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ANALYSIS of the NATIONAL SOCIAL SECURITY EXPENDITURE and PAYMENTS for CHILDREN in SOUTH AFRICA Summary of Evidence for April to Dec 2001 Working Paper

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**PRELIMINARY ANALYSIS of the NATIONAL SOCIAL SECURITY
EXPENDITURE and PAYMENTS for CHILDREN in SOUTH AFRICA
for April to Dec 2001**

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INTRODUCTION

Poverty, unemployment and inequality in South Africa continue to worsen. The South African social security system attempts to provide some degree of safety net for certain categories of the population who face these increasing social contingencies. Children are seen as a vulnerable group requiring special protection, specifically children living in poverty, children with disabilities and children who require alternative forms of care. The existing child grant system provides some assistance to these groups of children.

This paper attempts to provide the latest and most reliable data on provincial childhood poverty rates and shares, and to compare these with the social security coverage provided by the government through the Child Support Grant.

POVERTY IN SOUTH AFRICA

(Please refer to "Childhood Poverty: a review of Evidence"¹ for full discussion of the available data on childhood poverty).

Quantitative poverty and inequality analysis is extremely complex and dependent upon the quality of available data. Of the data that is available it is important to understand the methodology that was used to collect the information, its purpose and limitations, because these directly affect the validity and accuracy of the subsequent analyses and conclusions.

The only district level poverty information is through simulations provided by Alderman *et al.* in the Statistics South Africa (2001²) report: Measuring Poverty in South Africa. However, this provides only an estimation of *household* incomes, and do not measure per capita income. According to their calculations, using a household poverty line of R800 per month, the percentage poor in the South African population is at 28.4% using imputed expenditure and 52.2% using census income. Using a per capita poverty line of R250 per month, the estimates are 48.8% and 60.8% respectively. The difference being due to the fact that the single income question used in the census did not capture information regarding other sources of income for households, and thus produces higher percentages of poverty. There is no district level information specifically on childhood poverty rates.

¹ Guthrie T. "Childhood Poverty in South Africa: a Review of Evidence". CI Working Paper. Feb2002.

² Statistics South Africa & World Bank. 2001. Measuring Poverty in South Africa.

According to Stats SA's (*ibid*) provincial calculations, they found that Gauteng and Western Cape had the lowest levels of poverty (below 20%), while provinces with the greatest poverty levels (more than 40%) were the Free State and Eastern Cape.

Childhood Poverty Data and Analysis

The analyses undertaken by the Haarmanns (1999 & 2000) of the SALDRU 1993 dataset, and also using a deprivation index, provide very valuable information regarding childhood poverty in different household structures. They found that nearly 70% (1999³) of children in South Africa live in poverty. However, assumptions have to be made regarding the changes over the period since 1993.

The latest analysis of childhood poverty is that undertaken by Woolard for IDASA (2001⁴), using the October Household Survey (OHS) 1999 data. For the purposes of this analysis, the child poverty rates and provincial shares provided by IDASA shall be used.

CHILDHOOD POVERTY IN SOUTH AFRICA (Cassiem & Streak 2001: 20-23)

- There are about 18 million children (0-17years) in South Africa
- According to the OHS 1999, about 10.5 million (or 59.2%) of all children (0-17years) are poor in that they lack income (approximately one quarter of the population of South Africa)
- About 59.3% of children 0-6 are poor, approximately 3.8 million children.
- Almost 30% of children suffer from hunger, approximately 5.3 million children (0-17years).
- KwaZulu Natal, Eastern Cape and Northern Province have highest rate of childhood poverty, with 65% of all poor children living in these provinces. Western Cape and Northern Cape have relatively small shares.
- Between 1995 and 1999 there was a marginal increase in the child poverty of 0.4% for children 0 – 17 years, and a marginal decrease of 0.4% for children 0 – 6 years. Gauteng experienced the largest increase (13.6%), with Western Cape the largest decrease (16%).
- Cassiem & Streak (2001:23) report that these are conservative estimates. When income poverty is defined in the absolute sense, that is when a child does not have the income to meet his or her basic needs, then the child poverty rate is even higher, around 70% (Haarmann 1999&2000 *ibid*).

The provincial poverty shares (for 0-6 year-olds) is displayed in Graph 1 below. The provinces with the highest poverty shares are KwaZulu Natal (24%), Eastern Cape (22%) and Northern Province (18%). The provinces with the lowest shares are Northern Cape (2%), Western Cape (4%) and Free State (6%). Note that poverty *shares* are calculated relative to each province's child (0-6yrs) population, and then measured as the percentage that each province has of the total country's poverty, in comparison to the other provinces' percentages.

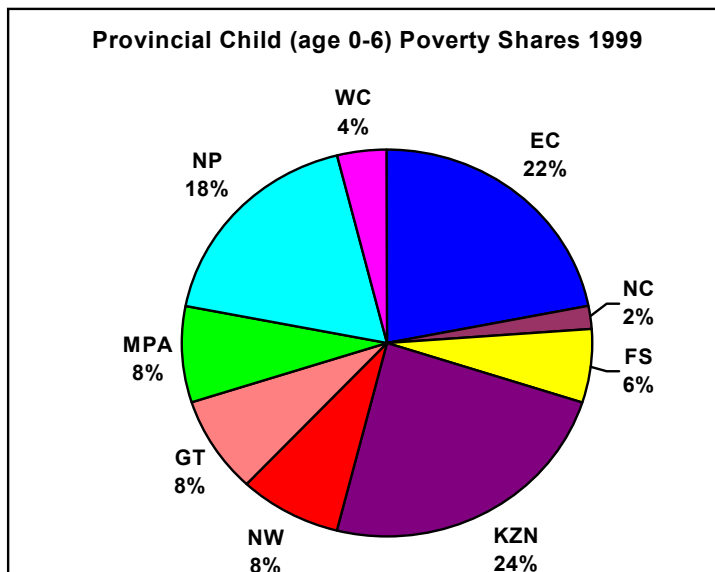
The provincial poverty *rates* are displayed graphically below (Graph 2). These indicate the percentage of children in each province living in poverty, irrespective of the rates in other provinces.

³ Haarmann D. 1999. The Living Condition of South Africa's Children. AFReC Res. Monologue No.9.

⁴ Woolard I. In Cassiem S & Streak J. 2001. Budgeting for Child Socio-Economic Rights: Government's Obligations and the Child's Right to Social Security and Education. IDASA.

