
At all costs? Applying the means test for the Child Support Grant

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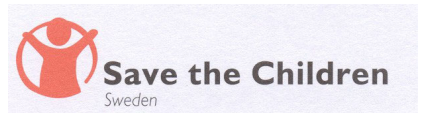
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Abbreviations

CSG	Child Support Grant
CPI	Consumer Price Index
DSD	Department of Social Development
GHS	General Household Survey
PCG	Primary Caregiver
SOCPEN	Data administration system of the Department of Social Development
SAPS	South African Police Service
COE	Cost of Employment
Stats SA	Statistics South Africa
UIF	Unemployment Insurance Fund

Executive summary

This paper estimates the cost of the means test for the Child Support Grant (CSG) to Government and to applicants. The costing draws on fieldwork conducted in three sites each in the Western and Eastern Cape provinces. These six sites were chosen to represent a range of settlements – from very rural to metropolitan. At each site, Department of Social Development (DSD) officials dealing with each of the steps in the application and processing of Child Support Grants were asked about the time spent on a typical case, and how long they estimated it would take if there was no means test. The difference between the actual time and estimate without the means test gave us the time taken up by the application of the means test.

CSG applicants generally need to interface with the South African Police Service (SAPS) to obtain some type of confirmation of their documentation. Police officers were therefore also questioned on how long it took them to process documentation related to the means test. This was included in the cost to Government.

The time taken by each official, both at the DSD and SAPS, was then multiplied by the cost of employment (COE) for the lowest level of official who could be employed on the task to give the cost related to that step. The costs for the individual officials were added together to give the cost of one application, which amounted to R18.77.

The researchers interviewed applicants who had submitted completed applications. These women were asked to list all activities they had done thus far in the application process. From this list we determined which activities had something to do with proof for the means test, and asked about the time spent on this activity as well as any costs incurred. This provided a less exact measure of the cost of the means test than the calculations in respect of officials. This is because some of the costs would have been incurred even if the means test were abolished. The interviews and calculations yielded a mean monetary cost of just under R25 and close on six hours per applicant.

The interviews and calculations gave us the cost of processing a single application in respect of the means test. This then had to be multiplied by the total number of applicants. For this we needed eligibility rates for the Child Support Grant. A range of different estimates were derived in this respect to cope with two complications. The first relates to the fact that the means test thresholds have not changed since the CSG was introduced in 1998. We therefore developed estimates both in respect of the actual and unchanged thresholds, and in respect of what the thresholds would have been were they adjusted for inflation. The second complication relates to the fact that the age group eligible for the CSG has changed over the last few years. We therefore derived estimates for 0-8, 0-10, and 0-13 – the age ranges eligible for 2003/04, 2004/05 and 2005/06 respectively. We developed further estimates for the age group 0-17, i.e. all children.

Eligibility figures were calculated by analysing the raw data from the General Household Survey (GHS) of 2003. The calculations required assumptions about the identity of the primary caregiver (PCG) of each child – the person eligible to apply for the grant on behalf of the child. This was based primarily on who the children were living with. The calculations also required assumptions about the income of the selected PCG and their spouse, if married. The paper details all the assumptions and manipulations that were made to arrive at the eligibility estimates. The final estimate for children aged 0-13 years – using standard threshold cut-offs – was 8,791,705 children, using the weights supplied by Statistics South Africa (Stats SA). This is 65.3% of the relevant age group – ranging from 77.1% in rural areas to 45.8% among children living in formal dwellings in urban areas. After adjustment to correct for seeming errors in Stats SA weights, the estimate

increases slightly to 9,008,851 children. This is 64.4% of eligible children as the adjustment to the weights also affects the estimate for total children. DSD records in respect of CSG payouts in December 2003 reflect 4,245,298 children, about 78% of our estimate of the number of children who would have been eligible for the CSG at that date. An analysis of the characteristics of those deemed to be eligible and those actually receiving grants, suggests that it is children who do not have their biological mother as their PCG who are most likely not receiving the grant, even when eligible.

Finally, we estimated the cost of the means test if PCGs applied in respect of *all* eligible children by multiplying the cost derived for a single case to the estimate of the number eligible. (The estimate ignores the cost of applicants who are not successful and is thus on the conservative side.) The cost ranges from R113.2 million for standard cut-offs and age group 0-8 to R223.8 million for all children using inflation-adjusted cut-offs if one uses the adjusted weights.

The cost of the means test should be incurred only once in respect of each child if the caregiver remains the same over the period that the grant is received. The total cost would thus not be incurred in a single year. Ideally, the costs should be incurred only in respect of children born in a particular year. In real life, however, caregivers change, especially in a situation where HIV/AIDS is rampant and where PCGs have had to re-apply for the children in their care as a result of the staggered roll-out of the CSG extension.

1 Introduction

The Child Support Grant (CSG) was introduced in 1998 as a way of providing some income to the caregivers of poor children. The grant is given to caregivers who pass a means test based on their income and that of their spouses if they are married, as well as on the type of area and dwelling in which they are living. By 2004 the grant was reaching more than four million children each month, and was being received by more than 5.5 million by mid-2005. This paper examines the cost of implementing the means test for the CSG to Government as well as, more cursorily, the costs it imposes on applicants.

The paper consists of the following sections:

- Section 2 discusses the methods adopted in estimating the cost of the means test.
- Section 3 explores how the means test would have changed had the government adjusted it each year to take account of inflation and thus retained the original, real value.
- Section 4 provides estimates of the total numbers of children in the country under varying cut-offs in terms of age.
- Section 5 describes in detail how estimates can be obtained of the number of children eligible for the Child Support Grant, using data from the General Household Survey (GHS) of 2003. Estimates are derived for both standard cut-offs and inflation-adjusted ones, and for a range of age groups.
- Section 6 uses data from fieldwork in six Department of Social Development sites, combined with the results of the previous section, to estimate the cost to Government of applying the means test to applicants.
- Section 7 uses data from the fieldwork to estimate the costs to applicants of the means test.
- Section 8 brings together the estimates of eligibility and cost to arrive at an estimate of the total cost to Government of applying the means test.

2 Method

2.1 Fieldwork

Fieldwork for the costing was done at six sites – three in the Western Cape and three in the Eastern Cape provinces. These two provinces represent opposite ends of the spectrum in a range of respects. In particular, they differ in respect of levels of poverty. The two provinces also have very different racial profiles. Western Cape is the only province which does not have an African majority. Eastern Cape, and especially in the sites where fieldwork was done, has an overwhelming African majority.

Within each province the sites were chosen to cover a spectrum from urban to rural. The Western Cape sites were:

- *Khayelitsha*: mainly African, and part of the Cape Metropole although some distance from the city centre;
- *Atlantis*: predominantly Coloured; set up as an intended industrial development point fairly near to Cape Town during the apartheid years; and
- *Worcester*: a rural agricultural centre with a racially mixed population.

The Eastern Cape sites were:

- *Umtata*: a fairly large town, formerly the ‘capital’ of the Transkei;
- *Mt Ayliff*: a small rural town near the border of KwaZulu-Natal; and

- *East London*: a port city which was formerly part of 'white' South Africa, but which includes large townships which were formerly part of the Ciskei.

Of the six areas, all but Mt Ayliff have been designated 'urban' for the purposes of the means test by their respective provinces.

The fieldwork is described in some detail in another paper (Rosa, Leatt & Hall 2005). For the purposes of this paper we describe only the bare bones of the application process at the selected sites.

2.1.1 Interviews with officials

The intention was to interview at each site all the officials whose responsibilities bore any relation to the means test. Preparatory investigations in the Western Cape revealed that there were about 15 different steps that possibly involved the provincial Department of Social Development/Services in processing an application for the CSG. Of these, less than half were identified as directly involving the means test.

The fieldwork revealed that the application process differed in the two provinces. In the Western Cape, six steps were identified as involving the means test:

1. A screening officer interviews applicants and tells them what they must bring to apply for the CSG.
2. A 1st attesting officer checks that all documents noted on a checklist are present, fills in the application form and completes a summary of documents attached. The applicant signs every page and the attesting officer initials every page.
3. A 2nd attesting officer verifies the application, i.e. checks that all required documentation is attached, that the form has been correctly filled in and signed by the previous attesting officer and the applicant. They read out a declaration to the applicant who then signs and has a thumbprint taken. The officer checks to see if the applicant is already on the system.
4. An assessor uses a checklist to check again that all the necessary documentation is there and that everything has been correctly completed and signed. They assess income and convert income to an annual figure.
5. A data capturer captures all information on the SOCPEN system (a procedure known internally as the '1010' function).
6. A verifying officer double-checks everything in the file and on computer, generates the letter of approval or refusal, and signs it.

The respondent must be present for the first three steps. The officials responsible for the earlier steps (referred to as 'customer services') often operate from service points while the latter steps ('processing') are always done at a central office.

In the Eastern Cape, the department had a special computerised management information system which did not exist in the Western Cape. This system allowed for checking, among others, whether the person was recorded on PERSAL, the central database for provincial and national government employees, or on the Government Pension Fund. We did not include this step in the means test costing although, in fact, it does serve to exclude all existing and past government employees who will have incomes above the means test cut-offs.

Only four or five steps involving the means test were identified in the Eastern Cape. Five steps were found in Mt Ayliff, while there was no screening at the other two sites. Officials explained that screening was not necessary because of the success of their CSG extension awareness programme.

We did not include estimates of the cost per application of the outreach programme. The following standard steps were identified:

1. A screening officer/queue walker (in Mt Ayliff only) tells applicants what they must bring to apply for the CSG and checks that they have brought the correct documents.
2. An attesting officer checks that the applicant has all the required documentation and fills in the application form.
3. A verifying officer checks that everything is correct and gives the applicant a receipt for the application submitted.
4. A data capturer enters the details of the application onto the SOCPEN system.
5. An approval officer checks the details of the application on the SOCPEN system against the hard copy application and approves or rejects the application. A letter of approval or rejection is generated and sent to the applicant.

The respondent must be present for screening (if it happens), attesting and verifying. As with the Western Cape, the earlier steps may be done at the service point while the later steps must be done at a centralised venue.

In both provinces several of the steps that were not recorded probably take longer because of the means test. For example, filing-, batching- and registry-related steps would be more onerous because the means test can add significantly to the number of documents for a single applicant. The cost of these steps were not calculated because the social security official involved did not have to engage with details of the applicant related specifically to the means test.

At some sites there also were staff members who dealt with a varying proportion of applicants in ways that related to the means test. For example, in some offices there were investigating officers who investigated cases of potential fraud. These officers would also investigate cases relating to undeclared income of applicants, for example where an applicant is found to be employed but has not declared this in their application. In some offices there was a help desk. Again, one suspects that many of the queries at such a desk would relate to the means test.

Of each DSD interviewee we asked:

- How long (in minutes) a step 'usually' took.
- What was the longest time this step could take, what caused the step to take longer, and how often (out of ten applications) it tended to happen.
- What was the shortest time this step could take, what caused the step to be quicker, and how often it tended to happen.
- How long they estimated the step would take if there were no means test.
- How the time taken was affected if the applicant was applying in respect of more than one child and how often this tended to happen.

As will be seen below, the main costing is based on the 'usual' time. The questions about longest and shortest time were useful for both the researchers and interviewees in checking that the 'usual' estimate was reasonable. For the overwhelming majority of cases the estimates given by a particular interviewee were internally consistent. A few changed their initial estimate after reflecting on the later questions. Where officials gave their estimate for a particular task in terms of a range, such as 15-20 minutes, we used the mid-point of the range i.e. 17.5 minutes.

In a few cases two officials from a single site who did the same task were interviewed. In these cases, the estimates presented below are a simple average of the estimates of the two officials. In some cases a single official was responsible for more than one task. For example, a particular official might sometimes serve as a first attesting officer, accepting the application, and sometimes

as the second attesting officer, verifying the application, but never doing both processes in respect of any particular applicant. For these officials we completed separate time sheets for each task for which they were responsible.

At several sites community members were providing unpaid assistance. For example, in Khayelitsha the queues are managed by 'committee' members, typically old-age pensioners who traditionally assisted voluntarily at pay points but have now extended their (unpaid) work to the service points. These committee members are not directly involved in any aspect related to the means test. In Mt Ayliff, community leaders assist by confirming the *bona fides* of applicants, including in relation to income. These unpaid workers are therefore directly involved in the means test. There is however no money cost involved for the government, and we did not investigate the amount of time these people spent per application. In effect, Government is being subsidised by these community members.

