

Income poverty, unemployment and social grants

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The Constitution of South Africa, section 27(1)(c), says that “everyone has the right to have access to ... social security, including, if they are unable to support themselves and their dependants, appropriate social assistance”.¹

The UN Convention on the Rights of the Child, article 27, states that every child has the right “to a standard of living adequate for his or her development” and obliges the state “in case of need” to “provide material assistance”. Article 26 guarantees “every child the right to benefit from social security”.²

The number and proportion of children living in income poverty

This indicator shows the number and proportion of children living in households that are income-poor. These households fall below a specific income threshold. The measure used is a lower bound “ultra” poverty line, set at R322 per person per month in 2000 prices.³ The poverty line increases with inflation and was equivalent to R671 in 2013. Per capita income is calculated by adding all reported income for household members older than 15 years, including social grants, and dividing the total household income by the number of household members.

One way of identifying how many children are living without enough resources to meet their needs is to use a poverty line and measure how many children live under it. As money is needed to access a range of services, income poverty is often closely related to poor health, reduced access to education, and physical environments that compromise personal safety. A lack of sufficient income can therefore compromise children’s rights to nutrition, education, and health care services, for example.

International law and the Constitution recognise the link between income and the realisation of basic human rights, and acknowledge that children have the right to social assistance (social grants) when families cannot meet children’s basic needs. Income poverty measures are therefore important for determining how many people are in need of social assistance, and for evaluating the state’s progress in realising the right to social assistance.

No poverty line is perfect. Using a single income measure tells us nothing about how resources are distributed between family members, or how money is spent. But this measure does give some

indication of how many children are living with severely constrained resources.

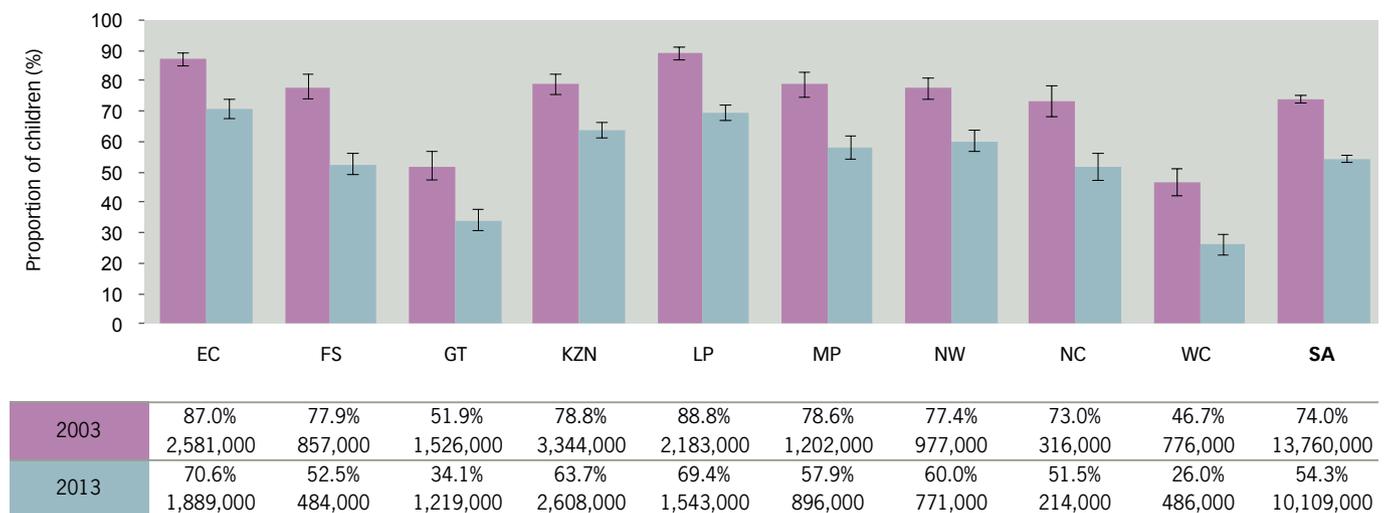
South Africa has very high rates of child poverty. In 2013, 54% of children lived below the lower poverty line (R671 per month). Income poverty rates have fallen consistently since 2003. This poverty reduction is largely the result of a massive expansion in the reach of the Child Support Grant over the same period. Although there have been reductions in child poverty, large numbers of children still live in extreme poverty: in 2013 over 10 million children lived below the “lower bound” poverty line.

