

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. 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 in households with severely constrained resources.

These households fall below a specific income threshold. The measure used is the Statistics South Africa upper bound poverty line, set at R779 per person per month in 2011 prices. The poverty line increases with inflation and was equivalent to R923 in 2014. 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.

South Africa has very high rates of child poverty. In 2014, 63% of children (11.7 million) lived below the upper bound poverty line.

Income poverty rates have fallen substantially since 2003, when 79% of children (14.7 million) were defined as “poor”. 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 the child poverty rate, large numbers of children still live in extreme poverty.

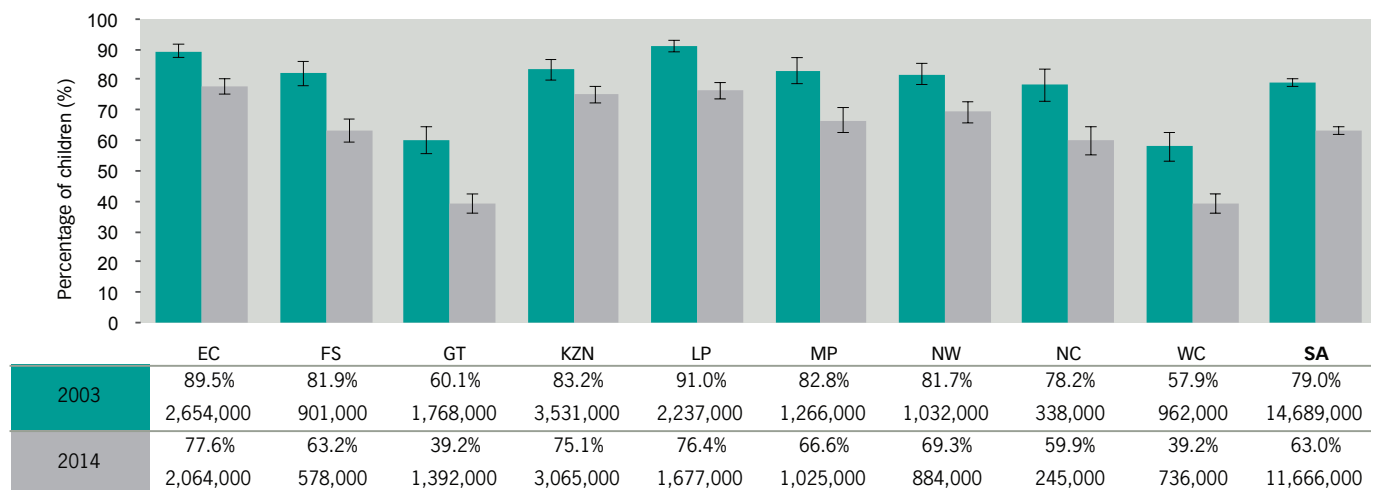
There are substantial differences in poverty rates across the provinces. Using the upper bound poverty line, over three quarters of children in Limpopo, KwaZulu-Natal and the Eastern Cape are poor. Gauteng and the Western Cape have the lowest child poverty rates – both at 39%. Child poverty remains most prominent in the rural areas of the former homelands, where 84% of children live below the poverty line. Urban child poverty rates are 44% in formal areas, and 68% in informal areas.

There are glaring racial disparities in income poverty: while 70% of African children lived in poor households in 2014 and 41% of coloured children were defined as poor, only 3% of white and 5% of Indian children lived below this poverty line. There are no significant differences in child poverty levels across gender or between different age groups in the child population.

The international ultra-poverty line used to track progress towards the Millennium Development Goals (MDG) is \$1.25 per person per day. This translates to R220 per person per month in 2014, using the IMF purchasing power parity conversion. This poverty line is extremely low – below survival level – and is not appropriate for South Africa. No child should be below it. In 2003, 43% of children (8 million) lived below the MDG poverty line. By 2014 this had been reduced to 13% (2.5 million).

