

Income poverty, unemployment and social grants

Katharine Hall (Children's Institute)

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 dependents, 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 R604 in 2011. 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 2011, 58% of children lived below the lower poverty line (R604 per month). Income poverty rates have fallen consistently since 2003. Significant decreases in child poverty occur across all provinces except the Northern Cape. This poverty reduction is largely the result of a massive expansion in the reach of the Child Support Grant over the same period.

There are substantial differences in poverty rates across the provinces. Using the lower poverty line, over 70% 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 32% respectively.

There are glaring racial disparities in income poverty: while two-thirds (66%) of African children lived in poor households in 2011, only 2% of White children lived below this poverty line, and poverty rates for Coloured and Indian children were 30% and 8% respectively.

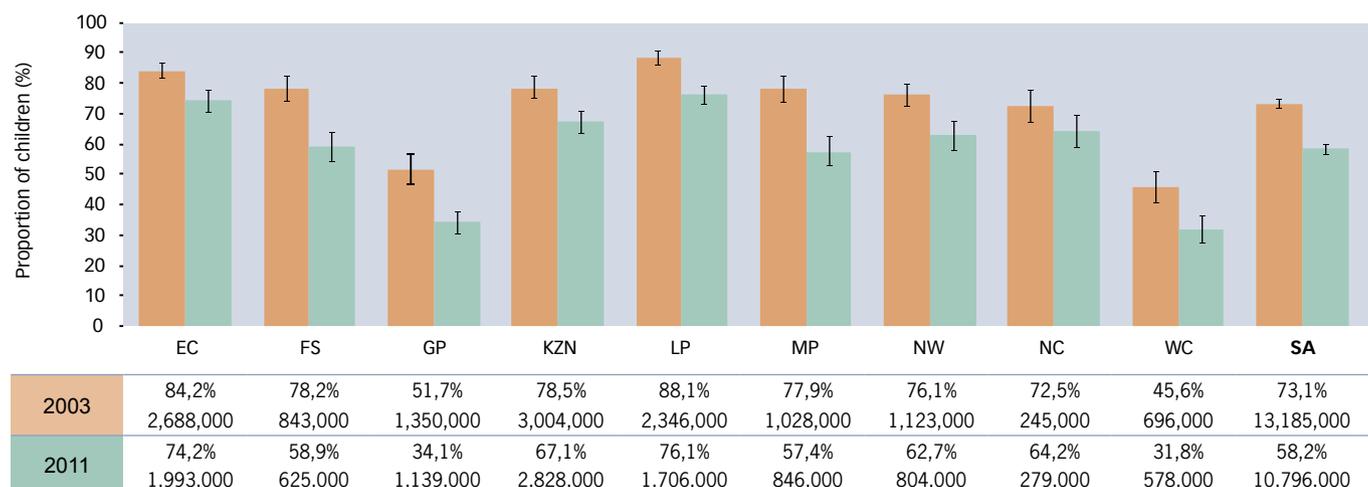
There are no significant differences in child poverty levels across gender or age groups.

While other *Children Count* indicators span the period from 2002 onwards, the poverty analysis uses 2003 as its baseline. This is because the General Household Survey (GHS) did not capture information on social grants in its first year, so income from grants could not be included in household income for 2002.

Other poverty lines can be used to analyse and compare different levels of income poverty. See www.childrencount.ci.org.za for additional poverty lines.

Figure 2a: Children living in income poverty, by province, 2003 & 2011

("Lower bound" poverty line: Households with monthly per capita income less than R604, in 2011 Rands)



Sources: Statistics South Africa (2004; 2012) General Household Survey 2003; General Household Survey 2011. Pretoria: Stats SA. Analysis by Katharine Hall, Children's Institute, UCT.

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. In mid-2011 (the same time as the 2011 GHS), the official national unemployment rate was 25%.⁴ 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) who actively looked but failed to find work in the four weeks preceding the survey.⁵ 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 (see p. 87). 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 2011, 65% of children in South Africa lived in households with at least one working adult. The other 35% (over 6.5 million children) lived in households where no adults were working. There has been only a small decrease in unemployment from 2003 to 2011, with the proportion of children who live in unemployed households hovering around 35%.

