

Income support for children in the context of poverty and inequality

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South Africa is one of the wealthiest countries in Africa, with a gross domestic product of R75,080 per capita in 2015.ⁱ Internationally, it is classified as a middle-income country. Yet Statistics South Africa reports that more than half of the households in South Africa had an income below the upper-bound poverty line of R11,904 per capita per year in 2015.¹ This apparent contradiction is explained by the high levels of inequality in the country.

Lack of income does not tell the full story of poverty and inequality. Proponents of the Human Development Index (which brings together income, health and education measures) and Multi-Dimensional Poverty Index (which brings together even more variables) argue for broader measures of poverty and development that incorporate capabilities, assets or other factors that are generally compromised by poverty. The importance of a monetary measure is that families with sufficient financial resources are better able to purchase the goods and services they need. A focus on income also highlights the state's obligation to provide income support and/or free basic services to those families that cannot otherwise satisfy their own needs.

This chapter focuses on material support for children and addresses the following topics:

- The gendered shape of poverty and what this means for children
- Income levels and sources for different household types
- The cost of raising a child
- Income support within families: balancing cash and care
- Income support and the state.

The gendered shape of poverty and what it means for children

Children are more likely than adults to live in poor households, and women are more likely than men to do so. These two facts are related as women are more likely than men to live with children. As seen in Chapter 2, in 2017, 76% of children were living with their mother but only 38% were living with their father. Where mothers are present but not fathers, the

mothers generally are responsible for providing both care and the financial resources that children need to survive and – hopefully – thrive. Yet this happens in an economy in which women are more likely than men to be unemployed and, when employed, tend to earn less than men.

Women's lesser likelihood of being employed is in part a reflection of their role in the bearing and rearing of children. However, the unemployment rate is consistently higher for women than men – despite being calculated as a proportion of those who are available to work — which suggests that the disadvantage extends beyond the inequitable care burden.

Statistics South Africa's 2010 Time Use Survey reveals the extent to which the child-care burden falls predominantly on women. For example, women account for 89.5% of the time spent on activities related to the care of children.² Women with children younger than seven years of age living in the same household spend an average of 80 minutes a day on child care, compared to an average of 13 minutes spent by the far smaller number of men living with their own children of this age.³

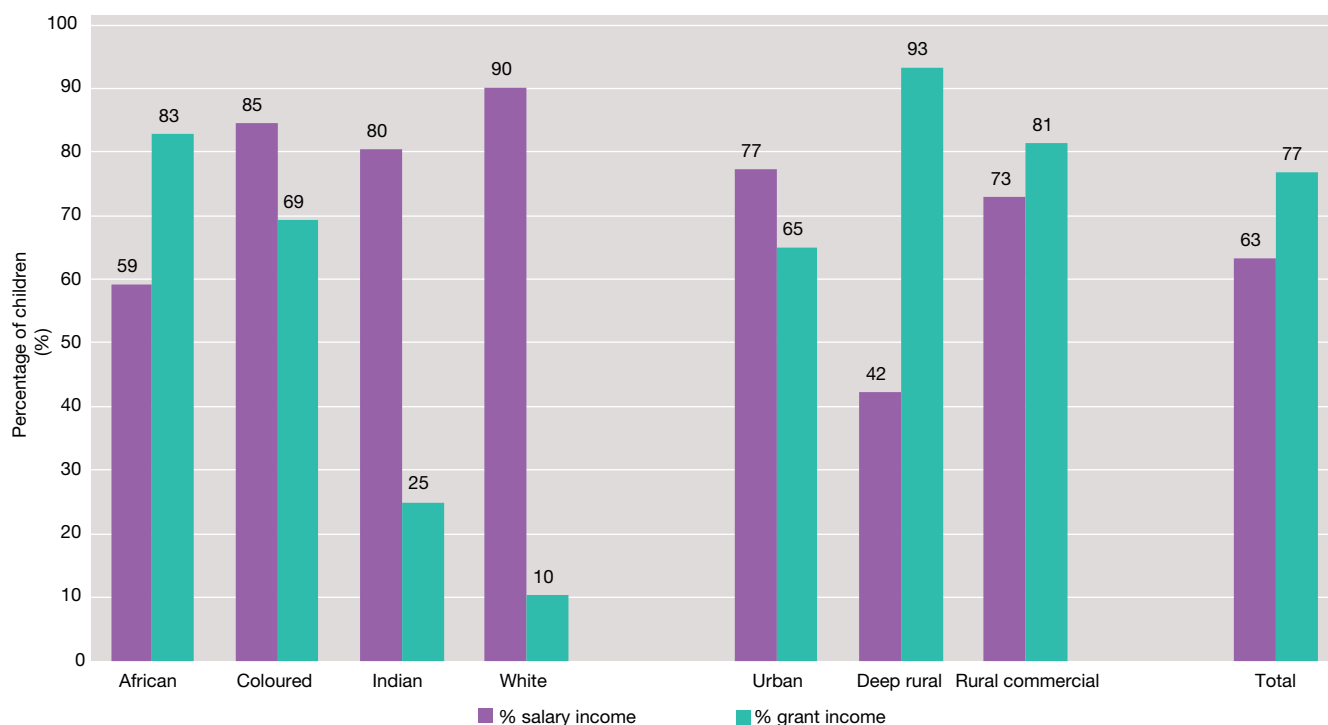
Income levels and sources of income for different household types

