Reducing Inequality and Poverty

A BIG Solution

Basic Income Grant Coalition

2 – 3 December 2003
Ipelegeng, Soweto, Gauteng

Scribe: Brigitte Taschi – email gitti@lantic.net
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DAY 1

Welcome and Introduction

Sheena Duncan welcomed all the delegates, especially Senator Eduardo Suplicy who had flown in from Brazil.

Keynote Address – Dr Molefe Tsele
[SACC]

*Chair by Sheena Duncan.*

Welcome to Soweto! It has been the place of many important meetings and this conference is important. The South African Council of Churches thanks COSATU, the Black Sash and SANGOCO.

In six months’ time South Africa will celebrate a decade of democracy. At the elections in 1994 South Africa was radically transformed and we all expected a better life. Since then we have seen many of these dreams shattered. What did the last 10 years bring – especially for the poor of the nation? The idealism of the struggle gave birth to the reconstruction and development program. It is sad to lose it so soon. South Africa has two economies.

Yet we also have to celebrate significant breakthroughs, like the adoption of the national treatment program and this is because the people didn’t bow to the dogma that there is no money. We must use the same sort of effort with regard to poverty.

After 10 years of democracy, the poor in the homelands are worse off than before! 11.8 million households have no access to social assistance. Poverty has developed a new face: the homeless, jobless youth roaming out streets. It is because of that, that we are not winning the war on crime.

The fight against poverty is a moral fight. We have got to put in place social security instruments so that the dignity of all our citizens is protected. We need a ‘big’ solution, the BIG, the Basic Income Grant. At first I didn’t believe in this idea, but listening to the arguments I got convinced. The BIG is cost-effective and courageous and can combat poverty. I therefore call on our policy-makers to re-think and to re-learn and make the issue of poverty central to public policy making.

BIG should become an election issue next year. It is my wish that the ANC government would make the BIG a Tenth Anniversary gift to all South Africans next year.
Opening Plenary

*Chaired by Sheena Duncan*

**Ten Year Review**

Yasmin Dada-Jones [Office of the Presidency]

To mark a decade of democracy, the Presidency commissioned a Ten Year Review, the framework for which was to look at poverty holistically. It attempted to evaluate the extent to which government had achieved its objectives. It is expected that other organizations will conduct their own assessments.

The government achieved a degree of de-racialisation of social services; introduced programmes addressing income, asset and human resource poverty; and there was a dramatic improvement of service delivery of social grants, reaching an increasing proportion of society; however, the implementation is still constrained by the behaviour and lack of knowledge of some officials and recipients alike.

With regard to income poverty, the Department of Social Development looked at what grants were paid out and what impact these grants had. Were the objectives achieved? The Department did case studies in 8 of 21 nodal areas.

The studies showed two key trends:

- There is a massive migration away from rural areas to urban areas.
- In the last five years household sizes have declined from an average of 4.5 members to 3.8 members amongst the poor. This finding was a surprise. In the last five years the population grew by 2%, but the number of households has tripled!

These changes pose a challenge to government. The decline in household size means an increase in income poverty and it makes the society less cohesive.

Notable advances in the provision of electricity, water and sanitation were made, but the level of municipal debt and illegal connections is a problem. This is partly due to the inability to pay, but also, understanding of the obligations of citizenship seems to be lacking. People expect good delivery, but sometimes the government can't deliver because communities are not cohesive enough.

Housing and land reform have made some impact on asset poverty, but access to micro-finance remains an impediment. Progress was slower than envisaged by the RDP (Reconstruction and Development Program) because the first few years had to be dedicated to policy making. There are other problems too at times. For instance, if a builder is commissioned to build houses in a township, but gets shot at as soon as he enters the area, it is impossible to build those houses.

Quality of life in terms of health and literacy has increased by 15%.

Safety and security, economic participation and economic preparedness have gone down.
With regard to the labour market, there is a mismatch of skills between the employers and the prospective employees. In addition to that, the South African labour market values experience more than skills. This is a problem for youths. However, crime is not only an issue of unemployment, but also stems from lack of trust. The government has done very little to work on this and plans to improve this area within the future.

HIV/AIDS is a huge problem. Yet if there is lack of social cohesion, the government is not able to help efficiently.

To develop human capital is a long-term project. The classroom size has decreased. 2.2 million youths completed tertiary education. In general, girls do better than boys. 71% did not complete school. The government is looking at an internship program for university graduates.

With regard to infant mortality too little progress has been made. Education in hygiene and providing access to clean water takes time.

However, maternal mortality has decreased; more women deliver in the presence of a doctor now and more receive ante-natal care.

With regard to free healthcare much infrastructure has been provided, but not enough people visit these facilities.

Knowledge about HIV/AIDS has improved and the use of condoms has gone up. No great strides have been made with regard to nutrition.

34% of the people have telephone land lines and 75% have TV.

Four main challenges for the future have emerged from the study:

**Changes in South Africa’s demography:** the drop in household size implies that the government has to provide housing and services for almost 3 million households instead of 1 million.

**Dramatic increase in the labour force,** which grew 4% per annum. These are mostly young people, but also rural migrants (especially women). 12% more jobs were created, but the economically active population increased by 35%!

**Change in the structure of the economy:** the two-tier economy persists in the country. Whereas the first, formal economy has become more sophisticated and globally competitive, the second, informal economy is falling further behind and decisive government intervention is needed.

**Migration to cities:** rural areas get poorer through the loss of skilled people, whereas the influx into cities of these people overwhelms service delivery and employment opportunities. The challenge is likely to become more daunting through the effects of HIV/AIDS.

*The chairperson acknowledged that government had sent a representative to this conference, but asked why government is privatising basic services such as water and electricity, when so many people cannot afford to pay the tariffs?*
Speech by Pumi Yeni

[BIG Coalition]

I am speaking about poverty from the civil society’s perspective. It is said that one of the symptoms of poverty is dependency, which could be dependency on family, neighbours or social grants. All people are dependent on a number of things, there are no exceptions.

The Taylor Report distinguishes three different types of poverty: income poverty, capacity poverty and access poverty. If there is no access to a clinic – because it is too far away or it is too expensive to get there – it might as well not be there.

The government, so far, has done the following:

Public works programs: temporary employment is created, and is paid below the minimum wage. Is this relieving poverty? In the olden days there used to be long-term jobs that you could count on, but now the trend is towards contract work for a limited period of time. At the end of the contract there is no more work and no more pay. It is the end of security.

Social grants have brought relief, but only to specific sectors of the population. Unemployed people without young children or an old age pensioner in the family get nothing. The numbers of such people are increasing.

A Basic Income Grant would be given to everybody and would be an integral part of an overall developmental strategy. Those who earn an income would pay it back to the government through the tax system. It would supplement existing grants to households and would be at least R100 per person per month. Payment would be facilitated through public institution. The BIG should be an addition to any other grants a person might get. And because there is no means test attached to the BIG, it would not keep anyone from going out looking for work. It has been shown that people who have a little money are more confident and more prepared to take small risks.

Why R100? We’ve got to start somewhere. South Africa has one of the most unequal economies in the world. Yasmin said earlier on that crime has a lot to do with lack of social cohesiveness. I say that crime stems from poverty. Personally, as a mother, I would go out and steal food if that was the only way I could feed my children.

The South African government can afford the BIG, the Taylor Committee has shown that.

Many organisations have joined the BIG Coalition: the church, trade unions, NGOs dealing with children, old people and AIDS sufferers. It operates on the regional level, each province has its own project going. It is important to spread the word and hopefully the delegates to this conference will help disseminate the concept of the BIG. Civil society is the link between the people and the government. The people need to be mobilised first, then we can go to the government and say what we want.
Constitutional Obligations of the State
*Chaired by Solange Rosa.*

**Progressive Realisation of the Right to Social Security**
Isobel Frye [National Advocacy Manager, Black Sash]

South Africa has one of the best constitutions in the world, but also one of the most unequal societies in the world. The question is how to use the constitution as a tool?

