

Income poverty, unemployment and social grants

Updated by Matt Chennells and Katharine Hall (Children's Institute)

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 Child², 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. 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 R552 in 2009. 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.

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. Measures of income poverty are therefore important in determining how many people are in need of social assistance, and for monitoring the extent and distribution of income poverty.

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 compromise children's rights to nutrition, education and health care services.

One way of identifying how many children are living without enough resources to meet their needs is to use a poverty line. This involves choosing and setting a fixed amount of income and then measuring the number of children who live beneath it.

No poverty line is perfect. Using a single income measure tells nothing about how resources are distributed between family members or how money is spent, and results depend on what level the line is set at. But this measure is useful as it gives some indication of how many children are living in households with severely constrained resources.

South Africa has very high rates of child poverty. In 2009 nearly two-thirds of children (61%) lived in households with a per capita income below R552 per month. There are substantial differences across the provinces. In both the Limpopo and the Eastern Cape, almost 80% of children live below the poverty line, compared to the

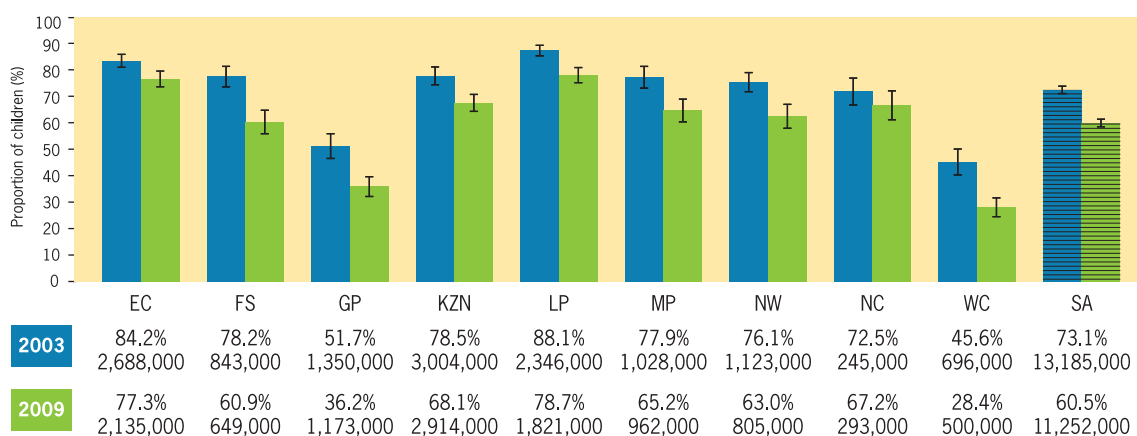
Western Cape (28%) and Gauteng (36%) which have the lowest rates of child poverty. Roughly, two out of three children living in the Free State, KwaZulu-Natal, Mpumalanga, the North West and the Northern Cape live in households below the poverty line.

Although most provinces have seen declines in child poverty between 2003 and 2009, the large disparities between the provinces echo the income inequality among different race groups in South Africa. In 2009, over two-thirds of African children (68%) lived below the poverty line compared to one-third of Coloured children (33%). Only 6% of Indian and 4% of White children live in income poverty at this level. There are no significant gender or age differences in child poverty. Overall, there has been a significant decline of 11 percentage points in child poverty in South Africa between 2003 (73%) and 2009 (61%) using the lower bound poverty line.

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 (upper bound and \$2 a day).

Table 2a: Number and proportion of children living in income poverty, 2003 & 2009

(Lower bound poverty line: Households with monthly per capita income less than R552 in 2009)



Sources: Statistics South Africa (2004; 2010) *General Household Survey 2003; General Household Survey 2009*. Pretoria: Stats SA. Analysis by Katharine Hall & Matt Chennells, 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 lower poverty line is R552 per person per month in 2009. ④ Income includes all earnings from formal and informal sector activity, and income from social grants. ⑤ Strengths and limitations of the data are described on pp. 104 – 106. 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. 77 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 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 derive income from labour or income-generating activities.

