape) wanted certainty on previously approved grantees to receive their payments in April 2022. Will these recipients still receive their April 2022 payment regardless of whether their application is approved or not under the new framework? How many applications are still pending? What is the duration of the appeal process? Clarity is also needed on the appeal application as practical difficulties are faced by agents when implementing the provision.

Ms D Christians (DA, Northern Cape) recalled that the R350 grant expires in March 2023. What is basic income support for those in need after March 2023? Are there talks of extending the SRD grant or is the Basic Income Grant still being considered? She acknowledged that the grant is very much needed by the community, especially after COVID-19 and the economic and financial climate that is currently being experienced. Are there plans to assist recipients in being less reliant on social assistance and in assisting poorer communities with business development and other ways of income?

Ms Christians observed that food security has recently become a huge issue in South Africa. Children are on street corners begging for food out of hunger. She heard that prisoners are busy developing gardens and growing their food in certain prisons. Are there any collaborations with these prisons? She heard that these prisons are giving their food to the needy. Can this be clarified as it was not seen anywhere? If so, have these prisons been working with DSD and what were the results? Most importantly, what interventions are done by DSD to ensure food security in the country and for children on the streets begging for food?

The Chairperson said she had received many inquiries from the public. People are receiving SMS messages with dates when their grant payment will be in their account but when they go to the Post Office or bank, no money was deposited into their account. This still happens two weeks after the dates given. Is DSD experiencing difficulties when it comes to messages being sent to recipients with no agreement for payout? If there are problems, can DSD explain why it is happening?

Response
Ms Sibeko replied about previously approved applications for April 2022. She explained that April applications would be in line and under the new regulations. It will be paid out and should have already been paid as SASSA has approved it. Should recipients be experiencing problems, it is most likely due to difficulties at their banks. April applications were dealt with in June 2022. Those who applied in the previous iteration, including those who have appealed, were already addressed.

On the duration of the appeal process, Ms Sibeko replied that appeals are not done by SASSA but by an Independent Appeal Tribunal. Many of the appeals from rejected applicants are because of people reflecting on the UIF and SARS database even when they are no longer active on the database. A certain time frame exists before someone is removed from the UIF database. The appeal tribunal assesses the updated data to ensure that those who were excluded by error because they were wrongly reflected on the UIF and SARS database are then included. The updated data ensures that assessments are more accurate. Appeals can only happen once SASSA provides all the information of those who applied on appeal. Then the tribunal requests updated data from the UIF and other institutions to run the assessments. The appeals tribunal has a 90-day time frame in which they must review the information and for the database to be updated. However, waiting for the information creates a two to three-month waiting period.

Ms Sibeko replied that DSD is busy working on a solution for when the SRD grant expires in 2023 The Department is engaging with other departments, including National Treasury, on how to address the continued need for income after 31 March 2023. The Department is considering introducing a basic income support programme and this also forms part of the work that DSD is currently doing, but no decisions have been made yet. Even if the policy is approved, legislation must still be drafted, which takes a lot of time. DSD proposes that the current grant be extended after March 2023 while the policy and legislation are implemented. DSD is working on how to extend the SRD grant. Once legislation is in place, basic income support will be introduced.

Ms Sibeko replied that DSD has done a lot of work on interventions to make people less reliant on grants over the years. The Department is busy strengthening its work to make people less reliant by making sure that grant beneficiaries are linked to economic opportunities. Work on sustainable livelihoods is also being done, and the Presidential Employment Stimulus ensures people are assisted to access job opportunities. It also engages with the Department of Small Business and Development to help those who want to start their own business. All these interventions are important, but they will not cover all 10.5 billion people who are currently in the grant programme. DSD is continually working on solutions and is expected to work with other government departments to enable people to grow their incomes and not rely on the R350 grant. This is also the reason SASSA is collecting information on grant recipients. By doing this they can see if someone is qualified with either a degree or matric and link job opportunities to them.

Ms Sibeko replied that food security is a big problem that DSD is facing. The child support grant is in place, but it is not enough as it is below the food poverty line. There are other ways that DSD has been working on this issue to ensure that people can access food. DSD has different Community Nutrition and Development Centres (CNDC) across the country that provide additional food to food insecure households.

Ms Sibeko said she is not aware of work done in collaboration with the Department of Correctional Services (DCS) and DSD would respond to this question in writing. She is only aware of the collaboration with the Department of Agriculture.

Mr van Vrede answered the concern about double dipping. In the previous iteration of the grant when other departments including DSAC and the Department of Agriculture provided relief to farmers, spaza shop owners, and small businesses, DSD had all this information on their database. Since the country is no longer under the National State of Disaster, many of these forms of relief were taken away and DSD is no longer updated with that information. DSD only checked that information in previous iterations to prevent double dipping.

Mr van Vrede replied that they do experience difficulties when it comes to payments. It is important to note that the Post Office is no longer used for payments. The payment system has been expanded through Post Bank to a network of merchants. Previously recipients would go to the Post Office to withdraw their money but there are now thousands of merchants that are linked with Post Bank where recipients can withdraw their money.

One of the main challenges experienced is recipients not updating their details on the system. To withdraw money from a merchant, an SMS is sent, and it is needed together with the Identification Document to make the transaction. Recipients change their cell phone number and they do not update that on the SASSA system, so the SMS is sent to the old number that is no longer in use. Mr van Vrede advised to always keep contact details updated on the system. A delay after updating details on the system should also be expected as the system updates monthly.

Load shedding was also responsible for some difficulties at Post Bank because some generators were faulty over the past months. When the main system is down it becomes difficult to maintain function, but most of those challenges have been resolved.

Problems are also faced when people withdraw more money than what they have in their account. They receive an SMS that they have insufficient funds for the transaction to take place. Merchants continue to assist recipients on how to check their account balance.

The Committee adopted the minutes of a prior meeting and the meeting was adjourned.

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Basic-income support policy to go to cabinet by end-March, confirms Zulu

The social development department has been working on the policy for several years

BL PREMIUM

21 NOVEMBER 2023 - 07:34

UPDATED 21 NOVEMBER 2023 - 11:46

Social development minister Lindiwe Zulu. Picture: FREDDY MAVUNDA/BUSINESS DAY

Social development minister Lindiwe Zulu says her department plans to take its proposed basic-income support policy to cabinet before the end of this financial year.

She said the R350 social relief of distress (SRD) grant, which has been extended for a further year to end-March 2025, will form the basis of what will become the basic-income support grant in future.

There has been much debate about the affordability of a basic-income grant, which has become all the more pertinent given the fiscal constraints facing government that were highlighted in the recent medium-term budget policy statement (MTBPS).

National Treasury has also been considering the feasibility of a basic-income grant and has commissioned a study on the various options.

In a written reply to a parliamentary question by DA social development spokesperson Bridget Masango, [...] over the past three years on the draft basic-income support [...] 2022/23 financial year.

[...] ANC-led government has made unprecedented progress by [...] ocial grants to about 28-million, including 19-million social grants to children, older persons and persons with disability, and the recent Covid-19 social relief of distress grant accessed by more than 8.5-million additional beneficiaries who have no means of income," Zulu said.

Independent studies, the minister said, had shown that the grants have been used for food in the main and basic needs such as services, including electricity, data and transport.

"The success of the SRD grant has created room for my department, to reopen the discussions on the basic-income support (BIS) policy gap, which by the way started as far back as 2002, through the Taylor Commission, which recommended to government that introduction of the basic-income grant at the time — we have resuscitated this work.

"Given the extent of unemployment, and the current economic climate, we have chosen to take a prudent approach of progressive realisation of the basic-income support policy through incremental changes to the SRD grant over time.

"Central to our proposal is the need for recipients of the basic-income support grant to be linked to various programmes to access economic opportunities through active labour market policies.

"It is important that the links be established through government integration and [the] co-ordination of efforts among government and various agencies, including SASSA [SA Social Security Agency] and we have

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started this work by integrating government data systems through the National Integrated Social Protection System," Zulu said.

In reply to another parliamentary question by ANC MP Dikgang Stock, Zulu said the key funding options that had been proposed for funding the basic-income grant were through an increase in taxation, reallocation of current budget allocations or through borrowing.

"The borrowing option has the advantage that it would provide additional funding without a need for budget reprioritisation or tax increases. However, this would be expensive for the country as it would increase the country's debt burden and also increase the already very high interest payments," Zulu said.

The reprioritisation of current budget allocations would have the advantage of shifting funds from some government expenditures that are less effective and/or efficient but would be very complex and difficult to implement quickly.

"The tax options considered include wealth taxes, removal of tax expenditure subsidies, increases in VAT or personal income tax. The advantage of VAT is that it would be a broad-based tax, which enables government to collect sufficient revenue to fully fund the grant, which would be fairly easy to introduce and collect."

The disadvantage, however, Zulu said was that an increase in VAT would be regressive in that the poor would pay the same as the rich. She said such an approach would negate the motivation for the grant as the poor would, in effect, pay proportionally more than the rich because VAT is a flat rate for everyone.

The wealth tax has the advantage of being quite progressive as it would target the rich only. The disadvantage was that it could result in significant tax avoidance and thus result in inconsistent revenue on a year-to-year basis as the wealthy find ways to avoid it.

The tax expenditure subsidies on retirement savings were also considered a possibility but the disadvantage was that it would be difficult to quantify and would be unreliable as the only source of revenue, and may result in deterring retirement savings among some high-income earners.

"The personal income-tax approach has the advantage of being a more progressive tax that would take a greater contribution from the high-income earners than the lower income earners, thus ensuring a more sustainable revenue source," Zulu said.

"It is also more reliable than the other tax approaches, thus ensuring sustainable funding in the long term. The additional advantage of using personal income-tax to finance the grant is that it would also improve the income inequality in our country, as the poor would receive an increase in their income while the rich
:ase in the tax rate that they have to pay."

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PRESENTATION ON THE ANNUAL PERFORMANCE PLAN (2023/2024) OF THE DEPARTMENT OF SOCIAL DEVELOPMENT & THE DSD BUDGET VOTE

BRIEFING TO THE PORTFOLIO COMMITTEE ON SOCIAL DEVELOPMENT

03 MAY 2023

Building a Caring Society. Together.   www.dsd.gov.za

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Department: Social Development
REPUBLIC OF SOUTH AFRICA

NDA
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2030 NDP

25 YEARS OF FREEDOM

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Status of the MTSF Targets against the Executive Performance Agreement

- Minister's EPA comprises of 41 targets, of which 35 are within the DSD APP, 1 in the NDA APP and 5 within the SASSA APP.
- There is a high level of alignment between targets of the DSD APP 2023/24, the National Annual Strategic Plan (NASP) and the MTSF.

As lead for Priority 4, the Minister of Social Development must fast track and present to Cabinet by Quarter 4 of 2022/23:

- White Paper on Social Welfare and requisite standards.
- Comprehensive Social Security Policy Framework.
- Policy for Social Insurance for Atypical and Own Account Workers.
- Policy on Coverage for 18 – 59. Government must view the SRD grant of R350 as not just a temporary measure, but a precursor to a permanent income support policy for the working age population. Such a policy must be complemented by coherent and well designed active labour market interventions
- Resolution of payment challenges of the SASSA grants – conclude re-negotiation of SASSA/Postbank partnership and improve access to financial service platforms for grant beneficiaries.
- DSD together with SITA and DPME must work towards the establishment of an inclusive social protection register for the vulnerable (NIPSIS) timely intervention during times of crises (e.g. COVID-19). This will be assisted by the establishment of the social protection floor (led by National Planning Commission /DPME).
- DSD must lead the effective implementation of the Drugs Master Plan.
- Ensure effective implementation of the National Strategic Plan (NSP) against GBVF by inclusion of NSP priorities/interventions in Strategic Plans and APPS.
- Resources must be reprioritised in order to increase funding for: Front line social welfare (hire more social workers) - increase jobs and quality of care for most vulnerable.

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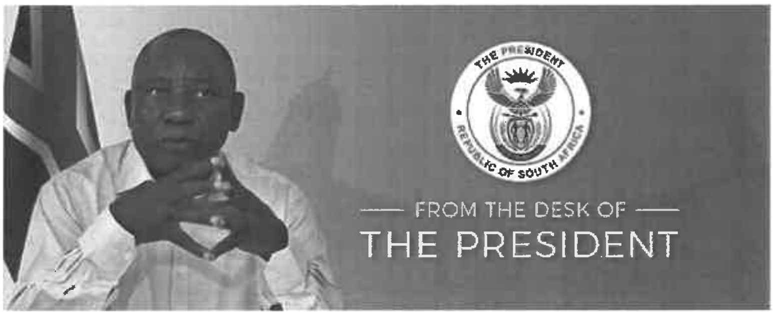

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Monday, 27 March 2023

STIMULATING GROWTH FROM THE BOTTOM UP

Dear Fellow South African,

We have reached the end of Human Rights Month.

It is a time in which we reflect on the sacrifices that were made in the struggle for freedom, but also on the progress we have made in advancing the human rights of all.

The right to social security is explicit in the Bill of Rights. This is an approach that recognises that social security is essential to other rights, including the right to dignity.

It is this right that has underpinned the progressive expansion of South Africa's social protection system over the past three decades.

In 1999 just over 2.5 million people were receiving social grants. Today that number has increased to over 18 million people.

In addition, more than two million indigent households also receive free basic water, basic electricity and solid waste removal services as part of this government's commitment to free basic services for the poor.

Expanding the social wage is not simply an indication that more people need grants today than before, as some have tried to suggest.

In the past, many of the poor, including working age adults who are unemployed, simply did not receive any support.

The Social Relief of Distress Grant that was introduced in 2020 in response to the coronavirus pandemic has reached more than 11 million people at its peak, and has lifted millions of people out of food poverty. According to research approximately

50 per cent of the purchases made by SRD grant recipients are groceries.

Social grants also act as a stimulus for the economy as a whole, increase spending in townships and rural areas, and improve employment outcomes.

An interview-based study by the University of Johannesburg of informal traders in the Johannesburg CBD, Orange Farm, Mthatha, Mqanduli and Warwick Junction in Durban, found that the SRD Grant stimulated customer spending, provided capital to purchase stock, and enabled the new businesses to be initiated.

Informal traders and SRD grant recipients in Philippi in the Western Cape also told researchers that it had a positive impact on their businesses.

According to another recent study by researchers at the University of Cape Town the SRD grant also increased the probability of recipients searching for jobs and gaining employment.

Similarly, many participants in the Presidential Employment Stimulus Initiative (PESI) have gone on to find work after they have completed the programme. The school assistants programme has provided opportunities for 750,000 young people to date in over 22,000 schools, reaching every corner of the country.

Over 72 per cent of participants in the PESI said that having gained their first work experience, the programme helped them to gain a foothold in the labour market thereafter.

In all of these ways, South Africa's world-renowned social protection system provides important benefits for many in our society, not only those who receive social grants.

It supports economic growth from the bottom up, enables business activity, and strengthens social solidarity and stability. It is one of the greatest achievements of our democratic society, and one that we should all be proud of.

The SRD alone represents a significant step in our commitment to provide a minimum level of support below which no South African should fall.

As I said in the State of the Nation Address last month, we are working on options to provide basic income support for the unemployed, within our fiscal constraints, beyond the expiry of the SRD Grant in April next year.

If the focus of our struggle for liberation was to end apartheid and achieve political freedom, the focus of our efforts now must be to address inequality and ensure that every South African enjoys the fruits of democracy.

It is now well recognised that inequality constrains growth, and that growth which takes place in unequal societies tends to reproduce those patterns of inequality.

This is why our economic policy is guided by the need on the one hand to implement structural reforms to stimulate growth and enhance our economic competitiveness, while on the other hand expanding social protection and public employment and supporting the social wage.

We cannot have one without the other, and we are making steady progress on both.

With best regards,

Cyril Ramaphosa

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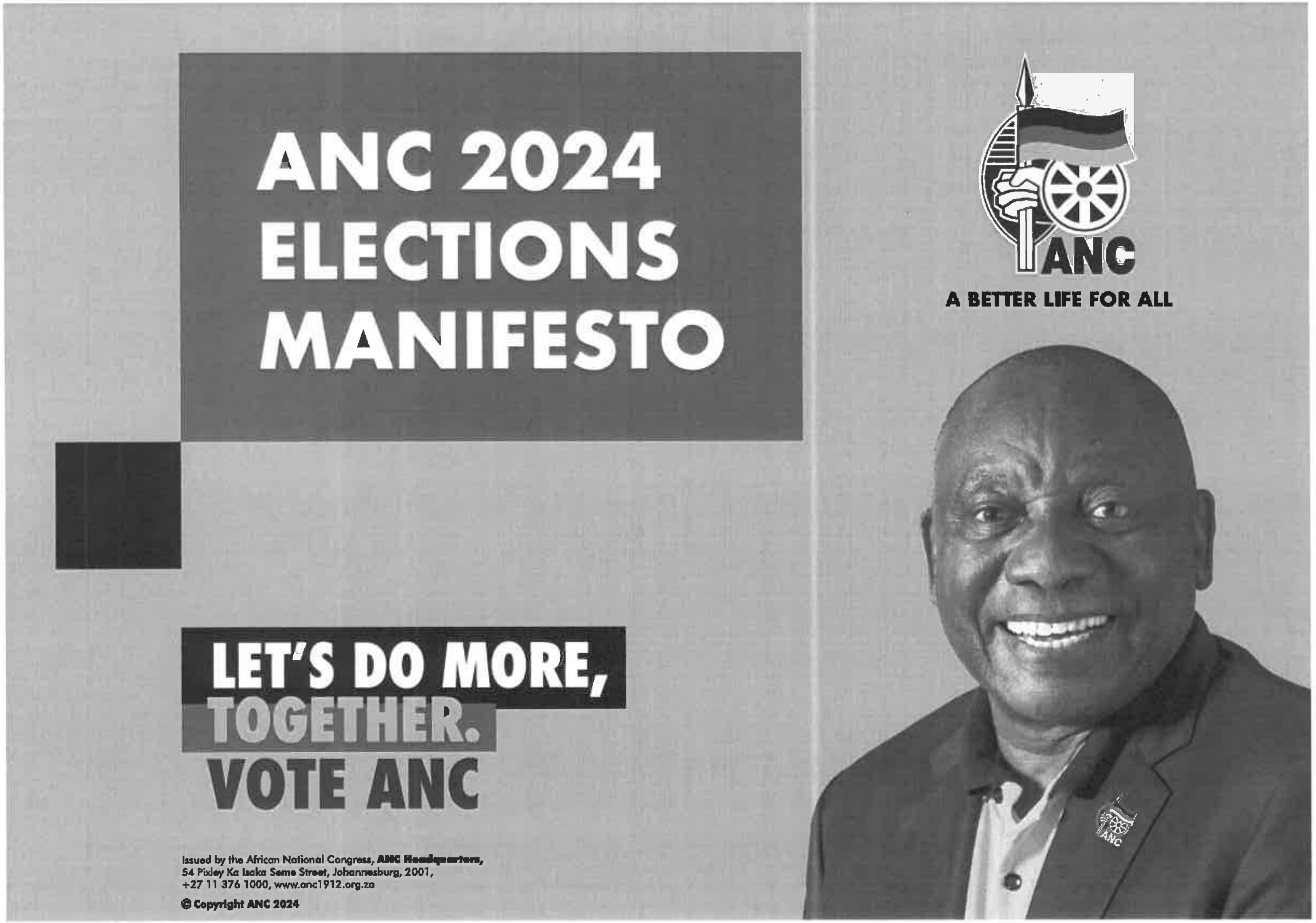
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PRIORITY 3

Tackle the high cost of living,
by taking steps to make everyday life more affordable for workers, unemployed persons, women-headed households and the middle class by addressing key needs like food, housing, health care, energy, transport and wages.

OVER THE NEXT 5 YEARS, WE WILL:

- Prioritise food security, including through VAT exemption on essential items, land reform, support for community and home gardens. We will act against price fixing.
- Maintain and expand subsidised basic services like water, houses for the poor and indigent policies in municipalities.
- Strengthen health services and implement the National Health Insurance (NHI) to make quality health care affordable and available to all.
- Promote cheaper and subsidised solar power.
- Introduce measures to regulate rental prices for student accommodation.
- Ensure the National Minimum Wage increases in line with inflation and ensure full compliance.
- Strengthen income support through existing social grants and use the Social Relief of Distress (SRD) grants as a mechanism towards phasing in a basic income support grant.

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stats sa
Department:
Statistics South Africa
REPUBLIC OF SOUTH AFRICA

Quarterly Labour Force Survey (QLFS) Q4:2023

Risenga Maluleke
Statistician-General

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Total employment decreased by **22 thousand** to **16,7 M** in Q4:2023

22 000 Fewer Employed between Q3:2023 and Q4:2023

46 000 More Unemployed between Q3:2023 and Q4:2023

107 000 Fewer Discouraged between Q3:2023 and Q4:2023

218 000 More Other Not Economically Active between Q3:2023 and Q4:2023

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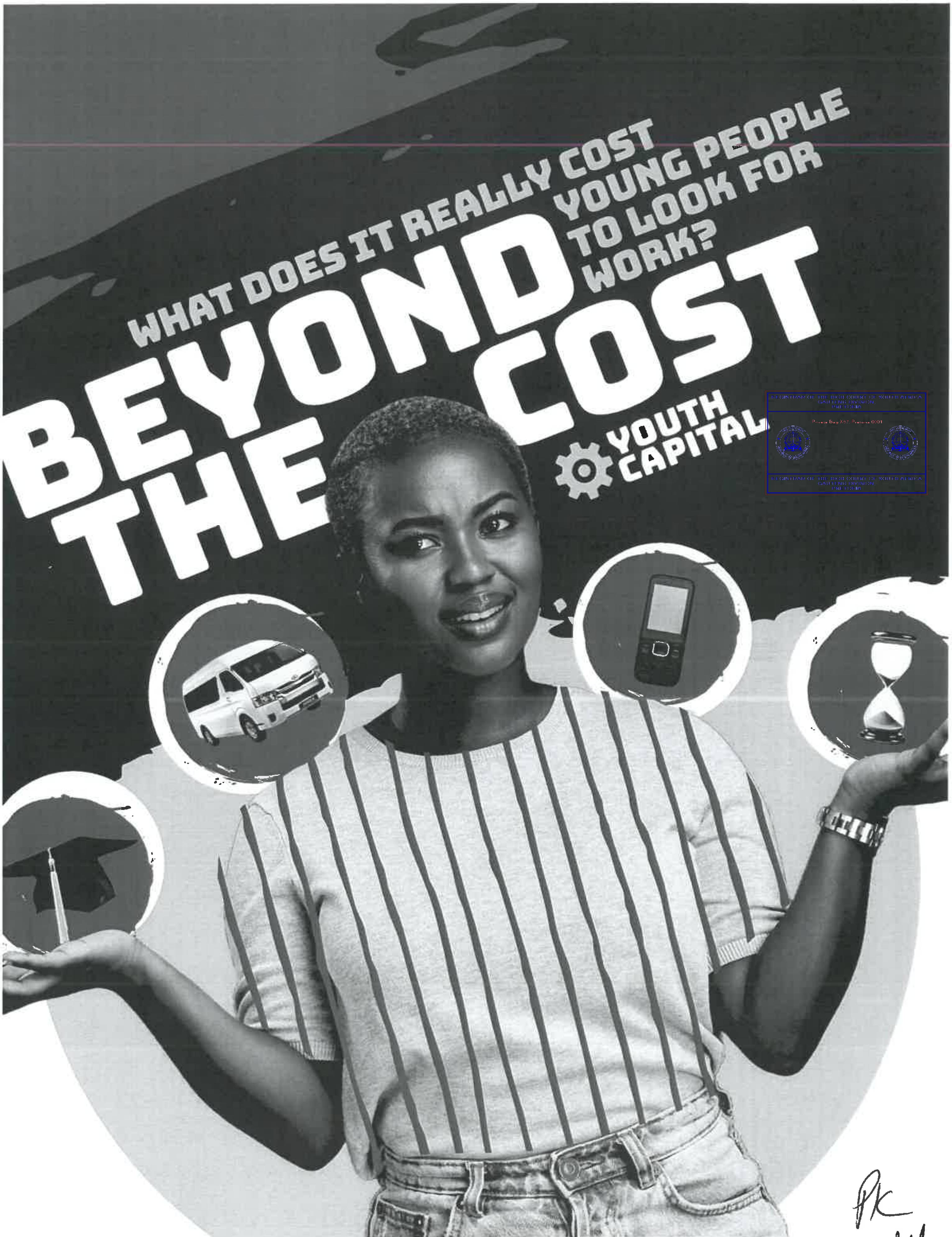
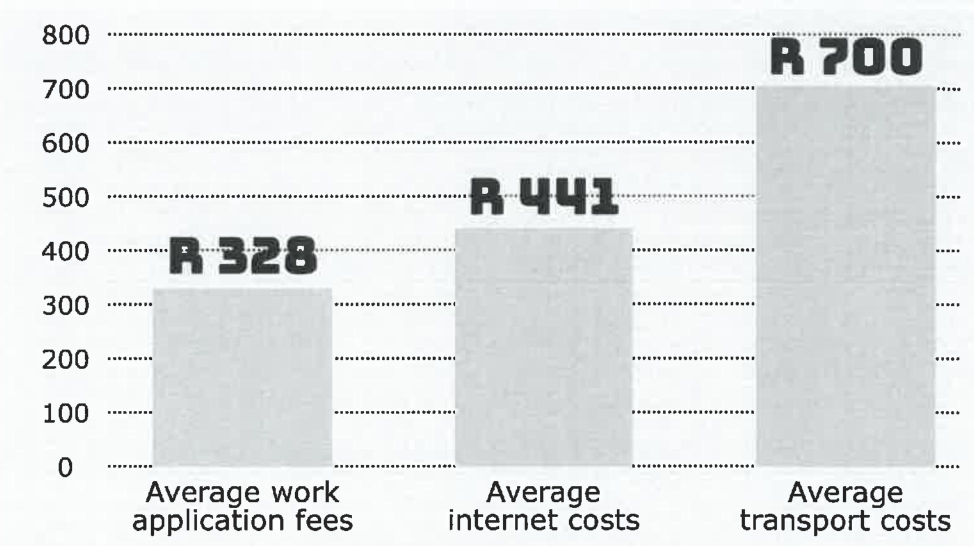


#1 JOB-SEEKING COSTS ARE STILL HIGH.

The survey shows that young job-seekers spend an average of R700 per month on transport alone; with the addition of data and application costs, respondents reported spending an average of R1469 to look for work every month.

Since the former homelands of South Africa are particularly affected by unemployment, and far from hubs of economic opportunity[9], it was surprising to see that the average cost of transport is very similar across provinces - with only just over R100 difference between the most expensive (KwaZulu-Natal) and the cheapest (Eastern Cape) area. However, given that the sample did not equally represent each province, this finding would need further investigation.