CSG applications require official proof of the employment and income status of the applicant and spouse. This mainly requires action on the part of police officers for affirming marriage certificates or divorce decrees, as well as making affidavits declaring the earnings of the applicant and their spouse. In some Eastern Cape sites, however, officials of the DSD were unofficially acting as commissioners of oaths, while in other Eastern Cape sites the department was using community leaders for official confirmation of an applicant's situation.

At each site we interviewed a police officer about how long it 'usually' took to affirm and certify means test-related documents for the CSG, as well as how long it took to make an affidavit for the applicant. As with the DSD officials, we asked about the longest and shortest times, as well as the 'usual' time, to provide a check on the estimates.

2.1.2 Interviews with applicants

Our intention was to interview ten applicants upon submission of their completed application at each site. By focusing on last-stage applicants we hoped to get as complete a picture as possible of all the time and money costs involved. (We asked applicants to estimate how much time and money they would spend going back home, or wherever they were intending to go, on the basis of previous trips.) Our focus on the last visit meant we had to discard a few interviews where the applicant had been interviewed while queuing (to save her time), only to discover at the time of submission that she still needed further documents.

Each applicant (all of whom were women) was first asked basic demographic details. She was then asked to relate how many activities or 'visits' she or anyone else had undertaken in respect of this application, and to describe the purpose of the respective activities. From this list the interviewer identified all visits that had something to do with the means test. For the most part such visits would have been to the social security service point or to the police to have documents certified or an affidavit affirmed. In a few cases, however, women related how they or others (such as husbands) made trips, for example to an employer, to get means test-related documents. In East London unemployed applicants are required to obtain a 'brown card' from the Department of Labour to prove that they were registered as unemployed and on a list to receive a job. (We did not include the time spent by the Department of Labour officials in organising these cards in calculating the cost to Government as this is not a requirement under the regulations for the CSG.)

The women were further interviewed about each of the different visits related to the means test. Each was asked about the time and money costs of travel to and from each place, about the time spent waiting and being dealt with, and about any additional costs incurred, such as for photocopying. (Several offices provided free photocopying.) The questionnaire included specific

questions about child care. These asked where the woman's child/ren were at the time of the visit, if any special arrangements had to be made in respect of child care for the visit and, if so, what costs were involved. There was also a question about 'opportunity costs' – about money that the woman would have received if she had not been making the visit. This question covered, for example, cases where women who usually engaged in income-generating activities did not engage in these activities during the time that they were travelling, waiting or fulfilling the main purpose of that visit. It would also have covered cases where women's wages were docked for time spent away from work.

2.1.3 Site specifics

This sub-section provides a very brief summary of the fieldwork experience in each site.

Khayelitsha

The main social development office in Khayelitsha deals only with physical enquiries and the processing of applications. CSG applications are submitted at decentralised service points. Most of the fieldwork was done at one of these service points, the Blue Hall in Site C. A full sample of 10 applicant interviews was obtained.

Atlantis

Atlantis has a main office and two satellite offices, in Malmesbury and Vredenberg, and 35 service points. All the interviews with officials and most of the interviews with applicants were conducted at the main Atlantis office. However, because there were very few applicants completing applications at that office, further interviews were conducted at the Piketberg service point. Despite efforts over two days, only eight interviews with completing applicants were obtained. Both in Piketberg and the main office there were far more women going through the screening stage than applying. One of the officers in Piketberg claimed this was because of the fruit-picking season. Another reason could be that the screening discouraged some women from going further with the application process. A third reason – which our observations suggest is significant – is that many women have to make multiple visits before their application is accepted as complete. Atlantis is largely defined as urban for purposes of the means test. The only areas defined as rural are Witsand, Chatsworth, Riversand and Kalbaskraal. Thus farms near small towns such as Piketberg are defined as urban.

Worcester

The Worcester district office has 23 service points, extending from McGregor to Malgas, west to Caledon and north to Calvinia. All the interviews were conducted at the main Worcester office. As in Atlantis, we were told that the picking and packing season was a quiet time for CSG applications. Despite attempting to find interviewees over two days, we were only able to complete nine interviews with completing applicants. As with Atlantis, the area covered by Worcester is largely defined as urban, including those who live on farms surrounding the small towns.

Mt Ayliff

The Mt Ayliff district office services three areas: Mt Ayliff, Mt Frere and Maluti. Each area has its own service point and a mobile unit that goes out to various other rural service points. Both the service points and the mobile unit accept applications. The interviews with officials were conducted at the mobile service point in Gosa village, the district office in Mt Ayliff and the provincial office in East London. The applicant interviews were all conducted at the mobile service point in Gosa village. All of the Mt Ayliff area is defined as rural. We obtained nine useable applicant interviews in Mt Ayliff. One interview was rejected on the basis that estimates for time taken for activities related to the means test were not plausible.

Umtata

The Umtata district office covers 11 service points in the O.R. Tambo district municipality. Officials were interviewed at the district office in central Umtata, and at the Umtata service point down the road from the district office. As these sites yielded insufficient applicant interviews, additional interviews were conducted when the mobile unit visited a school in Umtata that serviced a community of informal shack dwellers next to a rubbish dump site. The municipality of Umtata is defined as urban, while the outlying areas are defined as rural. We obtained nine useable applicant interviews in Umtata. One interview was again rejected on the basis that estimates for time taken for activities related to the means test were not plausible.

East London

The East London office has 60 service points. All interviews with officials were conducted at the East London office situated in the city centre. The municipality of East London is defined as urban. We obtained a full sample of ten applicant interviews in East London.

2.2 Approach

The calculations and manipulations of data from the General Household Survey and fieldwork are described in some detail. There are a number of reasons for this approach. Firstly, the detailed description will allow others to replicate the exercise by doing similar manipulations of other data. Secondly, the detail allows the reader to understand all the assumptions more fully and thus to take into consideration any biases that might arise. Thirdly, the detail reveals sociological patterns which might be of interest in the broader area of children's well-being, poverty and social welfare.

3 Inflating and deflating the means test thresholds

When the CSG was introduced in 1998, the means test threshold was set at R800 per month for caregivers living in formal dwellings in urban areas and at R1,100 per month for caregivers living in rural areas or in informal dwellings in urban areas. These thresholds have not been increased since that date despite fairly high inflation rates at some points. During 2002, for example, the average inflation stood at 9.2%.

Two alternative calculations reveal the impact of non-adjustment. The first calculation shows how much R800 and R1,100 are worth in 2004 in real terms compared to what they were worth in 1998, i.e. by deflating them to 1998 rands. The second calculation reflects what the two thresholds should have been in 2004 if the real level were maintained at the 1998 levels.

The results of the calculation are shown in Table 1 on the next page. The adjustments are based on the consumer price index (CPI) for all items in metropolitan areas as reported by Stats SA (2005), as this is the only index which covers all items. The index for April of each year is used, as this is the first month of the government's financial year and would therefore be a sensible time at which to introduce adjustments to the thresholds. The table shows that, to keep pace with inflation, the thresholds would have needed to be set in 2004 at R1,123 and R1,544 respectively. Instead, in 2004, the value of the means test threshold was equivalent to buying power of R570 and R784 in 1998.

Table 1 : Inflating and deflating the thresholds

Year	CPI	R800		R1,100	
		1998 R	2004 R	1998 R	2004 R
1998	87.9	800	800	1,100	1,100
1999	94.6	743	861	1,022	1,184
2000	98.9	711	900	978	1,238
2001	105.3	668	958	918	1,318
2002	113.1	622	1,029	855	1,415
2003	123.1	571	1,120	785	1,541
2004	123.4	570	1123	784	1,544

Source: Stats SA (2005); own calculations

In section 5 later in this paper, data is used from the GHS of 2003 and draws heavily on income data applicable as at June 2003, when that survey was conducted. The calculations on eligibility in section 5 are therefore based on inflation-adjusted cut-offs of R1,120 and R1,541 rather than the 2004 levels.

4 How many children?

To obtain estimates of eligibility, we need to know not only the total number of children in a particular age group, but also the number living in different types of areas and different types of dwellings as the means test cut-offs vary according to these characteristics.

The regulations which govern grant payments¹ define an informal dwelling as a “house which is, whether partly or wholly, without brick, concrete or asbestos walls”. The GHS asks only about the main material used for the walls of the dwelling. We therefore must use this as a proxy and exclude all those children who live in dwellings which have either brick, concrete or asbestos as the main material for the walls when determining which children are living in informal dwellings.

Table 2 on the next page shows the total number of children in South Africa in June 2003 according to the GHS. The table is presented in terms of one-year age groups and three area types:

- rural;
- urban, living in informal dwelling; and
- urban, living in formal dwelling.

The estimates provided from the GHS use the weights which Stats SA provides with the dataset. These weights are based on Stats SA mid-year estimates for 2003. Examination of these estimates suggests that they are problematic in several ways, especially as concerns children. For this and the following sections of the paper we use the weights as provided by Stats SA to allow for easier replication of our calculations by others. For the final estimates of cost, we adjust these weights to match the projected population numbers produced by the ASSA2002 version of the model of the Actuarial Society of South Africa (ASSA).

¹ Regulations regarding grants and financial awards to welfare organisations and to persons in need of social relief of distress in terms of the Social Assistance Act, 1992 (Act no. 59 of 1992).

Table 2 suggests that, using Stats SA weights, of the total of 17.7 million children under 18 years of age, 53% were living in rural areas, 9% in informal dwellings in urban areas and 38% in formal dwellings in urban areas.²

Table 2 : Total number of children by area and age, June 2003

Age	Rural	Urban Formal	Urban Informal	Total
0	409,723	343,313	120,113	873,148
1	413,772	291,120	78,759	783,651
2	476,421	334,554	93,110	904,085
3	512,922	366,437	92,354	971,712
4	470,178	341,418	85,662	897,259
5	465,918	364,127	83,592	913,637
6	500,258	352,922	83,126	936,306
7	563,079	377,895	94,647	1035,621
8	541,802	361,543	85,438	988,783
9	564,735	370,803	85,530	1,021,068
10	533,419	356,567	87,925	977,911
11	520,772	367,913	87,965	976,650
12	587,376	405,094	87,698	1,080,169
13	612,671	406,632	76,644	1,095,946
14	576,448	401,672	83,947	1,062,068
15	523,249	397,850	93,430	1,014,530
16	563,267	417,098	97,721	1,078,086
17	524,346	417,365	99,418	1,041,129
Total	9,360,356	6,674,323	1,617,080	17,651,759
% of total	53.0%	37.8%	9.2%	100.0%

Source: General Household Survey 2003

Table 3 on the next page presents the same information aggregated into the following four age groups:

- 0-8 years, the age group eligible at the time the GHS was undertaken;
- 0-10 years, the age group eligible from April 2004 to March 2005;
- 0-13 years, the age group eligible from April 2005; and
- 0-18 years, which includes all children.

The percentages provided in the table show very little differences between the four age groups in terms of distribution across the three types of area.

² Small differences between totals for different tables are caused by a limited number of records for which some information, such as on type of area, is missing. As the numbers are very small, they should not affect the overall findings.

Table 3 : Total children by area and age group

	0-8		0-10		0-13		0-17	
	Number	%	Number	%	Number	%	Number	%
Rural	4,354,073	52.4%	5,452,227	52.9%	7,173,046	53.3%	9,360,356	53.0%
Urban Formal	3,133,328	37.7%	3,860,698	37.5%	5,040,337	37.5%	6,674,323	37.8%
Urban Informal	816,800	9.8%	990,256	9.6%	1,242,563	9.2%	1,617,080	9.2%
Total	8,304,201	100.0%	10,303,181	100.0%	13,455,947	100.0%	17,651,759	100.0%

Source: General Household Survey 2003

Table 4 presents the number of children in the four age groups, but this time disaggregated by province. The final row confirms KwaZulu-Natal as the province where the most children live (21.7% of the total), while Northern Cape has the least children (1.7% of the total).