Areas of contestation are:
- Separation of powers – prerogative of executive to make policy; how far can the courts go in ordering specific policy
- Issues of fiscal priorities – hard choices about use of revenue
- Rights based approach/ Washington consensus approach to social spending, highlighted in the question of progressive realisation through available resources

The constitution states:

> “The state must **respect, protect, promote** and **fulfil** the rights in the Bill of Rights” and … “Everyone has the right to have access to social security, including if they are unable to support themselves and their dependants, appropriate social assistance”.

The question is: how enforceable are these rights? Who determines the availability of resources, point of departure, pace of progressivity, targeting of the most vulnerable? The *Grootboom* judgment provides a landmark guidance to the interpretation of socio-economic rights in SA.

According to the Taylor Report, 22 million people – 53% of the population – live on less than R144 per month; 2 in 3 children live in poverty, 25% of children under 5 have severe to moderate stunting; 3.1 million of African households are workerless (1999) – up from 1.9 million in 1995.

There is no income support for poor children between 9 -18 years, including street children and child headed households; no income support for poor adults between 18-59 years, including those living with HIV/AIDS; no general assistance for poor households where no-one is employed. Over 13 million people live below the poverty line (the very poor) with no access to social security.

There can be no doubt that human dignity, freedom and equality, the foundational values of our society, are denied those who have no food, clothing or shelter. Affording socio-economic rights to all people therefore enables them to enjoy the other rights enshrined in Chapter 2 [the Bill of Rights]. The realisation of these rights is also key to the advancement of race and gender equality and the evolution of a society in which men and women are equally able to achieve their full potential.
Conclusion

- The nature of the enforceable right to social assistance as provided for in S27 of the Constitution is a contested arena due to the internal limitation clause of progressive realisation within the state’s available resources.
- The constitution provides that international law can guide the development of our law.

Questions & Comments:

Addressed to Yasmin:

The statistics are quite impressive, but improvements in the statistics don’t always reflect the situation at the grassroots level.

*In some rural areas people don’t know about the benefits that are available.*

Women trying to apply for the Child Support Grant are turned down because they cannot negotiate the red tape connected with the means test!

You talked about the programs in schools and how many learners completed tertiary education – but there are so many completely outside schools!

*There are plans to start a public work program especially for young people so that they can get work experience.*

Please take back to the President that every study in the world shows that means-tested benefits don’t reach their target. If you believe that they do, you are either ignorant or up to something else.

*I cannot answer policy questions, I only answer implementation questions.*

South Africa has two economies: why shouldn’t it be possible to establish a single capitalist economy for all? In the US 10% have their own business, whereas in South Africa the figure is under 1%.

*This is partly due to lack of entrepreneurship. This is why we have created the SETAs so that people can acquire these skills.*

Households have decreased in size – to what extent has death through AIDS to do with it?

*Deaths through AIDS have been taken into account when compiling these statistics. It rather looks like this is a result of the housing subsidy. People gain an asset, but the income per household goes down.*

The government’s relationship to NGOs and civil society is not ideal.

*Part of the reason for my being here today is to improve this relationship. We need to keep our democracy vibrant and this can only be done if there is a good relationship between the different groups.*

Recently my granny died. She was 93 but she didn’t die of old age, she died of poverty, because she was unable to renew her pension fund. She supported seven people with her pension. She had a grandchild, but because she couldn’t prove that the child was staying with her, she couldn’t get the
Child Support Grant. Because I am the only one in the family who has a job, I now have to support these seven people! – My case is not an isolated case.

*This doesn't have so much to do with the means test as such; the different provinces have their own procedures.*

The Grootboom case had a sting, the phrase ‘within available resources’. It isn’t always a matter of resources. What political will is there in government to consider the Basic Income Grant?

Addressed to Pumi:

Justify the BIG – what makes it better than the National Food Security Scheme and the existing social grants.

*We do acknowledge the benefits these programs bring and are not saying that the BIG will address all the problems; but it will help to alleviate poverty.*

*Yasmin said earlier on that the government is not responsible for creating jobs – the BIG will help with that. The formal economy is export-driven, whereas the BIG gets cash into the local economy.*

Addressed to Isobel:

Are you saying that income is the only yardstick with which to measure poverty?

*I don't think the BIG is the only means of alleviating poverty. There are other initiatives by government, like social insurance – they all have a place; but government should look creatively.*

Poverty and the Development of Social Protection

*Chaired by Marcella Naidoo, National Director Black Sash*

**Citizenship & Politics of Poverty Definition in Post-1994 South Africa**

Wiseman Magasela [Oxford University]

My special interest is in understanding the concept of citizenship and especially of poverty, and the relationship between the two.

Poverty is not an invention of colonialism and racial discrimination. It goes back to the beginnings of the industrial age, when workers became dependent on wages for their livelihood. Modern capitalist society tries to deal with poverty with its own structures, institutions and systems.

There are different ways of measuring poverty. Two accepted methods are:

- means test
- wage discrimination (fixed wages)

Attempts to alleviate the effects of poverty go back to the early 1800’s with institutions for children run by the church. During the 20th century research was undertaken to identify the causes of poverty and find a solution. However, in South Africa and Rhodesia the concept of the Poverty Datum Line took root.
in 1940. In 1959, the following statement was made by the then Deputy Minister of Labour, in connection with Africans:

To plead that you must pay the Natives who are employees a ‘civilized wage’ means only one thing in this country – White wages. To want to pay Natives White wages fails in the first place to take account of their productivity; in the second place it does not take their living standard into account.

In due course civil society became an important force and the government had to start paying attention. The 1970s were marked by a wave of strikes and a call for a living wage. Independent trade unions came into being.

In post-1994 the notions of social inclusion, involvement and participation became understood as core dimensions in the understanding of citizenship.

A White Paper on Reconstruction and Development states:

At the heart of the Government of National Unity is a commitment to effectively address the problems of poverty and the gross inequality evident in all aspects of South African society … [and] … alleviate the poverty, low wages and extreme inequalities in wages and wealth generated by the apartheid system to meet basic needs, and thus ensure that every South African has a decent living standard and economic security.

The Taylor Report states

- the need within South Africa for a nationally agreed poverty line
- the need to include measures of absolute poverty, as well as indicators of social exclusion which suggest issues pertaining to relative poverty
- that a conceptually sound and an empirically based understanding of poverty indicators and measures of well-being is critical.

Poverty & Unemployment in South Africa, 1997-2002

Dr Charles Meth [School of Development Studies, University of Natal, Durban]

The government is desperate to show that poverty has been reduced since 1994. They are therefore critical of existing studies because they don’t include the social wage. The social wage consists of social grants, electricity, water and transport subsidies (the bankable components), as well as housing, education, health care and sanitation (the non-bankable components).

In our work we look at households in which total monthly expenditure is between R0-399, and R400-799. We separate the households into those containing only adults (1, 2 or more, up to 10 adults), and those containing adults and children (up to 6 adults and up to 12 children). We found that the number of households with one or two adults (with various numbers of children) has increased.

We then estimate the maximum personal consumption expenditure ($PCE_{max}$) for each of the 80 different household sizes and types. We apply correction factors to allow for child costs & the savings that result when households
contain more than one person. The PCE (Per Capita Expenditure) estimates are now ready to be increased by the social wage.

We estimate the value of the social wage, which might consist of:
- The state old age pension and the child support grant (SOAP and CSG)
- Electricity, water and transport subsidies
- Housing, education, health care and sanitation

We add the bankable components of the social wage to the base estimates of PCE:
- A supplement to the CSG figures reduces the number in poverty by 260,000
- Adding in the other bankable items, electricity, water and transport subsidies, reduces the number in 2002 by 580,000 more

If the non-bankable components of the social wage were added to the base estimates of PCE – an illegitimate step – poverty can be made to disappear! Although the non-bankables improve people’s lives, they do not put money in their pockets.

Many poor people are better off as a result of the social wage. Nonetheless, there are more poor people than ever before. The number of poor probably rose by about 1.6 to 2.1 million over the period 1997-2002.

Public Works As A Component Of Social Protection In South Africa
Anna McCord [SALDRU, CSSR, UCT]

Unemployment is chronic and structural, and is concentrated among unskilled workers. There are 5.25 million unemployed in South Africa (narrow) or 8.4 million (broad). After 10 years of growth of between 4-5% per annum, broad unemployment among the semi and unskilled is not likely to fall significantly. Job creation is not keeping pace with the growth in labour force. A medium to long term response is therefore required to solve the current problems.