AVERAGE MONTHLY COST OF JOB-SEEKING.



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Address by Cde Lindiwe Zulu,
Member of the National Executive Committee of the African National Committee

Sunday, 01 October 2023

OR Tambo School of Leadership Policy Dialogue Series
2019 ANC Manifesto Review — Priority 2: Social Transformation

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Chair of the Policy Dialogue Series;
Secretary-General of the African National Congress, Cde Fikile Mbalula;
Other Officials of the African National Congress present;
Comrades in the National Executive Committee present;
Principal of the OR Tambo School of Leadership, Cde Dr David Masondo;
Members of the Board of Directors of the OR Tambo School of Leadership present;
Officials and Representatives of the leagues here present;
People of the world who are in solidarity with the ANC;
Respondent to Today's Presentation, Cde Themba Mathibe (congratulations on receiving your second Masters degree a few months back);
Comrades;
Young people; and
Fellow South Africans.

Long Live the African National Congress-led Alliance. Long Live! Amandla!

1. It is an honour to be asked by the OR Tambo School of Leadership to reflect on priority 2 of our 2019 Manifesto. Priority 2 speaks to all the mandates under social transformation. The month of October marks our annual national celebration of Social Development month. It is through Social Development month that all of South Africa demonstrates its commitment as a nation that cares for the most vulnerable among us.

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7.3 Presently, over 19 million South Africans are receiving social grants. In 1999 this number was at 2 million beneficiaries. Moreover, 8.5 million unemployed people are benefitting from the R350 Social Relief Distress grant every month. This is a targeted intervention that the ANC-led government introduced in 2020 in response to the impact of the CoVID-19 pandemic on the livelihood of the unemployed and the working poor.

7.4 While we have extended the benefit of this grant until 2024, there are concerns that many deserving people are being excluded from it. Also, the grant value has not kept up with inflation. We are earnestly attending to these concerns and believe that solutions can be devised.

7.5 The R350 Social Relief Distress grant serves as good grounds for us to better understand South Africa's poverty and incomeless-ness landscape. Additionally, this grant serves as a firm foundation for the introduction of a universal basic income grant policy whose realisation the ANC-led Alliance has been advocating.

7.6 Related to our livelihood interventions in the context of the CoVID-19 pandemic we also disbursed R64 billion from the Unemployment Insurance Fund (UIF) to help 5.7 million workers.

7.7 **Health**: Pursuant of achieving universal health coverage by 2025, the ANC-led government built 1 600 primary healthcare clinics and 18 hospitals between 1994 and 2014, as much as it opened the doors of 149 clinics and 38 hospitals to the public between 2014 to date. Most importantly, our ongoing efforts in the health sector are improving the life expectancy of South Africans.

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PORFOLIO COMMITTEE ON SOCIAL DEVELOPMENT

[Briefing by DSD and SASSA on COVID-19 SRD Regulations and Implementation]

FRIDAY 03 JUNE 2022

social development
Department:
Social Development
REPUBLIC OF SOUTH AFRICA

NDA National Development Agency

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COVID-19 SRD APPLICATION PROCESS AND QUALIFICATION REQUIREMENTS– (4)

- In the previous iteration, SASSA only verified income though bank accounts for appellants. In the new iteration, SASSA will means test all applicants.
  - To implement this, a new definition for income (insufficient means) has been crafted in the regulations to include all forms of income, even support from family members.
  - There is a significant implementation risk in that it has not been done at a large scale before. The agreement with Banks have not yet been signed.
  - The threshold for the previous iteration was set at unemployed, which was tested against databases listed above, and the food poverty line if people appealed. The new iteration will test everybody against a predetermined threshold. Given the limited budget, for the new iteration this will be set at R350 (equivalent to the value of the grant); however, it will be reviewed if the 10.5 million target is not achieved.
  - This may have a negative impact on the budget as we are well aware that exclusion errors are much larger than inclusion errors; hence implementing a more direct income means test will cause a reduction in both, which may result in a net increase in beneficiaries.
  - If this is successfully implemented at scale, it will enable future improvements in the administration of all social grant benefits. It may also render the other database check irrelevant.

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'RAK'

Blog

Data indicates 6.1 million Covid-19 SRD potential grant recipients

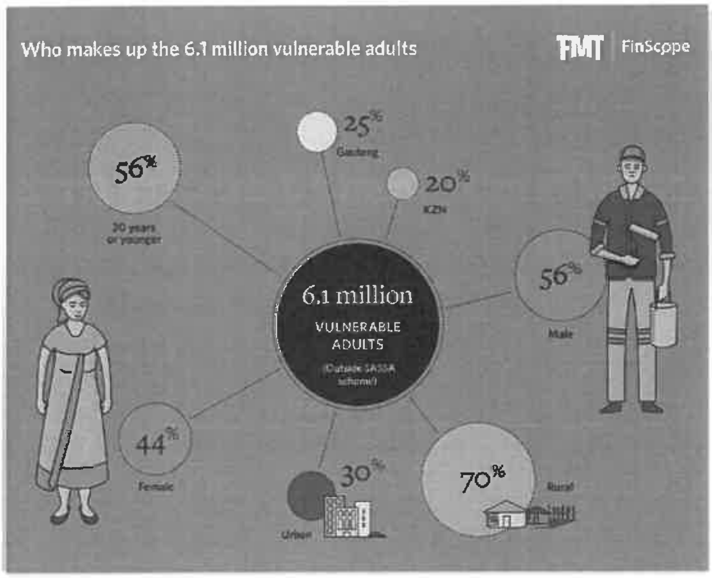
Written by Abel Motsomi on 14 May 2020

COVID-19 FinScope Consumer

Share:

There is a lot of attention on the effects and impact of Covid-19 on our daily lives and we are immersed in stories from all sectors, businesses, and the plight of the ordinary South African. Policymakers are tasked with reducing the spread of the disease and balancing this with negative economic impacts. There are pockets of data that may assist policy-makers in making timely decisions when faced with questions about intended recipients of the newly introduced Covid-19 SRD grant, also known as the R350 grant.

Fortunately, FinScope South Africa 2019 data could offer some indicators to aid decision-makers. FinScope 2019 reports 6.1 million adults (18 years and above) are vulnerable and/or unemployed and could likely be the first beneficiaries of Covid-19 SRD.



The data indicates that these are mostly male (56%) and young – under 30 years (56%). As a province Gauteng has the majority of the vulnerable with 25% – that is one in four are in Gauteng, followed closely by KwaZulu Natal (20%). Noting that 32% are from rural areas, and 38% are from small urban (non-metro areas), it begs the question of how the R350 will be distributed to them?

Again, FinScope has some clues. It shows that of the 6.1 million vulnerable adults, 60% do not have bank accounts – that is 3 703 257 adults. The lack of bank accounts can be overcome by using mobile money cash-send products available in the market, considering that 100% of the 6.1 million people have access to mobile phones. Of the 6.1 million people 64% have access to internet (and they access the internet via smartphones, computers, and other means). 64% of the 6.1 million have smartphones, and of this 79% use their smartphones to access internet, and 70% use WhatsApp.

Access to data, such as that collected in the FinScope South Africa 2019 survey, could be helpful in times of crisis to help policy-makers make informed decisions; such as more informed decisions about the number of potential beneficiaries and how to get grants to them during the current crises.

About FinScope Surveys:FinScope remains the most comprehensive demand-side instrument of its kind and has to date been conducted in over 36 countries. This places FinMark Trust in a unique position to support countries in SADC, West Africa, Asia and beyond, to understand their demand-side financial inclusion landscape. In South Africa, FinMark Trust is leading a syndicated approach to understand the impact of the pandemic on businesses through its on-going FinScope Small Business Survey 2020.

For more information about FinScope surveys and data contact Jabulani Khumalo and Abel Motsomi, both of whom are Senior Information and Research Specialists at FinMark Trust.

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Minister Lindiwe Zulu: Social Development Month, update on the Child Support Grant Top-Up and COVID-19 SRD

10 Oct 2022

Speech by the Minister of Social Development, Ms Lindiwe Zulu, MP On the Occasion of the Media Briefing on the Social Development Month and to Update on the Child Support Grant Top-Up and the CoVID-19 SRD

Programme Director, Ms Lumka Oliphant;
Acting Director-General of the Department of Social Development, Mr Linton Mchunu; Chief Executive Officer of the South African Social Security Agency, Ms Totsie Memela- Khambula;
Acting Chief Executive Officer of the National Development Agency, Mr Bongani Magongo;
Senior Management and Programme Staff of the Department and Entities in attendance; Members of the Media; Ladies and Gentlemen; and Fellow South Africans.

Thank you for making time for this media briefing wherein I will be providing you with the programme for the Social Development Month; and updating you on the introduction of the child support grant top-up, and the continued implementation of the CoVID-19 Social Relief of Distress.

Let me at the outset urge South Africans that the only way that they are meaningfully going to be part of the economy is by working the economy. Towards this end, initiate locally-relevant economic activities where you live; and develop partnerships and economic solidarity with government towards bringing the economy where you — the people — live. Consequently, the active creation of economic opportunities, in particular defining the contributions through the social economy, falls equally on the shoulders of the Social Development portfolio. We are urging you to practically put South Africans to work.

Social Development Month

This media briefing is taking place during an important month in South Africa's calendar. October is the Social Development Month, and this year's commemoration is taking place under the theme "United in the Fight Against Poverty and Other Social ills". The performance of the Social Development portfolio — consisting of the Department, the South African Social Security Agency, the National Development Agency and the provincial departments of social Development — against the objectives that are relevant to this year's theme will be reported to you in October 2023.

As expected, the relevant programmes of the Social Development portfolio will be implemented through the Cabinet-approved District Development Model. In other words, pursuant of the 2022 Social Development Month, the relevant programmes are expected to prioritise and resource implementation through each of the country's fifty-two district and metropolitan municipalities.

PK

public conversations. This will be in line with our implementation of Pillar 4 of the GBVF National Strategic Plan which focuses on the provision and strengthening of an integrated community and institutional response, care, support and healing to GBVF survivors and their families.

Still this month, the portfolio will be hosting the Shelter Indaba to engage and highlight the importance of protecting women against the oldest pandemic known to humanity, namely gender-based violence and femicide.

We will close the month by hosting the annual Active Ageing Week. Aimed at ensuring that our senior citizens lead active and productive lives, Active Ageing is a year-long programme.

I now proceed to updating you on the implementation of the CoVID-19 Social Relief of Distress, and the Child Support Grant Top-Up.

CoVID-19 Social Relief of Distress

To begin with, we would like to apologise to all the applicants and beneficiaries of the CoVID-19 Social Relief of Distress (SRD) for the challenges that you experienced with the end of the provisions of the national state of disaster under the Disaster Management Act, and the switch over to the regulations of the Social Assistance Act that facilitates the implementation of this benefit. These challenges point to the design and implementation difficulties that government programmes face in their formative stages.

We regret the pain and hardships that these challenges occasioned for many of you for whom this intervention is the difference between, on the one hand, hunger and indignity, and on another, leading a dignified life. This is noteworthy at this juncture when the country is on course with the implementation of the economic growth interventions that are designed to immediately lead us into a territory where more jobs can be created and more people can be gainfully employed or self- employed.

Whereas the Disaster Management Act enabled for us to pay the CoVID-19 SRD to 10.5 million beneficiaries within a short space of time, the lifting of the National State of Disaster in March 2022 challenged the Department to immediately develop new regulations under the Social Assistance Act. These changes necessitated that the provisions of the Public Finance Management Act be brought into effect in so far as the use of allocated budgets is concerned. Consequently, the continued payment of this benefit required that additional qualifying criteria be introduced.

On the premise that the Public Finance Management Act requires us to stay within the allocated R44 billion, we introduced additional qualifying criteria. These included the introduction of the means test threshold of R350 for all applicants. This was implemented by checking the bank accounts of each applicant monthly to establish if they are having income flows valued at R350 (or more) into their bank account from other sources.

The implementation of this provision proved that it needed more time for it to be realised in practice. Moreover, it was very challenging because we had to enter into negotiations with the banks for them to perform this means test (this is because banks are the custodians of their clients' accounts). Consequently, in the first three months of implementing this benefit, we experienced very serious challenges whose net effect was implementation delays.

The most important challenge that we continue to experience is the low up-take of the benefit by less than 50% of the budgeted amount. For us as the Social Development portfolio this is very serious indictment because we continue to see the growing numbers of hungry and distressed people in the communities where we work.

Applicants of the CoVID-19 SRD are encouraged not to change their bank details frequently because every change requires that the new account be verified. Once your bank details are loaded or updated, please wait for a response from your bank before changing your details.

Having noted the public outcry regarding the qualifying criteria that was introduced during the third iteration of this benefit, on Tuesday, 16 August we published the amended regulations that simplified some complexities that were arising from the qualifying criteria. These simplified regulations have had the desired effect in that the number of applicants that SASSA received increased to more than 12 million.

Most importantly, we increased the means test threshold from R350 to R624 that is in line with the estimated Food Poverty Line for 2022. These amendments received the concurrence of the Minister of Finance. We may have to consider a further adjustment to the threshold to enable more applicants to qualify for the benefit.

Today we can announce that nearly 7.5 million people are receiving the benefit on a monthly basis. As we are approaching the levels of support and coverage that we committed to, namely 10.5 million people, we also need to be cautious not to over-commit government to levels of funding that are beyond the allocated budget. In order to clarify public matters that relate to the CoVID-19 SRD, I asked SASSA to conduct ongoing and responsive communication and publicity through media that is accessible to the population that is in question.

With regards to payments, we are still having challenges with beneficiaries who upload incorrect bank details. We also urge all approved applicants who are not yet paid to check the status of bank verification, and if needs be, correct their banking details.

We note that it is in the interest of the income-less, un-employable and vulnerable sections of our population for the implementation of the CoVID-19 SRD to improve. Equally, we note that the vast majority of South Africans prefer to be in employment. Until such time that the economy has sufficiently grown, we cannot helplessly sit by and watch the people lose their dignity.

Because the decisions that are relevant to this benefit have profound implications either way, we opt to err on the side of caution where changes are being effected to the CoVID-19 SRD framework. This is indeed responsible than being found to have mismanaged public resources.

To our academic and research partners, the CoVID-19 SRD continues to generate truly interesting data upon which exciting social policy research projects may be initiated towards, for instance, refining our reading of official poverty statistics. I am certain that researchers will investigate the relevant demographic and policy discrepancies and nuances in these data. Researchers who are interested in studying poverty data will be able to reflect on these data and provide us with informative analyses and reflections. In this regard, the Social Development portfolio is waiting to hear from interested research projects with whom public-to- public partnerships can be entered into.

Child Support Grant (CSG) Top-Up

'RA18'

OPINION

NOMBEKO MBAVA: An unspent budget is not the same as declared savings

Department of social development has declared savings of R1.8bn amid increased public demand for social grants

27 NOVEMBER 2022 - 17:50

by NOMBEKO MBAVA

Grant recipients wait for social support payouts. Picture: SUNDAY TIMES

The department of social development recently declared savings of R1.8bn. According to the 2022 medium-term budget policy statement, this "saving" is due to a lower than anticipated take-up of the Covid Social Relief of Distress (SRD) grant.

The so-called "saving" is particularly baffling due to the increased public demand for social grants during the cost of living crisis and increased poverty and social distress. It also neatly sanitises the uncertainty that has plagued this grant since its inception in May 2020.

After the announcement in February that the grant would be extended for a third time, the department had to retrofit the number of beneficiaries to fit the budget, essentially ensuring potential beneficiaries will not exceed the allocated R40bn budget.

Tightening the eligibility criteria by including a new means test threshold of R350 enabled the containment of the applicant pool. In August 2022, in response to public outcry and a legal challenge by various civil society organisations, the department amended the SRD grant means-testing criteria to broaden the social safety net. Under the amendment, recipients are now eligible for the grant if they can prove, among other things, that they earn below the food poverty line of R648.

The department expected a huge increase in applications and grant uptake. However, while millions of South Africans are applying for the grant, many are not being approved. The department's "savings" thus suggest that the grant uptake is well below estimates, creating large holes in the social safety net. This further raises questions about the effective implementation of the grant.

" While millions of South Africans are applying for the grant, many are not being approved. "

The success of any intervention is dependent on how well it is implemented. The implementation context of the SRD grant largely assumes easy access to internet data for many applicants. Either applicants apply themselves or access another implementing agent such as the Post Office to facilitate the online application process.

In instances where applicants lack the online application know-how or struggle to access the Post Office network, especially in rural and outlying areas, those who are in dire need are ultimately excluded from accessing the SRD grant due to the imposed application conditions.

To ensure the credibility of the public finance system concepts and explanations should be free of ambiguity. In general parlance, savings arise from putting aside income for future use. The R1.8bn, which did not reach millions of vulnerable South Africans who struggle to put food on the table, did not arise from an intentional decision around the strategic future use of income or the implementation of efficiencies that yielded cost savings.

The budget was unspent due to the consequence primarily of two gatekeeping mechanisms. First, eligible applicants who lacked online application access and know-how were in effect kept out. Second, the flawed decision to tighten the eligibility criteria of the SRD grant and attempts to backtrack and put things right further served to reduce the pool of eligible applicants.

While the SRD grant aimed to intervene and alleviate social distress, its poor implementation may have excluded many eligible applicants who were ultimately kept out through imposed restrictions and an inflexible application process.

This brings us to the issue of predictability, the cornerstone of better planning, not just for the government but also for beneficiaries of government services. In this regard, the lack of certainty around the longevity of the SRD grant has necessitated special appropriation bills and reprioritisation, to further allocate funds for the payment of the grant. For the 7.4-million people who depend on it for their survival and livelihoods, it means being on tenterhooks every few months waiting to hear what the future holds for them.

BIG policy

The SRD grant is intended to be a stepping stone towards a more permanent basic income grant (BIG) policy. The numbers show that it has been instrumental in saving millions from poverty. Given the pandemic and economic shocks we have experienced over the past two years, a BIG that serves a broad base would move millions of citizens out of chronic poverty.

However, the BIG rose-tinted glasses quickly fall when considering how it can be funded. Support of this nature is sure to have huge financial implications for our struggling economy, particularly given the broader global downswing. This is the issue that has seized the government over the past two years.

Given the dire socioeconomic conditions, we cannot wait another two years for certainty on this issue. To contribute to this debate and offer viable policy options, the Financial & Fiscal Commission is researching the fiscal incidence of social grants and whether a BIG is feasible in the current fiscal climate.

The aim is to contribute evidence-based recommendations to parliament regarding the efficiency of the social security network and the feasibility of a BIG when we table our 2024/2025 annual submission on the division of revenue in the next few months.

• Dr Mbava chairs the Financial & Fiscal Commission, an independent advisory institution established in terms of the constitution with the primary role of ensuring equitable and sustainable intergovernmental fiscal relations.

4. Proposals for SRD grant for 2024/25- 25/26

- In February 2023, National Treasury allocated R35.7 billion to the SRD for the year 2023-2024.
- The current amount of R350 has not been adjusted to keep pace with inflation since the introduction of the grant in 2020. In real terms this implies a decrease in the grant value individuals are receiving of around 16%. Increasing the grant to R500 or R663 a month would have a significant effect on poverty.
- Given the ongoing vulnerability of the beneficiaries to hunger and poverty, as a result of continuing high unemployment and the escalating food prices, the Department is proposing the extension of the CSRD until end of 2025/26 financial year, while policy work is under way to finalise a more permanent income support policy.
- The Department therefore recommends the following:
  1. Extending the allocation for the SRD grant for the next two financial years.
  2. Increasing the amount of the grant from R350.
  3. Increasing the current means test threshold from R624

social development
Department
Social Development
REPUBLIC OF SOUTH AFRICA

NDA National Development Agency

sassa

2030 NDP

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RA21

Case study

Policy in the time of pandemic

Social transfers in South Africa during the coronavirus national lockdown, 2020

Thokozani Chilenga-Butao*

March 2022

PARI PUBLIC AFFAIRS RESEARCH INSTITUTE

THE NELSON MANDELA SCHOOL of Public Governance
UNIVERSITY OF CAPE TOWN

UNITED NATIONS UNIVERSITY
UNU-WIDER

they saw the need for social relief measures included the CSG as the best targeting option as a social grant. This agreed with the motivations provided by research organisations discussed in Chapter 2. Thus, topping up the CSG during the first phase of the pandemic would become one of the most integral parts of the universal policy option as it had significant coverage of households in South Africa. In addition, the CSG was an existing grant with available data and infrastructure for quick implementation.

Introducing the SRD grant

Apart from the CSG, there was a debate about whether to provide other economically vulnerable people with food vouchers or any type of support through the social grants system. As discussed above, the President was totally against food vouchers, so the most viable means of support became the SRD grant. The SRD grant could be implemented and paid to recipients using the infrastructure of the existing social grants system.[111]

Unlike the CSG, there was some consensus that the SRD should be an amount ranging between R600 and R800[112] for three or four months. The range of the amount for the SRD was determined by the food poverty line[113] in South Africa – a measure that defines how much money people need for food in order to avoid hunger and malnutrition. National Treasury created numerous models illustrating the possible amount of the SRD; different scenarios with estimations about the number of eligible recipients; the cost of providing the SRD grant; and the different lengths of time that the SRD could be provided for.

Regarding the number of eligible recipients of the SRD grant, it was clear that the number of informal sector workers cited above – approximately 3 million people – would be difficult to locate. The National Treasury consulted with the Department of Social Development, the Presidency and the Government Technical Advisory Centre about how many people it estimated would be eligible for this grant. The number ballooned from approximately 3 million to 15 million at one point in the process.[114] The increasing number of economically vulnerable people who would be eligible for the SRD grant also had cost implications. On one hand, the more people who were eligible for the grant, the higher the social grants bill – running into billions.[115] It would be difficult to justify a R30–R50 billion social grants bill,[116] especially because the economy could not generate income due to the national lockdown.

The National Treasury, the Government Technical Advisory Centre and the Presidency solicited the support of SARS in an attempt to get creative and use the information that it did have to calculate the number of people who would be eligible for the SRD grant. So, it worked with the national population database and the SARS database of taxpayers, while stripping out those on the social grants database, the National Student Financial Aid Scheme as well as those on the Unemployment Insurance databases. At a later stage, the government payroll database was also linked to this master file, filtering out the number of people that would be eligible for the SRD grant. In addition, the Social Security Agency would now be able to verify whether SRD grant applicants would be eligible for the grant almost immediately. All this verification had to be done electronically, which was different to the in-person application and eligibility verification process prior to the pandemic.

One verification option that was considered was requesting banks to check whether SRD grant applicants had money in their bank accounts at the time of their application.[117] This process would be

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[112] Interviews 3, National Treasury, 16 April 2021; Interview 5, National Treasury, 20 April 2021

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carried out with the permission of the grant applicant. However, this verification process was complicated by the premise that grant applicants should not be receiving any income during the pandemic – including contributions from family. This was a particularly 'harsh and inhumane qualifying criteria of the grant'.[118] In the end, this verification method was abandoned.

After the eligibility verification issue was resolved, the next issue was how it would be distributed and accessed. Due to social distancing regulations, people could not go to their nearest Post Office or SASSA office to collect the SRD grant in cash. Again, some innovation was required and it was decided that the SRD grant could be paid straight into people's bank accounts, if they had bank accounts, or could be paid out in cash at the Post Office.

During the deliberations about how to pay the SRD grants, the Payments System Working Group was established. One of this working group's tasks was to evaluate the most cost-effective and efficient way of paying the SRD grant.[119] The banking sector was also consulted about whether it would be possible to pay grants into people's bank accounts instead of forcing grant recipients to collect cash from the Post Office and other social grant payment sites. The banking and financial sector was also a more cost-effective disbursement option[120] than using the Post Office and other social grant payment sites. The South African Reserve Bank, the Banking Association of South Africa, the Payments Association of South Africa, BankServ Africa, Visa and Mastercard were critical in these discussions.[121]

The final decision – family meeting!

On 21 April 2020, President Cyril Ramaphosa announced that all existing social grants would be topped up and a new R350 SRD grant would be introduced. In one of many announcements during 2020, which social media dubbed as #FamilyMeetings, the President chose the universal relief policy option.[122] This was followed by a Cabinet decision on 22 April 2021 to pay the SRD grant through the SASSA.

However, for some of the key policy actors in the process, there were some very unfamiliar parts of the policy. Firstly, as outlined above, research institutions found the decision to top up all existing grants 'extremely baffling'[123] as a poverty alleviation method during the pandemic. This was because the data and models that they provided indicated otherwise – as outlined earlier.

Secondly, some of the key policy actors did not know that the SRD grant would be R350; the amount that these key policy actors had suggested was between R600 and R800. However, the National Treasury was aware that the SRD grant would be R350 for six months:

> 'Then the President, kind of, intervened and he massively brought down the R350 grant...from, like R700, R800 to R350. In doing so, he changed the scope.'[124]

Thirdly, there was a lot of confusion about whether the CSG was going to be topped up per child and/or per care giver (Appendix C, Figure 2). Research institutions and other civil society organisations assumed that the SRD would be topped up by a specific amount per child. This would have been in line with the existing social grant structure where each child is eligible for the CSG in addition to, and separate from, other children in a household. These key policy actors knew that it would be difficult to

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[121] Written Input, Government Technical Advisory Centre, 21 June 2021

[122] See Appendix C, Figure 1

[123] Interview 9, Research institutions, 22 April 2021

[124] Interview 5, National Treasury, 20 April 2021

'RA20'

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IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG DIVISION, PRETORIA

CASE NO: 32799/2022

In the matter between:

TRUSTEES FOR THE TIME BEING OF THE BLACK SASH TRUST	First Applicant
and	
MINISTER OF SOCIAL DEVELOPMENT	First Respondent
MINISTER OF FINANCE	Second Respondent
SOUTH AFRICAN SOCIAL SECURITY AGENCY	Third Respondent
PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA	Fourth Respondent

REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA GAUTENG DIVISION, PRETORIA

Private Bag X67, Pretoria 0001

REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA GAUTENG DIVISION, PRETORIA

FIRST RESPONDENT'S ANSWERING AFFIDAVIT

I, the undersigned,

NKOSINATHI DLADLA

do hereby make an oath and state that:

N.V

3.4 There is however still a need to amend the regulations to allow for the implementation of the R350 SRD grant. These include:

3.5 The definition of "means" includes the income and assets of an applicant and his or her spouse.

3.5.1 This definition will be amended so that it does not apply to SRD. And new definition for "insufficient means" will be added

"insufficient means" for purposes of social relief of distress means that a person is not in receipt of income or financial support, the determination of which is provided for in the Procedure Manual;

3.5.2 The definition allows for income to be assessed at the individual level and to enable the determination to be guided by the procedure manual.

3.5.3 Financial support is added to include "money" obtained for any purposes; and thereby facilitate a relatively blunt instrument such as checking bank account details.

