

# Income poverty, unemployment and social grants

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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.

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 need 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. Poverty lines increase with inflation and in 2017 the real

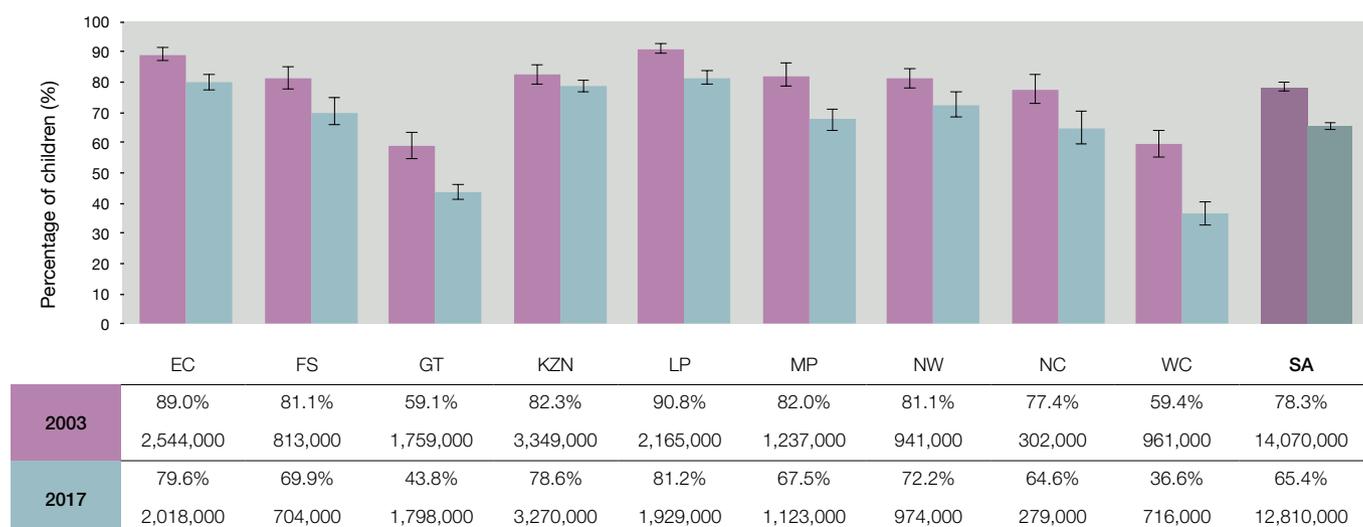
value of the upper-bound line was R1,138.<sup>3</sup> Per capita income is calculated by adding all reported income for household members older than 15 years, and social grants received by anyone in the household, and dividing the total household income by the number of household members.

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 (R758 in 2017 prices). *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 (R531 in 2017). *Anyone living below this line will be malnourished and their health and survival may be at risk.*

**Figure 2a: Children living in income poverty, by province, 2003 & 2017**

(Upper-bound poverty line: Households with monthly per capita income less than R1,138, in 2017 rands)



Source: Statistics South Africa (2003; 2018) *General Household Survey 2002; General Household Survey 2017*. Pretoria: Stats SA.  
Analysis by Katharine Hall & Winnie Sambu, Children’s Institute, UCT.

We use the upper-bound poverty line as our indicator for tracking child poverty 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 2017, 65% of children lived below the upper-bound poverty line. Income poverty rates have fallen substantially since 2003, when 78% (14.1 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 2017, 12.8 million children lived below the upper-bound poverty line.

There are substantial differences in poverty rates across the provinces. Using the upper-bound poverty line, more than three quarters of children in Limpopo, Eastern Cape, and KwaZulu-Natal are poor. Gauteng and the Western Cape have the lowest child poverty rates – at 44% and 37% respectively. Child poverty remains most prominent in the rural areas of the former homelands, where 86% of children are below the poverty line. The urban child poverty rate, by contrast, is 51%.

There are glaring racial disparities in income poverty: while 72% of African children lived in poor households in 2017, and 45% of Coloured children were defined as poor, only 2% 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), 50% of children (9.8 million) were poor in 2017, and 36% (7 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 Sustainable Development Goals (SDGs) is \$1.90 per person per day. This translated to R351 per person per month in 2017, using the IMF 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, 52% of children (9.3 million) lived below the equivalent of the SDG poverty line. By 2017, this decreased to 22% (4.3 million).

