

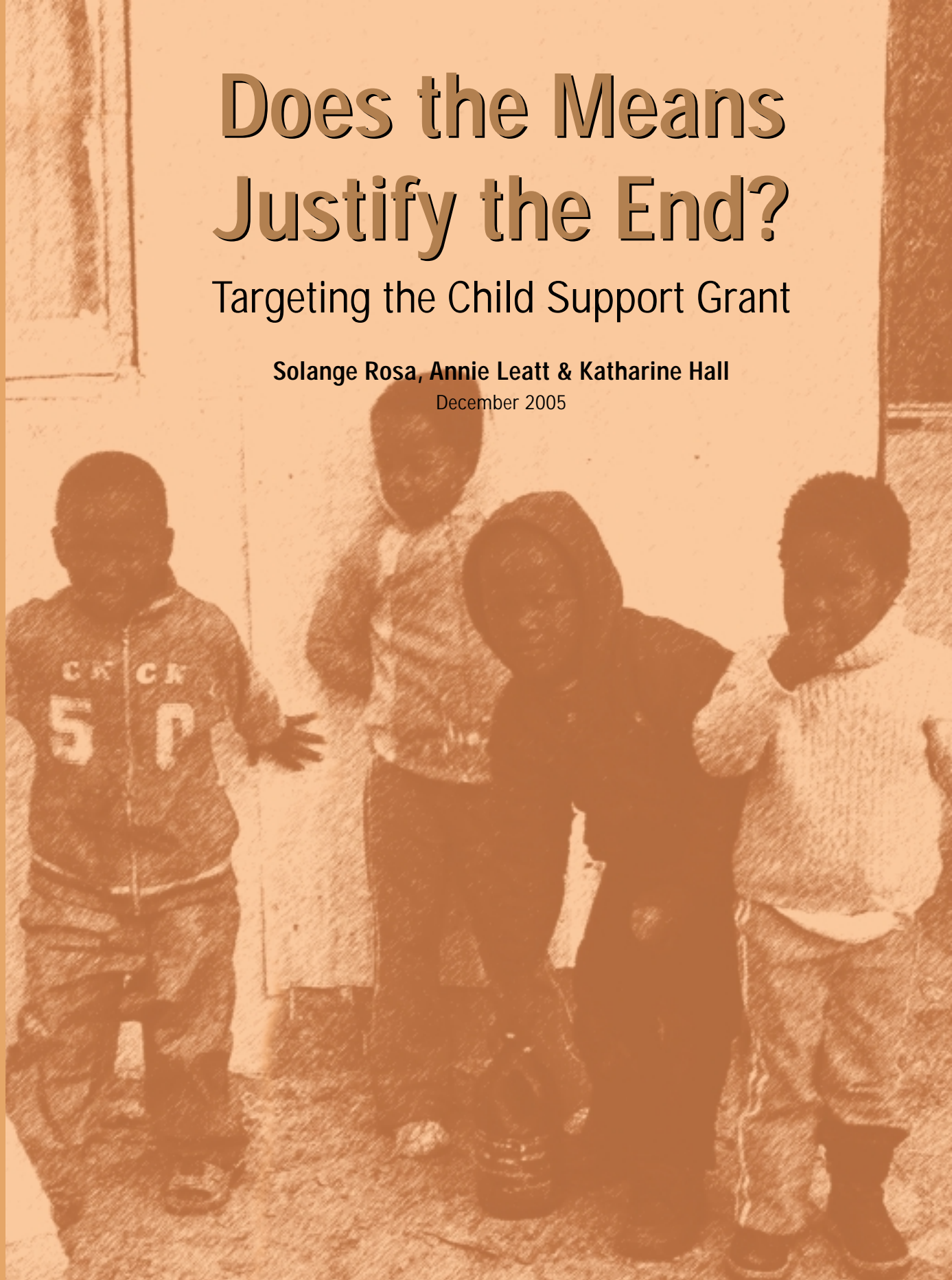
The Means to Live

# Does the Means Justify the End?

## Targeting the Child Support Grant

Solange Rosa, Annie Leatt & Katharine Hall

December 2005



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UNIVERSITY OF CAPE TOWN



# Does the Means Justify the End? Targeting the Child Support Grant

**Solange Rosa**

[solange@rmh.uct.ac.za](mailto:solange@rmh.uct.ac.za)

&

**Annie Leatt**

[annie@rmh.uct.ac.za](mailto:annie@rmh.uct.ac.za)

&

**Katharine Hall**

[khall@rmh.uct.ac.za](mailto:khall@rmh.uct.ac.za)

Children's Institute, University of Cape Town

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## **The *Means to Live* discussion paper series**

This paper is one of a series that examine the targeting mechanisms of poverty alleviation programmes across different sectors. The papers form part of the *Means to Live Project*, based at the Children's Institute (CI), University of Cape Town (UCT). This project aims to evaluate the State's targeting mechanisms used to realise the socio-economic rights of poor children and their families.

The project is a collaborative project of the Child Rights and Child Poverty Programmes within the Institute, as well as a number of UCT and external collaborators.

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©2005 Children's Institute, University of Cape Town

46 Sawkins Road, Rondebosch, 7700, Cape Town, South Africa

Tel: + 27 21 689 5404

Fax: +27 689 8330

E-mail: [ci@rmh.uct.ac.za](mailto:ci@rmh.uct.ac.za)

Web: <http://web.uct.ac.za/depts/ci>

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## Abbreviations

<b>BIG</b>	Basic Income Grant
<b>CDG</b>	Care Dependency Grant
<b>CEDAW</b>	Convention on the Elimination of All Forms of Discrimination Against Women
<b>CERD</b>	International Convention on the Elimination of All Forms of Racial Care Discrimination
<b>CRC</b>	United Nations Convention on the Rights of the Child
<b>CSG</b>	Child Support Grant
<b>DG</b>	Disability Grant
<b>ECSS</b>	European Code of Social Security
<b>FCG</b>	Foster Child Grant
<b>ICESCR</b>	International Covenant on Economic, Social and Cultural Rights
<b>IDASA</b>	Institute for Democracy in South Africa
<b>ILO</b>	International Labour Organisation
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>OAP</b>	Old Age Pension
<b>PCG</b>	Primary Caregiver
<b>Persal</b>	Government pay-roll system
<b>SAPS</b>	South African Police Service
<b>SASSA</b>	South African Social Security Agency
<b>UDHR</b>	Universal Declaration of Human Rights

## 1. Introduction

This paper, one of a series written for the Children's Institute's *Means to Live Project*, discusses the targeting of the Child Support Grant (CSG) as one of the government's poverty alleviation mechanism aimed at realising poor children's socio-economic rights. The *Means to Live Project* aims to evaluate these targeting mechanisms and seeks to establish whether current poverty alleviation initiatives are adequately designed and implemented to reach the poor, including children. By focusing on a number of elements of poverty alleviation with significant consequences for children, it will provide answers to the question of whether the poor are able to realise their socio-economic rights through access to these programmes. The research will be used to advocate for the necessary development or changes to government policies and programmes to ensure the realisation of these socio-economic rights.

Other poverty alleviation policies covered in this series include the:

- Free Basic Water policy (the right to water)
- Free Primary Health Care (the right to health care services)
- Housing Subsidy Scheme (the right to basic shelter and housing)
- National School Nutrition Programme (the right to basic nutrition)
- School Fee Exemption policy (the right to education)

The *Means to Live* is a multi-stage, two-year project. The first phase comprised this series of policy reviews on selected poverty alleviation programmes and their targeting. The second phase will be primary research conducted during the second half of 2005. The final research report will be released early in 2006.

This paper focuses on the government's social assistance programme for children in the form of the Child Support Grant. Social security is a right under international human rights law, and is entrenched in the South African Constitution.<sup>1</sup> The right to social security may be realised through contributory social insurance schemes, and non-contributory social assistance programmes. Under the South African Constitution, the State is obliged to take 'reasonable legislative and other measures' to realise the right to social security progressively, including "appropriate" social assistance for those who "are unable to support themselves and their dependants".<sup>2</sup> In order to satisfy this obligation, the State has instituted several social assistance programmes aimed at different clusters of the population that are identified as being in need of financial support. The State has designed a variety of targeting mechanisms to ensure that these programmes reach the identified people. For social assistance programmes, the targeting mechanisms are primarily age-based and income-based (means-tested).

The South African social security system makes provision for a cash grant to children living in poverty. This raises the obvious but difficult questions of what defines poverty, and concomitantly, which children are poor. It also raises questions of the efficacy or otherwise of the administration of these targeting mechanisms in reaching poor children.

This paper begins with an overview of the right to social assistance and its interpretation in international, regional and domestic human rights law. We broadly outline the different types of mechanisms used to target poverty alleviation programmes, including social grants.

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<sup>1</sup> Section 27 of the Constitution of the Republic of South Africa Act 108 of 1996.

<sup>2</sup> Ibid.

The paper seeks to evaluate the State's targeting mechanism in relation to its pre-eminent social assistance programme for children, namely the means test for the CSG. This is done by providing:

- an overview of the rationale for the programme when it was implemented in 1998;
- a detailed description of the targeting mechanism for the CSG used by the Department of Social Development, including the relevant regulations and instruments;
- a review of existing, secondary literature on targeting of social grants;
- an analysis of socio-legal research conducted by the authors at social services offices in the Western Cape and Eastern Cape<sup>3</sup>; and
- an evaluation of the mechanism in terms of general principles devised by other commentators on administrative justice and the constitutional standard of 'reasonableness'.

Finally, recommendations are made, where appropriate, for changes to the means test used for determining eligibility for the CSG, in order to improve the realisation of the right to social assistance and related socio-economic rights of all poor children and their families.

## 2. The concept of social security

Social security is a concept developed in Europe during the industrial revolution to provide protection to 'non-productive' people and as a protection against particular risks to which people may be exposed and which may cause them to fall outside the labour market. Social security systems in many developed countries are characterised by a combination of two types of programmes: social insurance and social assistance (Liebenberg 2000: 200-205).

Social insurance programmes have the following characteristics:

- They are financed by contributions from employers and employees.
- Benefits are 'earned' by workers and their families.
- They provide for various contingencies or risks that interrupt or stop earnings, such as illness, pregnancy, unemployment, old age and disability.

Social assistance programmes have the following four characteristics:

- They are non-contributory.
- They are funded from general state revenues.
- They are *targeted* at particular vulnerable groups such as elderly people, children and the disabled to supplement their income and/or they provide a 'safety net' for those who are not able to access social insurance benefits or who cannot work to support themselves.

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<sup>3</sup> To enhance the debate on the issues raised in this paper, a costing of the means test for the Child Support Grant was conducted between January and May 2005. Research for the costing was conducted in three sites in the Western Cape and three sites in the Eastern Cape to gauge how the means test is being applied in real contexts and to point to the consequences of this mechanism for the government's administration system and for children and their families living in poverty. See: Budlender D, Rosa S & Hall K (2005) *At all costs? Applying the means test for the Child Support Grant*. Cape Town: Children's Institute and Centre for Actuarial Research, University of Cape Town.

- The benefits can be in cash or in-kind in the form of food aid, and they can also include compensation schemes for costs incurred for family care, health care, funerals, etc.

In the context of developing countries, the risks to which people may be exposed are quite different and considerably more endemic than those experienced in the first world. People in the developing world are more likely to need protection from widespread unemployment, economic instability, severe poverty and natural and social disasters such as floods, droughts and famine. The extended family and kinship ties as traditional support mechanisms are also changing due to economic and social processes, largely affected by the impact of colonisation and globalisation, and their accompanying urbanisation and industrialisation.

