

Income poverty, unemployment and social grants

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The Constitution of South Africa,¹ 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. 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 R575 in 2010. Per capita income is calculated by adding all reported income for household members older than 15 years, including social grants, and dividing the total household income by the number of household members.

One way of identifying how many children are living without enough resources to meet their needs is to use a poverty line and measure how many children live under it. As money is needed to access a range of services, income poverty is often closely related to poor health, reduced access to education, and physical environments that compromise personal safety. A lack of sufficient income can therefore compromise children’s rights to nutrition, education, and health care services, for example.

International law and the Constitution recognise the link between income and the realisation of basic human rights, and acknowledge that children have the right to social assistance (social grants) when families cannot meet children’s basic needs. Income poverty measures are therefore important for determining how many people are in need of social assistance, and for evaluating the state’s progress in realising the right to social assistance.

No poverty line is perfect. Using a single income measure tells us nothing about how resources are distributed between family members,

or how money is spent. But this measure does give some indication of how many children are living with severely constrained resources.

South Africa has very high rates of child poverty. In 2010, 60% of children lived below the lower poverty line (R575 per month). Child poverty rates have fallen consistently since 2003. Significant decreases in child poverty occur across all provinces except the Northern Cape. This poverty reduction is likely to be partly the result of a massive expansion in the reach of the Child Support Grant over the same period.

There are substantial differences in poverty rates across the provinces. Using the lower poverty line, over 70% of children in Limpopo and the Eastern Cape are poor. Gauteng and the Western Cape have the lowest child poverty rates – calculated at 38% and 31% respectively.

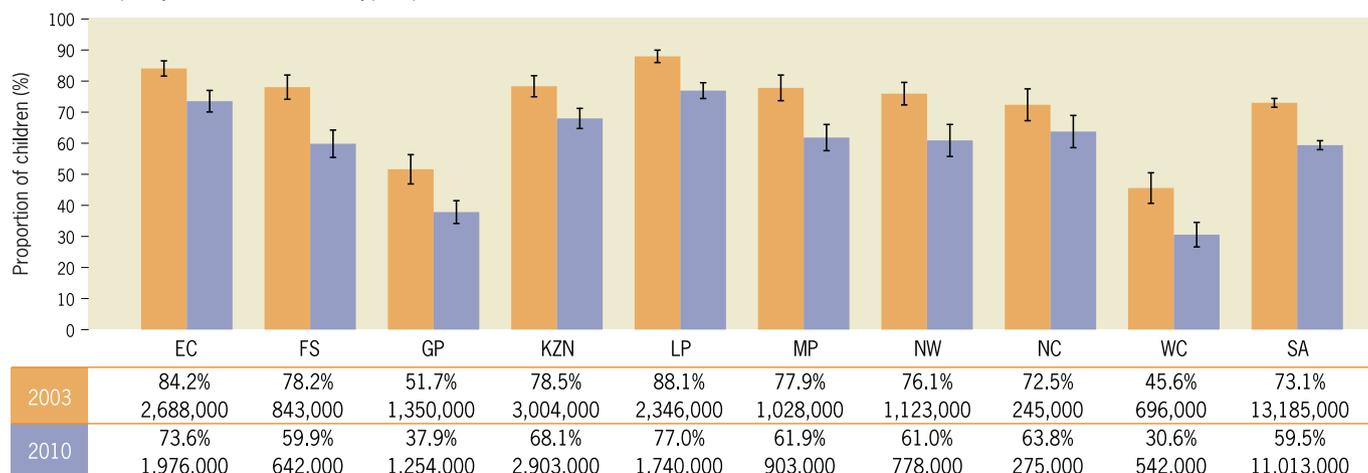
There are glaring racial disparities in income poverty: while two-thirds (67%) of African children lived in poor households in 2010, only 2% of White children lived below this poverty line, and poverty rates for Coloured and Indian children were 29% and 12% respectively.

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

Other poverty lines can be used to analyse and compare different levels of income poverty. See www.childrencount.ci.org.za for additional poverty lines (“upper-bound” and \$2-a-day).

