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A profile based on recent household surveys

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PAULA ARMSTRONG, BONGISA LEKEZWA AND KRIGE SIEBRITS[1]

ABSTRACT

This paper provides a non-technical, snapshot-like profile of poverty in South Africa based on two surveys recently conducted by Statistics South Africa: the *Income and expenditure survey of households 2005/06 (IES2005)* and the *General household survey 2006 (GHS2006)*. It uses various "poverty markers" (including geographical location, population group, gender, household structure, the age of the head of the household, and employment status) to identify key characteristics of poverty groups, and also highlights other important dimensions of poverty (deficient access to infrastructure services, high transport cost burdens, limited education attainments, and exposure to hunger). The paper further emphasises that the expansion of social grants since 1999 has significantly reduced extreme poverty.

Keywords: Poverty, Poverty markers, Burden of poverty, Social grants, South Africa
JEL codes: D31, I32

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1 INTRODUCTION

The formulation of effective interventions to combat poverty requires a clear grasp of its manifestations in a particular country. A snapshot-like profile of poverty at a particular point in time is a useful tool for presenting basic information of this nature. This paper provides such a poverty profile for South Africa.[2] It draws mainly on the findings of two household surveys recently undertaken by Statistics South Africa: *Income and expenditure survey of households 2005/06* (hereafter IES2005) and the *General household survey 2006* (hereafter GHS2006). The findings of the two surveys were released on 4 March 2008 and 24 July 2007, respectively.

The paper is structured as follows. Section 2 provides a broader perspective on poverty in South Africa by comparing the values of important social indicators to those in some middle-income developing countries and other Sub-Saharan African countries. The first part of Section 3 provides background information on the surveys and explains some of the methods used in this paper, while the remaining parts outline the most important characteristics of poverty groups in South Africa. Various "poverty markers" (such as geographical location, population group, gender, household structure, the age of the head of the household, and employment status) are used for this purpose. Section 4 sheds further light on the plight of the poor in South Africa by highlighting their deficient access to infrastructure services, high transport cost burdens, limited education attainments, and exposure to hunger. Section 5 comments on the poverty impact of the significant expansion of social grants since 1999. Section 6 summarises the major findings of the paper.

2 SOUTH AFRICAN POVERTY IN INTERNATIONAL PERSPECTIVE

This section contextualises the extent of poverty in South Africa by comparing South Africa and selected other countries in terms of five widely used social indicators: life expectancy at birth, infant mortality, adult literacy, total fertility and access to clean water. The comparator

[2] Profiles of a similar nature but based on earlier datasets include World Bank/Office of the Reconstruction and Development Programme (1995), Whiteford, Posel and Kelatwang (1995); Klasen (1997), Budlender (1999), Leibbrandt and Woolard (1999), Woolard and Leibbrandt (2001) and Bhorat, Poswell, and Naidoo (2004).

group consists of three middle-income countries in Africa (Botswana, Namibia and Tunisia), six other middle-income countries (Brazil, Chile, Malaysia, Romania, Thailand and Turkey), and three low-income countries (Kenya, Nigeria and Sri Lanka).[3] Table 1 shows, for each country, the gross national income (GNI) per capita in 2006 and the most recent figure for each of the five social indicators.

Table 1

Social indicators in selected countries

Country	GNI per capita[1]	Life expectancy at birth[2]	Infant mortality rate[3]	Adult literacy rate[4]	Total fertility rate[5]	Access to clean water[6]
South Africa	5 109	50.8	55	82.4	2.8	88
Botswana	5 846	48.1	87	81.2	3.2	95
Namibia	3 016	51.6	46	85.0	3.6	87
Tunisia	2 860	73.5	20	74.3	2.0	93
Brazil	4 271	71.7	31	88.6	2.3	90
Chile	7 073	78.3	8	95.7	2.0	95
Malaysia	5 142	73.7	10	88.7	2.9	99
Romania	4 556	71.9	16	97.3	1.3	57
Thailand	2 750	69.6	18	92.6	1.8	99
Turkey	5 030	72.5	26	87.4	2.2	96
Kenya	547	52.1	79	73.6	5.0	61
Nigeria	752	46.5	100	69.1	5.8	48
Sri Lanka	1 196	71.6	12	90.7	2.0	79

Sources: GNI per capita: World Bank (2007); Social indicators: United Nations Development Programme *(2007)*

Notes:
1 Current US dollars (2006)
2 Years (2005)
3 Infant deaths per 1 000 live births (2005)
4 As percentage of population aged 15 and above (most recent between 1995 and 2005)
5 Average number of births per woman (most recent between 2000 and 2005)
6 Percentage of the population (2004)

As one would expect, South Africa's social indicators are better than those of most low-income countries, especially African countries such as Kenya and Nigeria. The data for Sri Lanka nonetheless show that even some low-income countries have achieved better social outcomes than upper-middle-income South Africa. Turning to the middle-income countries, it transpires that South Africa's social indicators are broadly in line with those of African countries such as Botswana, Namibia and Tunisia. Middle-income countries in Asia, Eastern Europe and Latin America, however, generally have significantly better social outcomes than South Africa and its peers in Africa. The gaps are most pronounced in the case of health

[3] The basis for these country groups is the World Bank's classification in terms of gross national income per capita in US dollars. In 2006, the income per capita ranges of the four groups of countries were as follows: low income – $905 or less; lower middle income – $906 to $3,595; upper middle income – $3,596 to $11,115; and high income – $11,116 or more.

indicators (where HIV/Aids has severely affected life expectancy and infant mortality rates in South Africa, Botswana and Namibia), but extends to measures of education, access to basic services and the demographic transition towards lower levels of fertility.

One of the major reasons why South Africa's social indicators are relatively poor for an upper-middle income country is that the distribution of income is particularly skewed. This is clear from Table 2, which shows the Gini coefficients of the same group of countries.[4] South Africa's Gini coefficient exceeds those of all the comparator countries except Namibia. In most middle-income countries, growth in per capita incomes was accompanied by widespread improvements in standards of living and, hence, social indicators. In South Africa, by contrast, social indicators remain relatively poor, partly because the exceptionally unequal distribution of income has prevented large sections of the population from sharing in the benefits of economic growth.

