

Sindh Post-Budget 2015 Dialogue

17 June 2015, Hotel Regent Plaza, Karachi

The Report

Table of contents

Introduction	3
Objectives	3
Background	3
Activity Report	5
Recommendations	9
Way forward	10

Introduction

The Dialogue on Sindh Post Budget 2015 was jointly organized by civil society organizations Action Aid-Pakistan, Workers Education and Research Organization (WERO), and National Organization for Working Communities (NOWCommunities). The purpose of the event was to generate a dialogue on the Sindh government's budget for the year 2015-16 from the perspective of the working people.



Action Aid is primarily a UK-based organization, operating in Pakistan in 1992 and now works with 60,000 of the country's poorest people, particularly small, landless farmers, women and urban poor people. It works mainly in food security, education and women's rights, as well as supporting people in conflict and emergency situations.

The NOWCommunities has been working since 2007 for improving living and working conditions of marginalized communities, especially women, youth and labourers in various parts of the country, especially in the working communities of Karachi.

WERO is a young organization working for the research on the working class people and their education on rights.

Objectives

The significance of the provincial budget has increased considerably after the passage of the 18th constitutional amendment which gives a lot of funding for social sector to the province. It is imperative to understand this document if one has to work for the betterment of the society in general and for the poor working classes in particular. The Sindh Post-Budget Seminar is part of a series of efforts to generate this understanding. Here, all the important aspects of the budget—financials, educational budget, healthcare budget, public service budget, and the budget to enforce law and order—were discussed threadbare so that a detailed understanding could be arrived at. Later, the findings of this discussion are to be published and disseminated among the concerned members of the society.

Background

On 13 June 2015, the Sindh government presented the provincial budget for fiscal year 2015-16 with a total outlay of Rs 739.3 billion against last year's budget estimate of Rs 686 billion, showing an overall 7.7 per cent (Rs 53 billion) increase in non-development expenditure.

According to budget books, the total receipts of the province stand at Rs727 billion, while total expenditure of the province is estimated at around Rs739 billion and a budget deficit which has been estimated at Rs12,727 million.

Presenting the budget, Sindh Finance Minister Murad Ali Shah announced that budget estimates for current revenue for education including medical education and technical education had been enhanced from Rs 134.37 billion in outgoing year (2014-15) to Rs 144 billion for the next year.

Regarding health, the provincial government has increased the current expenditure of health department increasing budget from previous year's Rs 43 billion to Rs 54 billion in next year. A major chunk of amount of Rs 65 billion has been allocated for law and order. But does that mean any improvement in the lives of the common people? Does any increase in spending in the social sector translate in any betterment for the working class?

This can only be judged by generating a debate among the key informants from different sectors and the legislators from the Sindh assembly. The present exercise is one such attempt.

Activity

Principal economist, Mohammad Sabir, of the Social Policy and Development Centre (SPDC), was the first speaker at the event. He began his presentation by explaining the increase in share of provinces in taxes from 46.25 to 57.5%. According to his analysis, Sindh will have long-term implications if it fails to increase its development expenditure and work on developing

Priorities in Provincial ADP

	2014-15 (%)		2015-16 (%)	
	Budget	Revised	Budget	
Social Protection & District ADP	46.1	28.7	39.1	
Economic Affairs	32.3	47.1	33.0	
General Public Service	4.5	5.5	8.5	
Education Affairs and Services	6.5	5.3	7.3	
Health	7.9	8.9	7.0	
Environment Protection	1.3	2.4	2.4	
Housing and Community Amenities	1.0	1.5	1.8	
Recreational, Culture and Religion	0.5	0.6	1.0	
Public Order and Safety Affairs	0.0	0.0	0.0	
Total	100	100	100	

its social safety net. He said, "The money will come in and go out. It needs to be utilized properly."

Composition of Provincial ADP

	2014-15		2015-16	
	Budget	Revised	Budget	
Social Protection & District ADP	77.5	41.6	69.1	
Economic Affairs	54.2	68.4	58.4	
General Public Service	7.5	7.9	15.0	
Education Affairs and Services	10.9	7.6	12.8	
Health	13.2	12.9	12.4	
Environment Protection	2.2	3.5	4.2	
Housing and Community Amenities	1.7	2.2	3.2	
Recreational, Culture and Religion	0.8	0.9	1.7	
Public Order and Safety Affairs	0.00	0.00	0.04	
Total	168.0	145.0	177.0	

Principal of all things discussed was the education sector. In the provincial budget 2015-16, Sindh has

allocated Rs144.67 billion for education, an increase of 7.6 per cent compared to Rs134.73bn in the outgoing year. However, the detail that Sindh's net enrollment rate has declined along with the quality of education provided is not taken into account. Despite the fact that education was kept as a top priority in last year's budget, Sabir pointed out that the development budget for primary education was nil last year. This year it has been raised by 2.9%, transferred from the allocation for secondary education, though 90% of the education budget is seen going towards paying salaries.