Households in South Africa derive income from two main sources: salaries and wages, and social grants from the government. Income may also be received through running a business, remittances (from family members living elsewhere), from renting out property and from private pensions. Non-poor households may also derive income from investments and dividends.

Figure 13 shows the percentage of children in each race group and in each type of area whose households have income from salaries or wages and whose households have income from social grants. The likelihood of the household receiving grant income is highest for African children, followed by Coloured, Indian and then White children. For salary income the differences are smaller, but still substantial. Overall, 63% of children live in households with salary income.

i Calculated using 2015/16 GDP estimate in National Treasury (2017) *Budget Review 2017*. Pretoria: NT. P. 222, and population estimate from Statistics South Africa (2016) *General Household Survey 2015*. Pretoria: Stats SA.

Figure 13: Percentage of children living in households with salary and grant income, by race and type of area



Source: Statistics South Africa (2017) *General Household Survey 2016*. Pretoria: Stats SA. Calculations by Debbie Budlender.

If income generated from running businesses is included, the percentage increases to 69%.

Geographically, more than nine in every 10 children in deep rural areas are in households that benefit from grants, but even in urban areas nearly two-thirds of children are in grant-receiving households. With salaries, the disparities are greater, with fewer than 42% of child-containing households in deep rural areas having salary income. Households dependent only on grant income struggle to meet their needs. Even if the household receives an Older Person's Grant or Disability Grant, the amount (R1,700 as of April 2018) is less than half the level of the minimum wage proposed in the bill tabled in Parliament in early 2018.

More than four-fifths of children in nuclear householdsⁱⁱ are in households that have salary income, compared to less than half of children in lone-parent households as illustrated in Figure 14. Conversely, just fewer than half of children in nuclear households live in households that receive at least one grant, as compared to 76% of the children in lone-parent households. Lone-parent households are least likely to have access to grants and salaries, and if they do receive grant income, it is most likely to be the relatively small Child Support Grant (CSG). However, in terms of "remittances", the children in lone-parent households are the best off, with

35% of these households receiving income from remittances, as compared to only 4% of nuclear households.

Where mothers are present but not fathers, the mothers generally are responsible for providing both care and the financial resources that children need.

Child poverty is greatest in extended households (where 85% of children are poor) and in lone-parent households (81%).⁴ These two categories together account for more than three-quarters (77%) of all children. Children living in nuclear households are best off, although even in these households the poverty rate of children is over 50%. A policy that targeted children only by household type as a proxy for poverty would therefore exclude many poor children.

Figure 15 on page 96 shows the average or median per capita income by household type. (The definitions of the different household types are provided in Chapter 2.) The figure confirms that lone-parent and extended households are the poorest, and that households without children

ⁱⁱ Nuclear family type households in which children are living with their biological parents, perhaps siblings, and no other family members

(couples and single-person households) are the wealthiest. This makes sense as there are costs attached to children and children themselves should not be earning income. The median per capita income for couple households is more than double that of lone-parent and extended households.

The cost of raising a child

How much does it cost to raise a child? The Lund Committee, when developing the proposal for the CSG in the late 1990s, proposed that the grant initially be set at the cost of food for a young child under seven years. The committee proposed using the amount calculated by the University of Port Elizabeth in estimating the Household Subsistence Level, i.e. the minimum amount needed by a family to survive. Government acknowledged that food was not the only child-related cost but argued that the CSG should be regarded as part of a larger package of services. The inflation-adjusted value of even the food amount would be insufficient today as the CSG now targets children of all ages.