3.6 The forms of SRD are redefined to include a provision that will facilitate the payment of the SRD grant of R350 (SRD grant):

a South African citizen or a permanent resident or a refugee registered on the Home Affairs database or persons who are holders of special permits under the Special Angolan Dispensation, the Lesotho Exemption Permit Dispensation and the Zimbabwe Exemption Permit Dispensation or an asylum seeker whose section 22 permit or visa is valid, and who-

(i) is between the ages of 18 and 60; and

(ii) has insufficient means; and

(iii) does not unreasonably refuse to accept employment; or

'RA21'

Case study

Policy in the time of pandemic

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March 2022

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[122] See Appendix C, Figure 1

[123] Interview 9, Research institutions, 22 April 2021

[124] Interview 5, National Treasury, 20 April 2021

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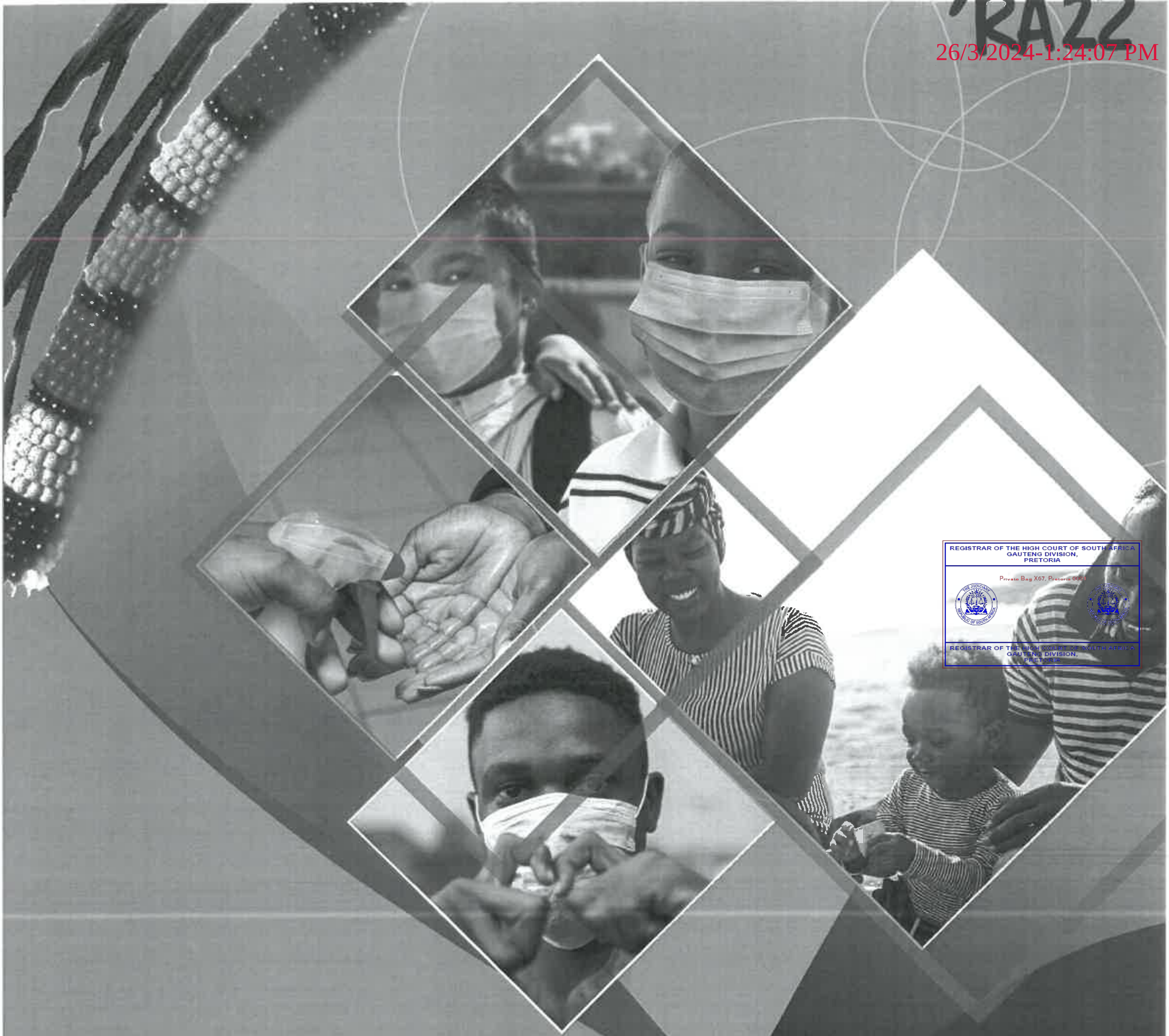

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THE RAPID ASSESSMENT OF THE IMPLEMENTATION AND UTILISATION OF THE SPECIAL COVID-19 SRD GRANT

JULY 2021

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Social Development
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4.3.1 Education level of in-depth interviews and focus groups participants

Table 6: Educational levels of respondents

Reported education level of in-depth interviews (42) and 4 focus groups with 26 participants					
Never went to school	4	Standard 4	8	Standard 8	6
First year of school	4	Standard 5	10	Grade 9	5
Standard 1	1	Standard 6	5	Standard 9	2
Standard 2	6	Standard 7	5	Grade 12 / Matric	3
Standard 3	5	Grade 7	4	Post Matric	0
Never went to school	75.01%	20.03%	75.01%	Never went to school	75.01%

4.3.2 Reasons for not applying

When asked '***Why did you not apply?***' the main reasons provided by participants in both the in-depth interviews and focus groups were:

(i) Lack of a smartphone to apply (participants referred to a smartphone as a 'touch' and in 'I needed a touch to apply')

(ii) IDs (do not have or damaged).

There was a commonly held view that only a smartphone could be used to apply. A significant number of participants own 'button phones' and there were certain that this type of cellphone could not be used to apply. A few do not own cellphones and do not know how to use a cellphone, with some only able to receive calls on the cellphone. A significant number of participants do not have IDs and the reasons given were ID was lost, ID damaged by water or fire in the shack, photo on ID no longer clear and lack of application fee for ID.

4.3.3 Goods and services listed by participants (if they received the grant)

The main items listed by participants were food, rent and providing for their children. This was expressed as: *'cook in the house, buy soap, candles, pay rent'; 'food, take care of my children, rent'; 'I go to bed hungry. Rent. It's hard right now. Landlord is demanding rent' and 'Food. The stomach is the first thing'.*

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Pew Research Center

FOR RELEASE OCTOBER 9, 2018

Internet Connectivity Seen as Having Positive Impact on Life in Sub-Saharan Africa

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GAUTENG DIVISION,
PRETORIA

But digital divides persist

BY *Laura Silver and Courtney Johnson*

FOR MEDIA OR OTHER INQUIRIES:

Laura Silver, Senior Researcher
Stefan Cornibert, Communications Manager

202.419.4517

www.pewresearch.org

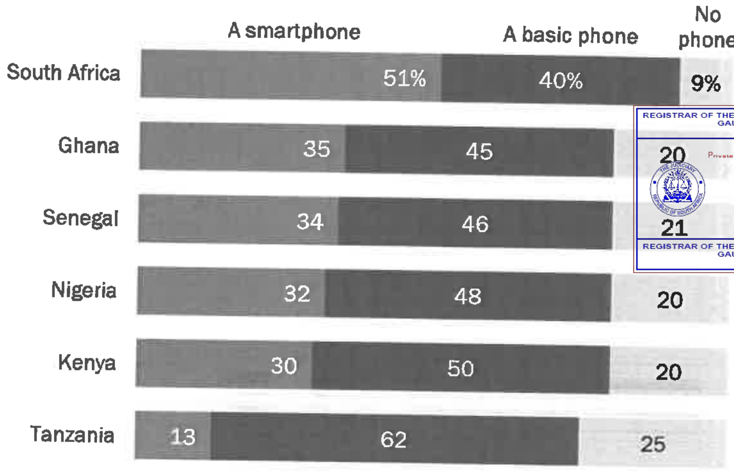
RECOMMENDED CITATION
Pew Research Center, October, 2018, "Internet Connectivity Seen as Having Positive Impact on Life in Sub-Saharan Africa"

1. Majorities in sub-Saharan Africa own mobile phones, but smartphone adoption is modest

Large majorities in all six sub-Saharan countries surveyed own mobile phones. Ownership is highest in South Africa, where about nine-in-ten adults own a mobile device, and lowest in Tanzania, where three-quarters own a phone.

Majorities across sub-Saharan Africa own a mobile phone; basic phones are most common type

Adults who report owning ...



Note: Percentages based on total sample.
Source: Spring 2017 Global Attitudes Survey. Q64 & Q65.

PEW RESEARCH CENTER

Basic phones – such as flip phones or feature phones – are generally the most common type of mobile device owned by sub-Saharan Africans. The exception is in South Africa, where 51% own a smartphone that can access the internet and apps, making it the most common device in that country. In Ghana, Senegal, Nigeria and Kenya, just about one-third of adults own smartphones. Smartphone ownership is again lowest in Tanzania (13%). For comparison, 77% of Americans reported owning a smartphone in January 2018. Worldwide, sub-Saharan Africa has the lowest rate of smartphone ownership of any geographic region.

Ownership and usage gaps are particularly pronounced for smartphones

Even as mobile phones and smartphones have become more ubiquitous across much of sub-Saharan Africa, important educational, financial and generational divides in ownership remain. Gender gaps also persist in some countries.

In all six sub-Saharan African countries surveyed, people with more education are more likely to own any type of mobile phone, including smartphones.[1] For example, in Kenya, 95% of more-educated people – meaning those with a secondary education or more – own mobile phones, compared with 74% of people with less than a secondary education.

Even larger educational gaps appear for smartphone ownership in all countries. Looking again at Kenya, 62% of more-educated Kenyans own smartphones, compared with just 18% of those with less education. Similarly, wealthier people in most countries are more likely to own mobile phones of all types – but the gap

Large educational divides in both mobile phone and smartphone ownership across sub-Saharan Africa

Adults who report owning a mobile phone or smartphone

	Own mobile phone			Own smartphone		
	Less education	More education	DIFF	Less education	More education	DIFF
	%	%		%	%	
Nigeria	59	90	**+31**	8	44	**+36**
Senegal	75	96	**+21**	27	66	**+39**
Kenya	74	95	**+21**	18	62	**+44**
Ghana	75	94	**+19**	25	66	**+41**
Tanzania	72	90	**+18**	6	47	**+41**
South Africa	88	95	**+7**	34	75	**+41**

Note: The lower education category is below secondary education and the higher category is secondary or above. Percentages based on total sample. Significant differences shown in bold.

Source: Spring 2017 Global Attitudes Survey. Q64 & Q65.

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Higher-income sub-Saharan Africans more likely to own mobile phones, particularly smartphones

Adults who report owning a mobile phone or smartphone

	Own mobile phone			Own smartphone		
	Lower income	Higher income	DIFF	Lower income	Higher income	DIFF
	%	%		%	%	
Nigeria	74	92	**+18**	24	47	**+23**
Senegal	74	88	**+14**	23	48	**+25**
Ghana	70	82	**+12**	24	38	**+14**
South Africa	87	95	**+8**	37	67	**+30**
Kenya	79	86	**+7**	24	43	**+19**
Tanzania	73	79	+6	6	18	**+12**

Note: Respondents with a household income below the approximate country median are considered lower income. Those with an income at or above the approximate country median are considered higher income. Percentages based on total sample. Significant differences shown in bold.

Source: Spring 2017 Global Attitudes Survey. Q64 & Q65.

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1 For the purpose of comparing education groups across countries, we standardize education levels based on the United Nations' International Standard Classification of Education. In sub-Saharan Africa, the lower education category is below secondary education and the higher category is secondary or above.

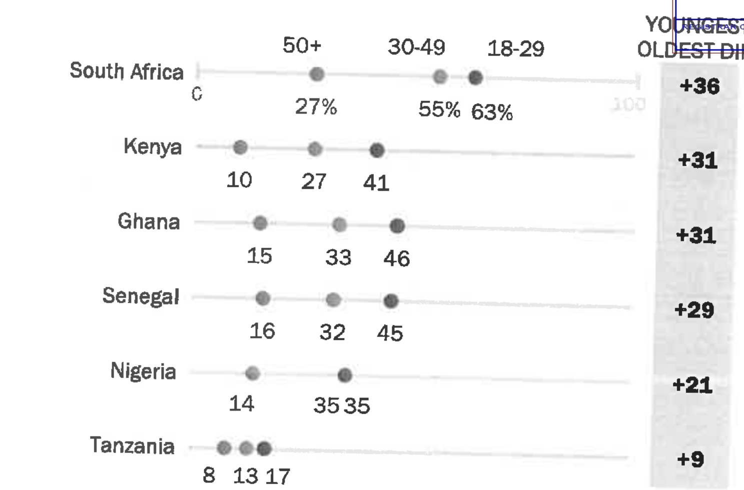
is particularly large when it comes to *smartphone* ownership.[2] People with higher incomes are much more likely than those with lower incomes to own smartphones. The gap between richer and poorer is highest in South Africa, where 67% of higher-income people own a smartphone, compared with just 37% of lower-income people.

In four of the six countries, adults ages 50 and older are just as likely to own mobile phones as adults younger than 30. The two exceptions are Ghana and South Africa, where older people (71% and 85%, respectively) are less likely than younger people (83% and 93%) to own mobile phones.

But while mobile phone ownership is generally distributed evenly across age groups, the same is not true of smartphone ownership. In all six countries, people ages 18 to 29 are more likely to own smartphones than people ages 50 and older. These differences are often quite substantial; for example, in Kenya, about four-in-ten of those under 30 (41%) have these internet-enabled devices, compared with just 10% of people ages 50 and older.

Smartphone ownership more common among younger sub-Saharan Africans

Adults who report owning a smartphone



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In four of the six sub-Saharan African countries surveyed – Ghana, Nigeria, Senegal and Tanzania – men are at least 11 percentage points more likely to own a mobile device. Similar gender divides in smartphone ownership exist in Ghana, Kenya, Nigeria and Tanzania, with men again being more likely to own smart devices. Among countries with significant gender differences, the gaps in smartphone ownership range from 6 points in Tanzania to 15 points in

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'RA24'

2024/25 ANNUAL SUBMISSION FOR THE DIVISION OF REVENUE

FINANCIAL AND FISCAL COMMISSION

PC

MJ

- Safeguarding that the SOEs' quarterly and annual reports include sections analysing their performance during the corresponding period.

6. Establishment of a centralised holding company

There is theoretical and empirical evidence that a centralised holding company, that monitors or controls SOEs, improves its performance and reduces fiscal risk. Holdings with corporate structures may not automatically produce better results than a well-staffed centralised unit within National Treasury. However, a centralised holding company is critical to reducing monitoring costs. National Treasury should establish a centralised holding company that will operate with tight ex-ante controls regarding debt and capital expenditure plans to minimise the fiscal risk inherent in the operation of SOEs.

REGARDING THE BASIC INCOME GRANT

7. Recalculate the COVID SRD

The Minister of Social Development and the Minister of Finance should reconsider recalculating the COVID social relief of distress grant amount with a well-informed determination formula. The Commission notes the static and arbitrary amount value of R350 attached to the social relief of distress grant. The Commission encourages a recalculation of the amount that takes into consideration the cost-of-living crisis and unemployment. Moreover, a permanent basic income support structure is needed when considerations are made about the value of the income support.

8. Account for recorded public underspending

The Minister of Social Development and the South African Social Security Agency should account to the public for underspending recorded in the adjustment's appropriation bill and the second adjustments appropriation bill amounting to R1.8 billion and R3.7 billion, respectively. The results suggest that a growing number of South Africans are jobless and need income support. However, the reduced intake for the social relief of distress grant points to the misadministration of the budget allocated to the Department of Social Development. The grant is not merely an exercise of convenience but an essential lifeline. The Commission notes that difficulties are associated with eligibility requirements but urges a level of reliability in the administration of grants. The underutilised allocation could have also serviced other spending pressures in the budget.

9. Develop a correspondent policy tool

The Minister of Social Development should develop a policy tool that interlinks with access to complementary social and economic opportunities with opportunities such as the expanded public works programme (EPWP). The Commission envisages policy tools that can link social grant recipients to employment, training and education opportunities. The tools would enable coordination between state initiatives aimed at improving the behaviour and economic status of beneficiaries. The Minister should use the grant beneficiary demographic data at its disposal to track the success of the social grant network system. Data inefficiencies in the current administration make the proper monitoring and evaluation of the grant system burdensome and difficult. The Commission urges proper record-keeping and information dispensation at the Department of Social Development, as accurate reports are the only way to dismantle obstacles in the system and identify threats.

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Annual Report 2022/23

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3.2 Programme 2: Benefits Administration and Support

3.2.1 Purpose

The Benefits Administration and Support Programme provides a grant administration service and ensures that operations within SASSA are integrated. The programme manages the full function of grant administration from application to approval, as well as beneficiary maintenance.

The programme is responsible for the core business of SASSA and ensures implementation of the full value chain of grants administration. The functions relating to this programme cut across all levels within the Agency, including day-to-day interface with clients.

The continued need for this programme should be seen against the persistently high levels of unemployment, poverty, and inequality in the country.

3.2.2 Description

The programme aims to ensure that the Social Assistance Programme is administered in the most effective and efficient manner. The programme consists of the following processes:

- **Application Management:** Screening and attesting of each applicant; enrolment of the applicant on the system; capturing and verification of the application on the system; and quality assurance. This is done to ensure that only qualifying citizens benefit from the programme.
- **Payment Management:** Processing of payments, payments to beneficiaries, and reconciliation of payments. The in-house unit's responsibility is primarily the management of the Service Level Agreement (SLA) between SASSA and SAPO. It also manages the relationships between SASSA, the banks, and retailers, which all form an integral part of the social grant distribution network. The function is also responsible for the designation of the pay point infrastructure.
- **Beneficiary Maintenance Management:** Responsible for life certification as well as maintenance of beneficiary data, including grant reviews. The primary purpose of this unit is to ensure the integrity of data within the SASSA environment through the management of identified exceptions, as well as to ensure beneficiaries' continued eligibility once grants are in payment.
- **Policy Implementation Support:** Includes continuous development and improvement of systems and procedures, training and management of business systems that support the grant administration process.
- **Customer Care:** Responsible for promoting a customer-centric service offering to clients. It also ensures the deployment of interventions to ensure that clients can access services, especially in the most remote areas of the country, and ensures the provision of information to all SASSA's stakeholders. A primary driver of all SASSA's interventions is to promote an improved customer experience.

3.2.3 Outcomes Relevant to Programme 2: Benefits Administration and Support

- Reduced levels of poverty;
- Improved customer experience; and
- Improved organisational efficiencies.

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3.2.4 Key Achievements

The Benefits Administration and Support programme had 17 planned targets for this financial year of which 13 (76%) were achieved.

SASSA planned to increase social grant uptake by 1,2 million for the period under review. In total, 1 688 045 applications were approved, representing an overachievement of 488 045. The main objective was to provide social assistance to qualifying/eligible South Africans.

The number of social grants in payment, including grant-in-aid, increased from 18 677 339 at the end of March 2022 to 18 829 716 at the end of March 2023 which represents an increase of about 0.82%.

Whilst dealing with the exclusion errors in children below the age of 1 year, the number of eligible children below the age of 1 accessing children's grants was 509 429 against the eligible population of 776 715; this represents 66% of the eligible population against a 65% target.

SASSA has played a vital role in assisting individuals, households and communities affected by disasters. The assistance is rolled out through the SRD programme. During the 2022/23 financial year, 4 321 disasters were reported, and 4 280 were responded to within the stipulated time frame of 48 hours. The role of SASSA in these disasters remains indispensable.

In the period under review, SASSA prioritised the implementation of a Queue Management System (QMS) at 18 designated local offices across the nine regions with an aim to measure time spent by beneficiaries in SASSA offices. QMS was implemented in 23 local offices.

An average of 99.99% of social grant payments were successfully processed every month and paid into the correct beneficiary accounts.

Social grant payments were monitored every month across all payment platforms. The results depict a reduction in beneficiaries paid through SAPO/Postbank and an increase in beneficiaries paid through commercial banks.

As a contribution towards improving the conditions under which SASSA serves its beneficiaries, the number of open cash pay points were reduced from 652 in the beginning of the financial year to 341 at the end of March 2023, this represents a 52% reduction.

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IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG DIVISION, PRETORIA

CASE NO: 32799/2022

In the matter between:

TRUSTEES FOR THE TIME BEING OF THE BLACK SASH TRUST	**First Applicant**
and	
MINISTER OF SOCIAL DEVELOPMENT	**First Respondent**
MINISTER OF FINANCE	**Second Respondent**
SOUTH AFRICAN SOCIAL SECURITY AGENCY	**Third Respondent**
PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA	**Fourth Respondent**

FIRST RESPONDENT'S ANSWERING AFFIDAVIT

I, the undersigned,

NKOSINATHI DLADLA

do hereby make an oath and state that:

N.V

ANNEXURE "NJS" 26/3/2024 1:24:07 PM

PUBLIC COMMENTS DOCUMENT ON SOCIAL RELIEF OF DISTRESS REGULATIONS- WORKING DOCUMENT (16.03.2022)

REGULATION	PUBLIC COMMENT	DEPARTMENT RESPONSE
SCHEDULE 1. In these regulations "the Regulations" means the regulations published by Government Notice No. R. 898 of in GG 31356 of 22 August 2008, as amended by Government Notice No. R.67 in GG 31824 of 28 January 2009, Government Notice No. R.208 in GG 31955 of 26 February 2009, Government Notice No. R.591 in GG 32254 of 29 May 2009, Government Notice No. R. 1252 in GG 32853 of 31 December 2009, Government Notice No. R. 193 in GG 32917 of 12 March 2010, Government Notice No. R. 232 in GG 34120 of 15 March 2011, Government Notice No. R. 286 in GG 34169 of 31 March 2011, Government Notice No. R 566 in GG 34529 of 15 August 2011, Government Notice No. R 746 in GG 34618 of 19 September 2011, Government Notice No. R 269 in GG 35205 of 30 March	**BASA** Regulations were published in August 2008 and thereafter on a number of occasions by means of publication of the amendment only and not reflecting the complete/consolidated version of the Regulations as amended. This complicates the review of proposed amendments since the 2008 version of the Regulations are outdated and cannot be used as an accurate source document. 2. We cannot find evidence of promulgation of the amendments proposed in January 2021 and circulated for comment. Therefore, the wording as contained in the document, in so far as it relates to Government Notice No. R 39 in GG 44099 of 25 January 2021 cannot be used in assessment. 3. The review is therefore limited to what is contained in Notice 1771 of GG 45947 (22 Feb 2022) and we strongly advise that a more thorough review must be done against an updated version of the Regulations which reflect all promulgated amendments applicable thereto.	Comments are noted, and this challenge normally occurs when legislation is amended over time. The regulations in the forthcoming publication will consolidate all previous amendments. The reference to the publication on January 2021 is an error, and will be corrected.

	It is also extremely unclear as to how this clause will be monitored and enforced; will it be through public reporting, through the gathering and surveillance of applicants' personal information by SASSA or another agency, or will SASSA be responsible for offering work or educational opportunities to SRD applicants? We do not support the inclusion of this clause in its current formulation unless the significant risks to applicant/recipient welfare, as well as administrative issues are adequately mitigated and addressed, including through a clear and considered definition of "reasonable" in this context.	
(c) awaiting payment of an approved social grant.	**INSTITUTE FOR ECONOMIC JUSTICE** 9. (1) (c) states that a person qualifies for social relief of distress if they are awaiting payment of an approved social grant. Furthermore 9. (3) states that "Where a person has received both social relief of distress and a social grant for the same period, the value paid for social relief of distress must, subject to the provisions of sub-regulation(5), be recovered from any social grant payment, including an arrear payment." More clarity is needed in the Regulations and the final Procedure Manual around the circumstances under which SRD payments may be recovered from a recipient. In particular; Recovery of monies paid must not have a direct impact on the recipient receiving their full level of monthly entitlements from their approved grant; i.e. the approved grant must be effectively back-paid to the date of initial application, in order to recover the SRD payments without impacting the recipients' ongoing income. This should be made clear in the regulations and Procedure Manual.	Comment is noted and both regulations and procedure manual provide clarity on recovery of monies. This is a long standing provision.

INSTITUTE FOR ECONOMIC JUSTICE RESEARCH POLICY ADVOCACY

PRESS STATEMENT

THE R350 SRD GRANT CRISIS IS FAR FROM RESOLVED

21 July 2022

In an apparent response to civil society court action against unfair aspects of the SRD grant regulations, the Department of Social Development has issued proposed amendments which aim to address the precipitous drop in SRD grant approvals, in particular by raising the means test threshold. This is a welcome step forward, but regrettably, the changes do not address key injustices in the administration of the grant, which will continue to exclude millions of people, if not corrected. Cumulatively, between April and June, over 27 million fewer payments were made than would have been the case if the previous level of payment had been maintained. This is a national crisis. The proposed amendments fall far short of resolving the crisis of non-delivery of the SRD Grant to its rightful beneficiaries.

Whilst the immediate problems must be fixed, the crisis underscores the need for a universal basic income grant following the expiry of the SRD grant, which would eliminate the risk of these administrative issues.