Last week President Mbeki announced the EPWP, a nation-wide program that aims to gainfully employ one million unemployed within the next five years. While on the program, workers will gain skills that will increase their capacity to earn an income after they have left.

‘One million’ sounds good, but it is a matter of scale. A look at the CBPWP, a work program that has been running over the last five years, shows that it has helped less than ½% of all the unemployed.

One million jobs over five years means 200,000 per annum, with employment running from 4–6 months. There are roughly between 5 and 8 million unemployed in the country, which means the program won’t make a significant impact on unemployment. The training envisaged is only two days per month of employment. Also: training for whom? Training for different segments of the population must be in
line with the needs of these segments. Case studies indicate that training may not be valued by the participants as it is not seen as useful when looking for work after the program is over. Even if useful skills are acquired, they are of no use unless there are relevant jobs available within the area. Most workers return to the unemployed labour pool after completing work in short term public works programs, rather than being absorbed into the labour market. It is doubtful that there’ll be long-term benefit, whereas the BIG, once instated, will be ongoing.

Furthermore, public works programs are costly. Cost estimates were made for the provision of work for 3.2 million unemployed workers currently living in workerless households, spending under R800 per month.

The cost of employment for these 3.2 million would be between R16.8bn to R61.6bn per annum, plus social security and welfare budget allocation approximately R46bn for 2004/5. Only approximately R20bn net amount would be required for the provision of a universal Basic Income Grant.

PWPs are important as a component of a social protection policy. However, the upcoming EPWP is unlikely to have a significant impact on poverty and labour market access, or on growth, unless the government expenditure allocated to the EPWP is substantially increased, and the design and institutional constraints are addressed.

Questions & Comments

Addressed to Anna:

Have you done calculations on the cost of the administration of the means test?

*It is safe to say that a universal grant is far cheaper in terms of administration.*

What can you say about learnerships?

*After the Growth and Development Summit hundreds of learnerships were created: still, compared to the needs, this is a tiny percentage. And then, will these people get jobs even though their skills levels have been improved?*

Addressed to Wiseman:

What is the definition of poverty?

*We are trying to come up with a definition of poverty that has solicited the views of all South Africans. We are hoping to come up with a different and constructive definition and find out what each South African feels everyone must have access to.*

*What has been found in studies in slums elsewhere is, that the poorest of the poor have aspirations very similar to those of higher income earners.*

Addressed to Charles:

Where should government put their limited resources?
South Africa has a history of deliberate underdevelopment of some sectors of the population and this has led to a dual economy. High income earners don’t pay enough taxes. We should feed the poor.

Politics of BIG

Chaired by Abie Dithlake, SANGOCO

Presentation by Neil Coleman
[COSATU]

BIG is a hot issue, and the politics around the BIG are hot as well and will swing into full mode next year.

At the Job Summit in 1998 we engaged the government for the first time on the BIG and they looked blank. Fortunately all the research done forced an engagement. The Taylor Committee was set up which focused on the critical importance of setting up social structures against poverty.

Massive strides have been made, yet despite the recommendations of the Taylor Committee, the government has not yet taken an official position on the issue and this is discouraging. Clearly government is divided, with some officials hostile and others sympathetic. The presence of high level government officials at this conference is promising.

Neither of the two forces in society are able to impose themselves on each other. Our campaign has avoided to engage government head-on. At the same time, the fault lines cannot be entirely avoided. Probably a favourable decision will more likely depend on a broader political shift than on practical concerns.

The following key critiques are levelled at the BIG:

What is required is productive employment and not hand-outs

8 million people are unemployed, there is no prospect of employment in the short term; therefore a BIG is essential;

A grant will make people dependent and diminish their dignity

The greatest source of dependency is poverty itself. It is a function of the structural inequality of decades. The main form of dependence is of the poor on the poor who get social security, which means the poor are subsidising the poor, when this should be done by the rich. All the specific grants get used by everyone in that family and many families don’t get any grants.

The BIG will make people lazy.

As the BIG is independent of a means test, nobody would be dissuaded from going out to work if they had the opportunity.

The government doesn’t have the capacity to implement the BIG

No doubt, the BIG does require major administration, but ideologically driven critics are not really concerned about that, they are only using this as an argument.
The BIG is financially unsustainable

*The Taylor Committee concluded that the BIG is affordable in the long term; so far the government has made no attempt to engage economists to verify the figures in the Taylor Report.*

We have a deepening economic and social crisis, but many are closing their eyes to it. Statistics clearly show that the level of unemployment and poverty has risen during the last 10 years. The question of welfare and poverty alleviation is about the majority of society. We therefore cannot use developed countries, where poor people are a minority, as a model. Our existing social services are inadequate and we therefore must increase the pressure towards the BIG. Poverty undermines social development. In the last two years electricity and water disconnections have increased. Poverty is a fetter on economic growth – it is getting worse, not better.

Government is delaying making decisions, but hasn’t been able to drop the issue because civil society has kept up the pressure. It is a delicate balance, we must avoid unnecessary confrontation. Right now, introducing the BIG is our main concern. Once it is in place, it will go up and up. We’ll keep up the pressure.

There is reason for hope, there is indication that the government might review its fiscal policy. We need social security, but we also need jobs.

**Presentation by Guy Standing**

[ILO, Geneva]

A special welcome to Senator Eduardo Suplicy who has come all the way from Brazil. He is a very special man who is at the heart of policy making in Brazil and has been advocating a ‘BIG’ for his country.

When I came to South Africa for the first time it was on the day Tito Mboweni addressed the cabinet and GEAR was introduced. The macro-economic policy of GEAR has failed, we have inflation and budget deficits. We need to redistribute (See ‘A Basic Income Grant for South Africa’ by Guy Standing and Michael Samson).

We need to put our situation into an international context. The US model is being adopted everywhere and that means regular full-time jobs are getting fewer, flexible labour and outsourcing are on the increase. This creates a lot of insecurity. Neither this nor the increasing stratification of society (rich/poor) are adequately reflected in the statistics.

The popular Washington Consensus view of a lean state, shifting from universal transfers to means tests, is happening all over the world. There is privatisation of essential services – the state is abdicating its responsibilities. Social benefits are whittled away for low income workers, added to high income earners in the name of international competitiveness: I call it social dumping!

We need to struggle for the re-establishment of social solidarity – UBUNTU – and restore reciprocities.

Our book contains three messages to politicians:
• be more humble and not dismissive of new ideas; PWPs are not developmental
• integrated transfers help development
• do not replace genuine dialog with cheap, dismissive insults; like the notions of dependency, laziness etc

We are all familiar with the critiques levelled at the BIG:

The BIG will make people dependent

_The number of tax breaks given to the wealthy, as well as the incentives for companies – none of those are said to produce dependency!_

Receiving a BIG will make people lazy

_Unlike the CSG, a BIG would remove poverty traps and unemployment traps, because you don’t lose the BIG when you earn more._

The BIG will be spent on alcohol, cigarettes and drugs

_Any increase might do that._

There is dignity in work – PWPs are better than a hand-out

_PWPs are not better than a BIG because in a public works program a lot of money ends up in the pockets of the middlemen, the admin costs are high and it doesn’t reach the really poor – only the ‘nearly poor’._

_The BIG can be spent in local communities and help small local businesses which will create jobs. Because the BIG nurtures general dignity, people would become more caring and more likely to do voluntary work._

When a new program policy comes out it is usually believed that it is futile and that unintended, unwelcome outcomes will be bigger than intended ones. History has shown the above to be unfounded.

Questions & Comments

Addressed to Neil:

Why did it take politicians more than five years to engage in the BIG debate?

_Numerous efforts were made to meet with government along the way. That government is officially attending this conference is a very good sign._

Give me a timeframe for our patience to run out

_We cannot set a rigid timeframe. All we can and must do is to mobilise the people and put pressure on the government. Thanks to our sustained pressure the issue of the BIG is on the agenda. This conference must come up with mobilising ideas; if there was a call for a referendum …_

Addressed to Guy:

How does the Council of Ministers think?