Table 4 : Total children by province, area and age group

	WC	EC	NC	FS	KZ	NW	GT	MP	LP
Rural	98,210	998,049	45,697	157,654	1,117,860	484,121	54,327	397,451	1,000,000
Urban Formal	541,475	251,221	97,504	213,269	529,770	193,548	1,009,135	168,560	1,280,000
Urban Informal	133,355	65,475	13,121	77,469	120,310	35,825	311,970	52,728	6,540,000
Total	773,039	1,314,746	156,322	448,391	1,767,940	713,495	1,375,432	618,739	1,130,000
Rural	121,020	1,267,301	52,004	192,434	1,402,727	593,724	61,202	501,149	1,260,000
Urban Formal	672,878	315,416	120,740	261,260	653,107	237,186	1,236,142	206,500	1,500,000
Urban Informal	163,510	81,706	15,976	94,968	149,536	43,849	369,707	63,295	1,000,000
Total	957,408	1,664,423	188,720	548,662	2,205,369	874,759	1,667,051	770,944	1,420,000
Rural	149,999	1,688,873	63,321	250,687	1,857,356	769,285	74,550	648,034	1,670,000
Urban Formal	879,526	416,057	157,346	350,820	858,515	306,087	1,600,659	270,168	2,000,000
Urban Informal	198,158	99,900	19,918	124,243	189,862	56,253	460,386	81,154	1,000,000
Total	1,227,683	2,204,830	240,585	725,750	2,905,733	1,131,625	2,135,595	999,356	1,880,000
Rural	190,525	2,181,632	75,139	325,538	2,421,690	976,673	88,779	852,478	2,240,000
Urban Formal	1,140,144	564,252	201,650	489,122	1,163,261	396,701	2,097,090	363,292	2,500,000
Urban Informal	254,409	135,373	22,716	165,021	245,448	79,744	592,776	103,064	1,000,000
Total	1,585,077	2,881,257	299,506	979,682	3,830,399	1,453,118	2,778,645	1,318,835	2,520,000
% Distribution	9.0%	16.3%	1.7%	5.6%	21.7%	8.2%	15.7%	7.5%	1.7%

Source: General Household Survey 2003

Table 5 shows the numbers in each age group and type of area by population group. (The population group numbers do not always sum exactly to the total because a small "other" group is not recorded in the table.) The final rows of the table show very different distributions over the three types of area for the four population groups. Over 96% of Indian children and nine in ten White children are in urban areas, with the overwhelming majority living in formal dwellings. At the other end of the spectrum, 61% of African children are in rural areas, with a further 10% living in informal dwellings in urban areas.

Table 5 : Total children by population group, area and age group

	African	Coloured	Indian	White	Total
0-8					
Rural	4,139,373	137,742	5,267	71,692	4,354,073
Urban Formal	1,997,248	522,426	136,706	475,596	3,133,328
Urban Informal	734,018	75,587	4,255	2,940	816,800
Total	6,870,639	735,755	146,228	550,228	8,304,202
0-10					
Rural	5,190,823	172,890	7,168	81,345	5,452,227
Urban Formal	2,464,163	645,293	168,050	579,928	3,860,698
Urban Informal	889,910	92,202	5,204	2,940	990,256
Total	8,544,896	910,385	180,422	664,214	10,303,181
0-13					
Rural	5,194,918	209,370	8,238	89,579	5,502,105
Urban Formal	4,607,732	853,705	219,161	725,967	6,412,616
Urban Informal	1,421,911	110,771	5,603	2,940	1,541,226
Total	11,224,561	1,173,846	233,002	818,486	13,455,947
0-17					
Rural	8,979,866	261,598	11,141	107,751	9,360,356
Urban Formal	4,303,860	1,116,758	298,320	946,882	6,674,323
Urban Informal	1,471,245	132,839	6,980	6,016	1,617,080
Total	14,754,971	1,511,196	316,441	1,060,649	17,651,759
0-17					
Rural	60.9%	17.3%	3.5%	10.2%	53.0%
Urban Formal	29.2%	73.9%	94.3%	89.3%	37.8%
Urban Informal	10.0%	8.8%	2.2%	0.6%	9.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: General Household Survey 2003

5 Calculating income and estimating eligibility

The regulations define personal income as “the income of the primary care-giver and his or her spouse”. A Western Cape social development official (Ibrahim Mohamed, Office Head, Cape Town district office, 30 November 2004) clarified that the department includes all earned income in the calculation, as well as maintenance and other forms of income, such as rent. They exclude all grants as well as payments from the Unemployment Insurance Fund (UIF).

The GHS has several questions about income. These questions are asked about all people who are employed, defined in this case as someone who has done at least one hour’s ‘economic’ work in the past seven days. It thus includes wage-earners and self-employed people, and covers both formal and informal sectors. This suits our purpose because the means test is meant to be applied on all earned income.

The first question asks what the person’s total salary/pay/income at his/her main job is, including overtime, allowances and bonuses, before tax or deductions. The regulations allow deduction of tax, medical and other deductions before the eligibility test is done. Using the answer to this question could therefore result in too many people being excluded. The extent of this error is probably minimal. Firstly, many people will not know the full amount before deductions and will instead report take-home pay – the amount after deductions. For these people there will be no error. Secondly, there is a tendency to under-report income. For these people the under-reporting could compensate for the inclusion of tax and deductions. Thirdly, most people who qualify will not be earning enough to pay much tax, or afford deductions. For these people there will again be no error.

The GHS reports 11.4 million of the 32 million people aged 15 years and above as employed. This includes all types of employment, whether as an employer, employee or unpaid family worker, and whether in the formal or informal sector. Non-zero responses to the question on the precise amount of income received were provided by 15,603 (66%) of the 23,779 (unweighted) respondents. For these respondents monthly income was obtained by multiplying the amount given by 13/3 (the number of weeks in an average month) for those who said the amount was received per week, dividing by 12 for those who said it was their annual income, and leaving as is for those who said it was the monthly amount. While some of the results were hard to believe (e.g. less than R10 per month), the estimates are probably robust enough in that we only need to know what numbers are above and below the means test amounts.

For those who do not give a precise income amount, an alternative question asks respondents to say which income category they fall in. The first category is zero income, increasing to a 14th category which covers those earning R30,000 or more per month. For those who specified any non-zero income category, an estimate between the upper and lower bound was used. For the lowest category, two-thirds of the upper bound was used. For all the rest except the top category, the logarithmic mean between the upper and lower bounds was used. For the top category, the logarithmic mean between the lower bound and 1½ times that amount was used. This approach is the one commonly used by Stats SA. Logarithmic means are used in place of arithmetic means to account for the fact that incomes tend to cluster at the lower end. A further 5,163 respondents (22% of the total employed) were assigned non-zero incomes in this way.

This left just over 3,000 employed respondents who reported zero income or did not respond to either of the income questions. These respondents were assigned a monthly income equal to the sex-specific weighted median income for those to whom incomes had already been assigned. We used the median to avoid distortion by outliers at the top and bottom end. We use sex-specific estimates

because of the marked differences between average male and female incomes, and because the majority of primary caregivers will be female. The median for men was R1,666 per month and the median for women R900 per month. The median for men immediately excludes any child who has such a man as their primary caregiver, or the caregiver's husband, from eligibility for the CSG. The median for women immediately excludes children who have these women as primary caregivers if they reside in formal housing in urban areas.

5.1 Calculating income of primary caregivers

Before calculating the income of primary caregivers, we need to know who the primary caregiver of each child is. This information is not given in the GHS. We therefore need to make a set of assumptions based on our knowledge of the society, as well as of patterns of CSG recipients to date.

In making these assumptions, we draw on information on the profile of current CSG recipients in 2004, provided by the Department of Social Development. This information does not reflect eligibility completely accurately as some people who are eligible might not have applied. In particular, it seems that few caregivers who are not the mothers of children apply. Nevertheless, the information is useful, and is discussed further below, where the patterns are compared with those we derive for eligibility based on the GHS data.

Our assumptions, and the estimates we need for each, are:

- All children who are living with their mothers have the mother as primary caregiver. For these children, we need to know the income of the mother, if any. If the mother is married, we also need to know the income of her husband. If the mother is not married and not widowed, we need to have an estimate for maintenance.
- All children who are living with their father but not with their mother have the father as primary caregiver. For these children, we need to know the income of the father, if any. If the father is married, we also need to know the income of his wife. We do not include any estimate for maintenance because we assume that fathers will seldom be the primary caregiver if the biological mother of the child is still alive.
- All children who are not living with either parent but are the grandchild of the household head have a grandparent as primary caregiver. For these children we need to know the income of the head of household and their spouse.
- All children who are not covered by any of the above categories have an adult woman as their primary caregiver. For these children we take the mean income of all employed adult women in the child's household.

The method of arriving at income estimates in each of these cases is described in more detail below.

5.2 Children living with their mothers

5.2.1 Number of children living with their mothers

The GHS asks whether the mother of the child is present in the household in which the child lives. Table 6 on the next page shows that three-quarters of children had their mother living with them in the household in 2003. (The question is meant to refer to the biological mother, although this is not specified in the questionnaire.) The likelihood of the mother being present has a strong relationship with age. Thus 95% of children under one year of age were said to be living with their mother, compared to 67% of children aged 17 years. The NA column in the table refers to children whose mother is no longer living. (The columns do not sum exactly to the total as this question was not answered in respect of 8,492 children.)

Table 6 : Presence of mother in household, by age of child

	Yes	No	NA	Total	% yes
0	831,964	37,729	3,455	873,148	95.3%
1	695,638	73,827	13,052	783,651	88.8%
2	756,915	134,169	13,265	904,521	83.7%
3	785,527	163,646	23,151	972,801	80.7%
4	700,593	168,075	28,315	897,578	78.1%
5	701,733	178,707	33,131	914,004	76.8%
6	715,795	180,284	40,227	936,306	76.4%
7	753,388	235,493	46,568	1,035,621	72.7%
8	698,743	240,675	49,668	989,665	70.6%
9	732,367	231,220	57,801	1,021,388	71.7%
10	698,302	222,103	56,564	979,367	71.3%
11	684,495	221,173	71,634	977,301	70.0%
12	764,499	246,071	69,600	1,080,169	70.8%
13	768,049	252,294	74,291	1,096,465	70.0%
14	738,409	245,346	78,313	1,062,068	69.5%
15	717,785	221,533	75,910	1,015,228	70.7%
16	718,140	263,149	97,748	1,079,343	66.5%
17	701,390	265,063	74,282	1,041,129	67.4%
Total	13,163,733	3,580,556	906,974	17,659,754	74.5%
%	74.5%	20.3%	5.1%	100.0%	

Source: General Household Survey 2003

Table 7 shows the impact of this pattern on the percentage of children living with their mother under the different age qualification regimes and within each area type. The pattern of moving away from the mother (or the mother moving away from the child, whether through death, to seek work or for some other reason) holds across all area types.

Table 7 : Presence of mother by area and age group of child

Age group	Rural	Urban Formal	Urban Informal	Total
0-8	73.9%	86.5%	86.8%	79.9%
0-10	71.9%	85.4%	85.7%	78.3%
0-13	70.0%	83.7%	83.8%	76.4%
0-17	68.2%	81.8%	81.5%	74.5%

Source: General Household Survey 2003

Where the mother of the child is present in the household, the informant is asked to identify the mother in the household roster. This information was provided for all but seven (unweighted) of the children with mothers present. When the linking was done, mothers were 'found' for 27,805 of the 27,831 children (unweighted) who were said to have mothers in the household. This allows for examination of various characteristics of the mother.

5.2.2 Marital status of resident mothers

Table 8 shows that 62% of the children who are living with their mother have mothers who are either married or living together with a partner. In some cases the man to whom the mother is married or with whom she is living might not be the father of the child concerned. This is not important for our purposes because CSG eligibility is based on the income of the caregiver and their spouse, whether or not the spouse is related to the child. The GHS also does not distinguish between those who are married and those who are living together. This is not ideal for our purposes, as CSG eligibility does not take into account the income of unmarried partners. However, experience with other surveys in which the two statuses are separated suggests that very few people in South Africa get reported as living together. We therefore assume that, for all these mothers, the department would take into account any income earned by the partner when doing the means test.

