




**Presentation to the Public Dialogue hosted
by the Standing Committee on
Appropriations**

***Public Participation on the 2018/19 National
Budget Appropriations***


Studies in Poverty and Inequality Institute

- Generating new knowledge to reduce poverty and inequality through the realisation of the rights in the Constitution.
- Construction of baseline studies of Progressive Realisation of SERs: **policy studies, budget analysis and construction and population of indicators tracking progress across Access, Adequacy and Quality with annual updates.**
- Consultative construction of a Decent Standard of Living Index.


Objectives of the Standing Committee

- Role of the Committee is to represent the interest of the people in the budget process, to make recommendations on appropriations, and to ensure public participation in the budget process.
 - The Committee performs the following broad functions:
 - To interrogate the budget and appropriation,
 - To manage stakeholder and collaboration participation,
 - To ensure public involvement in the process,
 - To make recommendations,
 - To monitor implementation.
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- The Committee outputs are orientated towards the following outcomes:
 - Build a culture of accountability and responsiveness,
 - Ensure efficacy of the money bills amendment procedure,
 - Ensure the will of the people in the budget process.
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Objectives and Outcome of the Public Dialogues

- To provide a regular platform for discussion and a sharing of views and perspectives between elected representatives, whole of government, civil society, professionals, experts, sector specialists, private sector stakeholders and citizens.
 - The desired outcome of the collective outputs of the Dialogues is **a national budget that promotes effectiveness, efficiency and economy in budget allocation and implementation**
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Public Participation

2013 Public Participation Framework for the South African Legislative Sector, by the Legislative Sector Support Project Team

- This is the process by which Parliament and provincial legislatures consult with the people and interested or affected individuals, organisations and government entities **before** making a decision.
 - Public participation is a **two-way communication and collaborative problem solving mechanism** with the goal of achieving representative and more acceptable decisions.
 - There should be a focus on those who are confronted with poverty and lack access to resources, including children, women, people with disabilities and the youth.
 - Public participation is a **fundamental dimension of democracy** and an important factor in the strengthening and maturing of democracies.
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What is the Appropriation?

- **Appropriation** relates to the **right** of Parliament to decide on the spending, and the Appropriation Bill therefore deals with **the spending of money that will be appropriated by Parliament.**
 - Mr Devan Naidoo, C-Director for National Treasury Training Workshop for Portfolio Committee on Science and Technology, 01/03/2011. www.pmg.org.za


Difference between Appropriations and Finance Committees?

- The **Appropriations Committee** considers matters relating to expenditure.
- The **Finance Committee** considers matters relating to macroeconomic, fiscal and revenues policies
 - (Money Bills Amended Procedure and Related Matters Act)

Powers and Flow: the Appropriations Bill

- S7(1): Minister of Finance must table the Appropriations Bill in the NA at the same time as the national annual budget
 - The Finance Committee must make recommendations to NA to adopt the financial framework and revenue proposals
 - The NA has to adopt DoRA (Division of Revenue Act) – allocations between spheres of government
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- The Appropriations Bill is introduced to the Appropriations Committees
 - The Appropriations Committees may not consider amendments to the Bill BEFORE NA passes DoRA.
 - S10: any amendment to the Appropriations Bill must be consistent with the Fiscal Framework and DoRA.
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Budget Process from Executive's Side

- June/ July: National Treasury (NT) invites departments to submit budget proposals for the Medium Term Expenditure Framework (MTEF) – i.e. the period for the following three years.
 - Departments then invited to present their proposals to the Medium Term Expenditure Committee (MTEC) - representatives from the Presidency, COGTA, Public Service and Administration and National Treasury.
 - MTEC makes recommendations to the Ministers Committee on the Budget (MINCOMBUD), who evaluated the recommendations of MTEC.
 - MINCOMBUD recommendations submitted to Cabinet for approval.
 - In November, allocation letters issued to departments.
 - Allocation letters set out the numbers, the purpose of the total budget, and the baseline numbers of the previous year.
 - The allocation letters assist departments with their Estimates of National Expenditure (ENE) planning.
 - The departments, between December and February, draft their chapter.