Figure 2a: Number and proportion of children living in income poverty, by province, 2003 & 2014

(Upper bound poverty line: Households with monthly per capita income less than R923, in 2014 Rands)



Source: Statistics South Africa (2003; 2015) *General Household Survey 2002; General Household Survey 2014*. Pretoria: Stats SA. Analysis by Katharine Hall & Winnie Sambu, Children’s Institute, UCT.

Box 2: Introductory note on poverty lines.

Any definition of absolute poverty requires a poverty line. In the absence of official poverty lines, various lines have been used in South Africa. The definition of national poverty lines has been strongly contested as the poverty rate will depend on the poverty line used. Until 2015 the *Children Count* project calculated child poverty rates using the Hoogeveen & Ozler poverty lines which were commonly used by economists. However, recent poverty analyses have tended to use the national poverty lines proposed by Statistics South Africa, and in 2016 *Children Count* adopted these poverty lines.

In 2011 Statistics South Africa proposed three poverty lines for South Africa. These were calculated from the 2010/2011 Income and Expenditure Survey, using the internationally recognised “cost of basic needs” approach.⁴ Briefly, the poverty lines are calculated by (1) determining a reference food basket that would provide the minimum nutritional requirement of 2,100 kilocalories per person per day; (2) calculating the cost of the food basket that would enable households to meet this nutritional standard; and (3) calculating an additional allowance for other basic necessities such as clothing, shelter, transport and education. Using these calculations, the three poverty lines are derived as follows:

- The **food poverty line** is based on the cost of the minimum nutritional requirement of 2,100 kilocalories per person per day, without any allowance for non-food basic necessities. The value of the food poverty line in 2011 prices was R335

per person per month. *Anyone living below this line will be malnourished and their health and survival may be at risk.*

- The **lower bound poverty line** is calculated by adding to the food line the average expenditure on essential non-food items by households whose food expenditure is below but close to the food line. The value of the lower bound poverty line in 2011 prices was R501 per person per month. *Those living below this line would not be able to pay for the minimum non-food expenses or would be sacrificing their basic nutrition in order to pay for non-food expenses.*
- The **upper bound poverty line** is calculated by adding to the food line the average expenditure on non-food items by households whose food expenditure is equivalent to the food line. The value of the upper bound poverty line in 2011 prices was R779 per person per month. *This is lowest possible poverty line that allows for both minimum nutritional requirements and essential non-food expenses.*

The *Children Count* website (www.childrencount.uct.ac.za) monitors child poverty using all three poverty lines. In the *Child Gauge*, where space is limited, we have focused on the upper bound poverty line as this is linked to the minimum requirement for basic nutrition as well as other basic needs such as clothing and shelter. In other words, this is only poverty line that meets the minimum requirement for children’s basic needs.

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

This indicator measures unemployment from 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 derive income from labour or income-generating activities.

Unemployment in South Africa continues to be a serious problem. The official national unemployment rate was 25.4% in the third quarter of 2014.⁵ 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 voluntarily staying at home) who actively looked but failed to find work in the four weeks preceding the survey. 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. The expanded unemployment rate (which includes those who are not actively looking for work) was 35.8%. Gender differences in employment rates are relevant for children, as it is mainly women who provide for children’s care and material needs. Unemployment rates remain higher for women (28%) than for men (23%).⁶

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 2014, 70% of children in South Africa lived in households with at least one working adult. The other 30% (5.5 million children) lived in households where no adults were working. The number of children living in workless households has decreased by 2.2 million since 2003, when 42% of children lived in households where there was no employment.