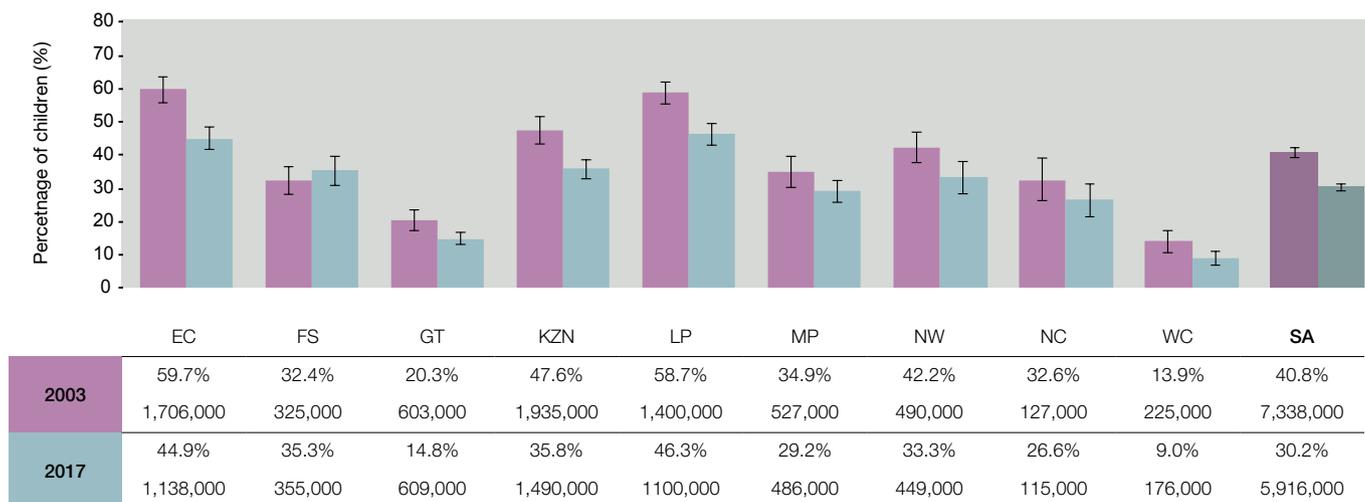
The Sustainable Development Goals replaced the Millennium Development Goals in 2015 and set the global agenda for development by 2030. Target 1.1 is to eradicate extreme poverty using the same international poverty line of \$1.90 per person per day. Target 1.2 is that by 2030 countries should reduce by at least 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-bound poverty line by at least two 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 27.7% in the third quarter of 2017.<sup>4</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

**Figure 2b: Children living in households without an employed adult, by province, 2003 & 2017**



Source: Statistics South Africa (2004; 2018) *General Household Survey 2003*; *General Household Survey 2017*. Pretoria: Stats SA. Analysis by Katharine Hall & Winnie Sambu, Children's Institute, UCT.

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 36.8%. Gender differences in employment 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 (29.8%) than for men (26%).<sup>5</sup>

Apart from providing regular income, an employed adult may bring other benefits to the household, including health insurance, unemployment insurance and parental 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 2017, 70% of children in South Africa lived in households with at least one working adult. The other 30% (5.9 million children) lived in households where no adults were working. The number of children living in workless households has decreased by 1.4 million since 2003, when 41% 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: 34% of African children have no working adult at home, while 11% of Coloured children, 6% of Indian children and 4% 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 households where there is no employment. In the rural former homelands, 49% of children live in households where nobody works.

Income inequality is clearly associated with unemployment. Two thirds of children in the poorest income quintile (5.1 million) live in households where no adults are employed.

## 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 can 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 2018, a monthly CSG of R400 was paid to 12,274,000 children aged 0 – 17 years. The value of the CSG increased to R410 per month from the beginning of October 2018.

There have been two important changes in eligibility criteria. The first concerns age eligibility. Initially the CSG was only available for children younger than 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 2018 the income threshold was R4,000 per month for a single caregiver and R8,000 per month for the joint income of the caregiver and spouse, if the

caregiver is married. These increased to R4,100 and R8,200 per month respectively in October.