Leading academics advise against basing poverty lines on survey data.⁵ They note that relying on survey data reflects and may perpetuate current inequalities rather than responding to need. In practice, South Africa's poverty lines are based on a combination of survey and other data.

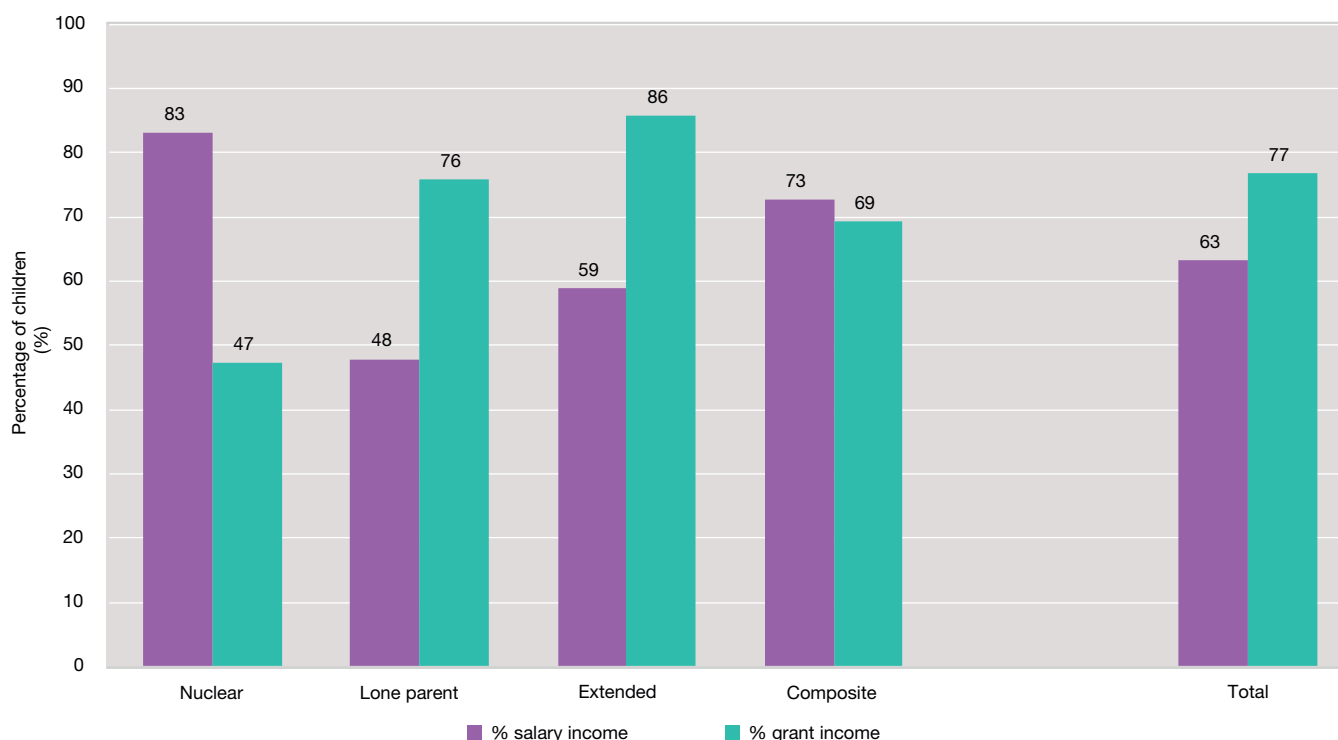
In 2017, the food poverty line was R531 per person per month, the lower-bound poverty line was R758, and the upper-bound poverty line R1,138 per month.⁶ It is only at the upper-bound poverty line that household members are likely to have their basic food needs satisfied.⁷ Yet even the food poverty line is more than the CSG (R410 in October 2018). The CSG is therefore clearly not enough to meet the basic needs of a child.

In February 2018, the Pietermaritzburg Agency for Community Social Action (PACSA) estimated the cost of providing a diet at the minimum required level for a child ranged from R541 per month for a child aged 3 – 9 years to R682 for boys aged 15 years and older.⁸ Again, these amounts show how the CSG is not even sufficient to cover the costs of feeding a child.