Figure 2a: Children living in income poverty, 2003 & 2010

(“Lower-bound” poverty line: Households with monthly per capita income less than R575, in 2010 Rands)



Sources: Statistics South Africa (2004; 2011) *General Household Survey 2003; General Household Survey 2010*. Pretoria: Stats SA. Analysis by Katharine Hall, Children’s Institute, UCT.

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

This indicator measures unemployment from a children’s perspective and gives the number and proportion of children who live in households where no adults are employed in either the formal or informal sector. It therefore shows the proportion of children living in “unemployed” households where it is unlikely that any household members get income from labour or income-generating activities.

Unemployment in South Africa is a serious problem. In mid-2010 (the same time as the 2010 GHS), the official national unemployment rate was 23%.⁴ This rate 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 “discouraged work-seekers” who were unemployed but not actively looking for work in the month preceding the survey, would give a higher, more accurate, indication of unemployment. Gender differences in employment rates are relevant for children, who are more likely to co-reside with their mother than their father (see page 83). Unemployment rates remain considerably higher for women than for men.

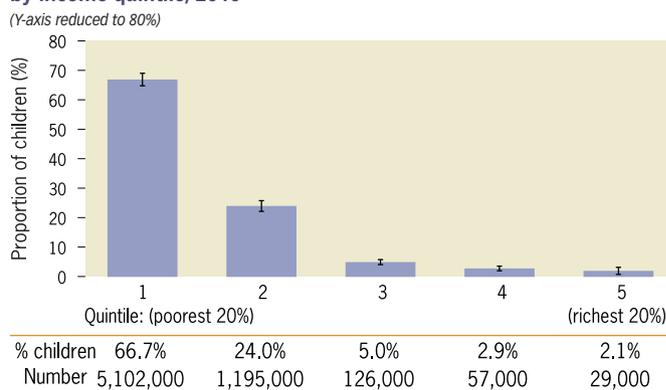
Apart from providing regular income, an employed adult may bring other benefits to the household, including health insurance, unemployment insurance and maternity leave that can contribute to children’s health, development and education. The definition of “employment” is derived from the Quarterly Labour 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 2010, 65% of children in South Africa lived in households with at least one working adult. The other 35% (over 6.5 million children) lived in households where no adults were working. There has been only a small decrease from 2003 to 2010, with the proportion of children who live in unemployed households hovering in the mid-30% despite an overall drop in the official unemployment rate from 28% to 23% over the same period.

This indicator is very closely related to the income poverty indicator in that provinces with relatively high proportions of children living in unemployed households also have high rates of child poverty. Gauteng and the Western Cape have the lowest levels of income poverty, and less than 20% of children in these provinces live in unemployed households. In contrast, around 50% of children in the Eastern Cape and Limpopo live in households without any employed adults. These two provinces are home to large numbers of children, and have the highest rates of child poverty.

Racial inequalities are striking: 40% of African children have no working adult at home, while 13% of Coloured children, 7% of Indian children and 3% of White children live in these circumstances. Unemployment is clearly associated with child poverty, with over five million children living without an employed adult in the poorest 20% of households.

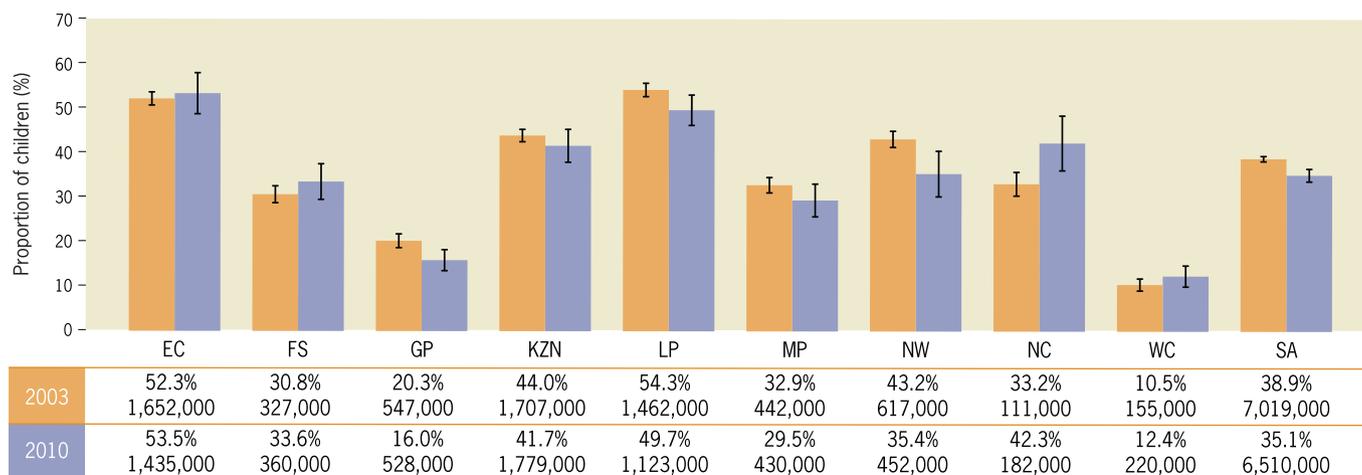
Figure 2c: Children in households with no employed adults, by income quintile, 2010



