

Income poverty, unemployment and social grants

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The Constitution of South Africa¹, 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”.

The UN Convention on the Rights of the Child,² 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”.

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. The poverty line is set at the 40th percentile, which means that in 2000, 40% of the population had incomes below R350 per person per month.³ The poverty line increases with inflation and, in 2008, the real value of the poverty line is R569 per month. Per capita income is calculated by adding all reported income for household members older than 15 years, including from social grants, and dividing the total household income by the number of household members. Both income and social grants are known to be under-reported in the General Household Survey. Child poverty is therefore likely to be over-estimated.

Using a single income measure tells nothing about how resources are distributed between family members, or how money is spent, but it does give an indication of how many children are living with severely constrained resources. Money is needed to access a range of services, and income poverty often compromises children's rights to nutrition, education and health care services.

International law and the South African 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 is therefore an important measure of people in need of social assistance, and of the State's progress in realising the right to social assistance.

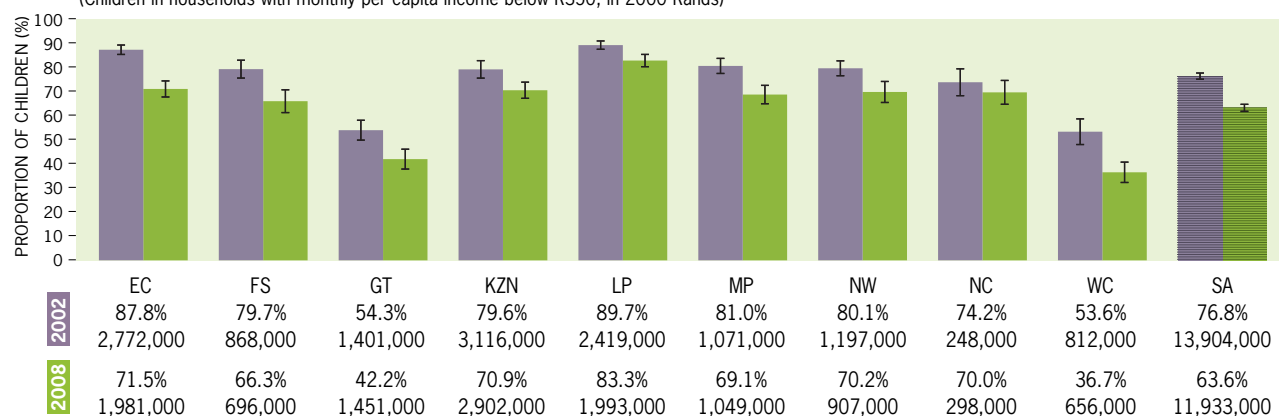
South Africa has very high rates of child poverty. In 2008, nearly two-thirds of children (64%) lived in households below this poverty line. There are substantial differences across the provinces: Over 80% of children in Limpopo live in income poverty. Seven out of 10 children in the Eastern Cape, KwaZulu-Natal, Mpumalanga, North West and the Northern Cape provinces live in households below the poverty line. The Western Cape and Gauteng have the lowest child poverty rates – calculated at 37% and 42% respectively.

There has been a significant decline in child poverty between 2002 and 2008 – in all provinces except the Northern Cape. These decreases are largely the result of a massive expansion in the reach of the Child Support Grant (see p. 107) over the same period.

There are glaring racial disparities in income poverty: While nearly three-quarters (71%) of African children lived in poor households in 2008, only 4% of White children lived below the poverty line. Poverty rates for Coloured and Indian children were 37% and 11% respectively.

Table 2a: Number and proportion of children living in income poverty, 2002 & 2008

(Children in households with monthly per capita income below R350, in 2000 Rands)



Sources: Statistics South Africa (2003; 2009) *General Household Survey 2002; General Household Survey 2008*. Pretoria: Stats SA.
Analysis by Katharine Hall, Children's Institute, UCT.

Notes: ① Children are defined as people aged 0 – 17 years. ② Population numbers are rounded off to the nearest thousand. ③ The real value of the per capita poverty line is R402 in 2002, and R569 in 2008. ④ Income includes earnings and income from social grants. ⑤ Strengths and limitations of the data are described on pp. 132 – 137. ⑥ The confidence intervals, shown on the graph as a vertical line at the top of each bar, represent the range into which the true value may fall. See p. 97 for more details on confidence intervals. ⑦ See www.childrencount.ci.org.za for more information.