Table 2

Income inequality in selected countries

Country	GNI per capita[1]	Gini coefficient	(Year)
South Africa	5 109	0.72	(2005)
Botswana	5 846	0.61	(1993)
Namibia	3 016	0.74	(1993)
Tunisia	2 860	0.40	(2000)
Brazil	4 271	0.57	(2004)
Chile	7 073	0.55	(2003)
Malaysia	5 142	0.49	(1997)
Romania	4 556	0.31	(2003)
Thailand	2 750	0.42	(2002)
Turkey	5 030	0.44	(2003)
Kenya	547	0.43	(1997)
Nigeria	752	0.44	(2003)
Sri Lanka	1 196	0.40	(2002)

Sources: South Africa: Statistics South Africa (2008: c); Other countries: World Bank (2007)
Note: [1] Current US dollars (2006)

The findings of IES2005 on the consumption shares of each decile of the South African population, which are summarised in Table 3, confirm the extent of inequality in the distribution of income and expenditure[5]. The poorest 40% of households (which comprise

[4] The Gini coefficient is a widely used summary measure of income inequality which ranges from 0 (perfect equality in the distribution of income) to 1 (perfect inequality in the distribution of income).
[5] As is explained later, the focus of analysis in this paper is on consumption expenditure rather than on income. However, as these two welfare measures largely serve as proxies for one another, references to "income

55% of the population) were responsible for only slightly more than 10% of total consumption expenditure. The poorest 10% of households (17% of the population) accounted for less than 2% of total consumption, compared to the 45% of the richest 10% of households (which comprised just 6% of the population).[6]

Table 3

Inequality in South Africa: consumption shares by deciles

Decile	Percentage of population	Percentage of total consumption
1	16.9	1.7
2	14.0	2.4
3	12.6	3.0
4	11.1	3.5
5	10.1	4.3
6	8.9	5.2
7	7.4	6.5
8	6.7	9.4
9	6.6	17.6
10	5.8	46.4
All	*100.0*	*100.0*

Source: Statistics South Africa (2008a)
Note: Percentages may not add up to 100 because of rounding

3 POVERTY IN SOUTH AFRICA

3.1 Notes on the surveys and issues of method

Undertaken by Statistics South Africa between September 2005 and August 2006, IES2005 involved the gathering of data on the income sources and expenditure patterns of a nationally representative sample of 21 144 households.[7] Such surveys are conducted every five years; the results are used to compile the basket of goods and services whose prices are monitored for the calculation of inflation rates, but also convey important information on changes in consumption patterns and levels and the distribution of income.

distribution", "income inequality" and "income poverty" should be understood to be to the consumption expenditure equivalent of these concepts.

[6] More detailed discussions of recent changes in the distribution of income in South Africa include Leibbrandt, Poswell, Naidoo, Welch and Woolard (2004), Simkins (2004), Hoogeveen and Özler (2006), Van der Berg, Burger, Burger, Louw and Yu (2006), Seekings (2007) and Van der Berg, Louw and Yu (2008). Van der Berg and Louw (2004) discuss longer-term trends.

[7] For more detail on the design and findings of IES2005, see Statistics South Africa (2008b; 2008c).

Statistics South Africa used two survey methods to compile the expenditure data. The diary method required of groups of respondents (which changed monthly) to record their expenditures on food and personal care items for four weeks in the form of a diary, whereas the recall method required them to complete a questionnaire to record their total expenditures on other items during the eleven or twelve months prior to the survey. In this respect IES2005 differed from IES1995 and IES2000, which relied only on the recall method for all items. Another innovation in IES2005 was the inclusion of imputed rent (the estimated value of the use of owner-occupied dwellings) in data for housing expenditure. Previous IESs reported mortgage costs as part of housing expenditure, but these costs could not be measured reliably and therefore were replaced by expert assessments of rental yields. An international system of classification – the Classification of Individual Consumption According to Purpose (COICOP) – was used to group the large number of surveyed spending items into the reported categories of household expenditure. The reported income data are the sum of regular income and irregular income for periods of twelve months each. As with IES1995 and IES2000, the recall method was used to capture income data *via* the main survey questionnaire.

Parts of sections 3.2 and 4 of this paper present data gathered during GHS2006 to illustrate the link between labour market status and poverty, as well as aspects of the burden of poverty. Initiated in 2002, the GHS is an annual household survey designed to measure five aspects of the standard of living of households in South Africa: education, health, work and unemployment, housing, and access to services and facilities. Information is collected by conducting wide-ranging interviews – the questionnaire used in 2006 contained 169 questions – with members of a nationally representative sample of about 30 000 households.[8]

This paper uses household consumption data – instead of household income data – to measure poverty. There are at least three reasons why consumption is a better indicator for the measurement of poverty than income: (i) of the two, consumption is more closely related to well-being in the sense of having enough to meet current basic needs; (ii) consumption is usually the better measured aggregate of the two because it is less subject to transitory (short-term) variation; and (iii) consumption more accurately reflects households' true standard of living and ability to meet basic needs, which depend on current income as well as access to credit markets and households savings. Adult equivalence scales were not used where

[8] Statistics South Africa (2007a) provides more detail on the design and findings of GHS2006.

consumption data are expressed in per capita terms; hence, it was assumed that the dietary and other consumption requirements of adults and children are approximately the same.

The paper presents some poverty estimates for households and others for the population as a whole. In highlighting the racial dimension of poverty, for example, it indicates the poverty rates of the four groups and the composition of expenditure quintiles in terms of the population groups of the household heads. Each quintile contains 20% of the sampled households. The first quintile consistently represents the poorest group.

3.2 A profile of poverty in South Africa

The overall extent of poverty[9]

This subsection presents summary measures of poverty in South Africa. It serves as an introduction to and provides a context for the rest of the section, which presents disaggregated data on various "markers" of poverty.

The setting of a poverty line (or poverty lines) obviously constitutes a critical aspect of the estimation of poverty. This paper uses two absolute poverty lines recently proposed by Statistics South Africa.[10] The "lower-bound" poverty line, which provides for essential food and non-food consumption, amounts to R322 per capita per month in 2000 prices. The "upper-bound" poverty line, which includes an additional R271 for non-essential non-food items, amounts to R593 per capita per month (the determination of these poverty lines is explained briefly in an Appendix to this paper).

Figure 1, which depicts findings of IES2005, confirms that poverty remains high in South Africa. The consumption levels of 33.2% of all households were below the "lower-bound" poverty line, while 53.3% of households consumed less than the "upper-bound" poverty line. Poorer households were bigger, on average, than richer ones; hence, there was even more poverty when measured in terms of the proportion of individuals rather than the proportion of households who were poor. The proportions of the population that consumed less than the "lower-bound" and the "upper-bound" poverty lines were 47.1% and 67.6% respectively.