Income support within families

The previous sections suggest a consistent pattern whereby children in lone-parent (usually lone-mother) and extended households tend to be the worst off financially. This section explores strategies that families – and women in particular – may use to try to mitigate the risk of poverty while ensuring that their children also receive care. The section also highlights the limited extent to which many fathers assist in this quest.

Figure 14: Percentage of children living in households with salary and grant income by household type



Source: Statistics South Africa (2017) *General Household Survey 2016*. Pretoria: Stats SA. Calculations by Debbie Budlender.

Migration for income-earning purposes

Hall & Posel⁹ argue that the relatively high rates of children living apart from parents should not be seen as evidence of “fragmentation”, but rather as a way in which families attempt to provide for themselves. From this perspective, we need to look beyond the household in understanding how families provide for the needs of children.

Hall & Posel¹⁰ use National Income Dynamics Study (NIDS) data to show that the vast majority (92%) of children with non-resident mothers see their mother at least occasionally, and over half see their mother on at least a monthly basis. They also show a clear relationship between the movements of mothers and children, even when they do not move together. Thus, children of mothers who were seeking work were more likely than other children to move. Just over half of these children’s movements resulted in their being separated from their mothers. Where children moved to join their mothers, the movement was usually to an urban area, while movements that separated children from mothers were more likely to be to rural areas.

Posel & van der Stoep’s¹¹ analysis of General Household Survey data from 2002 suggests strong links between the absence of mothers of African children and mothers’ income-earning activity. They suggest that the causation runs in both

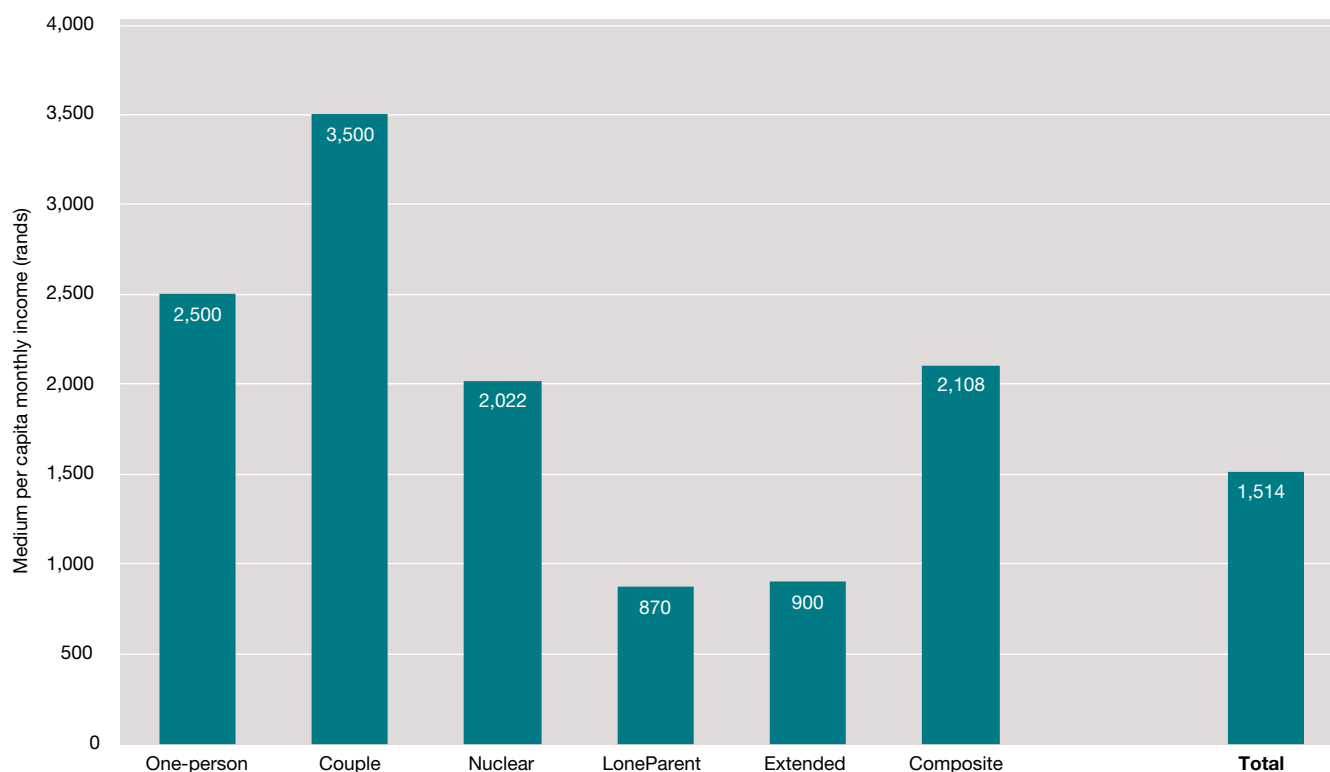
directions. Thus, women who are not responsible for daily child care are more able to do income-earning work, while mothers – especially those living in rural areas – leave their children in the care of others in order to seek work elsewhere.