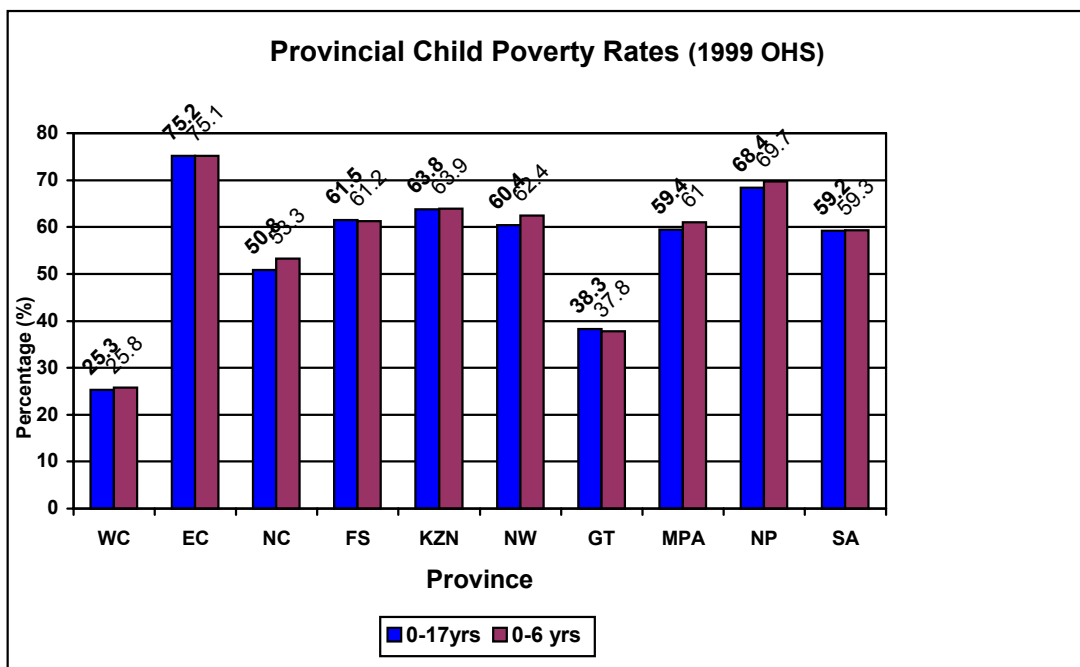
The rates give an indication of the severity of the problem in each province, while the shares are more useful in comparing the relative need of provinces, which should directly inform resource allocation and provincial CSG targets and their attainment.

GRAPH 1



Source: Woolard (2001) and October Household Survey (1999), conducted by Statistics South Africa, reported in Cassiem & Streak 2001

GRAPH 2



Source: October Household Survey (1999), analysis conducted by Woolard (2001⁵), reported in Cassiem & Streak 2001.

⁵ Woolard I. 2001. Unpublished paper on child poverty rates, based on OHS 1999 and OHS 1995. Conducted for Idasa's Children's Budget Project.

The graph above indicates the provincial child (0-6yrs) and (0-17yrs) poverty rates, clearly highlighting the provincial inequities, with Eastern Cape having the highest rate at 75.1% and 75.2% respectively, and then Northern Province at 69.7% & 68.4%, while Western Cape has the lowest at 25.8% & 25.3% and Gauteng next at 37.8% & 38.3%. The South African average child poverty rate is 59.2% (for 0-17yr-olds) and 59.3%(for 0 to 6 year olds). Note the marginal difference in poverty rates in the two age categories, which refutes the assumption that 7-18 year-olds are less vulnerable than children under seven years.

Cassiem and Streak (2001) *ibid* conclude:

“ No substantial decreases in child poverty are apparent nationally over the recent past. There continues to be an urgent need to reduce child poverty and deliver children their socio-economic rights in South Africa’.

NATIONAL SOCIAL SECURITY EXPENDITURE ON CHILDREN IN 2001

The following analyses are based on the SOCPEN data for social security expenditure and payouts, for the period April to December 2001.

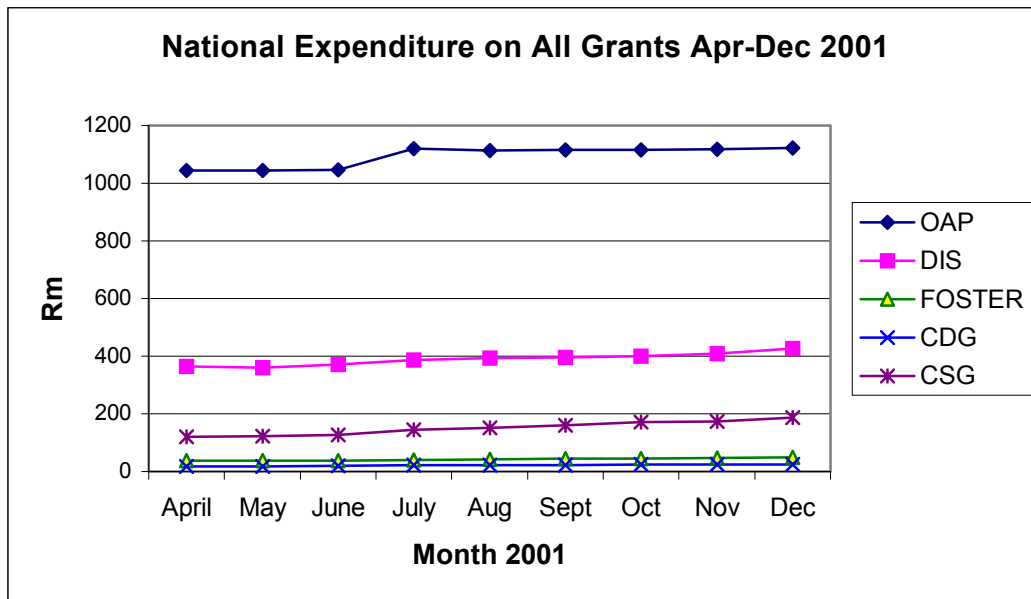
Table 2 below indicates the increases in each of the grants over the period April to December 2001. Excluded are the War veteran grants, the Institutional grants, the State Maintenance Grants (which were phased out completely during this period), the combination of more than one grant, and unclaimed grants. These together make up a very small percentage (0.4%) of the total budget.

The figures in the table have been rounded to the nearest 100 000, which are plotted in Graph 3 directly beneath.

TABLE 2

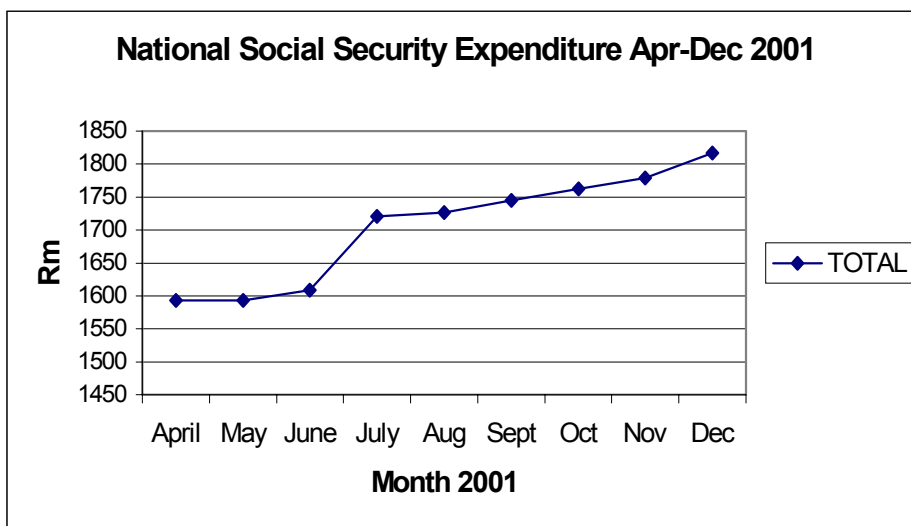
TOTAL NATIONAL SOCIAL SECURITY EXPENDITURE APRIL-DEC 2001 (Rmill)									
	April	May	June	July	Aug	Sept	Oct	Nov	Dec
OAP	1044.7	1045.3	1047.5	1120.6	1112.3	1114.6	1116.4	1118.5	1122.8
DIS	364.3	360.9	370.3	386.5	392.5	396	400	410	426.9
FOSTER	37.6	37.7	38	40.5	41.3	44.3	45.5	46.4	48.3
CDG	18.7	18.5	18.9	21.3	21.6	22.7	23.5	23.7	24.9
CSG	120.2	122.9	126.2	143.8	150.4	160.9	170.9	174.1	187.1
TOTAL	1593.4	1593.2	1609	1720.8	1726	1745	1762.2	1778.5	1816.7

