



Poverty and Poverty Lines in South Africa

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Introduction

In 2007, the South African government explicitly attempted a new approach to reducing poverty. The approach, or the methodology, that was experimented with from 2007 was known as *War on Poverty* within the context of a new antipoverty programme. During 2005 and 2006, internal policy and programme review processes within government concluded that the numerous projects and programmes of the post-apartheid government, such as public works and cash transfer programmes, had not dented poverty enough. Prior to 2007, the general perspective of the government was that everything that government was doing was addressing poverty. In other words, economic and social policies were implicitly addressing poverty.

The new methodology opted for targeting, moving from a premise that households should be primary units of analysis and policy intervention. In addition, the new approach prioritised community cohesion – that, through strengthening communities, poverty would be sustainably reduced. The *War Room* – the war on poverty ‘regiment’ – was set up in the Presidency. Government, led by the Deputy President, would ‘descend’ to a particular locality and spend two to three days working with the community and visiting each household identified to be poor or afflicted by some social ill. However, it would seem, either because the approach that was pursued was not sustainably and vigorously pursued or because the approach was not sound enough, results remain disappointing.

Perhaps among the most important reasons SA remains with high poverty rates is that interventions on poverty in SA are not informed by a clear policy and, most importantly, there is no official poverty line – without an official poverty line, as shown below, it is difficult to tell whether there is real progress with any poverty reduction programme. Statistics South Africa had proposed, in 2004, an upper bound poverty line of R593 per capita and a lower bound poverty line of R322 per capita (in 2000 rands) – part of the challenge,

ideologically related, was that the poverty lines proposed by Statistics SA were calculated with the World Bank¹.

Researchers in SA have been using largely similar poverty lines for assessing headcount poverty in SA – and the ‘cost-of-basic needs’ method is the standard approach used to determine poverty lines in SA, as elsewhere. It might be worth highlighting, also, that the poverty lines this essay is about are essentially *income* poverty lines based on money-metric measures of poverty discussed below. Recently, the National Planning Commission (NPC) has proposed a poverty line of R418 per capita in 2009 prices (NPC, 2012). Still, there is no officially agreed upon poverty line in SA. SA needs to find a way to address this conundrum. As Foster-Greer-Thorbecke (FGT) family of poverty measures show, all poverty measures require some poverty line².

Poverty in South Africa

The post-apartheid South African government has, broadly, viewed poverty from the perspective that poverty is multidimensional. There are, therefore, programmes aimed at addressing income poverty on one hand and programmes addressing asset-, service- and social capital poverty on the other hand. With regards to measurement, there are difficulties pertaining to comparative data in South Africa, deriving in the main from the fact that prior to 1994 a number of regions in the country – largely the poorest areas – were classified as ‘independent homelands’ and therefore excluded from the country’s main datasets³.

There are numerous reports and documents on poverty in SA, post-1994, which have been instrumental in directing policies in government. Everett (2003) contends that the most common feature of these reports and documents is the inconsistency in the choice of poverty definition and measurement reflecting the ‘many meanings of poverty within government’⁴. There has also been a growing body of research on poverty in South

¹ The poverty lines proposed by Stats SA were later published in Hoogeveen and Özler (2005).

² Gumede (2008) explains and demonstrates this point in detail

³ For instance, the 1995 Income & Expenditure Survey (IES) was not based on clearly demarcated and adequately mapped enumeration areas, whereas the 2000 IES was based on improved demarcation and listing of households, based on Census 1996. In other words, 1995 and 2000 IESs are not comparable as an example.

⁴ For example, in 1995 the President’s office assembled a commission to investigate labour market policy in South Africa. The result was *Restructuring the South African Labour Market* report which also based its understanding of poverty and estimation of poverty levels on *Key Indicators of Poverty in South Africa* (1995). The Report of the Lund Committee on Child and Family Support (1996), based its understanding, definition and levels of poverty in South Africa on the Minimum Living Level (MLL). The *White Paper on Population Policy* (1997) mentions the eradication of poverty as one of the guiding

Africa showing levels of poverty and trends overtime and also examining poverty dynamics in specific localities⁵. Most studies show that poverty is declining in South Africa. For instance, van der Berg et al (2005) found that poverty decreased since 2000. Bhorat et al (2010) also concluded that during 1995-2005 both absolute and relative poverty declined.

Table I below, representing calculations done using the General Household Surveys of 2005 and 2009, shows very high levels of poverty although the share of those below the various poverty lines is declining. For instance, for an income poverty line of R551.78 per person per month there is about 46% of people living below the poverty line as Table I below indicates.

Table I: Income poverty in SA (2005-2009)

	Percentage of population living below various poverty lines (in 2009 constant Rand from GHS)	
	2005	2009
Expenditure Poverty Line [R551.78 per person per month]	70%	65%
Income Poverty Line [R551.78 per person per month]	59%	46%
Expenditure Poverty Line [R298.17 per person per month]	54%	49%
Income Poverty Line [R298.17 per person per month]	40%	27%
Expenditure Poverty Line [R149.08 per person per month]	31%	25%
Income Poverty Line [R149.08 per person per month]	23%	12%

Source: Development Indicators (2012)

principles of population policy and uses the Minimum Living Levels in defining and measuring poverty. A relatively more comprehensive approach to understanding poverty in South Africa was presented in Statistics SA's *Measuring Poverty in South Africa* (2000). The Taylor Commission's report of *Committee of Inquiry into a Comprehensive System of Social Security for South Africa* (2002) approached poverty dynamics in South Africa from a legal and constitutional perspective, using the constitutional framework as the basis for understanding poverty and state intervention through social protection measures. Lastly, the *National Spatial Development Perspective* (2003) document also used MLL measures when analysing poverty in South Africa.

