
2018

annual
report

A LOOK BACK
AT OUR LAST
12 MONTHS



ISOBEL FRYE // Director
Studies in Poverty and Inequality Institute

REFLECTION ON 2018: DIRECTOR'S REPORT

South Africa has had quite a tumultuous year. The ruling party received a new president (Cyril Ramaphosa) and a revised 'top six' leadership, announced at its Elective Conference on 16 December 2017. In February 2018, after a highly charged stand-off with the sitting national president, Cyril Ramaphosa was sworn in, and presided over the 2018 State of the Nation Address (SONA). The SONA, delivered on 16 February 2018, just two months after the Elective Conference, promised a new dawn, a new beginning and a decisive break with the turmoil, corruption and the capture of the state that had characterised the leadership of President Jacob Zuma.

In keeping with the renewal pledge in the SONA, a number of summits have been hosted to accelerate discussions around how to revitalize the economy. Of particular interest to SPII were the jobs and social sector summits, which are discussed in greater detail later in this report.

Much has been made of President Ramaphosa's ability to implement reforms in state institutions. He has already made attempts to turn the ship around, as can be seen in the several inquiries that have been set up to investigate mismanagement at state-owned enterprises and other institutions, including the SA Revenue Service. Not to mention the changes that Ramaphosa has rung in cabinet, including the all-important finance ministry.

Again, these are developments to be monitored closely, for what they will mean in the wellbeing of the poorest and most vulnerable South Africans, especially in a climate of increasing

poverty and unemployment. See our discussion on this, too, further on in this report.

SPII was not untouched by the economic malaise that affected the rest of the country, and was forced to take drastic measures for the sake of continuing our work. Despite these challenges, we remain committed to producing relevant advocacy work that furthers our mandate. As mentioned elsewhere, we remain proud of our output in the areas of social justice and poverty research.

We are pleased to report that our track record continues to speak for itself. Over the past year, despite cutbacks in resources, we have remained a sounding board for many organisations when it comes to poverty and inequality.

Our work with NEDLAC continues, while we have also branched out to other spheres, such as the Gauteng

provincial legislature, where our focus has turned to strengthening oversight capacity.

All in all, our work of the past 12 months offers much to celebrate, and holds great promise. We look forward to continuing to work with our partners to strengthen our contribution in the field of socio-economic advocacy.

We have faced many limitations in recent years, but have also seen through an important body of work on a decent standard of living, which we completed in 2018. We also witnessed the conclusion of negotiations on a National Minimum Wage.

The national events of the past decade underscore the essential nature of our work. We must ensure that grassroots needs and voices are not drowned out by the dominant elite conversations of the day.



LANGA ZITA // Chairperson
Studies in Poverty and Inequality Institute

CHAIRMAN'S REPORT

A year ago, we reflected on the torrid political battles that had pushed many South African state institutions to the brink.

The collapse of these institutions, which constitute our state's governing and service delivery capacity, would have spelled disaster for millions of citizens who rely on public programmes for subsistence. The impact would have been both devastating and lasting.

Thankfully, we appear to have avoided the worst. President Cyril Ramaphosa has systematically initiated steps to repair the damage, as SPII director Isobel Frye points out in this annual report. There is plenty of reason to be hopeful about our prospects.

Of course, we are not out of the woods yet. The true test lies in whether the establishment delivers on its mandate to improve the material conditions of far too many who have yet to taste the fruits of our democracy. Their demands are ever more justified in the wake of the past decade of profligacy, which deepened the economic mire and distress in communities across South Africa. In these circumstances, the work of organisations like SPII becomes even more crucial and we dare not rest on our laurels. Over the past decade, SPII established itself as a key contributor to policies that seek to eradicate poverty, including input around the national minimum wage.

The results of these dogged efforts are evident: SPII is frequently called on to share its expertise as a commentator on various prominent media platforms. Such appearances are not merely an end to themselves, but provide SPII with a vital opportunity to promote the causes it has so persistently championed. These messages need to be given greater prominence if we are to break down barriers to income equality; therefore the importance of SPII's visibility in these platforms cannot be overstated.

Even through its own internal challenges, SPII has remained steadfast in its participation in national, regional and international fora where income inequality and progressive reforms are debated.

Over the past year, the board of directors has observed with great pride as SPII made renewed efforts to apply its highly regarded and tried and tested advocacy skills in order to benefit these dialogues. Far from trimming its workload in line with its limited resources, SPII has maintained, and in some instances accelerated, its pace. It is a mark of the esteem in which South Africa and its civil society is held that SPII was called on to deliver papers at three major conferences in 2018

These include:

- ILERA (International Labour and Employer Relations Association) 2018 World Congress, Seoul, Korea, where it spoke on the national minimum wage and social protection.
- BIEN 18th Congress: Tampere, Finland, where it shared its expertise on universal child grants: the South African experience, on invitation by UNICEF.
- SASPEN International Country Conference: Social Protection in Mauritius: International Frameworks and National Policies.

It is particularly gratifying to witness the institute's ability to engage in a diverse range of dialogues – both at a formal as well as a grassroots level. This kind of bottom-up approach entrenches the significance and relevance of SPII projects.

The board wishes to congratulate the director on her appointment by the National Planning Commission to a standing reference panel on Social Cohesion and a Decent Standard of Living in August 2018. She was

also appointed as one of 12 National Minimum Wage National Commissioners.

On the other end of the spectrum, SPII has engaged social dialogues to augment other forms of research. To that end, the institute has embarked on a social dialogue project in Gauteng on access to housing. The project will include engagements with residents who are intended to be the beneficiaries.

The economic hardship that has roiled our country in recent years has not left SPII untouched, necessitating some tough decisions regarding staffing in 2018. These cutbacks serve as a reminder of the difficulties posed by our increasingly movable economic trends, here at home as well as abroad. Again, our labours must be intensified if we are to avoid that the harshest of these effects do not worsen the plight of our most vulnerable citizens. In spite of the challenges, we remain heartened by the commitment of the director to the values of SPII. As she states elsewhere: "Our values remain constant on support for the realisation of the transformative principles of the Constitution, the reduction of poverty and the promotion of inclusive equality in an open and democratic South Africa."