Some developing countries thus have social security schemes which target specific groups of people, such as pregnant mothers and children, or which provide emergency relief during times of calamity. However, obstacles overwhelm developing countries in their efforts to establish effective social security systems, including widespread poverty, high rates of unemployment, lack of administrative capacity and resources, debt burden and structural adjustment policies imposed by international financial agencies.

This paper is particularly focused on examining how the Child Support Grant in South Africa, a middle-income country, is targeted to meet the basic income support needs of a population living with high levels of absolute poverty. But first we will look at the right to social security, including social assistance, under international human rights law.

### **3. The international right to social security**

The human right to social security is widely recognised in various international, regional and national instruments. It is, however, largely underdeveloped as a human right under instruments such as the International Covenant on Economic, Social and Cultural Rights (ICESCR), and more highly developed as a labour-related right under the International Labour Organisation (ILO) instruments. Nevertheless, the position of the right to social security as an international human rights norm is growing in prominence in a context of growing world poverty and inequality. This section explores the right in terms of how it has been interpreted as an international human right, in particular by the ILO.

#### **3.1 The ILO and the right to social security**

The ILO's work in developing and interpreting the right to social security is the most important source for defining the right. The ILO, established in 1919, adopted a group of conventions aimed at committing states to creating and improving national mechanisms to protect workers from industrial and social risks.<sup>4</sup> The categories of 'social risk' established in those conventions are: medical care; sickness; unemployment; old age; employment injury; family; maternity; invalidity; and survivor's benefits. In general, the ILO relates social security rights to employment, whilst incrementally promoting a broader notion of

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<sup>4</sup> South Africa was re-admitted as a member of the ILO on 26 May 1994. See: ILO Conventions 17 and 18 on Workmen's Compensation adopted in 1925, Conventions 24 and 25 on Sickness Insurance adopted in 1927, Conventions 35 and 40 on Old Age, Invalidity and Survivors' Insurance adopted in 1933 and Convention 44 on Unemployment Provision adopted in 1934. Available at: <http://www.ilo.org/ilolex/english/convdisp1.htm>. See also the chapter on Article 22 in: Andreassen 1992:320-32; as well as Lamarche 2002: 111-117; and Liebenberg 2000:217-218.



social security whereby the State, employers and workers all have a role to play in financing social security benefits (Liebenberg 2000:218).

Convention 102 on Social Security (minimum standards), adopted by the ILO in 1952, obliges member states, in order to ratify the Convention, to provide for at least three of the social risk categories. At least one of those must cover unemployment, old age, workers' compensation, disability or survivors' benefits.<sup>5</sup> Convention 102 was, however, designed as a flexible human rights instrument to take into account the less-developed countries (Lamarche 2002:113). Where insufficient financial or medical resources are an issue, the Convention allows for flexibility with respect to the duration of benefits and the categories of protected persons.<sup>6</sup>

There is a tension between the ILO and member states with regard to defining protected classes of persons. The ILO is constantly striving to expand the categories of persons covered in order to reach the ultimate goal of universal coverage. Member states on the other hand are constantly trying to limit the prescribed categories to a percentage of waged workers or residents (Lamarche 2002:114).

Whilst South Africa has not ratified Convention 102, it still provides guidance in international law in defining the right to social security and its concurrent minimum and highest levels of implementation. As Lamarche (2002:115) states:

“The goals of Convention 102 as an international standard for the right to social security must be kept in mind: the nine identified social risks for which social security benefits were to be provided are all *aimed at realizing a person's right to live a healthy life in decent conditions. The highest level of implementation of the right to social security means that this right must be effectively accessible to all.* Social security's ability to provide the elements of a decent standard of living remains a clear advantage over other possible approaches aimed at realising the latter right.” [emphasis added]

### 3.2 International human rights instruments

The 1948 Universal Declaration of Human Rights (UDHR) guarantees, in Article 25, everyone “as a member of society” the right to social security. Furthermore, various forms of social security are covered by Article 25 (1), including the right to “security” in the event of unemployment, sickness, disability, widowhood, old age or lack of livelihood in circumstances beyond one's control (Andreassen 1992: 330-321).

The International Covenant on Economic, Social and Cultural Rights (ICESCR), which South Africa signed in 1994 but has not ratified, has a general clause on the right to “social security, including social insurance” (Article 9).<sup>7</sup> Article 10 of the ICESCR concerns the protection of the family and specifically mentions social security benefits during maternity leave. Article 10 (3) requires states parties to undertake special measures of protection and assistance for children and young persons. However, while these clauses do not directly suggest a right to social assistance to meet basic subsistence needs, some scholars have argued that this right could be interpreted from Article 11 of the ICESCR, which recognises

<sup>5</sup> Not ratified by South Africa.

<sup>6</sup> A number of subsequent conventions were adopted to elaborate on some of the aspects of social security, such as Convention 128 on Invalidity, Old Age and Survivors' Benefits (1967) and Convention 130 on Medical Care and Sickness Benefits (1969).

<sup>7</sup> Article 9 is not defined; however, the ICESCR requires information regarding the nine branches of social security as outlined in the ILO Convention 102.

the “right to an adequate standard of living, including adequate food, clothing, and housing, and the continuous improvement of living conditions” (Liebenberg 2000:214; Scheinin 2001:162-163).

The International Convention on the Elimination of All Forms of Racial Discrimination (CERD) requires, in Article 5 (e) (iv), that the right to social security and social assistance is guaranteed without discrimination. South Africa ratified the CERD in 1999. The International Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) covers the right to social security in more detail and identifies several forms of social security that must be provided to women without discrimination, particularly in cases of retirement, unemployment, sickness, invalidity and old age and other incapacity to work, as well as the right to paid leave, maternity leave, and the right of women in rural areas to benefit directly from social security programmes.<sup>8</sup>

The United Nations Convention on the Rights of the Child (CRC), which the South African government signed and ratified in 1995, places the responsibility for the material well-being of the child primarily with his or her parents. However, states are obliged to provide material assistance and support for the realisation of such responsibilities, in particular with regard to nutrition, clothing and housing.<sup>9</sup> Article 26 recognises for every child the right to benefit from social security, including social insurance. In addition, Article 27 (1) recognises the right of every child to a standard of living adequate for the child’s physical, mental, spiritual, moral and social development.

The International Convention on the Protection of the Rights of All Migrant Workers and their Families<sup>10</sup> includes the right of all migrant workers to social security on the basis of receiving equal treatment to the nationals of the country of residence.<sup>11</sup>

Generally speaking, the international right to social security is protected and monitored through the implementation mechanisms of treaties on economic and social rights. The content thereof, however, falls largely within the domain of an employment-based ideology. In many instances it falls short of the broader project of alleviating poverty and assisting those who have never had or will never have access to employment, through the provision of state-sponsored social income assistance.

### 3.3 Regional human rights instruments

It is interesting to note that there is no express provision recognising the right to social security in the African Charter on Human and People’s Rights. This Charter was ratified by South Africa in 1996. Certain aspects of the right may, however, be derived from the right to health (Article 16) and the right of the aged and disabled to special measures of protection (Article 18 (4)).

On the other hand, the African Charter on the Rights and Welfare of the Child, which entered into force in 1999 – and which was ratified by South Africa in 2000 – says that, although “parents or other persons responsible for the child shall have the primary responsibility of the upbringing and development the child...”, states parties to the Charter

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<sup>8</sup> See Article 11 (1) (e) and 11 (2) (b); Article 13 (a); and Article 14 (2) of the CEDAW. South Africa signed the Convention in January 1993 and ratified it on 15 December 1995, without entering any reservations.

<sup>9</sup> Article 27 (2) and (3).

<sup>10</sup> Adopted by the UN General Assembly in 1990 but not yet in force.

<sup>11</sup> Article 27.

must, "in accordance with their means and national conditions" take all appropriate measures:

*"(a) to assist parents and other persons responsible for the child and in case of need provide material assistance and support programmes particularly with regard to nutrition, health, education, clothing and housing..."*<sup>12</sup>

This provision may thus be interpreted as placing a duty on the State to provide financial support to parents in order to realise children's rights to nutrition, health, education, clothing and housing.

#### 4. The right to social assistance in South Africa

As stated above, the South African Constitution includes the right of everyone "to have access to [...] social security, including, *if they are unable to support themselves and their dependants, appropriate social assistance*" [emphasis added].<sup>13</sup> The Constitution lays out the State's obligations to realise the socio-economic rights of everyone progressively, including the right to social security. The Constitution also provides that, when interpreting the Bill of Rights, the courts are obliged to *consider* international law. States' obligations in realising the right to social security will obviously depend on which international instrument is binding upon them. South Africa has ratified the CRC, CERD, CEDAW and ACRWC and it is therefore bound by these international human rights treaties.<sup>14</sup>

The right to social security and social assistance in Section 27 (1) (c) is given to "everyone" including children, despite the separate socio-economic rights provisions for children in Section 28.<sup>15</sup> As explained earlier, the right to social security comprises the right to social insurance and social assistance.

Social grants make up the South African government's major poverty alleviation programme.<sup>16</sup> The fundamental purpose of the right to social assistance is to ensure that persons living in poverty are able to access a minimum level of income, which is sufficient to meet basic subsistence needs, so that they do not have to live below minimum acceptable standards (Department of Welfare and Population Development 1997: Chapter 7, par. 27).

The State's obligation in relation to the rights in Sections 26 and 27 of the Constitution, including the right to social assistance, is qualified by three elements: Firstly, the State has an obligation to take reasonable legislative and other measures; secondly, the State's obligation is limited by its available resources; and thirdly, the measures must be directed at the progressive – not necessarily immediate – realisation of these rights.<sup>17</sup>

In *Grootboom*, the Constitutional Court elaborated on the content of these requirements. In particular, it focused on the fact that it is incumbent on the State to institute a *reasonable programme* in order to 'progressively realise' the socio-economic rights enumerated in

<sup>12</sup> Articles 20 (1) and (2).

<sup>13</sup> Section 27 (1) (c).

<sup>14</sup> Section 39 (b) of the Constitution.

<sup>15</sup> See *Government of the Republic of South Africa v Grootboom and Others* 2000 (11) BCLR 1169 (CC) paras 34, 74.

<sup>16</sup> On the right to social assistance in the context of poverty and inequality in South Africa, see: Liebenberg S (2001) The right to social assistance: The implications of *Grootboom* for policy reform in South Africa. *SAJHR*, 17:232.

<sup>17</sup> Section 27 (2) goes on to place an obligation on the State: "The State must take reasonable *legislative* and other measures, within its available resources, to achieve the progressive realisation of each of these rights." [emphasis added]

Sections 26 and 27. The Court laid out a number of criteria against which to measure the 'reasonableness' of a government programme.<sup>18</sup>

The current jurisprudence on the requirement for the 'reasonableness' of government measures to advance the progressive realisation of socio-economic rights is summarised by Budlender in Creamer (2002:14) as follows:

- *The programme must be reasonable both in its conception and in its implementation.*
- It must be balanced and flexible.
- It must make appropriate provision for attention to crises, and to short-, medium- and long-term needs.
- *It may not exclude a significant segment of society.*
- It must not leave out of account the degree and extent of the denial of the right they endeavour to realise. *Those whose needs are the most urgent must not be ignored.*

The italicised parts of this test relate to the efficacy of the State's targeting mechanisms for the delivery of social assistance to those who are "unable to support themselves or their dependants". Therefore, the means test used for the purpose of targeting the CSG at poor children will be assessed firstly by these criteria for 'reasonableness'.