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

This indicator gives the number and proportion of children who live in households where no adults are employed in either the formal or informal sector. Adults are defined as people aged 18 years and older; so economically active children are excluded from the analysis. The definition of ‘employment’ is derived from the General Household 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, subsistence agriculture, construction and home maintenance. The indicator measures unemployment from a children’s perspective, and shows the proportion of children in “unemployed” households where it is unlikely that any household members derive income from labour or income-generating activities.

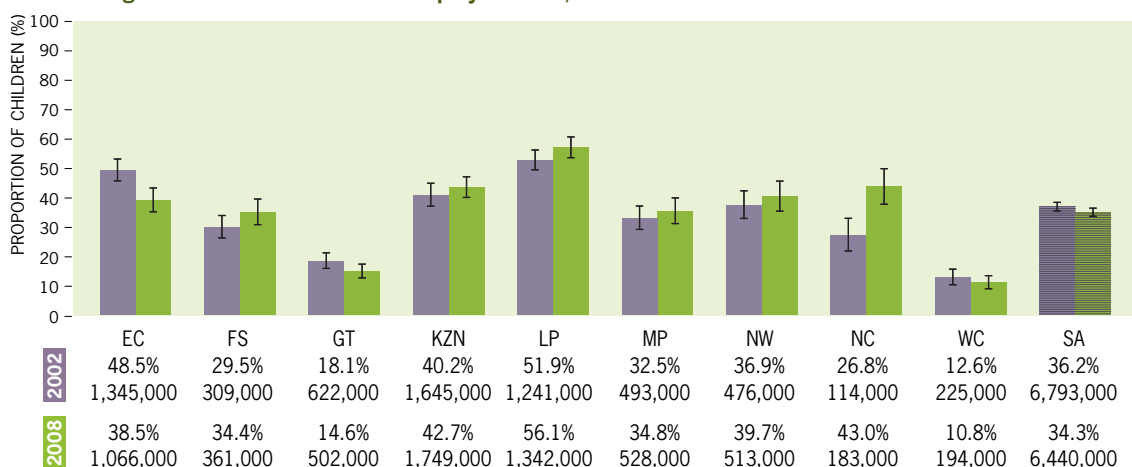
In September 2008, the official unemployment rate in South Africa was 23%.⁴ This is based on a narrow definition of unemployment that includes only those adults who are defined as economically active (i.e. they are not studying or retired or for some other reason voluntarily at home) who had actively 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, gives a higher, and more accurate, indication of unemployment, at 30%. Importantly for children, 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.

In 2008, 66% of children in South Africa lived in households with at least one working adult. The other 34% (nearly 6.5 million children) lived in households where no adults were working. There has been little change from 2002 to 2008, with the proportion of children who live in unemployed households hovering in the mid-30s, despite a decrease in the official unemployment rate from 30% to 23% over the same period.

While 89% of children in the Western Cape and 85% in Gauteng are co-resident with at least one working adult, only 53% of children in KwaZulu Natal and 44% in Limpopo have an adult income-earner living with them. Interestingly, the child-centred analysis shows a significant decrease in unemployment levels in the Eastern Cape: While the proportion of children living in unemployed households in that province fluctuated between 49% and 56% between 2002 and 2007, there is a significant drop from 50% in mid-2007 (95% CI: 44.8%-54.2%) to 39% in mid-2008 (95% CI: 34.5%-42.5%). Conversely, in the Northern Cape the proportion of children living in unemployed households increased suddenly to 43% in 2008, after remaining below 30% between 2002 and 2007. Statistics South Africa’s quarterly Labour Force Survey reported a 3.3 percentage point decrease in the official unemployment rate for the Eastern Cape in the second quarter of 2008, while unemployment rates in other provinces remained stable.

As with other indicators, racial inequities are evident in the child-centred data on employment: while 39% of African children have no working adult at home, only 3% of white children live in these circumstances.