Table 8 : Children with mothers in household according to mother's marital status

Mother's marital status	Rural	Urban Formal	Urban Informal	Total
<i>Married/live together</i>	3,931,975	3,529,911	749,182	8,211,067
<i>Widow</i>	472,668	258,175	86,961	817,804
<i>Divorced/separated</i>	197,092	311,994	67,692	576,777
<i>Never married</i>	1,775,583	1,352,661	410,659	3,538,903
<i>Unspecified</i>	221	0	409	630
Total	6,377,539	5,452,740	1,314,903	13,145,181
% married	62%	65%	57%	62%
% divorced	3%	6%	5%	4%
% never married	28%	25%	31%	27%

Source: General Household Survey 2003

The table shows some differences across the various types of areas. Thus mothers in formal dwellings in urban areas are the most likely to be married, and those in informal dwellings in urban areas the least likely. The second last row of the table gives the percentage reported to be divorced or separated. Unfortunately we have no information about whether these mothers receive maintenance for the child from previous husbands. Our solution to this problem is discussed below.

Table 9 shows children in the different area types who have a married mother living with them, based on whether the husband of the mother is present in the household. Of the 8.2 million children with married mothers living with them, 80% have the husband of the mother also living in the household. There is, however, a marked difference between the situation of rural and urban children. While 92% or more of the urban children living with married mothers have the mother's husband with them, this is the case for only 64% of rural children.

Table 9 : Children according to presence of mother's husband and area

Husband of mother present	Rural	Urban Formal	Urban Informal	Total
Yes	2,525,368	3,336,660	686,407	6,548,435
No	1,406,485	193,250	62,775	1,662,510
<i>Unspecified</i>	123	0	0	123
Total	3,931,975	3,529,911	749,182	8,211,067
% in household	64%	95%	92%	80%

Source: General Household Survey 2003

Just as we linked the children and their mothers, the GHS also provides information to allow linking of the married mothers and their husbands. (Only one of the husbands did not have linking information.) After linking, we can examine the employment status and income of the partners.

5.2.3 Employment status of resident mothers and their husbands

Table 10 and Table 11 look at employment status of resident mothers. Employment status is shown in terms of three categories – employed, unemployed (not working, but wanting to work), and not economically active (NEA – not working, and not wanting to do economic work, for example being a full-time homemaker). Among mothers, 36% of those who are resident are employed. The percentage of mothers who are employed ranges from 26% in rural areas to 47% among those living in formal dwellings in urban areas. These percentages are calculated on the total number of children with mothers living with them. If percentages are calculated on the basis of all children, including those who are not living with their mothers, 27% have resident mothers who are employed. Here the percentage ranges from 18% among rural children to 39% among those living in formal dwellings in urban areas.

Table 10 : Children according to employment status of resident mother

Mother	Rural	Urban Formal	Urban Informal	Total
Not economically active	3,766,144	1,833,495	511,156	6,110,795
Employed	1,659,305	2,583,729	498,046	4,741,080
Unemployed	951,579	1,035,516	305,700	2,292,796
Total	6,377,028	5,452,740	1,314,903	13,144,670
% employed of resident	26%	47%	38%	36%
% employed of total	18%	39%	31%	27%

Source: General Household Survey 2003

The percentage employed husbands of the resident mothers ranges from 82% for children living in formal dwellings in urban areas to 58% for rural children, with an average of 72%. If the calculation is done for all children rather than only for those with resident husbands of resident mothers, the overall average drops to 27%, ranging from 41% among those living in formal dwellings in urban areas to 16% for rural children.

Table 11 : Children according to employment status of resident husband of resident mother

Husband of mother	Rural	Urban Formal	Urban Informal	Total
Not economically active	730,337	306,239	88,637	1,125,213
Employed	1,466,967	2,734,987	482,465	4,684,418
Unemployed	325,089	295,128	111,357	731,574
Total	2,522,393	3,336,354	682,458	6,541,205
% employed of resident	58%	82%	71%	72%
% employed of total	16%	41%	30%	27%

Source: General Household Survey 2003

For children living with married mothers who are living with husbands, the income to be used in the means test is derived by adding together the earned income of the mother and the husband.

As noted above, approximately 80% of mothers of children who are living with married mothers have their husband living with them. According to the regulations, the income of the non-resident husbands should also be considered in the means test. Unfortunately, the GHS does not give us an easy way of finding out the situation of these men.

Instead, we examine the situation of all adult men who are reported to be married but not living with their spouse. The GHS records 787,859 (weighted) men in this situation. Table 12 reveals that 79% of these men are employed, 12% not economically active and 9% unemployed. This employment rate is significantly higher than for all men aged 18 years and above, which is 51% (45% for African men). The higher rate among non-resident husbands is expected as many of these men are absent because they hold jobs elsewhere.

Table 12 : Employment status of married men not living with their spouses

Population group	Not economically active	Employed	Unemployed	Total
African	11%	80%	9%	100%
Coloured	27%	54%	19%	100%
Indian	28%	72%	0%	100%
White	19%	80%	1%	100%
Total	12%	79%	9%	100%

Source: General Household Survey 2003

The patterns in terms of employment status are very similar for Africans and Whites, with lower employment rates for Indians and Coloureds. However, 95% of all the married men not living with spouses are African. An even higher 97% of the children recorded as having resident mothers living without their spouses are Africans. We therefore base our estimate on the African profile and assume that 80% of all non-resident husbands are employed.

Unfortunately we have no way of knowing which of the children have mothers whose non-resident husband is employed. Instead we use Stata's random number function to decide which children will be allocated employed husbands of mothers, using a ratio of 4:1 employed:unemployed to obtain the 80% rate of employment. We do not differentiate between the different types of areas in this allocation because many of the absent husbands might have moved to a different type of area to find work and there is thus no way of linking ratios for these men and the children concerned.

In allocating an income to these men, we derive an estimate using data from married men living apart from their spouses. The median income for these men is R1,666 per month and the mean is R2,867. As before, we use the median.

The above procedures deal with children whose mothers are resident and married. The GHS does not ask about receipt of maintenance from the non-custodial parent. Maintenance is, however, meant to be taken into account in the means test.

We assume that resident mothers who are married do not receive maintenance in respect of the children who live with them, although they are legally entitled to it if the current husband is not the father of the child. We ignore this possibility because it seems unrealistic to expect that many children will be supported by the incomes of three parents – the mother, the biological father, plus a new husband of the mother.

5.2.4 Unmarried resident mothers

We do, however, consider maintenance for resident mothers who are single (never married) or divorced/separated. We do not consider maintenance for resident mothers who are widowed on the assumption that the deceased husband was the father of the child concerned.

We assume, somewhat unrealistically, that half of all resident mothers who are never married or divorced/separated receive maintenance. We use ‘half’ on the basis that approximately half of all adult men are employed and thus perhaps able to pay maintenance. We do not take the marital status of men into account as some of the fathers of the children of unmarried women will themselves be married or divorced. We do not take population group into account as 99% of children with resident mothers who are never married are either African or Coloured, and the employment rate for these two groups combined is 47% – very similar to that for all men. The lack of realism arises because of the general low rates of maintenance payment, even by fathers who have income.

For the amount of maintenance, we use estimates derived from research commissioned by the Commission on Gender Equality in early 2004. This research included a survey among 180 women, 20 in each of the nine provinces, who were collecting maintenance payments at court. The survey found that the median amount of maintenance awarded per child was R200 per month and the mean R226 (Commission on Gender Equality, 2004:51). We therefore allocate R200 as maintenance money to all the relevant women.

This deals with all children living with resident mothers.

5.3 Children living with fathers but not with mothers

Table 13 shows the numbers of children living with both mother and father, only with mother, only with father and with neither parent. The shaded cells show children who have their father living in the household, but not their mother. Of the total number of children, 2.2 % (389,798) live with the father, and have a living mother who is absent. Of the total, 0.7% (120,719) live with the father, and their mother is no longer alive. (The ‘NA’ in this table indicates that the presence or absence of the mother/father is ‘not applicable’ as this particular parent is no longer living.) A negligible 432 children (0% – only one child unweighted) live with the father and the status of their mother is unknown. Thus 2.9% of all children (510,949) live with their father but not with their mother. For these children, we assume that the father is the primary caregiver, i.e. the person entitled to apply for the grant.

Table 13 : Presence of parents in child’s household

	Mother Present	Mother Absent	Mother NA	Unknown	Total
Father Present	6,464,011	389,798	120,719	432	6,974,960
Father Absent	5,261,296	2,500,715	369,501	2,944	8,134,456
Father NA	1,432,742	687,480	416,179	2,225	2,538,627
Unknown	5,684	2,563	574	2,890	11,710
Total	13,163,733	3,580,556	906,974	8,492	17,659,754

Source: General Household Survey 2003

Boys are slightly more likely than girls to have their father as PCG (3.1% vs 2.7% respectively have their father as PCG). This could be because fathers are more prepared to take care of their sons, and/or because a male role model is considered more important for boys.

There are also small differences across area types in the percentage of children who have their father as PCG. In rural areas it is 2.7%, in formal dwellings in urban areas 2.8%, and in informal dwellings in urban areas 3.2%.

Table 14 shows the pattern by population group. African children are the most likely to have their father as PCG and Indian children least likely.

Table 14 : Father as primary caregiver by population group

	African	Coloured	Indian	White
Father PCG	442,986	38,353	5,667	23,944
All children	14,762,965	1,511,196	316,441	1,060,649
% with father PCG	3.0%	2.5%	1.8%	2.3%

Source: General Household Survey 2003

All but 10 (unweighted) of the PCG father records can be matched with information about the man's employment status. Over half (282,099, or 55%) of the PCG fathers are employed, and thus have non-zero incomes. The mean income of the employed PCG fathers is R3,386 per month and the median R1,666. However, in this case we are able to allocate the appropriate income to each father individually rather than using the median or mean.

The CSG regulations require that the income of the spouse of the PCG be taken into account. Table 15 reflects the marital status of the PCG fathers for whom this information is available. Over a third (183,943, or 37%) are married, approximately the same number (181,827, or 36%) never married, 15% widowed and 12% divorced. (The relatively high percentage of never married fathers is surprising, but the absolute number is fairly small.)

Table 15 : Marital status of primary caregiver fathers

Marital Status	Number	Percent
Married	183,943	36.6%
Widowed	75,679	15.0%
Divorced	61,586	12.2%
Never married	181,827	36.1%
Unspecified	297	0.1%
Total	503,331	100.0%

Source: General Household Survey 2003

Of those who are married, 74,262 (40%) have their wife living with them in the household. These wives are not the mothers of the children for whom the father is the PCG, but the wife's income is nevertheless meant to be considered for the purposes of the means test. Matching across files reveals that 26,076 (35%) of the resident wives are employed and thus have non-zero income. Income tends to be much lower than that of their husbands, with a mean of R1,147 per month and a median of R900. As with the husbands, we are able to allocate the appropriate income to each wife and do not need to use the mean or median.

5.4 Children definitely living with grandparents

After exclusion of children living with their fathers, mothers or both parents, we are left with close on 4 million children who are living with neither parent. Table 16 below shows the relationship of these children to the head of the household in which they live. The first percentage column shows the distribution according to relationship among these children. The second percentage column shows what percentage each relationship category among these children makes up of all children in the country. The table reveals that two-thirds of children not living with parents are the grandchild of the head of the household in which they live. Of these children, 72% live in rural areas, 24% in formal dwellings in urban areas, and 5% in informal dwellings in urban areas. The preponderance of rural areas is not surprising. It reflects the fact that there are many children who have been left with grandparents while their parents go to urban areas to seek work. Some of the other children who are not living with parents might also be living with a grandparent, but this is unfortunately not discernible unambiguously from the data in cases; for example where they are the niece or nephew of the household head and the head's parent, who is also their grandparent, is also a member of the household.

The 150,000 children who are said to be the child of the household head seems contradictory given that these children are reported not to be living in the same household as their mother or father. The apparent contradiction is probably explained by these children living with non-biological 'parents'.