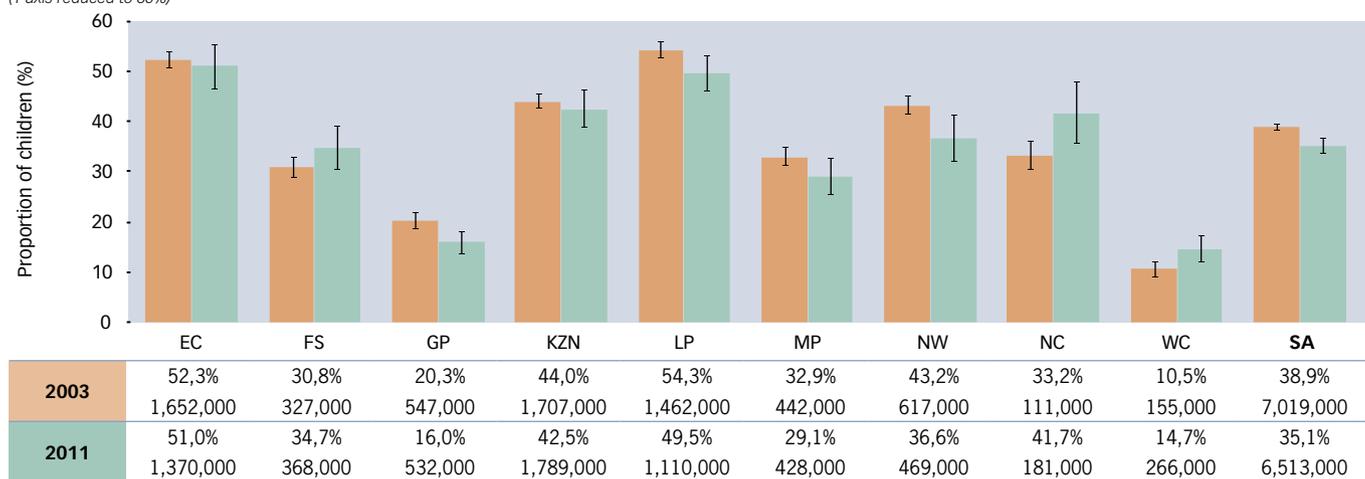
This indicator is very closely related to the income poverty indicator in that provinces with relatively high proportions of children living in unemployed households also have high rates of child poverty. Gauteng and the Western Cape have the lowest levels of income poverty, and less than 20% of children in these provinces live in unemployed households. In contrast, around 50% 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: 40% of African children have no working adult at home, while 15% of Coloured children, 10% of Indian children and 3% of White children live in these circumstances.

There are no significant differences in child-centred unemployment measures when comparing age groups or sex. But child poverty is clearly associated with unemployment. Two-thirds of children in the poorest income quintile (5.2 million) live in households where no adults are employed.

Figure 2b: Children living in households without an employed adult, by province, 2003 & 2011

(Y-axis reduced to 60%)



Sources: Statistics South Africa (2004) *Labour Force Survey 2003*. Pretoria: Stats SA. Analysis by Matthew Chennells, Children's Institute, UCT. Statistics South Africa (2012) *General Household Survey 2011*. Pretoria: Stats SA. Analysis by Katharine Hall, Children's Institute, UCT.

The number and proportion 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, at the end of March 2013, a monthly CSG of R290 was paid to over 11.3 million children aged 0 – 17 years. The amount of the grant increased to R300 per month in October 2013.

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 0 – 6 years old. Later 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 October 2013 the income threshold is R3,000 per month for a single caregiver and R6,000 per month for the joint income of the caregiver and spouse, if the caregiver is married.