There are substantial differences in poverty rates across the provinces. Using the lower poverty line, over two-thirds of children in Limpopo and the Eastern Cape are poor. Gauteng and the Western Cape have the lowest child poverty rates – calculated at 34% and 26% respectively.

There are glaring racial disparities in income poverty: while 61% of African children lived in poor households in 2013, only 3% of White children lived below this poverty line, and poverty rates for Coloured and Indian children were 28% and 6% respectively.

There are no significant differences in child poverty levels across gender or between different age groups in the child population. However a youth-centred analysis up to age 24 suggests that older youth (particularly those in the 20 – 24-year group) have slightly lower poverty headcounts than younger children. This may be because they are able to contribute to their own household income, even if in small ways, or that they live in smaller households.

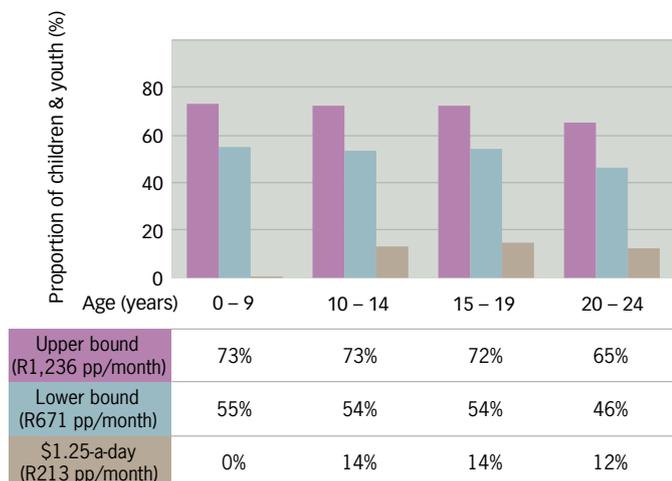
Figure 2a: Number and proportion of children living in income-poor households, by province, 2003 & 2013



Source: Statistics South Africa (2003; 2014) *General Household Survey 2002*; *General Household Survey 2013*. Pretoria: Stats SA. Analysis by Katharine Hall & Winnie Sambu, Children’s Institute, UCT.

Figure 2b: Poverty headcounts, by age, 2013

(Y-axis reduced to 80%)



Source: Statistics South Africa (2014) *General Household Survey 2013*. Pretoria: Stats SA. Analysis by Katharine Hall & Winnie Sambu, Children’s Institute, UCT.

Other poverty lines can be used to analyse and compare different levels of income poverty. Statistics South Africa recently released three national poverty lines: a “food poverty line” set at R141 per person per month in 2000 prices (equivalent to R358 in 2013); a “lower bound line” at R209 in 2000 (equivalent to R495 in 2013); and an “upper bound line” at R308 in 2000 (equivalent to R692 in 2013).⁴ Child poverty rates, measured against these lines, are 30%, 43% and 55% respectively.

The international poverty line used to track progress towards the Millennium Development Goals (MDG) is \$1.25 per person per day. This translates to R213 per person per month in 2013, using the International Monetary Fund’s purchasing power parity conversion.

The MDG goal was to reduce by half the number of people living below this poverty line. In 2003, 43% of children (eight million) lived below the MDG poverty line. By 2013 this had reduced to 14% (2.6 million). This poverty line is extremely low – below survival level – and is probably not appropriate for South Africa. See www.childrencount.ci.org.za for additional poverty lines.

The number and proportion of children living in households without an employed adult

This indicator measures unemployment from a children's perspective and gives the number and proportion of children who live in households where no adults are employed in either the formal or informal sector. It therefore shows the proportion of children living in "unemployed" households where it is unlikely that any household members get income from labour or income-generating activities.