We are immensely grateful to our partners for their continued and unwavering support, and we look forward to further collaboration that seeks to deliver on this essential mission.

2018 also marked the centenary of the father of our democracy, Nelson Mandela. As we take note of the political turmoil of the past few years, may each one of us heed his call to take responsibility for our future.

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Many of the promises of renewal made in the SONA have taken place. We have seen the hosting of a Jobs Summit in October 2018, and the South African Investment Summit at the end of October 2018. The outcomes of the Investment Summit included a promise of some R290 bn investment over the next three to five years. It was bookended by a visit by Theresa May in September 2018, the promised visit of German leadership in November 2018 and investment visits and summits with Italy and the EU inbetween. The intended Brexit shake-up can be seen to be at the heart of the latter investment interest in South Africa and other African

COUNTRY OVERVIEW

nations. The Jobs Summit promised more engagement around the creation of decent jobs internally. A Social Sector (read Civil Society) Summit was pushed to 2019, although it was meant to have taken place in November 2018 initially.

Accountability has seen the coming and going of further Finance Ministers, and various

commissions of inquiry are under way, including the Nugent Commission into tax administration and the Zondo Commission into state capture. In February retired deputy Chief Justice Moseneke handed down his ruling in the tragic Life Esidimeni arbitration on the deaths of vulnerable patients in Gauteng.

The air is full of expectation that this time, surely, things will change. Time will tell. The opposition parties, however, had a more difficult time in winning greater shares of the votes in the 2019 general elections, given the departure of President Zuma from the helm of the ruling party.

Meanwhile poverty, inequality and unemployment continue to soar. The Q3 Labour Force Survey of Statistics South Africa reported an employment figure of 16.4 million people, which includes the growing informal economy, domestic and agricultural workers. Officially, 6.2 million people are unemployed, while 2.7 million are not seen as officially unemployed as they constitute 'discouraged work-seekers' and 12.6 million working age people are classified as 'other'—neither employed nor unemployed. Food poverty has been aggravated by the 1% increase in the flat rate Value Added Tax, negating the idea that the 19 exempted basic food stuffs and paraffin (for energy) would dilute this impact.

The National Minimum Wage was due to be signed into law in November 2018 – a far cry from the initial inception date posted to be 1 May 2018. Comprehensive social security negotiations, which include the demand for a Universal Basic Income, continue very slowly at NEDLAC.

02 While the writing first appeared on the wall in 2017 about the need to effect core institutional changes within SPII to ensure sustainability, the pain and the grit only took effect in 2018. It has been a difficult year in very many ways. SPII had to retrench the three administrative staff in September 2018. By then, our three research staff that had begun the year with us, had chosen to seek more secure employment elsewhere. 'The office' as such has as a result taken on a very different feel. Our core tasks of financial management and HR have been outsourced to a former Trustee and Treasurer of SPII – Roy Naidoo. Our web service and newsletter production has also been outsourced, as has some of our fundraising work. In essence, this exercise also uncovered how much of the actual work has been on the shoulders of the Director, despite staff members having nominal responsibility for these tasks.

Project-wise, we have used sector based contract researchers to assist us in much

Although this overshadowed our year, SPII has many reasons to celebrate 2018 on other fronts. The research work on the Decent Standard of Living (DSL), long in the gestation, is now concluded. We are now engaged in creating advocacy opportunities to move towards the official adoption of the standard, as well as widespread civil society use of the standard in their analysis of progressive realisation of the constitutional socio-economic rights in the constitution. We launched the DSL in November 2018. The DSL fits in very neatly to the type of measure that the UN Committee on Economic, Social and Cultural Rights (CESCR) recommended be adopted by the South African state in their official response to South Africa's first Report to the Committee, handed down on 12 October 2018. The Director has also been approached to form part of a standing committee for the National Planning Commission on Social Cohesion and a Decent Minimum Floor, which we believe is a great endorsement of our work on this front.

INSTITUTIONAL OVERVIEW

of the desk-top aspects of our research work. While SPII and our board are committed to the values of decent work, this is a state that we still aspire towards internally, recognising the impact of the changing world of work and the constantly changing funding world for civil society.

The social security negotiations at NEDLAC continue to progress extremely slowly. SPII is, however, extremely proud to have ensured that an examination of the feasibility and impact of a universal basic income is one of the pillars of a new social security system that is currently being investigated in the process – at an official level! Advocating for progressive change is slow, but can effect revolutionary changes, we believe.

SPII has also been quite central in the co-

ordination of a new civil society movement that has organised around the national budget process. With roots in our Socio-Economic Rights (SER) project budget analysis, we have worked with other CSOs and been very vocal in criticising the state's decision to increase VAT at the beginning of 2018. This is known as the Budget Justice Coalition, which we will report on below.

Our media presence continues to be active, despite the absence of a media/communications person. This can be quite demanding, but is essential for extending knowledge of our research and analysis, as well as maintaining a public profile of SPII to build demand for our work, and hence add to a cycle of greater sustainability.

For the first time, SPII has focussed on understanding new ways of supporting the oversight capacity of the legislature – both the National Assembly and the Gauteng Provincial Legislature. In this new partnership with the Rosa Luxemburg Foundation, we have committed to a pilot project to understand how civil society and parliament understand their respective roles, and to facilitate dialogue on developing new ways for the work that civil society undertakes to strengthen the capacity of the legislature to hold the executive to account. This we refer to as the Praxis Project (learning through doing), and we are very excited about our learnings and also the manner in which this might be used to structure better engagements to support deeper and better rights-related oversight by the legislature of the executive in the new administration.