The Constitutional Court's requirement that programmes must also be reasonable in their *implementation* of the socio-economic right allows one to conclude that, if the benefits of the government's social assistance programme do not reach the people who are eligible for such assistance, the programme may not pass constitutional muster and barriers to accessibility must be reduced (Liebenberg 2000:241-245). Consequently, poor children should be able to access the CSG and should not be precluded by an onerous targeting mechanism. Although it is up to the Legislature and the Executive to decide upon "the precise contours and content of the measures to be adopted", they must ensure that the measures they adopt are reasonable.<sup>19</sup>

When looking at the targeting mechanisms for the CSG, it is thus important to draw a distinction between the design of the intervention and its targeting mechanisms and the implementation thereof. As Coady, Grosh & Hoddinott (2003:19) state, "No matter how well one chooses among methods or programmes, effectiveness of implementation is a key factor in determining targeting performance". This paper thus examines the means test for the CSG in terms of its design and, in a more qualitative manner, with respect to how it is implemented.

Furthermore, in examining the means test, children who are excluded from the CSG, intentionally and unintentionally, will be identified and measured against the requirement that the programme must not "*exclude a significant segment of society*" and that "*those whose needs are the most urgent must not be ignored*".

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<sup>18</sup> Grootboom, (n 15) paras 40-44.

<sup>19</sup> Grootboom (n 15) para 41.

## 5. Ensuring social security meets its targets

### 5.1 What is targeting?

Targeting can be defined as a way of identifying potential recipients or categories of recipients for a benefit or good. In the broadest sense, targeting can be universal by, for example, government spending on items that reach a wide swath of society, including the poor. Spending on universal primary education or free primary health care and value added tax (VAT) exemptions for basic products would be universal. Narrower targeting would seek to identify specific individuals, households, communities or entities to which scarce resources or public goods can be transferred. These narrower targeting mechanisms require more specific mechanisms to identify their intended beneficiaries.

In order for social assistance programmes to provide relief from poverty for those who are in need, states must ensure that these kinds of payments in fact flow to those who are in need. The *targets* – or intended beneficiaries – of the social assistance programmes are thus identified and thereafter mechanisms are established to transfer the benefit to the targeted beneficiaries. Therefore, first the target population must be defined, then the most efficient, effective and appropriate *mechanism* to deliver the programme to the targeted population is identified and administered.

The administrative means by which beneficiaries are selected for inclusion into a programme are known as 'targeting mechanisms'. A targeting mechanism is used to identify who is and is not eligible for a benefit. David Coady et al (2003) completed a study of different targeting mechanisms and their implications in 122 programmes across 48 countries. They outline three broad categories of targeting mechanisms, all with their distinctive strengths and weaknesses:

- ***Individual or household assessment:*** Mostly used to assess the income or means at the disposal of the individual or the household to support itself or access some level of goods or services. A means test requires that the eligibility criteria for access to the benefit be defined in monetary or other terms that are measurable and verifiable. Within this category there are means tests that are verifiable and those that are unverified.

One way of getting around barriers to verification and problems with accessing documentation is by applying a proxy means test. Given that there can be very strong correlations between, for example, income and dwelling type, it is possible to take dwelling type as a proxy for income in some targeting.

The last type of individual or household assessment is where a recognised leader within a community facilitates the identification of particularly needy households or individuals. This kind of targeting is particularly insensitive to gender dynamics, and is not commonly used in South Africa.

- ***Categorical targeting:*** Also known as statistical targeting, tagging or group targeting. This mechanism uses some basic characteristic of the person or household as a basis for inclusion in a beneficiary group. The most common of these characteristics are *individual demographic* ones, such as age in the case of young children or the elderly. It is also possible to use categories of *ethnicity, race* or

*language* in targeting benefits.<sup>20</sup> Other grounds for categorical targeting are *household* or *geographical characteristics*. The two that are most often referenced in the literature are urban versus rural categories, or female- or child-headed households.

- ***Self-selection targeting***: This refers to particular interventions where, although eligibility is universal, the mechanism for accessing the goods or benefits discourages the non-poor from accessing it (Coady et al 2003:12). For example, some schemes require people to queue for long periods during work hours, have complex and lengthy administrative procedures or have pay-points only in very poor areas.

## 5.2 Measuring the efficacy of targeting mechanisms

There are two potential errors in targeting mechanisms: those of inclusion and those of exclusion. Any targeting mechanism is likely to incur one or both of these errors in its application.

Errors of inclusion are found in any situation in which those who are *above* the threshold criteria set by the targeting mechanisms *are able to access the benefit*. With respect to poverty alleviation programmes, this error would be found if the non-poor were able to access a benefit as well as the poor. Errors of exclusion, conversely, are found where people who ought to be able to access the benefit, such as the poor, are excluded because the test is at an inappropriate level or establishes inappropriate barriers to access.

In Coady et al (2003), Barr outlines three main reasons for a lack of horizontal efficiency (errors of exclusion) in social grants systems: ignorance or misinformation, inconvenience and stigma. In areas with less-developed information systems, a low population density and high rate of illiteracy, many people might not know about the opportunity to apply for a benefit. Inconvenience occurs where the imposition of certain costs on the applicant outweighs the grant's benefit, from the point of view of the potential applicant. This would mainly relate to financial reasons, for example where the costs for transport to the welfare office were regarded too high. Other reasons may be the time spent on the application, difficulties with language or literacy, or other administrative burdens. In some cases, inconvenience serves a useful purpose – as in the context of self-targeting, mentioned above – but in other cases it only negatively affects those who are most in need of the grant. Lastly, stigma can be a major problem if people don't want to identify themselves as poor.

Other problems with social grant targeting mechanisms occur on the supply side. For instance, if the regulations are not clearly defined and are open to subjective interpretation by the welfare officers (for example discrimination based on race), or if a lack of transparency or checks and balances lead to fraud and corruption, eligible people may be excluded from accessing their entitlement.

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<sup>20</sup> Although these are thankfully no longer used in grants targeting in South Africa, they were widely used in the previous political dispensation, including for example the targeting of the State Maintenance Grant (Lund Committee 1996).

Haarmann (1998:100) highlights that some of the problems with targeting cannot be prevented via regulation only – for example the problem of stigma – but some can at least be minimised by ensuring that the chosen targeting mechanism has particular qualities, such as:

- The target rate must be fair, just and inclusive of those who are in need;
- The population, in particular the potential recipients, must be informed of their eligibility;
- The means have to be easily determinable and observable;
- The test must not create perverse incentives;
- The application must be clear and easy to handle for the applicants;
- The regulations must be simple and easy to handle for the welfare officers;
- The test must be difficult to manipulate and not open to subjective interpretation.

These principles inform the analysis of one of the targeting mechanisms for the CSG below, alongside the State's constitutional obligations, as determined by the jurisprudence of the South African Constitutional Court.

## 6. Policy and legislative framework for the Child Support Grant programme

### 6.1 Relevant policy and law

The *White Paper for Social Welfare in South Africa* (Department of Welfare and Population Development 1997) refers to 'social security' as:

*"[a] wide range of public and private measures that provide cash or in-kind benefits, or both, first, in the event of an individual's earning power permanently ceasing, being interrupted, never developing, or being exercised only at unacceptable social cost and such person being unable to avoid poverty. And secondly in order to maintain children..."*

This refers to both social assistance and social insurance schemes and seems to indicate that Government is responsible for ensuring, via social assistance, that all people, including children, have a decent standard of living.

The State's primary legislation giving effect to the right to social assistance is the *Social Assistance Act 59 of 1992*. The Act and the Regulations govern the administration of social assistance and the responsibility lies with the Minister of Social Development and the Department of Social Development. However, the Act was assigned to the Provinces via Proclamation R.7 of 1996.

The Act includes three cash grants for children, namely the Child Support Grant (CSG), the Foster Child Grant (FCG) and the Care Dependency Grant (CDG). It also includes four for adults: the Disability Grant (DG), the War Veteran's Grant (WVG), the Grant in Aid and the Old Age Pension (OAP). Grants targeted at adults also help children, as grants received are largely pooled as household income. This is particularly true for the OAP. For the purposes of this paper, however, we are only concerned with the Child Support Grant

programme and we therefore briefly outline below the provisions relating to the CSG, focusing in particular on the provisions for targeting the grant to the intended beneficiaries.

## 6.2 Conceptualisation of the Child Support Grant programme

The CSG was introduced in 1998 to help alleviate the poverty experienced by many children in South Africa. This is in the context of high levels of poverty in South Africa, including child poverty and the fact that South Africa is suffering from a structural unemployment crisis. The South African government touts its social security programme as its most successful programme in the “fight against poverty” (National Treasury 2003: 110).

The CSG is the State’s primary programme to realise the right to social assistance and other related socio-economic rights for poor children. As recommended by the *Report of the Lund Committee on Child and Family Support* (hereafter the ‘the Lund Report’), the CSG replaced the State Maintenance Grant (SMG) with a flat-rate child support benefit to be paid, via the ‘primary caregiver’, to all children who qualify in terms of a test of the caregiver’s means (Lund Committee 1996:88). The grant was intended to protect the poorest children in their most vulnerable younger years. However this has since been broadened somewhat with the extension of the grant to all children under the age of 14 years, which was progressively implemented over the periods 2003 – 2005.<sup>21</sup> At the time of writing, the CSG (R180 per month from 1 April 2005) is available for children under the age of 14 years who live in households with an income below R800 per month if the child and his or her ‘primary caregiver’ live in an urban area, or R1,100 per month if the child and his or her ‘primary caregiver’ live in a rural area or an informal dwelling.<sup>22</sup>

## 6.3 Targeting mechanisms

Eligibility for the CSG thus employs a variety of targeting mechanisms, namely means testing, proxy indicators and progressive categorical targeting of children up to the age of 14.

The CSG is targeted via two types of targeting mechanisms:

- a. Individual assessment – the mechanism is an assessment of the means or the income of the primary caregiver and his or her spouse, better known as a *means test*. Two threshold levels of income are set in order to target the grants at the poorest rural and urban children in South Africa. The means test thus also incorporates the use of proxy indicators of poverty such as housing or rural/urban location.
- b. Categorical targeting – the mechanism is a delineation of a category of children within a certain age group who may be eligible for the grant.

For the purposes of this paper, we will focus on one of the targeting mechanisms for the CSG, namely the *means test*. The paper provides a critique and cost analysis of how a targeting mechanism operates to ensure that a specific group – poor children in South Africa – gains access to a benefit from the government.

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<sup>21</sup> In terms of amendments to the Regulations (Government Notice No. R 460 of 31 March 2003), the CSG was extended to children under the age of 14, to be phased in over the period 2003 – 2005. The CSG was extended to children under nine years as of the 1<sup>st</sup> of April 2003, to children under 11 as of the 1<sup>st</sup> of April 2004 and to children under 14 as of the 1<sup>st</sup> of April 2005.

<sup>22</sup> Sections 2 (d) and 4 of the Social Assistance Act 59 of 1992 read with the regulations to the Act (Government Notice 418 of GG 18771, 31 March 1998, as amended by Government Notice No. 813 of 25 June 1999, Government Notice No. R. 1233 of 23 November 2001, and Government Notice No. R 460 of 31 March 2003).