Table 2b: Number and proportion of children living in households without an employed adult, 2002 & 2008



Sources: Statistics South Africa (2003; 2009) *General Household Survey 2002; General Household Survey 2008*. Pretoria: Stats SA. Analysis by Katharine Hall & Double-Hugh Marera, Children’s Institute, UCT.

Notes: ① Children are defined as people aged 0 – 17 years. ② Population numbers are rounded off to the nearest thousand. ③ Strengths and limitations of the data are described on pp. 132 – 134. ④ The confidence intervals, shown on the graph as a vertical line at the top of each bar, represent the range into which the true value may fall. See p. 97 for more details on confidence intervals. ⑤ See www.childrencount.ci.org.za for more information.

The number and proportion of eligible 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 ensures that people living in poverty are able to meet their 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.

From April 2010 the CSG has a value of R250 per month per child. 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 in July 2009, a monthly CSG of R240 was paid to just over 9 million children aged 0 – 14 years.

There have been two important changes in eligibility criteria related to the age and income thresholds. At first the CSG was only available for children 0 – 6 years old. Later it was slowly extended to children up to 14 years. In January 2009 the age threshold increased to children under 15 years, and from January 2010 to children under 16 years (so that 15-year-old children may apply). The age threshold will be extended annually until the under-18 threshold is reached, at which stage all qualifying poor children will be eligible.

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 August 2008 when a formula was introduced for calculating income threshold – set at 10 times the amount of the grant. Therefore the 2010 income threshold is R2,500 per month for a single caregiver (and R5,000 per month for the joint income of the caregiver and spouse, if the caregiver is married).

Using the 2004 General Household Survey, Budlender calculated that 65% of all children under the age of 14 were eligible for the CSG based on the old means test.⁶ Following the adjustment of the means test in 2008, Budlender repeated the calculation using the new means test and the 2007 General Household Survey, which suggested that around 82% of children aged 0 – 13 years were eligible for the grant.⁷ Applying this eligibility rate to the most recent available population data (mid-2008), it is estimated that 71% 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 also improves their access to food, education and basic services.⁸

Table 2c: Number of children receiving the Child Support Grant, 2005 – 2009

Number of child beneficiaries					
Province	2005	2006	2007	2008	2009
Eastern Cape	1,078,442	1,413,830	1,497,736	1,491,223	1,605,479
Free State	361,318	417,076	441,397	457,169	494,433
Gauteng	723,432	862,346	926,179	969,267	1,067,729
KwaZulu-Natal	1,338,045	1,746,944	1,963,944	2,128,967	2,344,413
Limpopo	990,194	1,200,185	1,253,794	1,278,711	1,392,140
Mpumalanga	489,663	613,008	645,565	662,316	717,075
North West	465,242	604,525	613,002	637,557	682,991
Northern Cape	101,728	121,332	175,250	184,183	209,818
Western Cape	365,655	431,514	458,980	480,394	557,784
South Africa	5,913,719	7,410,760	7,975,847	8,289,787	9,071,862
CSG amount	R180	R190	R200	R220	R240

Sources: South African Social Security Agency (2005 – 2009) SOCPEN database. Pretoria: SASSA.

Notes: ① SOCPEN figures are taken from mid-year to coincide with data collection for the annual General Household Survey. ② For the years 2005 to 2008, the Child Support Grant was only available to children aged 0 – 13 years (under 14). In 2009, the grant was extended to include children aged 14 years (under 15). ③ Strengths and limitations of the data are described on p. 132 – 134. ④ See www.childrencount.ci.org.za for more information. Social grant statistics are updated each month.

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 South African Social Security Agency.

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 R710 per month in 2010. 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 have lost their biological parents because of the AIDS pandemic. The appropriateness and effectiveness of this approach have been questioned.⁹

At the end of July 2009, caregivers of over 500,000 children were receiving the FCG, then valued

at R680 per month. The number of grants has doubled since 2004, with figures increasing by more than 100% in the Eastern Cape, KwaZulu-Natal, Limpopo, Mpumalanga and North West provinces. Take-up of the FCG varies substantially between provinces, and nearly half of all grants go to just two provinces: KwaZulu-Natal (137,463) and Eastern Cape (86,176).