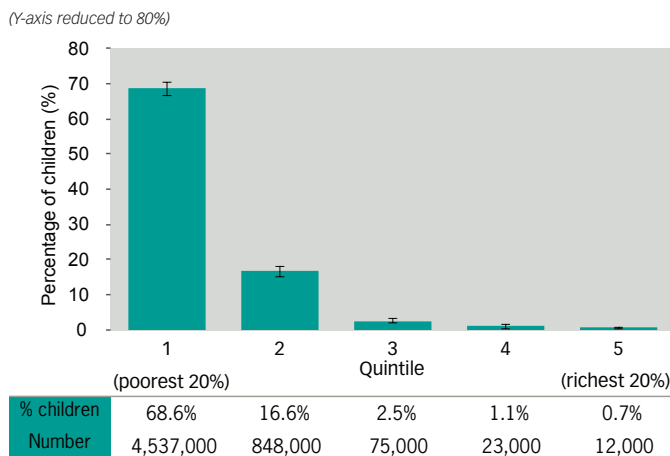
This indicator is very closely related to the income poverty indicator in that provinces with relatively high proportions of children living in unemployed households also have high rates of child poverty. Over 40% of children in the Eastern Cape and Limpopo live in households without any employed adults.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

contrast, Gauteng and the Western Cape have the lowest poverty rates, and only around 10% of children in these provinces live in unemployed households.

Racial inequalities are striking: 34% of African children have no working adult at home, while 13% of coloured children and 3% of Indian and white children live in these circumstances. There are no significant differences in child-centred unemployment measures when comparing girls and boys. However, older children are slightly more likely than younger children to live in workless households. This may be because babies and very young children tend to live with their parents, while older children are more likely to be cared for by extended family members, especially grandparents. In the rural former homelands, 48% of children live in households where nobody works.

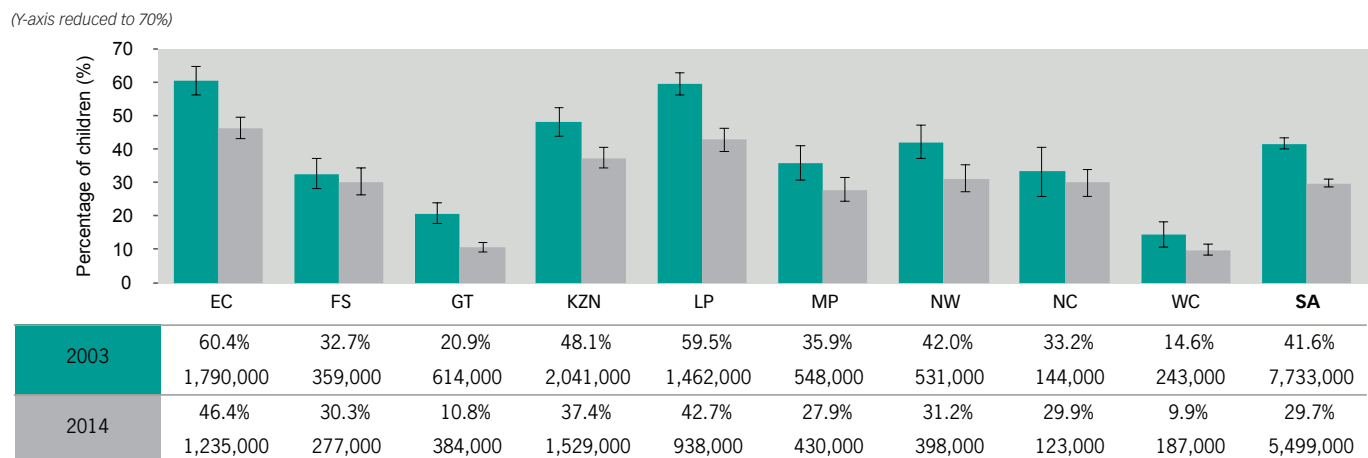
Income inequality in the poorest income quintile is clearly associated with unemployment. Nearly 70% of children (4.5 million) in the poorest income quintile live in households where no adults are employed.

Figure 2b: Children living in households without an employed adult, by income quintile, 2014



Source: Statistics South Africa (2015) *General Household Survey 2014*. Pretoria: Stats SA. Analysis by Katharine Hall & Winnie Sambu, Children’s Institute, UCT.