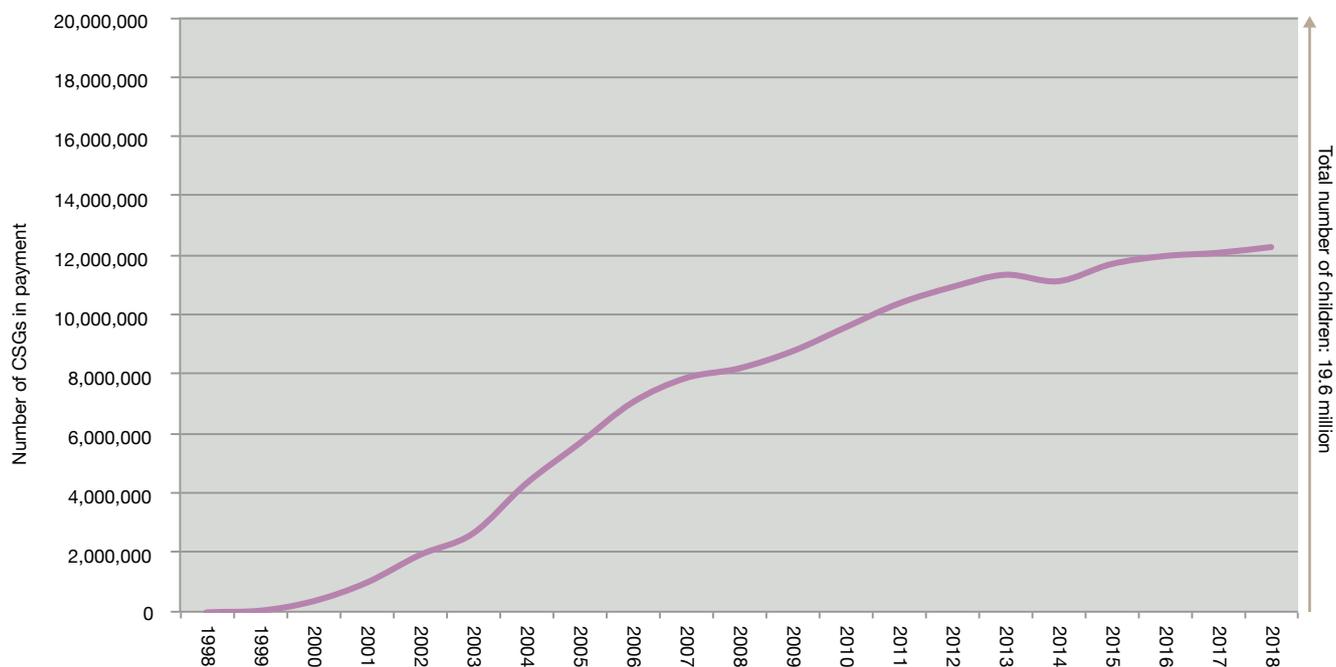
There is substantial evidence that grants, including the CSG, are being spent on food, education and basic goods and services. This evidence shows that the grant not only helps to alleviate income poverty and realise children’s right to social assistance, but is also associated with improved nutritional, health and education outcomes.<sup>6</sup>

**Table 2a: Children receiving the Child Support Grant, by province and age group, 2018**

Province	Number of child beneficiaries at end March 2018			
	0 – 5 years	6 – 11 years	12 – 17 years	TOTAL
Eastern Cape	622,010	707,208	568,666	1,897,884
Free State	224,669	255,707	205,729	686,105
Gauteng	633,484	685,320	517,720	1,836,524
KwaZulu-Natal	926,784	1,023,433	842,510	2,792,727
Limpopo	669,434	651,813	492,598	1,813,845
Mpumalanga	376,032	390,262	320,641	1,086,935
North West	288,806	311,490	244,318	844,614
Northern Cape	108,768	110,441	89,921	309,130
Western Cape	329,545	383,669	292,922	1,006,136
<b>South Africa</b>	<b>4,179,532</b>	<b>4,519,343</b>	<b>3,575,025</b>	<b>12,273,900</b>

Source: South African Social Security Agency (2018) SOCPEN database – special request. Pretoria: SASSA.

**Figure 2c: Children receiving the Child Support Grant, 1998 – 2018**



Sources: 1998 – 2007: National Treasury Intergovernmental Fiscal Reviews. 2008 – 2018: South African Social Security Agency SOCPEN monthly reports, by special request.

Given the positive and cumulative effects of the grant, it is important that caregivers are able to access it for their children as 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 was estimated at 17.5% (more than 1.8 million children).<sup>7</sup> Barriers to take-up 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).

### 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 R960 per month from April 2018. 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 because many children live with kin, whether or not their parents are alive.<sup>8</sup>

The number of FCGs remained stable for many years when foster care applied mainly to children who were in need of care

and protection because of abuse or neglect, or because they were awaiting adoption. 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. During the subsequent 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.

However, by 2010 more than 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 more than 110,000 FCGs lapsed between April 2009 and March 2011 because of backlogs in the extensions of court orders.<sup>9</sup>

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 2018.

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 more than 60% of all foster care placements.<sup>11</sup> The grants remained in payment only because of a High Court order which prevented them from lapsing. In March 2018, 416,000 FCGs were paid 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 92,000.

