

# Income poverty, unemployment and social grants

Katharine Hall and Winnie Sambu (Children's Institute, University of Cape Town)

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".<sup>1</sup>

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".<sup>2</sup>

## Children living in income poverty

This indicator shows the number and share 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 affect children's rights to nutrition, education, and health care services.

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.

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 R965 in 2015. 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.

Statistics South Africa proposed two other poverty lines:

- A "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.

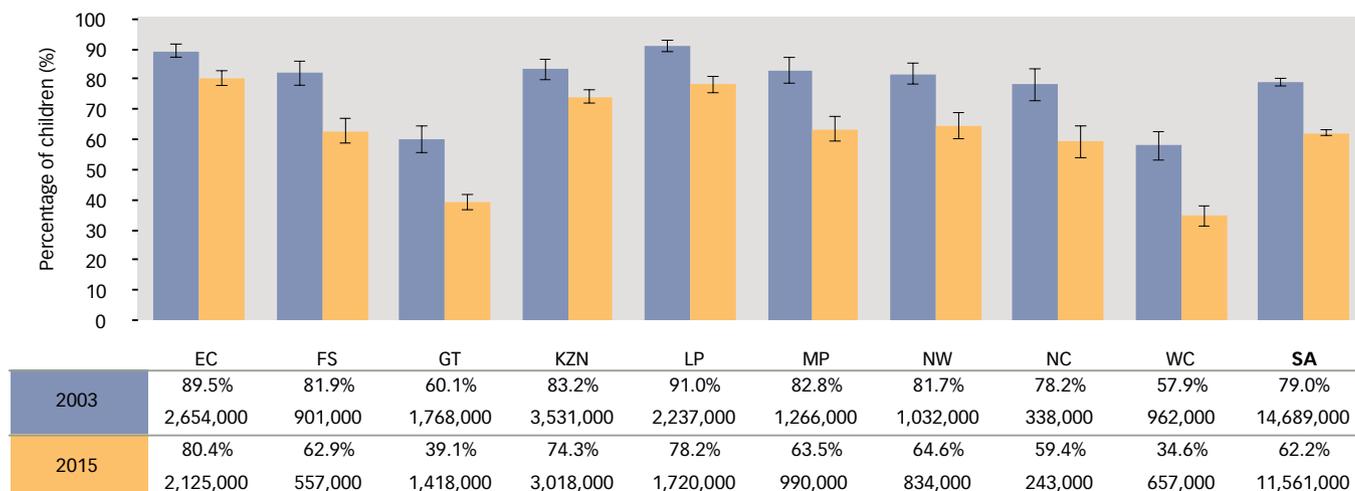
- A "food poverty" line is based on the cost of the minimum nutritional requirement of 2,100 kilocalories per person per day, without any allowance for non-food basic necessities. The value of the food poverty line in 2011 prices was R335 per person per month. Anyone living below this line will be malnourished and their health and survival may be at risk.

The Children Count website ([www.childrencount.uct.ac.za](http://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 the only poverty line that meets the minimum requirement for children's basic needs.

South Africa has very high rates of child poverty. In 2015, 62% of children lived below the upper bound poverty line. Income poverty rates have fallen substantially since 2003, when 79% (14.7 million) children were defined as "poor" at this income threshold. The reduction in the child poverty headcount is partly 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 poverty: in 2015, 11.6 million children lived below the upper bound poverty line.

Figure 2a: Children living in income poverty, by province, 2003 & 2015

("Upper bound" poverty line: Households with monthly per capita income less than R965, in 2015 Rands)



Source: Statistics South Africa (2004; 2016) *General Household Survey 2003; General Household Survey 2015*. Pretoria: Stats SA. Analysis by Katharine Hall & Winnie Sambu, Children's Institute, UCT.

There are substantial differences in poverty rates across the provinces. Using the upper bound poverty line, over three-quarters of children in Limpopo and the Eastern Cape are poor. Gauteng and the Western Cape have the lowest child poverty rates – at 39% and 35% respectively. Child poverty remains most prominent in the rural areas of the former homelands, where 83% of children are below the poverty line. The urban child poverty rate, by contrast, is 47%.

There are glaring racial disparities in income poverty: while nearly 70% of African children lived in poor households in 2015, and 39% of Coloured children were defined as poor, only 4% of White 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.

Using Statistics South Africa’s lower bound poverty line (which does not provide enough for basic essentials), 46% of children were poor in 2015, and 29% (5 million children) were below the food poverty line, meaning that they were not getting enough nutrition.

