

Income and Social Grants - Children living in poverty

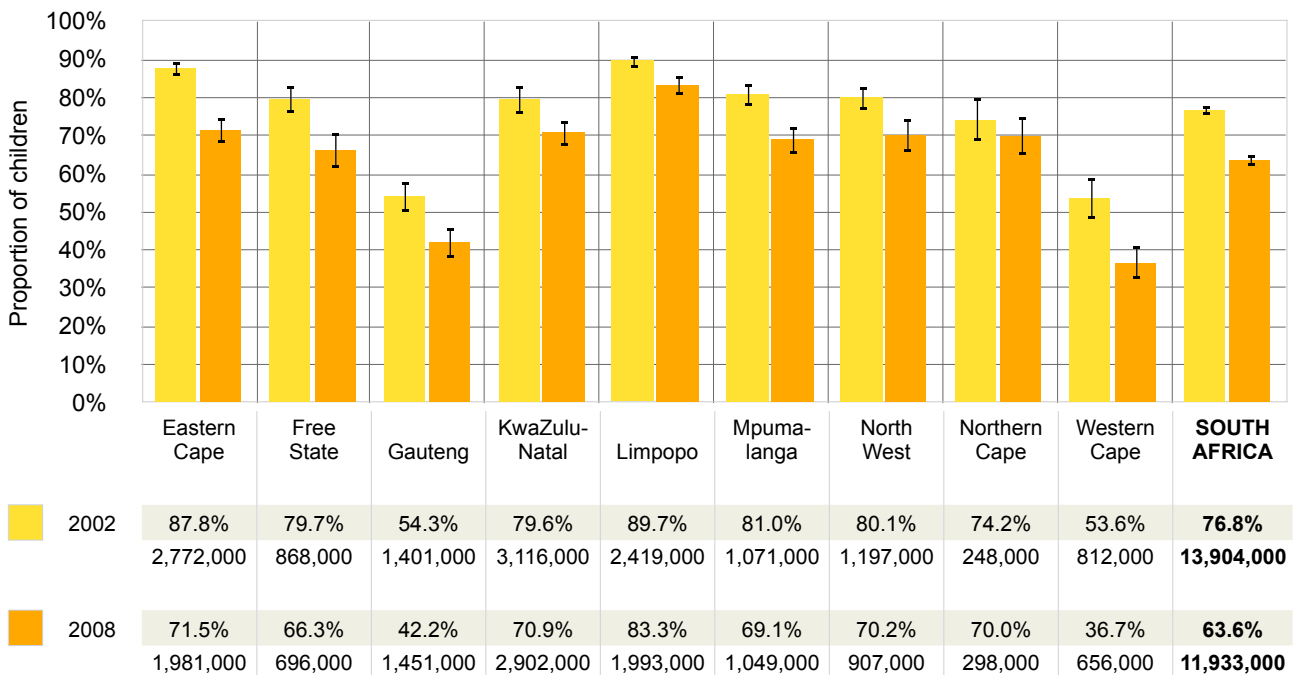
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Definition

This indicator shows the number and proportion of children living in households that are income poor. The poverty line is set at R350 per person per month in 2000 Rands, and increased each year in line with inflation. This poverty line is linked to the per capita expenditure of the 40th percentile of households in 2000, and is equivalent to R569 in 2008. Per capita income is calculated by adding all reported income for household members over 15 years, then adding all income from social grants, and dividing the total household income by the number of household members. Income is known to be under-reported generally, and particularly in the General Household Survey. Social grants are also severely under-reported in the GHS. Child poverty is therefore likely to be over-estimated.

Children living in income poverty, South Africa 2002 & 2008
(Households with monthly per capita income < R350, in 2000 Rands)



- Source**
- Statistics South Africa (2003 - 2009) General Household Survey 2002 - 2009. Pretoria, Cape Town: Statistics South Africa.
 - Analysis by Katharine Hall, Children's Institute, University of Cape Town.

- Notes**
1. Children are defined as persons aged 0 – 17 years.
 2. Population numbers have been rounded off to the nearest thousand.
 3. Poverty line is set at R350 per month in 2000 Rands, inflated using CPIX for July of each year. The real value of the per capita poverty line is R402 in 2002 and R569 in 2008.
 4. Income is calculated as total reported earnings for household members over 15 years, plus value of social grants received by household, and divided by household size.
 5. Sample surveys are always subject to error, and the proportions simply reflect the mid-point of a possible range. The confidence intervals (CIs) indicate the reliability of the estimate at the 95% level. This means that, if independent samples were repeatedly taken from the same population, we would expect the proportion to lie between upper and lower bounds of the CI 95% of the time. The wider the CI, the more uncertain the proportion. Where CIs overlap for different sub-populations or time periods we cannot be sure that there is a real difference in the proportion, even if the mid points differ. CIs are represented in the bar graphs by vertical lines at the top of each bar.