Questions:

- Timing: is the current figuration sufficient to allow for real interrogation of allocations, including to allow for sufficient public consultation/ participation?
 - Powers of the Committees to amend allocations –what are the tools required by members to mediate requested changes from other committees, and in response to public participation?
 - Role of Think Tanks: how can these help the work of the Appropriations Committees?
 - E.G. following data on Poverty and Inequality in South Africa.
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Poverty and Inequality in South Africa

Sections 9, 10 and 11 of the Constitution of South Africa guarantee the rights to full and equal enjoyment of all rights and freedoms, the right to inherent dignity and the right to life, respectively.

Gendered nature of inequality compounds the reality that the poorest people in South Africa are rurally –based black African women. Programmes that benefit these vulnerable people most are clearly key to a responsive, Constitutional decision- making process by the Committees.

NDP Targets: by 2030

Target: Reduce people living below the Lower Bound Poverty Line from 39% in 2009 to zero in 2030.

- Saw a Decrease between 2009 and 2011, but a reversing **increase** to 40% of the population in 2015 (most recent figures).

Target: Reduce income inequality from 0,7 in 20010 to 0,6 by 2030

- Had **reduced** to 0,8 by 2015

Target: Increase the share of income going to the bottom 40% of income earners from 6% in 2010 to 10% in 2030