The international ultra poverty line used to track progress towards the Millennium Development Goals (MDGs) was \$1.25 per person per

day. This translated to R210 per person per month in 2015, using the International Monetary Fund 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 2015, the deadline for the MDGs, this had reduced to 12%. While this means that South Africa technically met the goal of halving the proportion of children living below the international poverty line, it still means 2.2 million children in extreme poverty.

This is now the baseline for the Sustainable Development Goals, which replaced the MDGs as a global agenda for development by 2030. Target 1.1 is to eradicate extreme poverty, using the same international poverty line of \$1.25 per person per day. Target 1.2 is that by 2030 countries should reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions, according to national definitions. In terms of income poverty, this would mean reducing the number of children below the upper poverty line by six million.

## 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 continues to be a serious problem. The official national unemployment rate was 25.5% in the third quarter of 2015.<sup>3</sup> 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) and 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 34.4%. 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 (narrowly defined) remain higher for women (27.9%) than for men (23.5%).<sup>4</sup>

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 2015, 69% of children in South Africa lived in households with at least one working adult. The other 31% (5.7 million children) lived in households where no adults were working. The number of children living in workless households has decreased by two million since 2003, when 42% of children lived in households where there was no employment.

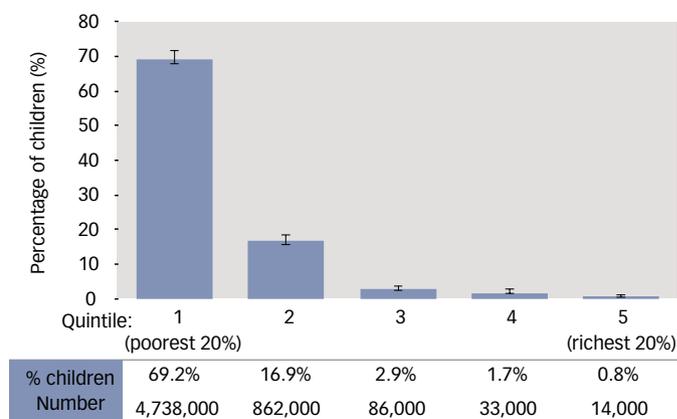
This indicator is very closely related to the income poverty indicator in that provinces with relatively high proportions of children living in unemployed households also have high rates of child poverty. Nearly 50% of children in the Eastern Cape and Limpopo live in households

without any employed adults. These two provinces are home to large numbers of children, and have the highest rates of child poverty. In contrast, Gauteng and the Western Cape have the lowest poverty rates, and the lowest unemployment rates.

Racial inequalities are striking: 35% of African children have no working adult at home, while 14% of Coloured children, 7% of Indian and 5% of 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, 50% of children live in households where nobody works.

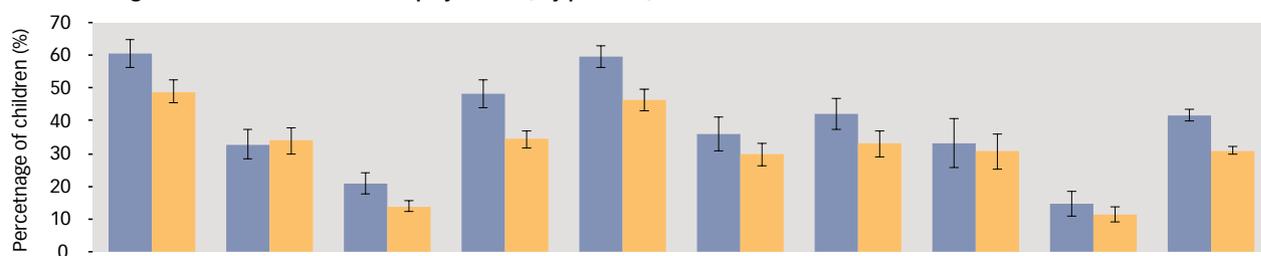
Income inequality is clearly associated with unemployment. Nearly 70% of children in the poorest income quintile (4.7 million) live in households where no adults are employed.

**Figure 2b: Children living in households without an employed adult, by income quintile, 2015**



Source: Statistics South Africa (2016) *General Household Survey 2015*. Pretoria: Stats SA. Analysis by Katharine Hall & Winnie Sambu, Children’s Institute, UCT.