Unemployment in South Africa is a serious problem. In June 2009 (the same time as the 2009 General Household Survey), the official national unemployment rate in South Africa was 24%.⁴ This is based on a narrow definition of unemployment that includes only those adults who are defined as economically active (ie 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 those "discouraged work-seekers" who were unemployed but not actively looking for work in the month preceding the survey, gives a higher, more accurate, indication of unemployment, at

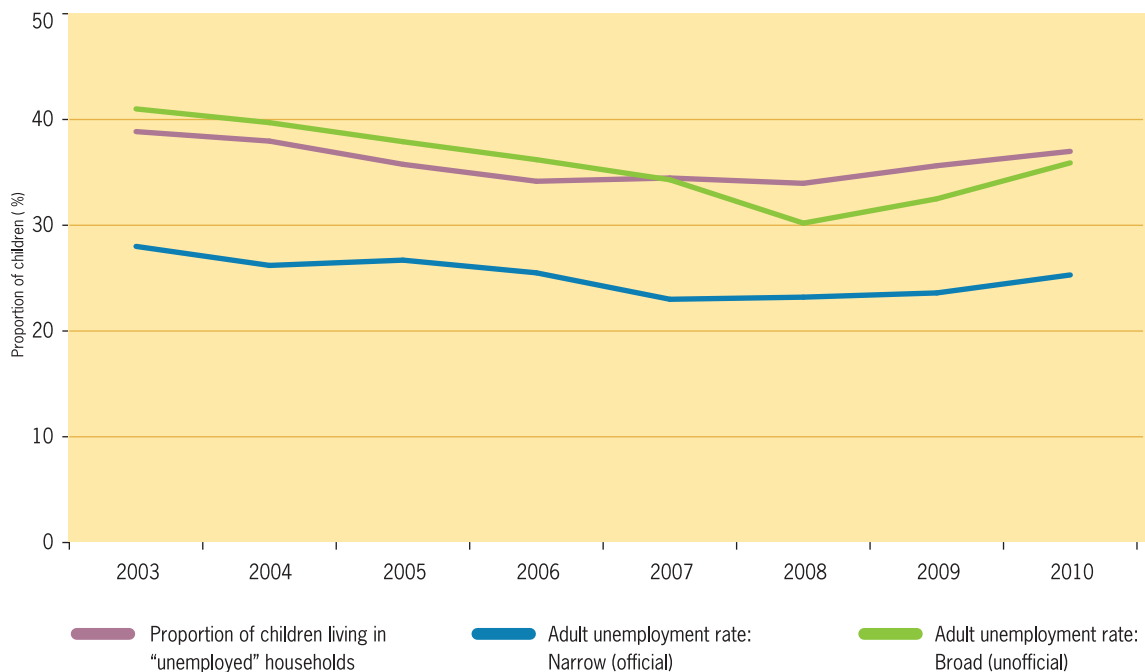
33%. Gender differences in employment rates are relevant for children, who are more likely to co-reside with their mother than their father. Unemployment rates remain considerably higher for women than for men.

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 2009, 64% of children in South Africa lived in households with at least one working adult. The other 36% (over 6.6 million children) lived in households where no adults were working. There has been only a small decrease from 2003 to 2009, with the proportion of children who live in unemployed households hovering around the mid-30s despite an overall drop in the official unemployment rate from 28% to 24% over the same period.

Figure 2a: Number and proportion of children living in households without an employed adult, 2003 – 2010

(Y-axis reduced to 50%)



Sources: Statistics South Africa (2004 – 2008) *Labour Force Surveys 2003 – 2007*. Pretoria: Stats SA. Statistics South Africa (2009 – 2010) *Quarterly Labour Force Surveys 2008 – 2001*. Pretoria: Stats SA. Analysis by Matt Chennells & Katharine Hall, Children's Institute, UCT.