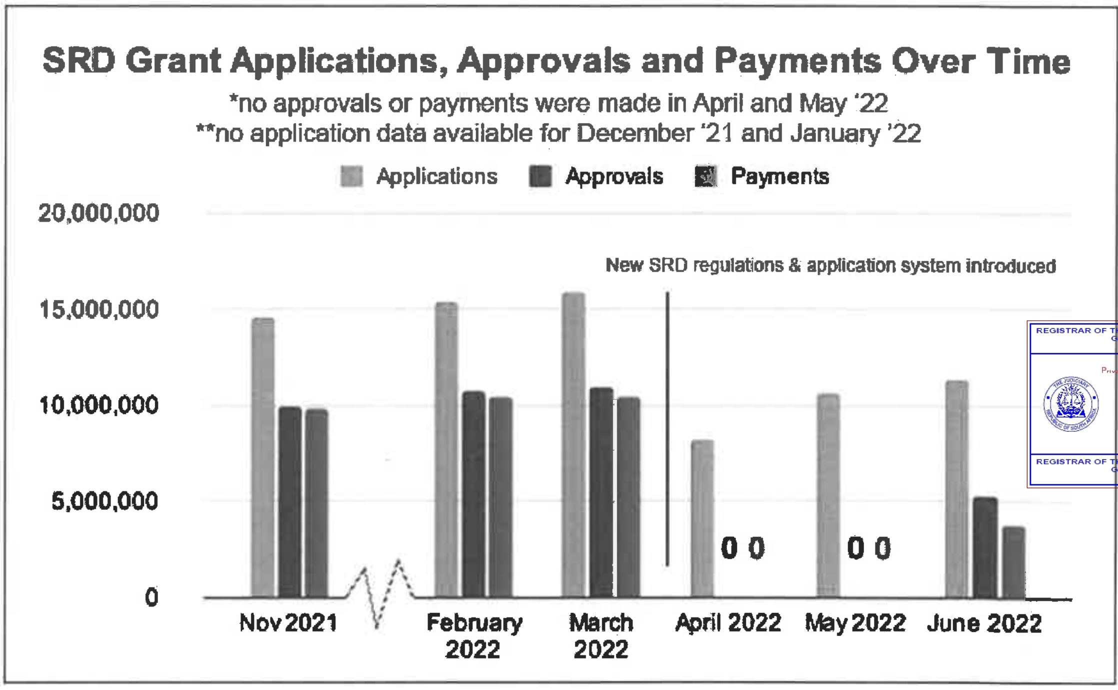
The current crisis of non-delivery includes:

1. **Failure to pay April and May grants**: Following the transition of the grant to a new administrative system, the government failed to process any applications in April or May. These are now only being dealt with in July and August respectively. While April and May payments are still to be disbursed, this is of little consolation to the 10.9 million previous beneficiaries who had been relying on that income to feed their families in April and in May.
2. **Collapse in beneficiary numbers**: When the administration of the grant was resumed in June, we witnessed a dramatic collapse in beneficiary numbers, due to direct and indirect mechanisms of exclusion imposed by the government agencies. At least 7 million beneficiaries who received grants in March did not benefit in June (given that only 3.7 million were paid). This comes at a massive cost—to households experiencing extreme hunger, to children facing long-term developmental and psychological damage, and to social stresses that communities around the country are facing.

This collapse in delivery of the grant since March is shown in the graph below, and the attached appendix. (Note that because April and May applications have not been processed, we compare approval and payment rates in the months of March and June). The numbers highlight:

- Taking March as the baseline, over the three months from April to June, cumulatively over 27 million fewer payments were made than would have been the case if the previous level of payment had been maintained.
- Around 4 million fewer people applied for the grant in June compared to March (11.36 million vs around 15.5 million);
- While 70% of applications made in March were approved (10.9 million), only 50% of applications made in June were approved (5.27 million). In other words, the approval rate dropped by 20 percentage points, and the absolute number by half.

- Only 66% of *approved* June applicants (3.72 million) actually received their payments in June, with the backlog spilling into July. This is in contravention of the government's own undertakings to pay within the month of application.



This is nothing short of an implosion in SRD grant delivery. This goes well beyond 'teething problems', and reflects systemic issues that need to be addressed if this dire situation is to be corrected. The draft regulations recently published by government respond in part to this, but don't go far enough to resolve the crisis that is denying millions of destitute people access to income.

The key problems that the proposed revised regulations don't address include:

- **Irrational budget cap**: At the root of attempts to suppress the number of beneficiaries is the imposition of an arbitrary and irrational budget cap—set by National Treasury—that only assigns sufficient funds for 10.5 million beneficiaries, a figure with no evidential basis[1]. The government's own figures show that 18.3 million people have a monthly income below R624. The budget needs to be revised to accommodate all rightful beneficiaries.
- **A means test set at an unreasonably low threshold:** The ridiculously low means test of R350 (a means test excludes those who have any monthly income above the stipulated level) has excluded large numbers of poor people. The proposed revised means test of R624, while an improvement, is still far too low. At the very least anybody living in poverty—i.e. with a monthly income below the Upper Bound Poverty Line (currently at R1335)—should qualify for the grant.
- **Bank verification:** The system of bank verification privatises the process of approvals, introduces another layer of bureaucracy (and cost) into the system, and discriminates against those who don't have bank accounts. Income tests on bank accounts cast the net extremely wide in aiming

[1] Numbers of approvals had already exceeded the 10.5 million ceiling in March, despite large exclusion errors due to the inaccurate UIF and SARs databases previously exclusively used to verify applicants. Research conducted by SALDRU for government suggests that if these databases had been up to date, the number of approvals would have been several million greater.

INSTITUTE FOR ECONOMIC JUSTICE RESEARCH POLICY ADVOCACY

to exclude anyone who has any source of support, with the perverse consequence that poor people desperately needing assistance, are deemed to be above the income threshold because for example they have held money in their account for a relative, have been paid maintenance support for their child, or been given a small amount of money by a relative to assist them.

- **Databases:** Despite the April regulations requiring the government to give precedence to bank account checks over other methods of verifying applicants' eligibility such as government databases, it appears that faulty UIF and SARS databases continue to be used to exclude people. These databases need to be accurate and up to date before they can be used to check applications. This is particularly urgent now that the new draft regulations propose once again to give these faulty databases the same status as bank verification in vetting applications.
- **'Self-exclusion':** Reports suggest that around 2 million (nearly 18%) of applications in June were denied on the basis of "self-exclusionary" answers given to questions on the newly introduced application form. Much of this stems from the fact that the application form is confusing, and asks unjustified and leading questions. The application form is only available in English. Applicants are asked to provide ID details of their partners and parents for no justifiable reason. It is not sufficiently clear which questions are optional and which are compulsory. The application form also asks confusing questions about peoples' past employment and methods of survival which cannot provide a basis for a decision about their eligibility.
- **Electronic systems:** Since April, applications for the grant can only be made online. This discriminates against those who don't have access to devices or connectivity, or lack digital literacy. This is exclusionary and needs to be corrected.
- **Demoralisation of beneficiaries**: an astoundingly high number of previous applicants- at least 4 million, *failed to apply* in June. Information supplied to IEJ suggests that application numbers (while expected to have recovered somewhat) remain suppressed in July, compared to March. Reports from organisations working with grant beneficiaries indicate that people are frustrated, demoralised, and angered by the many barriers they are facing, and many are simply giving up applying, despite their dire circumstances.
- **Poor communication:** The decline in the number of applicants has also undoubtedly been exacerbated by a confusing application process, and DSD and SASSA's failure to clearly and timeously communicate processes and requirements. It is incumbent on government service providers to explain people's rights to them, and ensure that application processes are as streamlined as possible.

We will shortly be submitting comments on the draft amendments to the regulations (as will our civil society coalition partners), to raise these and other concerns. Further, depending on government's response, IEJ will continue to consider pursuing legal action on the identified issues, as it cannot be accepted that millions of poor people are excluded and discriminated against by the very system that is supposed to be assisting them.

Fixing the SRD grant delivery challenges is only a short-term solution. The international evidence shows that means-testing *always* produces perverse and unfair outcomes. By March 2023, it is essential that we have a clear pathway to implementing a universal basic income system. We continue to seek a follow-up meeting with the President on this matter, as was his commitment when we met him in January 2022. This is now urgent, as budgets and policy interventions need to take into account the MTBPS in October 2022, the 2023 Budget, and the policy and legal interventions required beyond March 2023.

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Appendix: SRD grant applications, approvals and payments Nov 2021- June 2022

	APPLICATIONS	APPROVALS	PAID
10 Nov 2021 Report	14 527 226	9 898 486	9 840 199
December 2021	Not available	10 448 885	10 363 810
January 2022	Not available	10 564 418	10 436 969
15 Feb 2022 Report	15 329 512	10 681 457	10 387 108
March 2022	15, 86 million*	10 901 236	10 381 098
April 2022	8 148 777	0 by end June	0 by end June
May 2022	10 615 570	0 by end June	0 by end June
30 June 2022 Report	11 369 797	5 278 563	3 729 525
Difference March-June	-4 490 203	- 5 622 673	-6 651 573

The data in this table has been compiled by IEJ from various reports produced by SASSA.

** The March 2022 Applications figure is a rounded-off number provided directly to IEJ by SASSA*

November 2021 report here.

February 2022 report here.

June 2022 report here.

[ENDS]

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Amendments to SRD Regulations do not respond to the plight of people living in poverty.

Statement by Universal Basic Income Coalition

4 April 2023

The Department of Social Development (DSD) has once again, with the concurrence of National Treasury, had to amend the COVID-19 Social Relief of Distress (SRD) Grant Regulations to accommodate its extension. The only amendment made is that the grant payments expiry date has changed from the end of the financial year of March 2023 to March 2024. In failing to amend the grant amount, the means test, and mechanisms for application and verification of income, government has once again failed to take the opportunity to address many of the challenges which have plagued access to, and implementation of the SRD (R350 grant) since its inception, but particularly since new Regulations were introduced in April 2022.

Civil society and like-minded organisations have consistently asked government to ensure that all adults who live in poverty receive the grant, which will allow beneficiaries to meet their basic needs and safeguard them against hunger. People should be able to access the grant without struggling with onerous criteria that are exclusionary by default. Civil Society Groups including: The Alternative Information and Development Centre, Black Sash, the Children's Institute at UCT, COSATU, Institute for Economic Justice, #PayTheGrants, Social Policy Initiative, Women on Farms and Youth Lab have formed a Universal Basic Income Coalition to support the call for a basic income grant.

The Coalition has been calling for the monthly SRD grant amount to increase from R350 to at least the monthly Food Poverty Line of R663 (in 2022 Rands) and to turn the SRD Grant into a permanent Universal Basic Income Grant for people between the ages of 18 to 59, progressively improving to the value of the Upper Bound Poverty Line of R1417 in 2022.

A coalition member's <u>submission</u> to DSD called for an increase in the pitiful amount of R350, and highlighted how the grant regulations are exclusionary and make the grant inaccessible for the most impoverished and vulnerable people in society. The exclusionary measures relate to:

- the fact that the online platform is only available in English, creating a barrier for those without internet access and non-English speakers;
- limitations on beneficiary numbers by imposing a low-income threshold of R624 (this was aligned with the 2021 food poverty line but is no longer aligned with any measure of poverty);
- the inclusion of a questionnaire requiring unnecessarily invasive questions and the use of an unacceptably broad definition of 'income';
- reliance on flawed government databases to verify eligibility;
- the use of bank verification processes that create large errors of exclusion;
- a tedious and unfair review and appeals process; and
- no provision for the extension of the grant beyond April 2024.

PC
GA

At its height (in March 2022), 10.9 million people relied on the SRD grant to survive, but the number of beneficiaries who receive the grant are now substantially lower because of the restrictive measures imposed by the provisions to ensure that the number of beneficiaries who qualify are limited to an arbitrary budget cap imposed by Treasury. On 15 February 2023, Minister of Social Development, Lindiwe Zulu revealed that as of the end of January SASSA received over 13,5 million applications for the Covid-19 SRD. Yet, despite this need, only 7,48 million people were approved in January- i.e. 3.5 million fewer people were approved to receive the grant in Jan 2023 than March 2022, please refer to table in Appendix A. This indicates a massive rate of exclusion.

The scale of the unemployment crisis is such that there is no prospect of the majority of the unemployed finding work in the short term, underlining the critical need for social security interventions to be expanded: In quarter four 2022, Stats SA recorded that 11.8 million people were unemployed, with the vast majority of them being long term unemployed. Even if we only consider those who are unemployed according to the narrow definition (excluding discouraged work seekers) 78.3% of them are long term unemployed.

Poverty, inequality, and unemployment are the most profound crises confronting democratic South Africa. A comprehensive response to our socio-economic crisis should include effectively implementing job creation programmes, supportive economic and industrial policies that stimulate job creation, and providing quality basic services in conjunction with permanent basic income support.

With such high levels of unemployment and poverty in South Africa, the SRD Grant is not only a lifeline, but has also been shown to promote job seeking, job creation and economic activity. There are, for example, success stories of the youth using the SRD grant to start up their own small businesses. However, many beneficiaries do not have the option of saving up their grant to start their own businesses as they must use the whole SRD grant for daily necessities such as food and electricity. The SRD grant is vital for addressing poverty, hunger and unemployment in South Africa. Discontinuing it will leave millions of people hungry and destitute, as will failure to address the large exclusion errors.

Government has mentioned budget constraints in funding the SRD Grant and National Treasury has suggested that it is unaffordable. However, government reported a R94 billion revenue overrun in the recent Budget. Rather than addressing South Africa's hunger crisis, Treasury is choosing to prioritise reducing the country's debt more aggressively than is necessary. In the latest amendments to the SRD Regulations, Treasury has added a clause specifying that payments are limited to the budget appropriation for this year, thus ignoring the concerns raised by civil society, that the budget allocation is far too low to even reach the group of people living below the food poverty line, as indicated by government's own statistics.

It is now clear that none of the issues civil society has repeatedly raised will be addressed unless we use alternative means to compel government to address them. Members of the Coalition have repeatedly submitted detailed comments and reasonable proposals for improving the regulations at every step.

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Unfortunately, these comments and proposals have been wholly ignored. The Coalition will look at a range of methods to pressurise government to address these legitimate concerns.

Finally, at least one member of the Coalition has now reached the point where it feels that it may have no option but to pursue legal action, and others might consider joining. Litigation may be the last resort, but it is critical that issues of unfair exclusion affecting millions of SRD applicants are addressed urgently. Therefore, litigation may be one of a range of options that may be considered going forward.

[ENDS]

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Media can contact Black Sash for DSD submissions.

This statement is supported by: The Alternative Information and Development Centre, Black Sash, the Children's Institute at UCT, COSATU, Institute for Economic Justice, #PayTheGrants, Social Policy Initiative, Women on Farms and Youth Lab.

'RA29'

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AMANDLA.MOBI action for mzansi

English

DONATE

Results of R350 survey show SASSA must act

On 1 October 2021, we launched a survey to gather the necessary evidence to expose the main problems and show SASSA that they must act.

Some of our key findings from our R350 grant survey:

- ***More than half of those who applied for the R350 grant were unsuccessful. The majority had their application rejected or could not send their application due to technical issues with SASSA's system.***
- ***24% of people said no one answered when they called the SASSA number.***
- ***Nearly 40% of people said they had to find or borrow money for airtime or data just to apply.***
- ***44% of unemployed caregivers said SASSA rejected their application due to UIF.***
- ***Many people who are unemployed have had their R350 applications unfairly rejected.***

One unemployed caregiver who applied for the R350 grant claimed that:

*"[SASSA] said I've received UIF, but I've never worked in my life and have no SARS number or UIF."**

When asked what was their message to the SASSA CEO and Minister of Social Development, one applicant said:

'RA30'

OPEN LETTER

Over 100 experts and organisations call on the President and Minister of Finance to halt all planned budget cuts

As leading South African economists, researchers and civil society representatives we write this letter to state our opposition to National Treasury's attempts to force government entities and departments to significantly cut spending. National Treasury's instruction to government entities to immediately institute severe budget cuts is misguided, dangerous to our economy and well-being, and not supported by robust evidence.

The Minister of Finance and National Treasury officials have cited expected revenue shortfalls and budget overruns as grounds for this drastic action. This is being wrongly characterised as an imminent 'fiscal crisis'. National Treasury has also failed to acknowledge its own role in precipitating the budget mismatch. A sense of panic is being created in order to force through these rushed, chaotic and indiscriminate cuts in the Medium-Term Budget Policy Statement in November 2023.

If implemented, these cuts will slow economic growth, undermine service delivery, and curtail social protection thus exacerbating unemployment, hunger, and social instability, leading to a retrogression in the realisation of the socio-economic rights contained in our Constitution. This strategy is self-defeating as economic contraction resulting from such cuts would make debt repayment more difficult. Rather, the fiscus must be leveraged to set South Africa on a new economic path.

We call on the President and Minister of Finance to halt all budget cuts. The existing budget mismatches can be readily resolved through other measures. Instead, we urge the government to undertake a thorough, transparent and evidence-based budget review process over the next 12 months.

We note the following important context:

1. The revenue shortfall is not abnormally large. The shortfall is widely projected to be R53 billion.[1] This is of a similar magnitude to shortfalls in previous years, for example, of R61, R58, and R70 billion respectively in 2017/18, 2018/19 and 2019/20, and significantly below the revenue windfalls of R241 and R123 billion in the last two years.[2]

[1] Based on updated data from the first five months of the year both the Institute for Economic and Bureau for Economic Research (Stellenbosch University) project the revenue shortfall at R53 billion.
[2] These figures are in real terms, drawn from National Treasury Budget Reviews, and compiled by the Institute for Economic Justice in their policy brief - Is South Africa Facing a 'Fiscal Crisis'.

PK

2. In addition to a revenue shortfall there is also an expenditure overrun. The expenditure overrun is predominantly due to the National Treasury failing to budget adequately for foreseeable expenditure and Departments should not be punished for this. The largest share of this is R37.5 billion from the predictable public sector wage bill increase. The overspend is also comparable to other years, although the revenue shortfall and expenditure overspend compound one another.

3. South Africa's debt is not unusually high although it is comparatively expensive. South Africa's debt-to-GDP ratio is 71.4% in 2022/23, compared with the emerging market and middle-income country average of 69%. However, on average upper-middle income countries in 2022 paid 2% of GDP in interest payments, compared with South Africa's 5%.[3]

4. Rushed, across-the-board, expenditure cuts will not lead to greater efficiency, or the improvement of poor-performing programmes. Rather, cuts will result in staff shortages across the public service, programmes seen as 'easy to close' irrespective of need or performance will face the chop, and programmes supporting patronage networks and corruption are likely to be jealously guarded.

5. Expenditure cuts are widely known to have negative social and economic outcomes. Recent research shows that fiscal contraction larger than 1.5% of GDP generates a negative effect of more than 3% on GDP even after 15 years. The drop in GDP reaches 5.5% for fiscal contractions larger than 3%.[4] Recent research by the IMF also highlights that, "[o]n average, fiscal consolidations do not reduce debt-to-GDP ratios".[5] Cutting spending will hamstring desperately needed economic growth, making it harder to service debt in the future.

6. South Africa faces multiple well-known social and economic crises, including low growth, poverty, inequality, hunger, unemployment, and crime. The immediate budget mismatches constituting National Treasury's 'fiscal crisis' should not obscure these dire pre-existing crises. Ill-conceived cuts would exacerbate these crises.

7. The only solution to secure the sustainability of public finances and address our social and economic crises is state-supported, inclusive, and sustainable economic expansion.

With this in mind we call on the President and Minister of Finance to undertake the following:[6]

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[3] United Nations Conference on Trade and Development (UNCTAD). 2023. A World of Debt. (Accessed on: 28 September 2023).
[4] Klein Martins. Guilherme. 2022. "Long-run effects of austerity". University of Massachusetts Amherst. Economics Department Working Paper Series. 342. DOI: 10.7275/h7q7-w307 (Accessed on: 28 September 2023).
[5] International Monetary Fund. 2023. World Economic Outlook. (Accessed on: 28 September 2023).
[6] For quantification of these proposals see Institute for Economic Justice. 2023. "Is South Africa Facing a 'Fiscal Crisis'?"

1. **Immediately** close the budget mismatch by drawing on reserves and increasing shorter-term, less expensive borrowing. This includes drawing on the R459 billion owed to the South African government in the SARB's Gold and Foreign Exchange Contingency Reserve Account. Even if the entire mismatch were closed through borrowing it would only increase debt levels by 1-2 percentage points and keep them well below recent estimates.

2. **In the next budget cycle** raise additional revenue. In doing so, take account of:
   - The Budget allocates R305 billion in income support to the highest earning 30%. Eliminating or reducing tax breaks for those earning above R750,000 per year could raise up to R83 billion.
   - The reduction of the corporate income tax rate from 28% to 27% has cost R11 - R13 billion a year.
   - Ineffective corporate tax subsidies remain in place, for example, the Employment Tax Incentive.
   - Raising VAT would make the tax mix more regressive; it has previously failed to raise the sums needed; and disproportionately burdens the poor and low-income earners.

3. **Reduce the cost of borrowing** by moving to shorter-term loans which are cheaper, and renegotiate the terms of particular debt. Explore other ways to reduce the cost of borrowing further, for example, via interest rate management and prescribed assets.

4. **Institute a transparent, consultative, and evidence-based expenditure review process.** This may result in expenditure cuts in particular areas and spending increases in others. It should include proposals to 'restructure the state' as suggested by National Treasury.

5. **In the medium term explore implementing a wealth tax**. Such taxes have been used in other countries in times of economic crisis and if the Treasury really believes this is a crisis then this is an opportune time;

With appropriate political will, the current budget mismatches are relatively straightforward to resolve. At the same time, we recognise that further pressures are on the horizon. The current impasse therefore provides an opportunity for fundamental reform of South Africa's fiscal framework. This needs to prioritise the role and potential of the budget in advancing developmental priorities. The budget's emphasis needs to be on service delivery, economic growth, employment creation, social protection, and structural transformation.

The rushing through of ill-considered budget cuts will undermine well-being, as well as South Africa's ability to thrive in the future, and must be halted.

Yours Sincerely,

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2. **Pietermaritzburg Economic Justice & Dignity Group**
3. **Ilifa Labantwana**
4. **Equal Education**
5. **RightfulShare**
6. **Equal Education Law Centre**
7. **Budget Justice Coalition**
8. **Socio-Economic Rights Institute**
9. **SECTION27**
10. **Alternative Information and Development Centre**
11. **Social Policy Initiative**
12. **Black Sash**
13. **Oxfam South Africa**
14. **350.org**
15. **#PayTheGrants**
16. **National Education, Health and Allied Workers Union (NEHAWU)**
17. **Open Secrets**
18. **Waterberg Women Advocacy Organisation**
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20. Legal Resource Centre
21. Youth Capital
22. National Labour and Economic Development Institute (NALEDI)
23. Equality Collective
24. Institute for Economic Research on Innovation

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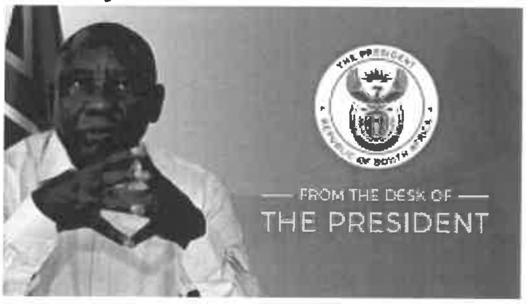
Social protection system stimulates economic growth

Monday, March 27, 2023



President Cyril Ramaphosa says expanding the social protection system is one of the critical tools government has implemented to ensure that some of the needs of the most underprivileged South Africans are addressed while also stimulating economic growth.

The President said this when he addressed the nation through his weekly newsletter.

He emphasised that contrary to what some may believe, expanding the social wage is "not simply an indication that more people need grants today than before".

"The Social Relief of Distress Grant [SRD Grant] that was introduced in 2020 in response to the Coronavirus pandemic has reached more than 11 million people at its peak, and has lifted millions of people out of food poverty. According to research, approximately 50 percent of the purchases made by SRD grant recipients are groceries.

"Social grants also act as a stimulus for the economy as a whole, increase spending in townships and rural areas, and improve employment outcomes. An interview-based study by the University of Johannesburg of informal traders...found that the SRD Grant stimulated customer spending, provided capital to purchase stock, and enabled the new businesses to be initiated," he said.

President Ramaphosa insisted that in a similar vein, the Presidential Employment Stimulus Initiative (PESI) has also provided a platform for participants to gain a foothold in the labour market.

"[Many] participants in the...PESI have gone on to find work after they have completed the programme. The school assistants programme has provided opportunities for 750 000 young people to date in over 22000 schools, reaching every corner of the country.

"Over 72 percent of participants in the PESI said that having gained their first work experience, the programme helped them to gain a foothold in the labour market thereafter. In all of these ways, South Africa's world-renowned social protection system provides important benefits for many in our society, not only those who receive social grants," he said.

The President said the social protection system also provides benefits to those who are not receiving grants.

"It supports economic growth from the bottom up, enables business activity, and strengthens social solidarity and stability. It is one of the greatest achievements of our democratic society, and one that we should all be proud of," he said.

President Ramaphosa reaffirmed government's commitment to addressing inequality through means that show real benefits.

"The SRD alone represents a significant step in our commitment to provide a minimum level of support below which no South African should fall. [We] are working on options to provide basic income support for the unemployed, within our fiscal constraints, beyond the expiry of the SRD Grant in April next year. [We] are working on options to provide basic income support for the unemployed, within our fiscal constraints, beyond the expiry of the SRD Grant in April next year.

"If the focus of our struggle for liberation was to end apartheid and achieve political freedom, the focus of our efforts now must be to address inequality and ensure that every South African enjoys the fruits of democracy," the President said.

Honing in further on inequality, President Ramaphosa highlighted that government is making steady progress in addressing the challenge while also implementing reform.

"It is now well recognised that inequality constrains growth, and that growth which takes place in unequal societies tends to reproduce those patterns of inequality.

"This is why our economic policy is guided by the need on the one hand to implement structural reforms to stimulate growth and enhance our economic competitiveness, while on the other hand expanding social protection and public employment and supporting the social wage," President Ramaphosa said.

Beyond the benefits and upsides of the social protection system, President Ramaphosa reminded the nation that social security is also a right protected by the highest law in the country – the Constitution.

"The right to social security is explicit in the Bill of Rights. This is an approach that recognises that social security is essential to other rights, including the right to dignity. It is this right that has underpinned the progressive expansion of South Africa's social protection system over the past three decades.

"In 1999 just over 2.5 million people were receiving social grants. Today that number has increased to over 18 million people. In addition, more than two million indigent households also receive free basic water, basic electricity and solid waste removal services as part of this government's commitment to free basic services for the poor," President Ramaphosa said. – **SAnews.gov.za**

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2024/25
ANNUAL SUBMISSION
FOR THE DIVISION OF REVENUE

FINANCIAL AND FISCAL COMMISSION

The Commission makes the following recommendations:

CHAPTER 1: ESCALATING GLOBAL INFLATION: THE SOURCES, SPILLOVERS AND FISCAL SUSTAINABILITY:

1. With respect to fiscal policy, the National Treasury should continue to focus fiscal consolidation on expenditure and revenue mix appropriate for debt reduction. This should be done by targeting primary a primary surplus to significantly reduce debt, foster economic growth and restore fiscal sustainability. Moreover, the Commission recommends that National Treasury crafts a medium term fiscal framework that must maintain long-term debt sustainability through consolidation, improving debt transparency, advancing debt management functions, and enhancing revenue collection and spending efficiency.
2. With respect to social protection, the National Treasury in conjunction with the Department of Social Development (DSD), should design a comprehensive social security programme to protect those segments of the population particularly exposed to the negative impact of rising inflation, including higher energy, fuel and food prices. In the interim National Treasury and the DSD should address the challenges of access constraints of the current social protection measures, particularly the Special COVID-19 Social Relief of Distress (SRD) Grant

CHAPTER 2: REGARDING THE IMPACT OF STATE-OWNED ENTERPRISES AND BASIC INCOME GRANT ON FISCAL SUSTAINABILITY:

1. Reducing risks from quasi-fiscal activities

In collaboration with the relevant SOE's parent departments, National Treasury should eliminate fiscal risks emanating from the imposition of quasi-fiscal burdens by avoiding policies that result in such obligations or abolishing them if they are already in place. The reduction of discretionary fiscal governance in SOEs requires the following:

- Liberalising the prices of goods and services provided by SOEs in competitive markets and regulating prices in monopolistic or oligopolistic markets at levels that would enable them to generate sufficient profit.
- Subjecting SOEs to the same labour and employment regulations; eradicating any local content obligations for the SOEs and rationalising procurement procedures; and appraising SOEs' investment decisions.
- Improving corporate and fiscal governance through reforms that enable SOEs' management boards the operational autonomy they require to make profit-maximizing decisions and eliminating political interference to enhance operational transparency.