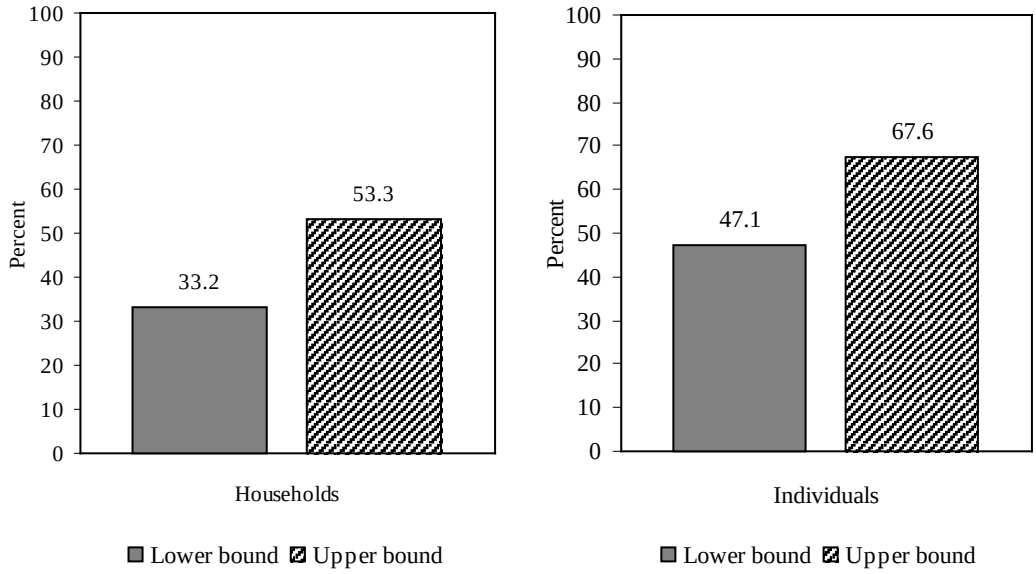
[9] The sources listed in Footnote 4 contain more detailed analysis of poverty in South Africa.

[10] An absolute poverty line is an estimate of the minimum level of resources that individuals should have access to in order to meet their basic needs. The alternative is a relative poverty line, which defines poverty in relation to the distribution of income in a country. A relative poverty line could be defined, for example, as a certain percentage of the country's mean level of income.

When interpreting these findings, it should be kept in mind that IES2005 probably under recorded food expenditure and, hence, overestimated the incidence of poverty.[11]

Unless indicated otherwise, the "lower-bound" poverty line is used in this paper.

Figure 1
Poverty rates for households and individuals



Source: Statistics South Africa (2008a)

Poverty by geographical area

The poverty rates of South Africa's nine provinces differ significantly, as do those of the urban and rural areas of the country.

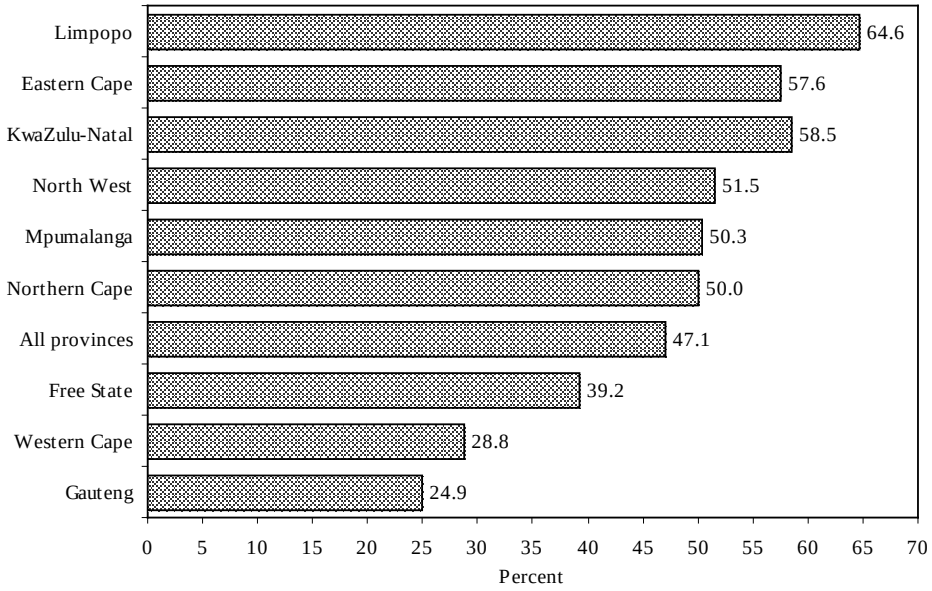
Figure 2 shows that in 2005/06 the poverty rates in the various provinces ranged from 24.9% in Gauteng and 28.8% in the Western Cape to 57.6% in the Eastern Cape and 64.6% in Limpopo.[12] The three provinces with the highest poverty rates (KwaZulu-Natal, the Eastern Cape and Limpopo) are also relatively populous – at the time of IES2005, they housed 47.4% of the South African population. It should come as no surprise then that fully 60.1% of poor

[11] Per capita incomes generally grew from 2000 to 2005, and such growth normally is accompanied by decreases in the consumption share of food expenditure. The findings of IES2000 and IES2005, however, indicate that the consumption share of spending on food and non-alcoholic beverages fell by 10.8 percentage points. This seems excessive, even allowing for the effects of the introduction of the diary method of capturing food expenditure. Food expenditure is by far the largest category of spending by poor households, and its under recording would have reduced the incomes of poor households and, hence, raised measured poverty.

[12] The percentages of *households* in each province that were poor were somewhat lower than these poverty rates for the *population* or *individuals*. Rankings of the provinces based on the poverty rates of their populations and households differed in only one respect: the Eastern Cape and KwaZulu-Natal changed places as far as the second and third highest rates of poverty were concerned.

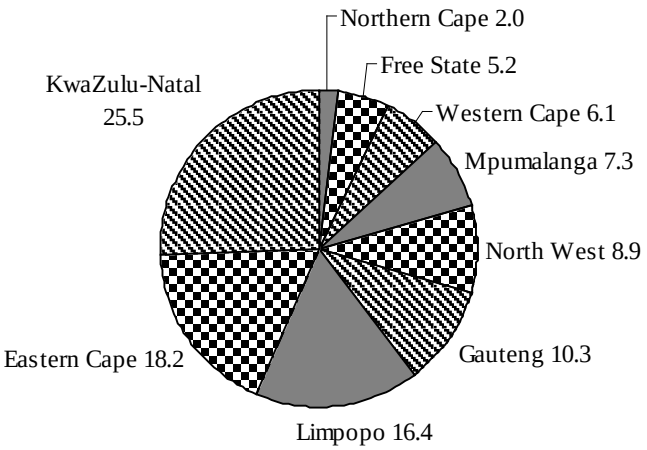
individuals lived in these three provinces (*cf*. Figure 3). The two richest provinces, Gauteng and the Western Cape, housed about one-sixth of the poor.