### ***The 'primary caregiver'***

The CSG is targeted at poor children via their 'primary caregiver' (PCG). The PCG of the child must receive it on behalf of the child.<sup>23</sup> The Act goes on to define a PCG:<sup>24</sup>

... [I]n relation to a child, means a person, whether or not related to the child, *who takes primary responsibility for meeting the daily care needs of the child, but excludes –*

- (a) a person who receives remuneration, or an institution which receives an award, for taking care of the child; or
- (b) a person who does not have an implied or express consent of a parent, guardian or custodian of the child. [emphasis added]

Further administrative requirements under the regulations to the Social Assistance Act are that a PCG has to provide his/her identity document when applying for the grant.<sup>25</sup> This has an implied age cut-off as a person must be at least 16 years of age before they can apply for an identity document.<sup>26</sup> Therefore, children with PCGs that are younger than 16 years would automatically be excluded from applying for the CSG.

### ***Description of the 'means test' for the CSG***

As stated above, a primary caregiver will qualify for the CSG if the PCG and the child:

- Live in a rural area in either a formal or informal dwelling and the personal income of the PCG and his/her spouse is below R13,200 per annum.
- Live in an urban area in an informal dwelling and the personal income of the PCG and his/her spouse is below R13,200 per annum.
- Live in an urban area in a formal dwelling and the personal income of the PCG and his/her spouse is below R9,600 per annum. The amount of R9,600 is only applicable to a person living in an urban area and who occupies a brick/concrete or asbestos dwelling.<sup>27</sup>

A successful application for the grant is therefore, in part, dependent on the PCG establishing that she and her spouse comply with a *means test* that is linked to her/their personal income.<sup>28</sup>

<sup>23</sup> Section 4 of the Social Assistance Act 59 of 1992.

<sup>24</sup> Section 1 of the Social Assistance Act 59 of 1992.

<sup>25</sup> Reg 9 (1) to the Social Assistance Act 59 of 1992.

<sup>26</sup> Section 3 of the Identification Act 68 of 1997.

<sup>27</sup> Sections 2 (d) and 4 of the Social Assistance Act read with Regulation 16 (2) to the Act (as amended by GN 813 of 25 June 1999).

<sup>28</sup> Section 4 of the Social Assistance Act.

## 7. Implementation of the CSG programme

### 7.1 Agencies responsible for implementation

The Minister of Social Development assigned responsibility for the implementation of the Social Assistance Act to the provinces. This will change as the newly established national body, the South African Social Security Agency (SASSA), takes over this responsibility in 2006.<sup>29</sup>

The institutional arrangements for social security delivery are critical for determining whether the implementation of the social grants programme, with respect to targeting, fulfils the constitutional test of reasonableness in terms of Section 27. It has been argued that a major obstacle to the effective delivery of social grants in the past has been the assignment of the administration of the Social Assistance Act to the provinces. The assignment resulted in a range of administrative and efficiency problems, as well as unequal access to and enjoyment of social grants in various provinces. The national Minister of Social Development was effectively deprived of clear policy control over the social assistance function with the result that he has previously been unable to establish national norms and standards for social security delivery.<sup>30</sup>

Implementation at provincial level has also had an impact on budgeting, discussed further below, whereby social grant allocations fell within the equitable share allocation to the provinces (in terms of Section 214 of the Constitution). There was thus no 'ring-fenced' protection for social grant funds. This resulted in situations where certain provinces ran out of funds for social grants during the financial year. The impact on beneficiaries has been long delays in the processing or payment of grants in these provinces (Socio-Economic Rights Project et al 2003).

The assignment of the Social Assistance Act was the subject of a constitutional challenge in the *Mashava* case<sup>31</sup>. The Constitutional Court found that the assignment was unconstitutional. This means that the national minister is again vested with clear national control over social assistance. This will enable him to set national policy in relation to the administration of social grants, and to establish clear regulations and norms and standards in relation to matters such as grants processing time, administrative requirements, eligibility requirements, and suspension and termination procedures. It is unclear what the policy role of SASSA will be within this new arrangement, but it is critical that the establishment of the SASSA, as envisaged with the primary function of taking over the administration and payment of social assistance grants, is done in conjunction with the removal of the provincial assignment and the establishment of a nationally organised social security system. With clear policy authority and control vested in the national minister, the administration of social grants can then be *delegated* to the provincial spheres of Government.

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<sup>29</sup> See Social Assistance Act No. 13 of 2004, read in conjunction with the South African Social Security Agency Act No. 9 of 2004.

<sup>30</sup> See: Socio-Economic Rights Project, Community Law Centre (UWC); Black Sash; Congress of South African Trade Unions; NEHAWU Parliamentary Office; Legal Resources Centre; Alliance For Children's Entitlement To Social Security; NADEL Human Rights Research and Advocacy Project; South African Council Of Churches ; South African Catholic Bishops Conference (9 April 2003) *Submission on the Draft South African Social Security Agency Bill* (9 April 2003).

<sup>31</sup> *Mashava v The President of the Republic of South Africa* 2004 (12) BCLR 1234 (CC).

## 7.2 Budgets (Medium-Term Expenditure Framework) for this programme

In the past, the primary responsibility for implementing the CSG programme has fallen on the provincial social development departments. This responsibility also required provincial governments to estimate the budget for the programme on an annual basis and allocate funds from the total provincial budget to the CSG programme (Coetzee & Streak 2004:192). This allowed for provincial discretion in allocating funds for what is a constitutional and statutory entitlement. The provincial assignment resulted in provincial variations in provisioning for and access to social grants, which, in turn, led to inequities (Socio-Economic Rights Project et al 2003).

The CSG programme has been funded from two sources since its inception: firstly, most of the money for the CSG programme comes from the equitable shares of provincial governments; secondly, provincial governments receive conditional grant funding as a contribution to building administrative and financial management capacity in provinces to enable them to implement the CSG programme better. A conditional grant called the Child Support Implementation Grant (CSIG) was introduced over the period 1998/99 to 2000/01. The Child Support Extension Grant is a new conditional grant implemented from 1 April 2003, and spans the Medium-Term Expenditure Framework (MTEF) period 2003/04 to 2005/06, to support the phased-in extension of the CSG to children under 14 years of age. The grant allocation is for the actual grant amount paid to each beneficiary and for administration costs.<sup>32</sup> The grant amounts to a total of R10.9 billion: R1.1 billion in 2003, increasing to R3.4 billion in 2004 and R6.4 billion in 2005 (Coetzee & Streak 2004:194).

The equitable share is allocated to each province on the basis of a formula that takes into account indicators of need and past expenditure patterns. There are various components of the formula that are given different weighting, including a welfare weighting. The welfare weighting, in turn, consists of two components: the target population for the main social grants and the population in the lowest two quintiles of income distribution (Coetzee & Streak 2004).

Budget 2005 increased allocation to social grants, primarily to finance inflation-adjusted increases in the value of grants, but also for rolling out the CSG to children aged 12 – 14. From 1 April 2005 the CSG increased in value from R170 to R180 per child per month. Of the R74 billion in additional allocation over the MTEF, as much as 30% was added to the social grants budget (Children's Budget Unit 2005:3).

However, it is important to note that, in light of the establishment of the SASSA, there has been an important change in the inter-governmental fiscal system in the 2005 budget. The SASSA, as of 1 April 2005, has begun to take over financing and administration of social security (including all the social assistance programmes). Therefore, in the 2005 budget, instead of money for grants being allocated to provinces via the equitable share formula, social grants and associated administrative expenditure have been fully budgeted for on the National Social Development vote as conditional grants to provinces. These funds are to be ring-fenced and separately managed by provinces as an interim step towards establishing the SASSA (Children's Budget Unit 2005:5).

This means that the responsibility of estimating the social security budget, and applying to provincial treasury for grants, has been taken away from provinces. There is now only a conditional grant, which comes straight from Treasury via the national Department of Social Development to each province. Provinces in the interim maintain the responsibility

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<sup>32</sup> Administration costs at R29 per grant payment per month, according to Coetzee & Streak (2004).

for implementing the social grant system, which will later shift to the SASSA. It is not clear, however, when exactly this will happen and how it will work (pers. comm. Judith Streak, Institute for Democracy in South Africa - IDASA).

IDASA's Children's Budget Unit *Budget Brief No.151* (2005) and other responses from civil society in the media highlighted the fact that the budget for 2005 left out a number of critical policy changes and associated funding provisions.

Firstly, the government made no announcement of plans to extend the CSG to children under the age of 18, and hence no associated funding was allocated. IDASA infers that perhaps the reason is a concern about administrative capacity to deliver the CSG to children up to the age of 14 and children between the ages of 14 and 18 at the same time. But it would be possible for the extension phase to 18 to occur from 1 April 2006 to allow the continued staggering of the CSG, and to allow for SASSA to be in place and functioning. IDASA calculated that, based on "the number of children aged 15-18 available from Stats SA (2001) which is 4,985,494, a poverty rate of 65%, a uniform roll out and grant value of R180 per month per child, a rough cost of extending the grant to children age 15-18 per year is R3.9 billion (less than half of the amount allocated to tax relief in Budget 2005)" (Children's Budget Unit 2005:6).

Secondly, the budget made no provision for a review of the means test for the CSG. As will be discussed below, the income thresholds for the means test have not been adjusted since the inception of the programme in 1998 (Children's Budget Unit 2005:6).

### 7.3 Implementation targets for this programme

The CSG was initially implemented in 1998 to help to protect the poorest children in South Africa during their most vulnerable years, which are ages 0 – 6. In deciding to target a grants programme at *poor* children only, the State had the task of identifying who those poor children were. It had to define the target population, and design a programme and allocate budgets accordingly. The history of this process provides valuable insight into the rationale behind the income thresholds for eligibility, the budgetary implications and the disjuncture between need and provision for need.

The Department of Welfare in 1997/98 proposed two quite different means tests during its formulation of the policy for the CSG. Interestingly, both of these proposals were set around the goal of supporting three million children under the age of seven (Haarmann 1998:103). In March 1997, the Department said that these three million children corresponded to 30% of children under the age of seven in South Africa. Three months later, in June 1997, after the preliminary results of the 1996 Census became available, the department realised that three million children in fact represented 48% of the children in that age group.<sup>33</sup> The department had assumed a 100% take-up rate for both figures.

However, when we ask where the figure of 30% initially came from, the answer is surprisingly unrigorous and unrelated to the objective of the programme, namely combating child poverty in the country. The figure was in fact worked out backwards from the calculations in the Lund report, by looking at how much money should be allocated in the budget for the CSG and calculating from there what percentage of South Africa's children could be reached, given a R75 benefit. The calculations in the Lund Report showed that, with a budget of R2 billion, 28.6% of children up to the age of six years could be financially

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<sup>33</sup> Census 1996 badly undercounted children in the 0 – 6 age group. So part of this adjustment was incorrect. But Census 1996 did suggest that there were fewer people in South Africa than previously believed (pers. comm. Debbie Budlender).

supported (Lund Committee 1996:139). The obvious problem with the above conclusions is that the chosen figure of 30% of children does not correspond with a clear definition of who poor children are, based on a 'reasonable' poverty line – i.e. for example one that reflects what level of income is needed for a person to survive and develop.

The government has acknowledged that their eligibility figures are out-dated. For eligibility estimates for children between the ages of seven and 14 years, the National Treasury has a model for calculating budget allocations which includes projected take-up rates; however there are still difficulties with this data (pers. comm. Judith Streak, IDASA). In the second part of this paper, more accurate eligibility figures are presented, based on the General Household Survey 2003, and under the current means test thresholds and an inflation-adjusted threshold.