Source: Statistics South Africa (2011) *General Household Survey 2010*. Pretoria: Stats SA. Analysis by Katharine Hall, Children’s Institute, UCT.

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

(Y-axis reduced to 70%)



Sources: Statistics South Africa (2004) *Labour Force Survey 2003*. Pretoria: Stats SA; Statistics South Africa (2011) *General Household Survey 2010*. Pretoria: Stats SA. Analysis by Katharine Hall & Matt Chennells, 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, in July 2012, a monthly CSG of R280 was paid to over 11.2 million children aged 0 – 17 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 2012, children under 18 years are 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 a formula was introduced for calculating income threshold – set at 10 times the amount of the grant. Therefore the 2012 income threshold is R2,800 per month for a single caregiver (and R5,600 per month for the joint income of the caregiver and spouse, if the caregiver is married).

Using the 2004 GHS, it was calculated that 65% of all children under the age of 14 were eligible for the CSG in that they passed the old means test.⁶ Following the adjustment of the means test in 2008, the calculation was repeated, this time using the new means test and the 2007 GHS, which suggested that around 82% of children aged 0 – 13 years were eligible for the grant.⁷ Applying this eligibility rate to Stats SA mid-term population estimates for children aged 0 – 15 years (the eligible age group in 2010), it is estimated that 73% of eligible children were 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 2a: The number of children receiving the Child Support Grant, 2005 – 2012

Province	Number of child beneficiaries							
	2005	2006	2007	2008	2009	2010	2011	2012
Eastern Cape	1,078,442	1,413,830	1,497,736	1,491,223	1,605,479	1,707,445	1,788,842	1,860,405
Free State	361,318	417,076	441,397	457,169	494,433	547,694	591,301	627,663
Gauteng	723,432	862,346	926,179	969,267	1,067,729	1,207,344	1,325,598	1,434,186
KwaZulu-Natal	1,338,045	1,746,944	1,963,944	2,128,967	2,344,413	2,512,787	2,655,721	2,783,213
Limpopo	990,194	1,200,185	1,253,794	1,278,711	1,392,140	1,493,705	1,419,831	1,552,616
Mpumalanga	489,663	613,008	645,565	662,316	717,075	771,326	959,122	1,044,551
North West	465,242	604,525	613,002	637,557	682,991	742,699	758,041	823,899
Northern Cape	101,728	121,332	175,250	184,183	209,818	232,355	255,162	270,371
Western Cape	365,655	431,514	458,980	480,394	557,784	666,577	756,129	830,928
South Africa	5,913,719	7,410,760	7,975,847	8,289,787	9,071,862	9,881,932	10,509,747	11,227,832
CSG amount	R 180	R 190	R 200	R 220	R 240	R 250	R 270	R 280

Source: South African Social Security Agency (2005 – 2012) 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), in 2010 to children aged 15 years (under-16s), and in 2011 to children aged 16 (under-17s). In 2012, 17-year-olds also became eligible to receive the grant.

The number of children receiving the Foster Child Grant

This indicator shows the number of children who are accessing the Foster Child Grant (FCG) in South Africa, as recorded in the SOCPEN administrative data system of the SASSA.

