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'Govt will need to manoeuvre to keep paying social grants'

Gareth Cotterell

Government will have to make drastic decisions if it wants to continue paying the R350 social relief of distress (SRD) grant, National Treasury is reported to have told President Cyril Ramaphosa and his ministers last week.

If the government decided to continue paying the SRD grant, it will only be able to afford it by finding other ways to cut costs.

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

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

Another proposal suggested a way to cut spending was to reduce the number of government

departments. This could be done by closing some departments or merging them with others, the *Sunday Times* reported.

It was suggested the department of sport, arts and culture could be incorporated into the department of basic education; the department of tourism, meanwhile, could merge with the department of trade, industry and competition; and the department of public works and infrastructure could close, meaning other government departments would have to manage their own assets.

Other departments which could be shut down were 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 Communication and Information System could also become a division in the Presidency.

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

The increase in VAT, which would supplement the money needed to continue paying the SRD grants, would help relieve pressure on the 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* reported.

Among these were the department of social development's social assistance programme; the 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 Democratic Alliance's (DA) shadow minister of finance Dion George said the meeting with Treasury was a sign that the government was struggling to meet its promise to extend the SRD grant due to the "overoptimistic" projections by Treasury in this year's budget.

George said the DA had raised concerns that Finance Minis-

ter Enoch Godongwana's budget speech did not say how SRD grants would be paid after April 2024.

"In response, government stated that a revised social security model was being designed, followed by silence," he said.

"This meeting may well be part of a desperate scramble to find money to fund an extension of the grant and also to plug the massive gap between projected revenue and actual revenue.

"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 found itself in.

"It appears that government is unable to make the hard choices that are required to keep South Africa financially afloat," he said.