_A number of ministers are sympathetic to our cause, unfortunately not the Treasury._
DAY 2

Administration and Delivery of BIG

*Chairied by Ingrid van Niekerk.*

**Presentation by Graham Bendell**

[Smart Card Society]

What is smart card technology? Even though you may not be aware of it, you probably have a smart card and use it frequently. Do you have a telephone card that holds a certain monetary value from which your phone calls get booked off? Do you have a cell phone? Every cell phone has a sim card and this is a smart card. Your sim card holds your pin code, the telephone numbers of your friends, the messages they leave for you and much more. Dstv also uses smart cards. It is estimated that about 45 million smart card transactions are executed every day in South Africa.

The smart card is inexpensive, efficient and safe. It is ideally suited for the payment of grants and makes sure the money gets paid to the correct person.

Before the advent of smart cards pensioners, who often are illiterate, had to remember to bring along certain documents and fill in a form. The smart card gets encoded with the necessary information once and after that, all a person has to remember is to bring the smart card along. The card also contains the thumb print of the owner, which means that the card makes certain that the pension will be paid to the right person. In addition to checking the lines on the thumb, which are unique for every person, the machine also checks that there is a pulse.

The system is especially suited for payments in remote rural areas, as it can be operated from the back of a special armoured van which drives in at appointed times. The van is equipped with two ATM machines, two thumb print readers and a PC. It takes 30 seconds for the PC to read the personal details off the card and record the transaction, and the money is paid out. Subsequently that information is downloaded to the Department of Social Welfare.

It is possible to draw only part of the amount due at any given time. This reduces the risk of being robbed. The rest of the money gets carried over indefinitely, just like in a bank account. Smart card readers, gadgets small enough to fit into a pocket, are available and enable one to read the information on the card.

**Other applications of smart cards:**

At present the Dept of Home Affairs is developing HANIS (Home Affairs National Identification System). Smart cards are soon to replace our ID books. ID books can be forged, whereas the card is impossible to forge. An ID book costs R150, whereas the card costs R30 – R40. The main advantages, however, are that the card will contain all the personal details, driver’s licence, social grants, state hospital health records, UIF etc.
Smart cards with money loaded on could be used in taxis instead of paying a fare. The drivers wouldn’t carry cash anymore, which would make it safer for all. There also wouldn’t be a problem around the non-availability of change and it won’t be possible anymore for the driver to pocket some of the money.

Smart cards are implanted on animals’ ears and contain vaccination records and other information.

Questions & Comments

What if a pensioner is sick and cannot come to the van?

A dependent has to get a doctor’s certificate and take it to the magistrate. The pensioner gets booked off for a period of time and the money gets paid out manually.

What if someone has lost both thumbs in an accident?

In that case another finger is used. If someone has no hands, even a footprint can be used.

Even though the van gets into very remote areas, some people still have to travel up to 70km to get to the pay point.

This is a problem: the government and the post office are looking at this and want to make the maximum distance 20km.

Another possibility is to give the local spaza shops a card machine and a thumb print reader. People could then use their card to pay for the goods they buy. As this would be a cashless transaction it would be very safe. The shop owner would have a special card that downloads the accumulated amount from the machine and he would then get his money. This system is already in use in Malawi.

In Mexico City four million people have cards that allow them to buy bread and milk for a specified amount

Would the goods cost more because this system is used?

No.

Who pays for the machines and the card?

The government pays for them.

Could a spaza shop deduct an unauthorised amount?

This is possible, so people must watch out for this.

What else could be paid with the card?

Smart cards could be used to pay medical bills. The thumb prints of all the family members need to be on such a card, as well as the birth date of the children. When a child reaches a certain age, the machine takes note and stops paying out. The fingerprint we are born with never changes, it only increases in size. The thumb print readers take this into account.

If someone has different grants loaded onto the card, could the smart card reader give them a statement for each grant?
The small reader cannot do that, but there is a different kind of reader that gives detailed information. This reader has to be used in conjunction with a PC.

The smart card concept is exciting and solves a lot of problems, but it is also scary because it contains all the information about a person.

This is only a worry in the USA because there the ID number is enough to identify yourself, whereas here the thumb print is required; nobody else has your thumb print.

Has the Smart Card Society given a budget to the government concerning the BIG?

No, they’ve just put aside money for HANIS. The tender will close end September 2004 and the decision will be made in November 2004.

How much extra would it cost to introduce the BIG on the smart cards for 50 million South Africans?

It costs nothing: once the card is there, adding information costs nothing.

The implementation of the smart card in the Eastern Cape was not successful, the system broke down

The people were given the schedule of the different times and places the pay point vans would be, but everyone rushed to the very first one and the system was overwhelmed.

The Chair announced that Zackie Achmat was nominated for the Nobel Peace Prize for 2004.

It was suggested that an email with congratulations be sent to him.

Financing the BIG

Chaired by Ingrid van Niekerk

Presentation by Elroy Paulus

[Research Co-Ordinator - COSATU Parliamentary Office]

There are various ways to finance the BIG. We all need to understand these options as a matter of urgency, and we can no longer leave it to the specialists. In fact, an international study has shown that most people in South Africa have very poor financial and economic literacy.

A BIG financing reference group was established in June 2003 to do research into the feasibility of a BIG. This group consisted of key economists Dr Michael Samson, Prof Charles Meth, Prof Pieter le Roux and Dr Ingrid Woolard. The rest of the group included Prof Vivienne Taylor, Mary Metcalf and representatives of COSATU, SACC and Black Sash.

The economists each developed their own model, using common baseline assumptions. They came up with four different models, but the result in each
was the same: the BIG is not only affordable but is the only feasible way to
deal with poverty and inequality in the short to medium term. The question
rather is: can we afford not to introduce a BIG?

In preparation for the work certain baseline assumptions were agreed on:

- grant to be universal, no means test
- amount of R100 of purchasing power in terms of 2000 prices (= ± R120 in 2003)
- close to full take-up
- foundation for all other social grants – first amount of each grant

All the models used a combination of tax instruments as the most efficient
strategy for financing a BIG.

EPRI (Economic Policy Research Institute, Cape Town)

Looked at alternative income tax scenarios recovered from higher
income households by increasing the marginal rates. R 27.3 billion can
be found if the income tax reductions are stopped.

Prof Pieter le Roux

This model focuses on VAT and excise taxes. He shows that the
impact of a grant + VAT has a more progressive net impact than when
a grant is financed by an income tax increase, but acknowledges that
VAT increases are regressive. He too calls for abolishing income tax
cuts.

This model places a heavy burden on low and middle income earners
and would work better with a two-tier VAT system where higher VAT
has to be paid on luxury goods.

Presented by Dr Michael Samson:

Prof Charles Meth

Identified a combination of income tax and taxes on goods and
services that balanced the burden on different tax bases. He estimates
that R 19 – 30 billion could be recouped, using various variables.

Dr Ingrid Woolard

Balances company tax with income tax that would yield about R27 billion per
annum.

All four economists used different angles, yet each one of them found that the
BIG is feasible. The government must decide which model to use.

Research is needed into the indirect impact of a BIG in terms of health care,
nutrition and education.

(See Appendix for tax tables)
Presentation by Selwyn Jehoma
[Deputy Director-General, Grant Administration, Dept of Social Development]

Selwyn put on record that his presentation did not necessarily represent the opinion of the Department of Social Welfare.

It would be my responsibility to manage the BIG in terms of disbursement and administration, which means looking after the micro-economic picture.

I differ with the learned economists’ opinion with regard to the cost of the means test. I am given a budget of 34 billion for existing grants. 1.8 bill out of these 34 bill goes to administration. We are seriously understaffed. We need one official per 800 beneficiaries. Less than 1% goes to buildings. 11% to the post office, 12% to formal financial institutions. 79% goes to the pay points which charge us 6%. This cost is excessive. In developed countries this is around 2%. We believe we can bring this cost down to 1 bill Rand.

We have unacceptable levels of fraud in our country, between 8 – 10%. We need to reduce the level of fraud and the operational costs.

The average cost per beneficiary is R20 and we are aiming at reducing this to under R10, if possible to 7–8 R.