2. Avoiding Excessive and/or Discretionary Resource Extraction from SOEs

In collaboration with the relevant SOEs' parent departments, National Treasury should reduce excessive resource extraction, which reduces the SOEs' competitiveness, through the following:

- Establish explicit and progressive guidance to SOEs on expected rates of return and the distribution or reinvestment of profits. Instituting a predetermined dividend policy in the form of a fixed percentage of annual profits or link the pay-out to achieving the desired capital structure for each SOE.

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Investments in social protection and their impacts on economic growth

JOBS
CLIMATE-FRIENDLY JOBS
RIGHTS
SOCIAL PROTECTION
EQUALITY
INCLUSION

A New Social Contract for Recovery and Resilience

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Executive summary

Social protection is an internationally recognised human right, and it plays an important role in supporting and raising living standards and fostering social and economic development. The COVID-19 pandemic has, moreover, reaffirmed the importance of social protection systems in terms of mitigating the impacts of the health and economic crises and supporting a robust and inclusive economic recovery. Social protection is not only an investment in people, it is also an investment in the broader economy; it can trigger a virtuous economic cycle that increases employment, productivity, tax revenue and overall economic growth, especially in developing countries. This report describes the effects of simulated investments in social protection policies on the economy of eight countries in four continents (Bangladesh, Colombia, Costa Rica, Georgia, Ghana, India, Rwanda, Serbia), focusing on domestic macro-economic indicators (gross domestic product, employment, production factors value added and income, and tax revenues), and micro-economic indicators (households' income by wealth quantiles, poverty and inequality).

This study shows how **social protection investments generate positive returns in terms of overall economic growth**. An investment of 1 per cent of GDP in social protection policies has a multiplier effect on GDP of between 0.7 and 1.9 in the eight case studies, meaning all countries have a return from the investment, and some have an economic gain. Economies with strong integration of the production process with the domestic economy and a lower level of GDP benefit the most from the investments in social protection (i.e., Bangladesh, India, Rwanda). Therefore, investments in social protection appear to have a higher effect on economic growth in countries with a lower GDP per capita. Countries with higher levels of income also have beneficial effects but lower in magnitude. Indeed, in countries with a higher level of income and more considerable openness to international trade, the increased domestic consumption due to the increase of transfers to households is not fully translated into domestic production increase, leading to a rise in imports.

Investments in social protection positively affect employment opportunities. An investment of 1 per cent of GDP in social protection has a positive effect on rising employment, with a multiplier effect between 0.1 and 1.1 in the eight case studies. In most cases, the employment gains are greatest for women – which underlines the positive role that social protection can play in reducing gender inequalities in the labour market. The analysis also shows that social protection investments increase the overall employment supply. Indeed, the existing evidence shows that social protection plays an important part in helping otherwise liquidity-constrained households to cope with adverse shocks. Households are better able to smooth consumption and thus rely less on negative coping strategies, such as the sale of assets and the withdrawal of children from school. This means that households may, for example, engage in more risks in terms of innovation and invest more in human capital, facilitating longer job search activities. The simulations indicate that social protection investments induce an increase of labour demand, especially in labour-intensive economies and typically in the economies where agriculture is the most important sector and where domestic sectors are more interlinked.

Total tax revenues increase with investments in social protection. The analysis shows that by investing in social protection, fiscal revenues increase, making social protection funding less dependent on external sources. Investment of 1 per cent of GDP in social protection has a positive effect on total government tax revenues: between 0.6 per cent and 3.5 per cent in the eight case studies. Whereas the 1 per cent GDP level of investment is challenging in the context of low- and middle-income countries, where government revenue is limited, investing in a social protection stimulus packages can reduce losses in government revenue more rapidly in times of recession. As an economy shrinks, tax revenues fall. However, suppose a stimulus package enables the economy to recover more quickly. In that case, tax revenues subsequently recover faster, and through the continuous investment in social security, the economy will grow at a faster rate than it did before a crisis, which in turn has the potential to lead to further growth in tax revenues. Moreover, while gross

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The Multiplier Effects of Government Expenditures on Social Protection: A Multi-Country Analysis

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The Multiplier Effects of Government Expenditures on Social Protection: A Multi-Country Analysis

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Abstract:

This article assembles a novel dataset covering 42 countries from 1985 to 2020 to explore the impact of public spending on social protection on gross domestic product (GDP). Our contribution to the empirical literature on social protection spending lies in conducting the largest multi-country study using the structural VAR approach. Our results highlight positive effects of social protection expenditures on GDP that surpass those of total government expenditures. These results vary considerably across countries, with impact multipliers ranging from 5 in Mexico to -0.71 in Paraguay. We detect that the cumulative multiplier exceeds 1 for 30 out of the 42 sample countries and tends to be higher overall, suggesting that the positive impact of social protection spending on GDP accumulates over time. We also find statistically significant and strong correlations between the cumulative and impact multipliers and inequality measures such as the Gini coefficient and the income shares of the poorest and the richest: the positive impact of public spending on social protection on GDP is especially pronounced in countries characterized by higher inequality. Taken together, our results hold significant policy implications, suggesting that the growth-enhancing potential of social protection policies is complementary to their ability to reduce inequality.

Keywords: Social protection policies; fiscal multipliers; inclusive economic growth; income inequality; human development; structural VAR.

JEL Codes: H30, H53, H55, O15.

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The multiplier effects of government expenditures on social protection: A multi-country study*

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1. Introduction

A well-designed and inclusive social protection system has a positive impact on several aspects of the economic and social life, thus being essential to the achievement and maintenance of inclusive economic growth, social progress, and human development (ILO, 2021; UNESCAP and ILO, 2021; Ortiz et al., 2019; Alderman and Yemtsov, 2012, 2014; Barrientos, 2012; Barrientos and Hulme, 2016; Gebregziabher and Niño- Zarazúa, 2014; Addison et al., 2015; Gough et al., 2004; Atkinson, 1999). In particular, there is considerable empirical evidence that public spending on social protection reduces poverty and inequality, thus contributing to greater political stability by reducing social tensions and conflicts, and promotes human development and productivity (see, e.g., Barrientos, 2013; ILO, 2021; Haile and Niño-Zarazúa, 2018; Barrientos and Malerba, 2020).

However, according to the latest edition of the *World Social Protection Report* (ILO, 2021), as of 2020, only 46.9% of the world population were covered by at least one social protection benefit (excepting healthcare and sickness benefits), whereas the other 53.1% (about 4.1 billion people) were completely unprotected. There were also large inequalities both across and within regions, with coverage rates in Europe and Central Asia (83.9%) and the Americas (64.3%) placed above the world average, whereas Asia and the Pacific (44.1%), the Arab States (40.0%) and Africa (17.4%) had lower or much lower coverage rates. Countries spent on average 12.9% of their gross domestic product (GDP), but high-income countries spent on average 16.4%, which is twice as much as upper-middle-income countries (which spend 8%), more than six times as much as lower-middle-income countries (2.5%), and 15 times as much as low-income countries (1.1%). Meanwhile, only 30.6% of the working-age population in the world were legally covered by comprehensive social security systems including a full set of benefits, from child and family benefits to old-age pensions, with the coverage for women lagging behind men's by 8 percentage points. And less than 20% of unemployed workers around the world receive some kind of unemployment benefit. Thus, the large majority of the working-age population worldwide (69.4%, or about 4 billion people) were only partially so protected or had no such protection whatsoever.

The recent pandemic highlighted the importance of inclusive social protection systems. In addition to attenuating the increase in poverty and inequality during the Covid-19 crisis, a few recent studies have shown that social protection expenditures also played a significant counter-cyclical role. Almeida et al. (2020), for instance, found that households' disposable income in the European Union would have fallen by 5.9% due to the COVID-19 crisis without discretionary policy measures. It fell instead 3.6% with the policy intervention. A study by Casado et al. (2020) suggested that the federal supplements to unemployment insurance (UI) in the United States have substantially attenuated the fall in consumer spending. In particular, the exercise based on data from the state of Illinois points towards a 5% decrease in consumer spending due to a reduction in $300 in UI benefits. Even if context specific, this microeconometric evidence adds to the existing (but scarce) macroeconomic literature that indicates that social protection has substantial fiscal multipliers.

There has been a considerable surge in the empirical literature on the size of fiscal multipliers in recent years. However, as pointed out by Gechert et al. (2021), social expenditures have not received nearly the same attention. While several papers have estimated the effects of federal and local public procurement, consumption and investment spending, and tax shocks on different measures of the level of economic activity, the impact of changes in social security contributions and benefits on such measures has only been explored by a few authors.

From a theoretical point of view the positive impacts of social protection expenditures on the level of GDP can be explained within a framework based on Keynes (1936). In macroeconomic models that incorporate the principle of effective demand, changes in aggregate demand impact output not only directly, but also indirectly through a multiplier effect. A positive change in demand results in an increase in production which leads to an increase in value added distributed as income which generates further demand for output production. Since not all income so generated is spent, this effect is higher than 1 but has an upper bound. The proportion of income that is consumed and not saved (called marginal propensity to consume) is therefore a key variable that explains the size of a multiplier effect.

Similarly in essence to Keynes (1936), Kalecki (1942) proposed a model where the marginal propensity to consume out of wage income is higher than the marginal propensity to consume out of profit income. In this context, an income redistribution from profit recipients to wage earners becomes a fundamental variable directly influencing consumption and investment. Since the size of the multiplier depends directly on the marginal propensity to consume and since social protection spending tends to be received by households with a higher propensity to consume, these expenditures boost consumption and raise sales expectations by firms and business investments (Sanches and Carvalho, 2023). In other words, social protection multiplier dynamics can be enhanced since people who receive these benefits tend to have a relatively high propensity to consume.

Significant evidence has been found that those at the bottom of the income distribution have a higher propensity to consume than those at the top (see Carvalho and Rezai, 2016). Thus, government expenditures that benefit those at the bottom would have a higher impact on GDP than expenditures aimed at the top. Furthermore, policies that promote the redistribution of income, even if they have no direct impact on total output could still impact on GDP by increasing the aggregate propensity to consume of the economy. From this theoretical perspective, social protection expenditure, even more so than total government expenditure can positively impact on GDP. This impact could be even higher for extremely unequal countries.

Against this theoretical and empirical backdrop, this article assembles a novel dataset covering 42 countries from 1985 to 2020 to explore the impact of public spending on social protection on the level of macroeconomic activity. This novel dataset combines information from different databases made available by international organizations with official information provided by several of the sample countries themselves. Our contribution to the empirical literature on social protection spending lies in conducting the largest multi-country study using the structural VAR approach. Drawing upon the sizable existing literature on fiscal multipliers, we estimate the multiplier effects of public expenditure on social protection on GDP of a considerably heterogeneous sample including developing and developed countries. We detect positive effects of social protection expenditures on GDP that surpass those of total government expenditures, although these results vary considerably across countries. We also find that the cumulative multiplier exceeds 1 for most of the 42 sample countries and tends to be higher overall, suggesting that the positive impact of social protection spending on GDP accumulates over time. In addition to calculating country-specific multipliers for the entire dataset we engage in interpreting and analyzing the results and exploring whether the magnitude of the multipliers are in some way connected to other characteristics of the countries (such as inequality measures, share of social expenditure in gross domestic product and income per capita). As our results show, the impact and cumulative multipliers are significantly higher in more unequal countries and in those where the income share of the poorest half of the population is smaller. Taken together, our results hold significant policy implications, suggesting that the growth-enhancing potential of social protection policies is complementary to their ability to reduce inequality.

After this introduction, this article progresses as follows. In the next section, to suitably contextualize our contribution, we outline the related empirical literature on fiscal multipliers. The following section describes the assembled dataset and the methodology used to obtain the empirical estimates. The section that follows presents the results and discusses their implications. Finally, the last section draws the conclusions and suggests possibilities for future research.

2. Related literature

Especially since the recent Global Financial Crisis, there has been significant development in the empirical literature on fiscal multipliers. In country-specific studies, the use of linear VAR models (autoregressive vectors) to estimate the impact of an exogenous shock in public expenditures or government revenues on the level of economic activity has been the most common empirical approach, following Blanchard and Perotti (2002). When disaggregating different government expenditures, this literature usually finds a higher and more persistent multiplier effect on aggregate output in response to a change in public investment than in public consumption. In this context, only a few studies have focused on estimating the impacts of different social expenditures, namely income transfers (such as unemployment insurance or cash transfers) and social security, on economic growth. Blanchard and Perotti (2002) and Perotti (2004) treat transfers as a component that should be subtracted from total revenue, a strategy followed by several authors (see, e.g., Peres, 2006; Giordano et al., 2007; Peres and Ellery, 2009; Burriel et al., 2010; Tenhofen et al., 2010; Castro and Fernandez, 2011; Lozano and Rodriguez, 2011; Jemec et al., 2013; Borg, 2014; Skrbic and Simovic, 2015; Mendonça et al., 2016; Alves, 2017; Grudtner and Aragon, 2017; Restrepo, 2020). Yet this strategy has been criticized in the recent literature (Baum and Koester, 2011; Gáldon, 2013; Pereira and Wemans, 2013; Gechert et al., 2021).

In that regard, Pereira and Wemans (2013) correctly underlined that the initial empirical studies applying the structural VAR methodology to fiscal policy used a very aggregate definition of budgetary variables, considering only taxes net of transfers, on the revenue side, and public expenditures (basically consumption and public investment), on the spending side. For these authors, however, it is plausible that changes in the various headings that comprise these aggregates exert different impacts on the level of economic activity.

The existing literature that started from the conventional VAR approach of Blanchard and Perotti (2002) finds conflicting results, as shown in Table 1 in the Appendix.Various studies have attempted to estimate the value of multipliers for different types of public spending. On the one hand, some estimate higher multipliers associated with government consumption, cuts in direct taxes, and, especially, public investments, than for social benefits (Sen and Kaya, 2017; Bova and Klyviene, 2019; Pereira and Wemans, 2013). In other cases, the multiplier for social transfers is large in absolute terms, but different types of expenditure feature a similar or a higher multiplier effect on aggregate output (Pereira and Wemans, 2013; Fatás and Mihov, 2001; Pereira and Sagalés, 2009).

On the other hand, some studies have found that the multipliers associated with social protection expenditures are higher than those associated with other kinds of spending. Adam and Wong (2018), in a study for New Zealand, obtained impact multipliers of 1.53 and 0.43 for social expenditures and total government spending, respectively. In a panel for OECD economies between 1980 and 2005, the multiplier for unemployment insurance expenditures is 2.1, and for total government spending is 0.48 (Furceri and Zdziniecka 2012). In a meta-regression analysis including 98 studies, Gechert and Rannenberg (2014) estimate a cumulative multiplier for social protection between 2 and 3 (during recessions), while it ranges between 1 and 2 for total expenditure. In a panel for EU countries during 1995-2010, Reeves et al. (2013) estimate a total government expenditure multiplier of 1.28. The estimation for social protection spending, in turn, reaches 3. Orair et al. (2016), analyzing the Brazilian case in a sample from 2002 to 2016, obtained a cumulative multiplier (in four years) of expenditures on social protection that reaches 8 in periods of recession. For the total government spending, it is 2.2. Also for the Brazilian case, during 1997-2018, Sanches and Carvalho (2022) estimate a cumulative multiplier (in two years) of 0.6 for total government expenditure, while the accumulated multiplier for social benefits reaches 2.9.[1]

Also, Romer and Romer (2016), using a "narrative method" based on episodes of fiscal expansion in different countries, find that permanent increases in social expenditures exert significant and substantial impacts on aggregate consumption. However, tax reductions seem to have the highest and most persistent multiplier effect, which could be explained, in the authors' view, by a larger positive response of interest rates to an expansion in social expenditures. Similarly, Alesina et al. (2017) report results for a panel of OECD countries showing that fiscal consolidations based on higher taxes are more costly in terms of aggregate output than those based on spending cuts, whether from government consumption spending or transfers. Meanwhile, Gechert et al. (2021) employ a similar methodology for social spending in Germany and find a higher and more persistent multiplier effect for social spending than for decreases in the social contributions that finance these expenditures.

Moreover, some empirical studies have used panel techniques to estimate multipliers for a group of countries or states and regions within the same country via VAR or one-equation methods (Beetsma and Giuliodori, 2011; Furceri and Zdzienicka, 2012; Ilzetski et al., 2013; Reeves et al., 2013; Silva et al., 2013; Valencia, 2015; Carrière-Swallow, et al. 2018; Deleidi, et al. 2019; Izquierdo et al., 2019; Konstantinou and Partheniou, 2021). For social expenditures, Furceri and Zdzienicka (2012) find a positive accumulated multiplier (but smaller than one) for a group of OECD countries, emphasizing the central role of health expenditures and unemployment insurance as the components with greater impacts on output. Moreover, Reeves et al. (2013) estimate a positive social protection multiplier for a group of European countries, which reaches 3 (baseline scenario). In their estimations, health expenditures present an even higher multiplier (near 4.9).

Sanches and Carvalho (2023) use a Structural VAR approach to estimate fiscal multipliers for social benefits in Brazil for the 1997–2018 period. They find that social benefits have large multiplier effects, even when compared to public investment. More precisely, they find that one unit of public expenditure on social benefits generates a final change in aggregate output (as measured by GDP) almost three times higher after two years. The higher estimated multipliers in the full sample (which covers the full time period) appear in the response of household consumption and private investment to shocks in public expenditures on social benefits as a whole and for different types of social benefits (e.g., cash transfers, unemployment insurance, and pensions).

A very brief summary of the empirical literature on the multiplier effects of different types of expenditures (from aggregate government spending to several decompositions of transfers) in different countries (or panel of

[1] A summary of these studies is presented in Table A1 in the Appendix.

countries), distinct periods and using several empirical approaches or econometric techniques is presented in Table A1, in the Appendix.

Finally, as proposed, policies that impact income distribution and decrease inequality can impact the size of the fiscal multiplier. A sizable number of studies have discussed the distributional impact of fiscal policy. Wolff and Zacharias (2007) argue that expenditures even more than taxes have the potential to reduce income inequality. Many studies have also explored the impact that fiscal consolidation has on income distribution and found that a cut on government expenditures increases inequality (Agnelo and Sousa, 2014; Bertola, 2010; Smeeding and Grodner, 2000; Jalles, 2017; Heimberger, 2020; Cardoso and Carvalho, 2023).

3. Data and methodology

The first step of the current research consisted in building a novel dataset on social protection expenditures, GDP, tax revenues, and related variables for 42 countries, from 1985 to 2020 (see Table A2), to estimate the fiscal multipliers of social protection expenditures. The dataset includes a broad group of economies, from different continents and different income levels.[2] The diversity is also revealed in other dimensions. The level of social expenditure as a share of GDP in the dataset ranges from more than 18 per cent (in Austria) to less than 1 per cent (in Mexico and Pakistan). In terms of income inequality, our dataset includes extremely unequal countries of Latin America, like Brazil and Mexico, as well as low inequality countries from Eastern Europe and Scandinavia.[3] The data for the European countries was obtained from Eurostat, whereas the data for the US was obtained from the Federal Reserve Economic Data. The data for Brazil come from earlier research by Sanches and Carvalho (2023). Finally, the data for the remaining 12 countries was mainly provided by their governments in the context of two research projects funded by the International Labour Organization (ILO). For most countries, quarterly data was available and could be used in the estimations. For those that had only yearly data (Ecuador, Japan, Malawi, Mexico, Nepal, South Korea, Thailand and Vietnam), the latter was brought to a quarterly frequency by the 'Denton-Chollete' temporal disaggregation method, using the quarterly series for total government expenditures as an indicator. More details about data sources, model specifications, and data definitions are provided in Tables A2, A3 and A4, in the Appendix.

As described in the previous section, most attempts to estimate the multiplier effects of different types of government expenditures use a structural VAR (or SVAR) approach. It entails isolating the exogenous shocks, recovering their structural shape, so that the impact of a variable can be measured – in technical terms, to obtain a non-recursive orthogonalization of the error terms. First, the VAR is estimated in reduced form. The vector of endogenous variables is three-dimensional, including time series of social protection expenditures, tax revenues and output. It is a VAR model, as proposed by Sims (1980), where each variable is explained by lags of itself and the other variables of the model, capturing dynamic relationships. However, the shocks of the reduced form do not have economic significance (Castro and Hernandez de Cos, 2008). According to Perotti (2007), shocks of the reduced form (or 'surprise' movements) can be seen as linear combinations of three components: a) the automatic response of government spending and revenue to changes in output; b) the discretionary

[2] It includes 2 African, 5 American, 7 Asian and 28 European countries. The dataset also comprises countries from all income levels identified by the World Bank's standard classification: 30 high income, 6 upper middle income, 5 lower middle income and 1 low income countries.

[3] The Gini index numbers came from the World Inequality Database (https://wid.world/data/), since other data on inequality were also obtained from the same dataset (such as bottom50, top1, top10).

response due to changes in endogenous variables (Perotti gives the example of tax changes in response to a recession); c) random discretionary shocks, that is, structural shocks, which are uncorrelated and unobservable – the ones that need to be recovered. Formally:

$$u_t^g = \alpha_{gy} u_t^y + \beta_{gt} e_t^t + e_t^g \tag{1}$$

$$u_t^t = \alpha_{ty} u_t^y + \beta_{tg} e_t^g + e_t^t \tag{2}$$

$$u_t^y = \gamma_{yt} u_t^t + \gamma_{yg} u_t^g + e_t^y \tag{3}$$

The unexpected movements in the expenditure, revenue, and output variables are, respectively, denoted by u_t^g, u_t^t, and u_t^y. These 'surprise' movements are the residuals in the reduced form, as it is the part of the data that the VAR does not explain. Also, e_t^g, e_t^t, and e_t^y are the structural shocks that are not correlated with each other by assumption and reflect the part of the surprise movements that is exogenous: it does not depend on policies and 'normal' economic evolution (Coudret, 2013). The coefficients α_{ij} reflect the response of variable i to variable j – the components (a) and (b) listed above are captured by the coefficients α (Jemec et al., 2013). While β_{ij} measures the contemporaneous response of variable i to a structural shock in variable j – that is, component (c) (Perotti, 2007).

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As discussed by Vdovychenko (2018), coefficients α_{gy}, α_{ty}, γ_{yt} and γ_{yg} cannot be estimated without bias due to the instantaneous mutual relationship between output, expenditures, and revenues. Two steps are necessary to solve this. First, as it is plausible to assume that discretionary fiscal responses to an output shock take longer than a quarter to be decided upon and implemented (Perotti, 2007: 176), component (b) is removed, and coefficients α are made to reflect only the first component – the response of the automatic stabilizer. Following Perotti (2007), the second step is to use external information to the model to estimate the coefficients α_{gy} and α_{ty}.

Coefficient α_{gy} reflects the contemporary elasticity of expenditure to output, and α_{ty} is the contemporary elasticity of revenues to output. The latter was estimated based on the 'IMF method,' as in Andreis (2014) and Maciel (2006), which is a regression using dummy variables for periods, outliers, and a trend control. The case of the former is a bit more complex. In most of the literature that follows Blanchard and Perotti (2002), such an elasticity is assumed away, that is, α_{gy} is considered to be equal to zero. Focusing on government consumption instead of on social protection, there was no reason for these studies to assume automatic stabilizers. As Blanchard and Perotti (2002: 1334) themselves put it: '[w]e could not identify any automatic feedback from economic activity to government purchase of goods and services.' The same does not apply to the case of social protection expenditure. However, given the countercyclical nature of the automatic stabilizers, assuming them away in this context tends to bias estimates downwards, meaning that the 'true' multipliers could be even larger than the estimates presented below.

Since u_t^t and u_t^g are correlated, from these separate estimations of the exogenous elasticities, the cyclically adjusted residuals, $u_t^{g,ca}$ and $u_t^{t,ca}$, are obtained – which are the shocks without the effects of the cycle:

$$u_t^{g,ca} = u_t^g - \alpha_{gy} u_t^y = \beta_{gt} e_t^t + e_t^g \tag{5}$$

$$u_t^{t,ca} = u_t^t - \alpha_{ty} u_t^y = \beta_{tg} e_t^g + e_t^t \tag{6}$$

The structural shocks, e_t^g and e_t^t, can be obtained from the assumption of the ordering of the variables. Blanchard and Perotti (2002) claim that there is no reason to choose $\beta_{gt} = 0$ or $\beta_{tg} = 0$ *a priori*. Regarding shocks in spending and revenue, there is no theoretical or empirical basis to decide which variable will react first. As the correlation between adjusted residuals is small, Perotti (2007) points out that the order does not change the result. $\beta_{gt} = 0$ was then assumed, and the regression of the adjusted revenue residuals on the residuals of the structural form of expenditures was estimated by ordinary least squares (OLS) to obtain β_{tg} in equation (6) (Burriel et al., 2010).[4] We then obtain instrumental variables, the structural shocks e_t^t and e_t^g in equation 3, since the regressors (residuals of the reduced form) are correlated with the error term (structural shock). Those structural shocks of expenditure and revenue are used as instruments since the correlation between them and the structural shock of output, e_t^y, is low. The last step is estimating the impulse-response functions using the estimated coefficients.

The basic model is estimated using the vector of endogenous variables, in real terms: the logarithms of social expenditures, total primary revenue, and output.[5] Dynamic effects of public spending can also be analysed using a three-dimensional SVAR by replacing total social expenditures with its different components and the aggregate GDP by household consumption and private investment (Burriel et al., 2010; Çebi 2015).

The key goal of this research is to estimate the multipliers of social protection expenditures. As framed by Spilimbergo et al. (2009), there are four types of multipliers: a) the impact multiplier, for the analysis of a short-run period, $\frac{\Delta Y(t)}{\Delta G(t)}$; b) the horizon multiplier, for calculating the multiplier for a specific period, $\frac{\Delta Y(t+n)}{\Delta G(t)}$; c) the peak multiplier, which represents the highest value in the period under analysis, $max\frac{\Delta Y(t+n)}{\Delta G(t)}$; d) the accumulated (or cumulative) multiplier, which adds the total effect over a more extended period, $\frac{\sum_{i=1}^{n}\Delta Y(t+i)}{\sum_{i=1}^{n}\Delta G(t+i)}$.