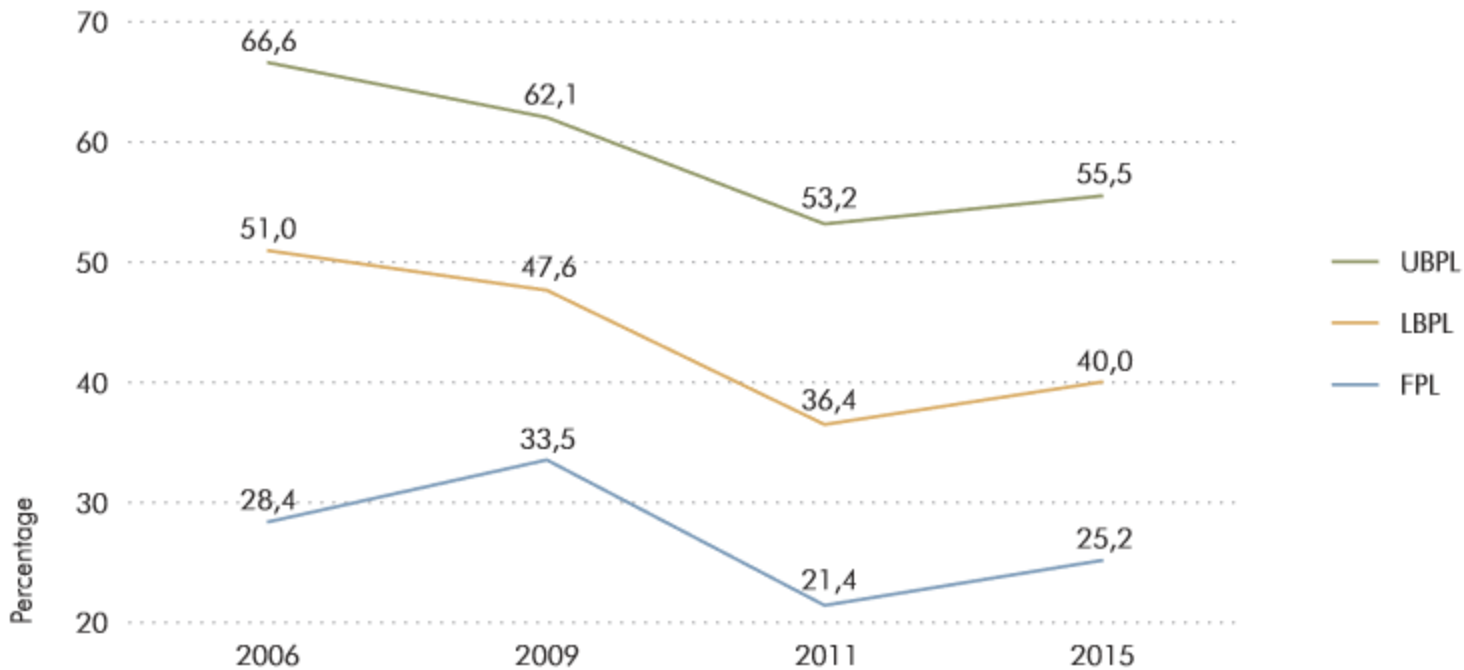
- Had **increased** to 8,3% in 2015

Target: Reduce people living in hunger (below the Food Poverty Line) from 21,4% in 2011 to 0% in 2030

- Number of people living in hunger had **INCREASED** from 21,4% in 2011 to 25,2% in 2015

Poverty and Inequality in South Africa – key statistics from 2017 Poverty Trends Report

Figure 2.1: Poverty headcounts based on the FPL, LBPL and UBPL (2006, 2009, 2011 and 2015)



Poverty Lines: 2006 to 2017

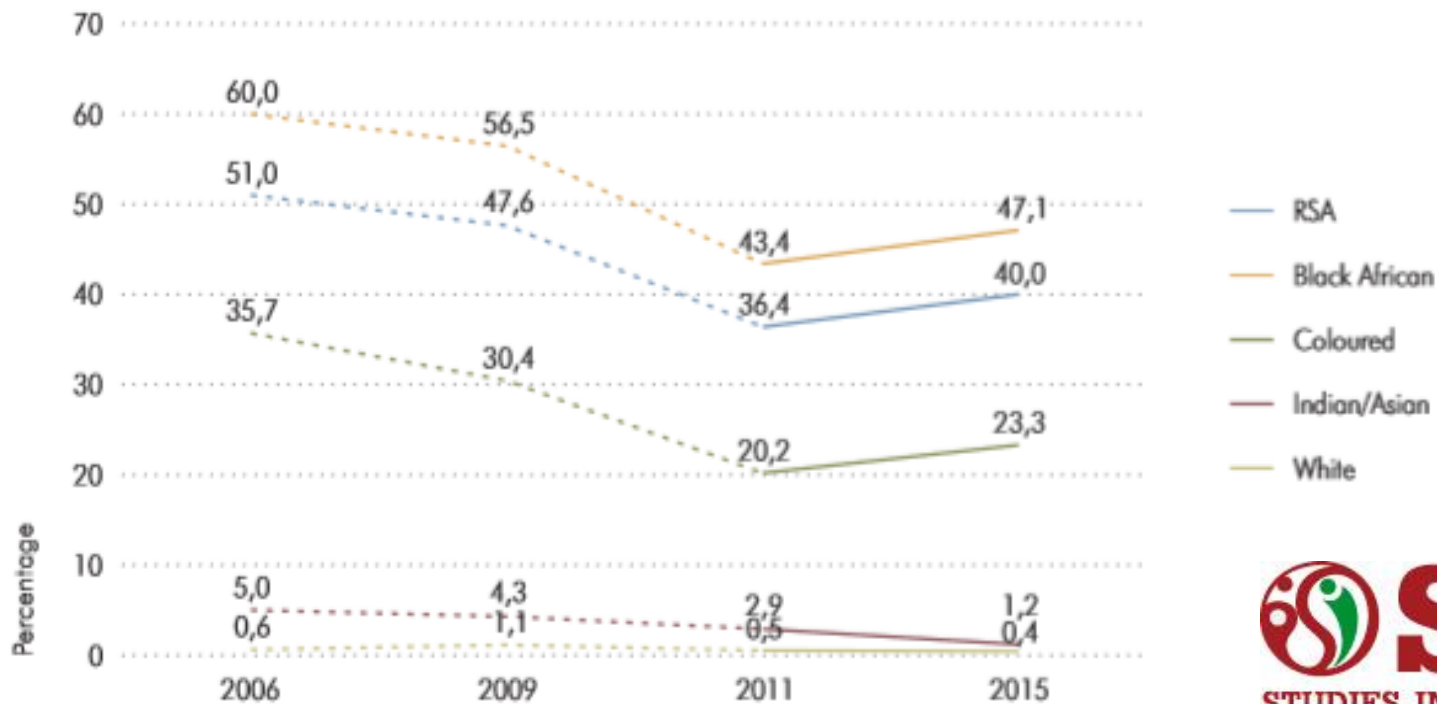
Table 1.2: Inflation-adjusted poverty lines, 2006 to 2017 (per person per month in rands)

