



The Global Economic Crisis and Impacts on Pensioners
within Selected Areas of South Africa:
Emerging Evidence and Possible Policy Responses

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Abstract

The global economic crisis has a direct impact on the welfare of South African pensioners'. The global economic crisis of 2007/2008/2009 will be no exception, and the magnitude of these impacts will depend on the length of the crisis, the pace of the recovery and the social protection programmes in place at the country level. This paper aims to measure the effects of the global recession on the well-being of government pensioners within selected areas of South Africa, taking into account the effect of the global economic crisis in the South African citizens which depend directly or indirectly to pensioners' financial income. The paper has two main components. First, it explains the South African pension system and the retirement funding environment in South Africa.

The second component of the paper estimates the role that pensioners play as coping care-giving provider to mitigate the long-term effects of the global economic crisis in the South African citizens living together with them. Finally, the paper delivers a set of policy recommendations to help compensate pensioners' financial needs.

Two areas (Kwazakhele, Bethelsdorp and Bersheba, Nelson Mandela Metropolitan Municipality, Black urban area and Sundays River Local Municipality, Black rural area) in the Eastern Cape were selected as survey site to analyze the impact of global economic crisis on the well-being of South African government pensioners. However, critical features of the Provincial socio-economic situation lay in glaring demographic realities such as the high rural population, the proportion of poorly paid employees, and the high unemployment rate (with women the majority of the unemployed).

The study of the impact of global economic crisis on the well-being of pensioners within South Africa was based largely on quantitative and qualitative data collected from pensioners in the selected study areas of Kwazakhele, Bethelsdorp and Bersheba. Structured, semi-structured questionnaires and interviews were administered to pensioners.

Keywords: Global economic crisis, HIV/AIDS, Pensioners, Programmes, South Africa, and Unemployment.

Introduction

When the storm (global economic recession) hit, South Africa had been sitting on relatively strong fundamentals and emerging from a protracted period of economic expansion. The meltdown allowed “not-so-well-hidden” vulnerabilities to surface. Unemployment, inequality, poverty, crime, and HIV/AIDS still continue to plague the country. Agriculture, mining and manufacturing declined while the trade and current account deficit (CAD) widened. Household indebtedness reached worrying levels in a low-interest rate environment and inflationary pressures mounted. Moreover, severe energy shortages erupted (inducing blackouts) and a tense political climate resulted in President Mbeki’s resignation.

The economy of South Africa has a two tiered economy; one rivaling other developed countries and the other with only the most basic infrastructure. It is therefore a productive and industrialised economy that exhibits many characteristics associated with developing countries, including a division of labour between formal and informal sectors and an uneven distribution of wealth and income.

South Africa held its first multi-racial elections in 1994, leaving the newly-elected African National Congress (ANC) government the daunting task of trying to restore order to an economy harmed by sanctions, while also integrating the previously-disadvantaged segment of the population into it. As of 2005, agriculture contributes only 3.4% to the country's GDP, while services now account for 65.1%.

In April 2009, amidst fears that South Africa would soon join much of the rest of the world in recession, Reserve Bank Governor Tito Mboweni and Finance Minister differed on the matter: whereas Manuel foresaw a quarter of economic growth, Mboweni predicted further decline: "technically," he said, "that's a recession." The global economic recession in South Africa have contribute to the impoverishment of many South African people already economically disadvantages in the past, people such as pensioners, mostly Blacks and Coloured.

Though, HIV/AIDS has a tremendous impact on all sectors of the South Africa's economy, this includes microeconomic and macroeconomic perspectives. A study on its economic impact singles out the following effects:

- A decline in total labour supply
- A decline in labour productivity resulting from HIV/AIDS-related morbidity
- Increased production costs, prices, and a decline in aggregate demand, savings and investment
- Increased household expenditure
- Increased government expenditure

To put a price tag to the claim of increased operation cost, Daimler-Chrysler South Africa evaluated in 2002 that every new employee infection costs the company an average of US\$ 31,000.

The HIV/AIDS prevalence rate in South Africa is among the highest in the world. The country also outranks others in the absolute number of infected people within its borders. HIV/AIDS is one of the major problems facing the country, but certainly not the only major socio-economic challenge. Although South Africa is a middle income country, it has high levels of poverty due to a highly unequal distribution of income and resources (Bundlender et al., 2008:1).

