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Medium term budget is taking from the mouths of babies, children's organisations claim

The Medium Term Budget Policy Statement delivered by Minister of Finance Enoch Godongwana received a standing ovation in Parliament. The adulation was presumably for his macro performance: reducing borrowing, stabilising debt and bailing out Eskom. But this came at a cost to social spending, notably for education, health services and social grants.

The special COVID-19 social relief of distress grant (SRD) will be extended for an additional one year to March 2024. This is to provide the government more time to dither about whether it can afford to provide minimal income support to the millions of adults who are unemployed and have no income because there are no jobs.

The COVID-19 SRD is set at a static amount of R350 per month, meaning that each year the real value of the grant decreases. It would have been nearly R400 now if it had kept pace with inflation. From April 2024 there is nothing for it in the budget and no guarantee of the continuance of this lifeline.

The older persons and disability grants received a R10 increase in October. But there is no increase for the child support and foster child grants, or for the SRD. It is hard to imagine a rationale for these decisions, given the disparity in grant values and the ways in which they are targeted.

The older persons and disability grants, at R1990, are substantially above the upper bound poverty line. The grants are not generous, but they provide enough for a person to survive according to Stats SA, which calculates the poverty lines based on a basket of basic food and other necessities.

The child support grant (CSG) and COVID-19 SRD are substantially below the food poverty line, meaning that it is impossible for a person to survive on the grant because it does not even cover one person's basic food costs. Yet, unlike the other grants, the child support grant and COVID-19 SRD are targeted to the very poor via a means test. The CSG is the most pro-poor of all the permanent grants as well as being well targeted to the poorest women and children. Yet for the past two years it has received below food inflation increases and an even lower increase of just 2% is planned for 2023.

More than one in every three children in South Africa lives in food poverty, which helps to explain why our country has among the highest rates of child stunting in the world: 27% of young children are too short for their age because they are chronically malnourished. When children are under-nourished, they cannot develop healthily, they cannot learn effectively, they are more vulnerable to disease, and some do not survive. Of every 1000 children born, 28 die before their fifth birthday. Half of all child deaths in hospitals are associated with malnutrition.

In the meantime, the medium term budget says that "given the cost of extending [the SRD], increases to other social grants in 2023/24 will be slightly below inflation and other social welfare priorities may remain unaddressed".

For the third year in a row, Treasury is "saving" money by reducing income support to poor children, now claiming that this is necessary to cross-fund the SRD. The implied causality – that other existing grants must be cut in real terms to fund the continuation of the SRD – is unjustifiable.

Fewer SRDs have been paid in 2022 than were budgeted for, and this is entirely because of problems with implementation. Instead of allowing the unspent funds to be used to augment grants for the poorest adults and children, the appropriation for the remainder of 2022/23 has been adjusted downwards. Treasury has reduced the overall budget for social grants by R6 billion: it is literally taking back money that was allocated to the poor, at a time when it is most needed.

Below-inflation increases will mean that that the real value of grants is eroded: poor people will be poorer and there will be less food on the table. This is a disaster for the 13 million children and the seven million caregivers (primarily women) who depend on grants to provide for them. It is an unthinkable trade-off: the budget literally takes food from the mouths of children.

After years of below inflation increases, the child support grant has fallen to 72% of the official food poverty line. The planned 2023 increase of only R10 represents a 2% increase in the grant amount. If this increase is implemented as planned, it will not be "slightly below" inflation. It will be substantially below inflation. Food inflation year-on-year was 12% by 3 September 2022. The CSG will buy less, and the gap between the grant and the food poverty line will widen further.

The lockdown of 2020 led directly to rising unemployment and poverty, with women comprising two thirds of the total jobs lost. The number of children living below the food poverty line leapt from around 6.6 million (33%) in 2019 to over eight million (39%) in 2020.

The spike in poverty was offset for some months while the state provided disaster relief in the form of top-ups to most of the permanent grants, along with new temporary grants for caregivers and the unemployed. But these were short-lived and after October 2020 the permanent grants reverted to their usual values and the caregiver grant fell away.

Unless the Department of Social Development and Treasury budget for a substantial above-inflation increase in the child support grant – at least R40, bringing the value to R520 per month – millions of children will continue to go hungry, and the number will rise. Austerity budgeting and balance sheet juggling has come at the cost of human development and survival. Continuing to erode the CSG will harm women and children and continue to hamper the economy.

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