GRAPH 3



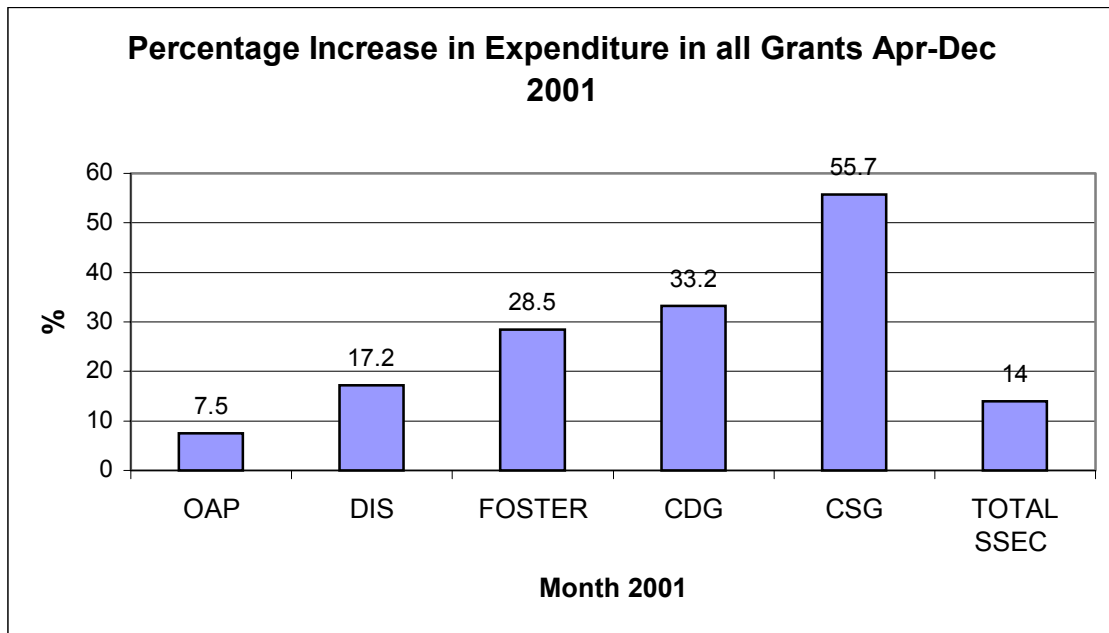
Graph 3 excludes the total national expenditure (which is represented in the Graph below). As can be seen, there have been small increases in the expenditure for all grants, the largest being for the CSG, of 55.7%. The overall increase in the total budget was 14%. It can clearly be seen that the largest amount is allocated to the Old Age pension, followed by the Disability Grant (for adults) and then the CSG.

GRAPH 4



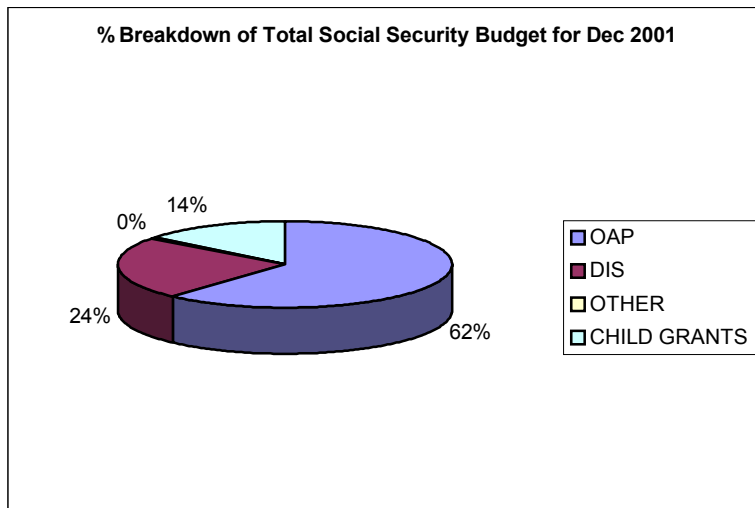
Graph 4 above indicates the overall increase of 14% in the national social security expenditure. The sharp increase in June may be accounted for by the increase in the amounts for grants, due to inflation. The Graph below indicates the actual percentage increases in expenditure for each grant, the least being for the OAP (7.5%) and the greatest being for the CSG (55.7%), the average increase being 14.0% in total social security expenditure. The CDG and the Foster Child Grant also experienced substantial increases of 33.2% and 28.5% respectively.

GRAPH 5



Even with the drastic increase in expenditure on the CSG (55.7%) the Graph below provides a breakdown of the national expenditure, and clearly highlights the continuing disparities in expenditure on children versus the elderly and persons with disabilities. The increase of 55.7% for the CSG, and the 33.2% and 28.5% for the CDG and Foster grant, have only increased the children's proportion of the total budget from 10% to 14%, indicating the continuing under-prioritisation of children.

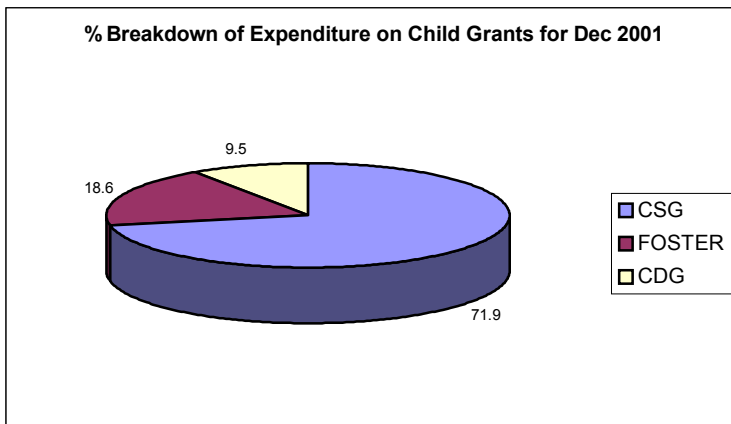
GRAPH 6



NB. the 'other' category refers to War veteran grants, the Institutional grants, the State Maintenance Grants (which were phased out completely during this period), the combination of more than one grant, and unclaimed grants. These together make up a very small percentage (0.4%) of the total budget.

Clearly children receive the smallest proportion of the overall social security budget, yet they represent 44% of the country's population. In contrast, the elderly who receive 62% of the total budget, represent only 6.9% of the total population.