#### **7.4 Administrative requirements for the means test**

The administrative requirements for the CSG are governed largely by the provisions in the Regulations to the Social Assistance Act. However, because the Social Assistance Act was assigned to the provinces in 1998, provincial departments of social development have implemented varying application processes and documentation requirements to satisfy the regulations, and have also added their own particular requirements.<sup>34</sup>

More recently, the national Department of Social Development has developed a standardised *Procedural Manual for Grants Administration*, which ought to be followed countrywide. According to this manual, the application process is meant to happen in two stages, and involves approximately 15 different social security officials (Department of Social Development 2003). These two processes are for screening and application.

Applicants who wish to submit an application for social assistance must produce a number of documents. In terms of the procedural manual, a list of required documents is provided to potential applicants upon their first arrival for screening at a social service office. This list includes the following:

- marriage certificate;
- divorce and settlement order;
- last will and testament;
- written confirmation of persons supporting the child and/or PCG financially or otherwise;
- proof of the personal income of the PCG and his or her spouse;
- identity document of PCG;
- birth certificate of the child; and
- proof of occupation (i.e. residential address).

Personal income is defined as income earned or received by the PCG and includes income earned or received by his or her spouse, after all the permissible deductions referred to in

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<sup>34</sup> Proclamation R7 of 1996. See further discussion on implementing agency below.

Regulation 15 have been made.<sup>35</sup> Deductions are made for the Unemployment Insurance Fund, pensions, tax, medical aid and other grants.<sup>36</sup>

The applicant has to prove his or her income, and also that of his or her spouse. As proof of assets and income, the following are required where applicable: municipal rates paper; valuation of property certificate; outstanding bond; deed of sale; proof of occupancy; investments; savings account; assets donated; employers certificate; unemployment card; termination of employment; affidavit: self-employment; rent/board received; private pension; annuity; non-support/maintenance received; interest from investments. The regulations also stipulate that the department may accept alternative proof including a sworn statement – an affidavit.<sup>37</sup>

In addition, it was noted at social security offices visited in the Western Cape that applicants who had been employed in the past three years are required to produce an affidavit from their last employer, stating that they are no longer employed. Finally, if no income is declared, they are also required to produce an affidavit from the person who is supporting them and their children, to indicate how they are able to survive without either earnings or social assistance.

The PCG must also prove that she is primarily looking after the child on the application and that the child is residing with her. This is usually done via an affidavit.

Beside the requirements discussed above, the original regulations also consisted of the following requirements: proof of not having refused the assumption of employment without a good reason; the provision of documentary proof of all efforts to secure maintenance for the child from the (other) parent/s<sup>38</sup>; and proof that the child has been immunised. These requirements were deleted in 1999 as they were difficult to administer, imprecisely defined, amplified the delay of the payment and were unnecessary.<sup>39</sup>

## 8. Analysis of a targeting mechanism for the CSG

In order to realise the constitutional right to social security, the South African social security system makes provision for a cash grant to children living in poverty, namely the Child Support Grant. This cash grant is targeted at a specified band of children, who are identified as being poor and in need of income support, via their primary caregiver.

The development of a programme such as this one raises several complex targeting questions for policy and law-makers, namely:

1. What defines poverty?<sup>40</sup>
2. Which children are poor?<sup>41</sup>

<sup>35</sup> Definition of 'personal income' read with Regulations 14 (1) and 15. (Definition and Regulation 14 (1) and 15 (1) substituted by R1233 of 23 November 2001).

<sup>36</sup> The PCG will be paid for up to six non-biological children and an unlimited number of biological children.

<sup>37</sup> *Regulations Regarding Grants And Financial Awards*, GN 418, March 1998.

<sup>38</sup> The *Procedural Manual for Grants Administration* still includes a requirement that, for a PCG to qualify for the CSG, proof of efforts made by the PCG to obtain maintenance from the parent/s of the child/ren must accompany the application. The Children's Institute has anecdotal evidence that some provinces are still enforcing this outdated requirement. This is *not* in accordance with the Social Assistance Act or the Regulations.

<sup>39</sup> Amendment: Regulations under the Social Assistance Act 1992, GN 813, June 1999.

<sup>40</sup> There is no standard poverty line or measurement accepted across government departments in South Africa, not even for adults.

<sup>41</sup> The fact that children are legally and socially dependent on adults for their resources makes this even more difficult.

3. Should all children who are defined as 'poor' be provided with the good or benefit?
4. If the State does not have the resources to support all 'poor children', which segment of 'poor children' should be prioritised?

In the case of the CSG, the State has relied on a monetary measure of poverty, a poverty estimate that reflects a particular level of income poverty.<sup>42</sup> It has also prioritised the targeting of cash transfers to children in younger age categories (0 – 6 years and incrementally extended to 14 years) because they are identified as being more vulnerable and in need of support. These policy choices will be examined and discussed further below, both in terms of their conceptualisation and implementation. The analysis is partly based on observations from field research conducted in March 2005.

We look at the following issues:

- Advantages of the targeting mechanism(s);
- Disadvantages of the targeting mechanism(s);
- Intentional exclusions;
- Unintentional exclusions.

We also attempt to answer the following questions:

- Does this programme reach the poorest of the poor;
- Does this programme reach those most urgently in need;
- Does this programme reach all the poor?

## 8.1 Methodology

The first part of the analysis of the means test for the CSG is based largely on fieldwork conducted for a costing of the administration of the means test. The Children's Institute conducted fieldwork in March 2005 at six sites – three in the Western Cape and three in the Eastern Cape provinces. There was a spread of rural and urban sites. The two provinces were chosen as they differ markedly in respect of levels of poverty, racial profiles and historical provincial administration. The Western Cape sites were:

- *Khayelitsha*: A mainly African township, and part of the Cape Metropole although some distance from the city centre – the main Department of Social Development office and the Blue Hall service point in Site C were visited;
- *Atlantis*: A predominantly Coloured area set up under apartheid as an intended industrial development point fairly near to Cape Town – the main Department of Social Development office and the Piketberg service point were visited; and
- *Worcester*: A rural, agricultural centre with a racially mixed population – the main Department of Social Development office was visited.

The Eastern Cape sites were:

- *Umtata*: A large town, formerly the 'capital' of the Transkei – Officials were interviewed at the district office in central Umtata, and at the Umtata service point down the road from the district office. Additional interviews were conducted when

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<sup>42</sup> For a fuller discussion of different approaches to poverty definition and measurement see: Leatt A & Rosa S (2004) *Concept Paper for the Means to Live Project* [On file with the authors]; and Coetzee & Streak 2004:17-18.

the mobile unit visited a school in Umtata that serviced a community of informal shack dwellers next to a rubbish dump site, called Tipini;

- *Mt Ayliff*: A small, rural town near the border of KwaZulu-Natal – 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; and
- *East London*: A port city that was formerly part of ‘White’ South Africa, but which includes large townships which were formerly part of the Ciskei – the Department of Social Development office in the city centre was visited.

Interviews were conducted with officials of the Department of Social Development and CSG applicants at each site. A police officer was also interviewed at each site about the process of assisting applicants with affidavits.

The following number of individuals were interviewed:

- 57 CSG applicants,
- 25 Department of Social Development officials, and
- six South African Police Service (SAPS) officers.

The fieldwork was conducted to gather sufficient information to estimate the cost of the means test for the CSG to the government and to applicants. At each site, Department of Social Development officials dealing with each of the steps in the application and processing of Child Support Grants were asked about the time and activities spent on applying the means test for the grant. CSG applicants generally need to interface with the SAPS to obtain some type of confirmation of their documentation. Police officers were therefore also questioned on what they had to do and how long it took them to process documentation related to the means test. The researchers then 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.

## **8.2 Issues for consideration**

### ***Poverty threshold levels***

The means test threshold levels of R800 and R1,100 per month for the CSG are very low and they have not increased with inflation since they were instituted in 1998. According to Budlender, Rosa & Hall (2005:8): “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%.”

The value of the grant has kept pace with inflation in recent years, (though not in the earlier years), rising from R100 in 1998 to R180 in 2005, and the Minister of Finance has undertaken to continue to raise the CSG value to keep in line with rising costs caused by inflation. But without raising the threshold poverty levels in line with inflation, the threshold becomes lower and lower in real terms.

Budlender et al (2005:8-9) shows the impact of not adjusting the means test thresholds by firstly calculating how much R800 and R1,100 in 2004 are worth in real terms compared to what they were worth in 1998; and by secondly showing what the two thresholds should



have been in 2004 if the real levels were maintained at the 1998 levels. They show that to keep pace with inflation, the thresholds would have needed to be set at R1,123 and R1,544 respectively in 2004. Instead, in 2004 the value was equivalent to the buying power of R570 and R784 in 1998.<sup>43</sup> This means that many children who would have been eligible, using a means test adjusted for inflation, are excluded from accessing the CSG although they are as poor as other children who were eligible for the CSG in 1998 (Budlender et al 2005).<sup>44</sup>

The other issue with the means test thresholds is that they do not necessarily reflect a 'reasonable' poverty line. The concept of a poverty line is controversial since income poverty is a very narrow definition of poverty, and many lines abound. Using a poverty line of R430 a month, Woolard found that 74.9 % of children aged 0 – 17 in South Africa are poor. This amounts to more than 13 million children. Using a R215 per month poverty line, Woolard found that 54.3% of children across South Africa are ultra-poor. This means that *9.7 million children from birth to age 17 are living in deep poverty* (Coetzee & Streak 2004:17-18). At the same time, poverty is not evenly distributed across the country. The Eastern Cape (72%), Limpopo (69%) and KwaZulu-Natal (60%) experience the highest child poverty rates (Coetzee & Streak 2004), and together these three provinces are home to 60% of income-poor children. The issue of whether an income measure of poverty should be used and, if so what line should be used, is an area that requires more research and is beyond the scope of this paper.

### **Eligibility figures**

The means test thresholds should firstly reflect a 'reasonable' poverty line, with the estimates of eligible children based thereon. Within the current CSG programme there are still problems with eligibility figures for the CSG using the current means test thresholds. As stated above, the National Treasury's model for calculating budget allocations, including projected take-up rates, is reportedly still fraught with difficulties (pers. comm. Judith Streak, IDASA). Budlender et al (2005:41) have calculated new and more accurate eligibility figures, based on the General Household Survey 2003, and under the current means test thresholds and an inflation-adjusted threshold. They indicate that their 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 department are too high*. CSG payouts in December 2003, according to the department, reflect 4,245,298 children, which makes up about 78% of the number of children who would have been eligible for the CSG at that date, as estimated by Budlender et al (2005:8).

Table 1 below shows the number of eligible children for staggered age cut-offs, and under the current means test thresholds and an inflation-adjusted threshold.

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<sup>43</sup>The adjustments are based on the consumer price index (CPI) for all items in metropolitan areas as reported by Stats SA (Viewed 4 January 2005: [www.statssa.gov.za](http://www.statssa.gov.za))

<sup>44</sup>Budlender et al also provide an analysis of the number of children who would be eligible for the CSG under a means test threshold adjusted for inflation.

**Table 1: Eligibility for the CSG**

Age and cut-off type	Stats SA weights	
	Number eligible	%
<b>0 – 8: standard cut-offs</b>	5,453,725	65.7%
<b>0 – 8: inflation-adjusted cut-offs</b>	5,770,804	69.5%
<b>0 – 10: standard cut-offs</b>	6,752,103	65.5%
<b>0 – 10: inflation-adjusted cut-offs</b>	7,143,220	69.3%
<b>0 – 13: standard cut-offs</b>	8,791,705	65.3%
<b>0 – 13: inflation-adjusted cut-offs</b>	9,308,547	69.2%
<b>0 – 17: standard cut-offs</b>	11,494,298	65.1%
<b>0 – 17: inflation-adjusted cut-offs</b>	12,170,071	68.9%

Source: Budlender, Rosa & Hall (2005)

The estimates for children aged 0 – 13 years and children aged 0 – 17 (comparing current thresholds and inflation-adjusted thresholds) only show an approximate 4% increase for both categories of children (Budlender et al 2005:41). The extension of the CSG to children under the age of 18 would ensure that a further 2.7 million children have access to income support to satisfy their basic needs.