Year*	Food poverty line (FPL)	Lower-bound poverty line (LBPL)	Upper-bound poverty line (UBPL)
2006	219	370	575
2007	237	396	613
2008	274	447	682
2009	318	456	709
2010	320	466	733
2011	335	501	779
2012	366	541	834
2013	386	572	883
2014	417	613	942
2015 (April)	441	647	992
2016 (April)	498	714	1 077
2017 (April)	531	758	1 138

* Unless otherwise indicated, the values are linked to March prices in the respective years

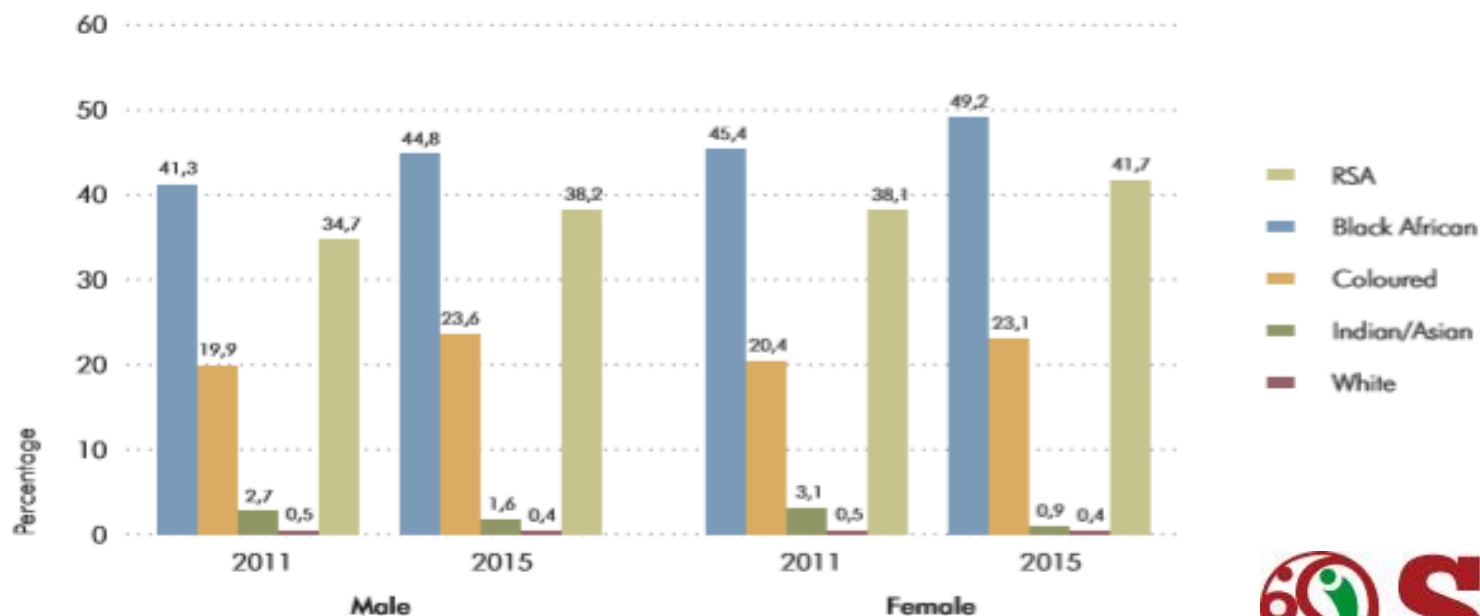
Poverty Trends according to Race 2006 to 2015

