

**National Treasury**  
**Minister Mboweni**  
**Cc President of the Republic of South Africa.**  
15 February 2019

**Re: For URGENT consideration into Budget 2019 from the Pietermaritzburg Pensioners Forum.**

Sawubona Mphathiswa Wezimali

Minister Mboweni, we are calling on government to provide all pensioners with a 13<sup>th</sup> cheque equal to double the monthly pension annually in December (starting in December 2019), and as a start towards equalising the pension with the National Minimum Wage and towards a living wage, for the monthly old-age grant to be increased to R2 500 in April 2019.

Last year, the Standing Committee on Finance, having considered the 2018 Medium-Term Budget Policy Statement for the revised fiscal framework of 24 October 2018, and having listened to a submission from the Pietermaritzburg Pensioners Forum recommended that *"...National Treasury considers a higher increase in grants than is usually the case by reprioritising expenditure ..."* (under 10.3 page 24). We are hoping that this recommendation was taken on board in the 2019 Budget.

We cannot make it through the month on our pensions and most of us are in terrible debt. R1 700 is far too low. We stand in the queue to collect the old age grant and then go and stand in the line to borrow money from omashonisa.

**We must find ways of putting more money into the South African economy.** Pegging the pension at a poverty level removes the economic value pensions could provide by enabling us to spend beyond consumption. Increasing the pension beyond consumption would allow us to demand goods and services which would encourage the start of new businesses or where businesses already exist to increase supply to meet this demand and employ people.

We think that the pension is actually a state asset which is currently not being used as part of the economic mix to drive an economic recovery. Our welfare system is different to that of other countries – we can use it as an economic stimulus. If the pension were to be increased and seen differently - not as a burden on state resources but as a social and economic tool – it could play a very important role to drive increased productivity, job creation and economic growth.

Most of our people are starved of money, our economy is starved of money. Our pensions keep many urban economic hubs going. It is one of the primary economic instruments to push money into the economy. Without the money coming into our homes via the old-age grants, in many places' families would starve and there would be no economic activity at all in small towns and cities. Our pensions, as low as they are, play a significant role in keeping the economy of South Africa going.

The problem Mr Mboweni is that the billions of Rands distributed monthly through the social security system do not circulate for long in the economy. Eaten up by consumption and spent in big corporate retailers in town, this money does not recirculate in the local economy. The old-age grant is so low and the things we need to buy cost so much that we spend all the money in a few hours on monthly food, transport costs of paying omalume to take our grandchildren to school and back safely; and prepaid electricity. We leave all our money in town. We have no money to bring home where we live. We have no money to support local economic activities where we live.

The presidential plan thus far of creating 275 000 jobs a year when we currently have 9,7 million people unemployed; is not going to address our economic crisis fast enough. It also relies too heavily on things outside state control. Nevertheless, even if successful at this rate our adult children might only have a chance of being employed in 35 years' time, in the year 2 054 - by then they also will be pensioners. We have to look at other economic options.

If government invests in us, 3,5 million pensioners, money will come directly into our pockets (the system is already in place) – we will be able to escape poverty and we will have extra money to spend and invest where we live. We will be able to create work and jobs where we live and this will help to change the economy around very quickly. We are 3,5 million people with ideas and knowledge and skills, social networks, financial nous, dreams and aspirations, great wisdom and love for our families and country. We can do wonders with more money in our pockets.

Pensions could provide part of a real and immediate solution to get our economy moving. Mr Mboweni, increasing pensions to beyond consumption levels could be a real option in our current economic crisis. We ask, at least, that you look into what we are thinking – do your own analysis – it just seems to us that the practice of disconnecting the grant system from the economy removes so much potential that could be leveraged if instead grants were seen as part of the economic mix to drive an economic revival.

We are of the age group that when we worked, we were paid the lowest wages, we suffered the worst racial oppression and exploitation in the workplace and did the most horrible types of jobs. We are domestic workers, factory workers, farm workers and supermarket workers. We did not earn enough when we worked to support our families and to save for our retirement. When we retired our only option was to apply for the state old-age grant.

The old-age grant is not a gift from government. We contributed and sacrificed so much for South Africa. The R1 700 a month pension takes us nowhere except to lock us into terrible poverty. It is a wicked short-sighted unconscionable thing to not make sure that pensioners receive a proper pension. Government has a responsibility to ensure that we are paid properly when we work and support us in our old age. Currently government is doing neither.

We continue to contribute to South Africa in our old-age. The pension plays the same role as a wage does. It brings income into our homes. Many of us live in homes where nobody works. Our children cannot get jobs. Our families survive on our pensions. Our pensions support our children and grandchildren. Our pensions continue to subsidise high levels of unemployment and low wages, and keep children clothed, fed and in school.

When the Department of Basic Education brought forward the start of the New School Year to the 9<sup>th</sup> of January 2019 it was pensioners who made sure that grandchildren had uniforms and shoes, stationery and books, registration fees and that omalume were paid to transport grandchildren safely to school. No other workers were paid in the first week of January. Government did not help. There are no savings on a pension. Many families went without food for three weeks in January because of these education expenses.

Increasing the pension to a living wage and providing a 13<sup>th</sup> cheque in December would help us better support our families and make sure that our children and grandchildren's futures are much brighter and more stable. This would be good for government because it would mean that less money would have to be spent in the public health sector, our children would be able to maximise their education and would be able to gain knowledge and skills which would mean that South Africa would have a much stronger economic base as its workforce will be stronger, healthier and better skilled.

Mr Mboweni, we ask that you be a visionary and see the budget as a political tool to include all South Africans in a prosperous and peaceful society and economy. The grant system offers government an extraordinary tool – if you would just use it. Increasing the pension as a starting point to R2 500 a month and providing a 13<sup>th</sup> cheque in December would be an important start towards a recovery in our economy, the creation of jobs, a transformation of local economies, a strong education and health system, healthy and productive workers, and something we must get right – justice for Black South African pensioners, particularly women- the struggle workers of South Africa's past.

We are a forum of women pensioners who live in Pietermaritzburg. We have written to you before. For the past several months we have been organising locally and nationally around a campaign for the state old-age grant (currently valued at R1 700 a month) to be increased to a level of a living wage and for all pensioners to receive a 13<sup>th</sup> cheque equal to double the monthly pension annually in December. The campaign is growing in strength across the country with pensioners in Pietermaritzburg being supported by pensioners organising in areas across KwaZulu-Natal, Mthatha, Limpopo, Mpumalanga, Gauteng and Cape Town. We are many. We are organising. 3,5 million pensioners receive a monthly old-age grant. We are a big sector of society. We ask you, we plead with you, we cry to you: please consider our calls and look into our proposal of making real use of the grant system to the benefit of all of us.

Thank you and yours sincerely,

Thina Ogogo

The **Pietermaritzburg Pensioners Forum**

**Thoko Ngubane.**

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