Our partnership with the Foundation for

Human Rights which has supported our SER research over the last three years sadly ceased in 2018, due to the ending of the support that they have received from the EU via the South African Department of Justice. We have, however, been able to produce excellent updates on each of the original Working Papers in this last year, and our efforts on The Right to Work, which traversed 2017 and 2018, have set a strong benchmark for subsequent years of advocacy and monitoring.

We look forward to seeing how we can continue to update this research work, which has proven to be critical for civil society participation in processes such as the shadow reporting to the UN CESCR, as well as to the state's own reporting. The research has also been eagerly received by members of the legislatures (the National Assembly and the Gauteng Provincial Legislature) as reliable sources to verify the administrative data provided by the executive in their reporting processes.

We hope that 2019 will be a gentler year for SPII and provide us with a chance to rebuild for a more sustainable future. Our work is always cutting-edge, and part of our dynamism is the need to be flexible to take advantage of new spaces and partnerships as they emerge. Our values remain constant on support for the realisation of the transformative principles of the Constitution, the reduction of poverty and the promotion of inclusive equality in an open and democratic South Africa. The journey is never predictable, and we remain most grateful for the support of our partners along this path.

**“Advocating for
progressive
change is
slow, but
can effect
revolutionary
changes, we
believe.”**

03

SPII'S ACTIVE PROJECTS FOR 2018 HAVE BEEN:

- Socio-Economic Rights Progressive Realisation Monitoring Tool
- Decent Standard of Living
- Budgeting for Change
- Praxis Pilot
- Social Dialogue Pilot on Social Housing in Gauteng

PROJECT OUTCOMES

a. SER MONITORING TOOL

This is the last year of this project's current phase. This phase has included the updating of all of our earlier research working papers that have combined a policy analysis, budget analysis and enjoyment/ access indicator update.

The outputs of this project to date include:

- Right to Work Working Paper, Budget Analysis and Executive Summary
- Right to Basic Education update
- Right to Food update

Click here to see these updates:

View here

We celebrated this work with a collective launch of research outputs on 17 August 2018.

This event was opened with a panel debate on the critical issue of "Maximum Available Resources" (MAR) between Deputy Minister of Justice, the Honourable

John Jeffery, Professor Sandy Liebenberg of Stellenbosch University, and a member of the UN CESCR and Yasmin Sooka, the Director of the Foundation for Human Rights.

Our research outputs in this project continue to engage us in conversations with the SA Human Rights Commission (SAHRC) who make frequent use of this research as well as the national Department of Planning, Monitoring and Evaluation in the Presidency. Our frequent lament with both these bodies is that they seem to fail to grasp the possibility of advancing the adoption by South Africa of a human rights-based framework approach to policy development and evaluation. Our new work with the legislature should be seen as a new tactic to promote this objective, which will provide an optimal reception for the ongoing SER work.

b.

A DECENT STANDARD OF LIVING

Developing methods for defining and measuring access to a decent standard of living in South Africa has been core to our thinking and deliberations at SPII since the inception of the Institute. In August 2018 we arrived at the first draft of our highly demanding conceptual and statistical collaborative work with the South African Social Policy Research Institute (SASPRI) and the Labour Research Service (LRS). It is critical to note that this work is back-funded by the national Department of Social Development (DSD) through Wits University. We have had frequent engagement with the DSD as well as Statistics South Africa, the state's official statistical body. This is important in our quest to have the benchmark receive a greater standing as a tool towards the acceleration of the progressive realisation of socio-economic rights in South Africa.

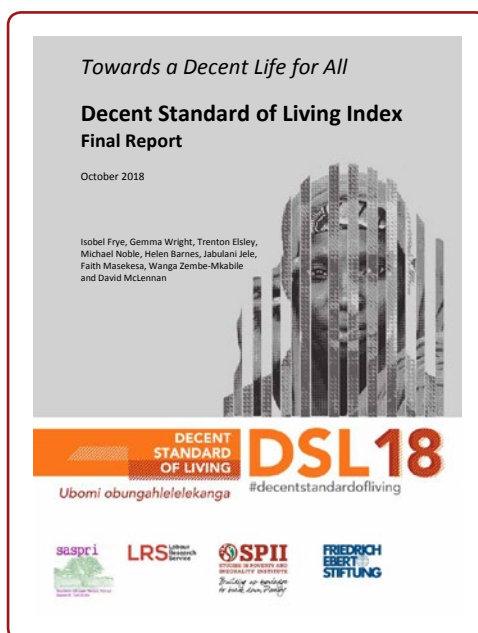
From the perspective of advancing critical thinking, we have developed and honed an extremely innovative methodology in the DSL that has received great interest

internationally. In essence, we combined two approaches to understanding basic needs practiced elsewhere – the expert standard approach with social science (qualitative approach) and we are rightly proud of this contribution to international scholarship.

Since August we have continued to refine our analysis and the output products as well as our advocacy on the use of the DSL. The final finding is that the cost of living a decent life in South Africa was R7,043 per person per month.

This analysis shows that the NMW will come in at just under 50% of this. The Child Support Grant is 6% of this value, the Food Poverty Line 8%, the Lower Bound Poverty Line 11%, and the Upper Bound Poverty line just 16% of this value.

The DSL research was launched on 20 November 2018 in Midrand. We were fortunate to be able to produce beautifully branded outputs for this event, which we include here:



TOWARDS A DECENT LIFE FOR ALL

saspri LRS SPII FRIEDRICH EBERT STIFTUNG

DECENT STANDARD OF LIVING

Ubomi obungahlelekanga
"a life without a struggle"

There is a crucial link that exists between the right to a decent standard of life and the right to dignity. The right to dignity is an inalienable right guaranteed in **Section 10 of the South African Constitution**.

Where does it come from?
The DSL was developed using simple steps that included what ordinary people thought.

48 Focus Groups were held across the country

A **selection of goods** that people thought were necessary, not luxury goods, were developed.

These were developed in **two national surveys**.

21 Socially Perceived Necessities (SPNs) were identified – goods that two thirds or more of participants thought were necessary for a decent standard of life.