Table 16 : Relationship to household head of children not residing with parents

Relationship	Number	% of children not with parents	% of all children
<i>Head</i>	62,592	1.6%	0%
<i>Partner</i>	8,541	0.2%	0%
<i>Child</i>	150,001	3.8%	1%
<i>Sibling</i>	353,451	8.9%	2%
<i>Grandchild</i>	2,642,019	66.3%	15%
<i>Other relative</i>	715,618	18.0%	4%
<i>Non-related</i>	51,729	1.3%	0%
<i>Unspecified</i>	1,119	0.0%	0%
Total	3,985,072	100%	23%

Source: General Household Survey 2003

Among the children not living with parents, we focus first on the significant number of children living in households in which one of their grandparents is named as the head. For these children we attempt to find the matching employment information for the heads of household and their partners. (The GHS does not allow us to distinguish between a spouse and a 'partner' to whom the person is not formally married.) Just over four-fifths of the 'matches' are for the head rather than for the head's partner, and nearly three-quarters (73%) of the heads are female. (All these calculations are done on unweighted data because some of these people are grandparent to more than one child, and there is therefore not a single weight if we want to use child weights, as was done elsewhere in this paper. However, weighting would not change the proportions noticeably.) These patterns confirm that the majority of these children are living with grandmothers, many of whom are widowed. For our purposes, however, it makes little difference whether the head is male or female, and/or whether the primary caregiver is male or female when there is a couple. What is important is that incomes of both the head and the partner should be considered for the means test where both reside in the household.

Only 18% of all heads and their partners are employed and thus have non-zero income. The rate of employment is somewhat higher for men (26%) than women (16%). Even after combining the income of the head and partner for each of the relevant households, the mean income is R1,327 per month, which is above both CSG thresholds, while the median is R850, between the two thresholds. The mean and median are, however, not important for our method because, as with resident mothers and fathers, in this case we are able to allocate incomes individually.

After linking back to the children, 555,470 children (1,302 unweighted) have non-zero income through grandparents. Of these, 64% are rural, 30% living in formal dwellings in urban areas and 7% living in informal dwellings in urban areas. Care-giving grandparents in rural areas are thus less likely than those in urban areas to be employed. The median and mean incomes of the (employed) grandparents change slightly from the figures reported above for the household level to R1,325 per month for the mean and R900 for the median. The change occurs because some grandparents are responsible for more than one child. The grandparent income is, however, not allocated to all children in the households in which these grandparents live. In some cases, for example, there are some children who are assumed to be cared for by the grandparents, while others (perhaps cousins) have a mother or father in the household and are assumed to be cared for by them. The grandparent income is allocated only to those children without a resident mother or father.

This category is the final one, with each group of children now having been allocated a zero or non-zero income for their caregivers. Overall, 46% of children are allocated income for a married resident mother and spouse, 28% for a non-married resident mother, 15% for resident grandparent/s, 8% for no apparent resident parent or grandparent, and 3% for a resident father (plus spouse, if married).

5.5 The remaining children

The calculations above leave us with 1,343,052 children for whom there is no immediately obvious caregiver. For these children we take the mean income of all employed adult females in the household. Of the 1,845 households (unweighted) in which these children live, under half (827) have at least one adult female income-earner.

After matching, 347,028 children (789 unweighted) are allocated non-zero income in respect of these 'other' caregivers. This accounts for 26% of the children not living with parents or grandparents. Forty-two percent of the children for whom some income is found live in rural areas, 47% in formal dwellings in urban areas and 11% in informal dwellings in urban areas. The mean income allocated is R1,480 per month and the median is R780 per month.

5.6 How many children are eligible?

Having allocated income to the presumed caregivers of all groups of children, we can now estimate how many children will be eligible for the CSG under different scenarios.

Table 17 to Table 24 on the next pages show situations which reflect permutations of two different factors, namely the age group which is eligible and the income cut-offs. As before, the shaded cells are those where children are eligible for the CSG. In terms of age group, there are four sets of two tables each, showing eligibility in terms of the standard cut-offs of R800 and R1,110, as well as eligibility in terms of the inflation-adjusted cut-offs of R1,120 and R1,541. In terms of age, the first set covers children under nine years (the situation for most of 2003), the second set children under

11 years (the situation for most of 2004), the third set children under 14 years (the situation from April 2005), and the fourth set all children.

The tables reveal that the change in age group makes very little difference in terms of the percentage of children covered. The change in age group does, however, obviously affect the absolute number of children covered. For the standard cut-offs, the absolute number varies from 5.5 million for the most restricted age group to 11.5 million if children of all ages are eligible.

The change resulting from adjusting the cut-offs for inflation is about four percentage points. The relative change is greatest for children living in informal housing in urban areas.

Overall, about 66% of children in the chosen age group are eligible under the standard cut-offs and 70% under the inflation-adjusted cut-offs. There is the planned bias towards rural children and those living in informal dwellings in urban areas. For example, using the standard cut-offs, 78% of the former are eligible – as are 76% of the latter – against 46 – 47% of children living in formal dwellings in urban areas. Part of this bias reflects the fact that incomes tend to be lower in the first two types of areas. For example, the mean income allocated to children's caregivers according to our method described above was R720 per month for rural children and R730 per month for those living in informal dwellings in urban areas, compared to R3,487 per month for those living in formal dwellings in urban areas.

Table 17 : Eligibility 0-8 years using standard cut-offs

Area	Zero	<R800	R800-<1,100	R1,100+	Total	Eligible	% eligible
<i>Rural</i>	2,027,594	1,164,515	182,771	980,179	4,355,058	3,374,879	77.5%
<i>Urban Formal</i>	792,690	670,245	126,559	1,545,921	3,135,414	1,462,934	46.7%
<i>Urban Informal</i>	254,745	324,957	36,309	200,319	816,330	616,011	75.5%
Total	3,075,028	2,159,716	345,640	2,726,419	8,306,803	5,453,825	65.7%

Table 18 : Eligibility 0-8 years using inflation-adjusted cut-offs

Area	Zero	<R1,120	R1,120-<1,540	R1,540+	Total	Eligible	% eligible
<i>Rural</i>	2,027,594	1,366,757	91,569	869,138	4,355,058	3,485,920	80.0%
<i>Urban Formal</i>	792,690	816,178	112,446	1,414,100	3,135,414	1,608,868	51.3%
<i>Urban Informal</i>	254,745	362,898	58,373	140,315	816,330	676,015	82.8%
Total	3,075,028	2,545,834	262,388	2,423,553	8,306,803	5,770,804	69.5%

Table 19 : Eligibility 0-10 years using standard cut-offs

Area	Zero	<R800	R800-<1,100	R,1100+	Total	Eligible	% eligible
<i>Rural</i>	2,583,277	1,404,534	234,331	1,230,663	5,452,804	4,222,141	77.4%
<i>Urban Formal</i>	983,195	796,377	161,065	1,922,904	3,863,541	1,779,572	46.1%
<i>Urban Informal</i>	306,350	391,829	52,211	239,397	989,786	750,389	75.8%
Total	3,872,821	2,592,740	447,606	3,392,963	10,306,131	6,752,103	65.5%

Table 20 : Eligibility 0-10 years using inflation-adjusted cut-offs

	Zero	<R1,120	R1,120-<1,540	R1,540+	Total	Eligible	% eligibil
Total	2,583,277	1,660,283	114,027	1,095,218	5,452,804	4,357,587	79.9%
Formal	983,195	983,361	137,693	1,759,292	3,863,541	1,966,556	50.9%
Informal	306,350	448,310	64,417	170,709	989,786	819,077	82.8%
Total	3,872,821	3,091,954	316,137	3,025,219	10,306,131	7,143,220	69.3%

Table 21 : Eligibility 0-13 years using standard cut-offs

	Zero	<R800	R800-<1,100	R1100+	Total	Eligible	% eligibil
Total	3,484,108	1,732,213	314,032	1,643,577	7,173,930	5,530,353	77.1%
Formal	1,307,897	1,001,737	226,869	2,506,677	5,043,180	2,309,634	45.8%
Informal	397,936	487,354	66,428	290,375	1,242,094	951,719	76.6%
Total	5,189,941	3,221,304	607,329	4,440,629	13,459,203	8,791,705	65.3%

Table 22 : Eligibility 0-13 years using inflation-adjusted cut-offs

	Zero	<R1,120	R1,120-<1,540	R1,540+	Total	Eligible	% eligibil
Total	3,484,108	2,074,361	147,382	1,468,079	7,173,930	5,705,851	79.5%
Formal	1,307,897	1,262,153	178,449	2,294,681	5,043,180	2,570,050	51.0%
Informal	397,936	558,547	76,163	209,447	1,242,094	10,32,646	83.1%
Total	5,189,941	3,895,061	401,994	3,972,207	13,459,203	9,308,547	69.2%

Table 23 : Eligibility <18 years using standard cut-offs

	Zero	<R800	R800-<1,100	R1,100+	Total	Eligible	% eligibil
Total	4,648,980	2,154,961	421,238	2,136,428	9,361,607	7,225,179	77.2%
Formal	1,782,675	1,251,694	307,333	3,337,388	6,679,089	3,034,369	45.4%
Informal	538,902	603,479	92,370	382,510	1,617,261	1,234,751	76.3%
Total	6,970,557	4,010,134	820,941	5,856,325	17,657,956	11,494,298	65.1%

Table 24 : Eligibility <18 years using inflation-adjusted cut-offs

	Zero	<R1,120	R1,120-<1,540	R1,540+	Total	Eligible	% eligibil
Total	4,648,980	2,607,113	190,227	1,915,287	9,361,607	7,446,319	79.5%
Formal	1,782,675	1,598,371	245,996	3,052,048	6,679,089	3,381,046	50.6%
Informal	538,902	703,969	99,835	274,554	1,617,261	1,342,707	83.0%
Total	6,970,557	4,909,452	536,058	5,241,890	17,657,956	12,170,071	68.9%

The eligibility estimates provided here are significantly higher than the 48.9% used by Asghar Adelzadeh for the age group 0-6 years in work done for the Department of Social Development soon after the CSG was introduced (pers. comm. A. Adelzadeh).

In the next few tables we compare the patterns among those who are eligible with beneficiary patterns reported by the DSD for December 2003. We use the standard cut-offs and the age group 0-8 years as these reflect the conditions as at December 2003. Our estimates suggest that 5.45 million children should have been eligible at that date. DSD records show that 4,245,298 children were receiving the grant. This is about 78% of our estimate.

Table 25 below shows the number of children who would be eligible in each province according to our calculations if all age groups were covered and standard cut-offs used for the means test. The final column shows the percentage that would be eligible in each province. The percentage eligible is lowest in Gauteng, where fewer than half of children emerge as eligible. The percentage is highest in Eastern Cape, KwaZulu-Natal, North West and Limpopo provinces, at 72 – 73% of all children in these provinces.

Table 25 : Eligibility 0-8 years with standard cut-offs, by province

Province	Eligible	Total	% eligible
<i>W Cape</i>	403,491	773,039	52.2%
<i>E Cape</i>	957,975	1,315,261	72.8%
<i>N Cape</i>	101,513	156,322	64.9%
<i>Free State</i>	314,852	448,391	70.2%
<i>KZN</i>	1,278,288	1,767,940	72.3%
<i>North West</i>	514,337	713,495	72.1%
<i>Gauteng</i>	640,833	1,377,518	46.5%
<i>Mpumalanga</i>	425,403	618,739	68.8%
<i>Limpopo</i>	817,133	1,139,193	71.7%
Total	5,453,825	8,309,897	65.6%

Source: General Household Survey 2003

Table 26 compares the provincial distribution suggested by our estimates, based on the GHS with the actual distribution of beneficiaries in December 2003 (Department of Social Development 2003). There is an extremely close match, with the largest difference at only two percentage points. This suggests that provinces are performing equally well in registering eligible children and their caregivers.

Table 26 : Provincial distribution of estimated and actual beneficiaries

	WC	EC	NC	FS	KZN	NW	GT	MP	LP	Total
GHS	7%	18%	2%	6%	23%	9%	12%	8%	15%	100%
DSD	6%	17%	2%	6%	24%	8%	12%	8%	17%	100%

Table 27 shows the percentage of estimated and actual beneficiaries in each province, who live in areas defined as rural. Overall, the GHS suggests that 62% of beneficiaries should be rural, while in reality 66% of beneficiaries are recorded as rural. The match is even better than this in most provinces. The only province with a wide gap between the estimated and actual percentage is Northern Cape. KwaZulu-Natal also has a bigger gap than other provinces. These differences could be at least partly due to the different definitions of rural and urban, referred to earlier.