Figure 2
Provincial poverty rates among individuals



Source: Statistics South Africa (2008a)

Figure 3
Provincial distribution of poor individuals (percentages)



Source: Statistics South Africa (2008a)

The provincial distribution of the households who made up the first (poorest) and fifth (richest) quintiles of the South African population in 2005/06 confirms the picture that has emerged thus far. Table 4 indicates that 62.3% of the households in the first or poorest quintile resided in the three poorest provinces (KwaZulu-Natal, the Eastern Cape and Limpopo), while Gauteng and the Western Cape housed 52.5% of the households in the fifth (richest) quintile. The residents of the most populous province, KwaZulu-Natal, were well represented in the fifth and the first quintiles.

Table 4

Provincial distribution of households in the first and fifth quintiles

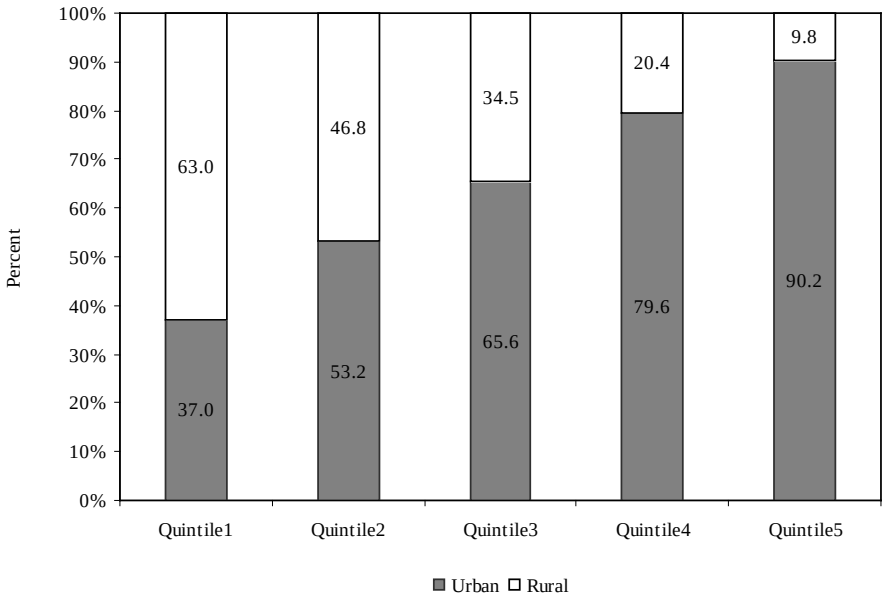
Province	Percentage of households in the	
	first quintile	fifth quintile
Gauteng	8.5	35.2
Western Cape	4.9	17.3
KwaZulu-Natal	24.1	12.8
Eastern Cape	20.4	8.9
Free State	5.5	7.7
North West	9.2	6.9
Limpopo	17.8	4.8
Mpumalanga	7.6	4.8
Northern Cape	2.0	1.5
Total	*100.0*	*100.0*

Source: Statistics South Africa (2008a)
Note: Percentages may not add up to 100 because of rounding

Urbanisation is well advanced in South Africa, and IES2005 found that 65.1% of all households (58.8% of the population) resided in urban areas. The incidence of poverty, however, was much higher in the rural areas of South Africa. The poverty rates of households and individuals in the rural areas were 54.2% and 67.7%, respectively – more than double the corresponding rates for urban areas (21.9% and 32.7%). Hence, 57.1% of all poor households and 59.3% of poor individuals were rural dwellers despite the fact that the rural areas housed well below one-half of the South African population.

Figure 4 indicates that urban dwellers were much better represented in the richer quintiles than in the poorer ones. In the poorest quintile, 37% of the households lived in urban areas and the remaining 63% in rural areas; the corresponding figures for the richest quintile were 90% and 10%. In fact, only in the first quintile were rural households in the majority.

Figure 4
Representation of urban and rural households in each quintile



Source: Statistics South Africa (2008a)

Poverty by population group

It is well known that South Africa's apartheid past imparted a strong and stubborn racial character to the country's poverty level and distributions of income and wealth. In 2005/06 – more than a decade after democratisation – the incidence of poverty among black and coloured individuals remained dramatically higher than that among whites (*cf*. Table 5). One implication of the particularly heavy incidence of poverty among blacks is that the black group's share of poor individuals markedly exceeded that predicted by its population share.

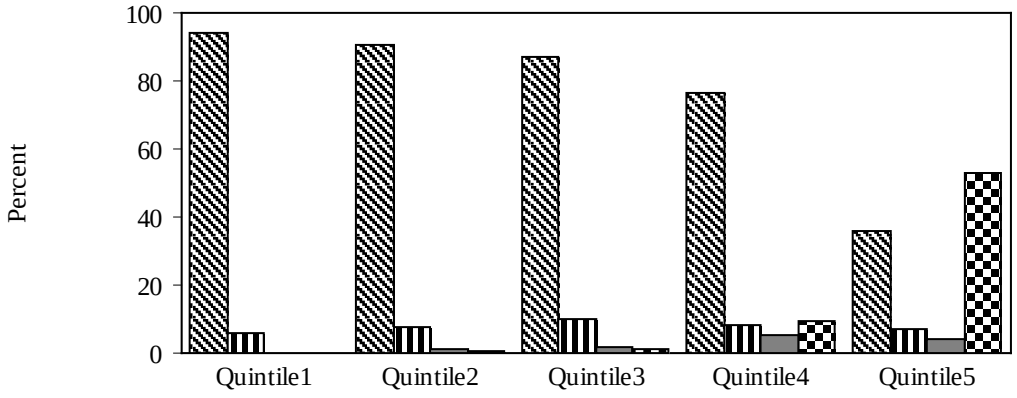
Table 5
Poverty rate, population share and poverty share by population group

Group	Poverty rate of individuals (%)	Percentage shares of	
		population	poor individuals
Blacks	54.8	80.1	93.3
Coloureds	34.2	8.7	6.3
Indians	7.1	2.5	0.4
Whites	0.4	8.6	0.1
All	47.1	100.0	100.0

Source: Statistics South Africa (2008a)

Figure 5 shows that households headed by blacks dominated the first four expenditure quintiles. Such households formed more than 75% of these quintiles. By contrast, only 36% of the households in the fifth quintile were headed by blacks. The incidence of households headed by coloureds was fairly similar across the five quintiles, while households headed by Indians were represented best in the fourth and fifth quintiles. Reflecting their relative wealth, households headed by whites were rare in the first three quintiles, well represented in the fourth quintile and plentiful in the fifth, where they constituted 52.8% of the total.