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. If all double orphans were to be placed in foster care, this would require just over 500,000 foster care placements, excluding those who need to be placed in foster care because they are awaiting adoption or have been removed from their families for reasons

**Table 2b: Children receiving the Foster Child Grant, by province, 2012 & 2018**

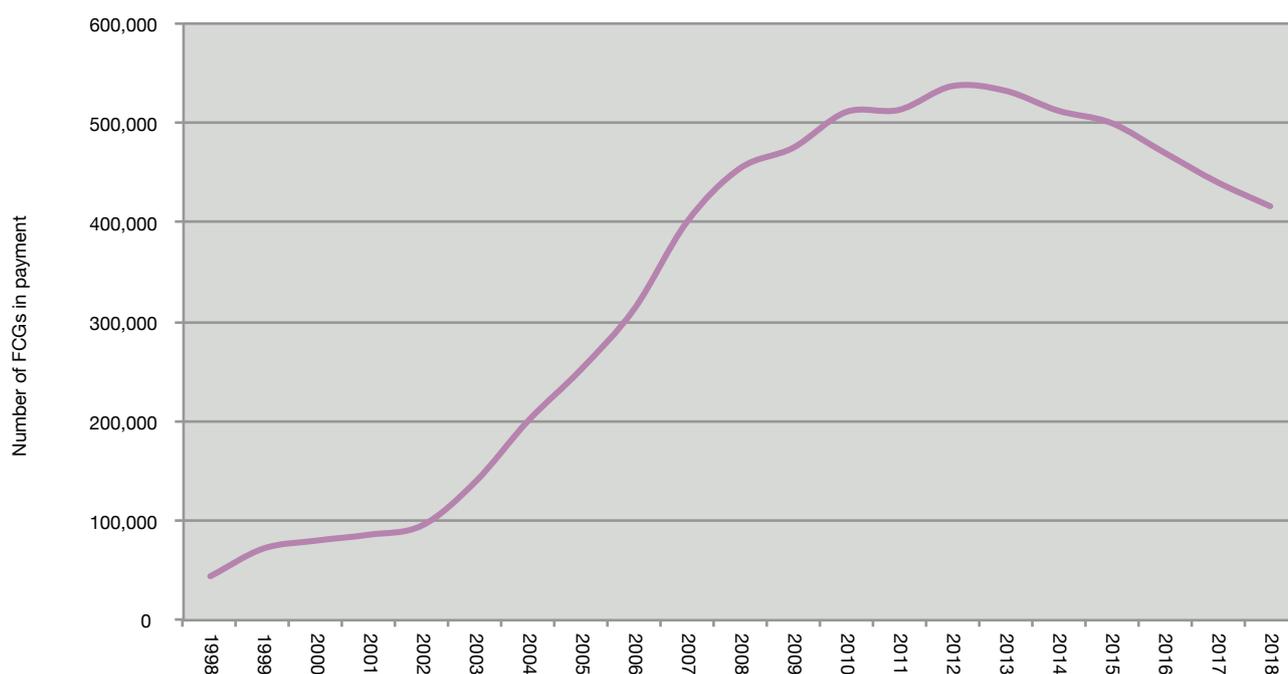
Province	2012	2018	Difference	% difference
Eastern Cape	116,826	99,033	-17,793	-15%
Free State	43,311	30,991	-12,320	-28%
Gauteng	56,451	48,132	-8,319	-15%
KwaZulu-Natal	142,114	83,525	-58,589	-41%
Limpopo	56,066	46,341	-9,725	-17%
Mpumalanga	32,886	30,351	-2,535	-8%
North West	45,634	33,094	-12,540	-27%
Northern Cape	14,456	12,880	-1,576	-11%
Western Cape	29,003	31,669	2,666	9%
<b>South Africa</b>	<b>536,747</b>	<b>416,016</b>	<b>-120,731</b>	<b>-22%</b>

Source: South African Social Security Agency (2012; 2018) SOCPEN database – special request. Pretoria: SASSA.

of abuse or neglect. This would once again send the number of children in foster care well above half a million – a level that the system has not previously been able to support.

The systemic problems that caused FCGs to lapse and reduced social worker capacity to respond to children in need of protection services will need to be addressed through legislative amendment to clarify the eligibility criteria for foster care. An option currently under consideration is to provide a larger CSG for orphaned children living with kin (colloquially called the

**Figure 2d: Children receiving the Foster Child Grant, 1998 – 2018**



Source: South African Social Security Agency (2009 – 2018) SOCPEN database – special request. Pretoria: SASSA.

“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> An amendment to the Social Assistance Act was tabled in Parliament in April 2018,

providing for a CSG top-up for orphaned children living with kin. This would give them access to a larger child grant, around half-way between the value of the CSG and the FCG, without first having to go through a foster care placement.

### 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 with disabilities or who are chronically ill, and in need of permanent care or support services. At the end of March 2018, 147,000 children were receiving the CDG, and from the beginning of April 2018, the grant was valued at R1,690 per month (increasing to R1,700 in October).

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 gradual but consistent 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, 2018**

Province	Children
Eastern Cape	22,453
Free State	8,147
Gauteng	19,369
KwaZulu-Natal	39,517
Limpopo	15,436
Mpumalanga	11,345
North West	10,047
Northern Cape	6,004
Western Cape	15,147
South Africa	<b>147,465</b>

Source: South African Social Security Agency (2018) SOCPEN database – special request. Pretoria: SASSA.

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