Unemployment in South Africa continues to be a serious problem. The official national unemployment rate was 24.7% in the third quarter of 2013.⁵ This rate is based on a narrow definition of unemployment that includes only those adults who are defined as economically active (i.e. they are not studying or retired or for some reason voluntarily at home) and who actively looked but failed to find work in the four weeks preceding the survey.⁶ An expanded definition of unemployment, which includes "discouraged work-seekers" who were unemployed but not actively looking for work in the month preceding the survey, would give a higher, more accurate, indication of unemployment. Gender differences in employment rates are relevant for children, who are more likely to co-reside with their mother than their father. Unemployment rates remain considerably higher for women than for men.

Apart from providing regular income, an employed adult may bring other benefits to the household, including health insurance, unemployment insurance and maternity leave that can contribute to children's health, development and education. The definition of "employment" is derived from the Quarterly Labour Force Survey and includes regular or irregular work for wages or salary, as well as various forms of self-employment, including unpaid work in a family business.

In 2013, 69% of children in South Africa lived in households with at least one working adult. The other 31% (5.7 million children) lived in households where no adults were working. The proportion of children living in households where there is unemployment has decreased by 11% since 2003 when the proportion was 42%.

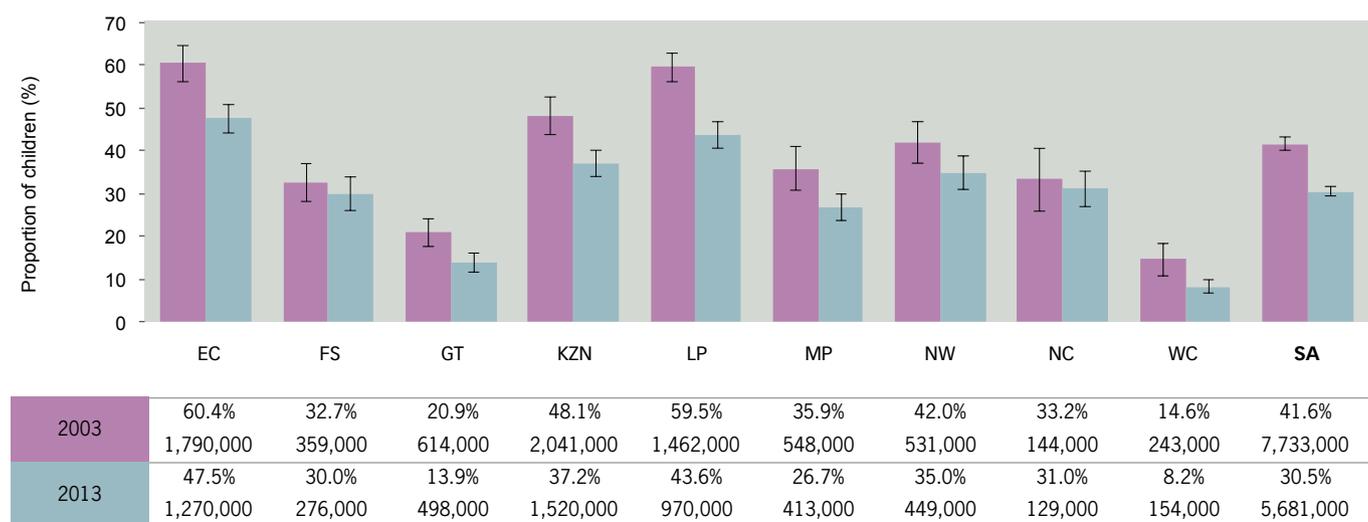
This indicator is very closely related to the income poverty indicator in that provinces with relatively high proportions of children living in unemployed households also have high rates of child poverty. Gauteng and the Western Cape have the lowest levels of income poverty, and less than 15% of children in these provinces live in unemployed households. In contrast, over 40% of children in the Eastern Cape and Limpopo live in households without any employed adults. These two provinces are home to large numbers of children, and have the highest rates of child poverty.