With regard to the BIG you need to bear in mind that there is a service delivery model: applications are necessary. Even for the BIG everybody needs to be registered. Therefore the sequence ‘application – verification – approval’ won’t go away.

There is so much resistance against the means test, but to me reclaiming the money for the BIG through the tax system is tantamount to means testing. There are about 8–10 million people who really qualify for the BIG – people who don’t have it reclaimed through their tax. If the BIG was only paid out to these people, the operating costs would be much lower.

To fill in an application form doesn’t take much time and doesn’t cost much money. The only problem is that the information on the forms isn’t checked up on, we fall down on implementation and that would be a reason for getting rid of the means test. Not cost.

Questions & Comments

How many social grant case workers do you have at present?

About 4000 on all levels.

What is the average cost per case?

About R26 per grant. We have a budget of 270 million, but this is not the cost of the means test – many administrative functions are required.

The real cost of the means test is that 95% of applicants are unable to negotiate the bureaucracy and end up empty-handed; it isn’t only about the money, there is a high cost in terms of dignity, a high cost to society as a whole.

The Dept of Social Development is well organised, but there are also other role players involved: does the Department have an initiative to engage other stakeholders when there are problems?
The different government departments work together. We engage Education, Home Affairs ..., we have heated discussions.

What is your department's interaction with Home Affairs?

We are using smart cards already, but the benefit of the HANIS card is that it verifies the ID which means a high level of security. We are looking at a compatible system.

The Chair pointed out that a basic income grant is a human right and has become a world-wide theme. It is presently being discussed in the US, Australia and Europe.

There also is a campaign for an amended Human Rights Charter.

Comprehensive Approach

HIV/AIDS and BIG

Chair by Sharon Ekambaram, AIDS Consortium

Presentation by Fatima Hassan

[ALP]

Fatima conveyed the apologies of Zackie Achmat and Mark Heywood.

40 million people live with HIV/AIDS worldwide. In 2003 there were an estimated 5 million new HIV infections, and 3 million deaths from AIDS related diseases.

Southern Africa is home to about 30% of people living with HIV/AIDS worldwide, yet this region has less than 2% of the world's population!

The UNAIDS Report states that while basic knowledge of HIV/AIDS has increased among young people in recent years, it remains disturbingly low in many countries, especially among young women. VCT (Voluntary Counseling & Testing) is still lacking in many countries. Only about 1% of pregnant women in heavily affected countries have access to services aimed at preventing mother-to-child HIV transmission.

African women are particularly vulnerable and are more likely (1.2 times) to be infected with HIV than men. This ratio is highest among young people aged 15-24. It is a biological fact that HIV is more easily transmitted from men to women. Another factor is that sexual activity tends to start earlier for women who tend to have sex with much older partners, often for money, work, accommodation, food or clothes.

In 5 of the 9 provinces of South Africa at least 25% of pregnant women are now HIV-positive. It is estimated that 5.3 million South Africans were living with HIV at the end of 2002.
Given current trends, AIDS deaths will continue to increase rapidly over the next five years… the worst still lies ahead. The number of child-headed households is increasing. A system of mentorship should be introduced.

About half of the South African population lives in poverty. 14 million children (0-18) live in poverty with less than R 400 per capita per month. 11 million children (0-18) live in dire poverty with less than R200 per capita per month.

Changing lifestyles and behaviour are the critically important starting point in managing the spread of HIV and the impact of AIDS. This can only be achieved by social programmes that aim to reduce poverty through improving nutrition, job creation and social support, and to improve education and to bring about moral renewal.

The National Treatment Plan aims at providing comprehensive care and treatment for people living with HIV and AIDS and to facilitate the strengthening of the national health system in South Africa. However, it is pre-occupied with medical treatment only and fails to acknowledge the link between HIV/AIDS and poverty, and the need to find a solution to this problem.

Food security is only provided to sick people, but not to the rest of the family. The government is too narrow in its focus. Unless the general basic needs of people are provided for as well, vitamins and supplement meals will be shared among the whole family, treatment might be sold for money, and young girls will continue to have sex for food, clothes, electricity, education and other commodities.

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**A Health Perspective of Social Security in the Context of HIV**

Andrew Boulle
[Infectious Disease Epidemiology Unit, School of Public Health and Family Medicine, UCT]

I come from the narrow perspective of health intervention, concentrating on ART (anti-retroviral treatment), PMTCT (mother to child transmission) and orphans. These health interventions provide an HIV window for BIG.

**Disability Grant**

About one million people are currently receiving a disability grant, out of which 200,000 – 300,000 are estimated to be HIV related. We could have 1-2 million people on ART in the next 10 years. The criteria vary between provinces.

The Clinical HIV stages:

- **Stage 1:** 3.9 years
  - Mostly asymptomatic

- **Stage 2:** 2 years
  - General signs of HIV, minimal functional impairment

- **Stage 3:** 3.3 years
  - Increase in opportunistic infections, oral candida, <10% weight loss, conditions respond to treatment
Stage 4: 1.8 years
Many conditions result in hospitalization, >10% weight loss, often associated with functional impairment.
It is at this point that AIDS has set in, whereas Stages 1 – 3 are considered ‘HIV positive’. Stage 4 is the time when most policies kick in.

There is variability in the applications for the disability grant. Some start ART towards the end of Stage 3 when their CD4 count is down to 200, which is the ideal time medically. But at this stage people are not yet eligible for a disability grant in some provinces.

After about one year on ART, the CD4 count is likely to be higher than 200, which means such a person does no longer qualify for the disability grant. These people are of course unemployed and now the grant is taken from them, which means that they are likely to get sicker again, which will once again qualify them for the grant…. This is a huge policy vacuum.

A similar situation exists with regard to TB where people get a grant for a few months and then it is withdrawn again.

The BIG provides a smaller amount than the disability grant, but it doesn’t stop when the person gets better.

**Foster Care Grant (FCG)**
This is targeted at orphans, but there is an analogous distortion of a large grant incorrectly targeted. A universal smaller grant would cost not much more and have far wider reach.

**PMTCT**
To prevent mother to child infection through breast feeding, free formula is being given out, but this has led to major debate in public health circles. Preparing formula safely requires a certain degree of understanding, as well as clean water and fuel for heating – commodities that are not always available to the poor.

A BIG would lift people just ‘that much’. The BIG needn’t be all cash, it could also provide support in kind, like trips to the hospital. Such a trip might cost R60-80, which is a lot of money and quite unaffordable for many people.

Advice offices are available in certain centres, where people can go when they are applying for a grant and are not getting it. The reason for that could be the bureaucracy, or that the CD4 count is not down to 200, or no test has been done. The CD4 test costs R96, which is a lot of money for a poor person.

**Questions & Comments**
With regard to TB, when do people qualify to get a grant?

*As soon as they are infected.*

The government has now rolled out the National Treatment Plan – could it be that because of that they will say there is no money for the BIG?
The Treatment Action Campaign is part of the BIG Coalition. Our position is that you can't have a good treatment plan without a BIG.

Do you think now that anti-retrovirals are available, more people will come out in the open about their HIV status?

There still is a high level of stigma, but it will help. The services must include information and counseling. Mothers often don’t attend antenatal classes because they are scared to be diagnosed.

The monetary value of the disability grant is so much higher than the BIG

Every person in the household gets the BIG, whereas the disability grant is paid to the sick person only, but then shared amongst the family anyway.

Gender and BIG
Chair by Zanele Ndlokovane - GAP

Presentation by Beth Goldblatt
[Centre for Applied Legal Studies]

To address poverty we need to look at the differentiation between men and women. Would this grant be the best way to assist women?

The gender impact of the BIG needs to be carefully considered.

Poverty:
1. Women head the poorest households in South Africa.
2. Women have less access to land and agriculture. Black South Africans have even less access but within that allocation women have the least. New piece of legislation – the Communal Land Rights Bill – is a controversial piece of legislation. There are many problems with it and the question is whether it will actually address women’s access to land in South Africa?
3. Women have less access to jobs.
4. There is a huge problem of HIV/AIDS and South African women are more vulnerable to it. Poverty increases chances of getting it and it reduces chances of treatment for it. There is a relationship between HIV/AIDS, poverty and gender.
5. Domestic violence – poverty increases chance of violence and increases the inability to escape violence.
6. Sexual division of labour in households is important – women in poorer households spend more time on housework and generally bear the task of child rearing alone. This means that limited access to services affects women more – if there is no water in the home then women are tasked with collecting it. The time that this all takes affects women’s ability to participate in other communal activities.
7. Male dominated society structures – especially in rural areas there are certain structures where women are not allowed to talk.
8. Illiteracy, ignorance and disempowerment.
Due to all of the above women face issues of poverty and hunger more starkly than men. Poverty is not just about income and assets but also about opportunities.