Figure 5
Composition of consumption quintiles by population groups of the household heads



	Quintile1	Quintile2	Quintile3	Quintile4	Quintile5
Black	94.0	90.6	87.1	76.2	36.0
Coloured	5.8	7.7	9.8	8.4	7.0
Indian	0.1	1.2	1.8	5.4	4.0
White	0.1	0.4	1.2	9.7	52.8

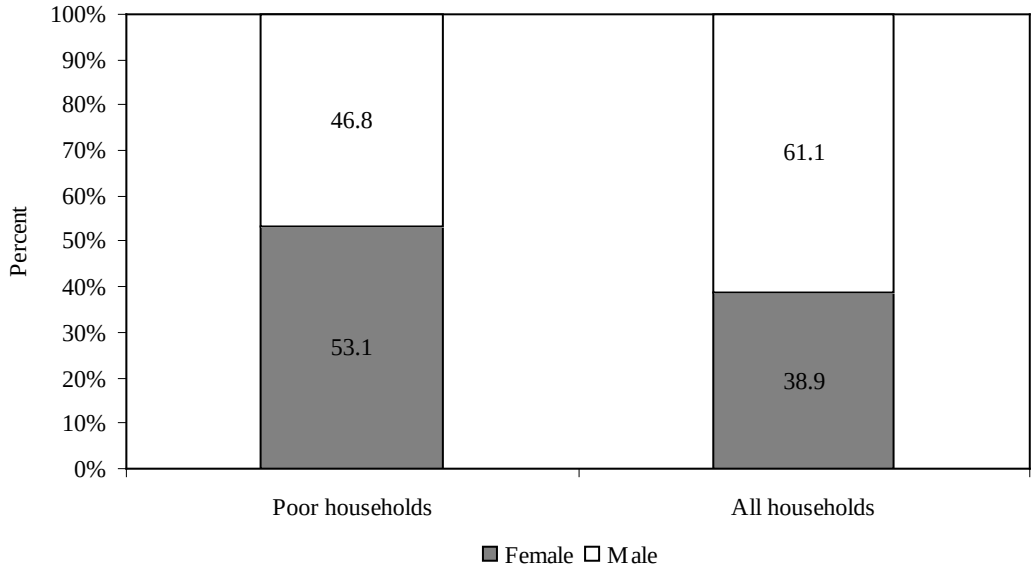
Source: Statistics South Africa (2008a)

Poverty by gender

IES2005 reported that 45% of all female-headed households lived below the "lower-bound" poverty line, compared to only 25% of male-headed households.[13] Thus, the proportion of households headed by women fell from 51.6% of the poorest two quintiles of households to 23.1% of those in the richest quintile. Figure 6 shows the resulting poverty shares and compares them to the corresponding population shares. Clearly, female-headed households were greatly overrepresented among those below the “lower-bound” poverty line.

[13] In cases where male heads of households were absent (*eg* engaged in migrant labour), households were enumerated as female-headed.

Figure 6
Shares of poor households by the gender of the household head



Source: Statistics South Africa (2008a)

Moreover, Table 6 indicates that the percentages of households headed by women were above the average of 38.9% in the bottom three quintiles (the highest level was 54.6% in the first quintile). Female-headed households were significantly less common in the two richest quintiles. Of course, the opposite held for male-headed households: they were relatively underrepresented in the bottom three quintiles, but dominated the two richest quintiles.

Table 6
Composition of household quintiles by gender of the household heads (percentages)

Household type	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	All
Male headed	45.3	51.2	60.9	71.1	76.8	61.1
Female headed	54.6	48.7	39.1	28.8	23.1	38.9
Unspecified	0.1	0.1	0.1	0.1	0.1	0.1
Total	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*

Source: Statistics South Africa (2008a)
Note: Percentages may not add up to 100 because of rounding

Poverty by age groups

Table 7 shows that the incidence of poverty generally increased with the age of the head of the household.[14] The only exception is the group of households headed by 15-to-24-year-olds – an indication of the extent of youth unemployment in South Africa. The relatively high

[14] As indicated in the table, households headed by children under 14 years made up only 0.3% of all households. Hence, the data for such households were unlikely to be very reliable.

poverty rates among households headed by individuals aged 65 and older reflected the clustering of the destitute around the recipients of state old-age grants. In fact, the incidence of poverty was relatively high in all three groups whose heads were 45 years of age or older, in the sense that the poverty shares of these groups exceeded their population shares.

Table 7

Indicators of poverty by the age of the household head

Age (years)	Poverty rate (%)	Percentage shares of	
		all households	poor households
0 – 14	21.9	0.3	0.2
15 – 24	27.9	5.7	4.8
25 – 34	23.9	22.3	16.0
35 – 44	31.4	22.1	20.9
45 – 54	34.2	20.3	21.0
55 – 64	36.8	14.9	16.5
65 +	47.3	14.4	20.6
All age groups	33.2	100.0	100.0

Source: Statistics South Africa (2008a)

Note: Percentages may not add up to 100 because of rounding

Quintile analysis confirms the burden of poverty on the elderly (*cf*. Table 8). Households whose heads were aged from 25 to 44 were better represented in the two richest than in the two poorest quintiles, whereas those headed by persons aged 55 and older apparently were overrepresented among the poorest 40% of households.

Table 8

Composition of household quintiles by the age of the household heads (percentages)

Age (years)	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	All
0 – 14	0.2	0.3	0.4	0.1	0.3	0.3
15 – 24	4.2	5.7	6.3	7.2	5.0	5.7
25 – 34	15.3	18.6	24.7	28.3	24.6	22.3
35 – 44	20.9	20.3	21.3	24.3	23.9	22.1
45 – 54	21.6	19.9	18.7	18.4	23.2	20.4
55 – 64	17.0	15.3	14.9	12.6	14.7	14.9
65 +	20.8	20.1	13.8	9.1	8.4	14.4
All age groups	100.0	100.0	100.0	100.0	100.0	100.0

Source: Statistics South Africa (2008a)
Note: Percentages may not add up to 100 because of rounding

Employment and income

IES2005 cannot be used to analyse poverty in terms of the employment status of household heads, because it is not linked to Statistics South Africa's *Labour force surveys*. Table 9 draws on data gathered during the GHS2006 to illustrate the link between labour market status and poverty. On the whole – and not surprisingly – access to employment opportunities enabled households to maintain higher levels of expenditure. Households with two or more employed persons were quite unlikely to spend less than R597 per month (in 2000 prices), while very few households that maintained expenditure levels of R3 734 or more per month lacked employed persons.