The importance of calculating the impact multiplier is that it provides an assessment of fiscal policy in terms of the immediate output response to a shock in the fiscal variable – when the government aims to deal with a crisis, for example. Accumulated (or cumulative) multipliers, in turn, are important to verify the impact of a random discretionary shock since the economy requires a certain amount of time to absorb the initial shock (Ilzetzki et al. 2013). The accumulated multiplier is equal to the ratio between the accumulated response of output and the accumulated response of the fiscal variable subject to the shock. It measures the cumulative change in economic activity after a cumulative change in the government spending over a given time horizon (Burriel et al., 2010; Tenhofen et al., 2010; Lozano and Rodriguez, 2011; Borg, 2014; Restrepo, 2020). Cumulative multipliers are also called integral multipliers, and they may offer a better depiction of the dynamic interaction 'when the effects of fiscal policy build over time.' (Restrepo, 2020; see also Spilimbergo et al., 2009).

[4] Models were also estimated assuming tg=0, that is, that decisions relating to revenue occur before those relating to expenditure. This procedure indicated the robustness of the results to different specifications, with minor variation in impulse response functions, as is usual in the literature.

[5] The variables used in this work are not stationary. Therefore, their first difference was used (they are integrated of order 1), including the control variables, as suggested by different tests (Dickey-Fuller, Phillips and Perron, KPSS). Thus, the exercises are performed in terms of growth rate. We used the cumulative impulse-response function to obtain the responses in terms of levels. The number of lags is chosen based on the information criteria and the autocorrelation LM test (Deleidi et al., 2018). When several information methods are used together, the literature recommends choosing that lag most methods point to as more appropriate (Lopes et al., 2012). Tests for autocorrelation (LM) and heteroscedasticity (White) pointed to the absence of these problems in most models. All models showed stability. The results of the tests are available upon request.

To calculate multipliers, we need to divide the elasticity of the response by the average share of social expenditures in output (or its components). As the variables are in logarithmic form, impulse-response functions provide the elasticity of output (Y) to the fiscal variable (X):

$$\xi_{Y,X} = \frac{\frac{\Delta Y}{Y}}{\frac{\Delta X}{X}} = \frac{\Delta Y}{Y}\frac{X}{\Delta X} = \frac{\Delta Y}{\Delta X}\frac{X}{Y} \tag{7}$$

According to Pires (2014), since $\frac{\Delta Y}{\Delta X}$ is the definition of the multiplier, which reflects a change in output given an increase of one unit in the fiscal variable, we have that:

$$\frac{\Delta Y}{\Delta X} = \frac{\xi_{Y,X}}{\frac{X}{Y}} \tag{8}$$

To estimate the cumulative multiplier, we justify the number of periods based on Garcia et al. (2013: 11): 'The long-run multiplier is defined as the cumulative multiplier when t→ ∞ , but in practice the number of periods needed for the multiplier to stabilize at its long-run value is used. When the impact of social expenditures on GDP is more persistent, the cumulative multiplier is calculated for a more extended period.'

In summary, for this research, the multiplier effects of social protection expenditures were estimated for the 42 countries in the dataset through this three-dimensional structural linear VAR. Based on the estimations, cumulative impulse response functions were generated to obtain the dynamic impact of social protection expenditures on the level of real GDP. Then these functions were used to get the elasticities of GDP in response to a shock in social spending and, finally, the multipliers. Considering the sample of 28 European countries extracted from the Eurostat database, we also estimated the multiplier effects of total government expenditures. Table A5 indicates that the model specifications utilized are the same in both cases, except for the number of lags of the endogenous variables of the VAR models for some cases due to the indication of the lag length criteria.

4. Results and discussion

The estimates for social protection multipliers are presented below, in Table 1 and Figures 1 to 4, and in more detail in Table A2, in the Appendix. In line with part of the literature reviewed in the second section, social protection expenditures have a positive impact on GDP, both immediately and through time. Cumulative multipliers are statistically different from zero in most cases, confirming that the multiplier is positive and persistent. The averages, however, obscure a large diversity. The peak multiplier – which ranges from 5 in Mexico to -0.71 in Paraguay – is larger than one for only 7 of the 42 economies. The cumulative multiplier, meanwhile, is generally larger, indicating that the positive impact of social protection expenditures on GDP builds up after some period. It reaches 7.4 in Mexico, but it is larger than 1 for 30 of the 42 countries in the dataset. It is noteworthy that the results presented appear to be robust, as estimates made with different data (available for some countries) or for specific components of social protection expenditures (for a few countries) led to similar results – which is available to interested readers upon request.

Table 1. Social protection multipliers				
	Average	Median	Max	Min
Impact	0.53	0.35	5.00 (Mexico)	0.71 (Paraguay)
Peak	2.43	1.59	11.90 (Sweden)	-0.5 (ireland)
Cumulative	1.84	1.52	7.40 (Mexico)	-2.1 (Ireland)

Also in line with part of the literature reviewed above, our estimates indicate that the cumulative multipliers of social protection expenditures are higher than those of total government expenditures. Figure 5 presents this comparison - in this case, only for the 28 European countries, due to data availability. In all but two cases (Ireland and Latvia), the estimated cumulative multiplier for social protection expenditure is larger than the one for total government expenditures. In addition, in more than a third of the European countries (that is, in 10 of the 28 countries in the sample), the estimated cumulative multiplier of social protection expenditure is significantly larger than the one for total government expenditures considering one standard deviation. As mentioned previously, this result is probably a consequence of the fact that social protection expenditures tend to be more targeted towards the poorer groups than the remainder of government spending. It channels, thus, income to groups with above-average propensities to consume, having a higher indirect impact on GDP.

Fig. 1 - Cumulative Multipliers

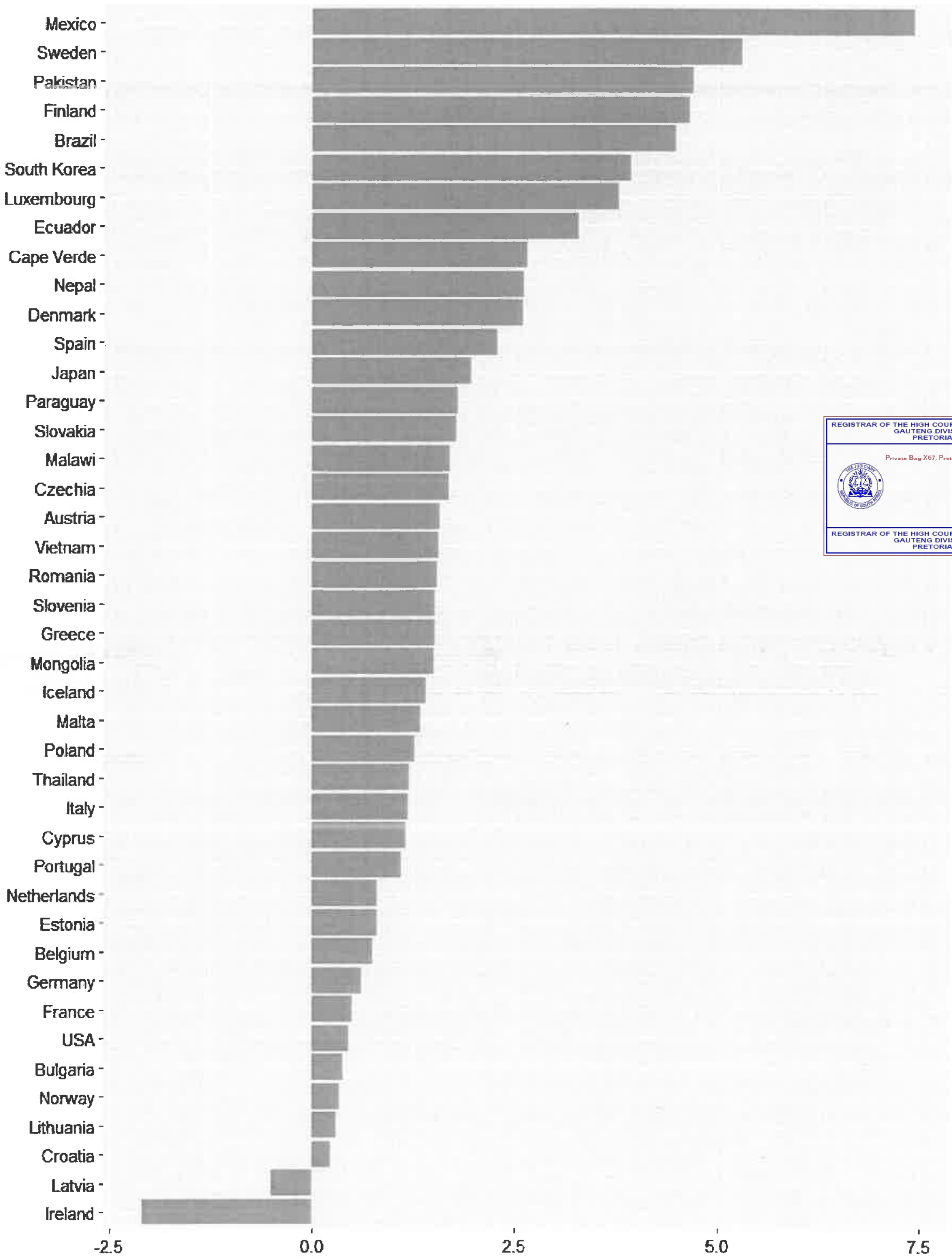

Fig. 2 - Impact Multipliers

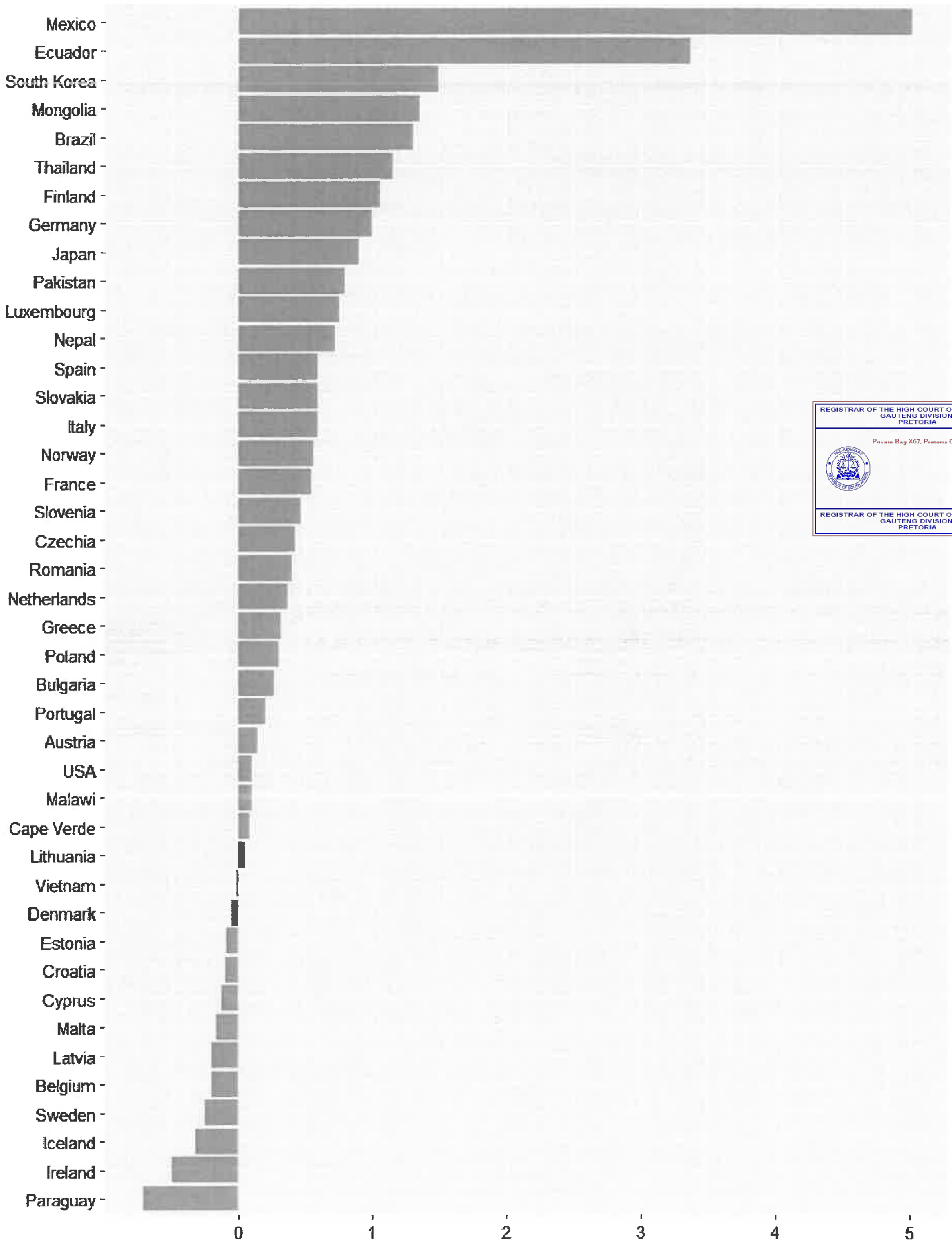

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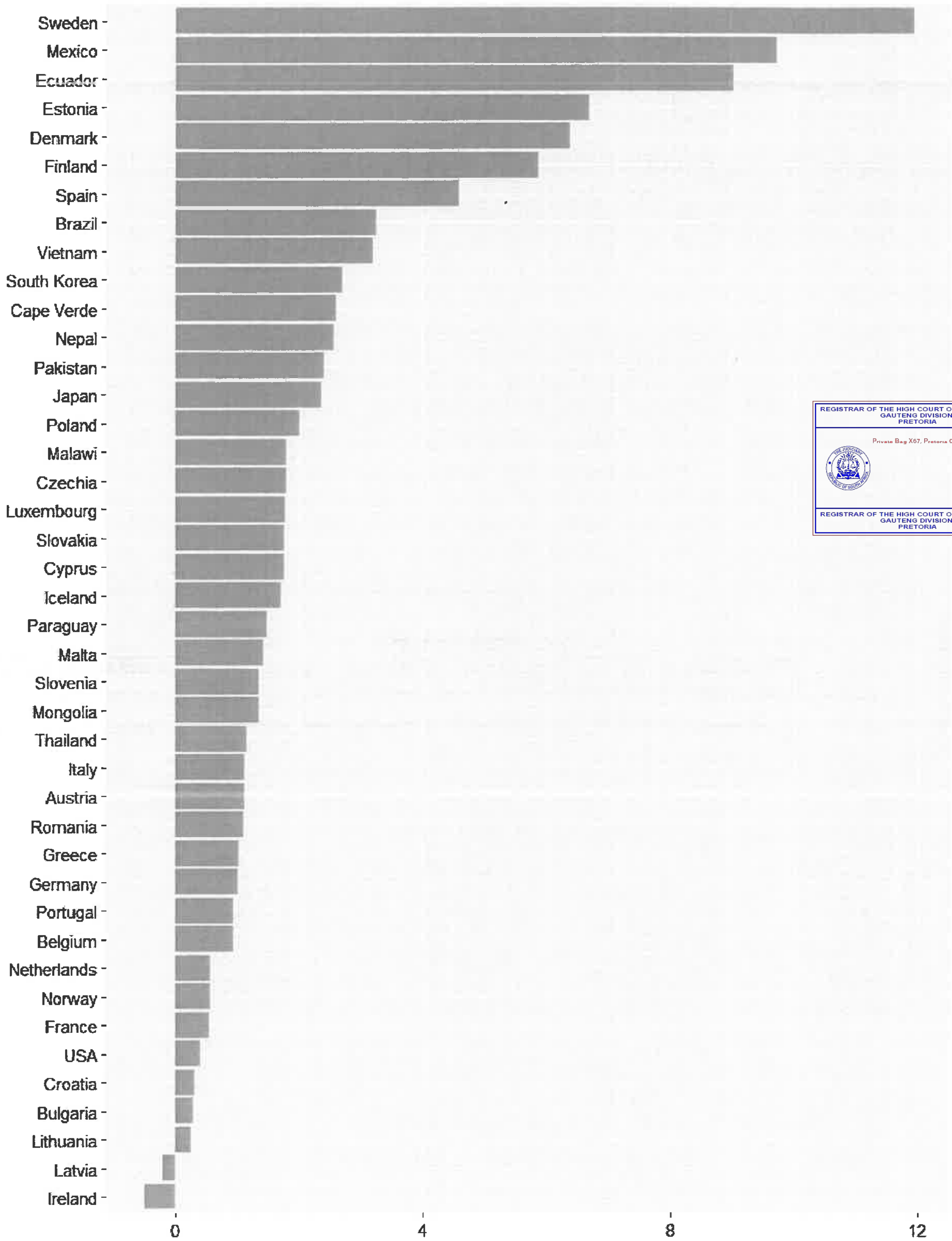
Fig. 3 - Peak Multipliers



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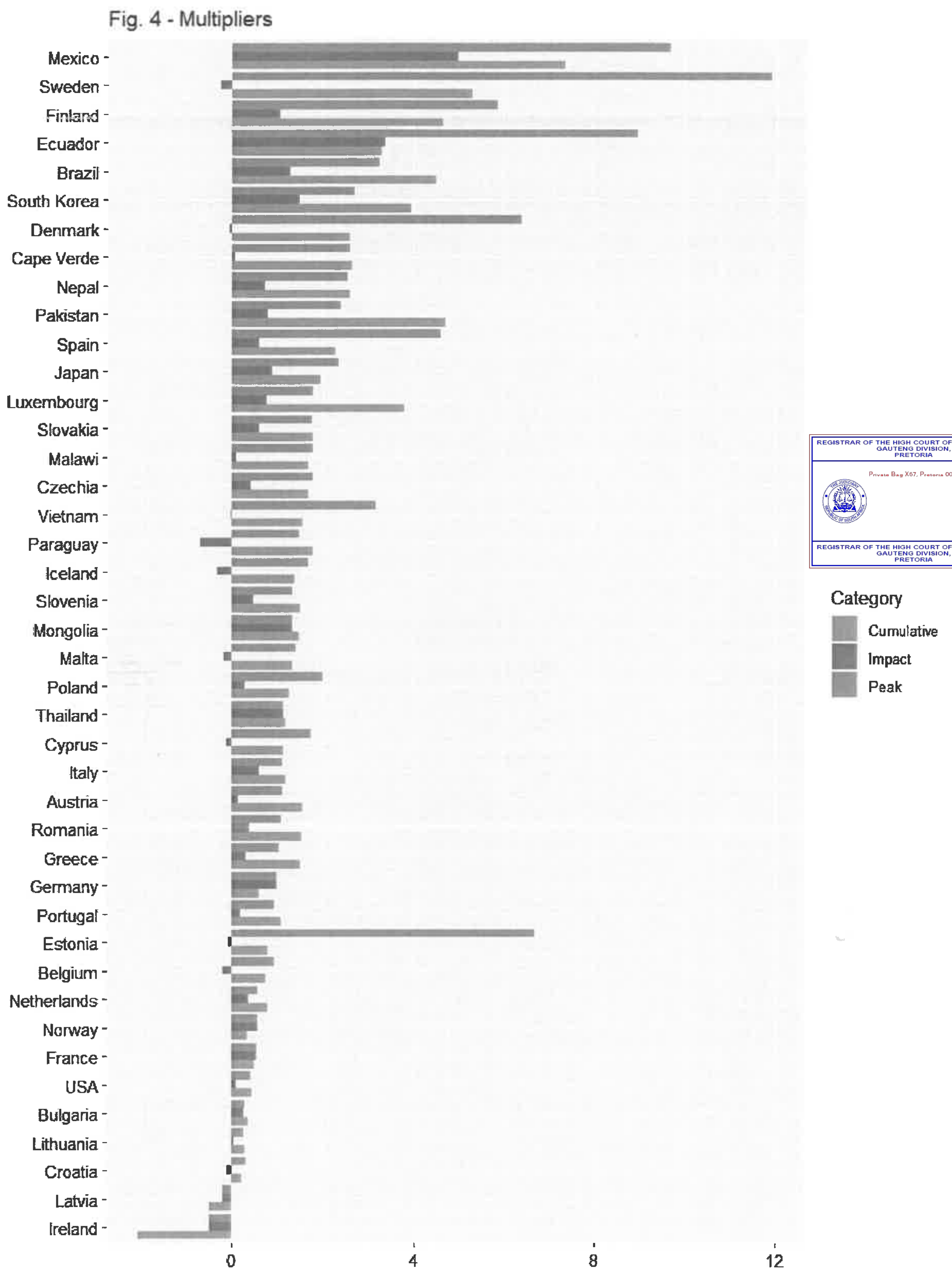

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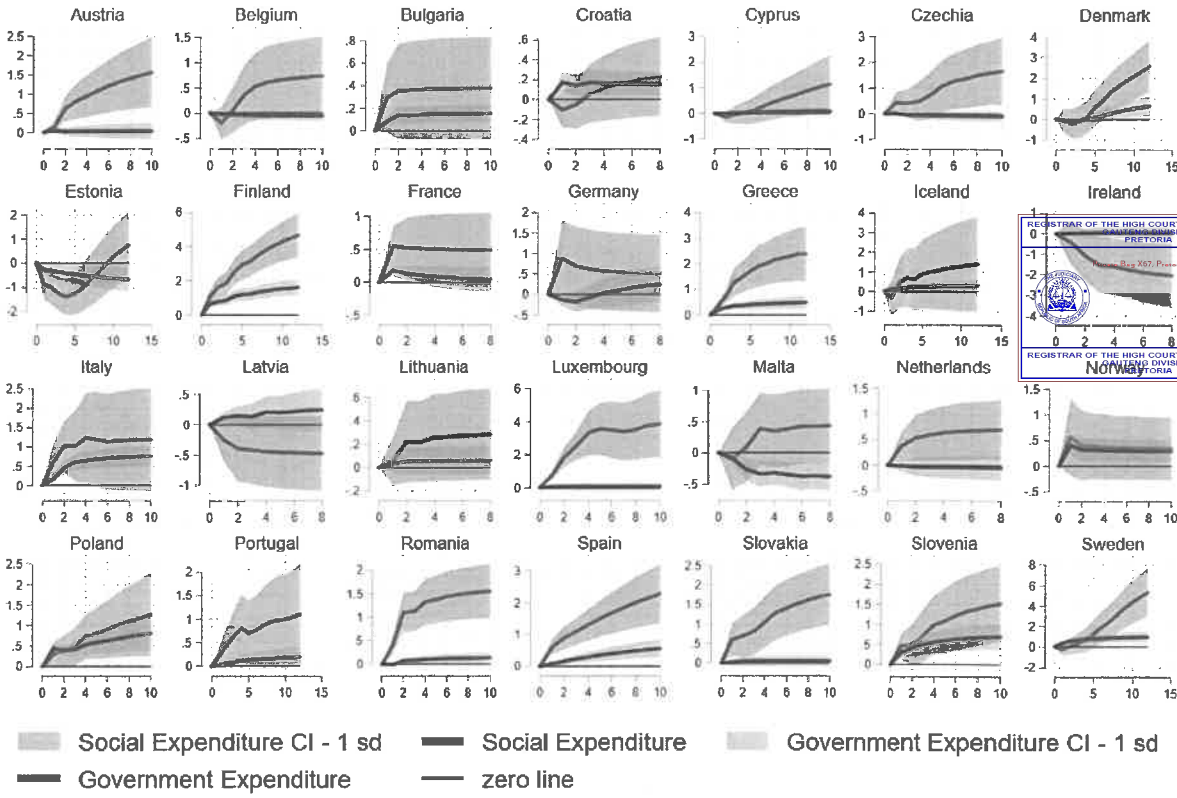
Fig.5 - Impulse Response Functions



Note: grey areas represent one standard error bands around the coefficients.

Given our large set of countries, it is interesting to investigate how certain economic characteristics correlate with the size of the multipliers estimated in our models. This can shed some light on the channels and mechanisms through which social protection spending can impact GDP. Table 2 presents the correlation between the cumulative, impact and peak multipliers and GDP per capita, the share of social expenditure in GDP as well as a few inequality measures. We used inequality measures for the first (t=0) and last (t=1) years of observation and calculated the mean between those two. We observe that in more unequal countries social protection expenditure exert a larger impact on GDP. This result is statistically significant for both the cumulative and impact multiplier but not for the peak multiplier. It is interesting to notice that the correlation coefficient is larger and more significant when we consider inequality measured in the last year of the sample. Indeed, in the case of the income share of the richest 1% of the population the correlation is only significant for the last year.

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Table 2. Correlation between each multiplier and countries' selected economic statistics			
	Correlation and T test p value		
	Impact	Peak	Cumulative
Ratio of social benefits to GDP	-5.77188 0.041	-8.51871 0.282	-9.99144 0.041
Gini_0	3.30477 0.027	5.29522 0.207	5.23278 0.045
Bottom50_0	-6.98597 0.019	-9.34801 0.268	-9.58880 0.068
Top10_0	2.94612 0.038	5.55165 0.162	5.28823 0.032
Top1_0	1.32258 0.444	4.22631 0.374	3.82819 0.199
Gini_1	5.16682 0.005	4.55092 0.389	7.14001 0.028
Bottom50_1	-9.45822 0.008	-7.56616 0.46	-11.64607 0.066
Top10_1	5.17954 0.004	5.02422 0.328	7.92187 0.011
Top1_1	8.36990 0.005	11.36147 0.184	13.26908 0.011
Gini_average	4.37462 0.01	5.43363 0.262	6.48668 0.03
Bottom50_average	-8.57647 0.01	-9.25352 0.332	-11.18843 0.059
Top10_average	4.17165 0.011	5.89736 0.206	6.91781 0.016
Top1_average	3.69658 0.117	7.33659 0.263	7.51184 0.065
GDPpercapita_2019	-0.00001 0.126	-0.00002 0.381	-0.00002 0.162

Notes:

0: Correlation between each multiplier and variable of interest in the first year available for each countries' sample.

1: Correlation between each multiplier and variable of interest in the last year available for each countries' sample.

average: Correlation between each multiplier and the average of the variable of interest in the first year and last year available for each countries' sample.

GDP per Capita is measured at 2017 purchasing power parity.

The negative, strong and significant correlation between the cumulative and impact multipliers and the income share of the poorest half of the population indicate a large macroeconomic benefit of increasing social expenditure in countries with high poverty levels. This indicates that social policies aimed at vulnerable groups not only enhance their wellbeing but can also be used as a tool to promote inclusive growth, corroborating evidence presented by OECD (2019).

A symmetrical result is that in countries where the share of the richest population is higher, the estimated multipliers tend to be larger. Taking together all of the correlations between such inequalities measures and the estimated multipliers we have an indication that by redistributing wellbeing social expenditure can impact GDP, i.e. the decrease in inequality promoted by social protection policies is also growth-enhancing.

Finally, our estimates show that the correlations between the multipliers and GDP per capita are not statistically different from zero. Also, we find a negative correlation between all estimated multipliers and the ratio of social benefits to GDP. These results certainly deserve further investigation.