Composition of Current Expenditures

	2014-15		2015-16	
	Budget	Revised	Budget	
Education Affairs and Services	134.4	126.8	144.7	
General Public Service	130.0	138.4	129.9	
Public Order and Safety Affairs	66.6	72.6	79.7	
Economic Affairs	47.6	59.7	78.0	
Health	43.6	43.8	54.1	
Social Protection	4.1	4.0	7.2	
Recreational, Culture and Religion	5.3	6.0	5.5	
Housing and Community Amenities	2.7	2.2	3.3	
Environment Protection	1.8	1.1	1.0	
Total	436.1	454.6	503.3	

The second Speaker of the event was Dr. Riaz Shaikh of SZABIST. He pointed out that since PPP introduced Article 25A to the constitution, it should have made Sindh a role



model in the education sector by now. Sadly that has not been the case. Instead what we witness today, he said, is the dangerous trend of "exhibitionist expenditure" in the shape of growing number of Shaheed ZAB and Shaheed Benazir Bhutto Colleges and universities. He stressed that this ego trip of PPP has turned Sindh today as the only province where ill-equipped colleges are being turned into universities

with no suitable provisions. He implied that even with primary enrollment being 39% in private institutions and 61% in public institutions, the preference for higher education remains in public-sector institutes, who continue favoring those hailing from private primary institutes. "Thus," he emphasized, "for the poor, discrimination waits at all levels of education." Further reflecting on the shambolic state of Sindh's education, he expressed his bewilderment towards the budget by pointing out that 7 to

9 thousand ghost schools are in existence here, yet instead of making things right the budget reflects incentives over forming new infrastructure.

On the subject of social safety nets, he said that Benazir Youth Development Programme is supposedly training 100,000 youngsters in Sindh annually. "In the past seven years, 700,000 youth would have been given skills and would ideally have been self-employed, but where are these youngsters? Has anyone done an analysis? Is this a politically motivated move?" he questioned.

Tasneem A. Siddiqui of Saiban-Action Research for Shelter was the third speaker of the day. He said that Pakistan has always witnessed planning in an up to down fashion. "Instead of going for projects which are small but more beneficial in the long term, our governments are always going for mega-projects."



On the matter of shortage of funds, he claimed, "Of all the money allocated for ADP, 60 per cent is spent, while 80 per cent of this 60 per cent is simply pocketed."

Delving into the minute details of Sindh's infrastructure problems he said: "Many cities in Sindh lack underground drainage system. You don't know where the planning begins or ends." Lack of research elements in the budget is a sign of continuation of the conventional cut and paste method in budget-making.

Ideally, he stated, the local governments planning starts from the level of union councils, which unfortunately is not the case here.

The fourth Speaker was Pakistan Medical Association's Dr Qaiser Sajjad. He questioned the complete eradication of any one disease when a budget worth billions is allocated for health. "Our recommendation is always to go for a preventative approach rather than a curative one," he said. "If only the provision of clean water could be ensured, 60 per cent of diseases can be avoided," he claimed. He said Sindh's priority should be making basic health units functional. "You cannot have people with flu and fever coming to a tertiary care facility like Jinnah hospital. They should be able to get treatment for these illnesses in their areas," he said.



He drew attention towards the fact that Sindh does not have an ambulance service and relies on ambulances of private charity organizations to transport patients and injured.

When questioned by a fellow participant about the role of private hospitals which do not include themselves during a crisis induced emergency, Dr Sajjad replied that the need for checks and balance networks is indeed a necessity and these cases it is imperative for the government to take measures in order to consolidate resources to treat crisis victims free of cost. Exacerbating the current order, he added, is the ineptness displayed by hospitals which instead of reporting cases like stabbing and

gun-shot wounds to the SHO of their area, provide only first aid to avoid getting tangled in litigations.

Speaking on the security budget, journalist Imran Shirvaneer said it was important to understand budget before making remarks on it, but, unfortunately, people generally label budget without giving any time to understand it.

“Every time there is budget, all TV channels go out on the street for voxpops, asking people how they find the budget,” he lamented. “Not even a single one of them has looked at the budget but will say ‘It’s not a pro-poor budget’. There is a need to understand and increase awareness.”