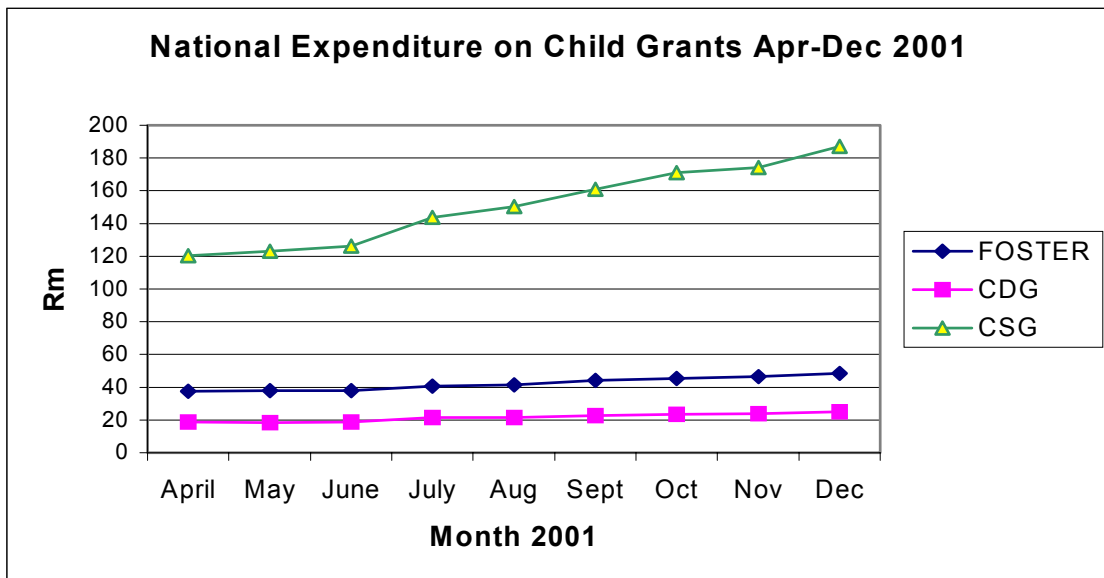
GRAPH 7



Graph 7 above shows that of the amount spent on children (i.e. of the 14% of the total social security budget), the largest proportion (71.9%) is allocated to the CSG. However, the increases in the uptake of the CDG (33.2%) and foster grants (28.5%) have been significant too over this period and must not be overlooked.

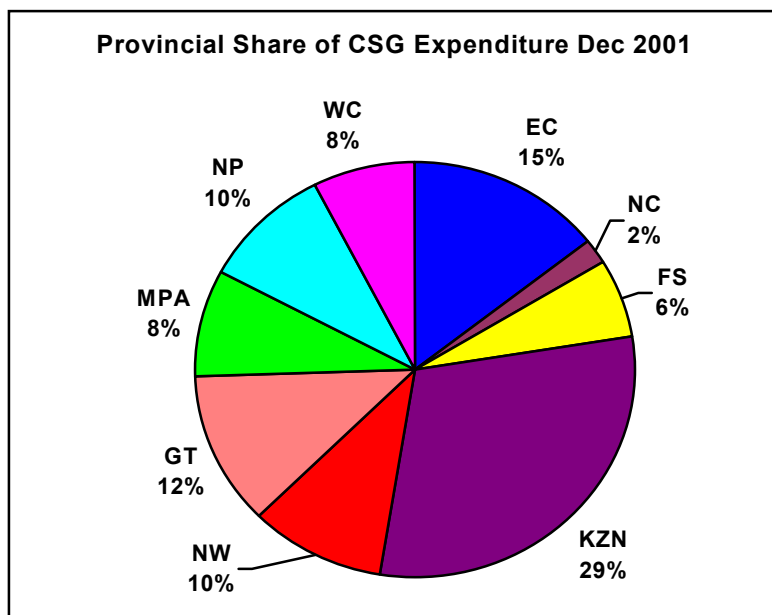
Graph 8 below plots the expenditure increases in the three child grants over the period April to December 2001, 55.7% for the CSG, 33.2% for the CDG and 28.5% for the FCG.

GRAPH 8



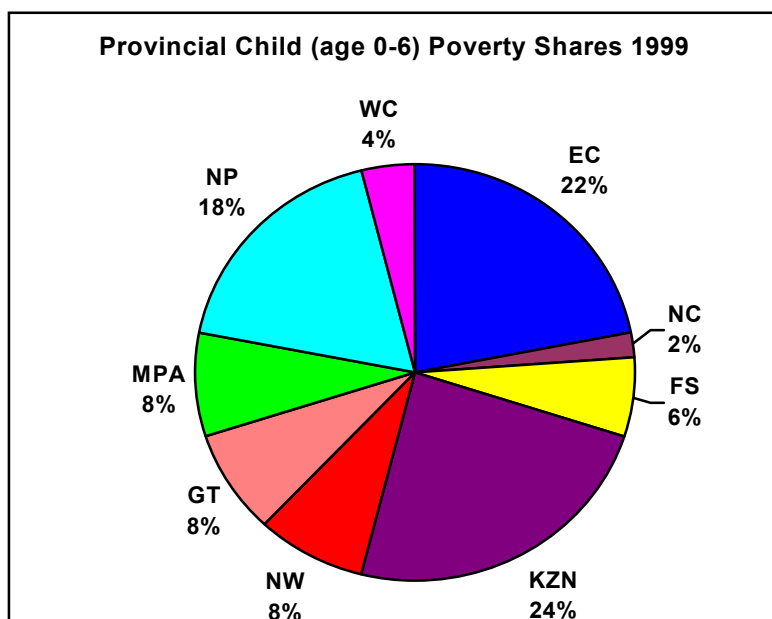
The pie chart below (Graph 9) indicates the share for each province of the CSG total expenditure.

GRAPH 9



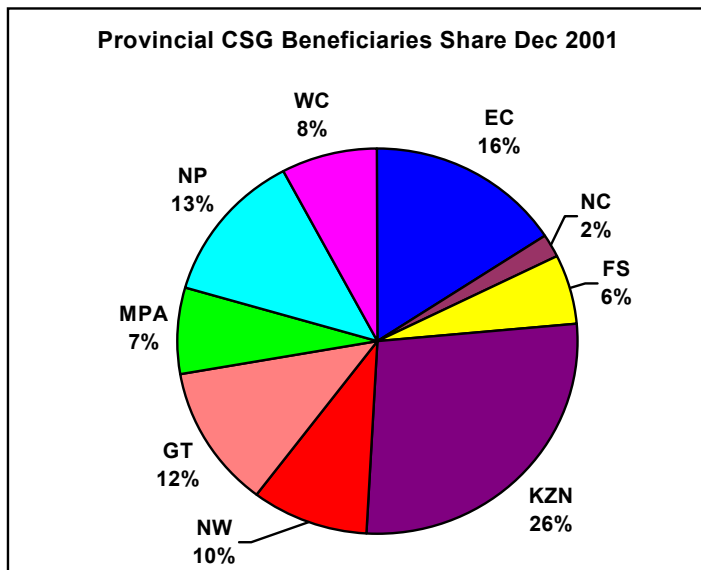
Compare the CSG expenditure share (Graph 9) with the poverty share (for 0-6 year-olds) (Graph 1) and the share of CSG beneficiaries (Graph 11) displayed in the pie charts below.

GRAPH 10



Source: Woolard (2001) and October Household Survey (1999), conducted by Statistics South Africa, reported in Cassiem & Streak 2001.