5. Concluding remarks

In Kalecki's (1943) well-known article "Political aspects of full employment", there is an explicit defense of two types of public expenditure in order to foster a fiscal policy focused on increasing employment and income levels: public investments and spending related to the subsidization of mass consumption (which can be related to the social protection public spending). Note that Kalecki (1943) highlights the indirect effects generated by these two types of government expenditures, referring to their income multiplier effects:

> If the Government undertakes public investment (e.g. builds schools, hospitals, and highways) or subsidises mass consumption (by family allowances, reduction of indirect taxation, or subsidies to keep down the prices of necessities), if, moreover, this expenditure is financed by borrowing and not by taxation (which could affect adversely private investment and consumption), the effective demand for goods and services may be increased up to a point where full employment is achieved. Such Government expenditure increases employment, be it noted, not only directly but indirectly as well, since the higher incomes caused by it result in a secondary increase in demand for consumption and investment goods" (Kalecki, 1943, p.322).

Social protection in this theoretical framework is thus a very effective tool in achieving multiple economic targets at once. Indeed it can affect growth through different levels. At the micro level, by providing support to vulnerable populations, social expenditure can increase household consumption, productivity and employment. At the macro level social expenditure can affect GDP directly, especially during economic downturns as an important countercyclical tool, but also indirectly through different channels such as enhancing human capital and decreasing inequality.

This article provides evidence to the fact that social expenditure has a strong positive macroeconomic effect. By producing a comprehensive dataset of 42 countries, we investigated the multiplier effect of government social expenditure on GDP. We find (i) that social protection expenditures have positive and persistent multiplier effects; (ii) that the magnitude of the multiplier tends to be larger than that for other categories of government expenditure, given that it tends to be more targeted and, thus, redistribute income to groups with higher-than-average (or considerably higher) propensities to consume; and (iii) that the magnitude of the social protection multiplier tends to be specially large in poorer and/or more unequal countries. Therefore, our results suggest that government social expenditure can be used to progress towards several of the Sustainable Development Goals (SDGs) advocated by the United Nations at the same time.

Furthermore, we also find that the multiplier of social protection expenditure is positively correlated to inequality, indicating that extremely unequal countries would have an even higher indirect benefit of increasing such expenditures. This is because the propensity to consume of those households at the bottom of distribution

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are found to be higher than those at the top (Carvalho and Rezai, 2016) and a redistribution of income would then increase the aggregate propensity to consume in the economy.

Our findings have important implications for policy makers. Besides being an important mechanism to redistribute wellbeing in unequal societies, to fight against multidimensional poverty (Kabeer, 2010) and to provide protection to vulnerable population especially in times of crisis (Roelen et al, 2016), public spending on social protection is also a macroeconomic tool that positively impact aggregate income and therefore can be used to promote inclusive growth especially in unequal economies.

APPENDIX

Table A1. Summary of results from the empirical literature on multiplier effects of social and other expenditures by the government

Study	Country	Period	Methodology	Social Protection Multiplier Results	Government expenditure (total) Multiplier Results	Government expenditure (consumption) Multiplier Results	Government expenditure (investment) Multiplier Results	Government taxes (total) Multiplier Results	Government taxes (direct) Multiplier Results	Government taxes (indirect) Multiplier Results
Adams and Wong (2018)	New Zealand	1990-2017	SVAR	1.53* (impact) and 0.76 (cumulative over one year)	0.43* (impact) and 0.24 (cumulative over one year)	0.59* (impact) and 0.82 (cumulative over one year)	0.33* (impact) and -0.59 (cumulative over one year)	Net taxes: 0.24 (impact) and -0.1 (cumulative over one year) Revenue taxes: 1.27* (impact) and 1.29* (cumulative over one year)		
Bova and Klyviene (2019)	Portugal	1995-2017	SVAR	-0.27* (impact) and 0.1 (cumulative over one year)		0.84* (impact) and 1.52* (cumulative over one year)	0.08* (impact) and 0.14 (cumulative over one year)		-0.08* (impact) and -0.12 (cumulative over one year)	0.12* (impact) and -0.05 (cumulative over one year)
Bruckner and Tuladhar (2010)	Japan	1990-2000	One-equation methods	-0.25 (impact)	0.26* (impact)	-0.28 (impact) (government personnel)	0.76* (impact) (ordinary construction) / 3.46* (impact) (transfers to firms)			

Dufrenot et al. (2016)	US	1960-2012	Non-linear methods (MS/TVTP)	It reaches 1.68 (consumption) and 0.02 (investment); recession				
Fatas and Mihov (2001)	US	1960-1996	VAR (Cholesky decomposi-tion)	Do not estimate multipliers directly but capture a positive and significant impact of transfers on GDP after eight quarters.	Positive, strong and significant impact of total government spending on GDP.	(Government wage payments): positive, strong and significant impact on GDP.	Positive and significant effect on GDP until the fourth quarter.	Negative and significant effect on GDP after four quarters.
Furceri and Zdzieniecka (2012)	OECD countries panel	1980-2005	One-equation method	Short-term multipliers: 0.6* (total social expenditure), 0.9* (health) and 2.1* (unemployment benefits)	0.48*			
Gáldon (2013)	US	1948-2012	Non-linear methods (TVPSV-VAR)	>1 (impact and long-run). Near 1.5-2 (long-run) at the end of the 2008/2009 crisis. Reaches almost 3* (long-run) at the end of the 1950's and beginning of 1960's	Impact: between 0.5 and 1.5. The long run multiplier reaches -3* around 2008/2009 crisis. Reaches 2* in the Middle of the 2000's and beginning of the 1980's.			

Gechert et al. (2021)	Germany	1974-2013	SVAR with "narrative" identified shocks	0.5-1.5* (impact)						
Gechert and Rannenberg (2014)	Meta-analysis 98 studies	+1800 observa-tions	Meta-regression analysis	Between 2 and 3 (cumulative/recession)	Between 1 and 2 (cumulative/recession)	Between 1.5 and 2 (cumulative/recession)	Around 2 (cumulative/recession)	Around 0.5 (cumulative/ recession)		
Hollmayr and Kuckuck (2018)	Germany	1993-2017	SVAR	2* (impact); between 0.3* and 3.8 (after 5 years)		0.8 (impact); between 1.1* and 2.3 (after 5 years)	3.5* (impact); between 4.5* and 6.4* (after 5 years)	0.5* (impact); between -0.1* and 0.6 (after 5 years)	(Social contributions): 4.6* (impact); between 1.2 and 4.6* (after 5 years)	
Sen and Kaya (2017)	Turkey	2002-2016	SVAR	Between 0.02 and 0.23 (impact)	Between 0.98 and 1.05				Between -0.27 and -0.19 (personal income tax)	Between -0.54 and -0.35 (consumption tax) / Between -0.83 and -0.57 (value added tax)
Konstantinou and Partheniou (2021)	Panel of OECD and non-OECD countries	1991-2015	Non-linear one equation	0.8* (OECD countries) and 0.076 (non-OECD); cumulative in two years; recession		Compensation employees: 1.47* (OECD countries) and -0.034 (non-OECD); cumulative in two years; recession Goods and services: 1 (OECD countries) and -0.17 (non-OECD); cumulative in two years; recession	1.3* (OECD countries) and -0.001(non-OECD); cumulative in two years; recession			
Orair et al. (2016)	Brazil	2002-2016	Non-linear VAR (STVAR)	1.51* (peak) and 8* (cumulative in	0.54* (peak) and 2.2* (cumulative in	Compensation (wages): 1.32* (peak) and 5.1* (cumulative in	1.6[illegible]* (peak) and 6.8* (cumulative in four			

				four years); recession	four years); recession	four years); recession <u>Other expenditure</u>: 0.26 (peak) and 1.8 (cumulative in four years); recession <u>Subsidies</u>: 0.59 (peak) and -9 (cumulative in four years); recession	years); recession			
Pereira and Sagalés (2009)	Portugal	1980-2005	VAR	1.88* (impact) and 1.81 (cumulative)	1.68* (impact) and 1.21 (cumulative)	0.27* (impact) and 0.62 (cumulative)	2.4* (impact) and 4.7* (cumulative)	0 (impact) and –1.83* (cumulative)	-0.1 (impact) and -2.7* (cumulative)	-0.06 (impact) and -0.18 (cumulative)
Pereira and Wemans (2013)	Portugal	1995-2011	SVAR	Near 1 (peak) and 0.6 (cumulative one year)		Consumption: 0.5* (peak) and 0.2 (cumulative one year) <u>Compensation employees</u>: 2.5* (peak) and 1.7* (cumulative one year) <u>Good and services</u>: -0.3* (peak) and -0.3 (cumulative one year)			-0.7* (peak) and -1.2* (cumulative one year)	-0.3 (peak) and -0.2 (cumulative one year)
Reeves et al. (2013)	Panel of EU countries	1995-2010	One-equation method	3* for social protection, near 4.9* for health.	1.28* (defense: -5.6; Community: -2.3; eco. Affairs: 0.45; general public services: 1.57; culture: 14.1*; education:					

					9.3*; environment: 9; health: 4.9*)					
Resende (2019)	Brazil	1997-2018	VAR	0.72* (impact); 4.3* (cumulative in two years)		(wages/ compensation): 0.81 (impact); 2.4 (cumulative in two years)	2.37* (impact); 3.3 (cumulative in two years)			
Sanches and Carvalho (2022)	Brazil	1997-2018	SVAR	0.75* (impact), 2.9* (accumulated in two years)	0.37* (impact), 0.6 (accumulated in two Years)	(wages/compensation): 0.1 (impact), -1 (accumulated in two Years). (subsidies): 0.14 (impact), 0.05 (accumulated in two Years)	1.4* (impact), 3.6* (accumulated in two Years)	-0.37* (impact), -0.18 (accumulated in two Years)		
Sarangi and Bonin (2017)	Egypt	1990-2015	SVAR	0.04 (impact) and 0.17 (peak)	0.02 (impact) and 0.02 (peak)	0.01 (impact) and 0.01 (peak)	0.16 (impact) and 0.34 (peak)			
Silva et al. (2013)	Panel of Eurozone countries	1998-2008	VAR	-0.35 (impact) and 0.049 (cumulative ten quarters)	-0.07 (impact) and 0.05 (cumulative ten quarters)	(Intermediate consumption): 0.25 (impact) and 0.74 (cumulative ten quarters) (wages): -0.6 (impact) and -0.07 (cumulative ten quarters)	1.6* (impact) and 2.3(cumulative ten quarters)	0 (impact) and -0.29 (cumulative ten quarters)	0 (impact) and -1.06 (cumulative ten quarters)	0 (impact) and -0.7 (cumulative ten quarters)

*Statistically significant at 10%.

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Table A2. Social protection multipliers

	Type	Social benefits Data source	Period	Impact multiplier	Peak multiplier ("t" indicates the period)	Cumulative multiplier	Ratio social benefits - GDP
Austria	general	Eurostat	2001-2019	0.14	1.11 (t=10)	1.57 (over ten quarters)	0.1848
	central	Eurostat	2001-2019	0.18	6.86 (t=10)	6.67 (over ten quarters)	0.0549
Belgium	general	Eurostat	1995-2019	-0.2	0.93 (t=4)	0.74 (over ten quarters)	0.159
Brazil	central	Gobetti and Orair (2017)	1997-2018	1.3	3.25 (t=7)	4.5 (over ten quarters)	0.073
Bulgaria	general	Eurostat	1999-2019	0.27	0.3 (t=2)	0.38 (over ten quarters)	0.11
Cape Verde		Ministério das Finanças	2007-2020	0.08	2.6 (t=2)	2.66 (over ten quarters)	0.0286
Croatia	general	Eurostat	1999-2019	-0.1	0.31 (t=7)	0.23 (over ten quarters)	0.134
Cyprus	general	Eurostat	1995-2019	-0.13	1.75 (t=10)	1.15 (over ten quarters)	0.109
Czechia	general	Eurostat	1999-2019	0.43	1.79 (t=8)	1.68 (over ten quarters)	0.1253
	central	Eurostat	2003-2019	0.66	7.2 (t=12)	3.6 (over twelve quarters)	0.1218
Denmark	general	Eurostat	1999-2019	-0.05	6.4 (t=12)	2.6 (over twelve quarters)	0.1643
Ecuador		Ministerio de Finanzas	2000-2020	3.37	9 (t=9)	3.3 (over ten quarters)	0.0417
Estonia	general	Eurostat	2002-2019	-0.09	6.7 (t=12)	0.8 (over twelve quarters)	0.11
Finland	general	Eurostat	1999-2019	1.06	5.88 (t=12)	4.66 (over twelve quarters)	0.1706
France	general	Eurostat	1985-2019	0.55	0.55 (t=1)	0.5 (over eight quarters)	0.179
Germany	general	Eurostat	2002-2019	1	1 (t=1)	0.6 (over eight quarters)	0.165
	central	Eurostat	2002-2019	-3.5	6.3 (t=8)	1.5 (over ten quarters)	0.021
Greece	general	Eurostat	1999-2019	0.32	1.03 (t=10)	1.52 (over twelve quarters)	0.16
	central	Eurostat	2009-2019	-0.35	-0.27 (t=2)	-0.3 (over twelve quarters)	0.03
Iceland	general	Eurostat	2002-2019	-0.32	1.7 (t=11)	1.4 (over twelve quarters)	0.065
	central	Eurostat	2002-2019	-3	2.3 (t=2)	-2.99 (over twelve quarters)	0.01
Italy	general	Eurostat	1999-2019	0.6	1.12 (t=2)	1.18 (over ten quarters)	0.178
Ireland	general	Eurostat	2002-2019	-0.5	-0.5 (t=1)	-2.1 (over ten quarters)	0.102

Japan		Japanese National Institute	1994-2017	0.9	2.35 (t=4)	1.97 (over ten quarters)	0.1768
Latvia	general	Eurostat	1999-2019	-0.2	-0.2 (t=1)	-0.5 (over eight quarters)	0.103
Lithuania	general	Eurostat	1999-2019	0.05	0.26 (t=2)	0.3 (over eight quarters)	0.113
	central	Eurostat	2005-2019	0.45	0.53 (t=4)	0.7 (over eight quarters)	0.028
Luxembourg	general	Eurostat	2002-2019	0.76	1.78 (t=3)	3.8 (over ten quarters)	0.15
	central	Eurostat	2002-2019	-0.6	4.1 (t=4)	3.7 (over ten quarters)	0.029
Malawi		Reserve Bank of Malawi	1990-2020	0.1	1.76 (t=4)	1.6 (over ten quarters)	0.0183
Malta	general	Eurostat	2000-2019	-0.17	1.42 (t=3)	1.34 (over twelve quarters)	0.104
Mexico		OECD Data	1985-2019	5	9.7 (t=3)	7.4 (over eight quarters)	0.01
	central	ECLAC	1999-2018	3.4	6 (t=2)	7.2 (over eight quarters)	0.0064
Mongolia		IMF	2001-2019	1.47	1.47 (t=1)	1.6 (over eight quarters)	0.0838
Nepal		Ministry of Finance	2005-2018	0.72	2.56 (t=6)	2.62 (over ten quarters)	0.0188
Netherlands	general	Eurostat	1991-2019	0.37	0.57 (t=3)	0.8 (over eight quarters)	0.108
	central	Eurostat	1991-2019	1.45	3 (t=7)	2.4 (over eight quarters)	0.023
Norway	general	Eurostat	2002-2019	0.56	0.56 (t=1)	0.34 (over ten quarters)	0.1375
Paraguay		Ministerio de Hacienda	2000-2020	-0.71	1.48 (t=8)	1.8 (over twelve quarters)	0.0445
	central	ECLAC	2000-2020	-1.3	4.7 (t=5)	3.1 (over ten quarters)	0.027
Pakistan		CT Data	2002-2019	0.99	2.9 (t=7)	5.1 (over twelve quarters)	0.0084
		Ministry of Finance	2002-2019	0.2	4.2 (t=3)	1.5 (over eight quarters)	0.0035
Poland	general	Eurostat	1999-2019	0.3	2 (t=10)	1.27 (over ten quarters)	0.1525
Portugal	general	Eurostat	1999-2019	0.2	0.93 (t=11)	1.1 (over twelve quarters)	0.1515
	central	Eurostat	2008-2019	0.6	1.35 (t=12)	2.14 (over twelve quarters)	0.055
Romania	general	Eurostat	1995-2019	0.4	1.1 (t=4)	1.55 (over ten quarters)	0.1026
	central	Eurostat	1995-2019	-0.19	0.35 (t=2)	0.41 (over ten quarters)	0.02
Slovakia	general	Eurostat	1999-2019	0.6	1.76 (t=9)	1.78 (over ten quarters)	0.132
Slovenia	general	Eurostat	1999-2019	0.47	1.35 (t=10)	1.52 (over ten quarters)	0.166

South Korea		OECD Data	2000-2019	1.5	2.71 (t=3)	3.95 (over ten quarters)	0.0425
Spain	general	Eurostat	1995-2019	0.6	4.6 (t=12)	2.28 (over twelve quarters)	0.135
Sweden	general	Eurostat	1995-2019	-0.25	11.9 (t=12)	5.3 (over twelve quarters)	0.143
	central	Eurostat	1995-2019	-0.52	4.8 (t=10)	2.39 (over twelve quarters)	0.075
Thailand		Bank of Thailand / ADB	2002-2019	1.15	1.15 (t=1)	1.12 (over eight quarters)	0.019
United States	general	FRED	1985-2019	0.1	0.41 (t=2)	0.45 (over eight quarters)	0.12
	central	FRED	1985-2019	0.12	0.57 (t=2)	0.5 (over eight quarters)	0.091
Vietnam		Ministry of Finance	2005-2020	-0.02	3.19 (t=5)	1.56 (over ten quarters)	0.042

Table A3. Data description

Brazil

Social protection series: Gobetti, S., and R. Orair 2017. "Resultado Primário e Contabilidade Criativa: Reconstruindo as Estatísticas Fiscais Acima da Linha Do Governo Geral." Texto Para Discussão – IPEA, n. 2288. It comprises cash transfers programs (Programa Bolsa Família and Benefício de Prestação Continuada), unemployment insurance, and pensions.
Government tax revenues: Gobetti and Orair (2017).
Real GDP and its implicit deflator: Instituto Brasileiro de Geografia e Estatística.
CPI (IPCA): Instituto Brasileiro de Geografia e Estatística.

Cape Verde

Social protection series: Ministério das Finanças.
Government tax revenues and total expenditure series: Ministério das Finanças.
Real GDP and its implicit deflator: Instituto Nacional de Pesquisas.
CPI: Instituto Nacional de Pesquisas.

Ecuador

Social protection series: Ministerio de Finanzas (annual transformed into quarterly using total government consumption was used as an indicator). The series for social protection expenditures were provided in two categories: welfare and social security benefits.
Government tax revenues and total expenditure series: Banco Central del Ecuador.
Real GDP and its implicit deflator: Quarterly National Accounts of Ecuador.
CPI: IMF

European countries

Social protection series: Quarterly non-financial accounts for general government - Eurostat - Social benefits other than social transfers in kind, payable. It includes pensions and social security funds (e.g. cash benefits to persons unable to work due to sickness or injury, retired and survival pensions, unemployment benefits and family allowances).

Government tax revenues: Quarterly non-financial accounts for general government - Eurostat - Total general government revenue.

Real GDP and its implicit deflator: Eurostat.

Japan

Social protection series: Japanese National Institute of Population and Social Security Research. The data includes eight functional categories: old age; survivors; invalidity benefits; employment injury; sickness and health; family benefits; unemployment; housing; and other social policy areas. We transformed the aggregate annual series into quarterly data using quarterly government expenditures as an indicator.

Total government expenditures: National Accounts of Japan (Department of National Accounts, Economic and Social Research Institute).

Government tax revenues: CEIC (in dollar). We converted it to Yens using a nominal monthly exchange rate from the Federal Reserve Economic Data.

Real GDP and its implicit deflator: National Accounts of Japan (Department of National Accounts, Economic and Social Research Institute).

CPI: IMF

Malawi

Social protection series: Reserve Bank of Malawi (annual, transformed into quarterly using the total government expenditure as an indicator series). It includes pension and gratuities, government contribution to pension schemes, social cash transfers, farm input subsidy, maize purchases (market intervention subsidy) and university students' loans.

Government tax revenues and total expenditure series: Reserve Bank of Malawi.

Real GDP and its implicit deflator: Reserve Bank of Malawi (annual). In order to transform the annual GDP series into quarterly data, we used quarterly GDP for Uganda as an indicator, another African country with a similar trend, available in Tahir et al (2018) from 1990 to 2016. For 2017-2020 we obtained a quarterly GDP series from Uganda Bureau of Statistics.

Exchange rates/ real effective exchange rate (index): Reserve Bank of Malawi/ IMF

CPI: IMF

Mexico

Social protection series: 1) OECD Data (public social expenditure, annual, transformed into quarterly using the total government expenditure as an indicator series). It includes old age, survivors, incapacity-related benefits, family, active labour market programs, unemployment, housing, and other social policy areas. It refers to both types of social benefits, in kind and in cash; 2) ECLAC (social protection annual, transformed into quarterly using the total government expenditure as an indicator series).
Government tax revenues and total expenditure series: Banco de México.
Real GDP and its implicit deflator: Sistema de Cuentas Nacionales de México.
CPI: IMF

Mongolia

Social protection series: International Monetary Fund (social benefits in cash series at quarterly frequency from 2001-2015); and the Mongolian Statistical Information Service ("current transfers" series at quarterly frequency for 2016-2019). To increase the sample, we combined both series, which are very similar. The series comprises social security payments and social assistance.
Government tax revenues: Mongolian Statistical Information Service.
Real GDP and its implicit deflator: Mongolian Statistical Information Service (quarterly data on GDP for the period 2005-2019); and CEIC (GDP data before 2005, in US dollars and converted to national currency using the nominal exchange rate from the Bank of Mongolia).
CPI: IMF

Nepal

Social protection series: National Account Statistics (Central Bureau of Statistics) and Handbook of Government Finance Statistics & Quarterly Economic Bulletin (Nepal Rastra Bank).
Government tax revenues and total expenditure series: Nepal Rastra Bank.
Real GDP and its implicit deflator: Central Bureau of Statistics.
CPI: IMF

Pakistan

Social protection series: Ministry of Finance (social security and welfare/ social protection – both annual; social public investment - quarterly), CT Data (pensions and allowance- quarterly). We transformed the annual series into quarterly frequency using a consolidated quarterly expenditure series from the government as an indicator.
Government tax revenues and total expenditure series: CT Data.
Real GDP and its implicit deflator: SBP Working Paper Series 97.
CPI: IMF

Paraguay

Social protection series: 1) Ministerio de Hacienda (quarterly). It includes 'social promotion and action' and social security. The first category comprises expenditure on assistance to persons with special needs, social action services, state and municipal-level social services, and social services for agrarian reform, among other items. The social security component, in its turn, includes varied benefits (old age, survivors, sickness, etc.). 2) ECLAC (annual, transformed into quarterly using the total government expenditure as an indicator series). It includes social protection (central government).

Government tax revenues and total expenditure series: Ministerio de Hacienda.

Real GDP and its implicit deflator: Banco Central del Paraguay.

CPI: IMF

South Korea

Social protection series: OECD "social benefits in cash" at an annual frequency. In order to transform the annual series into quarterly frequency, we used the series "transfers to households" (from Bank of Korea) at a quarterly frequency, as an indicator. Social benefits in cash include two key components: pension benefits and non-pensions benefits. The latter consists of cash transfers made by the government or by non-profit institutions to households to meet their financial needs in case of unexpected events (such as unemployment).

Government tax revenues: Bank of Korea.

Real GDP and its implicit deflator: Bank of Korea.

CPI: IMF

Thailand

Social protection series: Bank of Thailand (social protection expenditure quarterly, from 2009 to 2019); and Asian Development Bank (ADB) (from 2002 to 2008, we interpolated the annual data for social protection from ADB – with the quarterly total government expenditure -obtained from Bank of Thailand - as an indicator). We combined the series since they are very similar. The series comprises social security benefits, social assistance benefits, and employer social expenditures.

Total government expenditure: Bank of Thailand.

Government tax revenues: CEIC database. As the series was given in US dollars, we had to convert it to bahts (the national currency) using the nominal exchange rate available at the Bank of Thailand's statistics.

Real GDP and its implicit deflator: Bank of Thailand.

CPI: IMF

United States

Social protection series: Federal Reserve Economic Data. Federal government current transfer payments: Government social benefits (central government). Government current transfer payments: Government social benefits (general government).

Government tax revenues: Federal Reserve Economic Data.

Real GDP and its implicit deflator: Federal Reserve Economic Data.

Vietnam

Social protection series: General Statistics Office of Vietnam/ The Ministry of Finance of the Socialist Republic of Vietnam. Annual series were transformed into quarterly data, using the total government expenditure as an indicator series. It includes social security: pensions and social insurance benefits, premiums to the voluntary social insurance and support for the unemployment insurance fund (social insurance), and funding for implementing the policy on preferential treatment and housing supports for the national devotees who participated in the National Defense War.

Government tax revenues and total expenditure series: The Ministry of Finance of the Socialist Republic of Vietnam.

Real GDP and its implicit deflator: General Statistics Office of Vietnam.

CPI: IMF

Table A4. Country case studies that investigate the multipliers effects of total social expenditures on GDP

Country	**Frequency of social expenditure data**	**Control variables – in parentheses, the quarters in which the dummy assumes a value equal to 1**
Cape Verde	Quarterly data available	dummy1 (2015Q4): sharp break in social benefits series. dummy2 (2020Q2): Covid-19 crisis. Constant.
Ecuador	Government consumption as an indicator in Denton-Chollete temporal disaggregation method	dummy1 (2003Q1, 2005Q1): internal political crisis that culminated in the removal of Lucio Gutiérrez from the presidency in 2005. dummy2 (2008Q3 – 2009Q1): Global Financial Crisis. ITCER variable: *Indice de Tipo de Cambio Real*. (*) Constant.
Korea	Quarterly Transfers to households series as an indicator in Denton-Chollete temporal disaggregation method	Constant.
Japan	Total government expenditure as an indicator in Denton-Chollete temporal disaggregation method	dummy1 (1995Q1, 2009Q3, 2009Q4): sharp break in GDP series. Real Effective Exchange Rate (CEIC). Real interest rate (OECDStat).
Malawi	Total government expenditure as an indicator in Denton-Chollete temporal disaggregation method	dummy1 (1994Q1-Q4): a drop in real GDP series. dummy2 (2013Q1-Q4) and dummy 3 (2014Q1-Q4): sharp fall in the social protection series. Index of effective exchange rate (IMF). Real interest rate (Malawi's Central Bank) Constant.
Mexico	Total government expenditure as an indicator in Denton-Chollete temporal disaggregation method	dummy1 (2009Q1-Q4): sharp fall in GDP due to global financial crisis; dummy2 (2010Q1-Q4): economic recovery after the crisis. Constant.
Mongolia	Quarterly data available	dummy 1 (2008Q3-2009Q4): Global Financial Crisis. dummy2 (2014Q4-2016Q1): to control for a drop in revenues. dummy3 (2011Q1-2013Q1): peak and a drop that we observe in the expenditure series. Constant.
Nepal	Current government expenditures as an indicator in Denton-Chollete temporal disaggregation method	dummy1 (2010Q3): sharp break in real GDP series. dummy2 (2008Q3 – 2009Q2): Global Financial Crisis.
Pakistan	Quarterly data available	dummy1 (2014Q1-2015Q4): different pattern of seasonality in social expenditure series. Constant.
Paraguay	Quarterly data available	dummy1 (2020Q2-Q3): COVID pandemic. Constant.
Thailand	Quarterly total government expenditure as an indicator in Denton-	Constant.