We then identified the **income range** of people who had all 21 SPNs from Statistics South Africa Living Conditions Survey.

We chose the median income amount, which in 2018 prices, is **R7 043** per month, per person.

We were then able to see also what items the people who had all 21 SPNs spent their money on.

This enabled us to **update the DSL** every year taking these goods and services bought, into account.

BUT, this is not a standard that many people currently have in South Africa – in fact, only around **3% of the population have all 21 SPNs** – approximately 1.7 million people.

Just over a quarter (26%) of the population have 18 or more SPNs – approximately 14 million people.
42% of people have 16 or more SPNs – approximately 23 million people.

#decentstandardofliving

Over 30 people attended the launch. The programme included an opening address by the National Planning Commissioner responsible for Social Cohesion and a Decent Standard of Living, Professor Vivienne Taylor. We had further input from the Department of Social Development, the Ministry for Women in the Presidency, Statistics South Africa, as well as participating researchers and the COSATU-based research service organisation, NALEDI. One of our panel participants was Ms Thandeka Gqubule-Mbeki, head of economic affairs at the SABC. She ensured that our launch was well covered on the national broadcasting organisation.

We had planned to provide an annual update for the DSL mid-year from 2019. Ideally we would like to repeat the original 48 focus group participatory research to test for new indicators of Socially Perceived Necessities (SPNs) in the coming years, but are aware that this comes with a very large price tag, which we would have to raise.

We are also planning to launch a stand-alone media portal and presence in 2019 with our partners to further promote the DSL and our ongoing research in this field.

[Read here](#)

C.

BUDGETING FOR CHANGE

PROJECT DESCRIPTION:

The purpose of the proposed project is to provide an enabling and coordinating hub for civil society organisations (CSOs) in South Africa to participate in budget advocacy processes, with a specific focus on support for CSOs working in the health sector, and a specific bias towards community-based organisations (CBOs).

Choices about the allocation of public budgets directly impacts on everyone. However, given the role of the social wage, such allocating affects poorer people disproportionately. Engagement with the public budgeting system requires that

people have access to information about the allocations, have the skills to understand the implications of such allocations, and are able to advocate for more progressive alternative allocations with those that have the responsibility to make choices.

The project addresses provision of basic budget training sessions for civil society, coordinated engagement between CSOs and the national budget process, and specific accompaniment and support in the health sector to catalyse and upskill CSO capacity to engage with budget monitoring and advocacy in this crucial area.

PROJECT GOALS:

Clearly fitting within the overarching framework of the SPII vision and theory of change, the purpose of the proposed project is to contribute to building a pro-poor policy environment with an emphasis on health that is participatory and civil society driven, through the following main workstreams:

- Provision of basic budget and budget analysis training sessions for civil society;
- Provision of coordinated engagement between CSOs and the national budget process; and
- Provision of specific accompaniment and support to CBOs in the health sector

REPORT: In February 2018, SPII and the Heinrich Böll Foundation hosted a one-week CSO budget week in Cape Town around the launch of our national budget. This was a very intense period politically due to the change in President. Our budget week was attended by eleven CSOs. The week included a two-day budget training course, as well as a central hub to provide alternative media analysis. Through this process we were also as SPII able to drive the development of a civil society submission to the Financial Standing Committee of Parliament.

In October 2018, SPII, again in collaboration with the HBF, hosted two budget training update days, one in Cape Town and one in Johannesburg. This preceded a further late October Medium-Term Budget Policy Statement (MTBPS) Civil Society week to shadow the presentation by National Treasury to the National Assembly (Parliament) of the mid-year budget analysis. SPII was able to focus on social security and poverty in the media and our parliamentary submissions.

In July and December 2018, SPII co-hosted strategic retreats with other interested CSO partners to forge the birth of the Budget Justice Coalition (the BJC), a loose coalition of social justice organisations committed to progressive budget participation. With the assistance

of external facilitators, we have developed draft founding documentation that we shall finalise in 2019. SPII was nominated to the Interim Steering Committee of the BJC to oversee this process.

In addition, SPII has been active in driving the civil society partnership on the Imali Yethu and Vulekamali campaigns. These are joint government/civil society initiatives to foster greater openness to national budget documentation in an accessible manner. In 2018 we also began to work on identifying the provincial level budget documentation to advance greater transparency to promote effective non-governmental oversight on state spending.

For SPII this is crucial in our objective of advocating for better progressive realization of the socio-economic rights in the Constitution, and we are able to share first-hand our recommendations arising from our SER monitoring and evaluation project over a number of years.

The health-related, community-based training and advocacy part of this work will begin in 2019. We have however established community-based contacts in the field in 2018 who will be able to act as an intermediary between our work and community-based actors when we commence this project.

d.

PRAXIS PROJECT

LEARNING THROUGH DOING:

Improving Civil Society support to the Legislature to improve its Oversight of the Executive

PROJECT DESCRIPTION:

A civil society pilot reflective action in **expanding spaces for participation and engagement between civil society, political parties, (and institutional spaces) to advance and deepen democratic forms of engagement on policy alternatives¹ in South Africa...**