Table 9

Number of employed persons in households by monthly household expenditure levels

Monthly expenditure level (2000 prices)	Percentages of households having the following numbers of employed persons				
	0	1	2	3+	Total
R0 – R298	53.4	40.6	5.4	0.7	100.0
R299 – R597	43.8	46.4	8.4	1.5	100.0
R598 – R895	31.6	50.7	14.7	3.0	100.0
R896 – R1 344	18.9	55.1	20.5	5.5	100.0
R1 345 – R1 866	13.2	52.3	26.9	7.6	100.0
R1 867 – R3 733	9.5	44.4	36.5	9.6	100.0
R3 734 +	3.8	32.6	52.3	11.4	100.0
All	31.9	46.0	18.1	4.1	100.0

Source: Statistics South Africa (2007a)
Note: Percentages may not add up to 100 because of rounding

4 THE BURDEN OF POVERTY

4.1 Access to services

Living conditions and access to services are areas in which considerable disparities exist between the poor and the non-poor. Indeed, the lack of access to services experienced by the poor often contributes to the difficulty entailed in moving out of a state of poverty. Table 10 summarises some of the major disparities that existed between the poor and the non-poor at the time of IES2005.

The proportion of households that lived in informal and traditional dwellings decreased steadily from the first to the fifth quintile. It nonetheless remained significant up to the fourth quintile, in which almost one-fifth of households used such housing. The reality that almost

two-thirds of the households in the first quintile had access to mains electricity supply and that this percentage increased further to reach 96.6% in the richest quintile confirms the success of electrification programmes during the past decade. Access to piped water was less common, however, being restricted to slightly more than 40% of the poorest quintile and less than half of all poor households. At the "lower-bound" poverty line only 46.8% of households had access to piped water. This implies that the poor spend a considerable amount of time travelling to fetch water. Another activity that imposes a heavy time burden on many poor households is collecting firewood. Reliance on wood as an energy source remained common in the first quintile (where 37.5% of households use wood as their main source of energy for cooking), but decreased sharply in the higher quintiles

Table 10

Selected housing characteristics of South African households by expenditure quintile

	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	All
% of households living in informal or traditional dwellings	43.7	32.7	27.6	19.2	3.5	25.3
% of households with electricity	63.7	75.2	80.8	87.0	96.6	80.7
% of households with access to piped water[1]	41.6	56.9	69.7	80.2	94.6	68.6
% of households using wood as main source for cooking	37.5	18.2	8.9	3.2	0.3	13.6
% of households with flush toilets or improved latrines	25.6	41.7	56.9	74.9	94.5	58.7
% of households whose refuse is removed at least once a week	28.4	44.6	56.8	70.8	87.3	57.6
% of households with street lighting	29.0	42.0	54.2	70.0	87.1	56.5

Source: Statistics South Africa (2008a)
Notes: Percentages may not add up to 100 because of rounding
[1] Piped water refers to having yard taps or piped water inside the house

Slightly more than one-quarter (25.6%) of households in the first quintile and less than 40% of all poor households had access to modern toilet facilities. The vast majority of households in the fourth and fifth quintiles had access to these services – a stark reminder that massive disparities still exist between the poor and the non-poor as far as access to some services is concerned. Inadequate access to decent sanitation facilities increases the susceptibility of the poor to illness. Another service with obvious health and quality-of-life effects is refuse removal. Table 10 shows that only 28.4% of households in the first and 44.6% of those in the second quintile had their refuse removed by a local authority at least once a week. The figures for the fourth and fifth quintiles were 70.8% and 87.3%, respectively. Similar disparities existed with regard to street lighting, which was available to 29.0% of households

in the first and 42.0% of those in the second quintile, compared to 70.0% and 87.1% of their peers in the fourth and fifth quintiles.

4.2 Transport costs

Section 3.2 pointed out that many poor households live in rural areas. These areas are often remote, making it expensive and time-consuming for poor people to reach various important facilities. This exacerbates other time burdens on poor households alluded to earlier, such as those related to collecting water and firewood. Table 11 provides an indication of the length of time it took people in different monthly expenditure categories in 2006 to reach the nearest food market, primary school, post office and clinic.

The travelling distances varied for different facilities (those to primary schools and food markets tend to be shorter than those to clinics and, especially, post offices), but clearly affected poor households more than their richer peers. Richer households were markedly more likely to live within 30 minutes of all these facilities than poorer households. The percentages of households in the two lowest expenditure categories that lived more than 30 minutes from the nearest clinic and post office, for example, exceeded 40% and 50% respectively. The corresponding figures for households in the highest expenditure category were only 15.9% and 17.4%.

Table 11

Percentages of households living more than 30 minutes from selected facilities by expenditure categories

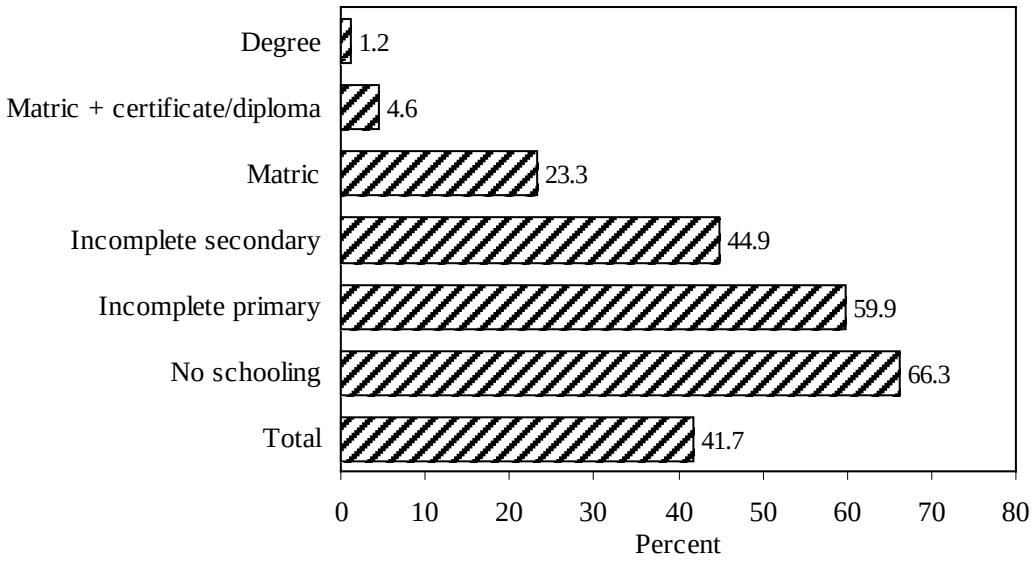
Monthly expenditure level (2000 prices)	Percentages of households living more than 30 minutes from the nearest			
	food market	primary school	post office	clinic
R0 – R298	28.6	22.0	52.9	44.1
R299 – R597	30.9	21.1	51.0	41.9
R598 – R895	26.1	16.3	45.0	37.6
R896 – R1 344	21.9	15.1	37.2	28.2
R1 345 – R1 866	19.4	10.9	30.4	22.8
R1 867 – R3 733	12.6	9.9	22.5	17.2
R3 734 +	7.8	8.3	17.4	15.9
All	24.2	16.9	41.7	34.3