Figure 2.4: Proportion of population living below the lower-bound poverty line (LBPL) by population group (2006, 2009, 2011 and 2015)



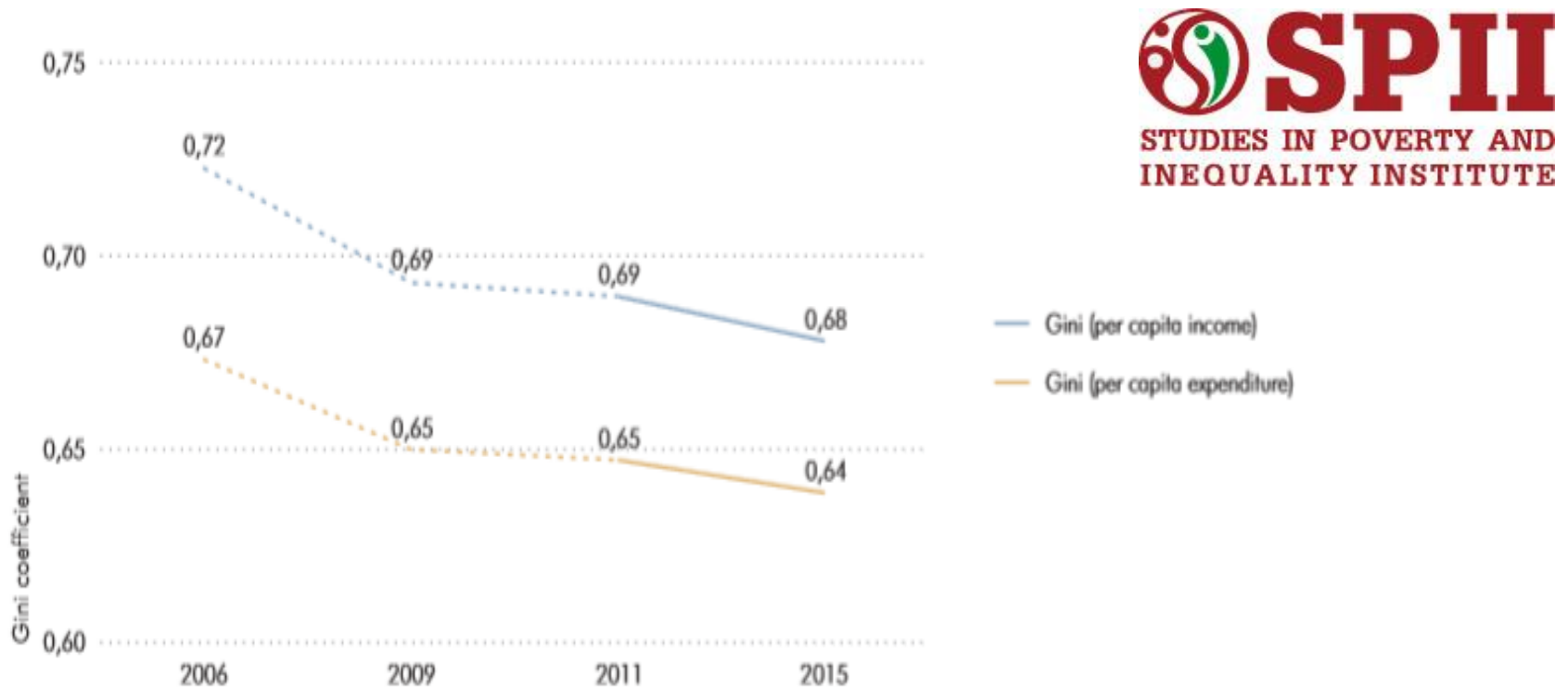
Poverty Trends by Race and Gender (non racist, non sexist South Africa?)