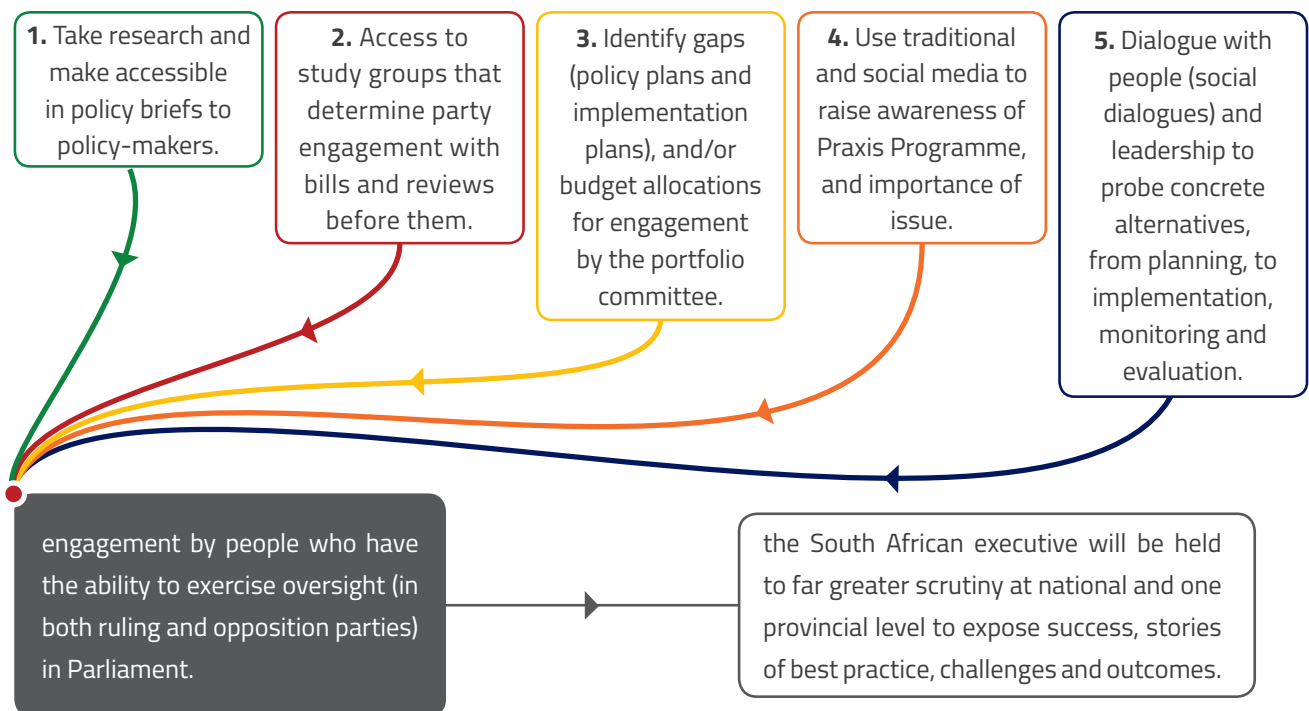


Figure 1. Praxis - programme basic concept

The basic underlying idea of the project is that Praxis will test assumptions of the potential and challenges on perceived modalities for engagement to work to expand the **spaces for participation and engagement between civil society, political parties, public institutions to advance policy alternatives in South Africa that advance the transformative vision of the Constitution with specific reference to socio-economic rights.**

The formal overall objective (project outcome) is that through engagement by people who have the ability to exercise oversight (in both ruling and opposition parties) in Parliament on credible SPII research on budget expenditure and indicators of people's enjoyment of their rights, **the South African executive will be held to greater scrutiny at national and one provincial level to advance optimal progressive realization of socio-economic rights.**

¹ Social, economic and political alternatives

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The expressed project objectives are:

1. (activity) **Make research accessible** in policy briefs to policy-makers,
 2. (activity) Work towards access to study groups that determine party engagement with bills and reviews before them,
 3. (activity) Identify gaps (policy plans and implementation plans), and/or budget allocations for engagement by the portfolio committee,
 4. (activity) Use traditional and social media to... **raise awareness of the issue/project,**
 5. (activity) Dialogue with people (social dialogues) and leadership to **probe concrete alternatives for engagement with the policy process, from planning, to implementation, monitoring and evaluation.**
-

REPORT: This project began quite a bit later than intended as a result of internal requirements of the Rosa Luxemburg Foundation for new grantees, but we managed to commence our work in June 2018.

SPIL undertook formal interviews with members of the executive, the legislature and civil society to understand how people currently engaged with each other and how this could be improved. We held a social dialogue forum on 6 December 2018 where we presented our initial findings, and the final report will be concluded in early 2019.

Our findings in brief included:

- Establishing links with the legislature (National Assembly and the Gauteng Provincial Legislature) proved to be virtually impossible at the inception. Letters and phone calls yielded no fruit as we strove to set up channels of communication. It was only when two of our trustees used their networks as former members of parliament themselves that we were able to make initial contacts.
 - Setting up meetings with MPs and MPLs (members of the provincial legislatures) was very difficult as they were liable to be cancelled literally at the last minute. The internal machinery of the legislatures is clearly a lot more fluid than one would expect, which would increase the difficulty for CSOs and CBOs who aim to present their research and data to committees.
 - There was a huge hunger amongst the members of parliament and the provincial legislature for credible independent research to assist them in holding the executive to account. Most frequently they only have access to administrative data generated from the same departments over whom they are meant to exercise oversight. There is a tricky process involved however in the approval of the credibility of the research, which is to be expected, as the concept is still completely foreign.
 - MPs and MPLs lack any real research support. They would prefer to have specific research briefs prepared for
-

each oversight meeting that they hold, which given our mandate and resources was clearly not feasible.

- Neither CSOs nor Members of Parliament were aware of the high walls separating them until they met at our Social Dialogue on 6 December. We trust that real relationships will be forged which will survive beyond the end of this research project and will lead to ongoing attempts to strengthen

institutional access which is NOT dependant on who you know.

It was a very useful pilot project, and we hope that we will be able to forge ongoing institutional links with the new members of the legislatures who joined these institutions after the 2019 national and provincial elections.

[View the final report here](#)

e.

IMPROVING ACCESS TO THE SOCIO-ECONOMIC RIGHT OF HOUSING IN GAUTENG

A SOCIAL DIALOGUE PILOT PROJECT

PROJECT DESCRIPTION:

Section 26(1) and (2) of the Constitution of South Africa provides that 'Everyone has the right of access to adequate housing. The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right'.