Between 1994 and 2007, the overall prevalence rate of HIV increased from 1.3% to 11.4%. Among women aged 20–64 years, the rate increased from 2.6% to 20.8%. Among women aged 15–49 years, those most likely to bear and have young children, the rate increased from 2.9% to 21.6%. The estimated number of annual deaths caused by AIDS increased from just over 10,000 in 1994 to 367,000 in 2007. In the latter year, AIDS deaths accounted for 48% of all deaths in the country. By 2007, there were an estimated 1,708,032 maternal orphans in the country, of whom 1,201,675 were orphaned as a result of AIDS. In the same year, an estimated 38,592 babies would have been infected at birth, with a further 25,786 infected by their mothers' milk (Bundlender et al., 2008:3).

An estimated 5.7 million people were living with HIV and AIDS in South Africa in 2009, more than in any other country (UNGASS, 2010). It is believed that in 2008, over 250,000 South Africans died of AIDS (Statistics South Africa, 2009). National prevalence is around 11%, with some age groups being particularly affected. Almost one-in-three women aged 25-29, and over a quarter of men aged 30-34, are living with HIV (Human Sciences Research Council, 2009). HIV prevalence among those aged two and older also varies by province with the Western Cape (3.8%) and Northern Cape (5.9%) being least affected, and Mpumalanga (15.4%) and KwaZulu-Natal (15.8%) at the upper end of the scale.

Marking a welcome change from South Africa's history of HIV the South African Government launched a major counselling and testing campaign (HCT) in 2010 (SANAC, 2010). By raising awareness of HIV the campaign aims to reduce the HIV incidence rate by 50% by June 2011 (UNGASS, 2010).

The impact of the AIDS epidemic is reflected in the dramatic change in South Africa's mortality rates. The overall number of annual deaths increased sharply from 1997, when 316,559 people died, to 2006 when 607,184 people died. This rise is not necessarily due solely to HIV and AIDS but it is young adults, the age group most affected by AIDS, who are particularly shouldering the burden of the increasing mortality rate. In 2006, 41% of deaths were attributed to 25-49 year olds, up from 29% in 1997 (Statistics South Africa, 2008). This is a strong indicator that AIDS is a major, if not the principal, factor in the overall rising number of deaths.

The global response to the HIV/AIDS epidemic has been unparalleled. Between 2007 and 2008, funding increased from US\$11.3 billion to US\$ 13.7 billion globally (UNAIDS, 2009b). However, the global economic crisis is having dire consequences for HIV and AIDS funding. These effects are felt particularly in South Africa, which has the highest levels of HIV and AIDS infection in the world, with approximately 5 million people infected. (UNAIDS, 2009a). Across the board, HIV/AIDS programmes in other African countries are extensively funded by Western donors (UNAIDS, 2009).

According to a report released in June 2009 by UNAIDS and the World Bank, entitled 'The Global Economic Crisis and HIV Prevention and Treatment Programmes: Vulnerabilities and Impact,' the global economic crisis was expected to significantly disrupt HIV and AIDS prevention and treatment programmes over the course of 2009. The report specifically warned of the consequences of funding cuts. Amongst these consequences were increased mortality and morbidity, unplanned interruptions and curtailed access to treatment, increased risk of HIV transmission, higher future financial costs, an increased burden on elderly people, including pensioners who are the last remedy to care for HIV/AIDS affected and infected grandchildren and children and unemployed children.

Pensioners are looking financially after their household members who lost or are infected with HIV and unemployed and teenagers girls with pregnancy or already a mother. Pensioners also are giving emotional care to their household members living together with them, these make pensioners to become financially vulnerable because the financial income which is paid to them

by the government is used for the household expenses starting from buying clothes, food, medication for the sick household members and electricity living pensioners unsatisfied financially. The global economic recession also affect the health systems and create a reversal of economic and social development gains.

Ageing pension system within South Africa

Off all African countries South Africa has the largest social pension assistance with more than 2 million elderly assisted via an old age pension (South Africa, 2007b:334). The South African pension system implemented a system that pension provision should at all times prevail in a mixture. The study analyzed the types of pension in South Africa to understand the socio-economic objectives of pension provision. South Africa's pension system uses a two-pillar system. The first is a social pension, a second through private saving pension scheme. The non-contributory pension system (government pension) includes the social old age pension, the war veteran's pension and the disability pension. The private pension schemes include occupational pension funds, provident funds and retirement annuity (personal plan) funds.