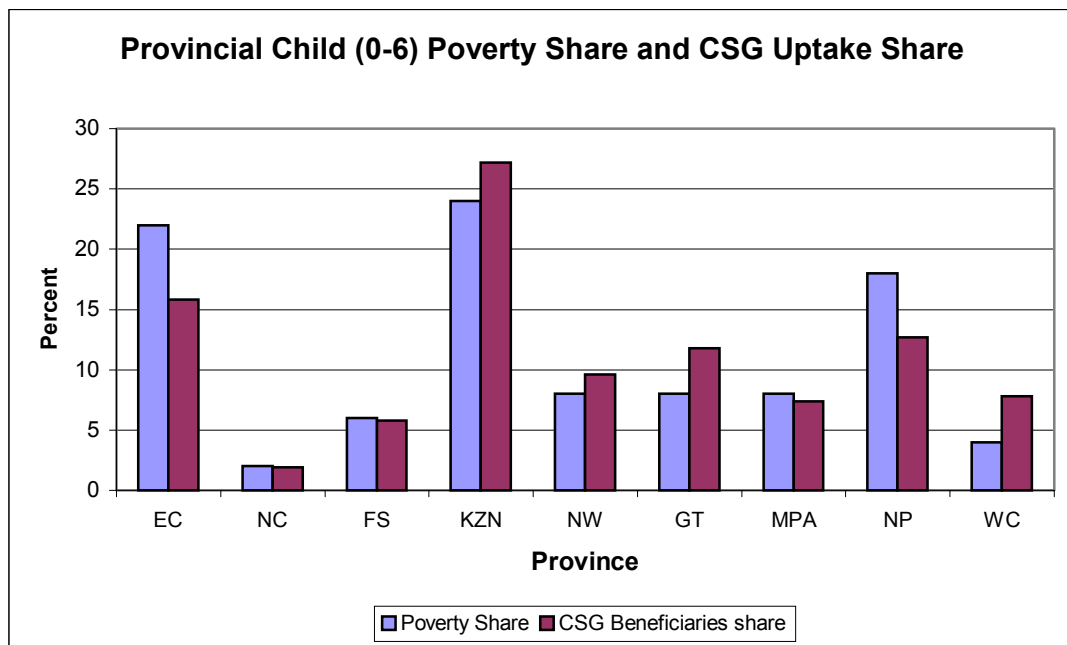
GRAPH 11



Source: Dept Social Development daily figures for beneficiaries 19/12/01

If we compare the provincial poverty shares (Graph 10) with their shares of the total CSG beneficiaries (Graph 11), we find some comparable figures, excepting for the Eastern Cape whose CSG share (16%) is significantly lower than its poverty share (22%). Kwa-Zulu Natal's share is slightly higher, while the Western Cape's share is *double* its share of poverty, and Gauteng's is 50% more. This is displayed below.

GRAPH 12

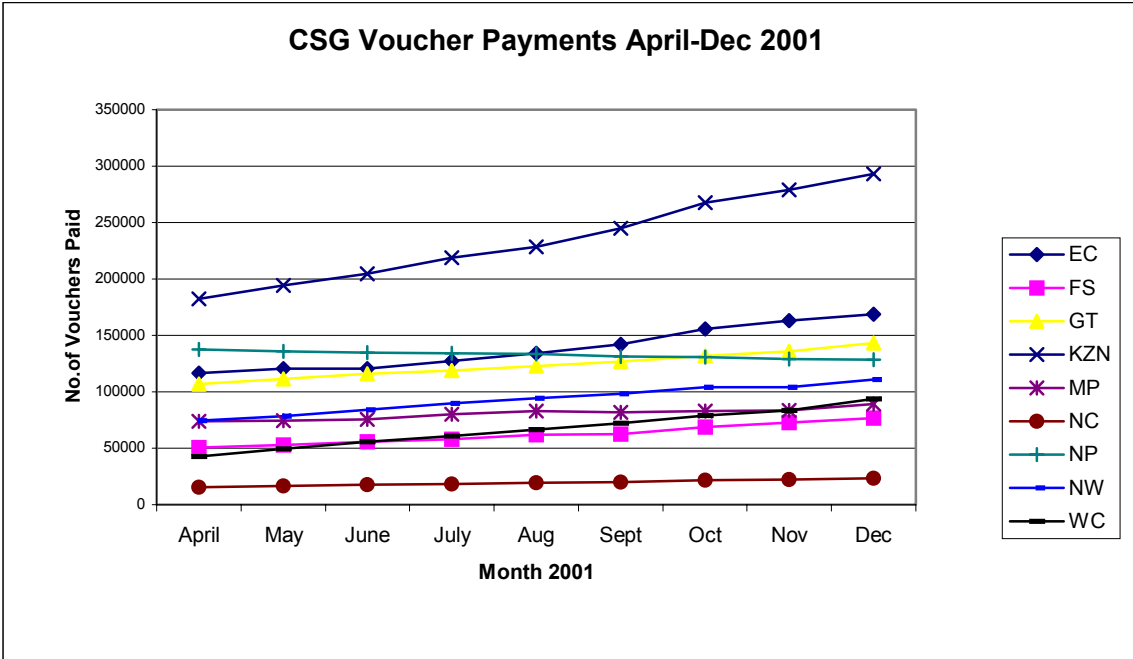


Sources: Provincial poverty Shares: Cassiem & Streak 2001.
CSG Beneficiaries: Dept. S.Development Daily records 19/12/01

Refer to Graph 15 on page 16 which displays the same information but in order of provincial poverty share, or need. Following is more detailed information regarding the CSG uptake rates for each province over the period April to December 2001.

Please refer to Appendix One for the SOCPEN Provincial CSG voucher payment record for April to Dec 2001. Note that the SOCPEN figures provided here are what the Department calls its ‘vouchers’ for the CSG. So a mother of three eligible children will get ONE voucher for the amount of R330. The figures therefore do not directly reflect the number of *children* benefiting from the grant. The department keeps daily records of the numbers of grants approved for individual children, but this is not totalled each month to provide easily accessible numbers of child-beneficiaries. The figures have been rounded off to the nearest 100 and are represented graphically in Graphs 13&14 below.

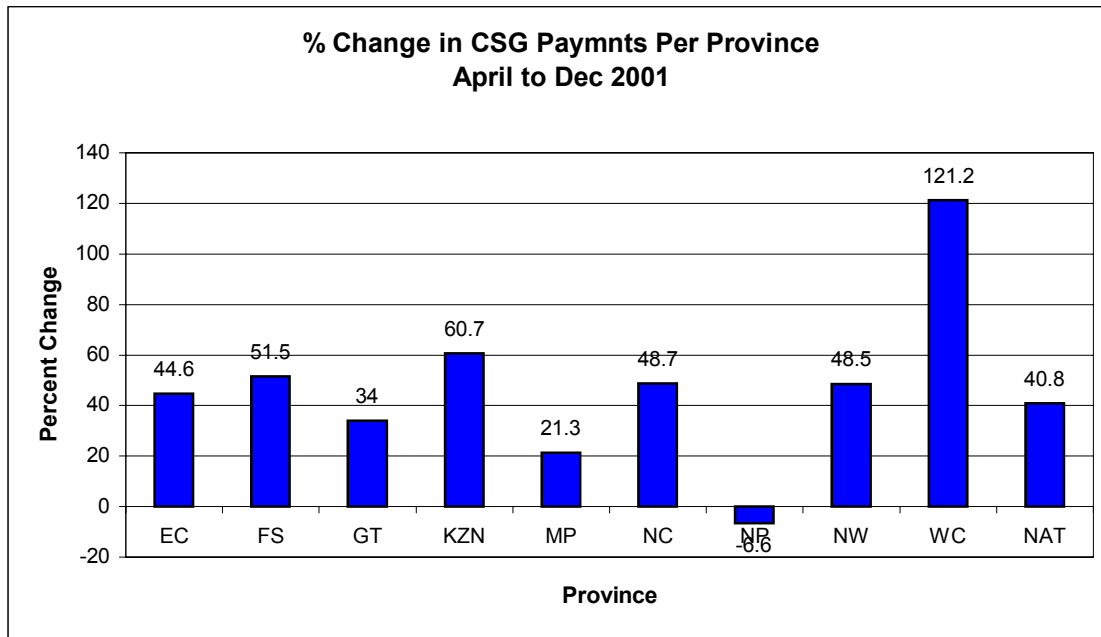
GRAPH 13



Graph 13 above plots the increases as given in Table 3. As can be seen Kwa-Zulu Natal has the largest numbers of CSG payouts, corresponding to their greater share of child (0-6) population (22%) and their poverty share (24%) and while Northern Cape has the least correspondingly to their population share of 2% and poverty share of 2%. The overall national increase in payment was 40.8%. Note that the percentage increase in the number of vouchers (40.8%) is not as high as for the expenditure increase (55.7%), which is partly due to the increase in the amount in the grant during the year.

