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UCT Children's Institute press statement: The National Treasury is not protecting and prioritising the development and wellbeing of children

The Medium Term Budget Policy Statement (MTBPS), delivered by Finance Minister Enoch Godongwana on 1 November, is short-sighted in that it fails to protect and prioritise the development and wellbeing of children. It continues the path of austerity budgeting at a time when increased social spending is urgently needed.

Social grants will not be increased to compensate for the previous below-inflation adjustments to the grant amounts, despite rising poverty and malnutrition among children. Provincial social development departments will have to fund the public sector wage settlement, cutting into budgets for essential welfare services that are already under-funded. Subsidies for children attending early learning programmes will remain static for a fifth year, and funding for maintenance of early childhood development (ECD) centres has been cut by R50 million.

The Treasury's rigid adherence to fiscal consolidation, when livelihoods and the social fabric of the country are threatened, shows callous disregard for human rights. More than ever, South Africa needs to invest in young people, to build a cohort of children who are healthy and well-educated. Failure to do so will replicate the persistent intergenerational cycles of poverty and inequality.

The Medium Term Budget does not address child hunger and rising poverty

Nearly eight million children live below the food poverty line, the minimum cost of food for survival. The national food poverty line is R760 per person per month in 2023. High food poverty rates have serious implications for children, and for the country's future. The most unequal country in the world, South Africa is also a global outlier in its high rates of child stunting - an extreme outcome of poverty where children are too short for their age due to chronic malnutrition. Stunting is difficult to reverse and has lifelong consequences for healthy development, learning and future employment prospects. In 2016, a quarter of all children under age five were stunted. In the same year, 34% of children were living below the food poverty line. Child poverty rates rose during COVID lockdown and have continued to rise. In 2022, 38% of children were living in food poverty.

The Child Support Grant (CSG) is an excellent mechanism to alleviate and reduce child poverty. It is well targeted to the poorest households and reaches 13 million children every month. The CSG was originally designed to cover the basic food and clothing costs of a child, but many of those who receive it continue to live below the food poverty line. Katharine Hall, Children's Institute Senior Researcher, explains that there are two main reasons for this: "First, in households where adults are unemployed, the CSG has to support other family members, reducing the amount that can be spent on individual children. Second, the value of the CSG is too low. The annual increases to the CSG value have not kept pace with food inflation and so the buying power of the grant has been eroded over time."

The real value of the CSG continues to decrease over time

In April 2023, the CSG amount was increased by just R20 (from R480 to R500 per month). This was a 4.2% increase compared with April the previous year, yet headline inflation for the same period was

6.8% and food inflation was as high as 14.3%. After many years of below-inflation increases to the CSG, the gap between the value of the CSG and the food poverty line has widened dramatically.

”Unless the CSG value is restored to its original intent, to cover the cost of food, child poverty rates will continue to rise and many more children will suffer from hunger and malnutrition,” explains Paula Proudlock, Children’s Institute Senior Researcher. “The Finance Minister’s silence on the CSG value amounts to him deciding that eight million children must continue to starve.”

Another year to establish the cSRD permanently in the social assistance programme

The MTBPS allocates R34 billion to continue the COVID Social Relief of Distress grant (cSRD) for one more year, to March 2025. The cSRD was introduced as temporary disaster relief for unemployed adults in 2020, and is the first grant to provide social assistance to working-age adults without income. While the one-year extension is welcome, the R34bn does not provide for any increase in the cSRD amount. It has been stuck at R350 since 2020 yet should be at least R430 by April 2024 to retain its real value.

The minimum requirement to protect children and their families from rising poverty and hunger is to restore the CSG to the food poverty line, and to establish the cSRD as a permanent grant at the food poverty line, so that co-resident unemployed adults do not have to depend on the CSG that is meant to support children.

Child protection and social welfare services under threat

Minister Godongwana states that “a safe environment, for our people to fully participate in economic and social life, is non-negotiable”. Yet Treasury admits that the revised allocations will lead to a funding gap for core services. This gap will be felt by society’s most vulnerable.

The national public sector wage settlement of 7.5% has to be implemented by the provinces. The MTBPS provides additional allocations to the police and provincial departments of health and education to cover the cost of the salary increases, but social welfare services are not considered a priority and the wage agreement is expressly not funded for its employees, including social workers and child and youth care workers. Instead, provincial social development departments must reprioritise funds within their already constrained budgets. They cannot cut posts, so they have to cut services or transfers to non-profit organisations (NPOs). NPOs provide vital services, including child protection, support to orphans and vulnerable families, child and youth care centres, old age homes, shelters and support services for women who have survived gender-based violence and abuse, and people with disabilities.

Gauteng child protection services have already been asked to resubmit their business plans for the current year, raising the spectre that they will have their budgets cut, and that others will not meet the revised criteria for funding. “Services are already under-funded and transfers have decreased in real terms for the past five years,” explains Lucy Jamieson, Children’s Institute Senior Researcher. “Budget cuts will force the closure of even more NPOs. Provinces do not have the capacity to take over the services provided by the NPOs, so the number and quality of services for children who have experienced abuse will be eroded further.”

The budget needs to be adjusted to compensate provinces for the full cost of annual wage increase agreements to ensure that the already constrained welfare services provided by provincial departments and NPOs can continue.

Children's health services eroded through below-inflation budgeting

At first glance, the 2% increase in the health budget promises some relief but these marginal gains will be completely eroded by inflation – with a Consumer Price Index of 5.6% for ordinary goods and services, and even higher inflationary pressures for imported medicines and medical equipment. In effect, health care expenditure will contract by 2.7% in real terms, when the public health system is already under-resourced and understaffed.

Child health advocate Lori Lake (Children's Institute) expresses concern that "children's needs and rights are often sacrificed in times of crisis. Child health staff and resources are all too often diverted to preserve other areas of care such as HIV and TB, and the diversion of staff coupled with the freezing of posts is likely to further compromise children's access to care".

Decision-making around how these budget cuts will be implemented rests within the health sector. We therefore call on the Minister of Health and decision-makers at provincial, district and facility level to safeguard the health of children, and to issue clear instructions to ensure that maternal and child health services are not cut or adversely affected in the current year and over the medium term.

Insufficient budget to expand and support ECD programmes

Government partially supports the early learning, care and nutritional needs of 650,000 children under five-years old by providing a subsidy of R17 per child per day to ECD programmes run by NPOs. This subsidy has not been increased since 2019, meaning its real value has been eroded. The NPOs running these programmes use the subsidy to pay for salaries, children's meals, rent, water and electricity. If the subsidy is not increased annually to compensate for inflation, the ability of the NPOs to provide quality care, early learning and nutritious food is diminished. Increasing the subsidy to R20 would have cost only an additional R700 million and would have partly made up for the effect of inflation.

The Children's Act obliges the Department of Basic Education to prioritise the conditional registration and funding of ECD programmes in communities where families lack the means of providing adequate shelter, food and other basic necessities for their children. This provision is aimed at including all young children who are potentially eligible (around 4.5 million). Provincial education departments cannot fulfil this obligation if their budgets are not increased.

The Treasury has slashed the maintenance component of the ECD conditional grant by R58 million due to slow spending by provincial education departments. Instead, the Treasury should have allowed provincial education departments to partner with NPOs to enable efficient spending of the grant. The cut will mean that 25 000 informal and unregistered ECD programmes will continue to operate outside of the health and safety standards provided by the protective framework of the Children's Act and will not receive any government subsidies.

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Children make up a third of the population. Government must make the right investments to realise the potential of young people, to transform the country and drive social and economic development.

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