### ***Discrimination against larger households***

A further flaw in the means-testing mechanism is that it does not take into account the number of people living in the household, and the number of children that have to be cared for within the financial means of the PCG. This test thus can be said to discriminate against certain family structures, i.e. larger families and caregivers with more dependants, particularly women (Haarmann 1998:108).

In the interviews conducted for the CSG costing paper (Budlender et al 2005), the size of the primary caregivers' families and the number of children in their care varied considerably; yet the same income threshold applied to all of them. The inequity created by the means test in this regard undermines and contradicts the gains made with the open 'caregiver' concept in trying to get away from discrimination against certain family structures. The same income threshold that applies to an applicant who has four children to support applies to an applicant who has two children to support.

Either the means test should be re-constructed to take into account the applicant's number of dependants or should be done away with completely so that anyone who needs a CSG for a child can get it.

### ***Two-tier means test***

The means test for the CSG distinguishes between caregivers in formal dwellings in urban areas and those in informal dwelling and rural areas in terms of income thresholds. The distinction between these settlement types is based on a wider (capability-based) definition of poverty, which includes considerations of access to and quality of services. The split means test was designed to compensate, in some way, for the likelihood that rural people and those in informal settlements are further from services and thus have to pay more or take longer to access them, and for the fact that rural services are often poorer in quality, such as fewer or no doctors (pers. comm. Debbie Budlender).

Furthermore, poverty in South Africa is deeper and more widespread in rural areas than urban areas. May, Woolard and Klasen (2000) calculated that in 2000, 71.6% of poor people reside in rural areas, and that 70.9% of all rural people are poor. Formal sector

employment is very scarce in rural areas, and there has been a rapid decline in farm employment.

There are two issues to be examined in relation to the rural/urban and formal/informal dwelling tiers for the means test.

The first issue is a conceptual one, related to the relevance and appropriateness of the distinction as an element of a means test. The key question is whether housing type and location have a substantial enough effect on resources for children's well-being to warrant two quite different income thresholds in the means test? This question would require more investigation.

There are a variety of elements to consider in evaluating different thresholds for the CSG means test according to location and housing type. These include the use of a proxy for deeper poverty and the lower social wage in rural areas and informal settlements in urban areas. The higher threshold in these settlement types recognises the relatively poorer schooling and infrastructure, and increased expenditure in transport and other access costs to basic services and health care. The inclusion of rural areas in the higher threshold also makes allowances for the larger household size and numbers of dependent children in rural areas, especially as parents move to more urban areas in search for work.

The second issue is related to implementation of the two-tier means test and looks at whether or not it has effectively targeted people in informal dwellings or rural areas over and above those in urban areas/formal housing. A demographic report compiled by the Department of Social Development from the SOCPEN data includes the location of children across South Africa who are receiving the grant, thus providing a snap-shot of their residence in rural and urban areas in March 2004 (Department of Social Development 2003). This report does not include reference to housing type. The provinces define rural and urban areas under their jurisdiction, so there is no guarantee that the same definition is consistently applied (pers. comm. Jane Jooste, SOCPEN Operations Manager, Department of Social Development).<sup>45</sup> It is satisfying to note from the data that the substantial majority of CSG recipients reside in rural areas. At a national level, 66% of recipients live in rural areas, and the other 34% are living in urban areas.

Table 2 on the next page shows the proportion of children (0 – 10) living in rural areas per province, and the proportion of CSG recipients (November 2003, ages 0 – 10) living in rural areas. A large proportion of the children receiving a CSG come from rural areas in each province, for example in the Eastern Cape (80%), KwaZulu-Natal (81%) and Limpopo (92%). On the other extreme, Gauteng's rural recipients constitute only 6% of the total for that province, and rural recipients in the Western Cape make up 18% of all those registered in the province. In other words, the targeting of the CSG is slightly skewed towards the rural population, except in the Northern Cape and KwaZulu-Natal provinces, where the proportion of rural CSG recipients is much higher than the proportion of rural child population.

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<sup>45</sup> At the moment the SOCPEN data reflects only rural versus urban data and thus does not replicate the means test in putting together rural/informal and urban/informal as opposed to urban/formal.

**Table 2: Proportion all children living in rural areas versus rural CSG grant recipients, November 2003**

	WC	EC	NC	FS	KZN	NW	GT	MP	LP
<b>Rural population (%)</b>	12.6	76.1	27.6	35.1	63.6	67.9	3.7	65.0	88.4
<b>Rural CSG recipients (%)</b>	17.7	80.4	49.7	43.0	81.0	74.7	5.7	72.9	92.3

Source: Budlender, Rosa & Hall (2005); Department of Social Development (2003)

It seems that the department has been successful in providing access to the CSG to relatively higher proportions of rural children than urban, although this is, in part, a result of the population distribution.

However, when we look at how the two-tier means test is being implemented in social security offices in the Eastern and Western Cape, we see that it is not being implemented consistently. In the Eastern Cape, for example, the provincial Department of Social Development determines the delineation between rural/urban areas. However, the Head of Social Development, Mt Ayliff District Office, told us that the only urban areas in the Eastern Cape were Umtata, Port Elizabeth and East London. Mt. Ayliff is designated an entirely rural area. There was also clearly confusion amongst senior social security officials in East London about the rural/urban and formal/informal dwelling distinction. Social security officials are not sure who defines areas, or how they are defined.

District officers in Atlantis are in complete disagreement with the provincial department over the definition of urban and rural areas. Most of the towns where they work are small ‘*dorps*’ serving the surrounding farms – with little infrastructure and employment opportunities – and staff at the district office feel it would be more appropriate to regard these ‘*dorps*’ as rural for purposes of the means test. But the department had insisted that the areas be defined as urban, and as a result many applicants do not pass the lower means test threshold. Staff at the district office contest this decision, and have raised their concerns with the provincial department (pers. comm. Acting Head, Atlantis District Office, March 2005).

In Worcester, further problems with the rural/urban definition are that the SOCPEN definitions are not the same as the experience and perceptions of social security officials. Informal and backyard residents are recorded on the system as “rural”, while many rural areas are called “urban”. Even people living on farms are officially urban. Officials find this very confusing and hope that it will become clearer with the new regulations. It also results in many people failing the means test because they have to use the lower income threshold.

Further, it was found that the majority of the departmental officials interviewed in the Eastern Cape, who were involved in some way with the CSG programme and applications, were unsure as to what the means test income thresholds were. Answers ranged from R800 per month to R1,500 per month, with different variations on the rural/urban lines. Some officials were extremely sure of themselves, despite having quite the wrong figures. Ultimately, it is the computer that generates the rejection or acceptance letter, therefore it is not crucial that officials know the thresholds, but it is an indication of a lack of knowledge of the law regulating the CSG programme, particularly since the thresholds have not changed since their inception in 1998. This can also affect their ability to inform potential applicants of the eligibility criteria.

The 'dwelling status' part of the means test was also not fully applied by the officials in any of the offices visited in the Eastern Cape. Officials merely checked the box on the application form referring to formal/informal dwelling based on their knowledge of the area in which the applicant lived and did not ask directly what the applicant's house was made of.

Umtata social development officers reported that they don't really enforce the dwelling part of the means test; they normally just insist on the income part. In East London, when asked about the implementation of the different thresholds of the means test, an official responded:

*"This is a difficult question, because we say squatter camps are 'urban' and use the R800 limit. People living in squatter camps are 'urban' for the means test, irrespective of dwelling type."*

This points to the fact that officials apply the wrong threshold for the means test, and a portion of the targeted population is automatically (and illegally) excluded due to administrative error.

The authors therefore question the benefits of having a two-tier means test on two grounds related to its implementation. Firstly, it needs to be weighed against the fact that officials appear ignorant of the thresholds and, secondly, that they are applied arbitrarily, inconsistently and with inequitable consequences.

### **Rejections on the grounds of failing the means test**

Based on the Department of Social Development's SOCPEN data, it appears that the application of the means test itself does not serve as a major barrier to people needing to access the CSG – once they have applied. Based on a calculation of the number of grants rejected on the grounds of the two means-test levels for children aged 0 – 8 for the year 2003/04, it was found that only 5,303 grants were rejected (Leatt 2004). If the cumulative total for grants rejected on this basis is compared with the total number of grants awarded during this period, we find it constitutes a small fraction of less than half a percent. In other words, these figures tend to show that for those who submit applications, the means test does not in actual fact reject or remove large numbers from registration for the CSG on the grounds that they have too large an income.

It is submitted that the reasons for the means test not rejecting many people once they have applied are two-fold. Firstly, in light of the high poverty rates in South Africa and eligibility rates of 65%, the vast majority of those who apply for the CSG genuinely need it and legitimately fall within the prescribed income thresholds. On the other hand, based on interviews with both caregivers and officials, it appeared that primary caregivers may not declare their actual income and there is no way for the department to verify or establish this. The process of administering the grant by asking the applicant questions about their income when the applicant knows that they will be refused the grant if they earn over a certain amount, creates perverse incentives for applicants not to disclose their income fully. This is compounded by the fact that there is no standard verification of the documentation presented in the application process, as it would simply be too complicated and too costly to administer. This is therefore a waste of time and related administrative costs in checking and double-checking forms, when the checking is potentially ineffective. It is also argued that this is a waste of time and administrative costs because most people who would take the trouble to apply for the CSG would need it – it is assumed that the wealthy would thus not be accessing the grant for these reasons.

### **Administrative barriers and costs to applicants**

It is likely that more poor people are excluded due to the *requirements* for the means test than due to the means test itself. High administrative barriers have to be hurdled in order to apply for the CSG, and especially to pass the means test. The requirements for passing the means test, as outlined above, are particularly onerous and make up the bulk of the application process.

As stated above, CSG applicants are required – for purposes of the means test – to produce official proof of their and their spouse’s employment and income status, and proof of marriage if the primary caregiver is married. It was found that this proof is required to different extents and in varying forms in the different district offices. In addition, various other requirements not stipulated in the regulations, related and unrelated to the means test, are required by various offices. These are outlined below and starkly highlight the various barriers that applicants encounter in applying for the CSG. One could imagine that this may deter some applicants:

- In Khayelitsha, if the primary caregiver is married, a certified marriage certificate and a copy of spouse’s identify document is required.
- If not married and unemployed, the applicant needs to specify in an affidavit that they are single and unemployed, and explain how they survive (who supports them). The person who supports them must complete a declaration stating that they are supporting the applicant – in this case this is not an affidavit.
- If the applicant has a bank account, they need to provide bank statements for the past three months, but in most cases applicants do not have bank accounts. They need proof of maintenance if they receive it, but in most cases the biological father is not supporting the child.
- If they own their house, they need to show the market-related value of the house – this information is on the rates bill they receive from the municipality. Market-related value needs to be declared even if it is a subsidy house. There are different ceilings for the value of fixed assets for married and unmarried applicants. For single applicants the ceiling is R277,000 and for married R427,000. In Khayelitsha Site C, there is a lot of double occupation of properties – only one household has the title deed that enables them to prove ownership. If the application is from the household without the title deed (backyard resident), the owner of the property must complete the proof of occupancy form to confirm that the applicant is living on the property, and this must be specified in the affidavit.
- In Atlantis, if the applicant is divorced, a full divorce order is needed from the High Court.
- In Atlantis, if the applicant is employed, the employer must complete a VRT144 form (a very outdated form which *still* refers to the House of Representatives) and a copy of a payslip. If unemployed, their previous employer must complete the form and state if there was any lump sum payout on termination.
- If the child is of school-going age, a letter from the school to confirm attendance was required at a number of the sites. This is also a way of checking that the child is actually living in the area. (In a later interview, a screening official indicated that she thought school attendance was a prerequisite for getting the CSG if the child was over seven years).
- If the applicant is not the biological mother, a consent form must be completed.