The project examines the progressive realization of the Right to Housing in the Province of Gauteng. The intention is to use the existing research results and findings of the studies on the Right to Housing that have been conducted by the SPII over the years. The research studies have provided desk top policy and budget analysis and statistical information regarding the enjoyment of the right to housing in as far as painting the picture of the situation and establishing the reasons behind the status quo. The policy analysis stretches back to 1994 and the budget analysis begins in the 2008/09 financial year. The findings indicate that there has been both a reduction in budget allocations for the Department of Human Settlement

and for its housing programme as well as persistent under expenditure of the allocated budgets. The effect of reduced allocations and the under expenditure of the allocated budget has resulted in a slow pace in the realization of the right to housing.

SPII has realized that the collection of scientific data on the realization of the right of access to housing is not enough to effect change. There are additional interventions that must be undertaken if the situation is to be turned around. The project intends to involve various **housing stakeholders** in furthering the understanding of the situation regarding the Socio-economic Right to Housing.

The engagements include:

- sharing the outcome of the studies conducted by SPII,
- collecting further qualitative data from the communities and persons

who are intended beneficiaries of access to social housing to understand successes, shortcomings and community-based solutions for better understanding, and

- engaging in dialogue with housing stakeholders from government officials to builders, planners and housing innovators.

The project will conclude with identifying three scenarios of proposed options

that should be looked at by the housing stakeholders to address the Right to Housing. Of equal importance is the fact that the project will also involve reporting on lessons learnt on the methodology of combining social audits and dialoguing towards finding solutions to service delivery challenges as a model for replication in other areas and spheres of policy development and evaluation in terms of constitutional rights of access to the enjoyment of socio-economic rights.

REPORT:
Desktop
Findings:

SPII has been monitoring the progressive realization of Socio-economic Right to Housing between 2014 and 2018. In this period SPII has concluded two research studies; the first was published in 2014 under the title: *Monitoring the right of access to adequate housing in South Africa - an analysis of policy effort, resource allocation & enjoyment of the right to housing* and the second was published in 2017 under the title: *Monitoring the right of access to adequate housing in South Africa - an update of policy effort, resource allocation & enjoyment of the right to housing*. As indicated above, the policy analysis begins in 1994, while the budget analysis begins with the 2008/09 financial year, and is subject to available budget data on all three tiers of government. The project is designed to rely mostly on these two research reports and supporting data that was collected as part of the research processes towards the completion of these reports. Further information that is specific to the municipalities in Gauteng will be sourced and utilized for municipal-specific information such as Integrated Development Plan (IDP) and the Spatial Development Frameworks (SDFs) of the municipalities.

The data collected through the research on monitoring the right of access to adequate housing in South Africa, is publicly available. The use of the municipal information is for the purposes of looking at the plans and reports on the achievements of the plans. The data in SPII's possession is delineated according to municipalities in the case of the three metros in Gauteng, i.e. Ekurhuleni, Johannesburg and Tshwane, but not so where the other two District Municipalities of Sedibeng and West Rand are concerned. The process of desktop review has already been undertaken on the research reports, the IDPs and the SDFs of the Gauteng municipalities. A report of the desktop review will form part of the final report as well as shaping and framing the stakeholder discussions together with the outcomes of the social audits. Some key findings will be presented in a summarized form below.

SPII's research on monitoring the right of access to adequate housing in South Africa has a deliberate urban and peri-urban focus. Due to the urban focus of the studies, they perforce predominantly concentrate on two conditional grants, the USDG and HSDG (see below) rather than the Rural Settlements Development Grant.

“Everyone
has the right
of access
to *adequate*
housing.”

The Human Settlements Development Grant (HSDG) is given to provinces and metropolitan municipalities and is primarily responsible for providing funding for the construction of housing and sustainable human settlements, in line with the constitutional right to adequate housing. This is the largest grant value allocated under the programme Housing Development Finance in the review period. The Urban Settlements Development Grant (USDG) on the other hand is currently transferred to 8 accredited metropolitan municipalities to supplement their capital expenditure in support of national human settlements development programmes, in particular, the upgrading of informal settlements and the acquisition of land in urban areas for pro-poor housing development.

Gauteng has received the largest share of the total HSDG budget in all the years under review. However, after somewhat steady real term allocations, there was a severe 12% decline in allocation in 2015/16. The DHS's annual report states that about R910 million was taken away from Gauteng and re-allocated to other provinces in 2015/16, and that this was due to persistent under-

spending by the provincial department. During a parliamentary briefing of the Portfolio Committee on Housing on 11 October 2016, the Financial and Fiscal Commission (the FFC) raised concerns that targets for top structures had been missed by 41% in 2015/16 because of the re-allocation of these funds. In a province that experiences high volumes of household migration, this is particularly problematic, the FFC stated on record.

The SPII research reports on monitoring the right of access to adequate housing in South Africa findings: Housing - SPII

- The Constitutional provision promises everyone access to adequate housing.
- South Africa's state-housing programme is almost unparalleled internationally and has expanded access to adequate housing to many poor households. Major challenges regarding broadening access to adequate housing remain, however, with a fragmented property market, settlement locations far from economic opportunities and a complex set of affordability needs.

**COMMUNITY
SOCIAL
DIALOGUE:**

We held our initial community audit in Evaton, south of Gauteng in December 2018. We found that the networks were very fragile, and it took time to build relationships of trust within and between communities and local government officials. We also found that where we organised meetings with communities,

there was an expectation that we, who were actually just intermediaries, were able to provide concrete improvements to people's experiences of lack of access to the service, in this case housing. This is something that the global literature on social auditing did not highlight as being as much a reality as we experienced.