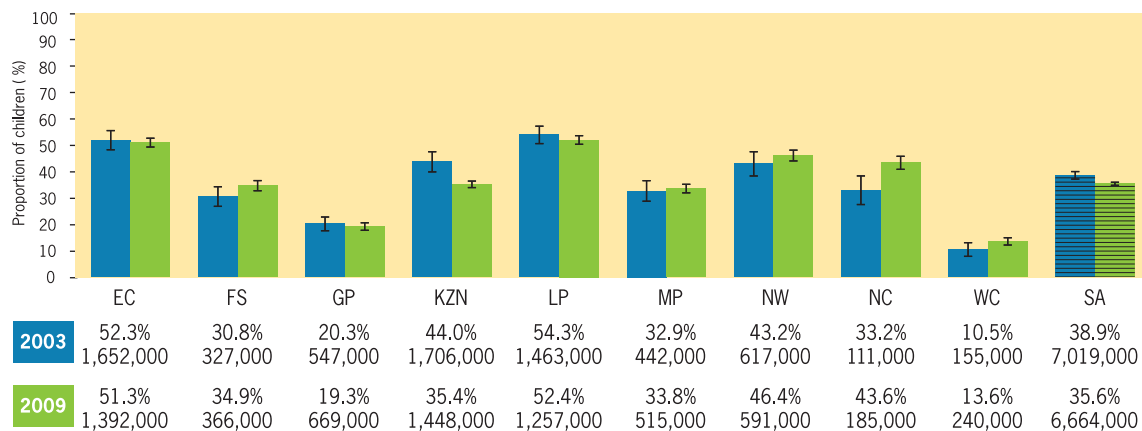
This indicator is very closely related to the income poverty indicator, in that provinces with relatively high proportions of children living in unemployed households also have high rates of child poverty. Gauteng and the Western Cape have the lowest levels of income poverty, and less than 20% of children in these provinces live in unemployed households. In contrast, more than 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.

There have been significant increases in children living in unemployed households in the Western Cape, the

Northern Cape and the Free State. KwaZulu-Natal is the only province that exhibits a large and significant decline in the proportion of children living in unemployed households. Racial inequalities persist: 40% of African children have no working adult at home, while 14% of Coloured children, 12% of Indian children and 5% of White children live in these circumstances.

An analysis of employment data for 2010 suggests that adult unemployment rates, measured in this child-centred way, rose slightly to 37%. This parallels the national trend for adult unemployment, and is likely to be the result of job losses during the global recession. The official national unemployment rate for 2011 is 25%.⁶

Table 2b: Number and proportion of children living in households where there are no employed adults, 2003 & 2009



Sources: Statistics South Africa (2004) *Labour Force Survey 2003 (September)*. Pretoria: Stats SA.

Statistics South Africa (2010): *Quarterly Labour Force Survey 2009 (Third quarter)*. Pretoria: Stats SA.

Analysis by Matt Chennells & 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 Strengths and limitations of the data are described on pp. 104 – 106. 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. 77 for more details on confidence intervals.

⑤ See www.childrencount.ci.org.za for more information.

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 ensures 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.

From April 2011 the CSG has a value of R260 per month per child, and this will rise to R270 in August 2011. 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, by April 2011, a monthly CSG of R260 each was paid to 10.5 million children aged 0 – 16 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 extended to older children up to the age of 14. A subsequent amendment to the regulations defined the age threshold differently: Rather than setting a specific age limit, all children born after 31 December 1993 are defined as eligible. This means that, from January 2011, children aged 16 may be eligible, and from January 2012 children under 18 years may be eligible. Defining the age threshold by date of birth rather than current age circumvents a previous problem where children had their grants terminated when they reached

the age threshold and then had to reapply when the age limit was extended.

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 2011 income threshold is R2,600 per month for a single caregiver (and R5,200 per month for the joint income of the caregiver and spouse, if the caregiver is married). This will increase again in August 2011, when the benefit amount rises to R270.

Using the 2004 General Household Survey (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.⁷ 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.⁸ Applying this eligibility rate to Stats SA mid-term population estimates for children aged 0 – 15 years (the eligible age group in 2010), it is estimated that 73% 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 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 access to food, education and basic services.⁹

Table 2c: The number of children receiving the Child Support Grant, 2005 – 2010

Province	Number of child beneficiaries					
	2005	2006	2007	2008	2009	2010
Eastern Cape	1,078,442	1,413,830	1,497,736	1,491,223	1,605,479	1,707,445
Free State	361,318	417,076	441,397	457,169	494,433	547,694
Gauteng	723,432	862,346	926,179	969,267	1,067,729	1,207,344
KwaZulu-Natal	1,338,045	1,746,944	1,963,944	2,128,967	2,344,413	2,512,787
Limpopo	990,194	1,200,185	1,253,794	1,278,711	1,392,140	1,493,705
Mpumalanga	489,663	613,008	645,565	662,316	717,075	771,326
North West	465,242	604,525	613,002	637,557	682,991	742,699
Northern Cape	101,728	121,332	175,250	184,183	209,818	232,355
Western Cape	365,655	431,514	458,980	480,394	557,784	666,577
South Africa	5,913,719	7,410,760	7,975,847	8,289,787	9,071,862	9,881,932
CSG amount	R 180	R 190	R 200	R 220	R 240	R 250

Source: South African Social Security Agency (2005 – 2010) SOCPEN database – special request. 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 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), and in 2010 to children aged 15 years (under-16s). ③ Strengths and limitations of the data are described on pp. 104 – 106.