Figure 2.5: Proportion of population living below the lower-bound poverty line (LBPL) by sex and population group (2006, 2006, 2011 and 2015)



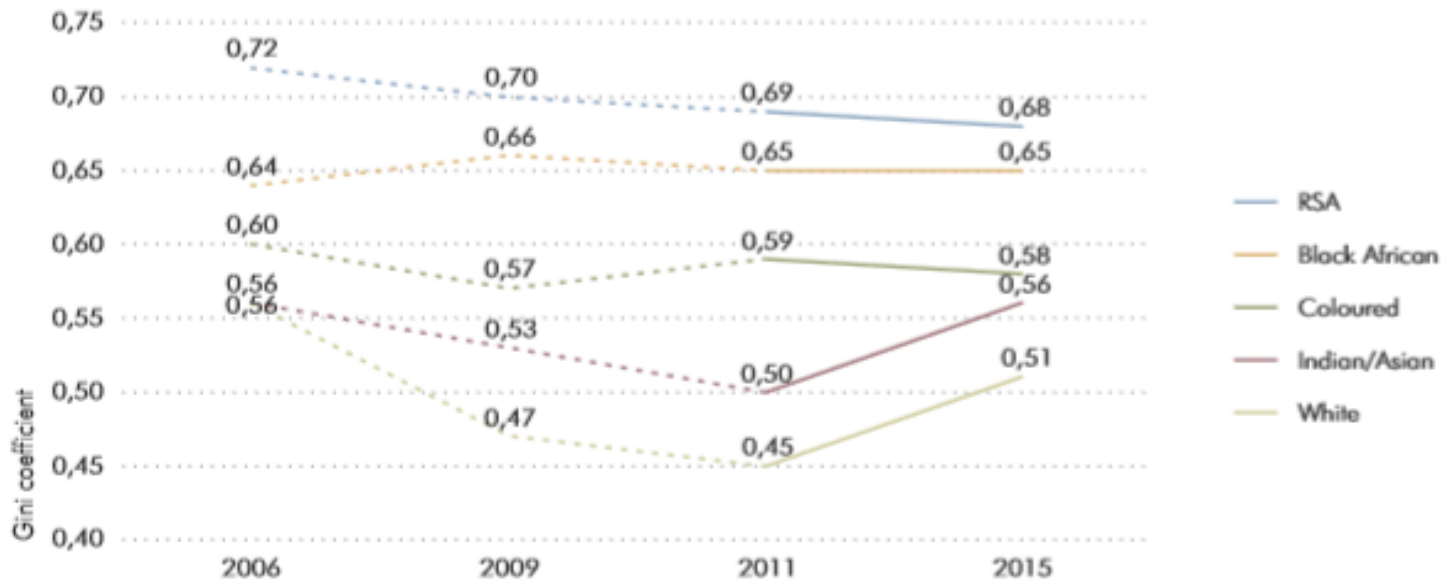
Gini based on income and expenditure per capita, 2006 to 2015

Figure 2.7: Gini coefficient based on income per capita and expenditure per capita (2006, 2009, 2011 and 2015)