Table 27 : Rural percentage of estimates and actual beneficiaries by province

	WC	EC	NC	FS	KZN	NW	GT	MP	LP	Total
GHS	17%	80%	31%	41%	72%	72%	4%	73%	92%	62%
DSD	18%	80%	50%	43%	81%	75%	6%	73%	92%	66%

Table 28 on the next page shows various statistics relating to eligibility by type of caregiver. The first column of percentages shows the proportion of each group of children who are eligible. This is highest, at 91%, for those living with grandparents, closely followed by those living with resident mothers who are not married, and other caregivers. It is lowest, at 39%, for children living with

resident, married mothers. The following two columns compare the percentage distribution across the types of caregivers of eligible children with the distribution for all children. The table shows, for example, that while 47% of all children live with resident married mothers, only 28% of eligible children do. Conversely, while 33% of all children live with resident mothers who are not married, 45% of eligible children are in this position.

Table 28 : Eligibility by type of caregiver

Caregiver	% eligible	% distribution of eligible children	% distribution all children
<i>Resident father</i>	68%	2%	2%
<i>Grandparent</i>	91%	19%	14%
<i>Resident married mother</i>	39%	28%	47%
<i>Resident unmarried mother</i>	89%	45%	33%
<i>Other caregiver</i>	88%	5%	4%
Total	66%	100%	100%

The above distributions differ quite markedly from those shown in the DSD statistics. The department reports that only 17% of primary caregivers are married, while our estimates suggest that at least 28% should be. The DSD statistics show that 92% of all primary caregivers are claiming in respect of their own child. Our estimates suggest that the percentage should be 75%. The DSD statistics show 1.4% of CSG claimants as male. This is very similar to our estimate for resident fathers. It does not, however, allow for further male claimants among grandparents or in the 'other' category. All these mismatches suggest that there are significant groups who are entitled to the CSG but who are not claiming for some reason.

Having established the numbers eligible under different scenarios, the next sections calculate the cost of the application of the means test for a single case to both Government and to applicants. The estimates in terms of eligibility and cost can then be combined to get the total cost of applying the means test.

6 The cost to Government of applying the means test

Table 29 shows the ‘usual’ time taken for each activity by the DSD and SAPS in the application of the means test. As the processes in the Western Cape and the Eastern Cape differ, the table shows eleven activities, whereas each particular office has a maximum of six activities. The table shows total time ranging from 15.75 minutes in East London to 88.5 minutes in Khayelitsha. There is thus a significant range. Within each province, however, the range is much smaller: 56.5 – 88.5 minutes in the Western Cape and 15.75 – 21 minutes in the Eastern Cape. The overall mean across all six sites is 45.0 minutes.

Table 29 : ‘Usual’ time taken per activity (minutes)

	Worcester	Atlantis	Khayelitsha	E London	Umtata	Mt Ayliff
Screening officer	8	10	12.5			
1st attesting officer	20	17.5	20			
2nd attesting officer	15	10	15			
Assessment clerk	8	12.5	10			
Data capturer	8	2	20			
Verifying officer	10	4.5	11			
Screening officer					3	
Attesting officer				8	4.5	5
Verifying officer				5	3	6
Data capturer				1	5	5
Approval officer				1.75	4	5
STANDARD TOTAL	69.0	56.5	88.5	15.75	19.5	21.0

An examination of the ranges for particular activities suggests that most of the estimates are reasonable, or otherwise all err in the same direction. The most notable exception is data captured in the Western Cape, with a range from 2 – 20 minutes. The 20 minutes for Khayelitsha looks questionable, but many of the other Khayelitsha estimates are higher than those for other offices.

Table 30 on the next page gives the estimates from officials of the longest time a particular activity could take. The reasons for a case taking a long time might differ across activities. Multiple income sources and applicants who had previous applications and grants were, however, the ones most likely to cause an increase in the estimated activity time. The sum of the longest time estimates for a particular office ranged from 34.75 minutes in Mt Ayliff to 123 minutes in Khayelitsha. The final row of the table shows the proportion of cases in which the time was lengthened in this way. Most officials said this happened in about two out of every 10 cases.

Table 30 : Longest time per activity (minutes)

	Worcester	Atlantis	Khayelitsha	E London	Umtata	Mt Ayliff
Screening officer	10	17.5	20			
1 st attesting officer	25	25	25			
2 nd attesting officer	22.5	15	30			
Assessment clerk	15	25	13			
Data capturer	15	7.5	20			
Verifying officer	20	15	15			
Screening officer					5	
Attesting officer				25	10	9.75
Verifying officer				10	5	7
Data capturer				4	10	11
Approval officer				2	5	7
LONGEST TOTAL	107.5	105	123	41	35	34.75
Occurrence	0.2	0.1	0.3	0.2	0.3	0.2

Table 31 gives the estimates from officials of the shortest time a particular activity could take. The cases that were said to take a short time tended to be first applications for a single child by single mothers with no income to record. The sum of the shortest time estimates for a particular office ranged from 11.4 minutes in East London to 67 minutes in Khayelitsha. As before, the final row shows how often this occurred. Here the estimates for the Eastern Cape sites are high, at between seven and nine out of every 10 cases. There does not seem to be need for concern about this as the 'short' estimates are not much shorter than the 'usual' estimates. Quick cases happen less often in the Western Cape, but more often than lengthy cases.

Table 31 : Shortest time per activity (minutes)

	Worcester	Atlantis	Khayelitsha	E London	Umtata	Mt Ayliff
Screening officer	7	6.5	6			
1 st attesting officer	15	15	20			
2 nd attesting officer	8	5	15			
Assessment clerk	8	10	6			
Data capturer	5	1	10			
Verifying officer	10	2	10			
Screening officer					3	
Attesting officer				6	4.5	4
Verifying officer				3	2.5	5
Data capturer				1	3	2
Approval officer				1.5	2	3
SHORTEST TOTAL	53	39.5	67	11.5	15	14
Occurrence	0.4	0.3	0.3	0.8	0.7	0.9

Table 32 below shows officials' estimates of how long each step would take if there were no means test. These estimates were hypothetical, but we hoped that by leading up to this question with others regarding actual times including the means test, we would get relatively accurate estimates. If the means test was abolished, the estimates for the steps that currently include the means test range from 10 minutes in East London to 31 minutes in Khayelitsha. The mean across the six sites is 18.5 minutes, compared to the current mean of 45 minutes for 'usual' time.

Table 32 : Estimated 'usual' time without means test (minutes)

	Worcester	Atlantis	Khayelitsha	E London	Umtata	Mt Ayliff
Screening officer	3	2.5	5			
1st attesting officer	10	5	7.5			
2nd attesting officer	4	3	6.5			
Assessment clerk	5	5	2			
Data capturer	3	1	5			
Verifying officer	5	1	5			
Screening officer					1.5	
Attesting officer				5	3	3.5
Verifying officer				3	3	4
Data capturer				1	2	2
Approval officer				1	2.5	1
TOTAL MINUS MEANS TEST	30	17.5	31	10	12	10.5

Deduction of the time taken without the means test from the current time taken gives the extra time required for the means test. To allow costing, this needs to be done per activity as different levels of officials, with different salaries, are required for the different steps. The second and third columns of Table 33 on the next page give the mean time per activity across sites. The totals for these two columns again confirm that the process tends to take much longer, at a mean of 71.4 minutes in the Western Cape compared to that of the Eastern Cape at 20.9 minutes. The third and fourth columns show the means without the means test. The time taken in the Western Cape (26.2 minutes) is still much longer than for the Eastern Cape (11.8 minutes), but the difference between the two provinces is much smaller than before in both relative and absolute terms. This suggests that much of the extra time taken in the Western Cape is because of the means test. Some might argue that this reflects the greater likelihood of applicants having incomes that need to be checked in the Western Cape. However, the beneficiary survey showed that very few applicants in either province had any income to declare. Another factor could be that Western Cape officials seemed more eager to check and double-check everything related to the means test, reflecting a seemingly greater concern to exclude those who are not eligible.

The final two columns in Table 33 give the difference between the usual time and the estimate without the means test, i.e. the time added because of the means test. In absolute terms, in the Western Cape the 1st attesting officer spends longest on the means test while in the Eastern Cape the approval officer spends longest.³

³ Due to rounding, the difference sometimes differs slightly from the figure obtained by subtracting the figures for 'no means test' from those for 'usual' in the table because the difference column is derived by first calculating the difference for each office and then the average.

Table 33 : Mean 'usual' time, time without means test, and difference due to means test per activity (minutes)

	Usual		No means test		Difference	
	W Cape	E Cape	W Cape	E Cape	W Cape	E Cape
Screening officer	10.2		3.5		6.7	
1st attesting officer	19.2		7.5		11.7	
2nd attesting officer	13.3		4.5		8.8	
Assessment clerk	10.2		4.0		6.2	
Data capturer	10.0		3.0		7	
Verifying officer	8.5		3.7		4.8	
Screening officer		3.0		1.5		1.5
Attesting officer		5.8		3.8		2.0
Verifying officer		4.7		3.3		1.3
Data capturer		3.7		1.7		2.0
Approval officer		3.6		1.5		2.1
STANDARD TOTAL	71.4	20.9	26.2	11.8	45.2	9.0

We asked officials what proportion of applications were in respect of more than one child. The responses varied widely, even within a single office. In Worcester, for example, the estimates ranged from three to seven out of 10 cases, in Atlantis from 2.5 to six out of 10, in Khayelitsha from one to four out of 10, in East London from two to five out of 10, in Umtata from 2.5 to eight out of 10, and in Mt Ayliff from 0.7 to nine out of 10. We suspect that some officials understood the question as asking how many applicants were already receiving a CSG for another child, or perhaps receiving or applying for another type of grant. There could also have been an increase in the number of multiple applicants at some points in the past when the age group was extended or when outreach programmes had been particularly energetic, and officials might have been describing these periods when they were under particular stress. Whatever the reason, the responses are clearly unreliable and are contradicted by the pattern found among applicants, where only three women were applying in respect of more than one child.

Some officials said that multiple children made virtually no difference to the time taken to process an application. Others said that it made a difference. In the costing we have assumed that applicants apply for each child individually. This accords with our approach, where we are estimating the total cost of supplying grants to all eligible children, as this would mean that applicants would apply soon after the birth of the child. It would therefore only be in the case of multiple births, such as twins, that there would be more than one child in an application.

Police involvement in the CSG application process involves certifying documents and writing or affirming affidavits. Table 34 on the next page gives the 'usual' maximum and mean times for each of these activities reported for each site. No estimates were provided for affirming in Atlantis as the police officer concerned said that their policy was not to do affirmations for CSG applicants. Instead the police wrote affidavits (which were reported, by other informants, often to be of unacceptable quality). In contrast, the practice in Khayelitsha was that the police officers refused to write out affidavits for CSG applications. Instead, they only affirmed affidavits which the applicants themselves had written.

The table shows significant variation across sites, even if one looks only at the ‘usual’ times. Thus:

- The ‘usual’ time for certifying ranged from one to 10 minutes, with a mean of 3.4 minutes;
- The ‘usual’ time for affirming ranged from 1.5 to eight minutes, with a mean of 3.9 minutes; and
- The ‘usual’ time for writing affidavits ranged from three to 10 minutes, with a mean of 7.7 minutes.

These short mean times are consistent with, or if anything a bit longer than, the short times reported by beneficiaries. There were no obvious patterns in respect of the relative frequency of the processes taking longer or shorter. We therefore base our estimates on the mean times.

Table 34 : Standard, maximum and mean time for police activities (minutes)

	Worcester	Atlantis	Khayelitsha	East London	Umtata	Mt Ayliff	Mean
Certifying							
Usual	10	1	5	0.5	2	2	3.4
Maximum	20	4	10	2.5	3	11.5	8.5
Minimum	5	0.5	3	0.5	2	1.75	2.1
Affirming							
Usual	8	-	5.5	0.75	1.5	3.5	3.9
Maximum	8	-	10	1	2.5	6	5.5
Minimum	3	-	3.5	0.5	1.75	3.5	2.5
Writing affidavit							
Usual	8	10	-	3	10	7.5	7.7
Maximum	8	10	-	3.5	15	15	10.3
Minimum	3	3	-	1.5	6.5	6.75	4.2

Usually a beneficiary requires only one visit to the police, and will only have one process (certifying, affirming or writing affidavits) done in relation to the means test. We do not know the proportional distribution of certifying, affirming or writing affidavits, and therefore take a simple mean of the means for the three processes. This gives an overall mean of 5.0 minutes for the police processes. In East London we were told that social security officials affirm documents in the absence of police. For the costing we have, however, assumed that all applicants must make one visit to the police as we do not believe that the East London approach would stand up in court.