The graph below shows the percentage change in CSG *Voucher* payments in each province over the period (NB. not the number of beneficiaries)

GRAPH 14



Graph 14 indicates an average increase of 40.8% in CSG payments. The highest increase of 121.1% occurred in the Western Cape, with a child population (0-6yrs) share of 9% and a poverty share for this age group of 4%, and the lowest poverty rate at 25.8%. The increase may be due largely to their advanced automated payout system. The Provincial Department has also undertaken their own analysis of the problems of uptake and has attempted to address these through various activities, including public awareness campaigns. Of grave concern is the decrease (-6.6%) in payments for the Northern Province⁶, where the child population share is 15%, the poverty share is 18%, and the poverty rate is 69.7% (for the age 0-6years). This underscores the inequities between provinces regarding resources to improve the uptake rates of the grant.

⁶ This has not been accounted for. National Social Security Officials have indicated that there must be an error in these figures, as there were supposedly increases in uptake of the CSG in all provinces. The author is waiting further clarity, however, in the meantime it is advisable not to quote these figures.

TABLE 4

Provincial Child Populations & Shares, Poverty Rates & Shares, CSG Payments, % Eligible Poor Population & Dept. Targets												
Prov	Total Pop	ChIn (0-6yrs)	Pop. share (0-6yrs)	Poverty Rate (0-6)	No of ChIn (0-6) in Pov.	Poverty share (0-6)	CSG Vouchers	CSG chld benefs	Prov.CSG Share	% poor chn rec. CSG	Govt prov. target	% of dept target
	00 000s	00 000s	%	%	000s	%	000s	000s	%	%	000s	%
KZN	84	14	22	63.9	895	24	293	413	27.2	46.1	600	69
EC	63	12	17	75.1	901	22	169	239	15.8	26.5	780	31
NP	49	10	15	69.7	697	18	129	193	12.7	27.7	600	32
NW	34	6	8	62.4	374	8	111	147	9.6	39.3	330	45
MP	28	5	7	61.0	305	8	89	113	7.4	37.0	210	54
GT	73	9	14	37.8	340	8	143	174	11.8	51.2	90	194
FS	26	4	6	61.2	244	6	77	89	5.8	36.3	300	30
WC	40	6	9	25.8	155	4	94	119	7.8	76.8	90	132
NC	9	1	2	53.3	53	2	23	29	1.9	54.7	30	97
S.A	406	67	100	59.3	3 973	100	1 128	1 516	100	38.2	3030	50

Data Sources:

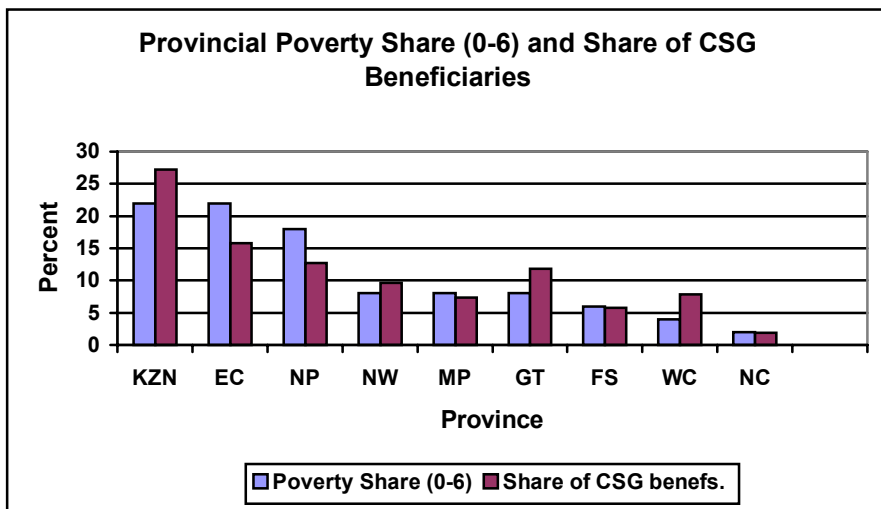
Grant Voucher Uptake: SOCPEN Dec 2001 records

Grant Child Beneficiaries: Dept.S.Dev. daily record for 19/12/2001

Poverty Levels: Cassiem & Streak (2001). IDASA.

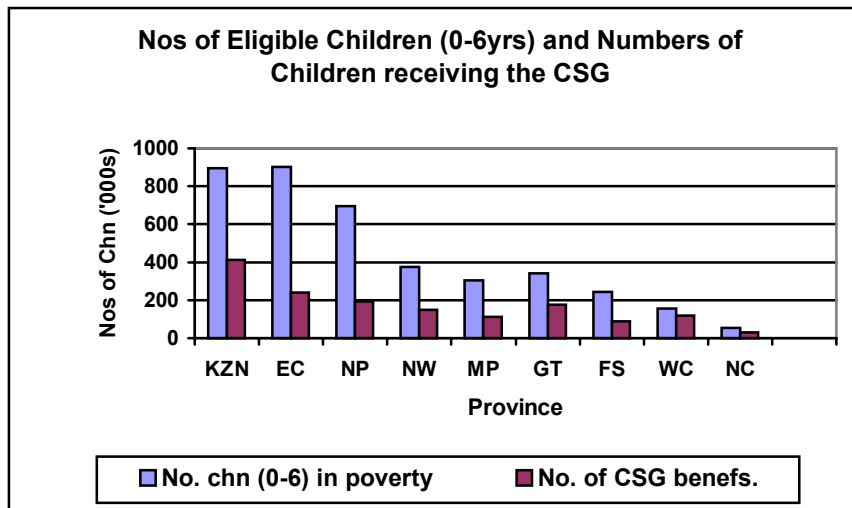
Population: Census 1996. Stats SA.