In South Africa, old age pension is non-contributory and financed entirely by the state revenue. It is also means-test with the onus upon individuals to prove they are destitute. Public pension schemes are important to pension beneficiary survival and refer to as safety nets (Subbarao et al., 1997:2). The non-contributory pension includes three types of social pension: a) the old age pension, b) the disability pension and c) the war veteran's pension.

The retirement funding environment in South Africa has two separate fiscal pillars: a social old age grant that support the poor and a pension private funds sector that provide greater fiscal incentives to higher income individuals than low. The means-test applied to the social old age pension implies low income earners are in fact penalized for saving. There is no adequate risk pooling or control of costs in the savings and insurance vehicles available to low income households. Retirement saving by the poor carried the dual burden of being eroded by cost and risk of loss of social benefits. This has the effect of a "poverty trap"; fiscal support for saving and income protection for the poor diminish as their income rises, while tax value for higher income groups rises in value as lifetime income increases. The structure of retirement funding in South Africa, in effect, sharply separate the first and second economies, and reinforced this division (South Africa, 2007a:4).

The net result is that more than two-thirds of South Africans reached retirement age without a funded pension benefit and relies mainly on the old age grants. Moreover, inadequacies in the wider social insurance framework and the socio-economic phenomenon's such as HIV/AIDS, poverty and unemployment lead families to rely on old age pensions or disability grant as a source of support for vulnerable elderly people, children and grandchildren.

Research Methodology

The study of the global economic crisis and impacts on pensioners within selected areas of South Africa: emerging evidence and possible policy responses was based largely on quantitative and qualitative data collected from a representative sample of persons 55 years-old and older. Structured and semi-structured questionnaires were administered to the three demographic categories (older rural Black households, older urban Black households and older urban Coloured households) of the study. Focus group discussions and interviews were conducted with pensioners, healthcare workers, community leaders, as well as professionals and representatives of older persons.

The fieldwork was conducted in partnership with the Welfare Forum in Bersheba, the Department of Social Development District Office in Nelson Mandela Bay Municipality, Masimanyane (Nertwork for people living with HIV/AIDS in Nelson Mandela Metropolitan Municipality), Bersheba Development Forum, Moses Mabida and Enon/Bersheba councilors, ACVV: Afrikaans Christian Women Organisation in Kwazakhele; CMR: Christlike Maatskaplike Raad in Afrikaans or Christian Social Board in Bersheba; and Government officials, Kirkwood police and clinic officials and Integrated Development Plan practitioner in Port Elizabeth were also selected because they represented the target population for paper research.

Regarding the survey sites, One Province, the Eastern Cape, was selected as survey site to examine the consequences of HIV/AIDS on pensioner life within selected areas of South Africa (Besheba, Bethelsdorp and Kwazakhele). However, critical features of the Provincial socio-economic situation lay in glaring demographic realities such as the high rural population, the proportion of poorly paid employees, and the high unemployment rate (with women the majority of the unemployed). As a consequence, the Gross Geographic Product was substantially less than the national average (Gaffney, 2005:144).

The study drew a sample of 76 households to study the global economic crisis and impacts on pensioners within selected areas of South Africa: emerging evidence and possible policy responses. For the purposes of the study two socio-economical sites (the Sundays River Valley Municipality and the Nelson Mandela Metropolitan Municipality) were selected to represent three demographic categories: Older rural Black households, older Black urban households and older urban Colored households.

The Sundays River Valley Municipality was chosen to target older rural Black households. In the first stage; three census enumerator areas were purposively selected to target the three demographic categories of households. Geographical and demographic information on the total number of Households and persons aged 55 years and over were obtained from statistics South Africa. Recent Census Enumerator Areas (C.E.A.) was selected to meet the following criteria: population predominantly Black or Coloured; urban areas as defined by statistics South Africa in the Nelson Mandela Metropolitan Municipality; and rural areas in the Sundays River Valley Municipality. The sample was selected to be representative of the three surveyed areas in the Nelson Mandela Metropolitan Municipality and the Sundays River Valley Municipality, namely, urban formal, urban informal and rural formal. For the purpose of this paper research, these areas are defined as follows:

The urban formal area was a residential area occupied predominantly by formal settlement. The area was predominantly characterized by a well established infrastructural planning and general provision of basic services such as water, electricity, housing, and sanitation. The formal planning included business centers and industrial zones (if available) and residential zones. Bethelsdorp is one of the surveyed area parts of this category of area in South Africa.