To calculate the cost to the government, we need to multiply the time spent by different officials by their cost of employment (COE). This cost of employment consists of the basic salary, plus the 13th cheque and all other service benefits, pension, housing allowance and medical payments paid by the government in respect of the official. Salaries obviously differ according to the level of the official. The fieldwork revealed that different offices employed different levels of officials for similar tasks. For the purposes of the costing, we used the figures applicable as from July 2004 to June 2005 for the lowest level of official which provincial informants said was capable of performing the task. In this we erred on the conservative side. We also erred on the conservative side by taking the entrance level COE for each level.

We found that many offices were employing contract workers rather than permanent employees for the work associated with the CSG. Contract worker salaries are equal to the basic salary for the relevant level of permanent staff plus 30%. This results in a cost of employment which is markedly lower than for permanent staff. For example, for an administrative clerk grade 1 the COE is R62,047 per annum, while the annual salary for a contract worker is R47,478. We used the

permanent worker COE because the tasks which we are costing are ones that will continue to be needed for the foreseeable future, and should therefore be provided for through permanent staff.

Table 35 repeats the times shown in Table 33 as attributable to the means test, the salary level for each task, the COE per annum and per hour, and the resultant cost for each step. Overall, the calculations give a mean of R25.39 per applicant in the Western Cape and R6.74 per applicant in the Eastern Cape. The relative difference between the Western Cape and the Eastern Cape is thus still large. It is, however, smaller than the relative difference in average time for the means test as a result of generally higher level officials being employed on the tasks. The overall mean for the two provinces is R16.07.

Table 35 : Social development staff costs in applying means tests

Task	WC (mins)	EC (mins)	Salary level	COE p.a. (R)	COE / hour (R)	Cost WC (R)	Cost EC (R)
Screening officer	6.7		4	77,717	36.80	4.09	
1st attesting officer	11.7		2	62,047	29.38	5.71	
2nd attesting officer	8.8		4	77,717	36.80	5.42	
Assessment clerk	6.2		4	77,717	36.80	3.78	
Data capturer	7.0		2	62,047	29.38	3.43	
Verifying officer	4.8		4	77,717	36.80	2.96	
Screening officer		1.5	3	68,737	32.55		0.81
Attesting officer		2.0	3	68,737	32.55		1.08
Verifying officer		1.3	3	68,737	32.55		0.72
Data capturer		2.0	7	127,763	60.49		2.02
Approval officer		2.1	7	127,763	60.49		2.10
TOTAL						25.39	6.74

As explained above, we assume for the police an average of five minutes per applicant on affirming, certifying or affidavit tasks. To estimate the cost to the government, we use the COE for the lowest level of constable, thus again erring on the conservative side. The COE applicable in May 2005, including the standard allowance of R400 per month, amounted to R68,526. This gives an hourly cost of R32.45, and a cost of R2.70 per CSG applicant. Together with the mean cost for the DSD tasks, this gives a cost of R18.77 per applicant to Government.

7 What the means test costs applicants

7.1 Profile of applicants

A total of 55 applicants were successfully interviewed, all of them women. Table 36 shows the breakdown by site and province. The sample was more or less evenly split between Eastern Cape (28) and Western Cape (27).

Table 36 : Applicants by site

Province	Site	Number
E Cape	East London	10
	Mt Ayliff	9
	Umtata	9
W Cape	Atlantis	8
	Khayelitsha	10
	Worcester	9
	Total	55

The age of applicants ranged from 18 to 64 years. Table 37 gives the breakdown by 10-year age group and province. Western Cape applicants tended to be slightly younger than those in Eastern Cape. The overall mean age was 28.5 years, with a mean of 27.7% in the Western Cape and 29.3% in the Eastern Cape.

Table 37 : Applicants by age

Age group	EC	WC	Total
18-19	2	4	6
20-29	19	14	33
30-39	3	6	9
40-49	2	2	4
50-59	0	1	1
60-64	2	0	2
Total	28	27	55

As explained elsewhere, the type of area in which a person lives affects the cut-off point for the means test. Near the beginning of the interview, applicants were asked in what type of area they lived. The descriptions recorded on the questionnaires probably reflect a mix of the perceptions of the applicant and those of the interviewer. Table 38 on the next page shows that nearly half (25) of the applicants were classified as living in urban areas, 16 as living in rural areas, and 11 as living in semi-urban areas. Of the latter, eight were from East London and three from Umtata. One each was classified as living on a farm or in a village. The farm – at least in the Eastern Cape – would probably be classified as rural. The village in the Western Cape would be classified as urban. As expected, given both the profile of the Western Cape population and the province's approach to the rural-urban distinction, the overwhelming majority of Western Cape applicants would be classified as urban for the means test. In the Eastern Cape sample more than half would be classified as rural, but the semi-urban would be classified as urban.

Table 38 : Applicants by type of area

Urban/rural	EC	WC	Total
Rural	15	1	16
Urban	1	25	25
Semi-urban	11	0	11
Farm	1	1	2
Village	0	1	1
Total	28	27	55

The type of dwelling in which an applicant lives is also relevant for the means test. The regulations distinguish between 'formal' and 'informal'. Applicants in the Eastern Cape added a third category of 'rondawel'. As will be seen below, this category would be split between formal and informal in terms of the regulations.

Table 39 : Applicants by type of dwelling

Type	EC	WC	Total
Formal	7	14	21
Informal	14	13	27
'Rondawel'	7	0	7
Total	28	27	55

The regulations state that if brick, concrete or asbestos is used for the walls of the dwelling, the dwelling should be classified as formal. Table 40 presents some anomalies in this respect. Of the seven 'rondawels', three would be classified as formal according to this rule. Of the 21 dwellings categorised as formal by applicants, the one made of mud would be classified as informal in terms of the regulations. Of the 27 dwellings categorised as informal by applicants, three (one brick and two asbestos) would be classified as formal. The formal/informal distinction is only relevant for the means test for applicants residing in urban areas. The final column of the table therefore shows the dwelling materials in respect of urban, semi-urban and village dwellers. The column suggests that 15 of the 37 urban dwellers would be classified as living in formal dwellings and thus be subject to the lower cut-off.

Table 40 : Applicants by type of dwelling and materials used for walls

	Formal	Informal	'Rondawel'	Total	All urban
Asbestos	0	1	2	3	0
Brick	19	1	1	21	15
Brick/zinc	1	0	0	1	1
Mud	1	0	4	5	0
Mud/wood	0	2	0	2	0
Wood	0	9	0	9	8
Wood/asbestos	0	1	0	1	0
Zinc	0	13	0	13	13
Total	21	27	7	55	37

We asked applicants how many times they had visited this office or another social services office in the process of this CSG application, including the visit during which they were being interviewed. The number of times ranged from one to four. The 21 applicants who reported only visiting once

were all in the Eastern Cape. In the Western Cape at least two visits were necessary, one for screening and one to submit the application. In the Eastern Cape the screening visit was not necessary as potential applicants received information about the necessary documents during the department's outreach programme. None of the Eastern Cape applicants had visited the offices more than twice.

Table 41 : Number of visits to social services offices

Visits	EC	WC	Total
1	21	0	21
2	7	19	26
3	0	6	6
4	0	2	2
Total	28	27	55

We asked each applicant whether she had previously successfully applied for a CSG. About a third (17) said that they had done so. The dates of the previous applications were spread over the period 1999 to 2004. The numbers for the most recent years were highest. This is expected as a result of greater overall beneficiary numbers in recent years, better memory of recent events, and the fact that those who had young children in the earlier years were less likely to have young children in the eligible age groups in 2005. The increase over time was particularly marked for the Eastern Cape. Again, this is expected as the Western Cape's uptake was relatively good soon after the introduction of the CSG in 1998.

The majority (50) of the applicants were applying in respect of a single child. Four were applying in respect of two children and one in respect of three children. This pattern contradicts reports by officials.

The majority (50) of the applicants were the mothers of the children in respect of whom they were applying. Of the remaining five, two were aunts of the children, and three were grandmothers. Only one of the non-mothers – a grandmother – was in the Western Cape.

Only three of the applicants said that they were receiving private maintenance for the child from the other parent. A fourth applicant said that the father provided food for the child.

Only three respondents said they were employed – two in the Western Cape and one in the Eastern Cape. The latter added that she was employed on a casual basis. A further 12 respondents said that they were engaged in some sort of income-generating activity. Such activity was far more common for Eastern Cape applicants (12) than for Western Cape (3). We asked how much applicants earned on a typical day that they worked. The amounts given ranged from R3.57 to R82.50, with a mean of R28.25. For the most part, these amounts were gross, i.e. not adjusted for any expenses incurred, such as buying materials. Only three applicants reported earnings of more than R50 per day. Applicants did not always work throughout the week, so fewer than 15 experienced a loss of earnings as a result of the CSG application process.

7.2 Visits to service points

Table 42 shows the number of visits made by applicants to police and other service points up to the time that they handed in their application. The information in terms of non-police visits differs from that in Table 41, as the later table includes visits to shops and elsewhere to make photocopies, visits to the Department of Labour for "brown cards", and other miscellaneous trips. However, as before, there are a significant number (12) of Eastern Cape applicants who made only one visit, and none in the Western Cape. The maximum number of visits in the Eastern Cape was three, whereas five visits were necessary for two Western Cape applicants. In terms of visits to the South African Police Service (SAPS), seven applicants required only one visit, while two, both in the Western Cape, required four visits. Most required two visits.

Table 42 : Number of visits to police and other service points

Visits	Non-police			Police		
	EC	WC	Total	EC	WC	Total
1	12	0	12	6	1	7
2	12	3	15	20	19	39
3	4	14	18	2	5	7
4	0	8	8	0	2	2
5	0	2	2	0	0	0
Total	28	27	55	28	27	55

7.2.1 Non-police visits

Table 43 on the next page provides information on the purposes of the total of 138 non-police visits. The italicised items show activities where someone other than the applicant was involved. A total of four activities by non-applicants were named. These are italicised in the table. The applicant usually did not know how long these activities took, or what they cost. There is thus a slight undercount of overall time. The table shows that the most common activity is application. There was sometimes more than one application by a particular applicant as, on arriving at the counter, they were told that some documents were missing or inadequate. The next most common activity was screening. This activity always represented the first activity of a series for a particular person. The 'documents' item largely refers to collection of "brown cards" and was thus confined to Eastern Cape. The affidavits and certification recorded refer to instances where this was not done by the police.

Table 43 : Purpose of non-police visits

Purpose	Visit 1	Visit 2	Visit 3	Visit 4	Visit 5	Total
Affidavit	1	2				3
Application	19	18	23	7	2	69
Bank				1		1
Boyfriend: occupation		1				1
Certification		2				2
Documents	6	3		1		10
Husband: employer		1	1			2
Maintenance			1			1
Mother: affidavit		1		1		2
School		1				1
Screening	29					29
Photocopies		14	3			17
Total	55	43	28	10	2	138

Table 44 and Table 45 summarise the time costs incurred by applicants in visits other than to the police. Table 44 shows that, between the 55 applicants, there were 138 such visits made. These visits amounted to a total of 22,917 minutes, or 382 hours. The final row shows that nearly two-thirds (62%) of this time was spent queuing. There was usually minimal queuing at places other than the social security service point. This large amount of time is thus largely a result of queuing at the service point.

Table 44 : Sum of time costs by sub-activity (minutes)

Province	Visits	Queuing	Activity	Travel to	Travel from	Total time
EC	48	2,089.0	372.0	1,242.0	1,264.0	4,967.0
WC	90	12,077.5	1,384.0	2,492.0	1,996.5	17,950.0
Total	138	14,166.5	1,756.0	3,734.0	3,260.5	22,917.0
Distribution		62%	8%	16%	14%	100%

Table 45 provides the mean time spent on each of the sub-activities per applicant. As with the officials, the mean time for an Eastern Cape applicant (3 hours) is significantly less than that for a Western Cape applicant (11 hours). The difference in queuing time is particularly stark, at 447 minutes for Western Cape applicants, against 75 minutes for Eastern Cape applicants. In addition, Western Cape applicants (51 minutes) spend longer on average with officials and other delivery agents than Eastern Cape applicants (13 minutes). Despite the more rural nature of the Eastern Cape, the mean travelling time is also less for the Eastern Cape applicants (90 minutes total) than for those in Western Cape (166 minutes total). This reflects the greater number of trips required in Western Cape because of the extra visits. It also reflects the effectiveness of the outreach programme in the Eastern Cape, which sees mobile service points visiting different areas each day. The mean travel time per visit is, if anything, slightly less in the Western Cape (50 minutes) than in the Eastern Cape (52 minutes).