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 R740 per month in 2011. 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 HIV/AIDS pandemic. The appropriateness and effectiveness of this approach have been questioned.¹⁰

At the end of July 2010, caregivers of over 510,000 children were receiving the FCG, then valued at R710 per month. The number of grants has doubled since 2004, with figures increasing by more than 100% in the Eastern Cape, KwaZulu-Natal, Limpopo and Mpumalanga. Take-up

of the FCG varies substantially between provinces, and nearly half of all grants go to just two provinces: KwaZulu-Natal (127,000) and Eastern Cape (108,000). By April 2011, 522,000 FCGs were paid each month to caregivers of children in foster care.

The overall rate of increase in FCG take-up appears quite slow and stable, but the large numbers of new FCGs are offset by the drop-off in beneficiaries, particularly in December of each year when children who turned 18 during the year have their grants terminated. In addition, there have been concerns about considerable numbers of FCGs lapsing due to court orders not being extended. This is related to a systemic problem: The FCG is administratively burdensome for both social workers and the courts, resulting in a backlog of cases needing extension.

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.

Table 2d: The number of children receiving the Foster Child Grant, 2005 – 2010

Province	Number of child beneficiaries					
	2005	2006	2007	2008	2009	2010
Eastern Cape	53,383	68,197	81,404	92,556	86,176	107,781
Free State	33,653	40,712	45,122	48,685	49,030	45,506
Gauteng	34,647	40,576	51,719	59,405	64,047	64,775
KwaZulu-Natal	57,351	81,420	111,582	113,459	137,463	126,719
Limpopo	25,615	36,020	44,201	50,709	55,689	57,051
Mpumalanga	12,662	18,252	21,813	25,664	29,293	27,428
North West	19,000	27,737	31,821	38,351	43,656	36,803
Northern Cape	9,480	11,462	14,494	15,376	16,307	15,855
Western Cape	26,026	27,326	28,735	28,955	29,818	28,380
South Africa	271,817	351,702	430,891	473,160	511,479	510,298

Source: South African Social Security Agency (2005 – 2010) SOCPEN database – special request. 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. 104 – 106. ③ See www.childrencount.ci.org.za for more information. Social grant statistics are updated each month.

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 cover the additional costs (including opportunity costs) that the parent or caregiver might incur as a result of the child's disability. It also excludes infants under one year because young babies need full-time care, 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 R1,140 in April 2011, at which time 113,000 children were receiving the grant each month. 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 may need medication, equipment or to attend hospital often. These extra costs can put strain on families already struggling to make ends meet. Poverty and chronic health conditions are therefore strongly related.¹¹

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, or who are in need of permanent care. In July 2010, nearly 110,000 children were receiving the CDG, then valued at R1,080 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 six-year period since 2005.

Table 2: The number of children receiving the Care Dependency Grant, 2005 – 2010

Province	Number of child beneficiaries					
	2005	2006	2007	2008	2009	2010
Eastern Cape	19,925	20,367	20,253	19,269	19,452	18,523
Free State	3,401	3,679	3,924	4,187	4,325	4,501
Gauteng	11,468	12,140	12,667	12,740	13,020	13,381
KwaZulu-Natal	20,994	24,098	27,855	30,878	32,798	33,551
Limpopo	9,609	10,553	11,396	12,004	12,475	12,098
Mpumalanga	4,273	4,532	5,018	5,449	5,758	5,755
North West	6,961	7,791	7,795	8,542	9,022	8,891
Northern Cape	2,186	2,582	3,403	3,642	3,873	3,911
Western Cape	6,881	7,111	7,310	7,503	8,365	8,892
South Africa	85,698	92,853	99,621	104,214	109,088	109,503

Source: South African Social Security Agency (2005 – 2010) SOCPEN database – special request. 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. 104 – 106. ③ See www.childrencount.ci.org.za for more information. Social grant statistics are updated each month.

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