

2022 MTEF to address social grant shortfalls

As it prepares for the 2022 Medium Term Expenditure Framework (MTEF), the National Treasury is researching possible avenues to consider as it seeks to address social grant shortfalls. This was on Thursday, 11 November, revealed by finance minister Enoch Godongwana who tabled his maiden Medium Term Budget Policy Statement (MTBPS).



The ECD function has been allocated a further R178m to increase the number of poor children accessing subsidised ECD services through centre- and non-centre-based programmes. Source: Karel Joseph Noppe Brooks © [123RF.com](https://www.123RF.com)

The social development function includes government programmes aimed at income protection and social welfare, and for women, youth and persons with disabilities. In the MTBPS, Godongwana said three main priorities are being considered for the 2022 MTEF period: addressing shortfalls in social grants, introducing the extended child support grant for children who had lost both parents and researching possible new social support options once the special Covid-19 social relief of distress grant ends in March 2022.

“However, given that all three have significant financial implications, a final decision must still be made on what is affordable given the current fiscal context,” reads the report.

To continue mitigating food insecurity and poverty in 2021/22, Treasury allocated an additional R26.7bn to the Department of Social Development to reinstate and administer the special Covid-19 Social Relief of Distress (SRD) grant from August 2021 to March 2022. The funds would further enable coverage of eligible child support grant caregivers.

“In total, social grant-based relief of distress will amount to R28.3bn in 2021/22,” the MTBPS reads.

During the year, more than 9.5 million recipients were to receive the short-term income protection. Excluding the special Covid-19 SRD grant, 18.3 million South Africans receive one or another form of social grant.



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ECD programme

From April 2022, the early childhood development (ECD) programme will be transferred from the Department of Social Development to the education sector. Plans for implementation are largely in place, Treasury said.

The ECD function has been allocated a further R178m to increase the number of poor children accessing subsidised ECD services through centre- and non-centre-based programmes. The funds will also support ECD providers meet basic health and safety requirements for registration. The monies will also cover the pilot construction of new low-cost early childhood development centres.

The department anticipated that added beneficiary numbers would grow from 18.3 million beneficiaries in 2020/21 to 22.6 million in 2040/41, assuming that the uptake rate of social grants stabilises at current levels, and excluding beneficiaries of the temporary special Covid-19 SRD grant.

It said although spending on social assistance was currently expected to remain relatively stable as a percentage of GDP, any unfunded expansion of social protection represented a significant risk to the fiscus.

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