Looking at the budget document, he said, one could notice a 10 percent increase in the home department budget from 58.623 billion rupees to 64.458 billion rupees. He also pointed out that the police budget also was up from 50.915 billion rupees to 61.84 billion rupees. This all, he said, was only adjusting the inflation. But the significant situation was the budget for Rangers: even though the Rangers were to leave the province this year, the budget has been increased – even though abysmally – from 2.22 billion rupees last year to 2.448 billion rupees this year. He pointed out that the issue of terrorism was addressed in the budget in the form of training of the police to counter this menace. So was the government preparing its own machinery to fight terrorism or was it still going to rely on the Rangers, he asked.



He pointed out that maintaining law and order and fighting crime in a province like Sindh meant keeping the priorities right. He said Sindh police needed cops at police station level where only half of the sanctioned strength was usually available. The budget showed that new recruitments would be made but again there was a need to check the individual police station budget to know if that recruitment would strengthen the force available for the common man or would go into protecting the VIPs. He also pointed out that the importance of policemen’s work was highlighted in the budget where 500 million rupees were earmarked for compensation to the widows of those who had died in line of duty. But again, usually that money did not reach the poor family. The positive steps, he said, were raising the salaries of the policemen to match the Punjab police department.

He pointed out that a lot of money was being spent on upgrading police vehicles – 100 vehicles to be made bullet proof and 35 armored personnel carriers to be made bomb proof. He said pretty much like in all other departments, the government was more interested in spending money where it could acquire expensive toys rather than ensuring that the problems of the masses at the grassroots level were addressed.

He said this was the year of the local government elections, and the government could easily plan for devolution of the law and order control to the district level. The budget did not show any intentions in that direction, he said. This way, the government, he pointed out, did not show any desire to empower the people to tackle

the all-important issue of peace, something that can only be handled at a grassroots level.

Karamat Ali, Executive Director of PILER, who presided over the session concluded the talks.

He said the entire activity was a futile since “the debate is standing on its head rather than its feet as long as the budget is not deliberated in its constitutional context.

According to him the fundamental concern is not the budget but the economic policy. As long as the assets remain disproportionately distributed, the status quo stays intact. Before budgeting, budget reforms are necessary to deliver redistributive justice. He said the budget does not contain progressive but regressive taxes that do not direct towards generation of taxes but only its allocation. He gave GST's and lack of inheritance tax as example and also brought to attention our negligible property tax.

He further pointed out that a rise in insecurity has a direct impact on social protection. In Sindh, he noted, the scales for social protection have regressed even after the passing of 18th Amendment and the 7th NFC Award. The income support programmes initiated by the PPP are mere handouts and not genuine social protection, he said.



Recommendations

- The budget document should reflect international standards by raising the development budget and reducing the administrative outlay.
- The legislators—particularly the treasury benches—should start soliciting budget ideas from the concerned quarters right at the beginning of the new financial year for the next year’s budget and should continue this exercise till the end of the calendar year. The concerned quarters should include the civil society organizations, educationists, healthcare providers, economists, journalists, and representatives of the working people.
- The budget document should have input coming not only from the provincial-level organizations but also from the district-level organizations.
- More post-budget analyses should be held to develop a better understanding of the document.
- Legislators should take deep interest in such discussions.
- Provincial assembly oversight over implementation of the budget should be increased and strengthened.
- A grassroots infrastructure should be developed rather than spending money on heavy showpieces.
- The Ratio of direct taxation should be increased from 15 percent to at least 50 percent, reducing the ratio of indirect taxes from 85 percent to not more than 50 percent.
- Fifty percent of the total collection should be spent on social sector, especially on education and health.
- Fiscal devolution involving the transfer of taxing and spending powers to provincial and subsequently to local governments is not being satisfactorily implemented despite clear command contained in Article 140-A of the Constitution of Pakistan. Currently Federal government collects almost 96 percent of the taxes while the four provinces combined collects only four percent of tax revenue. The fiscal powers, as per the constitution, must be smoothly and speedily transferred from center to provinces and then to the local governments.
- Rules should be devised to implement the Article 25-A (free and compulsory primary education) in Sindh. More efforts should be given to reduce the gender gap in the enrollment in education sector especially in primary education and especial efforts should be made to increase the enrollment of girls.
- It is the responsibility of local government to provide basic necessities to the citizens’ at grass root level, therefore, local government elections should be conducted as per directives of Supreme Court of Pakistan and powers should be given to elected local governments.

Way Forward

- More such discussions should take place;
- The information generated from this and any further discussions should be disseminated among the concerned quarters as well as among the general public;
- A survey/study on the general understanding of the budget in general and the Sindh budget 2015-16 in particular among the masses should be held;
- Discussion on the next budgetary exercise should be launched simultaneously with this ongoing post-budget 2015-16 discussions.