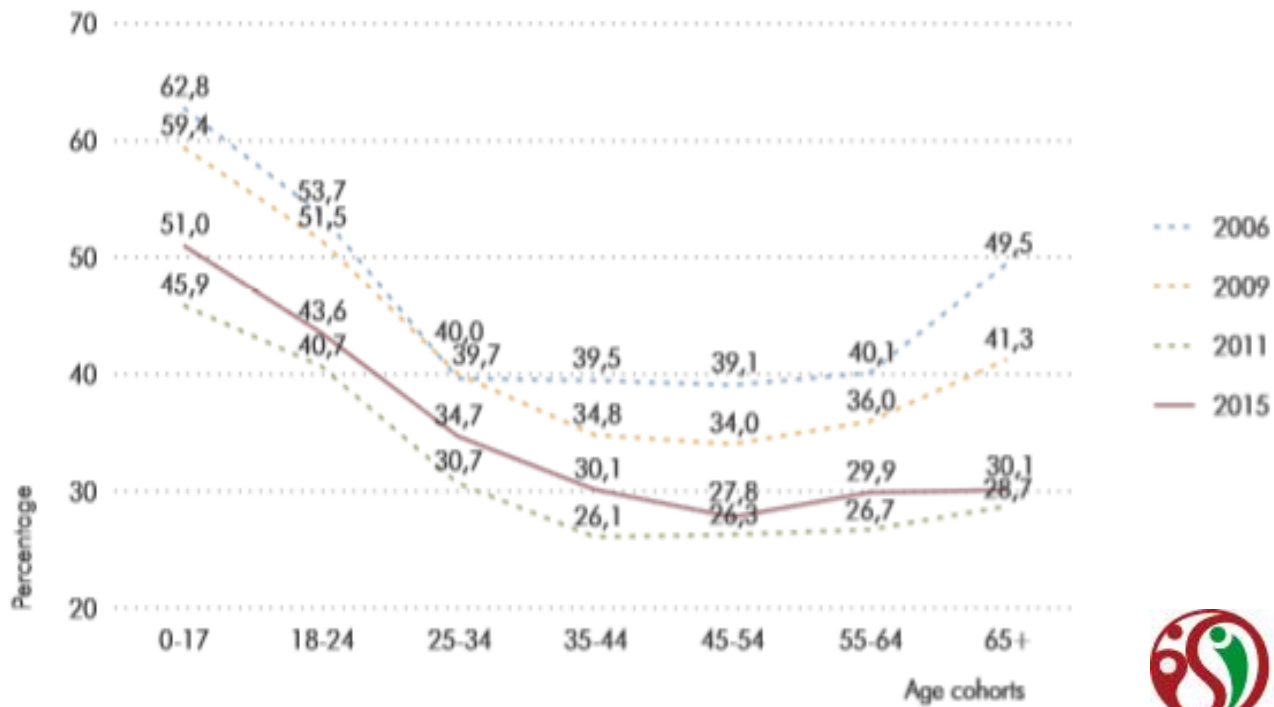
Gini coefficient based on income per capita by population group

Figure 2.8: Gini coefficient (income per capita) by population group (2006, 2009, 2011 and 2015)



Income Inequality by Age

Figure 2.16: Proportion of the population living below the LBPL by age (2006, 2009, 2011 and 2015)




Ranking of Provinces according to Poverty headcount 2001 to 2016

Table 2.6: Ranking of provinces using poverty headcount from 2001 to 2016

Province	2001 (Census)	2006 (IES)	2009 (LCS)	2011 (IES)	2011 (Census)	2015 (LCS)	2016 (CS)
Western Cape	1	2	2	2	1	2	1
Eastern Cape	9	8	8	8	9	9	9
Northern Cape	3	5	5	4	4	4	4
Free State	4	3	3	3	3	3	3
KwaZulu-Natal	8	7	6	7	8	7	5
North West	5	4	4	5	6	6	7
Gauteng	2	1	1	1	2	1	2
Mpumalanga	6	6	7	6	5	5	6
Limpopo	7	9	9	9	7	8	8