The urban informal was a residential area found in urban areas, but which did not have most of the characteristics of an urban formal settlement. Sometimes they were an unsafe and precarious environment and lacked basic services. This definition was however, not so clear-cut in South Africa as some of the informal settlements were provided with services such as water and electricity. Because of their poor infrastructural planning, they are referred to as such (informal settlements). Kwazakhele was one such surveyed area.

Finally, the rural formal area was a settlement of, normally, a small population and located in informal commercial farming areas usually under the control of the farmer. Bersheba was one of such surveyed area.

Table 1 indicated how many households were allocated to each municipality to make up the total of 81 households and 102 persons being interviewed.

Table 1: Allocation of sample to three surveyed areas

Name of areas	Frequency	Percent	Valid percent	Cumulative percent
Bethelsdorp	29	35.8	35.8	35.8
Kwazakhele	30	37.0	37.0	72.8
Bersheba	22	27.2	27.2	100.0

The sample was selected to be representative of the three types of areas in the Nelson Mandela Metropolitan Municipality and the Sundays River Valley Municipality.

In order to select households to be visited, the following procedure was used: The number of the elderly to be interviewed in each municipality was chosen proportionally to the number of the total elderly persons found in that municipality as provided by the census 2001.

Concerning data collection, there are generally, three types of data collection method:

- * Personal interviews;
- * Telephone surveys; and
- * Mailed questionnaires.

For the purpose of the study, personal interviews by means of questionnaire were used to collect data. The questionnaire method was used to collect data. Questionnaires for the study were divided into two sections: Section A (dependent variables) and Section B (independent variables).

Finally, before a questionnaire was ready for empirical survey, it was helpful to conduct a preliminary investigation in order to test and refine it. The investigation could be undertaken by using a pilot study (Taylor, in Pekeur, 2002:163). According to Pekeur (2002:163) a pilot study should be used in order to:

Ascertain if there were questions which respondents might find difficult to understand;

Rephrase certain questions in a way to make them easily understandable, in order to elicit the necessary response;

Establish the acceptability of the questionnaire for use of the study;

Establish the probability of favorable reception and return; and

Establish the reluctance of study for interviewees to participate to the study.

The pilot study was conducted using a similar questionnaire among pensioners, government officials and non-governmental organizations officials at the Nelson Mandela Metropolitan Municipality (Bethelsdorp and Kwazakhele) and at the Sundays River Valley Municipality (Bersheba).

The following observations were made from respondent's answers: a total response rate of 79% was received during the pilot study; a response rate of 61% was obtained during the pilot study from government officials, 84% obtained during the pilot study from NGO officials and 97% response percentage from pensioners. The lower percentage rate of government official participation during the pilot study was justified by the simple fact that government officials were reluctant to criticize the current policies to fight global economic crisis effect on pensioners' lives.

Survey results analysis

For the purpose of the analyzing responses data, two variables were created: dependent and independent variables. The dependent variables were determined as pensioners' views on their life quality, role played in the South African society and challenges faced to use a pension for the purpose it was intended poverty alleviation.

The independent variables of the questionnaire determined the age, gender, marital status, religious affiliation, education qualification and home spoken language.

Pearson Chi-Square, statistical tables, frequency distribution tables were used to analyze paper data. The following concepts were used in analyzing data:

SPSS/PC: a statistical package for social sciences. It was also a set of computer programmes for the management and analysis of data (O'Sullivan and Rassel, in Pekeur, 1995);

P-value: refers to the level of significance;

A pilot study: a small study which aimed to test a proposed data collection adequacy (O'Sullivan and Rassel, 1995);

χ^2 = referred to the value of the chi-square

Chi-square: a distribution that showed how many times a particular score appeared (Steyn, 2006:247);

Frequency missing: refers to respondents who did not respond to a particular question data (missing data); and

Percentage: a relative frequency calculated by dividing the frequency of cases and the value of a variable by the total number of cases multiplying the result by 100 (O'Sullivan and Rassel, 1995).

An analysis of the individual scores of pensioners, government officials and NGO officials (pilot study, Sundays River Valley Municipality and Nelson Mandela Metropolitan Municipality), pensioner's quality life, role played by pensioner in the life of orphans and non-orphans affected and infected by HIV/AIDS, challenges faced by pensioners and old age pension impact in pensioner household showed:

*Pensioners reflected financial discontent, as; they considered their income insufficient to satisfy personal needs. 13.73% of respondents rated their quality of life average, 32.35% rated bad, and 38.24% rated very bad as explained in table 2 and 3 below;

Table 2: Respondents' (pensioners) responses to whether they had sufficient money to meet needs

Money to meet needs	Frequency	Percent	Valid percent	Cumulative percent
Yes	14	14.58	14.58	14.58
No	82	85.42	85.42	100.00
None	0	0.00	0.00	100.00

**** Frequency Missing = 6; $X_2= 48.16$; $p>0.001$**

According to the data in Table 2:

- 85.42% of the respondents said they had insufficient money to satisfy needs; and 14.58% said they had sufficient money.