	Chollete temporal disaggregation method	
Vietnam	Current government expenditures as an indicator in Denton-Chollete temporal disaggregation method	dummy1 (2008Q2 – 2009Q1): Global Financial Crisis. Constant.

(*) Ratio between the price of foreign goods in local currency and the local price level.

Table A5. VAR models for Eurostat countries

Country	Lags utilized in VAR[b]		Control variables – in parentheses, the quarters in which the dummy assumes a value equal to 1
	Social Expenditure	Government Expenditure	
Austria	3	2	dum0809 (2008Q3 – 2009Q2): Global Financial Crisis. REER: Real Effective Exchange Rate.
Belgium	2	2	dum0809 (2008Q3 – 2009Q2): Global Financial Crisis. Constant.
Bulgaria	1	1	dum0809 (2009Q2, 2009Q3): Global Financial Crisis. Constant.
Croatia	2	2	dum0809 (2008Q4-2009Q1): Global Financial Crisis. Constant.
Cyprus	6	2	dum0809 (2008Q4, 2009Q1): Global Financial Crisis. dum13 (2012Q2, 2012Q3): Cypriot Financial Crisis. REER: Real Effective Exchange Rate.
Czechia	4	4	dum0809 (2008Q3 – 2009Q3): Global Financial Crisis. dumeurocrisis (2013Q1 – 2013Q3): eurozone crisis. REER: Real Effective Exchange Rate. Constant.
Denmark[a]	7	7	dum0809 (2008Q3 – 2009Q2): Global Financial Crisis.
Estonia	6	5	dum0809 (2008Q4-2009Q3): Global Financial Crisis. Constant.
Finland	6	6	dum0809 (2008Q3 – 2009Q3): Global Financial Crisis. dumeurocrisis (2012Q2 – 2013Q1): eurozone crisis.
France	1	1	dum0809 (2008Q4-2009Q3): Global Financial Crisis. Constant.
Germany	1	6	dum0809 (2008Q3-2009Q3): Global Financial Crisis. Constant.
Greece	5	5	dum0809 (2008Q2 – 2009Q1): Global Financial Crisis. dumeurocrisis (2010Q1 – 2013Q1): eurozone crisis.
Iceland	3	3	dum0809 (2008Q2 – 2009Q2): Global Financial Crisis.
Ireland	3	2	dum0809 (2008Q4-2009Q3): Global Financial Crisis. Constant.
Italy	3	2	dum0809 (2008Q3 – 2009Q2): Global Financial Crisis. dumeurocrisis (2012Q2): eurozone crisis. REER: Real Effective Exchange Rate. Constant.
Latvia	1	3	dum0809 (2008Q4-2009Q3): Global Financial Crisis. Constant.
Lithuania	1	1	dum0809 (2008Q4-2009Q4): Global Financial Crisis. REER: Real Effective Exchange Rate. Constant.
Luxembourg	6	1	Constant.
Malta	2	1	Constant.
Netherlands	1	1	dum0809 (2008Q2-2009Q4): Global Financial Crisis. Constant.
Norway	1	1	dum0809 (2008Q3 – 2009Q2): Global Financial Crisis.
Poland	4	4	dum0809 (2007Q4, 2008Q1, 2009Q1): Global Financial Crisis. REER: Real Effective Exchange Rate.
Portugal	7	4	dum0809 (2008Q4, 2009Q1): Global Financial Crisis. dumeurocrisis (2010Q4 – 2011Q4): eurozone crisis. dumport (2012Q2 – 2012Q3): Portuguese recession.

Romania	1	1	dum0809 (2008Q4, 2009Q1): Global Financial Crisis.
Spain	2	2	dum0809 (2008Q3 – 2009Q1): Global Financial Crisis. REER: Real Effective Exchange Rate. dum12 (2012Q4): break in government expenditure series (this control variable was utilized only in "government expenditure VAR").
Slovakia	4	1	dum0809 (2008Q4-2009Q3): Global Financial Crisis. Constant.
Slovenia	3	3	dum0809 (2008Q4-2009Q2): Global Financial Crisis. Constant.
Sweden	8	2	dum0809 (2008Q3 – 2009Q3): Global Financial Crisis. dumeurocrisis (2013Q1 – 2013Q3): eurozone crisis. REER: Real Effective Exchange Rate.

Notes: (a) Because interest receivable data was unavailable, we utilized total revenue in VAR (not primary revenue); (b) In some cases, lag length criteria indicated different lags for government expenditure and social expenditure VAR models.

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INTERNATIONAL MONETARY FUND

AFRICAN DEPARTMENT

DEPARTMENTAL PAPER

Navigating Fiscal Challenges in Sub-Saharan Africa

Resilient Strategies and Credible Anchors in Turbulent Waters

Prepared by a team comprised of Fabio Comelli, Peter Kovacs, Jimena Montoya, and Arthur Sode, led by Antonio David and Luc Eyraud

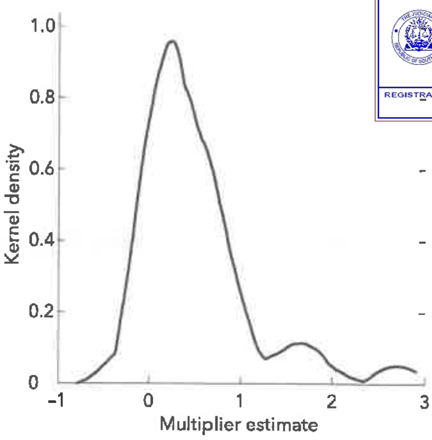
spending cuts seem to be linked to higher incidence of riots and other types of violent protests. On the other hand, political instability renders the implementation of more gradual adjustment less credible, as political commitment to fiscal consolidation is likely to fade over time if the balance of power shifts.

Box 4. Fiscal Multiplier Estimates in Emerging Market and Developing Economies

This box reviews the evidence on the size of fiscal multipliers in EMDEs by carrying out a meta-analysis based on 79 estimates from studies in the literature initially compiled by Carrière-Swallow, David, and Leigh (2021) and updated for the purpose of this box. To facilitate comparison across studies, we define the fiscal multiplier as the cumulative change in GDP over a two-year horizon in response to cumulative changes in fiscal policy. Box Figure 4.1 depicts the distribution of estimates and shows that there is substantial dispersion for EMDEs with a median value for the fiscal multiplier of 0.4 compared to a median estimate of 0.8 for advanced economies.

Several factors can explain why fiscal multipliers tend to be lower in EMDEs and typically well below 1 in the near-term: (1) the large informal sector often plays the role of shock absorber when the economy slows down (see Lemaire 2020, Colombo and others 2022); (2) lower efficiency of public spending in these countries tends to reduce the multiplier all else equal because cutting inefficient spending does not have much effect on output; and (3) the large risk premium embedded in interest rates could generate confidence effects (that is, fiscal adjustment fosters investors' confidence, reducing the risk premium and supporting private demand).

Box Figure 4.1. Fiscal Multiplier Estimates in EMDEs



Sources: Carrière-Swallow, David, and Leigh (2021); and authors' calculations.
Note: EMDEs = emerging market and developing economies.

When considering different types of fiscal policy instruments, our meta-analysis points to higher multipliers for public investment, with a median value of 0.8, compared to current spending (median value of 0.5) and taxes (median value of about 0.4). There are few estimates of multipliers for transfers to households. In a recent paper, Bracco and others (2021) find that multipliers for social transfers are larger in developing economies reaching 0.9 compared to about 0.3 for advanced economies. This is to a large extent because these economies tend to have a larger share of consumers without access to finance and with a high propensity to consume.

Economic theory suggests that interactions between monetary and fiscal policy matter for the size of fiscal multipliers. Monetary policy accommodation can mitigate the magnitude of the effect of fiscal adjustment on output. This is confirmed by empirical evidence presented by Cloyne, Jordà , and Taylor (2020). Using narrative fiscal consolidation shocks, these authors find that the fiscal multiplier at any point in time depends crucially on the monetary policy response, even after controlling for other factors, such as the business cycle. Fiscal multipliers can be as low as zero and as large as two over a period of three years depending on the degree of monetary policy offset.

AC
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NT presentation to President Stellenbosch 2023

COVID-19 SRD grant – legal challenges and cost implications

- Various legal challenges currently over:
  - Definition and verification of income - IEJ/#Paygrants demand that income should exclude ad hoc donations by friends and family members (defines income and financial support as payment from employment and other sources, to which one is entitled)
  - Value of grant-demand regular CPI increase
  - Eligibility income threshold-demand link to latest FPL
  - Potentially significant financial implications-approximately R83 billion in 1st year of order implementation
- Cost implications if grant extended beyond March 2024:

		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Number of beneficiaries		7 673	8 496	9 255	10 082	10 982	11 963	13 032	14 196	15 464
Scenario 1: Stay at R350	Value	350	350	350	350	350	350	350	[illegible]	350
	Cost Rm	R32 227	R35 683	R38 870	R42 342	R46 125	R50 245	R54 734	R59 623	R64 949
Scenario 2: R350 adjusted for inflation and rounded										
	Value	R350	R350	R365	R385	R400	R420	R440	R460	R480
	Cost Rm	R32 227	R35 683	R40 536	R45 577	R52 714	R60 294	R68 808	R78 362	R89 073
Scenario 3: Adjusted to gradually get closer to 2023 FPL by 2030/31										
	Value	350	350	400	450	500	550	600	650	700
	Cost Rm	R32 227	R35 683	R44 423	R54 440	R65 893	R78 957	R93 829	R110 729	R129 898

COVID-19 SRD grant cont...

- Additional R40.5 billion in 2024/25, R46.6 billion in 2025/26 and R52.7 billion in 2026/27 required if the COVID-19 SRD grant continues beyond March 2024 at R365 p.m. (R350 plus CPI)
- SASSA will also require R407 million in 2024/25, R426 million in 2025/26 and R445 million in 2026/27 for the grant administration.
- DSD are submitting a memorandum (table below) to Cabinet for:
  - Extension for two years (while BIS policy proposals/ replacement is under negotiation)
  - Proposing increase in grant value & income threshold (see options below)
  - DSD expresses preference in the memo for the R73.2 billion option (but underestimates beneficiary growth in all options)

		THRESHOLD & PROJECTED BENEFICIARIES			
		663	945	1417	40617
COVID-19 SRD options	Value	8 500 000	9 200 000	12 200 000	17 500 000
1. Inflation increase	430	43.9	47.5	63.0	90.3
2. Child Support Grant	500	51.0	55.2	73.2	105.0
3. 2022 Food Poverty Line	663	67.6	73.2	97.1	139.2

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Funding options for the COVID SRD grant

Possible sources of funding and path

1. Closure of a selection of programmes, to raise R42 billion for 2024/25 if R350 is increased to R365 or R55 billion (if SRD is increased to R450 a month)
   - This will require closure of several programmes
2. A two percent VAT increase:
   - A rate increase to 16% or 17% could be somewhat inflationary in the short run but could raise an estimated R24.5 billion or R49.4 billion, respectively.
   - Due to its regressive nature, raising VAT will have a negative (impact on inequality unless compensated for through expenditure programmes (i.e. social grants, etc).
3. Alternatively, extend it for a year
   - Still requires a wholescale review of the social protection interventions by DSD, NT, DEL, DPWI with a view to implementing a more sustainable set of initiatives.
   - The challenge: making trade-off between short term and long-term investments and between quality and quantity
   - None of current programme can absorb over 8 million people at the similar cost
   - The would require an announcement by the President / Cabinet that a one-uear extension would be accompanied by a comprehensive review of the social grant system and will not increase social spending

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REPUBLIC OF SOUTH AFRICA

South African Government

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From the Desk of the President

TRANSLATIONS

03 May 2022

The workers have spoken and we must listen

Dear Fellow South African,

Two days ago, South Africa's workers joined millions across the globe in marking Workers Day, also known as May Day. This is a day on which workers celebrate the victories they have achieved in the fight for their rights and reaffirm their commitment to struggle for the improvement of the conditions under which they work and live.

At the advent of democracy, we decided that this should be a public holiday because the struggles of workers are fundamentally about the betterment of society. It is a day which all South Africans should honour.

This year, I was invited to address a Workers Day rally at the Royal Bafokeng Stadium in Rustenburg. I engaging with various stakeholders on how to ensure that the grant continues to reach those who most badly need it.

This is happening alongside measures to promote employment, like the Presidential Employment Stimulus, which has provided work and livelihood opportunities to more than 860,000 since it was started. It includes the expansion of the Employment Tax Incentive to encourage small businesses to employ more people, a loan guarantee scheme that has been redesigned to provide finance to smaller businesses, and the reduction of the red tape that holds back the growth of businesses.

We are undertaking fundamental economic reforms that will improve the competitiveness and economic contribution of the energy, water, telecommunications and transport industries. These reforms, together with increased investment in infrastructure, will enable faster economic growth and employment creation.

In the long term, these reforms will unlock much higher economic growth. And as businesses grow, they will create more jobs, helping workers and unions in a virtuous cycle. However, the workers that gathered at the Royal Bafokeng Stadium and millions of other people across our country cannot wait for the impact of these reforms to be realised. That is why, as we implement these measures, we are seeking – within our constrained public finances – to provide a basic level of social protection to the most vulnerable.

Almost all of those who were at the Rustenburg rally would know someone in their family and their immediate community who is receiving an SRD grant, who is in a Presidential Employment Stimulus programme, who has received a NSFAS grant, or who is another way benefiting from some of these programmes.

While much is happening, there is still much more that needs to be done to unleash the potential of our economy and provide the employment opportunities that our people need.

That is why we need to all work together to ensure that it will not be long before the workers of Rustenburg – and indeed workers across the country – begin to experience the benefits of ports and rail infrastructure that can effectively carry our goods to export. So that we can all experience the benefits of a stable electricity supply that is cleaner and cheaper, of fewer restrictions on small and informal businesses, of better access for all to broadband technology, and of an exploration strategy that leads to an increase in mining investment.

The challenges that workers face this Workers Day are many and the hardships they endure are great. The road ahead will be difficult and there is much work to do. That is why we need to rebuild trust and confidence, and why we need to forge a social compact that not only has the support of workers, but also delivers meaningful benefits to them.

The workers have spoken. We must listen. And, together, we must act.

With best regards,

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DAILY MAVERICK
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SOUTH AFRICA

SOCIAL SECURITY OP-ED

Proposed Family Poverty Grant is excellent in theory — but there are problems with its implementation

A South African woman carrying her baby rests against a fence with thousands of South Africans waiting in line outside Guguletu Social Services office to register for a Social Relief of Distress Grant, Guguletu, Cape Town, South Africa 28 January 2009. (Photo: EPA/NIC BOTHMA)

By Ihsaan Bassier and Joshua Budlender (https://www.dailymaverick.co.za/author/ihsaan-bassier-and-joshua-budlender/)

08 Nov 2021

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The burning question which has seized the government and civil society in the past few months is: what, if anything, will replace the R350 Social Relief of Distress (SRD) grant in March 2022? The SRD has been extended three times following protests, most recently after the July riots.

Some civil society formations (https://awethu.amandla.mobi/petitions/basic-income-support-for-aged-18-to-59-now) and the Department of Social Development (https://www.gov.za/speeches/minister-lindiwe-zulu-re-introduction-special-covid-19-srd-grant-4-aug-2021-0000) have been advocating for a new Basic Income Grant (BIG), while the National Treasury (https://businesstech.co.za/news/finance/533572/new-grant-for-south-africa-under-question-report/) is reported to be in favour of a new household-targeted "Family Poverty Grant", and others are interested in a further extension of the SRD grant.

We were part of a Southern Africa Labour and Development Research Unit (Saldru (https://www.saldru.uct.ac.za/)) team commissioned by the National Treasury to model and write a report (https://doi.org/10.35188/UNU-WIDER/2021/105-1) on various options. The findings of this report have been the subject of some debate (https://www.groundup.org.za/article/showdown-over-family-grant/), with a particular focus on the report's conclusions about the proposed Family Poverty Grant.

Our view is that the evidence suggests it would be premature to favour the Family Poverty Grant based on how it would work in theory, when actually implementing the grant is likely to reduce its advantages and pose additional problems.

Excellent in theory, but...

To interpret the report's results, one needs to understand how the grant options were modelled. At its core, the method is quite simple: use nationally representative household survey data, identify which individuals in the data should be eligible for a particular grant, and assign them additional income equivalent to the grant's value.

One of the main metrics in the report was a grant's theoretical "efficiency": the percentage of the grant spending that directly goes to increasing incomes below a particular poverty line. A higher efficiency score suggests greater "value for money" in terms of poverty reduction.

The Family Poverty Grant performed extraordinarily well on this metric. Because it is targeted directly at the poorest households with a household means test, it performs far better than the next most efficient options.

This seems to be the primary basis upon which the National Treasury has been advocating for the grant. But choosing the grant on this basis would ignore two key issues discussed in the report:

- The Family Poverty Grant would be *by far* the most difficult grant to implement; and
- The efficiency advantage of the Family Poverty Grant is *especially sensitive* to implementation failures.

Why would the Family Poverty Grant be so difficult to implement?

Unlike all of the existing social grants in South Africa, which go to individuals, the Family Poverty Grant would go to *households*, with household eligibility and grant size depending on the number of people in the household and their income.

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This means that the government would have to implement a means test for *every* person in an applying household, and they would need to know *precisely which individuals live in which households*.

And yet the South African government does not have any registry which links individuals to specific households. Indeed, it is worth asking how a credible up-to-date registry could even be developed. In a country with very high rates of household adjustment, dissolution and re-formation (https://academic.oup.com/jae/article/18/1/1/785 login=true), widespread informal housing arrangements, and the complex household structures (https://www.sciencedirect.com/science/article/pi associated with migrant labour and large extended families, how would the government even begin to verify who is a particular member of a particular household?

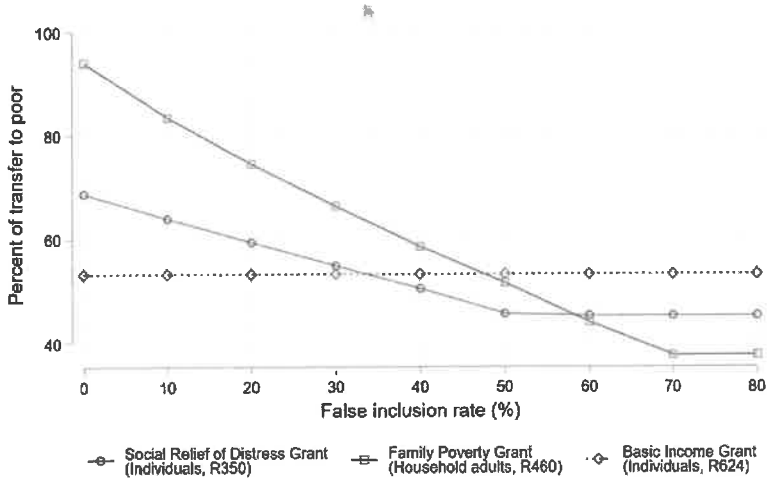
There is no existing administrative infrastructure and capacity to take on such a task in South Africa. For Brazil's *Bolsa Familia*, which the Family Poverty Grant draws inspiration from, this kind of work is done by local municipalities. We have a long way to go (https://www.agsa.co.za/Portals/0/Reports/MFM %2020%20MFMA%20Consolidated%20GR.pdf) before we have that kind of local capability here.

Special sensitivity to implementation problems

A further problem is that the extraordinary theoretical efficiency of the Family Poverty Grant comes directly from its very precise targeting. If you start to allow implementation errors in the targeting mechanism, the grant's efficiency drops rapidly.

Economists usually worry about two types of targeting errors: *false exclusion* errors, where eligible people erroneously don't receive the grant, and *false inclusion* errors, where ineligible people mistakenly *do* receive the grant. We are usually more concerned about exclusion errors, and indeed the report has a substantial and important discussion about severe exclusion errors associated with the current SRD roll-out. But when it comes to the *efficiency* of a grant, we are more worried about *inclusion* errors (though exclusion can be important here too).

The idea is that if the grant goes to the wrong people, that is money going to the non-poor, which means the efficiency score will drop. The graph below shows what the efficiency score of the Family Poverty Grant and modified SRD grant would be if we randomly allocated ineligible people to receive the grant (ie, if we create false inclusions). We also show the efficiency score of a targeted R624 BIG (discussed in the report), where we assume no inclusion errors as the targeting is automatically administered through the tax system.



Notes: The percent of transfer to poor is our efficiency measure, and we use the upper-bound poverty line.
We base this simulation on the dataset from the SALDRU report (Goldman, Bassier, Budlender, Mzankomo, Woolard & Leibbrandt, 2021)

The percentage of transfer spending that goes to the poor, as false inclusions increase, by grant option.

The graph shows that with no false inclusions (the far left of the graph), the proportion of the total budget that goes directly towards reducing poverty (our measure of efficiency) for the Family Poverty Grant is 94%, while the SRD and R350 BIG have scores of 69% and 53% respectively. However, as the percentage of false inclusions increases (moving along to the right of the graph), the efficiency of the grants becomes more similar. With a false inclusion rate of 40%, the Family Poverty Grant has an efficiency score of 58%, the SRD has 50%, and the R624 BIG is still at 53% (by assumption).

As inclusion errors increase further, the theoretical efficiency advantage of the Family Poverty Grant begins to disappear — and in fact it can be worse than the other options at very high levels of error.

What is a reasonable false inclusion rate to expect? It's hard to know, but a recent global review (https://www.tandfonline.com/doi/abs/10.1080/1 suggests that for means-tested household-targeted grants, inclusion error rates in the range of roughly 35% to 55% are plausible, though these are likely to be overestimates to some degree.

This exercise is more about illustrating a general concept, rather than a serious model of inclusion errors. We don't know how implementation errors will actually occur, and the inclusion errors we model above are all about the means test rather than additional household registry issues. For this exercise we also assume no false *exclusion* errors.

But the general principle shown in the graph will hold regardless of these issues: not only is the Family Poverty Grant more susceptible to

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implementation errors than the other grants, but its efficiency score is also especially sensitive to these errors.

One other reason some may prefer the Family Poverty Grant is because it is cheaper than some of the other options: R59-billion per year rather than R71-billion for a modified SRD or R206-billion for a targeted R624 BIG (R114-billion for a similar R350 BIG, which also has slightly higher efficiency). But unless there are compensating exclusion errors, inclusion errors will also dramatically blow up the Family Poverty Grant budget, much more than the SRD.

Using the same model as in the graph above, 40% inclusion errors imply a budget of R120-billion and R118-billion for the Family Poverty Grant and SRD respectively, or R270-billion and R144-billion at a 70% inclusion error rate.

Modelling is not a crystal ball

The modelling approach used in the report obviously comes with some weaknesses. For example, it can't account for how grant receipt might affect people's behaviour or macroeconomic conditions. Most importantly for our discussion here, it also doesn't include implementation errors.

One can always build a more complicated model. But economists, for the most part, don't have a very precise and settled idea of how to model these things.

The explicit trade-off is a simpler model where you can more easily understand where the results come from and what caveats you need to keep in

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mind. But when using the output of such a model, you have to keep thinking about what the model ignores.

In addition, shifting to a household-targeted grant presents serious sociological questions, to which traditional economic analysis is often not very well suited.

Sociologists know that the household is not a neutral institution for the distribution of government money. Households and families can be places of love and mutual care, but they can also be sites of domination and exploitation, which are often highly gendered.

How much money will intended beneficiaries of the grant actually receive if the total grant is sent to their household patriarch or matriarch, rather than them having an individual entitlement? How will this affect intra-household relations? What are the implications, in a society with high levels of domestic violence, if the household registry is not updated regularly, and people are unable to leave households when they want, because the grant follows the household rather than them individually? The Saldru report calls for further sociological research before the Family Poverty Grant is implemented.

The report also notes that the narrow criterion of "efficiency of poverty reduction" is perhaps an inadequate ground for deciding social policy. In particular, other goals could include broadening the social grant safety net to include those vulnerable individuals not currently covered by an existing grant. This would mean recognising that it is not only children, the elderly, and those with disabilities who require state assistance, but a much wider range of unemployed people who are

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not served by South Africa's exclusionary labour market. The SRD and BIG would do a much better job in this respect than the Family Poverty Grant.

The bottom line

We believe that it is premature to prefer the Family Poverty Grant over other options purely on the basis of its theoretical efficiency ranking. The model results need to be interpreted alongside implementation and other issues which are excluded from the model.

Indeed, this is what the report directly concludes: that the Family Poverty Grant is theoretically the most efficient but entails major implementation concerns, while the targeted BIG is relatively inefficient and easier to implement, and the modified SRD presents a kind of middle ground when it comes to efficiency and implementability. What we've shown here is that the theoretical efficiency of the Family Poverty Grant is dramatically reduced by expected implementation errors.

With these implementation issues in mind, there is currently talk (https://www.groundup.org.za/media/uploads/do poverty_strategy.pdf) of the National Treasury proposing a "pilot" of the Family Poverty Grant for next year, starting with one million households. Given the severe administrative challenges, it is unclear how even a pilot will be implemented, let alone in a way that truly informs us about the likely issues of a national roll-out. A rigorously evaluated pilot, however, is probably not a bad idea. If the Family Poverty Grant can actually be implemented well, and doesn't have adverse sociological implications, it is a very attractive extreme poverty alleviation programme.

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However, it seems strange to cancel an actually existing national programme, the SRD, to replace it with a temporary pilot which will reach far fewer people. What will the millions of current SRD recipients do while the trial runs its course? **DM**

Ihsaan Bassier and Joshua Budlender are research affiliates at the Southern Africa Labour and Development Research Unit (Saldru) at the University of Cape Town. They recently contributed to a report which evaluated social grant options to replace the SRD in March 2022, commissioned by the National Treasury. They write in their personal capacities.

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A South African Hero: You

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National Treasury (https://www.dailymaverick.co.za/article_tag/national-treasury/)

social relief of distress grant (https://www.dailymaverick.co.za/article_tag/social-relief-of-distress-grant/)

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