Figure 2c: Number and proportion of children living in households without an employed adult, by province, 2003 & 2014



Source: Statistics South Africa (2004; 2015) *General Household Survey 2003; General Household Survey 2014*. Pretoria: Stats SA. Analysis by Katharine Hall & Winnie Sambu, 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 the grant amount is increased slightly each year to keep pace with inflation. At the end of March 2016, a monthly CSG of R330 was paid to 11,972,900 children aged 0 – 17 years. This was an increase of over nearly 300,000 (2%) from the previous year. The value of the CSG increased to R350 per month from the beginning of April 2016. This was an increase of 6.1%, slightly above inflation. This was followed by a further increase to R360 per month in October 2016.

There have been two important changes in eligibility criteria. The first concerns age eligibility. Initially the CSG was only available for children aged 0 – 6 years. From 2003 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 the income threshold or means test. 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 2016 the income threshold is R3,500 per month for a single caregiver and R7,000 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 alleviate income poverty and 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 age group, by province, 2016

Province	Number of child beneficiaries at end March 2016			
	0 – 5 years	6 – 11 years	12 – 17 years	TOTAL
Eastern Cape	642,954	700,493	532,156	1,875,603
Free State	232,159	252,173	185,522	669,854
Gauteng	630,872	642,000	454,748	1,727,620
KwaZulu-Natal	964,979	1,034,341	816,495	2,815,815
Limpopo	671,328	618,258	459,644	1,749,230
Mpumalanga	373,174	380,476	300,066	1,053,716
North West	294,040	300,662	222,735	817,437
Northern Cape	107,512	106,518	83,250	297,280
Western Cape	337,168	364,194	264,983	966,345
South Africa	4,254,186	4,399,115	3,319,599	11,972,900

Source: South African Social Security Agency (2016) SOCPEN database – special request. Pretoria: SASSA.

Given the positive and cumulative effects of the grant, it is important that caregivers are able to access it for their children as early as possible. One of the main concerns is the slow take-up for young children. 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 there has been improved uptake amongst children younger than two and children older than 15 over the past few years.

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 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 R890 per month from April 2016. 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 and has effectively been used as a poverty alleviation grant for orphans. The appropriateness and effectiveness of this approach was questioned as far back as 2003.⁹

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 (474,759 cases) 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

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. At the end of 2014, 300,000 court orders had expired representing over 60% of all foster care placements.¹² The grants remained in payment only because of the court order which prevented them from lapsing. In March 2016, 470,000 FCGs were paid each month to caregivers of children in foster care, down from 500,000 in March 2015. The FCG was back to 2009 levels.

Table 2b: Children receiving the Foster Child Grant, by province, 2016

Province	Number of child beneficiaries at end March 2016
Eastern Cape	110,007
Free State	35,426
Gauteng	51,568
KwaZulu-Natal	106,755
Limpopo	52,272
Mpumalanga	33,735
North West	36,001
Northern Cape	14,075
Western Cape	30,176
South Africa	470,015

Source: South African Social Security Agency (2016) SOCPEN database – special request. Pretoria: SASSA.

Nearly half of all grants go to just two provinces: KwaZulu-Natal (107,000) and Eastern Cape (110,000). 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 have been 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.

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 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 2016, 131,000 children were receiving the CDG. The grant was valued at R1,500 per month as from the beginning of April 2016 and increased to R1,510 in October 2016.

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 but very gradual increase in access to the CDG each year since 1998, when only 8,000 CDGs were disbursed.

Table 2c: Children receiving the Care Dependency Grant, by province, 2016

Province	Number of child beneficiaries at and of March 2016
Eastern Cape	19,671
Free State	6,759
Gauteng	16,916
KwaZulu-Natal	37,148
Limpopo	13,850
Mpumalanga	9,928
North West	9,122
Northern Cape	5,020
Western Cape	12,626
South Africa	131,040

Source: South African Social Security Agency (2016) SOCPEN database – special request. Pretoria: SASSA.

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