**MORE
SPECIFIC
FINDINGS:**

- Across the board, the implementation of progressive policy shifts has suffered from poor planning, coordination, capacity, and monitoring, as well as in many instances, a lack of political will. These challenges apply to all areas where improvements in the state's programme for housing need to be made.
 - End of the RDP era? - The delivery of subsidized houses has dropped drastically over the last few years, despite the overall budget allocation increasing considerably between 2008/09 and 2011/12. Indeed, while there has been close to optimal spending on the Human Settlement Development Grant (HSDG) since 2008/09, some critical DHS housing targets have not been met in recent years.
 - The adoption of a broader set of housing programmes could see spending exponentially rising as new housing units are produced for smaller and smaller numbers of people, in the context of overwhelming demand. The government is gradually shifting to a broader range of housing programmes, which began with Breaking New Ground in 2004, and a part-devolution of the housing provision function from provinces to municipalities. The social and rental housing and informal settlement upgrading programmes being the most significant in terms of ambition and allocations.
 - Currently, 8 metropolitan municipalities have been accredited to receive and spend these funds. However, research has found major issues around the USDG. Chief among these has been extremely poor spending. Over 50% of its budget has not been spent in each of the two years since it has operated.
 - Local government is not delivering but provinces are also part of the problem. The massive under expenditure of the USDG has highlighted a persistent challenge regarding the lack of clarity of roles and responsibilities and poor coordination, in particular, between municipalities and provinces.
 - Although some targets are being met, there is a general failure to progressively realize access to adequate housing at scale or within a reasonable time period. In addition, programmes do not always reach their intended target groups, and progress is uneven across the country.
 - The private sector is not getting involved. With the construction of state-subsidized houses declining and the delayed implementation of a diversified range of housing initiatives successfully and at scale, there is a vast unmet demand for low-cost housing in South Africa. Our housing market indicators show that the failure of the private sector to move away from servicing the same middle-class market it always has, means that the banks and other housing participants (construction firms, developers etc.) are not only failing to take on the potentially massive role they could play in transforming access to private housing in South Africa, but also missing a huge opportunity.
- This work continued into 2019, with an anticipated conclusion date of June 2019.
- We have entered into a partnership with the Nelson Mandela Foundation in anticipation of the hosting of the more formal social dialogues in 2019, given our overlap in interest in improving housing delivery.

SOCIAL DIALOGUE OUTCOMES

04 The tool of social dialogues is quite a complex one from the perspective of the power dynamic between the outsider coming into a community and the expectations of the community arising from participation. It is important to be clear and honest about what these dynamics are, and for communities to feel that they are not being used to satisfy some project requirement of an organisation. At the same time it may be that a community would want to have their voices heard by being recorded as part of a larger tapestry of stories to motivate for a policy or implementation change.

At SPII we use the term 'social dialogue' to cover a variety of our engagements with the public, either as once-off initiatives or as part of a longer participative process, such as NEDLAC.

NETWORKS: SPII invests proportionately a considerable amount of time in supporting and growing civil society networks and coalitions. Co-operative or collaborative action can often bring unanticipated dynamics of tension on a personal basis or in respect of 'turf' or funding for CSOs. We have many years of experience and learning in this regard. One of our observations is that at some stage in individuals' personal journeys, they choose to leave the sector, often in need of a more secure and financially rewarding livelihood, but this often means the loss of knowledge and experience, without an optimal skills transfer. As a result we are consciously committed (sometimes over committed!) to being present in these structures to be able to share experience and build strong foundations. For SPII this involves a commitment to releasing leadership and

staff for these commitments.

The organisations and networks that SPII was involved with in 2018 include:

ASSAF: the Director sits on the Academy of Science of South Africa Standing Committee on Science for the Reduction of Poverty and Inequality.

SASPEN: the Director is vice-chair of the Board of the Southern African Social Protection Experts Network.

ODAC: the Director is an ordinary member of the Open Democracy Advice Centre.

CASAC: the Director agreed to sit on the Executive Committee (EXCO) of the Council for the Advancement of the South African Constitution.

ICESCR Coalition: the Senior Researcher represents SPII on this civil society coalition and contributed substantively to the 2018 CSO Shadow Report to the UN CESCR, ensuring that many of the recommendations made in the SPII SER research were endorsed by the CESCR in their Concluding Observations and Recommendations to the South African Government.

[Read the Shadow Report here](#)

And the UN Concluding Observations, specifically paragraph 48.

[Read here](#)

BJC: SPII has been a founding member of the CS Budget Justice Coalition which grew from the earlier Human Rights Budget actors co-ordinated by SPII. Part of the work for the OSF Ny Health Budgeting project includes the coordination of CS activity in this regard, and with the critical actors from HBF (Heinrich Böll Foundation), PSAM (the Public Sector Accountability Monitor), and the Dullah Omar Institute, SPII has worked at a high level to ensure the development and submission to the Finance and Appropriations portfolio committees as the BJC around the February 2018 budget. SPII also drove the mid-term Budget Week at the end of October round the announcement in Parliament of the Mid-Term Budget Policy Statement.

Community Constituency, National Economic Development and Labour Council NEDLAC: SPII continues to provide critical input support in terms of research and analysis and lead negotiator skills

for the Community Constituency (CC) in NEDLAC, specifically on the finalisation of the National Minimum Wage negotiations and the ongoing negotiations into Comprehensive Social Security (CSS) at NEDLAC. The work through this statutory social dialogue forum is by its nature slow, as all four social parties (Community, Labour, Government and Business) have to in the end agree on negotiated outcomes. **The NMW legislation was signed in to law at the end of November 2018, which was a great delay** on the original targeted implementation date of 1 May 2018, but we do believe that it will entrench a wage floor that employers will have to justify departing from.

We are saddened by the fact that in the final negotiations it was agreed that domestic workers' minimum pay for the first two years of implementation will only be set at 75% of the NMW of R3,500 per month, and that of agricultural workers, at 90%. This compromise was partly agreed to as a result of a legitimate fear that the sectors might shed jobs as a result of this statutory wage, as many domestic workers are employed by low- wage households themselves. Of the 1.2 million domestic workers, 995,000 are women². This tiering will be for the first two years, whereafter it will be reviewed based on empirical evidence. It will be important for there to be fierce, evidence-based advocacy to ensure that the tiering does not become accepted as a de facto three- class wage system.