There is a strong developmental argument for the BIG with regard to gender and the difference that it could make to women. There are however some issues that need to be further examined and thought through with regard to the impact of a BIG on gender matters. Coalition needs to spend time debating them and developing them further to ensure that the impact is well researched and thought through.

1. Social assistance and the way we introduce it in society has an impact on the way that we behave. For example the child support grant – women think that to access the grant they have to bring their children with them to the points – this results in women uprooting their children from rural structures and bringing them to cities.

2. There is an assumption that the BIG will be pooled in households. Need to consider whether this assumption is correct. Look at the dynamics in the household to see if this will happen. Will men and women pool their money together? Will women trust men to do the rights thing with the money?

3. Generation conflict – will young women and older women pool their money? Our research shows that many conflicts between mothers and daughters relate to money.

4. Domestic violence – will it increase if men try to control the Big payouts? Or will it allow women to leave violent situations as they have access to a small income?

Where the BIG would work well:

- It would have a hugely positive impact on all women households in rural areas, as it could assist with the purchase of land if the money was pooled.
- It will be a small step in the assistance of women in violent relationships. R100 alone will not solve the problem but it will definitely be a start in the right direction.
- Providing a BIG will reduce the dependence that rural families on their families in the city who are working and sustaining them – it will make the rural areas more independent and they would have an income with no strings attached. On the flip side it would break down social contact between families in rural and urban areas.

Conclusion

The arguments around a BIG are rights-based and need to be seen as a human rights issue. Need to look at the BIG in relation to the right to equality. We need to consider the BIG with the understanding that the right to equality is included in the argument.
I will be raising a few questions linked to what Beth said to encourage further engagement today.

The argument is based on the premise that social security is one way to alleviate poverty. Constitutional obligations are important here, as are the obligations of local government. It has the obligation to facilitate socio-economic growth in communities and women are part of these communities. It is important to recognize gender imbalances in society and any poverty alleviation technique needs to take gender into consideration.

Currently most poverty alleviation techniques are welfare based and not developmental in the sense that they transfer skills or generate income. This means that women remain marginalised and in the same position that they were in prior to the grant transfer.

A current problem with the grant system is that women do not receive the grant in their own capacity. All their access is based on their role as caregivers. Women are therefore excluded due to a large variety of criteria.

From a constitutional perspective they are equally entitled but not in an equal position to gain access to grants due to gender imbalances. Women are the largest group of recipients of social grants but at the same time the system perpetuates gender inequality. In order for women to benefit equally we need to re-look at the system.

How do we ensure that comprehensive social security based on need is accessible to the poor regardless of their gender? If we do not recognise the gendered context of society then I am not sure that BIG will solve gender issues.

Questions & Comments:

1. It is useful to think of the dynamics that receiving the BIG will have on a household. For example one result will be that women have money to hire other women to care for their children while they seek employment or enter the labour market. It will result in women paying each other for things that they already do for free. We need to consider the impact and have a comprehensive understanding of what will happen. Also need to look at the impact of a BIG on children’s grants, as women will collect this money for children but whose money will it be and who has the spending power.

Beth: we should be asking for a comprehensive plan. Child cars should be included in social security matters. It is an important consideration and point to be further interrogated.

2. People use the myth of women being irresponsible with money widely. What opinions do we have on this point?

Johanna: There is research showing that women have a pooling behaviour when it comes to money, especially those women who live in the rural areas as they are often left with the management of the money, hence such a grant would have a positive impact on the children in the household. State
maintenance grant was limited in those it reached but it did cater for the
mother and the child’s needs at the same time.

Beth: It is important to look at who controls the money. The BIG comes
without moralizing or judgements. It allows people to spend the money in their
own way and gives them a sense of freedom in that regard. The child support
grant is for the needs of the child while the mother starves. So the idea of a
grant which gives money for mother and child is very important

3. We should not be making the debate too academic. We should look at
the reality of the situation and people in the rural areas do have
experience with pooling money. BIG is not a panacea – alone it will not
solve all the problems, but if we look at what has happened in Brazil
and Mexico and how the BIG concept has assisted people there it
shows that we need to concentrate on the South African reality.

Beth: I do support the BIG all that am trying to say is that just because we
support the concept it does not mean that we do not need to question and
debate the issues further. Especially on an internal level, we need to give
these issues thought and consideration so as to be prepared for the inevitable
questions that we will get.

4. The question remains as to what the value of gender and BIG is? As
gender relates to both men and women

Beth: Debates around gender do become based on women but we are
looking at social policy to improve relationships between men and women and
to improve gender imbalances. We need to think of BIG in a way that will alter
current gender perceptions.

Johanna: BIG should be there but we need to be aware of all facets of what a
BIG can do. We need to interrogate all the issues. If BIG is seen as a narrow
transfer of money and not as creating an environment where resources are
accessible equally then the gender imbalances will not be addressed. Money
alone cannot impact on perceptions and roles of who does what in the
household. It does make an impact but it will not solve the issues.

5. Is there research or surveys around all of these issues?

Johanna: There is lots of research on grants and gender that has been done
and is being done. Not sure of any specific research on gender and BIG.

Beth: we are doing a small study but think that as the coalition this is the type
of study that we should be commissioning and that would be valuable.

6. 90% of people accessing the child support grant are women and it is
within this context that we need to look at the BIG and question the
impact that it will have.
Investment, Growth and Inequality

Chaired by John Sithole

Presentation by Neva Makgetla
[COSATU]

SA has slow growth and investment relative to other middle-income countries. Foreign investment has not led to higher overall investment levels. The inequality within the country affects the economy.

To ensure growth for the future, 20-25% of the economy has to be invested. South Africa falls short of this target. In 2001, investment as percentage of GDP was only 15%, whereas in comparable middle income countries it was 24% on average.

Inequality is a major reason for the slow growth and low investment. According to the World Bank, South Africa is one of the five most inequitable societies in the world and is qualitatively worse even than most other developing countries. Investors see investment in South Africa as not sustainable.

The roots of the inequality go back to the Apartheid era which deprived the majority of the population of productivity capacity and opportunities in order to create a low-paid labour force. The markets maintain these inequalities because of the structure of demand; the poor can’t pay for what they need, so productivity remains low. The industrial production sector is concentrated around mining and refining, where there is a lot of money and few jobs.

This situation has led to extraordinarily high unemployment. From 1995 – 2002 the unemployment rate has risen from 15% to 30%. Two thirds of the ‘under 30’ population are actively looking for jobs. These people are young and healthy and therefore don’t qualify for any social grant. The above figure does not include the people who are too discouraged to look for work: if these are included, the unemployment rate is 45%. The education level of young people is rising steadily, yet is doesn’t guarantee them jobs. It is not enough to create a ladder to climb up when there is no job waiting at the top – the formal sector has to be restructured. Inequality is a stumbling block to the economy.

COSATU proposes to overcome dualism by improving social protection in ways that help people engage with the economy, and by restructuring the formal economy through sector strategies geared towards job creation.

Questions & Comments

COSATU makes billions of Rand but is not involved in any social responsibility. Its members are Africans and they are not benefiting!

\textit{In the early 90’s COSATU tried to set up companies to administer pension funds. This project failed because, for legal reasons, COSATU was not able to control them.}

\textit{The government has no clear development structures, so it is difficult to place money.}
Open Letter to Thabo Mbeki
Senator Eduardo Matarazzo Suplicy [Brazilian Senate]

It has been very encouraging for me to know that in South Africa 27 organizations representing more than 12 million people have joined a coalition to promote the idea of introducing a basic income grant in this country. South Africa and Brazil have much in common: they are industrialized developing nations with huge inequalities and have a problem with poverty and crime; they also have democratically elected governments and great human and natural resources.