In 2002, over three-quarters (77%) of African mothers aged 20 – 49 years living apart from their children were either working or looking for work, as compared to 68% of non-mothers, and 61% of mothers living with their children.

Parental contact, income support and care arrangements when parents are absent

There are no specific questions in the General Household Survey to track contact between children and absent parents, or to record whether absent parents help to support their children financially. The failure to include maintenance in the questionnaire could be taken as an indicator of the lack of awareness – and infrequent nature – of such payments. It is possible that some maintenance payments are recorded under either salaries or remittances. If they are not, and maintenance payments are included under “other” sources of income, then the rate of payment is minuscule, with only 1% of children in lone-parent households living in households that receive “other” income, and only 2% of children in all household types combined.

Figure 15: Median per capita monthly income, by household type



Source: Statistics South Africa (2017) *General Household Survey 2016*. Pretoria: Stats SA. Calculations by Debbie Budlender.

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the worst off financially.*

The NIDS questionnaire includes specific questions about who cares for the child (the primary caregiver) as well as secondary caregivers. Hall & Posel found that 8% of children with non-resident mothers never see their mother, and 30% of children never see their non-resident fathers. Thus, while children are less likely to maintain contact with absent fathers than with absent mothers, 70% do see their father at least sometimes. Non-resident fathers (who are regarded as members of the household but stay elsewhere most of the time) are more likely than absent fathers (who are not members of the household) to send money to help support their children. Among African children under 15 years, Hall and Posel found that 83% of those with non-resident fathers received financial support from their fathers, while only 38% of children with absent fathers were supported financially.¹²

Some qualitative researchers have claimed that fathers who do not live with their children are not “disengaged” and do not ignore their obligations. Yet quantitative analysis of NIDS data found that most children without co-resident fathers are cared for both physically and financially by women – whether the biological mother, grandmother or another female relative.¹³ Further adding to the burden of these female caregivers, African children are less likely than other children to have more than one caregiver, despite being more likely to live in households with a larger number of female adults. Where the mother is not the primary caregiver, other women in the household – and grandmothers in particular – are more likely than fathers to be the primary caregiver.

African primary caregivers are not only more likely to be solely responsible for care than those in other race groups: There is also less sharing of the child-related costs. For example, 25% of non-African children have more than one person contributing to their educational expenses, compared to 8% of African children. While this might in part reflect a greater likelihood that African children will attend no-fee schools, there are numerous other costs – including uniform and transport – that must be paid. African children are more likely than non-African children to be financially supported in terms of education by someone outside the household. These outside contributions could be from the father, or from older siblings or other relatives.

Parents were reported to be paying the educational costs of 92% of non-African children, but only about 74% of African

children. However, mothers of African children were nearly three times more likely than fathers to bear these costs, and almost half of African children with an absent mother received income from her.

Hatch & Posel's findings are consistent with a situation where many absent mothers are living away from their children for work purposes.

The formal maintenance system

The previous section indicates that a substantial portion of the many non-resident fathers in South Africa do not contribute financially to the upkeep of their children. This is despite the fact that South African law places a legal obligation on parents to provide financially for their children. If the parents are unable to provide, there is a similar obligation on their parents – the children's grandparents.

The father's obligation exists irrespective of whether the child was born while the parents were married, whether they were ever married at any time, or whether his name is recorded on the child's birth certificate. If the man denies that he is the biological father, the law provides for a paternity test to be done to settle the dispute. The Maintenance Act¹⁴ sets out the details of this obligation. However, the statistics are not the only evidence that the system is not very effective in ensuring children's needs are met.

More than two decades ago, the terms of reference for the Lund Committee included that the committee should “investigate the possibility of increasing parental financial support through the private maintenance system.”¹⁵ The underlying assumption was that greater contributions by parents could lessen the financial burden on the state.