The NEDLAC Comprehensive Social Security (CSS) negotiations also continue to move unbearably slowly. We have currently put out to tender five pieces of research

² Statistics South Africa. P0211 QLFS. Q3: 2018

to enable constituencies to develop fixed negotiating positions. The stated aim of the reforms will be to adopt a single National Social Security Fund, to which all current private pensions and provident funds will be migrated, as well as the other social insurance funds (UIF, Road Accident Fund and Compensation for Occupational Injuries and Diseases Fund). The interplay between the NSSF and the fiscus in terms of the churning of social assistance financing

is yet to be agreed to. The institutional hierarchy and governance structures are also still to be agreed to. One piece of research that we are awaiting is a study on the impact of a BIG on the economy and poverty levels. CC has consistently advocated for the adoption of a BIG to ensure a truly comprehensive social security system. We have informal assent of both Labour and Business, but not the Government sector at this stage.

CONFERENCES: SPII has provided presentations at three seminal conferences this year. These include:

- ILERA (International Labour and Employer Relations Association) 2018 World Congress, Seoul, Korea, 23 to 28 July 2018. Presentation: National Minimum Wage and Social Protection.
- BIEN 18th Congress: 24-26 August 2018, Tampere, Finland. Presented on a panel on Universal Child grants: the South African experience on invitation by UNICEF.
- SASPEN International Country Conference: Social Protection in Mauritius: International Frameworks and National Policies, 17 to 19 October 2018.

OTHER: The Director was appointed by the National Planning Commission to sit on a standing reference panel on Social Cohesion and a Decent Standard of Living in August 2018. She was also appointed as one of 12 National Minimum Wage National Commissioners for the commission set

to convene in early 2019. This will enable us to continue to influence the research questions and recommendations for the more rapid increase of the domestic workers and farm worker salaries arising from the initial research findings.

SPII INSTITUTIONAL FINANCES:

05 Through prudent financial management and some difficult institutional decisions, SPII's finances have stabilised this year. The retrenchment of the administrative staff will lead to a reduction of overheads, although there will continue to be the need for core administrative support given the necessary outsourcing of financial services and ad hoc services.

The new financial system is much tighter than previously, and we are benefitting from regular financial forecasting which had become quite lax in the period of virtual subsistence.

CONCLUSION: In all, we believe that SPII has turned the corner with regard to sustainability. We received commitments from OSISA for 2019 towards an institutional review (work, staff skills sets and governance). In addition, OSISA has also made provision for SPII to contract a part time fundraiser for about ten months to assist with making longer-term relationships with new funding sources. We believe that this will free our strategic capacity up to identify key spaces for effective policy advocacy and ongoing analysis of new research questions to advance the transformative promise contained in our Constitution.

INDEPENDENT AUDITOR'S REPORT

To the trustees of Studies in Poverty and Inequality Institute

OPINION

We have audited the annual financial statements of Studies in Poverty and Inequality Institute set out on pages 8 to 16, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Studies in Poverty and Inequality Institute as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Trust Property Control Act 57 of 1988.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the trust in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Trust Property Control Act 57 of 1988, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon. Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual

financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE TRUSTEES FOR THE ANNUAL FINANCIAL STATEMENTS

The trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Trust Property Control Act 57 of 1988, and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or,

if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Darryl Sklar & Associates

Darryl Sklar & Associates
Chartered Accountants (SA)
Registered Auditors
Per: Darryl Sklar | Partner
17 April 2019 Johannesburg

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

Figures in Rand	2018	2017
Assets		
Non-Current Assets		
Property, plant and equipment	3	3
Current Assets		
Trade and other receivables	403 502	774 842
Cash and cash equivalents	1 539 553	1 098 390
SPII general funds	750 399	
Donor allocated funds	789 154	
TOTAL ASSETS	1 943 058	1 873 235
EQUITY AND LIABILITIES		
Equity		
Trust capital	100	100
Accumulated surplus	771 330	1 446 976
	771 430	1 447 076
Liabilities		
Current Liabilities		
Trade and other payables	1 171 628	426 159
TOTAL EQUITY AND LIABILITIES	1 943 058	1 873 235

DETAILED INCOME STATEMENT

Figures in Rand	2018	2017
Revenue		
Church of Sweden	656 343	764 679
Foundation for Human Rights - SER	616 916	2 319 277
Christian Aid	482 772	993 895
CR Foundation	450 000	450 000
Open Society Foundation New York	505 472	-
Rosa Luxemburg Stiftung (RLS)	424 692	-
University of the Witwatersrand (WITS)	403 518	69 055
Standard Bank Limited	400 000	300 000
Open Society Foundation SA	375 000	-
National Lotteries Commission (NLC)	55 000	-
Friedrich-Ebert-Stiftung South Africa	29 876	-
Anglo Gold Ashanti	-	300 000
Ford Foundation	-	454 795
Foundation for Human Rights - CMP	-	36 000
	4 399 589	5 687 701
Other income		
Recoveries - University of Cape Town - 2015	107 188	-
Sundry income	-	73 526
Interest received	42 626	-
	149 814	73 526
Total income	4 549 403	5 761 227
Programme expenses		
Advocacy, policy analysis & research	745 268	439 621
Employee costs	2 080 352	2 149 092
Communication & publications	74 788	108 296
SPII Talk & annual report	97 475	65 789
Travel & accommodation	161 303	170 946
	3 159 186	2 933 744
Operating expenses		
Auditors remuneration	30 000	35 000
Bank charges	6 911	9 203
Board meetings	24 652	13 645
Consumables	23 618	41 465
Employee costs	1 035 085	887 109
Insurance	30 310 2	29 137
ICT expenses	178 210	195 451
Lease rentals on operating lease	281 332	190 811
Prior years VAT adjustments	336 465	-
Security	10 183	8 707
Subscriptions	22 180	29 543
Telephone and fax	86 917	106 404
	2 065 863	1 546 475
Total expenses	5 225 049	4 480 219
(Deficit) surplus for the year	(675 646)	1 281 008



*Building up knowledge
to break down Poverty*

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