Source: Statistics South Africa (2007a)
Note: Percentages may not add up to 100 because of rounding

4.3 Education

Figure 7 depicts the incidence of poverty among persons aged 15 and above with different levels of educational attainment (*ie* the highest level of education reached).

Figure 7
Poverty rates of persons aged 15 and above by educational attainment

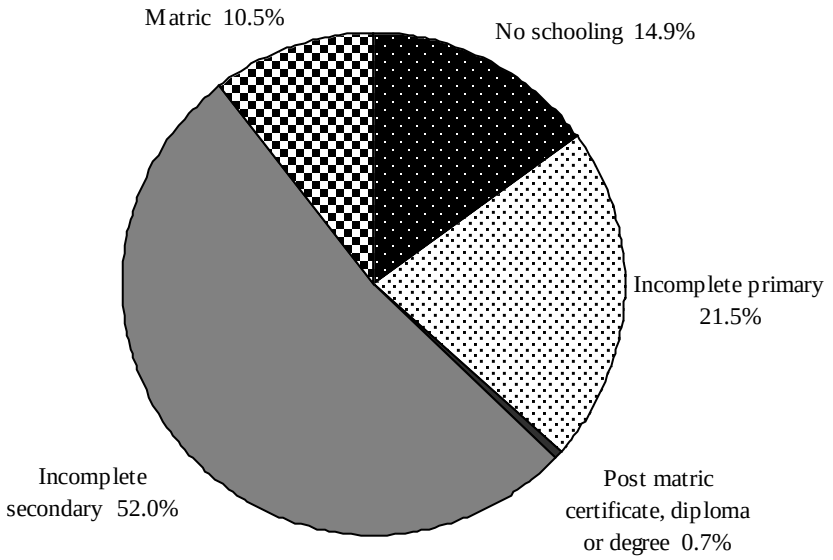


Source: Statistics South Africa (2008a)

The relationship is as one would expect: persons with low levels of educational attainment were much more likely to be poor than well-educated ones. Poverty (as measured by the "lower-bound" poverty line) affected 66.3% of those who had no schooling and 59.9% of those who had not completed primary schooling. The poverty rates among those with some secondary schooling and matric (44.9% and 23.3%, respectively) were below the poverty rate for the population as a whole (47.1%), but nonetheless were high in absolute terms. By contrast, poverty was rare among those who had obtained a post-matric certificate or diploma or a degree: in these groups the poverty rates were 4.6% and 1.2%, respectively.

Figure 8 confirms this conclusion in very clear terms. Some 88% of the individuals aged 15 and above who lived below the “lower-bound” poverty line had no schooling (14.9%), an incomplete primary-school education (21.5%) or an incomplete secondary-school education (52.0%). Only 10.5% of the poor held matric, while a mere 0.7% had obtained a post-graduate certificate, diploma or degree. The negative correlation between educational attainment and poverty reflects the positive influence that education has on employment opportunities and wages.

Figure 8
Distribution of poor individuals aged 15 and above by educational attainment



Source: Statistics South Africa (2008a)

4.4 Health

Health among poorer sections of society may be expected to be affected negatively by inadequate diets, sanitation facilities and deficient access to health services. This section uses nutrition as an indication of the health conditions of the poor and the non-poor in South Africa. Relevant data are obtained from Statistics South Africa's *GHS2006*.

Table 12 shows the relationship between the incidence of hunger among children and adults and the monthly expenditure levels of the households in which they live. In households in the lowest expenditure category, 27.3% of the children aged 17 or below and 25.7% of the adults reportedly experienced hunger. It was reported that 6.6% of the children and 7.5% of the adults in this expenditure category often or always went hungry. The incidence of hunger, however, decreased markedly as household expenditure levels increased. Hence, hunger was extremely rare in households in the highest expenditure category, where only 0.2% of children and 0.4% of adults reported experiencing hunger.

Table 12

Frequency of hunger in households by monthly expenditure categories

Monthly expenditure level (2000 prices)	Frequency of child hunger in households containing at least one child aged 0 – 17 years (%)			Frequency of adult hunger in households containing at least one adult (%)		
	Sometimes	Often	Always	Sometimes	Often	Always
R0 – R298	20.7	3.1	3.5	18.2	4.2	3.3
R299 – R597	14.6	1.5	1.1	11.7	1.6	0.9
R598 – R895	10.3	1.6	0.6	9.1	1.3	0.3
R896 – R1 344	4.7	1.2	0.1	4.3	0.7	0.2
R1 345 – R1 866	6.8	0.5	0.2	5.6	0.4	0.3
R1 867 – R3 733	3.1	0.3	0.0	1.8	0.2	0.0
R3 734 +	0.2	0.0	0.0	0.3	0.1	0.0
Other[1]	6.3	2.9	0.1	4.2	2.3	0.4
All households with at least one child or adult	10.9	1.5	1.0	9.2	1.6	0.9

Source: Statistics South Africa (2007a)

Note: [1] This includes the expenditure categories "Don't know", "Refused to answer" and "Unspecified".