Figure 2c: Children living in households without an employed adult, by province, 2003 & 2015



	EC	FS	GT	KZN	LP	MP	NW	NC	WC	SA
<b>2003</b>	60.4%	32.7%	20.9%	48.1%	59.5%	35.9%	42.0%	33.2%	14.6%	41.6%
	1,790,000	359,000	614,000	2,041,000	1,462,000	548,000	531,000	144,000	243,000	7,733,000
<b>2015</b>	48.9%	33.9%	13.8%	34.3%	46.4%	29.6%	32.9%	30.5%	11.3%	30.9%
	1,292,000	300,000	502,000	1,392,000	1,020,000	462,000	425,000	125,000	215,000	5,732,000

Source: Statistics South Africa (2004; 2016) *General Household Survey 2003; General Household Survey 2015*. Pretoria: Stats SA. Analysis by Katharine Hall & Winnie Sambu, Children’s Institute, UCT.

## 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.

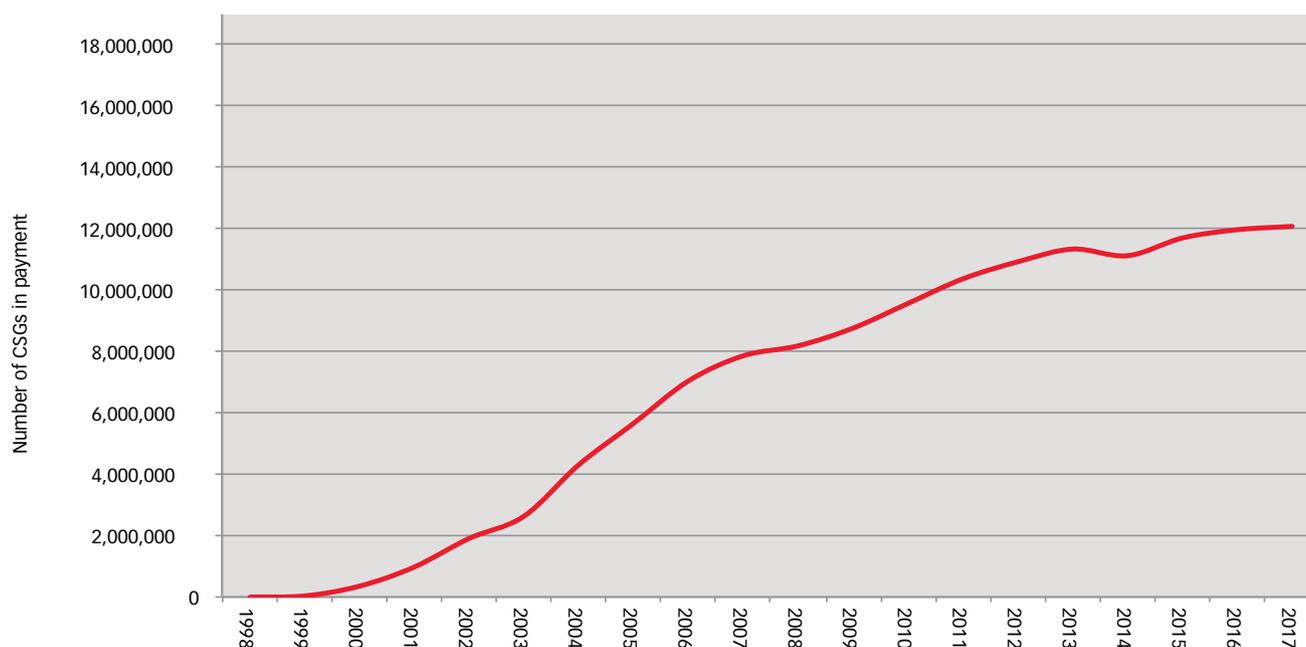
Introduced in 1998 with an initial value of R100, the CSG has become the single biggest programme for alleviating child poverty in South Africa. Take-up of the CSG has increased dramatically over the years, and the grant amount is increased slightly each year, more or less keeping pace with overall inflation. At the end of March 2017,

a monthly CSG of R360 was paid to 12,081,375 children aged 0 – 17 years. The value of the CSG increased to R380 per month from the beginning of April 2017.

There have been two important changes in eligibility criteria. The first concerns age eligibility. Initially the CSG was only available for children under seven 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. The income threshold remained static for 10 years until a formula was introduced – set at 10 times the amount of the grant. This means that every time the grant is increased, the means test also increases. From April 2017 the income threshold is R3,800 per month for a single caregiver and R7,600 per month for the joint income of the caregiver and spouse, if the caregiver is married.