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The Lund Committee's final report included a chapter and an appendix on the maintenance system. The chapter noted that the system was “in disarray” and detailed its many weaknesses.¹⁶ The appendix recommended a series of changes in court administration, training, police assistance, public education and law reform based on a workshop with maintenance-seekers, clerks, lawyers, a member of the South African Law Commission, academics and staff of non-governmental organisations. This appendix was forwarded to the commission.

Box 10: Looking beyond statutory law to customary law and beyond income to wealth

The Maintenance Act is part of statutory law. It applies to all people living in South Africa, whether or not they also consider themselves subject to customary, religious or other laws. It also applies regardless of whether they have made once-off payments such as *isondlo* for impregnating the mother.

Customary law, like statutory law, may have in-built biases reflecting particular conceptions of the family. One should not, however, assume that customary law is more patriarchal and biased against children than statutory law. The concept of “living” customary law that has been recognised and promoted in Constitutional Court rulings recognises that customary law can and does change over time to reflect changing norms and ways of living. For example, in the 2004 judgment in the *Bhe* case,¹⁷ the

judge ruled that the way in which the customary law rule of male primogeniture was applied in relation to inheritance was unconstitutional and invalid because it unfairly discriminated against women and children born outside of marriage. This judgment thus countered the norm of a nuclear family as well as gender inequalities.

The concept of living customary law is not simply an invention of the Constitutional Court. In survey research conducted in three different rural settings in South Africa – Msinga in KwaZulu-Natal, Keiskammahoek in the Eastern Cape and Ramatlabama in North West – there were clear indications that single women (whether never married or widowed), and particularly those with children, were markedly more likely to be allocated land in their own right after 1994 than before that date.¹⁸

Over subsequent years some of the proposed changes have been introduced as illustrated in the chapter on legislative and policy developments. For example, maintenance investigators have been employed (although far fewer than are required), payments can now be made into bank accounts rather than requiring monthly queuing, garnishee orders can be placed on the earnings of the non-resident parent, and non-payers can be blacklisted, among other things. However, the proposal that the amount of maintenance be determined through a formula, as is done in well-functioning systems in other countries, has not been pursued. Instead, the amount of maintenance is left to the discretion of the magistrate.¹⁹

A formula would reduce (a) the influence of the magistrate’s personal biases, (b) the possibility for the amount to be influenced by the relative power of the mother and father, and (c) the animosity that often accompanies arguments over the amounts (which may negatively affect the child). Magistrates are, however, generally reluctant to give up their discretionary powers.

There is an in-built bias against both the custodial parent and the children as it is accepted that the magistrate, when determining the amount of maintenance to be paid, will first allow for the non-custodial parent to have enough to support themselves before considering how much of the remaining income, if any, should be paid in maintenance. A similar protection of the custodial parent’s needs does not exist. The Lund Committee report cites a legal practitioner as follows: “If there is no money, that is the woman’s problem. If the

father can show his expenditure is more than his income, you can’t invoke an order.”²⁰

In addition, magistrates take into account the support obligations that the father has in respect of children from other relationships. While this is appropriate, as these children also have rights, it presents problems in a situation, such as that in South Africa, where a substantial proportion of men, including married men, may have more than one family.

The other major problem with the system is that many fathers are simply not able to pay maintenance because of unemployment or extremely low and/or irregular earnings. Maintenance is also inappropriate in cases where the whereabouts of the father are unknown, or there is a history of domestic violence.

Income support from the state

Section 27 of the Constitution explicitly states that when people are unable to support themselves and their dependents, the state must provide appropriate social assistance. The state is therefore also responsible for the financial maintenance of children when the parents and other family members who bear the primary responsibility cannot afford to provide adequately for them. By the end of March 2018, the CSG was paid to 12.3 million children every month.

There are important differences in the way child grants were targeted before and after 1998, and these differences reveal a change of understanding about the family contexts in which children live. The State Maintenance Grant (SMG) that was in place before this date was targeted at the children of

women who did not have access to a husband's earnings, for example on account of widowhood, divorce, abandonment or imprisonment of the husband. The SMG thus assumed a nuclear family made up of a married couple and their children, with the father's earnings as the primary income and the mother as a homemaker. This assumption did not match the reality of most South African children who lived in families of various shapes and sizes subject to ongoing changes, and where children might themselves move from one household to another during childhood.