Racial inequalities are striking: 35% of African children have no working adult at home, while 12% of Coloured children, 6% of Indian children and 2% of White children live in these circumstances. There are no significant differences in child-centred unemployment measures when comparing age groups or sex. However, a youth-focused analysis suggests that young people aged 20 – 24 years are slightly more likely than younger children to live in unemployed households (73% in the 20 – 24 age group, compared to 68% in the 15 – 19 age group).

Income inequality is clearly associated with unemployment. Nearly 70% of children in the poorest income quintile (4.6 million) live in households where no adults are employed.

Figure 2c: Number and proportion of children in households without an employed adult, by province, 2003 & 2013

(Y-axis reduced to 70%)



Source: Statistics South Africa (2004; 2014) *General Household Survey 2003; General Household Survey 2013*. Pretoria: Stats SA. Analysis by Katharine Hall & Winnie Sambu, Children's Institute, UCT.

The number of children receiving the Child Support Grant

This indicator shows the number of children receiving the Child Support Grant (CSG), as reported by the South African Social Security Agency (SASSA) which disburses social grants on behalf of the Department of Social Development.

The right to social assistance is designed to ensure that people living in poverty are able to meet basic subsistence needs. Government is obliged to support children directly when their parents or caregivers are too poor to do so. Income support is provided through social assistance programmes, such as the CSG, which is an unconditional cash grant paid to the caregivers of eligible children.

Introduced in 1998 with a value of R100, the CSG has become the single biggest programme for alleviating child poverty in South Africa. Take-up of the CSG has increased dramatically over the past decade, and the grant amount is increased slightly each year to keep pace with inflation. At the end of March 2015, a monthly CSG of R330 was paid to over 11.7 million children aged 0 – 17 years. This was an increase of over half a million children (580,000) over a one-year period (11.1 million children received the CSG end of March 2014).

There have been two important changes in eligibility criteria related to the age and income thresholds. The first concerns age eligibility. Initially the CSG was only available for children aged 0 – 6 years. It was gradually extended to older children up to the age of 14. Since January 2012, following a second phased extension, children are eligible for the grant until they turn 18.

The second important change concerns income eligibility. From 1998, children were eligible for the CSG if their primary caregiver and his/her spouse had a joint monthly income of R800 or less and lived in a formal house in an urban area. For those who lived in rural areas or informal housing, the income threshold was R1,100 per month. This threshold remained static for 10 years until a formula was introduced for calculating income threshold – set at 10 times the amount of the grant. From April 2015 the income threshold is R3,300 per month for a single caregiver and R6,600 per month for the joint income of the caregiver and spouse, if the caregiver is married.

There is substantial evidence that grants, including the CSG, are being spent on food, education and basic goods and services. This evidence shows that the grant not only helps to realise children's right to social assistance, but is also associated with improved nutritional, health and education outcomes.⁷

