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Advancing children's rights while making tough financial decisions!

Centre for Child Law responds to Minister Tito Mboweni's 2021 Budget

FOR IMMEDIATE RELEASE **15 March 2021**

Prior to the announcement of the 2021 national budget, the Centre for Child Law (the Centre) reiterated its call for a more child friendly budget in its brief analysing the Medium-Term Budget Policy Statement (MTBPS). The importance of this call has been amplified by the impact of the COVID-19 pandemic. Many adjustments have had to be made, and rightly so, for the preservation of life. In addition to this, the Centre acknowledges that given the weak fiscal position, cuts in government spending are inevitable. Having said this, it is apparent that children are bearing the brunt of budgetary adjustments.

1. Child Support Grant

The ***Child Support Grant*** increases by 3.4% (before adjusting for inflation), the largest increase of all the social support grants but still below Customer Price Index (CPI) inflation. This is concerning as the buying power of the grant is further reduced. It means that, despite an increase in the grant, caregivers will be able to buy less food than what they could a year ago. This is devastating for the millions of families and children living through a rising food and hunger crisis every day.[1]

Evidence clearly indicates that this is not the time to take such a conservative approach in relation to the increase of grant amounts, including the Child Support Grant, which plays a significant role in reducing the levels of child hunger.[2] Evidence shows that during the period November and December 2020, the proportion of households with children who reported a child going hungry at least once a week rose to 16% when compared to the May/June 2020 and July/August 2020 periods which saw a decline from 15% to 12%.[3] A possible cause for the rise in child hunger in the November/December period is the phasing out of top-ups to social grants, such as the CSG, since November 2020.[4] The reality regarding the situation of nutrition is alarming and must be addressed before further harm is done. We call for government to commit to increase social grants by at least the food price inflation rate, which was 5.6% in January 2021.

[1] Katherine Hall, Senior Researcher at the Children's Institute, radio interview with Mandy Weiner on 702, 25 February 2021 < https://bit.ly/2PxtOYm>.
[2] Katherine Hall.
[3] *Van der Berg, S., Patel, L., & Bridgman, G. (2021) Hunger in South Africa during 2020: Results from Wave 3 of NIDS-CRAM*.
[4] As above.

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2. Early Childhood Development

We are encouraged that an allocation of R3.5 billion has been made available for the ***ECD Conditional Grant***. This will result in an increase of the subsidy rate from R17 per child per day in 2020/21 to R17.5 per child per day in 2023/24 (an increase of 3%) as well as an increase in the total number of children subsidised from 668 518 in 202/21 to 717 767 in 2023/24 (an increase of 7%). However, we note that in 2016 Ilifa Labantwana did a survey of ECD centres which revealed that the actual cost of providing ECD services is around R26 per child per day – so even the increased subsidy falls well short of ensuring ECD centres can provide quality ECD.

3. Basic Education

The Centre for Child Law notes the Department of Basic Education's (DBE) plans to build 21 new schools to replace unsafe structures across the country and provide sanitation to 1000 schools. This is backed up by an allocation of R2.3 billion to the ***School Infrastructure Backlogs Grant (SIBG)***. What is most concerning is that there are no future plans to provide schools with water through the accelerated school infrastructure delivery initiative from 2021/22. The department notes that this project has been completed. It may be that the department views the 3000 schools provided with water tanks at a cost of R600 million during 2020 as sufficient. However, what happens during the dry months of the year? We note with concern that no provision has been made to supply these schools with water using more sustainable and consistent mechanisms going forward.

The planned incorporation of the SIBG into the ***Education Infrastructure Grant (EIG***) in 2022/23 is welcomed because the spending of the EIG by most provinces has been generally more efficient than the DBE's spending of the SIBG. Provincial departments of education also go through a vigorous infrastructure planning assessment process overseen by the National Treasury. What we do caution against is that provinces should not further reduce their own allocations to education infrastructure and thus reduce the overall funding for school infrastructure.

The allocation to ***EIG*** returns to pre-COVID-19 funding levels and grows by 13.3% over the MTEF – this is promising. Despite this, the grant's baseline allocations were cut by 0.2% in both 2021/22 and 2022/23.

The National Treasury also notes that the low compensation growth over the MTEF combined with early retirements and rising number of learners, will reduce the number of available teachers and increase the class size and negatively affect learning outcomes. No plans to mitigate this have been offered other than building more schools – but more school buildings will not be useful if they cannot be filled with enough teachers. These shortfalls come against the backdrop of learning losses which

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were encountered during the 2020 academic year as a result of Covid-19 related school interruptions. More needs to be done to ensure that children do not lose out on any learning opportunities.

4. Debt-service costs

We are very concerned that ***debt-service costs*** (20.9% of gross tax revenue) grows by 13% on average per year over the MTEF. The fastest growing item of spending by function.

In 2021/22 debt-service costs amount to R269 billion which, to put it into context, is 99% of the entire Basic Education budget, 118% of the Social Protection function, and 160% of the Social Security Funds. We acknowledge that part of the debt incurred over the years has been invested in building necessary infrastructure. However, it is becoming increasingly evident that a large portion of the more recent debt would not have been incurred had it not been for the rampant corruption being uncovered by the Zondo Commission of Inquiry and the mismanagement of public finances across all three spheres of government and SOEs as revealed by Auditor General's audit reports.

Government debt is supposed to be invested in building a better future for our children, who will be responsible for paying it off through their future taxes. However, given the corruption and mismanagement of government's finances, we now have a situation where our children are saddled with an immense debt burden and very little to show. This lack of intergenerational equity in the management of the debt burden is disadvantaging future generations.

We therefore call for government to heed our call for a more child centred budget going forward.

Ends.

For more information, please contact:

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