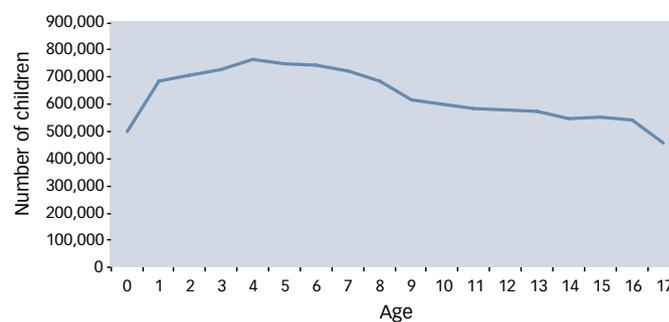
Using the 2004 GHS, it was calculated that 65% of all children under the age of 14 were eligible for the CSG in that they passed the old means test.⁶ Following the adjustment of the means test in 2008, the calculation was repeated, this time using the new means

test and the 2007 GHS, which suggested that around 82% of children aged 0 – 13 years were eligible for the grant.⁷ Applying this eligibility rate to Stats SA mid-term population estimates for children aged 0 – 17 years (the eligible age group in 2011), it is estimated that 76% of eligible children are accessing the CSG (although the actual take-up rate would be lower due to errors of inclusion).

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.⁸

Given the positive and cumulative effects of the grant, it is important that caregivers access it for their children from as early as possible. One of the main concerns is the slow take-up for young children. Grant take-up only peaks at around four years of age, and then gradually declines. This is likely to be a residual effect of the previous age cut-offs. The Department of Social Development has now commissioned research to investigate the low take-up amongst young children.

Figure 2c: Children receiving the Child Support Grant, by age, 2013



Source: South African Social Security Agency (2013) SOCPEN database – special request. Pretoria: SASSA.

Table 2a: Children receiving the Child Support Grant, by province, 2008 – 2013

PROVINCE	Number of child beneficiaries at end March					
	2008	2009	2010	2011	2012	2013
Eastern Cape	1,478,176	1,564,602	1,668,408	1,769,949	1,837,801	1,843,684
Free State	453,730	467,743	527,077	583,524	617,311	637,075
Gauteng	954,500	1,022,984	1,153,481	1,276,109	1,387,159	1,581,756
KwaZulu-Natal	2,094,613	2,282,246	2,439,781	2,623,772	2,726,635	2,746,888
Limpopo	1,270,893	1,358,313	1,460,328	1,584,855	1,497,044	1,588,489
Mpumalanga	655,695	690,944	750,661	806,581	1,008,223	1,051,626
North West	629,539	661,807	715,997	752,026	793,189	751,195
Northern Cape	180,982	200,387	224,346	246,233	262,488	277,835
Western Cape	471,847	516,328	630,208	728,901	797,881	863,440
South Africa	8,189,975	8,765,354	9,570,287	10,371,950	10,927,731	11,341,988
CSG amount	R 220	R 240	R 250	R 270	R 280	R 290

Notes:

1. SOCPEN figures are taken from the end of March each year (the financial year-end).
2. For the years 2005 – 2008, the CSG was only available to children aged 0 – 13 years (under-14s). In 2009, the grant was extended to include children aged 14 years (under-15s), in 2010 to children aged 15 years (under-16s), and in 2011 to children aged 16 (under-17s). From 2012 the CSG has been available to children until they turn 18 years.

Source: South African Social Security Agency (2008 – 2013) 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 R800 per month in 2012. 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 only 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 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 must have been found to prevent qualifying families from losing their grants in future.¹¹

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. These patterns are likely to explain the fairly static overall numbers over the past two years. Nearly half of all grants go to just two provinces: KwaZulu-Natal (135,000) and Eastern Cape (117,000). By March 2013, 532,000 FCGs were paid each month to caregivers of children in foster care.