Figure 2d: Children receiving the Child Support Grant, 1998 – 2017



Sources: 1998 – 2007: National Treasury Intergovernmental Fiscal Reviews. 2008 – 2017: South African Social Security Agency SOCPEN monthly reports, by special request.

**Table 2a: Children receiving the Child Support Grant, by province and age group, 2017**

Province	Number of child beneficiaries at end March 2017			
	0 – 5 years	6 – 11 years	12 – 17 years	TOTAL
Eastern Cape	636,457	698,950	540,941	1,876,348
Free State	229,649	252,914	193,557	676,120
Gauteng	636,270	658,979	480,998	1,776,247
KwaZulu-Natal	951,437	1,021,184	815,979	2,788,600
Limpopo	677,455	631,387	471,168	1,780,010
Mpumalanga	377,478	382,088	307,673	1,067,239
North West	293,951	304,087	232,139	830,177
Northern Cape	109,255	107,936	86,008	303,199
Western Cape	334,554	372,761	276,120	983,435
<b>South Africa</b>	<b>4,246,506</b>	<b>4,430,286</b>	<b>3,404,583</b>	<b>12,081,375</b>

Source: South African Social Security Agency (2017) SOCPEN database – special request. Pretoria: SASSA.

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.<sup>5</sup>

Given the positive and cumulative effects of the grant, it is important that caregivers are able to access it for their children as

## 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 R920 per month from April 2017. 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. The relatively large value of the grant, compared to the CSG, is justified on the basis that the child is technically a ward of the state, and the state is therefore directly responsible for all the child's needs. However, the FCG has increasingly been used to provide financial support to caregivers of children who are orphaned and has effectively been used as a poverty alleviation grant for orphans in kinship care. The appropriateness and effectiveness of this approach was questioned as far back as 2003, particularly in light of the fact that many children live with kin, whether or not their parents are alive.<sup>8</sup>

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 FCG. 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.

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 exclusion rates for eligible infants under a year were as high as 43% in 2014, up only three percentage points from 47% in 2008. Exclusion rates were found to be highest in the Western Cape and Gauteng. The total rate of exclusion for all ages is 17.5% (over 1.8 million children).<sup>6</sup> Barriers to up-take 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 up-take amongst children younger than two and children older than 15 and the infant up-take rate appears to have increased from 50% in 2011 to 57% in 2014.<sup>7</sup>

In 2016 and early 2017 there was widespread concern that grant payments would be disrupted when SASSA's controversial contract with Cash Paymaster Services (CPS) came to an end in March 2017. The invalid contract with CPS could not be further extended without the Constitutional Court's permission, an alternative service provider had not been appointed, and SASSA did not yet have the capacity to take over the payment system. Civil society approached the Constitutional Court for assistance to prevent a disruption in grant payments. As a result, the Constitutional Court ordered that CPS should continue paying grants until 31 March 2018 and imposed a supervisory order to enable the Court (assisted by an independent expert committee) to monitor SASSA's progress towards appointing an alternative service provider or developing in-house capacity.

