

170614) PC 50 = Dev

OVERVIEW OF PROPOSALS TO UNIVERSALISE THE CHILD SUPPORT GRANT

Presentation to Portfolio Committee on Social Development

14 June 2017

Building a Caring Society Together.

www.dsd.gov.za



social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA



Disability Rights Awareness Month 2015

Celebrating 60 years of the Freedom Charter
South Africa – a free and just society
inclusive of all persons with disabilities as equal citizens



STRATEGIC CHALLENGES

TARGETING & MEANS TESTING

- The CSG is subject to Means Testing.
- A number of eligible children not receiving CSG.
 - ... as a result, we rely on people's to declare their income
 - ... this result in inclusion and exclusion errors
 - ... the multiple cost of targeting exceed the realized benefits.

Building a Caring Society Together.

www.dsd.gov.za



social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA



Universalisation of the CSG

- Consider the removal of the current means test applied to the programme.
- Is envisaged that universalisation will ensure that many poor children currently excluded do enter the system.
- It transforms the CSG into a child benefit, delivering on the Constitution's promise of social inclusion for all South African's.

Reasons For Universalisation

- ✓ Qualifying families living in less poor households who therefore do not take up the grant
- ✓ Qualifying families living in remote areas and therefore unable to access the CSG
- ✓ Qualifying families that are not aware of the CSG or think they don't qualify
- ✓ Qualifying families facing documentation issues.

DSD PROPOSAL :– CSG UNIVERSALISATION

- In light of this DSD completed a study in 2012 – commissioned to EPRI through UNICEF.

Main Findings

- Many poor children are excluded. Using NIDS 2008, an estimated 3.8 million poor children were not receiving the CSG.
- 70% of these children’ caregivers never applied for the grant due to the challenges in the application process.
- 26% of them cited missing documents as the main reason for not applying for the grant.
- Universal coverage of the CSG would imply an increase in coverage but does not solve the documentation issue.
- Recommended that provision should be done through tax options.



DSD PROPOSAL :- CSG UNIVERSALISATION

- In 2015/16 a follow-up study was commissioned to SASPRI to explore options for both delivering and financing universal CSG

Main Findings

- The current CSG is unquestionably too small an amount, it can never be expected to eliminate all poverty or even child poverty, whatever the level at which it is paid.
- Universalisation of CSG on its own does not have a desirable impact on inequality and little on poverty.
- **Universalisation and increasing the amount payable need not be regarded as mutually exclusive, as both could be pursued.**
- **Cost Implication: Pursuing two instruments at a time carries huge financial costs for government.**



TAX OPTIONS STUDY RECOMMENDATIONS

- In 2015 a follow-up study was commissioned to SASPRI to explore options for both delivering and financing universal CSG.

Main Recommendations

- **Policy instrument:** Implement a universal child benefit (rather than a universal child tax credit).
- **Delivery org:** be implemented as a cash payment via SASSA, rather than as a tax rebate via SARS - SASSA already possesses the records of beneficiaries - The purpose fit within the poverty alleviation mandate of DSD.
- **Delivery:** same as is currently the case for CSG.
- **Funding of the policy:** It can be financed by adjusting personal income tax rules. However alternative financing sources should also be explored.
- **Payment:** Should be payable at a flat rate (not tapered) and irrespective of the birth-order of the child and should be exempt of tax.



Current Status

Discussion paper has been completed at the end of 2016/17 financial year and Consultation on the paper will commence in the second quarter of 2017/18.

Building a Caring Society Together.

www.dsd.gov.za



social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA