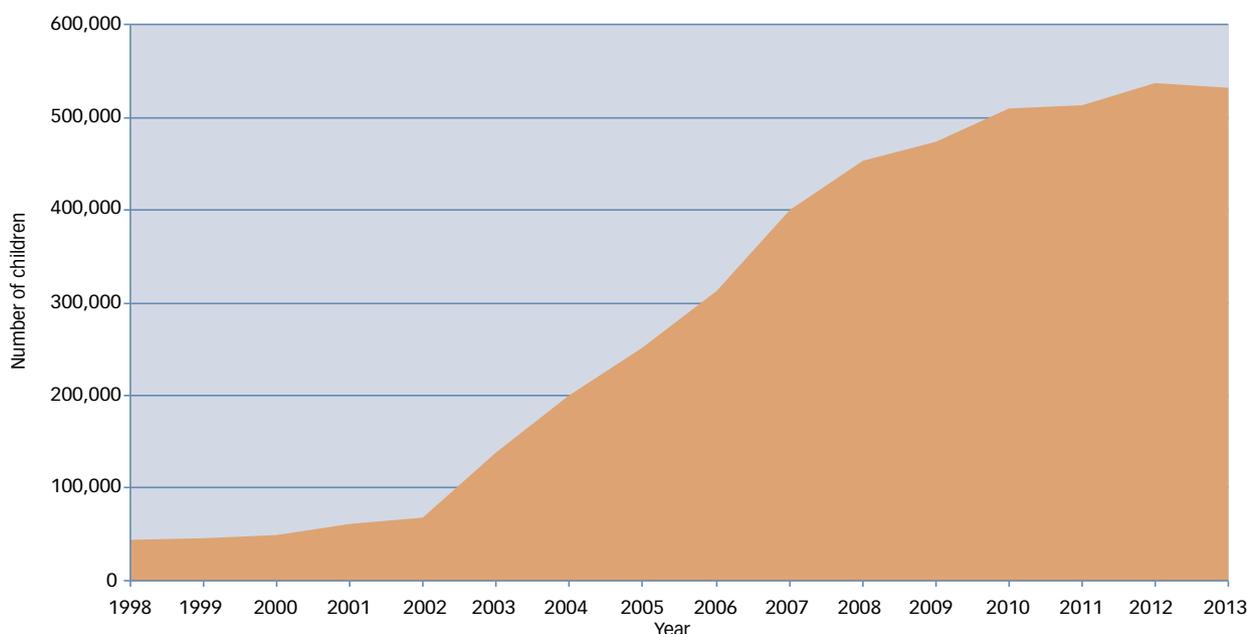
It is not possible to calculate a take-up rate for the FCG as there is no accurate record of how many children are eligible for placement in foster care – and indeed, no clear guidelines about how it should be targeted in the context of rising orphaning rates. The systemic problems which caused FCGs 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, 2013

PROVINCE	Number of child beneficiaries
Eastern Cape	117,231
Free State	41,317
Gauteng	58,722
KwaZulu-Natal	135,442
Limpopo	58,953
Mpumalanga	35,359
North West	42,215
Northern Cape	14,342
Western Cape	28,578
South Africa	532,159

Source: South African Social Security Agency (2013) SOCPEN database – special request. Pretoria: SASSA.

Figure 2d: Growth in Foster Child Grant beneficiaries, 1998 – 2013



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 – 2013) 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.¹²

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 2013, 120,000 children were receiving the CDG, valued at R1,260 per month.

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, 2008 – 2013

PROVINCE	Number of child beneficiaries at end March					
	2008	2009	2010	2011	2012	2013
Eastern Cape	19,484	19,297	18,915	18,417	18,235	18,429
Free State	4,104	4,228	4,577	4,925	5,419	5,864
Gauteng	12,680	12,834	13,248	13,649	14,170	15,783
KwaZulu-Natal	29,763	32,040	33,866	34,377	34,969	36,012
Limpopo	11,812	12,353	12,844	12,650	11,318	11,913
Mpumalanga	5,306	5,617	5,877	6,050	7,950	8,652
North West	8,192	8,946	8,553	8,668	8,736	8,339
Northern Cape	3,552	3,790	3,952	4,094	4,236	4,485
Western Cape	7,399	7,960	8,899	9,355	9,960	10,791
South Africa	102,292	107,065	110,731	112,185	114,993	120,268
CDG amount	R 940	R 1,010	R 1,080	R 1,140	R 1,200	R 1,260

Source: South African Social Security Agency (2008 – 2013) SOCPEN database – special request. Pretoria: SASSA.

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