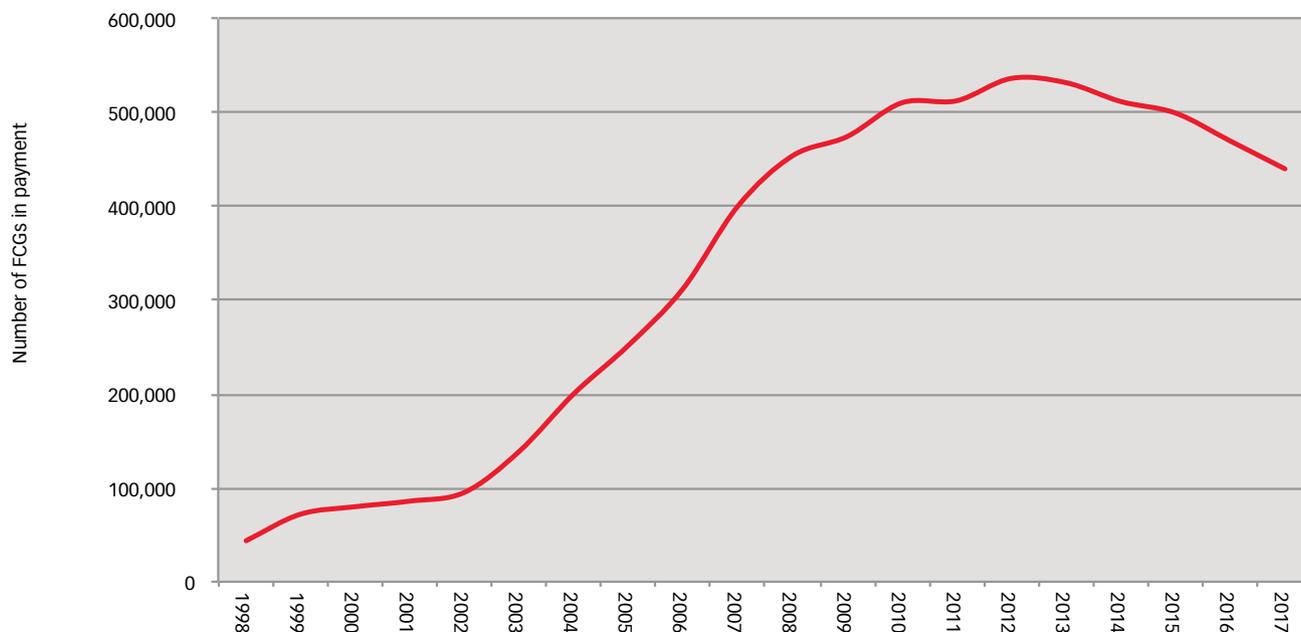
**Table 2b: Children receiving the Foster Child Grant, by province, 2012 & 2017**

Province	2012	2017	Difference	% difference
Eastern Cape	116,826	104,910	-11,916	-10%
Free State	43,311	33,195	-10,116	-23%
Gauteng	56,451	50,379	-6,072	-11%
KwaZulu-Natal	142,114	92,060	-50,054	-35%
Limpopo	56,066	47,921	-8,145	-15%
Mpumalanga	32,886	32,087	-799	-2%
North West	45,634	35,134	-10,500	-23%
Northern Cape	14,456	13,657	-799	-6%
Western Cape	29,003	30,945	1,942	7%
<b>South Africa</b>	<b>536,747</b>	<b>440,288</b>	<b>-96,459</b>	<b>-18%</b>

Source: South African Social Security Agency (2012; 2017) SOCPEN database – special request. Pretoria: SASSA.

However, by 2010 over 500,000 FCGs were in payment and the foster care system was struggling to keep pace with the numbers due to the required initial investigations and reports by social workers, court-ordered placements, and additional two-yearly social worker reviews and court-ordered extensions. SASSA is not allowed to pay the FCG without a valid court order or extension order, and over 110,000 FCGs lapsed between April 2009 and March 2011 because of backlogs in the extensions of court orders.<sup>9</sup>

Figure 2e: Children receiving the Foster Child Grant, 1998 – 2017



Source: South African Social Security Agency (2009 – 2017) SOCPEN database – special request. Pretoria: SASSA.

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.<sup>10</sup> Yet no policy solution had been 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 2012 the number of FCGs has 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.<sup>11</sup> The grants remained in payment only because of the High Court order which prevented them from lapsing. In March 2017,

440,000 FCGs were paid each month to caregivers of children in foster care, substantially down from 2012 when 537,000 grants were in payment. The FCG is therefore now back to below 2008 levels. The most dramatic drop has been in KwaZulu-Natal, where the number of FCGs fell by 35%, from 142,000 to under 100,000.

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 high 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. An option currently under consideration is to provide a larger CSG for orphaned children living with kin (colloquially called the “CSG top-up”). This would create inequalities in grant values between different categories of children living in the same levels of poverty, but may alleviate the pressure on welfare services caused by high foster care caseloads.<sup>12</sup>

## 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 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 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 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 no reliable 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 2017, 145,000 children were receiving the CDG, and from the beginning of April 2017, the grant was valued at R1,700 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 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, 2017**

Province	Children
Eastern Cape	22,370
Free State	7,880
Gauteng	18,536
KwaZulu-Natal	39,871
Limpopo	14,968
Mpumalanga	10,995
North West	10,003
Northern Cape	5,987
Western Cape	14,342
<b>South Africa</b>	<b>144,952</b>