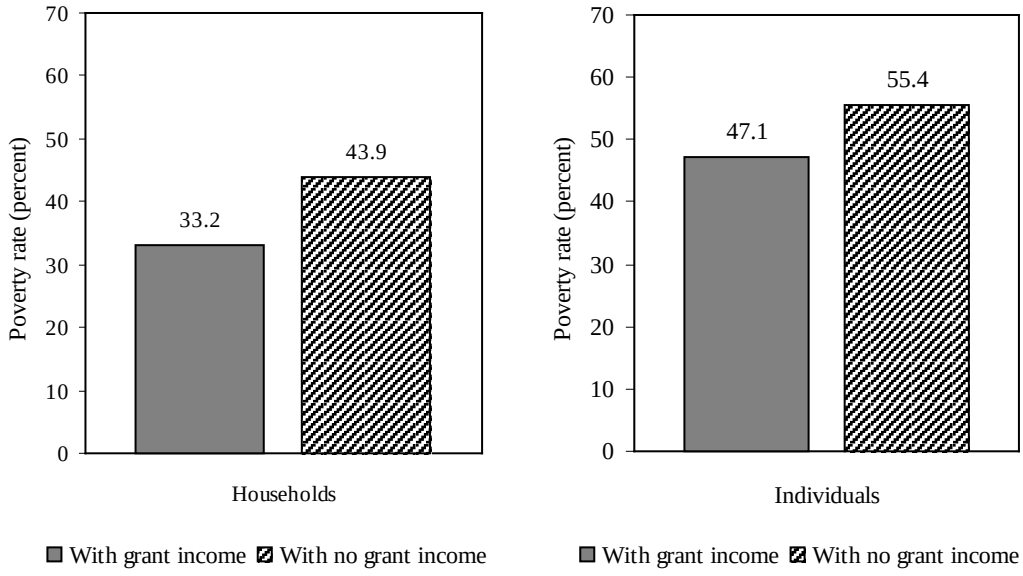
5 POVERTY AND THE EXPANSION OF SOCIAL GRANTS

For a middle-income country, South Africa has an exceptionally well-developed system of social assistance grants. The most important types of grants are the State Old-Age Pension and the Disability Grant (both of which had been existence for many decades) and the Child Support Grant, which was introduced in April 1998. Social assistance expanded dramatically in recent years: government spending on such grants increased from 1.9% of GDP in 2000/01 to an estimated 3.3% in 2007/08, while the number of beneficiaries increased from 3.0 million to an estimated 12.4 million. These increases reflected various factors, including rapid growth in the take-up of the Disability Grant by victims of the HIV/Aids pandemic and, especially, the gradual raising of the age limit for eligibility for the Child Support Grant from seven to the current 14 years (the age limit will increase further to 15 years in 2009). The findings of GHS2006 confirm that grants are a very importance source of income for poor households. Fully 69.4% of the households in the first quintile and 69.9% of those in the second quintile reported that they earned income from grants; indeed, grants were the main source of income for 47.7% and 51.0% of the households in these quintiles.

Figure 9 gives a rough indication of the effect of social grants on the extent of poverty in 2005. It compares the actual incidence of poverty among households and individuals at the time of IES2005 to the incidence that would have obtained if all respondents had reported

zero income from social grants. The actual and hypothetical poverty rates for households were 33.2% and 43.9% respectively. Hence, if nothing else was different, the incidence of poverty among households would have been fully 32.2% higher in 2005 had the various types of social grants not existed. Similarly, social grants reduced the incidence of poverty among individuals from a hypothetical 55.4% to 47.1% (ie by 15%). These number are indicative only – they rest on the very strong assumption that the availability or otherwise of social grants has no impact whatsoever on the behaviour of households (in terms of labour supply, household formation patterns, et cetera) – but nonetheless suggests that social grants markedly reduces poverty by augmenting the income of poor households. In addition to their impact on incomes, grants also help the poor in other ways, for example by encouraging the school attendance of Child Support Grant beneficiaries and by enabling some working-age adults from grant-receiving households to migrate to places of employment.[15]

Figure 9
The influence of income from social grants on poverty rates



Source: Own calculations based on data from Statistics South Africa (2008a)

6 CONCLUSION

This paper used data from two recent surveys by Statistics South Africa (the *Income and expenditure survey 2005/06* and, to a lesser extent, the *General household survey 2006*) to highlight various aspects of poverty in South Africa. It emphasises three points:

[15] These effects of social grants are discussed by Budlender and Woolard (2006) and by Posel, Fairburn and Lund (2004) and Ardington, Case and Hosegood (2007) respectively.

- Some groups of South Africans experience poverty more intensely than others. These groups are blacks, female-headed households, the aged, less educated individuals, the unemployed, and the inhabitants of rural areas, KwaZulu-Natal, Limpopo and the Eastern Cape.
- Income poverty is inextricably linked with other dimensions of indigence: deficient access to essential services, long travelling distances to institutions rendering public services and other amenities, low levels of educational attainment, and unsatisfactory health conditions.
- Social grants play a key role to alleviate extreme poverty.

In the South African context, obtaining a job in the formal sector of the economy is a basic requirement for escaping from poverty. Although the availability of jobs ultimately depends on the rate and labour-intensity of economic growth, individuals stand a better chance of obtaining jobs if they have skills that are in high demand in the labour market and are in close proximity to areas where opportunities exist or may become available. Large portions of the poor in South Africa, however, live in areas where job opportunities are scarce, and their prospects in the job market often are constrained further by little or inferior education. These and the other markers of poverty outlined in this paper are essentially the same as those highlighted by the earlier studies listed in Footnote 1, which confirms that the basic features of poverty in South Africa are deeply entrenched. The expansion of social grants has brought much-needed relief for many trapped in poverty. As has been pointed out in many studies, however, lasting progress in the battle against poverty and its manifestations requires accelerated economic growth and fundamental reform of the South African education system.

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APPENDIX: THE POVERTY LINES

Statistics South Africa determined the two poverty lines referred to in the text as follows:[16]

- IES2000 indicated that an amount of R211 per person (in 2000 prices) was adequate to satisfy a daily energy requirement of 2 261 kilocalories with the foodstuffs widely available to low-income South Africans. This amount constituted the food component of the poverty line.
- The estimate of the non-food component of a poverty line rested on the assumption that those non-food items typically purchased by households that spend about R211 per capita per month on food could be regarded as essential, because such households forego spending on food to acquire these items. The cost of such essential non-food items amounted to R111 per capita per month. Hence, the sum of R211 and R111 (*ie* R322) represented an estimate of the per capita monthly minimum cost of essential food and non-food consumption. Statistics South Africa regarded this amount of R322 per capita per month in 2000 prices as the "lower-bound" poverty line.
- Statistics South Africa further estimated that the average per capita expenditure level of households that spend approximately R211 per capita per month on food was R593 in 2000 prices. This implied that such households spent R382 per capita per month on non-food items: R111 to acquire essential non-food items and the remaining R271 to obtain non-essential non-food items. Statistics South Africa regarded the amount of R593 per person per month as the "upper-bound" poverty line.

[16] For more detail, see Statistics South Africa (2007b).