What do the numbers tell us?

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 South African 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 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 2008, nearly two-thirds of children (64%) lived in households below this poverty line. There are substantial differences in poverty rates across the provinces: Over 80% of children in Limpopo live in households with this low level of per capita income. Seven out of 10 children in the Eastern Cape, KwaZulu-Natal, Mpumalanga, North West and the Northern Cape provinces live in households below the poverty line. The Western Cape and Gauteng have the lowest child poverty rates – calculated at 37% and 42% respectively.

Comparison of poverty rates over a seven-year period from 2002 to 2008 suggests a significant decrease of thirteen percentage points in the child poverty rate, from 77% to 64% of children nationally. Significant decreases in child poverty rates are evident in 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. The poverty rate in 2002 is also reflected as artificially high because the General Household Survey did not capture information on specific social grants in that year. Income from grants is therefore not included in household income for 2002.

There are glaring racial disparities in income poverty: while nearly three-quarters (71%) of African children lived in poor households in 2008, only 4% of White children lived below the poverty line. Poverty rates for Coloured and Indian children were 37% and 11% respectively.

Technical notes

The General Household Survey asks a set of questions to establish whether household members over 15 years are economically active. A derived variable 'Status1' identifies the economically active population. These individuals are asked to specify their income per period (week, month or year). In 2007, a discrete amount was specified for 75% of economically active people. This was then standardised to monthly income. Those who do not specify their income are asked to select the income band into which their income falls. For these people, a discrete income amount was assigned as follows:

- Each income bracket was split into deciles for those who indicated an income in that bracket.
- A uniform distribution of income was assigned within each income bracket decile, for those who indicated an income in that bracket.
- For those who were economically active but did not provide a discrete income amount or indicate an income bracket (unspecified/refused), we allocated the median income for men and women in each population group. The medians were calculated separately for each year.

The method for assigning income was derived from that used by Daniele Bieber and adapted by Debbie Budlender.

Total household income from earnings was calculated as the total earnings for all household members over 15 years. Total household income from social grants was calculated by allocating the grant amounts for that year for each type of grant reported to be received by household members. Total household income was derived by adding total income from earnings and grants.

The poverty line was set at R350 in 2000 Rands. This was inflated using CPIX reported by Statistics South Africa at July each year. Per capita income was calculated by dividing total household income equally by the number of household members.

There are many limitations to the poverty line, and it almost certainly results in an over-estimation of the poverty rate because both income and social grants are under-reported.

There are numerous poverty lines to choose from.¹ The R350 per capita poverty line was selected because it can be linked to other poverty lines already used by government. The 'equitable share' formula used by the National Treasury includes a poverty component which defines the poor population as households in the bottom two income quintiles (i.e. the poorest 40%). The mean per capita income for the poorest 40% of households was calculated at R346 (value set in 2000), which has been rounded off to R350 for this analysis. Use of the 'relative' poverty line demonstrates the high levels of child poverty relative to the general population – for instance, two-thirds of children live in households that fall into the poorest two quintiles. This poverty line is below the per capita poverty line implied by the Old Age Pension (calculated to be R454 in 2000 prices), and would have been equivalent to R300 in 1998 when the Child Support Grant was introduced with an upper income threshold of R1,100 per month.

Strengths and limitations of the data

The data are derived from the General Household Survey², a multi-purpose annual survey conducted by the national statistical agency, Statistics South Africa, to collect information on a range of topics from households in the country's nine provinces. The survey uses a sample of 30,000 households. These are drawn from Census enumeration areas using multi-stage stratified sampling and probability proportional to size principles. The resulting estimates should be representative of all households in South Africa.

The GHS sample consists of households and does not cover other collective institutionalised living-quarters such as boarding schools, orphanages, students' hostels, old age homes, hospitals, prisons, military barracks and workers' hostels. These exclusions should not have a noticeable impact on the findings in respect of children.

Changes in sample frame and stratification

The current master sample was used for the first time in 2004, meaning that, for longitudinal analysis, 2002 and 2003 may not be easily comparable with later years as they are based on a different sampling frame. From 2006, the sample was stratified first by province and then by district council. Prior to 2006, the sample was stratified by province and then by urban and rural area. The change in stratification could affect the interpretation of results generated by these surveys when they are compared over time.

Provincial boundary changes

Provincial boundary changes occurred between 2002 and 2007, and slightly affect the provincial populations. Comparisons on provincial level should therefore be treated with some caution. The sample and reporting are based on the old provincial boundaries as defined in 2001 and do not represent the new boundaries as defined in December 2005.