**Source:** South African Social Security Agency (2017) SOCPEN database – special request. Pretoria: SASSA.

## 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.
- 3 Statistics South Africa (2015) *Quarterly Labour Force Survey: Quarter 3, 2015. Statistical Release P0211*. Pretoria: Stats SA.
- 4 See no. 3 above.
- 5 For an overview of impacts, see: Grinspun A (2016) No small change: The multiple impacts of the Child Support Grant on child and adolescent well-being. In: Delany A, Jehoma S & Lake L (eds) *South African Child Gauge 2016*. Cape Town: Children's Institute, UCT; See also: Coetzee M (2014) *Do Poor Children Really Benefit from the Child Support Grant?* Econ3x3 Working Paper, 10 July 2014. Accessed 14 July: [www.econ3x3.org/article/do-poor-children-really-benefit-child-support-grant](http://www.econ3x3.org/article/do-poor-children-really-benefit-child-support-grant); Coetzee M (2013) Finding the benefits: Estimating the impact of the South African child support grant. *South African Journal of Economics*, 81(3): 427-450; Department of Social Development, South African Social Security Agency & UNICEF (2012) *The South African Child Support Grant Impact Assessment: Evidence from a Survey of Children, Adolescents and their Households*. Pretoria: UNICEF South Africa; Woolard I & Leibbrandt M (2010) *The Evolution and Impact of Unconditional Cash Transfers in South Africa*. SALDRU Working Paper 51. Southern Africa Labour and Development Research Unit, UCT; Agüero JM, Carter M & Woolard I (2009) *The Impact of Unconditional Cash Transfers on Nutrition: The South African Child Support Grant*. Working Paper, International Policy Centre for Inclusive Growth; Samson M, Heinrich C, Williams M, Kaniki S, Muzondo T, Quene KM & Van Niekerk I (2008) *Quantitative Analysis of the Impact of the Child Support Grant*. Produced by the Economic Policy Research Institute for the Department of Social Development, SASSA & UNICEF. Pretoria: UNICEF; Budlender D & Woolard I (2006) *The Impact of the South African Child Support and Old Age Grants on Children's Schooling and Work*. Geneva: International Labour Office; Case A, Hosegood V & Lund F (2005) The reach and impact of Child Support Grants: Evidence from KwaZulu-Natal. In: *Development Southern Africa*, 22(4), October 2005: 467-482;
- 6 Samson M, Lee U, Ndlebe A, Mac Quene K, Van Niekerk I, Ghandi V, Harigaya T & Abrahams C (2004) *The Social and Economic Impact of South Africa's Social Security System*. Commissioned by the Department of Social Development. Cape Town: Economic Policy Research Institute.
- 7 Department of Social Development, South African Social Security Agency & UNICEF (2016) *Removing Barriers to Accessing Child Grants: Progress in reducing exclusion from South Africa's Child Support Grant*. Pretoria: UNICEF South Africa.
- 8 South Africa Social Security Agency & UNICEF (2013) *Preventing Exclusion from the Child Support Grant: A Study of Exclusion Errors in Accessing CSG Benefits*; See no. 6 above.
- 9 Meintjes H, Budlender D, Giese S & Johnson L (2003) *Children 'in Need of Care' or in Need of Cash? Questioning Social Security Provisions for Orphans in the Context of the South African AIDS Pandemic*. Joint working paper of the Children's Institute & the Centre for Actuarial Research, UCT.
- 10 Hall K & Proudlock P (2011) *Orphaning and the Foster Child Grant: A Return to the 'Care or Cash' Debate*. Children Count brief, July 2011. Cape Town: Children's Institute, UCT; Proudlock P (2012) *The Case of Child SS and 1.1 Million Others like Him – Orphan Children in Need of Social Assistance*. Paper presented at "Towards Carnegie3: Strategies to Overcome Poverty & Inequality" conference, 3 – 7 September 2012, UCT; Skelton A (2012) *The Story of 110 000 Foster Child Grants that Stopped Being Paid in 2010/2011*. Paper presented at "Towards Carnegie3: Strategies to Overcome Poverty & Inequality" conference, 3 – 7 September 2012, UCT.
- 11 *Centre for Child Law v Minister of Social Development and Others*, North Gauteng High Court, Case no. 21726/11.
- 12 Department of Social Development (2014) Annexure to urgent application to the High Court In: *Re: Centre for Child Law v Minister of Social Development and Others*. Unreported case 21726/110. December 2014.
- 13 For more detail on the foster care crisis and the proposed CSG top-up, see: Hall K, Skelton A & Sibanda S (2016) Social assistance for orphaned children living with family. In: Delany A, Jehoma S & Lake L (eds) *South African Child Gauge 2016*. Cape Town: Children's Institute, UCT.