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DRASTIC ACTION NEEDED TO PAY SRD GRANTS

At a meeting in Stellenbosch earlier this week, National Treasury is reported to have told President Cyril Ramaphosa and his ministers that government will have to make drastic decisions if it wants to continue paying the R350 social relief of distress (SRD) grant.

If Ramaphosa and his government decides to keep paying the SRD grant, it will only be able to afford it by finding other ways to cut costs.

Among the proposals presented by Treasury are to increase value-added tax (VAT) or close dozens of state programmes.

In response, the Democratic Alliance (DA) has called for the government to be more transparent about its financial crisis.

Another proposal suggested to cut spending was to reduce the number of government departments. This would be done by either closing some departments or merging them with others, the *Sunday Times* reports.

It was suggested that the Department of Sport, Arts and Culture be incorporated into the Department of Basic Education. The Department of Tourism, meanwhile, could merge with the Department of Trade, Industry, and Competition.

Also, the Department of Public Works and Infrastructure could close, meaning other government departments will have to manage their own assets.

Other departments that could be shut down are the Department of Women, Youth and Persons with Disabilities as well as the Department of Planning, Monitoring and Evaluation. They could both become divisions of the Presidency or merge with the Department of Social Development and Department of Public Service and Administration respectively.

The Government Communications and Information Services (GCIS) might also become a division in the Presidency.

Even though the reduction in departments could save government R17 billion, the proposal may face resistance from some within the government and ANC.

The increases in VAT, which would supplement the money needed to continue paying the SRD grants, would help relieve pressure on government, but it would add to the strain felt by ordinary South Africans.

Two options were given by Treasury. It projects that a one percent increase in VAT would raise R24,5 billion, while a two percent increase would generate R49,4 billion.

More than 100 government programmes could also be closed to enable the government to keep paying grants, the *Sunday Times* reports. Among these are the Department of Social Development's social assistance programme; the police visible policing programme; the Mine Health and Safety Inspectorate; civil aviation, the Department of Agriculture and Land Affairs' food security programme; and the Department of Housing's informal settlements support.

The DA's Dion George said the meeting with Treasury is a sign that government is struggling to meet its promise to extend the SRD grant due to the "overoptimistic" projections by Treasury in this year's budget speech.

George said the DA raised concerns that Finance Minister Enoch Godongwana's budget speech did not say how the SRD grants would be paid after April 2024. "The simple fact is that government has run out of money and cannot fund items budgeted in February, let alone the SRD."

George blamed the government's "failed economic policy and poor fiscal choices" for the financial crisis it finds itself in.

— *The Citizen*.