A significant relationship ($X_2=48.16$; $p>0.001$) was found between pensioners income and quality of life. Data in the present paper demonstrated pensioners certainly reflected financial discontent, as they considered their income as insufficient.

Table 3: Respondents' (pensioners) responses on how having sufficient or insufficient money correlate to quality of life

Quality of life	Frequency	Percent	Valid percent	Cumulative percent
Very good	4	4.12	4.12	4.12
Good	6	6.19	6.19	10.31
Average	9	9.28	9.28	19.59
Bad	25	25.77	25.77	45.36
Very bad	53	54.64	54.64	100.00

**** Frequency Missing = 5**

Table 3, shows that:

- 80.41% of the respondents did not have enough cash to satisfy needs as their income had not increased sufficiently while their needs had increased. From this dissatisfaction 25.77% of respondents rated their quality of life bad, 54.64% rated their quality of life as very bad. However 19.59% of respondents rated their quality of life not bad or very bad; 6.19% of respondents rated their quality of life as good while 9.28% of respondents agreed their quality of life was average. Only 4.12% of respondents rated their quality of life as very good. A very low percentage of

respondents were satisfied with their quality of life, the majority had financial constraints to overcome household and personal needs.

The above tables, 2 and 3 data were correlated to a pensioner comment on insufficient money which does not satisfy her personal needs:

“From the focus group discussions in Bersheba, one female respondent said the following to demonstrate the poverty of the elderly:

“Ingxaki yethu njengabantu abamkela indodla yindlala. Kufuneka sincede abazukulwana kuba abazali babo abaphangeli kwaye le mali yendodla ayonelanga”

Loosely translated it means:

“Our problem as pensioners is poverty. We have to support our grandchildren because their parents are unemployed and this pension money is not enough.”

Pensioners, mostly Blacks, were among the poorest in South Africa in terms of money availability and standards of life. Elderly people households without social pension grants could not satisfy even basic needs as Table 4 below explain,

Table 4: Distribution of responses on respondents’ (pensioners) quality of life in the surveyed areas

Quality of life in the surveyed areas	Bersheba		Bethelsdorp		Kwazakhele		Total	
	N	%	N	%	N	%	N	%
Very satisfied	2	1.96	12	11.77	8	7.84	22	21.57
Satisfied								
Dissatisfied	3	2.94	19	18.63	10	9.80	32	31.37
Very	8	7.84	4	3.92	6	5.88	18	17.64
dissatisfied	15	14.71	3	2.94	12	11.77	30	29.42
Total								
	28	27.45	38	37.26	36	35.29	102	100.00

**** Frequency Missing = 0**

The data in Table 4, indicated 21.57% of the respondents were very satisfied, 11.77% lived in Bethelsdorp, 7.84% in Kwazakhele and 1.96% in Bersheba; 31.37% of respondents were satisfied, 18.63% lived in Bethelsdorp, 9.80% in Kwazakhele and 2.94% in Bersheba; 17.64% of

respondents were dissatisfied, 7.84% in Bersheba, 3.92% in Bethelsdorp and 5.88% in Kwazakhele; and 29.42% were very dissatisfied, 14.71% lived in Bersheba, 2,94% in Bethelsdorp and 11,77% in Kwazakhele. In terms of rate, Bersheba was the surveyed area with the perceived lowest standard of life; Bethelsdorp was the highest.

The Global economic crisis and impacts on pensioners within South Africa and emerging evidence

The global economic crisis, which began in mid-2008 in the developed world, has had a major adverse impact on economic performance in Europe and North America in particular, causing many Organizations for Economic Co-operation and Development (OECD) countries to enter recession. While initial signs are emerging that macro-economic indicators of the global downturn in Europe and Asia have started to stabilize (EIU, 2009), the effects on poverty and vulnerability in both the developed and the developing world are likely to reverberate for some time, World Bank estimates (16 September 2009), revised sharply upwards from initial calculations, suggest that slower economic growth owing to the current economic crisis will leave 89 million more people than expected on less than \$1.25 a day by end-2010 (World Bank, 2009a). According to figures released earlier in 2009, another 53 million will be pushed into less than \$2-a-day poverty (World Bank, 2009b). This is over and above the 130-155 million people pushed into poverty in 2008 because of soaring food and fuel prices. There may be very early signs of recovery in developed countries, but repercussions in many developing countries remain severe.