I am a Brazilian Senator, a member and co-founder of the Worker’s Party of President Luiz Inácio Lula da Silva and also a professor of Economics at the Escola de Economia de São Paulo of the Getúlio Vargas Foundation. I am a champion of a Citizen’s Basic Income in Brazil, to be introduced from 2005. An unconditional basic income is a common sense proposal for the purpose of eradicating poverty, for building a more equitable society and providing real freedom for all the people, in the same way as a person leaves his home ‘through the door’ and no other way.

This initiative has already been passed by several tiers of the Brazilian government and was approved last week by the Justice and Constitutional Committee of the Chamber of Deputies. This means that it might next be approved by the Brazilian National Congress. Once approved by that body, it goes to President Lula to make a decision within 30 days. If the President agrees, Brazil will be the first nation in the world to introduce a basic income. This is exciting news indeed.

It is our common objective, in South Africa and Brazil, to build a just and civilized society that upholds the ideals of ethics, truth, solidarity, fraternity, freedom and democracy. The basic income proposal has been defended by economists, social scientists and philosophers of many persuasions.

The citizen’s basic income will have a tremendous impact on the freedom of everyone. It is an instrument that will encourage real development and freedom. A basic income will allow people to stay away from prostitution and narco-traffic gangs and from conditions of work that resemble slavery. It will allow them to live in dignity.

Let us therefore join forces to implement a basic income in South Africa, Brazil and in all the nations of the world.

Thank you so much for inviting me to be here with you in South Africa. What happens here will be most relevant to us in Brazil.

The BIG Video

Chairled by Doug Tilton - SACC

The BIG Video was shown, an 8-minute video to inform people of what the BIG is.
Questions & Comments

How does the BIG create jobs?

*BIG will create jobs in an indirect way: as people will spend the money received, there'll be more demand for goods; this leads to higher production, which will lead to more employment.*

The BIG creates a society that depends on pity by the government

*We all depend on something. The BIG can also be seen as a springboard.*

I am confused: yesterday it was said that the BIG would be paid over and above the other grants; today it was said that the BIG would be the first R100 of any grant received

*The BIG Coalition says that nobody must receive less. The financial task team worked with the basic assumption that the first R100 of any grant received would be the BIG.*

The producer of the video was commended for using important key symbols that speak to the people.

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Sectoral Impact

**Children, Youth and Big**

*Chair by Meaka Briggs - NADEL*

**Presentation by Siswe Shezi**

[South African Youth Council]

The government produced a 10 year review in order to assess how far it had succeeded in its goals. Originally, South Africa adopted a macro-economic framework and hoped that this would create jobs. This was not the case.

How do young people find themselves ten years down the line? 40% of the population are unemployed, the majority of whom is young. This leads to massive poverty, with young women and children in a particularly vulnerable position and prone to all kinds of abuse. There is a high level of HIV infection.

The BIG is an important intervention to lift people out of poverty. So many young women see themselves forced to have sex for money and essential goods. *This is dependency. The BIG won't create dependency.*

Questions & Comments

Are there any programs for unemployed young people?

*We are involved in structures, in lobbying and informing; we don’t implement.*

Everyone keeps talking about young women prostituting themselves: what about young gay men who do the same? There is no equality in what you are saying!
The women comprise a significant number, they are the most vulnerable and it is more out in the open. The issue of gays and lesbians is traditionally not openly spoken about in the African culture.

What is the Youth Council doing as the voice of young people? I don’t care about you, you are doing nothing where I come from!

We are a voluntary organization and as such our funds are limited. In other countries organizations like ours are partly financed by the state, but not in South Africa. It is impossible for us to reach out to every township.

Yesterday’s newspaper published a figure on learnerships. It doesn’t even make a dent. The same with the government project to temporarily employ one million people in a public works program over the next five years: it is just scratching the surface. A few jobs are created, but more are lost.

Presentation by Brown Motsau
[Young Christian Workers]

I will give you a number of practical examples, real life situations that people known to me are in. That will give an idea of the problems our youth encounters on a daily basis.

• A young man who lived 60km outside Taung, unemployed. Every day he went to Taung looking for work and came back without having found employment. His father kept telling him that he was useless, lazy, stupid. One day he left in the morning as usual, but instead of going to Taung, he climbed to the top of a waterfall. He took off his tackies because they were new and could be of use to someone else, and then he jumped to his death.

• A week ago I met Jabu, unemployed. His father had pushed him out of the family because he was over 19. Somehow he acquired a government house, but he cannot afford electricity and water and the only time his stomach gets is full when he is invited for a meal by his friends.

• Maswe, a young man from Guguletu, living at home. He is hungry, but every time he goes near the bread bin his parents chase him away because the bread is reserved for his younger siblings. Maswe says he goes to work every day, he works as a security guard, but he isn’t getting paid for it.

• My own personal story is that I went to the funeral of my granny recently. I have a job and earn a little money. When I got to the funeral I realized that I got more respect than my elder brother, because I am earning money and he is not.

• Thembi, a young woman in Pumalanga, applied for a job. She was asked whether she had any experience in doing this job. She had none – so she didn’t get the job. How is she going to gain the experience she needs to get a job?
• A certain man started a spaza shop. He stocked it up but the veggies and fruit always perished because the community didn’t have money to buy. He couldn’t make a profit and he lost his business.

There is no local economy, there is no market, there is no buying power.

The Umsobofu Trust is a government fund from which people can borrow money. However, it is not easy to access this fund as the applications must be printed. How should rural people get hold of a computer and printer and print their applications?

Unemployment exists NOW – and the BIG is needed NOW, not in 2015!

**Presentation by Shirin Motala**

[ACESS – Alliance for Children’s Entitlement to Social Security]

Under what conditions will the BIG make a difference to children? Will it have more than an impact – will it be transforming?

Why do children need a comprehensive social security system in South Africa? The scale of poverty and inequality in our country demands an effective response. We have constitutional obligations towards children.

Children from 0 to 18 are amongst the most vulnerable, with a different type of vulnerability at different age groups. A 2002 estimate states that 11 million children live in dire poverty, that means they are living on less than R200 per month. There are an additional 14.3 million children who live on less than R400 per month. Childhood poverty has been steadily on the increase since 1995!

Manifestations of childhood poverty are stunting (25%), malnutrition (10%) and infant mortality (4.5% of children are likely to die before their 5th birthday), greater susceptibility to diseases, as well as lack of education. In a country like ours not a single child should die of a preventable disease!

The current social security net for children includes free basic health care under the age of seven, subsidized education and school feeding schemes. Grants directly benefiting children are the Child Support Grant, the Care-Dependency Grant and the Foster Care Grant, all subject to successful application. Indirectly, children benefit from UIF and the Road Accident Fund, as well as Old Age Pension, Disability Grant and War Veterans Pension, provided there is a recipient in the household they live in.

The key features of the state cash transfers are that they come out of general revenue, that they are means tested and application based. The amount paid is not linked to inflation. All the grants, apart from the Old Age Pension, are narrowly targeted and 60% of South Africa’s poor don’t have access to any form of social assistance.

Until the beginning of 2003 the Child Support Grant was targeted to children under seven only. The phasing in of children from 8 to 14 is planned to be completed by 2005, but is chaotic. The take-up rate is very different in the different provinces.

The qualifications for the Disability Grant are set very narrowly and the grant therefore does not reach large numbers of those who should be getting it. If a
child goes to school despite the disability, the grant is not available. The system dealing with the Foster Care Grant is choked. It requires intensive social work intervention and court involvement prior to accessing the grant and there simply are not enough courts and magistrates.

There are many children with no coverage, namely children living with HIV and AIDS, children living in poor households whose caregivers do not pass the means test, children who do not have the relevant documents needed in order to apply for a grant, and others. Apart from that there are administrative problems, and corruption and fraud are rife within the system.

Studies have shown that children who live in a household with an old age pensioner are healthier and taller – and this is no coincidence. The state should consider that the cost of treating sick children is higher than paying out a BIG to that person every month.

At the pension payout points there is a market which is clear evidence how a bit of cash energises the local economy.