One allocation to combat Poverty: Social Grants

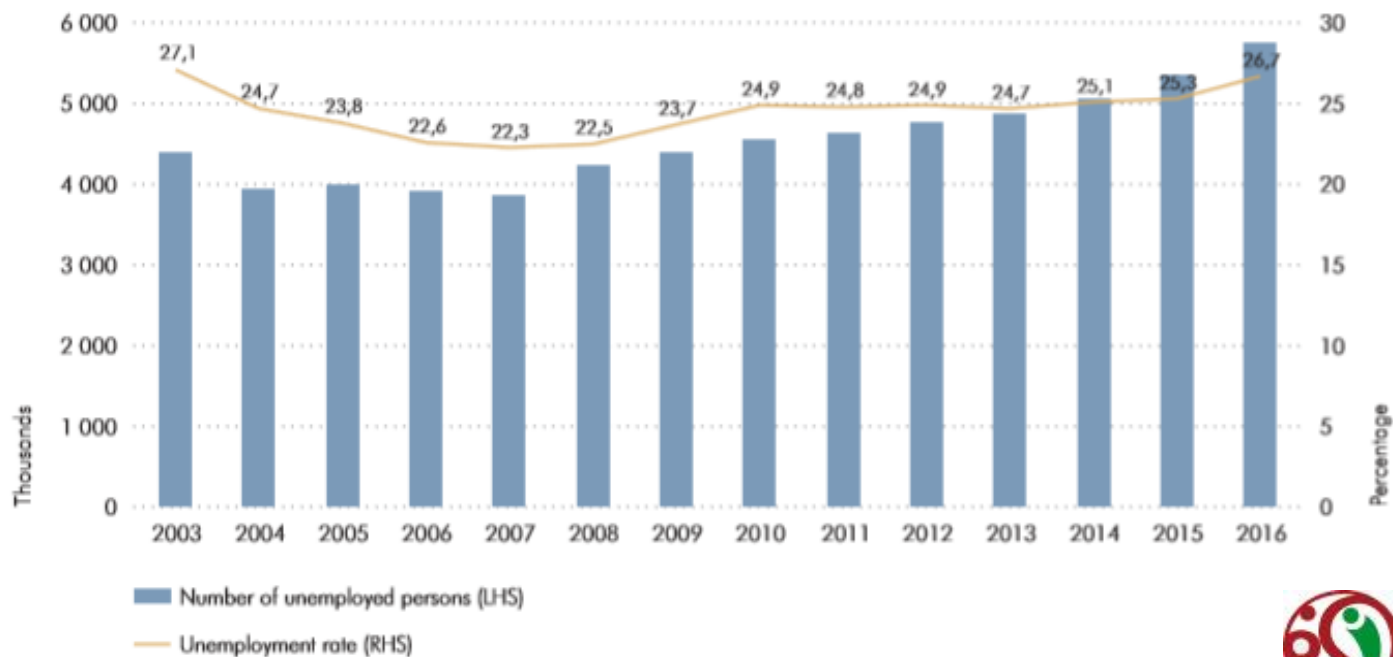
- S27 gives to all a right to social security (income protection) and social assistance (grants).
 - Number of grant recipients in February 2018 was 17 million people, a decline of 62,272 since November 2017.
 - BUT: no social grants for working age people between 18 and 35.
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Grant Figures and Amounts (as from 1 April 2018)

Grant	# of beneficiaries	R amount per month
Old Age Pension	3, 408, 994	R1 690
Disability Grant	1,059 000	R1 690
Care Dependency Grant	147 644	R1 690
Child Support Grant	12,247 565	R405

Narrow unemployment numbers and rate 2003 to 2016

Figure 2.28: Number of unemployed persons and the unemployment rate (2003–2016)



As summarised by Abahlali baseMjondolo Movement SA

- “Thank you chairperson for this very rare opportunity and we as a Movement are looking forward to many meaningful engagements in future for the sake of peace, development and prosperity of all deserving and voting citizens in our country, particular those who live in shacks.
 - Thanks to each and every one of you who took time to listen to us.”
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