Table 45 : Mean time costs per applicant by sub-activity (minutes)

Province	Visits	Queuing	Activity	Travel to	Travel from	Total	Hours
EC	1.7	74.6	13.3	44.4	45.1	177.39	2.96
WC	3.3	447.3	51.3	92.3	73.9	664.81	11.08
Total	2.5	257.6	31.9	67.9	59.3	416.67	6.94

Table 46 and Table 47 look at the money costs involved in applying for the CSG. Table 46 gives the total spent by all applicants together on travel to the service point, travel from the service point, and other expenses. The 'travel to' amounted to R384.50, 'travel from' to R221.40 and expenses to R94.65. The difference between the travel to and from amounts is largely explained by cases where the person did another activity afterwards that was either in the same place, or at another place relatively nearby to which they walked. Thus there were payments in respect of 48 journeys related to the 138 visits to the service point, and payments in respect of 46 journeys from the service point. Only 49 visits (23 in the Eastern Cape and 16 in the Western Cape) involved extra expenses. The extra expenses largely involved photocopying costs. Some applicants did not have these expenses as photocopying was done free at the service point.

Table 46 : Sum of money costs by sub-activity (Rands)

Province	Travel To	Travel From	Expenses	Total
EC	104.00	109.40	62.35	275.75
WC	280.50	112.00	32.30	424.80
Total	384.50	221.40	94.65	700.55

Table 47 shows the mean costs across the 55 participants. Total travel expenses come to R10.02 per applicant and other expenses to R1.72, giving a total money cost of R12.74 per applicant. As with the time costs, mean costs are higher in the Western Cape than in the Eastern Cape. However, the difference between the two provinces is much smaller than in respect of time costs. Further, while travel costs tend to be higher in the Western than Eastern Cape, other expenses are lower. More generally, the relatively low travel expenses in both provinces are explained by the fact that many applicants walked. Many therefore did not incur the taxi expenses reported by others. Three applicants reported being transported on one or more occasions by car – one in her own car, one in a brother's car, and one in an unspecified car. No costs were allocated for these car journeys.

Table 47 : Mean money costs per applicant by sub-activity (Rands)

Province	Travel To	Travel From	Expenses	Total
EC	3.71	3.91	2.23	9.85
WC	10.39	4.15	1.20	15.73
Total	6.99	4.03	1.72	12.74

7.2.2 Police visits

Table 48 and Table 49 on the next page look at the time costs incurred by applicants through the 59 visits to the SAPS. Table 48 shows that a total of 3,427 minutes were spent on this activity, i.e. close on 60 hours. Table 49 shows that the mean time per applicant was just over an hour, at 62 minutes. As usual, the mean time for Western Cape applicants (78 minutes) was longer than that for the Eastern Cape (47 minutes). The travel times account for far longer than the actual activity or the queuing for the activity. For SAPS activities, unlike with the other visits, queuing hardly takes longer than the activity itself. The travel times are in some ways an under-count, as they do not

include travel time from a social service point to the police station, or from the police station to a social service point. These times were omitted to avoid double-counting when estimating total time as they are already captured in the time for other visits.

Table 48 : Sum of police time costs (minutes)

Province	Visits	Queuing	Activity	Travel to	Travel from	Total time
EC	24	157.0	116.0	518.0	521.0	1312.0
WC	35	350.0	317.5	467.5	980.0	2115.0
Total	59	507.0	433.5	985.5	1501.0	3427.0

Table 49 : Mean police time costs per applicant (minutes)

Province	Visits	Queuing	Activity	Travel to	Travel from	Total time
EC	0.90	5.60	4.10	18.50	18.60	46.90
WC	1.30	13.00	11.80	17.30	36.30	78.30
Total	1.10	9.20	7.90	17.90	27.30	62.30

Table 50 and Table 51 reflect the money costs attached to police visits. Table 50 shows a total of R220 spent across the sample. In contrast to other costs, this time Eastern Cape accounts for significantly more than Western Cape. Only one person incurred other costs besides travel costs.

Table 50 : Sum of police money costs (Rands)

Province	Travel To	Travel From	Expenses	Total
EC	76.00	55.10	0.00	131.10
WC	26.50	42.50	20.00	89.00
Total	102.50	97.60	20.00	220.10

Table 51 shows the mean costs per applicant. These work out at R4 for the sample as a whole, and R4.68 for the Eastern Cape and R3.30 for the Western Cape.

Table 51 : Mean police money costs per applicant (Rands)

Province	Travel To	Travel From	Expenses	Total
EC	2.71	1.97	0.00	4.68
WC	0.98	1.57	0.74	3.30
Total	1.86	1.77	0.36	4.00

7.3 Other costs

We asked applicants who looked after their child/ren while they were doing each activity. We also asked whether this arrangement had to be made especially for the visit, and whether there was any payment attached to a special arrangement. None of the applicants reported any payments. One noted that her sister paid a neighbour R50 per month to look after the child whenever this was necessary. There was, however, no extra expense attached to the CSG-linked visits. Several Eastern Cape interviewees noted that they had to pay in 'love' to those who looked after their children. One applicant from Khayelitsha said her sister took time off school to provide child care while she undertook a visit. Many applicants took their children with them on the visits to service points and the SAPS.

We asked applicants who were employed or engaged in income-generating activities how much money they lost through time spent making the CSG-related visits. As noted above, very few of the applicants were employed or doing income-generating activities. Several who were engaged in income-generating activities said that they would not have been engaging in these activities during the time they made the visits.

Overall, 13 applicants reported some lost earnings in terms of non-SAPS visits. Ten of these were in the Eastern Cape. Of these, three (two in the Eastern Cape and one in the Western Cape) did not give sufficient information for even a rough estimate of the amount of income lost. For the other 10, with generous assumptions such as no expenses and CSG activity concentrated in the most profitable hours, the total amount lost was R343.50. If we assume the other three lost similar amounts to those who provided sufficient information for estimates, the total amount lost would be R446.55. This works out at R8.12 over the full sample. The numbers are too small to disaggregate by province and we therefore use this mean for all applicants.

7.4 Total applicant costs

We estimate the total time costs by adding together the SAPS and non-SAPS time costs. We estimate the total money costs by adding together the SAPS and non-SAPS money costs and adding the estimate for lost earnings. The results are shown in Table 52 below. As expected, both the time and money costs are higher in the Western Cape than in the Eastern Cape. However, the relative difference between the two provinces is much greater for the time than for the money costs. Overall for the sample, visits which related in some way to the means test part of an application require close on eight hours of time and cost about R25.

Table 52 : Total money and time costs of CSG applications, by province

Total costs	Time (mins)	Money (R)
Eastern Cape	224.25	22.65
Western Cape	743.15	27.15
Total	478.98	24.86

These total costs are not directly comparable to those calculated for government staff because the applicant costs reflect the full cost of all visits which relate in some way to the means test, but do not separate out how much of the time and cost of these visits is a result of the means test. In contrast, for the government time and costs we are able to separate out the time spent directly on the means test.

8 Combining eligibility and cost estimates

As noted above, the calculations up to this point have used the weights provided by Stats SA which, in turn, are based on the mid-year population estimates of the agency. The following set of tables gives an adjusted estimate of the number eligible for each of the different conditions. The adjustment is done in five-year age groups by population group and sex. The adjustment factor ranges from 0.78 for African males aged 15-17 to 1.69 for White females aged 10-14. Overall the adjustments make only a small difference to the estimated total number of children. The number falls slightly from 17,665,951 to 17,598,012.

Table 53 shows the number eligible, the percentage this constitutes of all children in a given age group, and the cost incurred at R18.77 per child in applying the means test for eligible children for different age groups, standard and inflation-adjusted cut-offs, and using Stats SA standard weights and the adjusted weights. The total number of children eligible tends to be higher with the adjusted weights than with the Stats SA weights except when all children are covered. This reflects the fact that the Stats SA mid-year estimates overestimate the number of older teenagers in the population due to an apparent over count of this age group in Census 2001. The percentage eligible is very similar across the two different weights when only younger children are covered, but the difference in percentage increases as the age group covered is extended. The estimates with adjusted weights suggest that a slightly lower percentage of children will be eligible for the grant than when using Stats SA weights.

Table 53 : Eligibility and DSD cost of applying means tests with varying assumptions

Age and cut-off type	Adjusted weights			Stats SA weights		
	Number eligible	%	R'000	Number eligible	%	R'000
0-8: standard cut-offs	6,031,867	65.6%	113,218	5,453,725	65.7%	102,366
0-8: inflation-adjusted cut-offs	6,382,817	69.4%	119,805	5,770,804	69.5%	108,318
0-10: standard cut-offs	7,265,517	65.1%	136,374	6,752,103	65.5%	126,737
0-10: inflation-adjusted cut-offs	7,688,152	68.9%	144,307	7,143,220	69.3%	134,078
0-13: standard cut-offs	9,008,851	64.4%	169,096	8,791,705	65.3%	165,020
0-13: inflation-adjusted cut-offs	9,544,475	68.3%	179,150	9,308,547	69.2%	174,721
0-17: standard cut-offs	11,245,205	63.9%	211,072	11,494,298	65.1%	215,748
0-17: inflation-adjusted cut-offs	11,920,625	67.8%	223,750	12,170,071	68.9%	228,432

The cost estimates for applying the means test range from R113.2 million for standard cut-offs and age group 0-8 to R223.8m for all children using inflation-adjusted cut-offs if one uses the adjusted weights. The comparable figures using Stats SA weights are R102.4 million and R228.4 million. These figures underestimate the true cost of applying the means test to the extent that they exclude applicants who apply but are found to be ineligible. We do not know what the extent of disqualification is and therefore cannot estimate this added costs. The cost of the means test should be incurred only once in respect of each child if the caregiver does not change over the period the grant is received. The total cost shown in the table would thus not be incurred in a single year. Ideally, the costs should be incurred only in respect of children born in a particular year. In real life, however, caregivers change, especially in a situation where HIV/AIDS is rampant.

The calculations in respect of the cost to the government per applicant of the means test might give the impression that this is a minimal cost when compared with the costs incurred for the grant itself

each month. Table 53 shows that these costs add up to significant amounts when incurred in respect of millions of children. To this must be added the cost to applicants of providing all the information required for the means test.

9 Conclusion

Various elements of the means test for the CSG were examined in this paper in the form of a costing exercise.

Firstly, we calculated that the means test threshold levels of R800 and R1,100 per month, established in 1998, would need to have been set at R1,123 and R1,544 respectively in 2004 *to keep pace with inflation*.

Secondly, we calculated eligibility figures for the CSG based on an analysis of data from the GHS of 2003. Eligibility was calculated using the current means test thresholds and the adjusted thresholds for 2004, and for a range of different age cut-offs. Our eligibility estimates, using the current thresholds, are higher than those used by the Department of Social Development and suggest that the *take-up rates reported by the DSD are too high*.

Thirdly, we derived estimates of the mean cost to the government (DSD and SAPS) of applying the means test. We multiplied these cost estimates by the eligibility estimates and arrived at an *estimate cost of R165 020 million to Government of applying the CSG means test* under the current regulations.

Finally, we calculated that the *average cost* to CSG applicants, in complying with the requirements of the means test, is *R25*. This covers transport to social services offices, police stations and Home Affairs offices; photo-copying costs and small opportunity costs in respect of those who forego income-earning activities. The *estimated average time spent by applicants* on activities that relate in some way to the means test is *close on eight hours*.

The significance of these costs of applying the CSG means test for Government and for primary caregivers is discussed further in the forthcoming paper: Rosa S, Leatt A & Hall K (2005) *Does the means justify the end? Targeting social grants for poverty alleviation in South Africa*. Cape Town: Children's Institute.

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