The key recommendations from ACESS are:

- Extension of the CSG to all children 0 –18 years as the first phase of a BIG – the means test must be scrapped
- Develop mechanisms for children without adult caregivers to access the grant – e.g. mentorship scheme
- Children who are themselves primary caregivers should be able to access the grants
- Eligibility criteria for the Care Dependency Grant must be redefined to ensure that children with moderate disabilities or chronic illness can qualify for the CDG
- Administration and delivery of grants must be improved
- Requirements for application of grants must be simplified
- Undocumented children, including refugee children, should be entitled to accessing social assistance

Questions & Comments

Addressed to Brown:

The media represent only the glamorous and desirable aspect of youth – is your organization doing anything to balance this out?

    We have just started a campaign to do that; we had a meeting with 40 organisations and they undertook to prioritise this issue.

Addressed to Shirin:

I know of a grandma who applied for the Foster Care Grant for her grandchild. The official told her that she needed certain documents that were difficult to find, but when she brought them, they were not the correct documents.

    Lack of training in civil servants is a big problem, and so is fraud.
The Right to Food

Chairied by Skhumbuzo Zuma, Young Christian Workers

Presentation by Sibonile Khoza

[Socio-Economic Rights Project, Community Law Centre]

Focus of presentation:

- Facilitating access to sufficient Food
- Using BIG has as tool to facilitate access to food
- Right to food and social assistance
- Potential of the BIG to addressing food security

What is the existing situation in South Africa

- 14 m experience food insecurity
- Approximately 14% cannot access food
- 16% of kids are stunted due to hunger and under nutrition

There is also a racial and gender dimension to food insecurity in SA.

What are causes of hunger and food insecurity in SA? Access to resources such as land water and food – We should also ask whether people able to access these resources? Are people able to obtain some form of income and what is the level of income? Other areas relating to food insecurity is sustainable Public works programme, does the minimum wage assist in dealing with insecurity, affordability of food – food price hikes and inflation

My focus will not be on these issues but on social security and security of food.

SA provides a constitutional right to food, water, housing and healthcare. These socio-economic rights should not be looked at in an isolated manner and should look at it in the context of the right to food. Many countries have the right to food but in SA the constitution creates obligations for the state. The constitution however, states that government should provide food for individuals but to create access to food through facilitation – the right to feed oneself.

Obligation of the state is to create an enabling environment to obtain and produce food. Environment must be created by the state.

The social grant as a mean to facilitating the right food. What are the economic means? The BIG should be located as a right through which economic access to obtain food should be achieved.

Social welfare systems to address the basic needs of individuals including access to food. Benefits provided by government have also its limitations.

Food Parcels

Target households that are deserving of the parcels. This limits people’s access to types of food – parcels carry certain food stuffs that limit the diet of households. They target the poor and create a stigma of ‘beggars’ and poor people
Another dilemma of food parcels is that they are only provided for three months. There is no integrated approach with the provision of starter packs such as seeds.

Food parcels stop after 3 months people are thus back to square one.

Some concerns raised by the Minister of Social Development concerning the roll out of the parcels. The targeting was poor – in Limpopo more people came out than expected. – Poor capacity constraints in the North West hindered delivery – stakeholders have not been able to play a key role in distribution. In KZN raised concerns about not being consulted and thus a delay in the implementation of the parcels – parcels are seen as a political tool

An arrange of benefits to address food se curity should be made available to households. The best system is cash trans fers of social benefits – choice – targets everyone and does not stigmatise those living in poverty. Transfers will deal with addressing food security and poverty.

Current benefits are inade quate and big provides an opportunity to address the shortages in food shortages. Moral obligation on government to address poverty.

Questions:
What is food insecurity and food poverty?
What are the current imitations of providing seeds to help households to become self sustainable and training in farming?
Struggle to understand the concept of food security – is BIG one of the tools to address food security?
Can the speaker unpack sufficient food in relation to the BIG?

Response:
There is little difference between the concept of food poverty and food insecurity. Politicians tend to use the term food security to deal with understanding production and meeting supply and demand of food. Every one should have the right to access to food in a sustainable way or access to produce food. Food poverty relates to hunger and the inability of people to unable to obtain food.

I am unable to say whether there are moves to address the issue of provision of seeds and training in farming to create sustained food provisions for households. There is a move towards commercial farming and not simply for subsistence production. – Increasing the ability to participate in the economy. Government is more readily to support the formation of commercial farming. The starter pack did not link to the food parcel programme and thus the food parcel programme was extended for a further three months. There was no integrated approach between food parcels and starter packs.

Sufficient food refers to quantity and quality food as well as safety of food and is determined by varying groups of people. Diets are determined by cultural and social needs. And there is no one definition on what is sufficient food. Food parcels cannot be sustainable as it is only provided for 3 months and thus is insufficient.
Comments:
The BIG is about accessing our basic rights in the economy – it is not just about accessing food. It is more than that – it is about the looking at basic rights. The demand for big is important and that we should not look narrowly at specific socio-economic issues but as a way of addressing poverty generally.

Questions
How have we challenged the government criteria in distribution of food?  
How can we challenge the government when we have people starving to death?

Response:
Many NGO do not have the capacity to monitor the work of government and many organizations really on local organisations to monitor distribution. We should have court case to challenge government since this is enshrined in the constitution. Are we using the constitutional framework and legislation to challenge government? How do we take up these types of cases? We need to be careful about how we approach challenges to deal with food insecurity. 

The rights we refer to our socio-economic rights – the courts see the rights in the constitution in terms of group rights and not individual rights. Mount Frere for example did not go to court but government attempted to settle the manner amicably where the issue was immediately brought to the attention of the public.

Closing Address – Willie Madisha
[COSATU]
COSATU greets all the delegates and especially acknowledges Senator Eduardo Suplicy.

I have been invited to come and give the closing remarks to this august conference on the Basic Income Grant. In a setting such as this, it is very easy for one to do that, because discussions, debates and broad consensus have been reached over the past two days; debates and consensus which evolved as a sequel to rich inputs by comrades who in their own right have become experts on the BIG initiative.

The primary objective of the BIG is the eradication of poverty and it is therefore appropriate to hold this conference in Soweto. Soweto is a microcosm of South African society, here we find poverty, disease and unemployment. The squatter camps in our midst, where people live without electricity and water although the cables and pipes run past them, are the evidence of this.

South Africa is faced with great challenges. Half of our population is poor and almost half are not working and are therefore stripped of their dignity. This year alone about 57,000 jobs were lost. Even amongst those who are working, most of them are not in qualified jobs and often work without social benefits.
As a result of this, many of our children and those who are excluded from the existing social security net, die of hunger and curable diseases. 5.3 million people are HIV positive, out of which 500,000 are seriously ill with AIDS. Five people die every minute of the day from that disease alone.

The BIG Coalition is right, people need help. In its absence the majority of children is excluded from the social services net. But the amount of R100 is not enough.

COSATU thanks the BIG Coalition for popularizing this idea and for standing firm against attacks by those who initially rejected the idea outright, even before they could understand what it was all about. Because of this, people have begun to understand. The fact that government is willing to listen and talk about BIG today, and even saw fit to send representatives, is an indication that the Coalition has sent the message successfully. It must now move with speed to meet government and open engagement channels, so that the momentum is not lost.

We must say to government that contrary to what you initially put as your position, BIG is viable and affordable and can be implemented in South Africa. People in government have to learn on a daily basis and we are willing to assist them.

COSATU said from the beginning that the GEAR policy was wrong although at the time nobody believed it. We were proven right and the government is now moving away from it even though they are doing it inconspicuously. With regard to the BIG we have made progress and we now need to follow up. We need to keep the pressure up, otherwise the issue will be quietly forgotten.

Access to food, education, health etc is a basic human right for the poor. In the absence of social assistance this basic human right is flouted and undermined. Popularise this idea amongst civil society!

I am told that Brazil has made great progress in that matter. We commend you, Comrade Eduardo! It encourages us.

I call on all the delegates: we must succeed. It is not yours alone, it belongs to the people of South Africa. COSATU calls on all the people to buy South African goods this Christmas in order to create jobs. Don’t kill our economy by buying imported goods.

BIG Coalition, COSATU supports you!