- If the father of the child pays maintenance, proof of this has to be obtained from the court. But very few children receive maintenance, and not all maintenance is paid through the court.
- In East London, if you own a house you have to produce a bank statement (three months) and proof of ownership of the house. We were told that this was not relevant to the means test for the CSG unless you are earning rent from it, irrespective of the value of the house.
- In Worcester, they do not require proof of occupancy but accept the word of the applicant on the affidavit.
- The Western Cape and the Eastern Cape applied different requirements for customary marriages. The applicant must make an affidavit regarding their customary marriage if they are married under African customary law. A standard format affidavit had to be completed in Mt Ayliff before a traditional leader or a ward councillor to confirm that the person was in fact married. The affidavit must then be taken to the police to be affirmed. In Umtata, if applicants are married under customary law, proof is required in the form of a letter from the chief or their municipal councillor. In East London, Muslims had to bring a letter from the Imam and a letter from the headmen was required for African customary marriages. In the Western Cape it was not clear how officials treated customary marriages – “nobody is clear about it”, according to one official. In Worcester they treat people in customary marriages as single (unmarried) and do not take joint income into account.

Secondly, the two-stage application process (Department of Development no date) and the various requirements incur travel costs for applicants and their children, especially in rural areas. Sometimes the applicant has to go to the next big town because the majority of the social services offices are located in urban centres. This also potentially incurs childcare costs during the day of application as the trip to the office might take a half to a full day. This is a common scenario since the majority of poor people reside in rural areas and many poor children live with a de facto single mother. In addition, a convoluted administration process results in repeated visits to the social security office and generally requires visits to other offices such as Home Affairs (for birth certificates and identification documents) and the South African Police Services (for affidavits and certification).

Many applicants to the Piketberg office (Western Cape), for example, come from remote farms and transport is difficult. In one case, they paid R170 one way to be brought to the office, and split this cost between three people, one of whom was the applicant's mother. People also walk long distances to get there. Although the Worcester office (Western Cape) has a number of service points, people still often have to travel far to reach them. Sometimes applicants do not wait for the mobile team to come to their area – they travel to Worcester to speed up the application. One applicant had come from Calvinia – almost a four-hour drive away.

Budlender et al (2005) showed the average costs incurred by applicants related to the means test to be about R25 for various transport costs for travel to social services offices, police stations and Home Affairs offices, as well as photo-copying costs to complete the means test portion of their applications. They estimated the total money costs to beneficiaries by adding together the SAPS and Department of Social Development money costs and adding the estimate for lost earnings. Overall for the sample, visits which related in some way to the means test part of an application required close on eight hours of time. Both time and money costs were higher in the Western Cape than in the Eastern Cape. While the costs

incurred may not seem high, the time spent seems an inordinate amount for a requirement of proof that is largely unverifiable.

Other aspects of inconvenience and burden placed on the beneficiaries by the means test, and which were identified in the literature research for this paper, include the following:

- The welfare offices often do not accommodate all applicants comfortably. Sometimes toilets are unavailable. In the case of an elderly person applying for a grant for their grandchild, such a lengthy wait can be very demanding.
- Some offices do not have enough computers and printers, leading to delays in important desk operations (pers. comm. Social Security Official, Athlone district office, Western Cape).
- The application forms are in English and/or Afrikaans, which makes them incomprehensible to many applicants. Sometimes welfare officers also do not speak the language of the applicants. For example, in the Western Cape the letter of approval to applicants is in English and too complicated for many applicants to understand. This sometimes results in applicants missing out on payments. Applicants occasionally come to the office and queue for enquiries just so that someone can explain the letter to them. Letters of refusal, on the other hand, can be generated in Afrikaans or Xhosa.
- Many people have to return two or three or even more times (often with a week or month intervening if it's a remote area/mobile office) because of the complicated requirements.

### ***Non-verifiable means test***

The requirement of proof of income attached to the payment of the CSG is also problematic. While it can be understood that proof of income would be necessary to avoid fraudulent claims and to ensure that support reaches the intended beneficiaries, the requirements of proof placed on CSG applicants are difficult to justify, unnecessary, ineffective and in some instances *ultra vires* – outside the law.

Firstly, income is extremely difficult to prove in South Africa, with such large numbers of people working in the informal sector. According to the Taylor Committee of Inquiry into a Comprehensive System of Social Security for South Africa, 2.7 million people were working in the informal sector; 80% of them were survivalists, earning an average income of less than R500 per month (Committee of Inquiry into a Comprehensive System of Social Security in South Africa 2002).

In addition, there is the broadening of the casual labour market, where you find many kinds of independent and irregular contracts (such as seasonal work, discussed below), especially among the poorest. One quarter of all employment among Blacks and Coloureds is not permanent (Aliber 2005:15). Again, proof of this kind of irregular income is not possible and could be detrimental to an application for the CSG.

Thirdly, in South Africa, the majority of people who do qualify to receive the CSG on behalf of a child/ren in their care, or who are eligible for the OAP for example, are not able to access many of the formal systems required by these standards of proof of income. Many of the poor in South Africa are unbanked, are unlikely to hold title deeds on property, and may never have been in the kind of stable employment that would allow them to approach previous employers for letters about their employment status.



The Department of Social Development thus requires sworn statements under oath (affidavits) regarding applicants' financial situations to get around the difficulty of proof. There is no way to get evidence of an applicant's income, particularly for the majority who are unemployed. The motivation behind this system was explained by a social security official interviewed for this research:

*"Within our own system there are big, big gaps... All the gaps in the legislation we cover with affidavits. Affidavits are more about us covering all the bases. If someone withholds information and we find out then we can use it against that person. Then the department has grounds to recoup the money."*

It appears then that the department realises the limitations of the system but continues to make people sign statements under oath so that they have some legal documentation that they can draw on should the need arise to prosecute the applicant for fraud. It is not clear why it is not legally sufficient for applicants to fill in forms and sign them as being true – as required for other administrative procedures.

It is argued that the advantages of a non-verified means test are that it is relatively cheaper and faster to administer. However, in the South African context it creates incentives for potential beneficiaries to lie, requires many documents that households have difficulty in accessing and involves extra and unnecessary costs to the government that could be better spent elsewhere.

### **Seasonal workers**

Amongst the people that we interviewed, we found that farm workers' earnings fluctuated to some extent. The Social Security Head in Worcester estimated that surrounding workers earned between R100/R200 and R400/R500 per week, and that these wages are seasonal. Factory workers in the area (mostly in Robertson) received higher pay but this also tended to be seasonal since most factory work is related to the fruit processing industry. Seasonal workers often wait until the season is over before applying for the grant – they need proof of unemployment to receive the grant if they were earning above the income threshold.

The social services office sends out letters to beneficiaries at the beginning of each season, asking them to declare whether they are going back to work for the season, in which case their CSG payments are stopped if their income was above the threshold. Previously, social security offices used to simply halt payments on the grant while the beneficiary was working, and reinstate payments again when the season ended, if the beneficiary provided a letter from their employer stating that they were no longer working. But since a directive from the provincial department in 2001, applicants have to reapply for the grant when they stop working. This means that they go through the entire application process (including screening, providing certified documents, affidavits, etc.) *every year*. This explained why the intake officer's register showed a high proportion of reapplications (there are separate columns for new applications and reapplications). This requirement to reapply every year is clearly an extra, unnecessary burden on seasonal workers, while they also have to wait for the grant application to be processed, which can take months.

The district office in Worcester double-checks the applicant's employment status by requesting payroll details from the major employers (factories and large farms) to see whether beneficiaries are actually working, and how much they are being paid. The farms often don't comply, and it is assumed that this is because farmers are embarrassed about the low wages they pay their workers, and that the Department of Labour may be alerted to the

fact that farm workers are paid below the minimum wage (pers. comm. Head of Social Security, Worcester social services offices).

In addition, there has been a change in the way the district office calculates annual income for seasonal workers. Previously they based annual income only on the amount of income actually received during the period that they worked, but the office was instructed by the provincial department in December 2004 that this was incorrect. They must now multiply weekly income by 52 weeks to derive annual income – in other words, treating it as if the applicant was working all year round. The Head of Social Security described the problem, and an officer gave the following example:

- If an applicant works for three months (12 weeks) of the year and earns R220 per week, they used to calculate total earnings for the year ( $R220 \times 12 \text{ weeks} = R2640$ , or R220 per month annual income). The applicant's income is clearly below the income threshold.
- Now they have to multiply it by 52 weeks ( $R220 \times 52 = R11,440$ , or R953 per month). Since most of the areas that they service, including farmlands, are treated as urban, the applicant fails the means test and cannot qualify for the grant. The applicant must then return with proof of unemployment when they are no longer working, and go through the whole application process again.

People often fail the means test because their income is marginally higher than the threshold. The operations manager at the Worcester office says this is because the minimum wage for farm workers is now about R850 per month. If farmers comply with the minimum wage, their employees are not eligible for the CSG. The office has received numerous complaints from farmers who do not want their employees to apply for the CSG. They regard the minimum wage as being sufficient income and they don't want their workers to take off time from work to apply for the grant and collect it at the pay-point. And, they claim that receiving the grant increases alcohol abuse.

### ***Administrative cost to the government***

Due to the phased-in extension of the Child Support Grant to children under the age of 14 that began in April 2003, extra resources were devoted in the Western and Eastern Cape to ensure that all potential beneficiaries of the CSG are able to receive the grant upon application. Resources have been made available to register children for the CSG until the end of 2006. These resources were deployed to purchase cars, photocopiers and generators for outreach programmes in all the districts, and also for extra contract workers to help process the huge load of applications that were passing through the various district offices. The provincial CSG programme in the Eastern Cape also took on a unique and welcome approach, which was to ensure integration of services by bringing on board the SAPS and Home Affairs and schools in the outreach programme.

In the analysis of the cost to the Department of Social Development (Budlender et al 2005), all the officials whose responsibilities bore any relation to the means test were interviewed at each site, and an average cost calculated. In the Western Cape, six steps were identified as involving the means test and in the Eastern Cape only four or five steps. The time costs of additional staff, who dealt with a varying proportion of applicants in ways that related to the means test, for example investigating officers, were not taken into account. The total cost to the department was just under R18 per application of the means test. This amounts to a total cost of R169,096,000 to the department for once-off applications for all children currently eligible for the CSG (under the age of 14).

The requirement that CSG applicants should provide official proof of employment, as well as proof of their and their spouse's income status, mainly requires action on the part of police officers, who have to certify marriage certificates or divorce decrees, and attest to affidavits declaring the earnings of applicants and their spouse.

In Mt Ayliff (Eastern Cape), the SAPS deployed a dedicated police officer to accompany the mobile units to the various rural areas everyday. This is all the police officer does every day of the week. Nevertheless, when we visited the SAPS offices to interview the police, we found many people there who were getting birth certificates and identification documents certified, and affidavits affirmed. The police spend a lot of time on documentation related to grants applications and it does not seem to be an efficient or appropriate use of their time. They in fact indicated that it would be a great relief to them if they didn't have to do all the certifications and affidavits.