The FCG is available to foster parents who have a child placed in their care by an order of the court. It is a non-contributory cash grant valued at R770 per month in 2012. The grant was initially intended as financial support for children removed from their families and placed in foster care for protection in situations of abuse or neglect. However, it is increasingly used to provide financial support to caregivers of children who have lost their biological parents because of the AIDS pandemic. The appropriateness and effectiveness of this approach have been questioned.⁹

The number of FCG grants has doubled since 2004, with figures increasing by more than 100% in the Eastern Cape, KwaZulu-Natal, Limpopo and Mpumalanga. Take-up varies substantially between provinces, and nearly half of all grants go to just two provinces: KwaZulu-

Natal (151,000) and Eastern Cape (124,000). By July 2012, 573,000 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 the grants of children who turned 18 are 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. For more information and the latest policy developments, see pp. 14 – 16.

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 2b: The number of children receiving the Foster Child Grant, 2005 – 2012

Province	Number of child beneficiaries							
	2005	2006	2007	2008	2009	2010	2011	2012
Eastern Cape	53,383	68,197	81,404	92,556	86,176	107,781	115,110	124,291
Free State	33,653	40,712	45,122	48,685	49,030	45,506	47,386	46,542
Gauteng	34,647	40,576	51,719	59,405	64,047	64,775	61,522	59,347
KwaZulu-Natal	57,351	81,420	111,582	113,459	137,463	126,719	143,466	150,898
Limpopo	25,615	36,020	44,201	50,709	55,689	57,051	54,504	61,740
Mpumalanga	12,662	18,252	21,813	25,664	29,293	27,428	33,219	35,515
North West	19,000	27,737	31,821	38,351	43,656	36,803	44,148	49,077
Northern Cape	9,480	11,462	14,494	15,376	16,307	15,855	16,187	15,588
Western Cape	26,026	27,326	28,735	28,955	29,818	19,692	29,681	29,905
South Africa	271,817	351,702	430,891	473,160	511,479	510,298	545,223	572,903
FCG amount	R 560	R 590	R 620	R 650	R 680	R 710	R 740	R 770

Source: South African Social Security Agency (2005 – 2012) SOCPEN database – special request. Pretoria: SASSA.

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

The number of children receiving the Care Dependency Grant

This indicator shows the number of children who are accessing the Care Dependency Grant (CDG) in South Africa, as recorded in the SOCPEN administrative data system of the SASSA.

The CDG is a non-contributory monthly cash transfer to caregivers of children with severe disabilities who require permanent care. 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.

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.¹⁰

It is not possible to calculate a take-up rate for the CDG because there is little data on the number of children who are living with disabilities in South Africa, or who are in need of permanent care. In mid-2012, nearly 120,000 children were receiving the CDG, then valued at R1,200 per month.

The provincial distribution of CDGs is fairly consistent with the distribution of children. The provinces with the largest numbers of children, KwaZulu-Natal and the Eastern Cape, receive the largest share of CDGs. There has been a consistent and gradual increase in access to the CDG since 2005.

Table 2c: The number of children receiving the Care Dependency Grant, 2005 – 2012

Province	Number of child beneficiaries							
	2005	2006	2007	2008	2009	2010	2011	2012
Eastern Cape	19,925	20,367	20,253	19,269	19,452	18,523	18,392	18,267
Free State	3,401	3,679	3,924	4,187	4,325	4,501	4,927	5,559
Gauteng	11,468	12,140	12,667	12,740	13,020	13,381	13,919	14,528
KwaZulu-Natal	20,994	24,098	27,855	30,878	32,798	33,551	34,328	35,513
Limpopo	9,609	10,553	11,396	12,004	12,475	12,098	11,191	11,554
Mpumalanga	4,273	4,532	5,018	5,449	5,758	5,755	7,539	8,270
North West	6,961	7,791	7,795	8,542	9,022	8,891	8,653	8,971
Northern Cape	2,186	2,582	3,403	3,642	3,873	3,911	4,156	4,356
Western Cape	6,881	7,111	7,310	7,503	8,365	8,892	9,516	10,238
South Africa	85,698	92,853	99,621	104,214	109,088	109,503	112,621	117,256
FCG amount	R 780	R 820	R 870	R 940	R 1,010	R 1,080	R 1,140	R 1,200

Source: South African Social Security Agency (2005 – 2012) SOCPEN database – special request. Pretoria: SASSA.

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

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