

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 438 [NW501E]
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438. Mr M S Shackleton (DA) to ask the Minister of Finance:

Whether any plans have been put in place to increase the child support grant either in line with or above the poverty line; if not, what is the position in this regard; if so, what are the relevant details?

NW501E

REPLY:

Although the Treasury would like to increase the child support grant (CSG) closer to or ideally to or above the food poverty line, progress on this is being constrained by the macro-economic environment and other factors driving grant expenditure.

Increasing the value of the CSG to the food poverty line would significantly assist poor households and by definition reduce the proportion of the population defined as poor. The 2018 budget included above inflation increases to the Child Support Grant (CSG), to compensate for the VAT increase. The CSG increased from R380 in 2017/18 to an average of R405 (R400 from April to September 2018 and R410 from October 2018 to March 2019) in 2018/19. This was an annual increase of 6.6% against estimated CPI of 4.9%.

However, in the 2019 budget, because of fiscal pressures and increasing beneficiary numbers, social grant values will increase in line with long term inflation. The CSG increases from an average of R405 in 2018/19 to R425 in 2019/20 (4.9%). Despite this, the budget for social grants increases by 7.5 per cent to R175.2 billion (of which R65 billion is for CSG) in 2019/20 and exceeds R200 billion (of which R76 billion is for CSG) by 2021/22. Factored into the budget is also an increase in beneficiary coverage. In particular:

- The demographic aging of the SA population by >3% per annum or 120,000 elderly persons per annum costs an additional R2.5 billion rising to R2.8 billion per annum over the MTEF.
- The number of CSG beneficiaries continues to rise by around 190,000 per annum costing an additional R1 billion per annum.
- The budget for social grants over the 2019 MTEF period also includes an allocation for a new policy proposal for a top-up CSG for double orphans, at a rate of 150% of the CSG (i.e. R615). Implementation is anticipated in 2020/21 with an initial budget of R344 million and growing to R1 billion in 2021/22.

Nevertheless, government would like in the long term to bring the CSG much closer to the food poverty line of R547 (StatsSA, 2018). Given the current 12.5 million beneficiaries, estimated to grow by about 190k per annum, raising CSG to the food poverty line will require additional allocations of R21 billion rising to R25 billion per annum. This is unfortunately not affordable at present.