In Atlantis (Western Cape) a police officer said that their policy was not to do affirmations for CSG applicants. Instead the police wrote affidavits (which were often reported by other informants to be of unacceptable quality). In contrast, the practice in Khayelitsha was that the police officers refused to write affidavits for CSG applications. Instead, they only affirmed affidavits that the applicants had written themselves.

At Piketberg, the police try to assist social services by providing an official on site, but they are understaffed, and cannot do this all the time. When the police officer is not there, applicants have to walk across town and up a steep hill to get to the police station.

In East London, officials of the Department of Social Development were unofficially acting as commissioners of oaths, while in another Eastern Cape site the department was using community leaders for official confirmation of an applicant's situation.

Budlender et al (2005) calculated an average of five minutes per applicant for the police processes of affirming, certifying or affidavit tasks related to the means test. For the costing it was assumed that all applicants must make at least one visit to the police. They estimated the cost to the government as R2.70 per CSG applicant.

To work out the cost of implementing the means test to the SAPS alone, the number of eligible children was multiplied by the cost incurred at R2.70 per child in applying the means test (based on Budlender et al estimates). The total cost to the SAPS in respect of all currently eligible children is estimated at R24,323,898.<sup>46</sup> This is a conservative estimate since it is calculated on the basis that the cost of the means test is incurred only once in respect of each child. Instances where various applications are made on behalf of the same child due to change of caregiver, change of province or reapplications for children whose grants have lapsed, were ignored.

Despite the seemingly minimal cost incurred by the government for SAPS time incurred per application, it is argued that these costs add up to significant amounts when incurred in respect of millions of children. In addition, this cost seems wasteful, because it is clear from the fieldwork that affidavits are not an effective way of accurately determining the income or employment status of applicants and an alternative is available. In addition, the SAPS find their role burdensome, particularly where offices are already under-resourced. It is suggested that if the Department of Social Development insists on affidavits, it would be more cost-effective for both the government and beneficiaries to have a commissioner of oaths based at social development offices.

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<sup>46</sup> Using adjusted weights and eligibility under current means test thresholds.

### ***Issues of administrative justice***

Apart from the documentary requirements stipulated in the regulations, district officers that were interviewed indicated that other documents were also being required. It is argued that these ‘extra’ requirements, irrespective of their justification are *ultra vires* – outside the law – and should not be requested. These requirements included:

- “Road to Health” (clinic) cards;
- photos of children on applications;
- letter from child’s school proving school attendance; and
- ‘brown card’ from Department of Labour.

For example, East London social security officials indicated that a ‘brown card’ was required from the Department of Labour/Manpower to prove that applicants were registered as unemployed and on a list to receive a job. Senior staff told us this was not applied strictly, but just requested. However, every applicant that was interviewed in Umtata had to go through the process of obtaining a ‘brown card’ and was not allowed to submit their application without it. This is not a requirement provided for in the Social Assistance Act or in its Regulations.

In Worcester, researchers were told that clinic cards are requested but are not compulsory. It will not delay the processing of the application if an applicant does not provide such a clinic card. Schools are also required to complete separate forms, confirming attendance of the child at school in Worcester and Atlantis, and in Umtata.

In relation to appeals, once a response from a CSG application is received, the applicant has a right to appeal against the refusal of his or her application. Each letter received by an applicant clearly states whether or not they will receive the grant; if the application is rejected, the reason therefore; and if the application is successful, the date of first payment. It also outlines the details of how to appeal the decision – a letter must be written to the Member of the Executive Council for Social Services in the province. However, the department’s complaints structure has been criticised as technical, bureaucratic, lengthy, inefficient, and incomprehensible (Olivier, Smit & Kalula 2003:223). This results in a situation where not many people take up their right to appeal. As one of the social security officials stated, hardly anyone appeals a refusal of the CSG based on being over the means test threshold, as this would be difficult to prove (or disprove) subsequently.

In Mt Ayliff, East London and Umtata, the district offices had no knowledge of which applications are appealed, as they are all dealt with by the Member of the Executive Council’s office. The Head of the Social Security office in Khayelitsha reported that there are not many appeals. Generally, enquiries come when cases are rejected, but they don’t get many for the CSG. The Atlantis office reported that they don’t have many appeals about the CSG; in fact, the acting head of the office couldn’t think of a single case. In Worcester, they reportedly get about five appeals per month – mostly related to the means test/income. Appeals have to be made in writing and are handled by the head of the social security office. It was not possible from the fieldwork to assess if appeal processes are properly utilised and fairly adjudicated.

### ***Measures against fraud and abuse of grants***

There was certainly a heightened awareness of fraud and corruption in both the Eastern and Western Cape, largely due to the Minister of Social Development's amnesty campaign which was running until the end of March 2005 for those who were defrauding the system. Various elaborate methods for detecting fraud were thus introduced, including the following:

- 'welfare forums' or 'welfare committees' made up of community members were set up in Umtata and Mt Ayliff areas to monitor grant abuse and fraud and to alert the officials at the department;
- amnesty forms for people to declare fraud before the 1 April 2005 were widely distributed;
- pamphlets and posters were prominently displayed at district offices, encouraging people to come forward and apply for amnesty and/or report on others who are fraudulently receiving the grant;
- extensive national radio coverage about fraud through advertisements and public service announcements;
- a national toll-free fraud hotline was established;
- photos of children were required on application forms before applications could be submitted, and outreach programmes were set up at schools so that photos of children could be taken on the spot as applications were submitted;
- SOCPEN was configured to interface with the Government Employees Pension Fund (GEPF) and Persal databases to pick up those government officials who are defrauding the system;
- special fraud investigations units were established in each province (the unit in East London had about six people working in it), while investigating officers were appointed at some district offices (Worcester and Khayelitsha).

In Worcester, if there is a problem with the information on an application, a home visit will be organised to investigate the matter. Investigating officers make home visits on request from assessors/verifying officers to validate information supplied by applicants. They also undertake random checks called 'test inspections' on existing beneficiaries to find out whether they should be receiving the grant and identify fraudulent cases and misuse. For this they use a specific 'test inspection' form.

There was a lot of concern about fraud in Khayelitsha. At the time of research, a case was going to court. Mostly, people report on each other by phoning the toll-free hotline. These reports are then handled by investigators at head office (provincial department).

Two of the officials in Atlantis are trained in dealing with cases of fraud, but these investigations are only conducted if the applicant is already receiving the grant – usually identified by other people in the community. One of the officials (verifying officer) had been trained in the 'indemnity' process – but only one indemnity application has been received at the time of compiling this paper, and the amnesty period has now expired.

An official for social development in Mt Ayliff visits people who have not qualified for the grant, based on their income. He told the authors that he spent most of his time doing this, and most of the cases were related to people not declaring that they earn an income. It appeared that some offices and officials in the Eastern Cape automatically checked up on

anyone who declared any income at all. This seems to encourage people not to declare any income.

A fraud unit has been set up at the East London provincial department office to deal with fraud-related issues. In addition, the unit started a system of interfacing SOCPEN with Persal and GPEF to check whether government officials are applying for grants. During the data-capturing process, any case file that had a means or income declared is immediately sent to the fraud section to check the means. If the files are not correct, they are sent back to the district office to get checked again, and referred back to the applicant. People can also call the fraud unit to report cases, and the unit will respond by visiting the alleged fraudster.

In the costing of the means test, Budlender et al (2005) did not cost the time of officials who spend many hours investigating potential fraudsters who have not declared their income. This is unfortunate since a lot of government funds are now not only spent on 'undeserving' beneficiaries but on turning the Department of Social Development into a crime-fighting unit.

## 9. Conclusion

Although estimates of eligibility for the CSG vary, the recent calculations of eligibility by Budlender et al (2005) put the proportion of children younger than 14 years that are eligible for the CSG at 65.3% of the child population. It is thus clear that the greater majority of children in South Africa are in circumstances that warrant their eligibility for the grant on the grounds of poverty. Put another way: millions of South African children live with caregivers who have incomes below R800 or R1,100 per month – an amount that needs to cover the requirements of themselves and all the children in their care. Given the high eligibility rates as well as the low benefit amount (currently R180), there is a strong argument for doing away with the means test altogether.

Based on the criteria identified by Barr (1993) for assessing the effectiveness and fairness of any targeting mechanism, the following problems with the means test for the CSG have been identified:

- ***The target rate must be fair, just and inclusive of those who are in need***

The target rate is unfair and unjust in that it is not fully inclusive of those who are in need because the income threshold for both tiers of the means test has not been lifted to accommodate inflation in the past six years, therefore preventing some poor people in need from accessing the CSG. At the same time, departmental eligibility figures on the target rate are not accurate.

- ***The population, in particular the potential recipients, must be informed of their eligibility***

Despite incorrect eligibility figures, it is argued that, based on the high uptake rates of the CSG in urban and particularly rural areas, potential recipients are generally well-informed of their eligibility. The Department of Social Development, in collaboration with other civil society entities such as the Alliance for Children's Entitlement to Social Security and Soul City, have put large efforts into publicising the CSG and raising awareness of eligibility.

- ***The means have to be easily determinable and observable***

The current means test for the CSG does not pass this criterion. It has been shown above that the financial circumstances of the poor are difficult to establish on paper and in any verifiable terms. This makes the means test redundant in its current form.

- ***The test must not create perverse incentives***

The current means test creates perverse incentives for applicants to lie about their financial situation, their marital status, maintenance received, etc., particularly when they may fall just above the income threshold. This is exacerbated by the fact that verification of income is virtually impossible.

- ***The application must be clear and easy to handle for the applicants***

Based on the authors' observations of the application process and the documents required, the application is not clear and easy to handle. It is cumbersome and complicated, requires the submission of a long list of documentation and incurs related costs for transport and photocopying. Furthermore, many people are illiterate or have problems with the language in which the application forms are written.

- ***The regulations must be simple and easy to handle for the welfare officers***

The Regulations to the Social Assistance Act, with respect to determining income for the CSG, are not simple and easy to follow. Hence the national and provincial Departments of Social Development have issued their own guideline documents to make the administration process clearer for social security officers. However, these guidelines are not necessarily simpler since officials still seem to be unsure of the means test thresholds and the application of the rural/urban and informal/formal dwelling distinctions. In addition, it appears that provincial departments also require supplementary documentation from potential applicants to those provided for in the Regulations, and some even base their requirements on outdated regulations. The Regulations are also so ambiguous that they have been interpreted differently in different provinces, and even differently in different offices in the same province.

- ***The test must be difficult to manipulate and not open to subjective interpretation***

The means test is clearly not difficult to manipulate due to lack of verification, as stated above, and thus applicants may not openly declare their actual income – making them guilty of fraud. However, it is likely that many applicants who would bother to go through the application process for the CSG need the financial support and live in poverty. Most “fraudulent” cases have in fact been related to internal fraud (within the department). Amongst beneficiaries, fraud is often related to the wrong person getting the grant (e.g. a mother who is not the primary caregiver). However, this is not related to the means test and we therefore argue that the means test is not largely unhelpful in preventing fraud.

In addition, based on the criteria of ‘reasonableness’, the means test for the CSG is assessed as being unreasonable in that it does not meet the standards laid out in the *Grootboom* case: that it is unreasonable in its inception and implementation because it fails to serve its purpose; that it excludes a significant segment of society; and that it ignores those whose needs are most urgent, namely those who are unable to meet all the administrative requirements of the means test.

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