In South Africa, sixteen years on from South Africa's transition to democracy, substantial progress has been made in socio-economic development and poverty reduction through strategies implemented since 1994 to today. While much has been achieved, however, poverty, unemployment, crime and HIV/AIDS remain realities, particularly in Black and rural communities. This offers an important opportunity for the current government administration to identify and deal with the problems and improve the operations of the government.

The current South African government administration is facing the challenge of creating more job opportunities, improving conditions of employment, minimizing job losses experienced in the economy, increasing food and fuel prices, particularly as a result of global economic crisis. An additional urgent challenge for the government is for poor households to provide medication to

the family members infected with HIV and to buy food for unemployed household members. The consequences of the global economic crisis in South African economy live elders with no choice to provide economical care to orphans and non orphans' grandchildren and unemployed household members mostly unskilled or retrenched from companies stroked by the Global economic recession. Pensioners are buying medication and food for sick and non sick grandchildren, HIV infected and unemployed children living together with them.

The loss of a parent not only has an immense emotional impact on children but for most families can spell financial hardship.

It is estimated there are between 1.5 and 3 million AIDS orphans where one or both parents are deceased in South Africa (UNGASS, 2010:33), and it is estimated that HIV/AIDS epidemic has created half of the country's orphans (Government of South Africa, 2007:9).

It is within this above HIV/AIDS statistics in South Africa that a number of concerns have been raised about grandparents (pensioners) as carers. Chief amongst them is that they may be too old and weak to care effectively for orphans (Booyesen and Arntz, 2002:18; Croke, 2003:21; Whiteside, 2007:6), and that households headed by older individuals may have lower incomes, compromising their ability to provide for household members.

With its fare share of the crisis of high adult mortality rate due to HIV/AIDS, and the corresponding increase of orphaned children, South Africa, is no exception. Grandparents are increasingly being called upon to provide care for their orphaned grandchildren. Arguments about the 'crisis of care' for orphans, above, ignore the fact that orphans have always been a phenomenon in Southern African societies, and that disease, war or mass relocations have, at various points in history, brought sudden large increases in the orphan population (Bray, 2003:12). Extended families have always absorbed and cared for children whose biological parents may have died (Ankrah, 1993:8; Foster, 2000:27; Mberengwa and Johnson, 2003:11; Lund, 2006:16). Grandparents, in particular have always played a central role of looking after orphans, including non-orphans.

By supporting household members financially pensioners are not able to satisfy their own needs with pension income. The majority of pensioners interviewed in the two surveyed areas (Kwazakhele, Bethelsdorp and Bersheba) from the 03 of August to the 17 of August 2007 and the

19 of February to the 05 of March 2008 cared financially for household members. As much as the elderly are burdened with responsibilities, pension grants provide by the Government becomes insufficient to satisfy pensioner needs. Several pensioners reported:

“Pension grants provide to pensioners is insufficient for their needs; however, they suggested Government should create jobs for unemployed people or provide social grants to pensioner household members who deserve it to meet expenses.” ”For instance: one respondent from Kwazakhele explained said that pension money is not enough to satisfy his needs Government should provide grants to his household members to meet household expenses because the old age pension given to him is juxtaposed to his enormous needs.

Conclusion and recommendations

This study has discussed the impacts of the global economic crisis on South African pensioners’ lives conditions within selected areas. Despite progress made by the government of South Africa since 1994 South African people, including pensioners are still facing challenges. Levels of poverty, unemployment, crime and HIV/AIDS are cause for concern. The global economic crisis threatens the implementation and achievement of government programmes, and seems likely to continue impact pensioners’ lives negatively.

However, the study recommends that a framework for effective management of government is needed. A renewed focus on job creation and effective fight of HIV/AIDS strategies is essential. This requires a move from isolated efforts towards stronger partnership with coordinated policies, projects and programmes to understand and tackle poverty, unemployment, HIV/AIDS and crime, the starting point is for government and other stakeholders to understand what is happening in the lives of pensioners that are caring financially for household members and provide strategies which will help pensioners’ household members to become financially independent to fight the effect of life shocks such as hunger, disease and/or illness and death, as well as unemployment.

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