



Government needs to urgently clarify its policies on the SRD Grant, the social grant system, and Basic Income

10 December 2024

In the State of the Nation address in February this year, the President stated that the government would introduce a permanent system of basic income support for working-aged adults, building on an improved SRD grant. In his opening of Parliament address in July he reaffirmed this commitment by the 7th administration. The Department of Social Development (DSD) has also informed Parliament that it is finalising a policy on basic income.

This is welcome and long overdue. However, there has been a lack of transparency on what is happening to take these commitments forward. Further, there have been some recent developments that are extremely worrying. These include:

- Actions and statements by National Treasury that contradict the President's commitments to improve and expand the SRD Grant, and transition it to a system of permanent basic income support.
- This, combined with silence by government on the matter, has led to concern on the future of the SRD grant and commitment to basic income support.
- The recent exposure of potential fraud in the SRD system uncovered weaknesses in the SRD systems, raising further concerns about the administration of the SRD Grant, and the mass exclusion of applicants.
- Proposals to migrate other grants such as the child support and old-aged grants, to the SRD online-only system, which would be a major step backwards.
- Untransparent processes aimed at restructuring the social grant system.
- Lack of responsiveness by government, including the Presidency and National Treasury, on requests to clarify these matters.

We shouldn't have to stress that these issues affect many millions of people - it is no exaggeration to say that over half the population is directly or indirectly affected. It is therefore of utmost urgency that these concerns are addressed.

The October 2024 Medium Term Budget Policy Statement (MTBPS)

When the MTPBS was announced, Treasury made no allocation for the SRD grant in the 2025/26 budget provision for social grants. The MTBPS reduced the allocation for social grants by over R20 billion in 2025. This led to the widespread interpretation that the SRD grant was being terminated in 2025. Treasury failed to contradict this reading of the MTBPS or to clarify its intention.

It was only after Cabinet spokesperson Minister Ntshaveni clarified at a [press conference](#) that no such decision had been taken by Cabinet, that Treasury officials told Parliament that there was an obscure provision in the MTBPS - contained under a “provisional allocation for infrastructure and other” - under which the SRD Grant would be extended.

However, there was no indication as to the plan for extending the grant going forward, plans to improve its value, or to expand it (as previously committed by government).

Equally worrying, vague statements were made in the MTBPS suggesting Treasury was planning to rationalise the social grant system and migrate other social grants to the SRD online-only application system. The latter has proved to be massively exclusionary. But instead of responding to the demand of grant beneficiaries (and civil society organisations dealing with grant challenges) to migrate the SRD grant to the hybrid (online and in-person) application system used for other grants, Treasury was now proposing to impose the SRD online-only system onto other social grants.

Although no detail was supplied by Treasury in the MTBPS, they implied that a reduction in the number of beneficiaries would be achieved by this shift; and suggested that further restructuring and rationalisation of social grants were being considered. In the parliamentary processes following the MTBPS, and public debate, it emerged that Treasury had commissioned research on rationalising social grants, as well as rationalising public employment programmes, although the policy processes being driven by Treasury are shrouded in secrecy. The underlying logic and intention of this policy shift- to reduce spending on grants and public employment- is anticipated in the MTBPS, which sees large cuts in public employment and social grants programmes.

These developments suggest Treasury is acting unilaterally, apparently without any broad government mandate, usurping the role of the relevant government departments charged with developing policies in their respective areas- in this case undermining the DSD’s role in developing policy on social grants.

We are also concerned that the austerity logic that is driving these shifts is being used to introduce or worsen exclusionary measures in the administration of social grants, thus deepening the suffering of grant applicants. In the wake of recent scandals about the theft of young people’s identities, instead of addressing the inherent problems with online-only systems (which create opportunities for this fraud), government is doubling down on measures which exclude applicants unable to access the necessary technology, including through requiring

biometric verification, and smart IDs. This is a missed opportunity to address the flaws in the system which are leading to the mass exclusion of eligible beneficiaries.

Treasury proposals for a Workseekers grant

In 2021 and 2022 Treasury developed various proposals to replace the SRD Grant with a far more limited grant. These proposals were rejected by government at the time. One of these proposals was to introduce a grant which required applicants to prove they were actively looking for work, the so-called 'workseekers grant'.

Despite being [discredited as unworkable and inappropriate](#), this proposal again surfaced in July 2024, at a World Bank webinar, floated by the Treasury official responsible for grants policy. Again no detail has been given, nor has the status of this policy proposal been revealed. Nevertheless, it is a serious concern that Treasury officials appear to be promoting proposals that go against stated government policy.

Credible research conducted so far on the South African labour market and income support suggests it would be counterproductive, costly, and exclusionary to attach job-seeking conditionalities to income support.

Treasury positions taken in SRD court case

In its response to the court case brought by the IEJ and #PTG (heard in the Pretoria High Court in October) Treasury articulated positions contradicting official government policy in important respects. These included that the grant was only a temporary response to the Covid crisis; that there was no commitment to maintain it, or transition it into a permanent system of basic income support; and that it was not financially possible to improve and expand the grant.

While acknowledging that a ruling has not yet been made on the case, we submit that government can and should address the issues raised in the case and that they don't need to wait for the outcome before addressing the urgent concerns raised by SRD beneficiaries and applicants. All it needs to do is to implement its own stated policy of expanding and improving the SRD grant and begin to transition it to a permanent system of basic income support for adults.

Open letter to the President

On 24 October this year, an open letter was sent to the President, signed by 119 organisations and experts, calling on the President to address these contradictions in government policy on the SRD Grant and basic income. The open letter *inter alia* called on the President and Cabinet to:

“..take steps to resolve this contradiction within government policy as a matter of urgency—whereby the Minister of Finance and Treasury are unilaterally undermining the President’s publicly stated vision for the progressive realisation of the right to social assistance. Resolving this matter is of direct and profound consequence to the welfare of millions of people in South Africa. This will require the publication of the long overdue roadmap to basic income with clear targets and deadlines for implementation. However, it also requires Treasury to be held accountable to adequately finance, and not obstruct, official government policy on the realisation of these constitutional rights.”

There has been no clear response to this call. Instead, the MTBPS, announced a week after the open letter was published, further exacerbated this contradiction at the heart of government.

We will continue to press the Presidency for a satisfactory response. Failure to do so is contributing to deepening uncertainty in the country. Delays in resolving the issues outlined above are also worsening the situation, including growing difficulties for SRD grant applicants and beneficiaries, and will lead to additional concerns for other social grant beneficiaries.

The public has the right to know how this matter of enormous public concern is going to be addressed moving forward. As South Africa takes up the chair of the G20, with a significant focus on human rights and social protection, it would be anomalous indeed if we were seen to be moving backwards in an area where so much has been achieved, and where so much more progress has been promised. Indeed, South Africa can and should be a world leader in this sphere of social protection.

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UBIC is comprised of the following organisations:

- [Alternative Information and Development Centre \(AIDC\)](#)
- [Basic Income Earth Network \(BIEN\) - Africa UBI Observatory](#)
- [Black Sash](#)
- [Children’s Institute, UCT](#)
- [Congress of South African Trade Unions \(COSATU\)](#)
- [The Family Caregiving Programme](#)
- [Global Reformed Platforms for Engagement \(GRAPE \)](#)
- [Institute for Economic Justice \(IEJ\)](#)
- [#PayTheGrants](#)
- [RightfulShare An Income Movement](#)
- [Social Policy Initiative \(SPI\)](#)
- [Women on Farms Project](#)
- [Youth Lab](#)