GRAPH 15

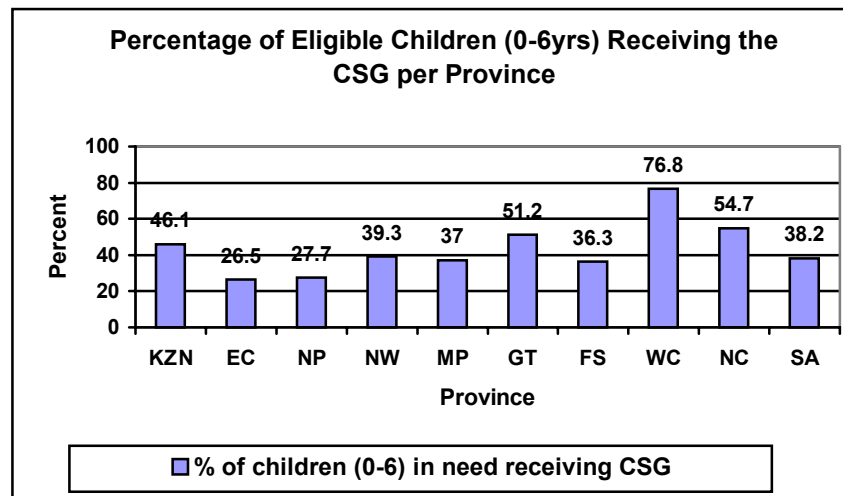


Sources of Data for these graphs:
 Grant Voucher Uptake: SOCPEN Dec 2001 records
 Grant Child Beneficiaries: SOCPEN daily record for 19/12/2001
 Poverty Levels: Cassiem & Streak (2001). IDASA.
 Population: Census 1996. Stats SA.

GRAPH 16



GRAPH 17

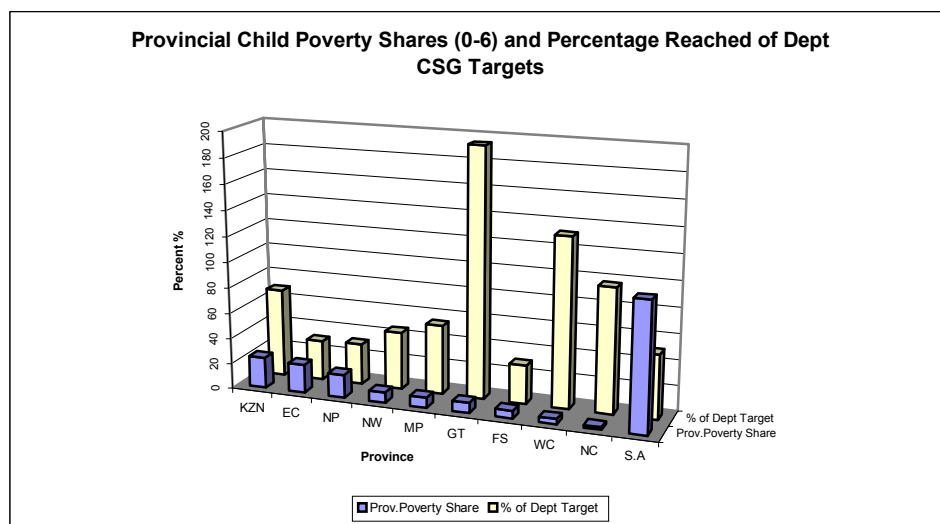


Examining Graph 15 shows that provincial childhood (0-6yrs) poverty shares compare well with the provincial share of all the CSG payments. That is, in KZN where there is a high percentage of children and high poverty rates, resulting in a high poverty share, there is a correspondingly high share of the total number of CSG payments (even higher than the poverty share indicator). Similarly, in the Northern Province, with very low poverty share, there is a low share of the CSG payouts. This would imply that the department's targeting of the existing CSG payouts to the poorer provinces has been successful.

However, Graph 15 only looks at percentage shares of the actual number of grants being paid, without considering the *actual need* in the provinces. It does not highlight the numbers of deserving children not receiving the grant. Thus Graph 16 shows the actual number of children (0-6yrs) living in poverty in each province and the actual number of children receiving the CSG. In Kwa-Zulu Natal, the province with the highest number of children in poverty, less than half (46%) are receiving the CSG, with even less percentages in the other provinces. Even with the large increases in CSG payouts in Gauteng and the Western Cape, only 51% and 77% respectively of children in need in these provinces, are benefiting. The percentages are shown in Graph 17 which clearly indicates that overall in South Africa only 38.2% of eligible children benefit. The graph also highlights the capacity of certain provinces to perform better in their uptake rates, such as Western Cape (76.8%), due to advanced administrative and automated systems.

Compare the figures of Graph 17 with those shown in Graph 18 on the following page, which indicates the percentages reached of the department's targets for provincial CSG beneficiaries. As can be seen, some provinces are already over their targets (Gauteng 194%, Western Cape 132%), yet these are the provinces with the lesser poverty shares (8% and 4% respectively). The poorer provinces are doing less well; Kwa-Zulu Natal 69%, Eastern Cape 31% and Northern Province 32%. Thus there continues to be inequities in provincial capacity to increase their uptake rates, with the better resourced performing better. Thus the poorer provinces continue to be disadvantaged. Graph 19 & 20 show this clearly.

GRAPH 18



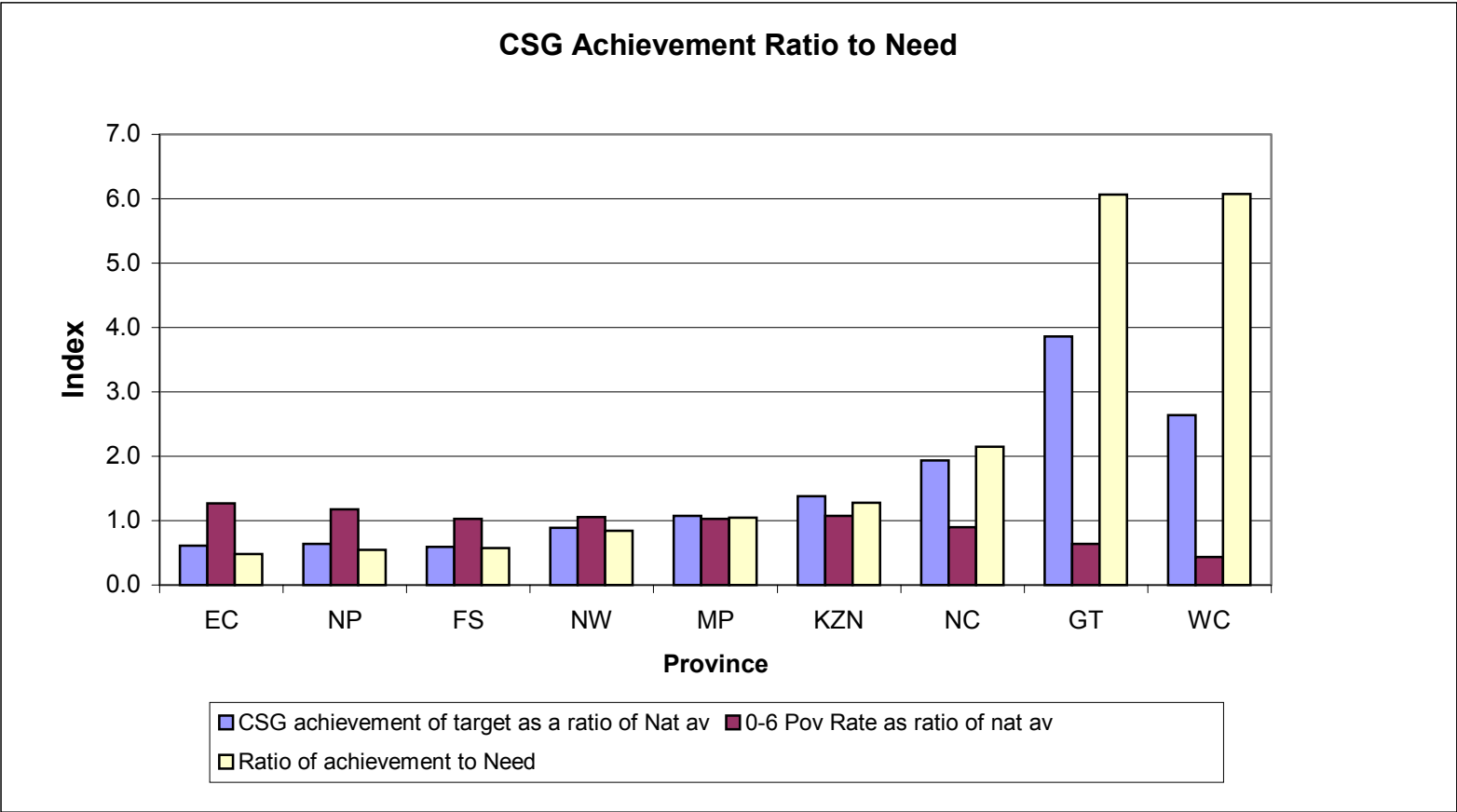
Data Sources:
 Grant Child Beneficiaries: SOCPEN daily record for 19/12/2001
 Poverty Levels: Cassiem & Streak (2001). IDASA.
 Dept. Targets. DoSD. 2001