Weights

Person and household weights are provided by Statistics South Africa and are applied in Children Count – Abantwana Babalulekile analyses to give estimates at the provincial and national levels. Survey data are prone to sampling and reporting error. Some of the errors are difficult to estimate, while others can be identified. One way of checking for errors is by comparing the survey results with trusted estimates from elsewhere. Such a comparison can give an estimate of the robustness of the survey estimates. For this project, GHS data were compared with estimates from the Statistics South Africa's mid-year estimates, as well as the Actuarial Society of South Africa's ASSA2003 AIDS and Demographic model.

Analyses of the seven surveys from 2002 to 2008 suggest that over- and under-estimation may have occurred in the weighting process:

- When comparing the weighted 2002 data with the ASSA2003 AIDS and Demographic model estimates, it seems that the number of children aged 0 – 9 years was under-estimated in the GHS, while the number of children aged 10 – 19 was over-estimated. The pattern is consistent for both sexes. The number of very young males aged 0 – 4 years appears to be under-estimated by 15%. Girls in this age group have been under-estimated by 15.8%. Males in the 10 – 14-year age group appear to be over-estimated by 5.7%.
- Similarly in 2003, there was considerable under-estimation of the youngest age group (0 – 9 years) and over-estimation of the older age group (10 – 19 years). The pattern is consistent for both sexes. The results also show that the over-estimation of males (9%) in the 10 – 19-year age group is more than double the over-estimation for females in this age range (3.8%).
- In the 2004 results, it seems that the number of children aged 7 – 12 years was over-estimated by 6%, as well as the number of persons aged 13 – 22 years. The number of very young children appeared to have been under-estimated. The patterns of over- and under-estimation appear to differ across population groups. For example, the number of White children appears to be over-estimated by 14%, while the number of Coloured persons within the 13 – 22-year age group appears to be 9% too low.
- In 2005, the GHS weights seem to have produced an over-estimate of the number of males within each five-year age group. The extent of the overestimation is particularly severe for the 10 – 14-year age group. In contrast, the weights produce an under-estimate of the number of girls – the error seems greatest in respect of the younger age groups. These patterns result in male-to-female ratios of 1.06, 1.13, 1.10 and 1.09 respectively for the four age groups covering children (ie 0 – 4, 5 – 9, 10 – 14 and 15 – 19 years).
- The 2006 weighting process yielded the same results as in 2005. The one exception is that the under-estimation of females is greatest in the 5 – 9 and 15 – 19-year age groups. This results in male-to-female ratios of 1.03, 1.10, 1.11 and 1.12 respectively for the four age groups covering children.
- The 2007 weighting process produced an over-estimation for boys and an under-estimation for girls. The under-estimation of females is in the range of 3 – 5% while the over-estimation is in the range of 1 – 7%. This results in male-to-female ratios of 1.07, 1.06, 1.08 and 1.08 respectively for the four age groups covering children.
- Overall, assuming the ASSA2003 Aids and Demographic model to be the 'gold standard', it appears that the GHS2008 over-estimates both male and female populations under the age of 19 years, except for 0 – 4- year-old females. The extent of over-estimation for boys is in the range 0 – 7%. It is particularly

severe for boys aged 10 – 14 years. Over-estimation is in the range of 2 – 5% for girls aged five years and above. For girls aged 0 – 4 years, the ASSA2003 model suggests that these may have been underestimated by about 1%. The GHS2008 suggests a sex ratio of 1.03 for children aged 0 – 4 years, which is higher than that of the ASSA model and Statistics South Africa's mid-year estimates.

The apparent discrepancies in the seven years of data may slightly affect the accuracy of the Children Count – Abantwana Babalulekile estimates. Since 2005 the male and female patterns vary in respect of a particular characteristic, which means that the total estimate for this characteristic will be somewhat slanted toward the male pattern. A similar slanting will occur where the pattern for 10 – 14-year-olds, for example, differs from that of other age groups. Furthermore, there are likely to be different patterns across population groups.

Disaggregation

Statistics South Africa suggests caution when attempting to interpret data generated at low level disaggregation. The population estimates are benchmarked at the national level in terms of age, sex and population group while at provincial level, benchmarking is by population group only. This could mean that estimates derived from any further disaggregation of the provincial data below the population group may not be robust enough.

Reporting error

Error may be present due to the methodology used, ie the questionnaire is administered to only one respondent in the household who is expected to provide information about all other members of the household. Not all respondents will have accurate information about all children in the household. In instances where the respondent did not or could not provide an answer, this was recorded as “unspecified” (no response) or “don't know” (the respondent stated that they didn't know the answer).

References and Related Links

¹ Woolard I & Leibbrandt M (2006) Towards a poverty line for South Africa: Background note. Cape Town: Southern Africa Labour and Development Research Unit, UCT

² Statistics South Africa (2003-2009). General Household Survey 2002-2008 Metadata. Cape Town, Pretoria: Statistics South Africa.

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References

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