Table 2a: Children receiving the Child Support Grant, by province, 2015

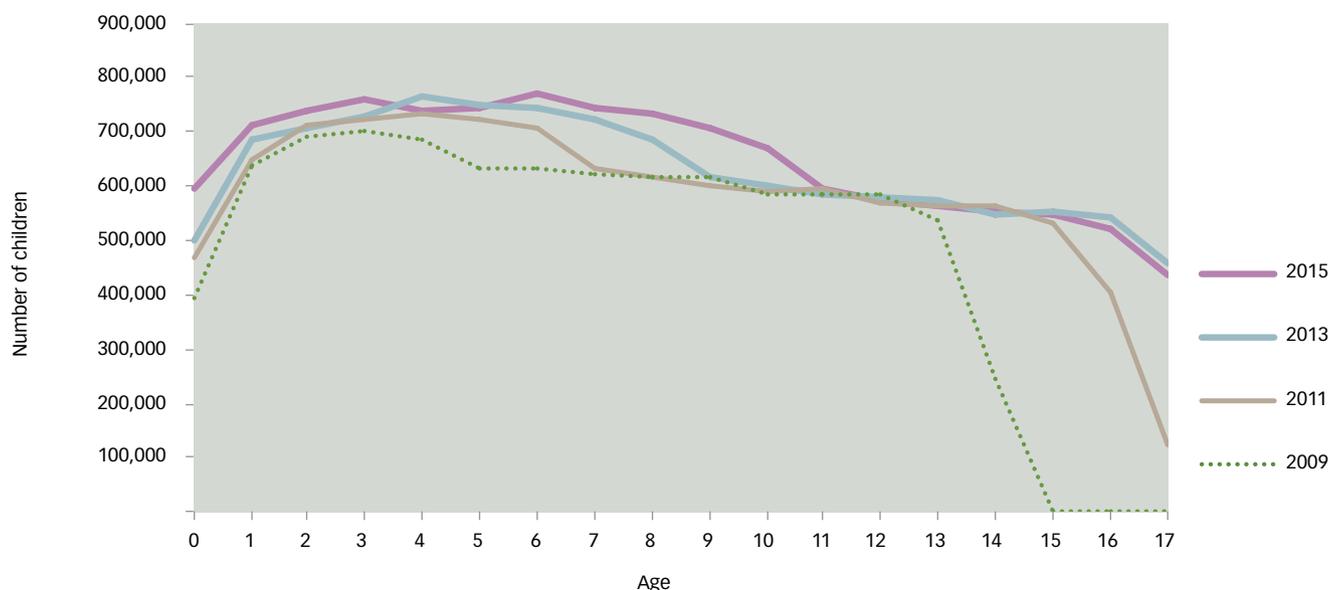
Province	2015
Eastern Cape	1,856,250
Free State	656,464
Gauteng	1,657,061
KwaZulu-Natal	2,775,481
Limpopo	1,699,494
Mpumalanga	1,034,942
North West	797,289
Northern Cape	290,497
Western Cape	935,687
South Africa	11,703,165
CSG amount	R 330

Source: South African Social Security Agency (2009 – 2015) SOCPEN database – special request. Pretoria: SASSA.

Note: SOCPEN figures are taken from the end of March each year (the financial year-end).

Given the positive and cumulative effects of the grant, it is important that caregivers access it for their children as early as possible. Yet an analysis of exclusions from the CSG found that uptake rates for eligible infants under a year were as low as 50% in 2011, up only three percentage points from 47% in 2008. Exclusion rates were found to be highest in the Western Cape and Gauteng.⁸ Barriers to uptake include confusion about eligibility requirements and the means test in particular; lack of documentation (mainly identity books or birth certificates, and proof of school enrolment, although the latter is not an eligibility requirement) and problems of institutional access (including the time and cost of reaching SASSA offices, long queues and lack of baby-friendly facilities). It is worth noting, however, that uptake has improved amongst children younger than two and children older than 15 over the last few years.

Figure 2d: Number of children receiving the Child Support Grant, by age, 2009 – 2013



Source: South African Social Security Agency (2015) SOCPEN database – special request. Pretoria: SASSA.

The number of children receiving the Foster Child Grant

This indicator shows the number of children who are accessing the Foster Child Grant (FCG) in South Africa, as recorded in the SOCPEN administrative data system of the SASSA.

The FCG is available to foster parents who have a child placed in their care by an order of the court. It is a non-contributory cash grant valued at R860 per month from April 2015. The grant was initially intended as financial support for children removed from their families and placed in foster care for protection in situations of abuse or neglect. However, it is increasingly used to provide financial support to caregivers of children who are orphaned. The appropriateness and effectiveness of this approach have been questioned.⁹

The number of FCGs remained stable for many years while foster care was applicable mainly to children in the traditional child protection system. Its rapid expansion since 2003 coincides with the rise in HIV-related orphaning and an implied policy change by the Department of Social Development, which from 2003 started encouraging family members (particularly grandmothers) caring for orphaned children to apply for foster care and the associated grant. Over the following five years the number of FCGs increased by over 50,000 per year as orphans were brought into the foster care system. The increases were greatest in provinces with large numbers of orphaned children: the Eastern Cape, KwaZulu-Natal, Limpopo and Mpumalanga.