TABLE 5: RATIO OF DEPT'S ACHIEVEMENT TO NEED

PROV	CSG achievement of target as a ratio of Nat av	0-6 Pov Rate as ratio of nat av	Ratio of achievement to Need
EC	0.6	1.3	0.5
NP	0.6	1.2	0.5
FS	0.6	1.0	0.6
NW	0.9	1.1	0.8
MP	1.1	1.0	1.0
KZN	1.4	1.1	1.3
NC	1.9	0.9	2.1
GT	3.9	0.6	6.1
WC	2.6	0.4	6.1

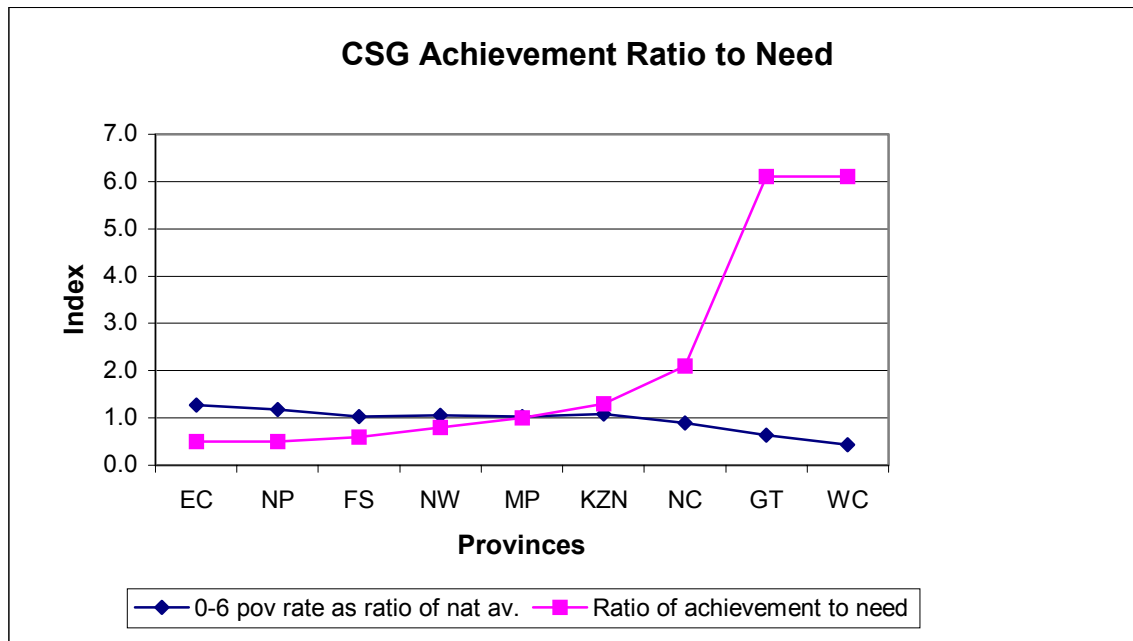
Source: J.May. 2002. (Personal Communiqué)

GRAPH 19



Source: J.May. 2002. (Personal Communiqué)

GRAPH 20



Graphs 19 and 20 use the achievement rates according to the provincial targets set by the Department, and compare these with the provincial poverty rates, clearly showing the provincial inequities. The provinces with the least need (Gauteng and Western Cape) have been the most successful in meeting or bettering their targets (194% and 132% respectively). While those in most need (Eastern Cape and Northern Province) have been the least successful in reaching their targets (31% and 32%).

DISCUSSION

It has been clearly indicated that although there has been substantial increases in the numbers of CSG beneficiaries over the last year, there are still large numbers of children not receiving any assistance. On average, only 38.2% of children (0-6yrs) living in poverty are benefiting from the CSG.

In addition, using the targets set by the department, it has been shown that those poorer provinces are clearly disadvantaged in attaining their quota of the grants. It continues to be the better resourced provinces who perform better in increasing their uptake rates (well beyond the department targets).

As highlighted, district level disaggregated poverty statistics are difficult to obtain and therefore intra-provincial discrepancies cannot be demonstrated.

Considering that the department achieved large increases in the CSG payments (average 55.7%) over the period April to December in 2001, and that they have some plans to increase awareness of the grants and people's rights to the grants this year, they might well continue to improve their uptake rates during 2002, but this will require drastic and effective measures in the poorer provinces.

Teresa Guthrie.

March 2002.

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APPENDIX ONE: SOCPEN PROVINCIAL CSG VOUCHER PAYMENT RECORD APRIL – DEC 2001 (Figures rounded to nearest 100)

PROV	April	May	June	July	Aug	Sept	Oct	Nov	Dec	% Inc
EC	116700	120300	120600	127200	133900	142000	155700	163100	168800	44.6%
FS	50700	52900	55900	58200	61900	62300	68800	72800	76800	51.5%
GT	106700	111600	116000	118700	123000	126500	131800	135800	143000	34.0%
KZN	182500	194300	204700	218600	228300	244800	267800	279100	293300	60.7%
MP	73700	74300	75700	79900	83000	81900	82800	83500	89400	21.3%
NC	15600	16500	17700	18300	19200	20100	21400	22000	23200	48.7%
NP	137700	135800	134400	134000	133800	131000	130700	128800	128600	-6.6%
NW	74500	78200	83900	89800	94300	98300	104100	104100	110600	48.5%
WC	42400	49700	55800	60600	66400	72300	79100	83300	93800	121.2%
NAT	800500	833600	864700	905400	943800	979300	1042200	1072600	1127500	40.8%

NB. The figures provided here are what the Department calls its ‘vouchers’ for the CSG. So a mother of three eligible children will get ONE voucher for the amount of R330. The figures therefore do not directly reflect the number of *children* benefiting from the grant. The department keeps daily records of the numbers of grants approved for individual children, but this is not totalled each month to provide easily accessible numbers of child-beneficiaries.

By rough calculations, to arrive at a ‘guestimate’ of the numbers of children, the figures given below may be increased by 25%. For example, in December, the national voucher amount was 1.13 million. However, the number of children receiving the grant in December was almost 1.5million.