⁵ Most of the studies that examine poverty dynamics focus or use the KwaZulu Natal Income Dynamics Study. See for instance, Carter et al (2001), Adato et al (2006) and May et al (2007). In addition, the following are some of studies on poverty in SA: Whiteford and Posel (1995), Woolard and Leibbrandt (1999), Budlender (1999), May, et al (1999), Roberts (2000), Meth and Dias (2004), Roberts (2005), Leibbrandt et al (2005), Hooegeveen and Özler (2005), van der Berg et al (2005 and 2007), Bhorat et al (2006, 2008 and 2010) and Gumede (2008 and 2012)

The main point is that poverty remains very high in South Africa – and the 2009 figures might have increased due to the recent global economic recession and the general poor state of the economy and the labour market. The 2011 Census indicates that there are 5.6 million unemployed persons in South Africa; an unemployment rate of 29.8% (Statistics South Africa, 2012).

Lastly, calculations based on the National Income Dynamics Study 2008 and 2010 (NIDS)⁶ confirm that income poverty remains high in South Africa. The poverty line I used is R515 per capita in 2008 prices. Similarly, human poverty – measured by the Human Poverty Index (HPI-1)⁷ – remains high too, although the aggregate figures imply some improvement. Table II also shows the Human Development Index (HDI) which is made up of three measures: life expectancy, education and standard of living. Table II presents estimates of income poverty, HDI-1 and HDI by gender, race and geography.

Table II: Poverty & human development in SA

	% Below Poverty Line		HPI-1		HDI	
	2008	2010	2008	2010	2008	2010
Total	46%	45%	27.11	21.42	0.58	0.59
Gender						
Male	43%	41%	25.88	20.80	0.58	0.60
Female	49%	48%	28.14	22.12	0.58	0.57
Race						
African	55%	53%	31.25	24.20	0.52	0.54
Coloured	26%	23%	10.51	16.58	0.64	0.58
Asian/Indian	9%	8%	4.92	3.85	0.78	0.74
White	1%	2%	10.13	8.12	0.80	0.73
Province						
Western Cape	23%	25%	14.40	10.52	0.64	0.63
Eastern Cape	63%	62%	23.35	29.36	0.54	0.54
Northern Cape	33%	38%	27.23	12.96	0.58	0.62
Free State	45%	44%	37.27	26.90	0.52	0.57
KZN	62%	56%	48.11	28.68	0.49	0.54
North West	42%	42%	25.59	16.03	0.57	0.57
Gauteng	28%	27%	10.28	28.89	0.68	0.64
Mpumalanga	42%	41%	40.43	29.00	0.57	0.55
Limpopo	63%	62%	19.44	23.18	0.57	0.56

Source: Own calculations from the National Income Dynamics Study 2008 and 2010 data

⁶ Wave I had 28 247 respondents and Wave II had 28 641. For more details: <http://www.nids.uct.ac.za/home>

⁷ HPI-1 is made up of probability of surviving to age 40, knowledge and decent standard of living (i.e. access to clean water source and children nutrition status)

Overall, those below the poverty line remain high (46% in 2008 and 45% in 2010). The share of whites who are below the poverty line increased slightly from 1% to 2% while there are declines for all other races. With regards to provinces, there is a marginal increase in those below the poverty line in the Western Cape and the HDI in the Western Cape declines slightly. Another province that stands out is KwaZulu Natal where there is a significant decline in those below the poverty line and a relatively significant increase in the HDI from 0.49 in 2008 to 0.54 in 2010. Lastly, the HPI-1, in the aggregate, declines from 27.11 in 2008 to 21.42 in 2010 and the HDI marginally improves by 0.01 during 2008-2010.

Closing remarks

South Africa has no official poverty line (yet). The main conclusion reached in this essay is that poverty remains high in South Africa as the various (unofficial) poverty lines show and also from the perspective of the HPI-1. The argument that the author makes, in this concluding section, is that the main reason for high poverty in SA is fundamentally related to policy and or reforms (refer to Gumede 2011 for a recent review of policies and policy making in SA and Gumede 2013 examines policy challenges in the case of education).

The necessary reforms in the economy, in particular, have been weak because of poor policy development and lack of vision for the economy. In human development context, lack of or weak social policy has constrained the advancement of wellbeing. Broadly, from the mid-2000s SA has effectively been standing still after robust reforms of the 1990s. Therefore, the answer to South African woes, from a policy perspective, is policy and or policy reforms in the economy in particular. The strategies and programmes that have been introduced since mid-2000s have not addressed the fundamental policy constraint that needed policy reforms instead of introducing programmes and strategies not informed by policy. Therefore, more policy thinking should be exercised for both social and economic transformations. And, most importantly, policy should be pursuing the vision for the economy that should be agreed upon through national consensus.

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