However, by 2009 the foster care system itself was struggling to keep pace with the number of FCGs due to the required initial investigations and reports by social workers, court-ordered placements through a children's court, and additional two-yearly social worker reviews and court-ordered extensions. Neither the welfare services nor the courts had the capacity to keep up with the two-yearly extensions. SASSA, which administers the grants, is not allowed to pay the FCG without a valid court order or extension order.

Over 110,000 FCGs lapsed in the two years between April 2009 and March 2011 because of backlogs in the extensions of court orders.¹⁰ This is reflected on the graph (on the next page) as a leveling of FCGs, as new FCGs were still being processed during this period.

In 2011 a court-ordered settlement stipulated that the foster care court orders that had expired – or that were going to expire in the following two years – must be deemed to have been extended until 8 June 2013. This effectively placed a moratorium on the lapsing of these FCGs. As a temporary solution social workers could extend orders administratively until December 2014, by which date a comprehensive legal solution should have been found to prevent qualifying families from losing their grants in future.¹¹ No policy solution was developed by the 2014 cut-off date. Instead the Department of Social Development sought (and received) an urgent court order extending the date to the end of 2017.

Since 2011, the number of new FCGs appears to have declined, and there has been a substantial increase in the number of grants that terminate at the end of each year, when children turn 18. In March 2015, 499,800 FCGs were paid each month to caregivers of children in foster care, down from 512,000 in March 2013. Nearly half of all grants go to just two provinces: KwaZulu-Natal (119,000) and Eastern Cape (116,000). These are also provinces with large numbers of maternal and double orphans.

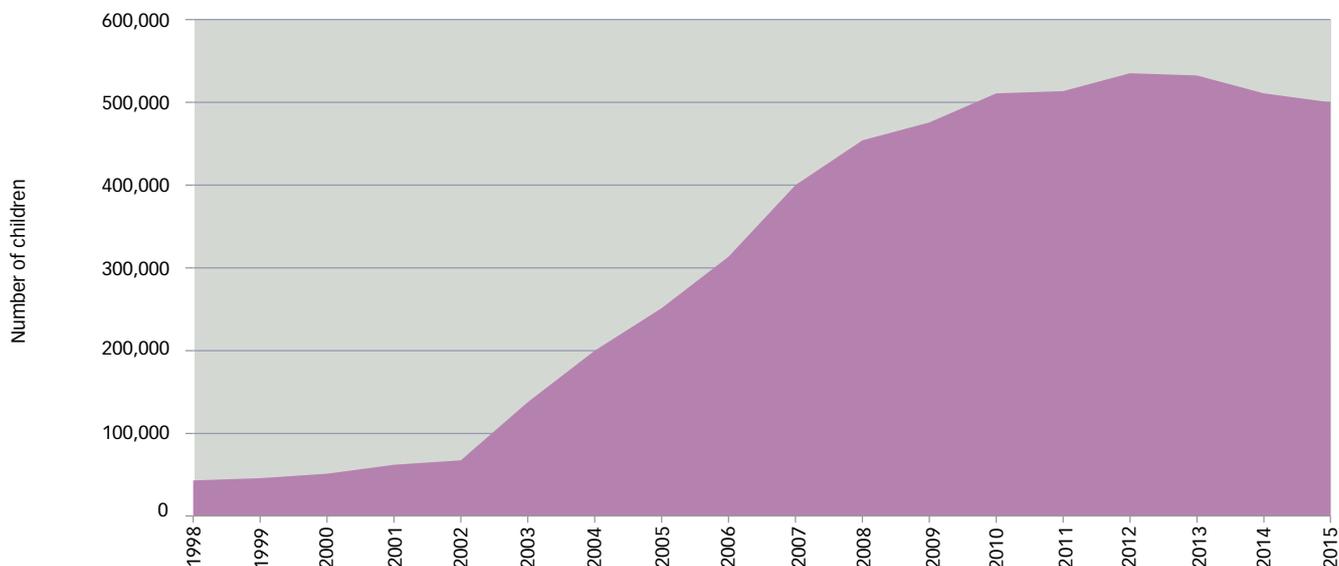
It is not possible to calculate a take-up rate for the FCG as there is no accurate record of how many children are eligible for placement in foster care – and indeed, no clear guidelines about how it should be targeted in the context of rising orphaning rates. The systemic problems which caused FCGs to lapse will be addressed through legislative amendment, which will need to clarify the eligibility criteria for foster care and the FCG.