The Lund Committee therefore developed an approach that focused on the child rather than the structure of the family. It proposed a grant targeted at an individual child, rather than the family grants that are found in many other countries. The recipient of the grant was to be the main person who cared for the child, whether a mother, father, grandparent or other person. And the grant was meant to "follow" the child if the situation changed, rather than to remain with the person who was the primary caregiver when the grant was first approved.

Substantial numbers of children lose the grant because it fails to follow the child when care arrangements change.

However recent analysis²¹ of administrative data on grants that lapsed during 2017 suggests that substantial numbers of children lose the grant because it fails to follow the child when care arrangements change. The main reason for lapsing was death, with up to 107,000 CSGs lapsing because the child's caregiver died.ⁱⁱⁱ Nearly 81,000 lapsed because the caregiver had not claimed the grant for three months. The reasons here could include that the beneficiary was ill or for some other reason unable to collect the grant, or that they and/or the child had moved. Another 71,000 grants had lapsed because the child was no longer "in the custody" of the beneficiary – in other words, the child was living with another caregiver. In total, nearly 340,000 children had their CSGs lapse for reasons that may be related to changing care arrangements. Where this happened, the child would have been through the upheaval of changing family arrangements or the trauma of losing a caregiver and then, in addition, lost the grant. These findings suggest that the grant may currently not be performing well in terms of "following" the child.

When people are unable to support themselves and their dependents, the state must provide appropriate social assistance.

In addition to child grants, the state has a package of social protection measures designed to reduce the costs of raising children for poor families. These include fee waivers for education, either through no-fee schools, or through partial or complete fee waivers for those who are exempted from paying fees at fee-charging schools in the public sector. Recipients of social grants are entitled to automatic fee exemptions if they enrol in schools that charge fees. For younger children, there is a small subsidy – R15 per day, per child – that is allocated to some ECD centres in respect of the poor children who attend.

Primary health care services, through clinics, are provided free of charge to everyone, while hospital services (secondary and tertiary levels) operate on a sliding tariff scale according to income. Children younger than six years, pregnant women and social grant beneficiaries are automatically exempt from paying for any public health services unless they are covered by private medical aid. Given that around two thirds of children receive social grants, most children are therefore eligible for free health care at all levels.

The government collects money from the population through taxes and other sources. Even the very poor contribute to national revenue because they, like everyone else, must pay VAT on the goods and services that they buy. The government budget, in turn, allocates money for public infrastructure and services, and for programmes targeted to poor families and children. These include social grants, subsidised housing and fee waivers for education and health. In this way, some redistribution is achieved. The important question is whether the value of transfers and quality of services are sufficient to reduce poverty and inequality substantially.

The state has a constitutional duty to provide financial support for children when families cannot do so, and it does this mainly through the CSG. But the grant is too small to cover even the basic nutrition of a child and does not cover the cost of other basic needs.

This chapter has shown that there is a clear relationship between household structure and income level, where children living in lone-parent and extended households are the worst off financially. The differences are partly the result

iii The codes given to the different reasons for lapsing in SOCPEN do not differentiate clearly between the death of the adult caregiver and the death of the child, but the vast majority of these deaths would be caregivers.

of household form. For example, households without child dependants would be expected to have higher per capita income than those with children. Secondly, households without a male adult tend to be poorer because men are

more likely than women to be employed and, if employed, tend to earn more than employed women. Finally, financial contributions by non-resident fathers are generally small, irregular or non-existent.

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- 3 See no. 2 above. P. A-20.
- 4 Statistics South Africa (2017) *General Household Survey 2016*. Pretoria: Stats SA. Analysis by Debbie Budlender.
- 5 See, for example: Deaton A & Zaidi S (2002) *Guidelines for Constructing Consumption Aggregates for Welfare Analysis*. LSMS Working Paper No. 135. Washington, DC: World Bank.
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- 12 See no. 9 above.
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- 14 Maintenance Act 99 of 1998
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- 17 See: Budlender D (2015) *Financial Support for Single Parents in Caring for their Children: Private child support and social assistance*. UN Women Multi-Country Office - Caribbean and the UNICEF Office for the Eastern Caribbean Area.
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- 20 See no. 15 above. P. 58.
- 21 K Hall (2018) Analysis of SOCPEN data, provided by SASSA on request. Unpublished.