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. However, it is clear that a large proportion of children are not receiving the FCG even though, under current policy, they would be eligible for the grant, based on their orphan status alone. For example: 473,000 children received the FCG in July 2008; yet the double orphan figures for the same period came to 859,000 (see p. 102 – 103).

Table 2d: Number of children receiving the Foster Child Grant, 2005 – 2009

Number of child beneficiaries					
Province	2005	2006	2007	2008	2009
Eastern Cape	53,383	68,197	81,404	92,556	86,176
Free State	33,653	40,712	45,122	48,685	49,030
Gauteng	34,647	40,576	51,719	59,405	64,047
KwaZulu-Natal	57,351	81,420	111,582	113,459	137,463
Limpopo	25,615	36,020	44,201	50,709	55,689
Mpumalanga	12,662	18,252	21,813	25,664	29,293
North West	19,000	27,737	31,821	38,351	43,656
Northern Cape	9,480	11,462	14,494	15,376	16,307
Western Cape	26,026	27,326	28,735	28,955	29,818
South Africa	271,817	351,702	430,891	473,160	511,479

Sources: South African Social Security Agency (2005 – 2009) SOCPEN database. Pretoria: SASSA.

Notes: ① SOCPEN figures are taken from mid-year to coincide with data collection for the annual General Household Survey.

② Strengths and limitations of the data are described on pp. 132 – 134.

③ See www.childrencount.ci.org.za for more information. Social grant statistics are updated each month.

References

- 1 Constitution of the Republic of South Africa. Act 108 of 1996.
- 2 Office of the High Commissioner of Human Rights (1989) *Convention on the Rights of the Child, UN General Assembly resolution 44/25*. Geneva: United Nations.
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- 5 Statistics South Africa (2009) *General Household Survey metadata*. Pretoria: StatsSA.
- 6 Budlender D, Rosa S & Hall K (2005) *At all costs? Applying the means test for the Child Support Grant*. Cape Town: Children's Institute & Centre for Actuarial Research, University of Cape Town.
- 7 Budlender D (2008) *Feasibility and appropriateness of attaching behavioural conditions to a social support grant for children aged 15 – 17 years*. Commissioned by the Department of Social Development. Johannesburg: Community Agency for Social Enquiry. [Unpublished]

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 South African Social Security Agency.

The CDG is a non-contributory monthly cash transfer to caregivers of children with severe disabilities who require permanent care. It excludes those children who are cared for in state institutions, because the purpose of the grant is to replace lost earnings of the caregiver looking after the child. It also excludes infants under one year because young babies have full-time care needs, whether or not they have disabilities. To qualify for the CDG, the child needs to undergo a medical assessment and the parent must pass an income or means test.

The value of the CDG increased to R1,080 in April 2010. Although the grant is targeted at 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.

As children with severe disabilities and chronic illnesses need substantial care and attention, a parent 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.¹⁰

It is not possible to calculate a take-up rate for the CDG because there are little data on the number of children living with disability in South Africa, or who are in need of permanent care. In July 2009, nearly 110,000 children were receiving the CDG, then valued at R1,010 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 over the five-year period since 2005.

Table 2e: Number of children receiving the Care Dependency Grant, 2005 – 2009

Number of child beneficiaries					
Province	2005	2006	2007	2008	2009
Eastern Cape	19,925	20,367	20,253	19,269	19,452
Free State	3,401	3,679	3,924	4,187	4,325
Gauteng	11,468	12,140	12,667	12,740	13,020
KwaZulu-Natal	20,994	24,098	27,855	30,878	32,798
Limpopo	9,609	10,553	11,396	12,004	12,475
Mpumalanga	4,273	4,532	5,018	5,449	5,758
North West	6,961	7,791	7,795	8,542	9,022
Northern Cape	2,186	2,582	3,403	3,642	3,873
Western Cape	6,881	7,111	7,310	7,503	8,365
South Africa	85,698	92,853	99,621	104,214	109,088

Sources: South African Social Security Agency (2005 – 2009) SOCPEN database. Pretoria: SASSA.

Notes: ① SOCPEN figures are taken from mid-year to coincide with data collection for the annual General Household Survey.

② Strengths and limitations of the data are described on pp. 132 – 134.

③ See www.childrencount.ci.org.za for more information. Social grant statistics are updated each month.

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