Table 2b: Children receiving the Foster Child Grant, by province, 2012 – 2015

Province	Number of child beneficiaries at end March				Change 2012 – 2015
	2012	2013	2014	2015	
Eastern Cape	116,826	117,231	116,172	115,849	-977
Free State	43,311	41,317	39,178	37,985	-5,326
Gauteng	56,451	58,722	55,027	53,411	-3,040
KwaZulu-Natal	142,114	135,442	125,702	118,505	-23,609
Limpopo	56,066	58,953	58,571	57,694	1,628
Mpumalanga	32,886	35,359	33,877	34,260	1,374
North West	45,634	42,215	40,726	37,984	-7,650
Northern Cape	14,456	14,342	14,307	14,513	57
Western Cape	29,003	28,578	28,495	29,573	570
South Africa	536,747	532,159	512,055	499,774	-36,973
FCG amount	R 770	R 800	R 830	R 860	

Source: South African Social Security Agency (2015) SOCPEN database – special request. Pretoria: SASSA.

Figure 2e: Growth of the Foster Child Grant, 1998 – 2015



Sources: Department of Social Development (1998 – 2002) SOCPEN database – special request. Pretoria: DSD; National Treasury (2005) *Provincial Budgets and Expenditure Review 2001/02 – 2007/08*. Pretoria: National Treasury; National Treasury (2008) *Estimates of National Expenditure 2008*. Pretoria: Treasury; South African Social Security Agency (2008 – 2015) SOCPEN database – special request. Pretoria: SASSA.

The number of children receiving the Care Dependency Grant

This indicator shows the number of children who are accessing the Care Dependency Grant (CDG) in South Africa, as recorded in the SOCPEN administrative data system of the SASSA.

The CDG is a non-contributory monthly cash transfer to caregivers of children with severe disabilities who require permanent care or support services. It excludes those children who are cared for in state institutions because the purpose of the grant is to cover the additional costs (including opportunity costs) that the parent or caregiver might incur as a result of the child’s disability. The child needs to undergo a medical assessment to determine eligibility and the parent must pass an income or “means” test.

Although the CDG targets children with severe disabilities, children with chronic illnesses are eligible for the grant once the illness becomes disabling, for example children who are very sick with AIDS-related illnesses. Children with severe disabilities and chronic illnesses need substantial care and attention, and parents may need to stay at home or employ a caregiver to tend to the child. Children with health conditions may need medication, equipment or to attend hospital often. These extra costs can put strain on families that are already struggling to make ends meet. Poverty and chronic health conditions are therefore strongly related.

It is not possible to calculate a take-up rate for the CDG because there is little data on the number of children living with disabilities in South Africa, or who are in need of permanent care or support services. At the end of March 2015, 127,000 children were receiving the CDG. The grant was valued at R1,350 per month as from the beginning of April 2015.

The provincial distribution of CDGs is fairly consistent with the distribution of children. The provinces with the largest numbers of

children, KwaZulu-Natal and the Eastern Cape, receive the largest share of CDGs. There has been a consistent and gradual increase in access to the CDG since 2005.

Table 2c: Children receiving the Care Dependency Grant, by province, 2015

Province	2015
Eastern Cape	19,165
Free State	6,385
Gauteng	16,170
KwaZulu-Natal	36,471
Limpopo	13,266
Mpumalanga	9,572
North West	8,940
Northern Cape	4,787
Western Cape	12,021
South Africa	126,777
CDG amount	R 1,410

Source: South African Social Security Agency (2012 – 2015) SOCPEN database – special request. Pretoria: SASSA.

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