

Poverty Trends in South Africa

An examination of absolute poverty between 2006 and 2015

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An examination of absolute poverty between 2006 and 2015

Statistics South Africa, 2017
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Contents

Preface	1
Acknowledgements	2
Cautionary notes	3
Chapter 1: Introduction	5
1.1 Introduction	6
1.2 Background to the surveys	6
1.3 Background to the national poverty lines	7
1.4 The 'social wage'	8
1.5 Structure of this report	10
Chapter 2: Key findings	13
2.1 Poverty from 2006 to 2015	14
2.2 Progress towards NDP targets	16
2.3 Inputs for SDG reporting	27
2.4 Brief analysis of economic and social conditions in South Africa between 2000 and 2016	42
Chapter 3: Findings on individual poverty	55
3.1 Introduction	56
3.2 Poverty and sex	56
3.3 Poverty and population group	57
3.4 Poverty and age	59
3.5 Poverty and education	61
3.6 Poverty and province	64
3.7 Poverty and settlement type	67
3.8 Summary	69
3.9 Additional tables for LBPL and FPL	70
Chapter 4: Findings on household poverty	77
4.1 Introduction	78
4.2 Household poverty and sex	78
4.3 Household poverty and population group	80
4.4 Household poverty and age	82
4.5 Household poverty and education	84
4.6 Household poverty and province	86
4.7 Household poverty and settlement type	89
4.8 Summary	90
4.9 Additional tables for LBPL and FPL	92

Chapter 5: Findings on household expenditure	97
5.1 Average household expenditure	98
5.2 Household expenditure for poor and non-poor households	99
5.3 Household expenditure and sex by household head	106
5.4 Quintiles	108
5.5 Household expenditure in rural and urban areas	109
5.6 Summary	110
Chapter 6: Explanatory notes	113
6.1 Poverty lines	114
6.2 The instruments of data collection	117
6.3 How the surveys were conducted	118
6.4 Data collection	119
6.5 Time span	120
6.6 Sample coverage	120
6.7 Response details	120
6.8 Comparison to previous poverty reports	121
Chapter 7: Concepts and definitions	123
References	127

List of tables

Table 1.1: Comparison of past four household expenditure surveys (IES & LCS)	7
Table 1.2: Inflation-adjusted poverty lines, 2006 to 2017 (per person per month in rands)	8
Table 1.3: Proportion of households that had access to the listed services between 1996 and 2016	9
Table 2.1: Poverty headcounts and the number of poor persons in 2006, 2009, 2011 and 2015	14
Table 2.2: Poverty gaps in 2006, 2009, 2011 and 2015	16
Table 2.3: NDP poverty and inequality-related targets	17
Table 2.4: SDG indicators based on poverty and inequality-related targets	28
Table 2.5: SAMPI measures by province for 2001, 2011 and 2016	32
Table 2.6: Ranking of provinces using poverty headcount from 2001 to 2016	35
Table 2.7: Proportion of people living below 50% of median income per capita by age (2006, 2009, 2011 and 2015)	42
Table 3.1: Poverty measures by sex (UBPL)	57
Table 3.2: Poverty measures by population group (UBPL)	58
Table 3.3: Poverty measures by age (UBPL)	60
Table 3.4: Poverty shares by age (UBPL)	61
Table 3.5: Poverty measures by educational level attained for individuals aged 18 and older (UBPL)	63
Table 3.6: Poverty share by educational level attained for individuals aged 18 and older (UBPL)	64
Table 3.7: Poverty measures by province (UBPL)	64
Table 3.8: Poverty measures by settlement type (UBPL)	68
Table 3.9: Poverty measures by sex (LBPL)	70
Table 3.10: Poverty measures by population group (LBPL)	71
Table 3.11: Poverty measures by age (LBPL)	71
Table 3.12: Poverty measures by educational level attained for individuals aged 18 and older (LBPL)	71
Table 3.13: Poverty measures by province (LBPL)	72
Table 3.14: Poverty measures by settlement type (LBPL)	72
Table 3.15: Poverty measures by sex (FPL)	72
Table 3.16: Poverty measures by population group (FPL)	72
Table 3.17: Poverty measures by age (FPL)	73
Table 3.18: Poverty measures by educational level attained for individuals aged 18 and older (FPL)	73
Table 3.19: Poverty measures by province (FPL)	73
Table 3.20: Poverty measures by settlement type (FPL)	74

Table 4.1: Poverty measures of households by sex of household head (UBPL)	79
Table 4.2: Poverty measures of households by population group of household head (UBPL)	81
Table 4.3: Household poverty shares by age of household head (UBPL)	83
Table 4.4: Poverty measures of households by age of household head (UBPL)	83
Table 4.5: Poverty measures of households by educational level of the household head (UBPL)	85
Table 4.6: Household poverty shares by educational level attained for individuals aged 18 and older (UBPL)	86
Table 4.7: Poverty measures of households by province (UBPL)	86
Table 4.8: Poverty measures of households by settlement type (UBPL)	90
Table 4.9: Poverty measures of households by sex of household head (LBPL)	92
Table 4.10: Poverty measures of households by population group of household head (LBPL)	92
Table 4.11: Poverty measures of households by age of household head (LBPL)	92
Table 4.12: Poverty measures of households by educational level of household head (LBPL)	93
Table 4.13: Poverty measures of households by province (LBPL)	93
Table 4.14: Poverty measures of households by settlement type (LBPL)	93
Table 4.15: Poverty measures of households by sex of household head (FPL)	93
Table 4.16: Poverty measures of households by population group of household head (FPL)	94
Table 4.17: Poverty measures of households by age of household head (FPL)	94
Table 4.18: Poverty measures of households by educational level of household head (FPL)	94
Table 4.19: Poverty measures of households by province (FPL)	95
Table 4.20: Poverty measures of households by settlement type (FPL)	95
Table 5.1: Average annual household consumption expenditure in 2015 by population group of household head and change from 2006	99
Table 5.2: Average expenditure on food items by poverty status	102
Table 5.3: Percentage distribution of average annual household consumption expenditure on main expenditure groups by settlement type, 2006–2015	110
Table 6.1: The reference food basket based on the IES 2010/2011	116
Table 6.2: Data collection activities by week for the IES 2005/2006 and LCS 2008/2009	118
Table 6.3: Data collection activities by week for the IES 2010/2011 and LCS 2014/2015	119
Table 6.4: Response rates for the IES 2005/2006, LCS 2008/2009, IES 2010/2011 and LCS 2014/2015	121

List of figures

Figure 2.1: Poverty headcounts based on the FPL, LBPL and UBPL (2006, 2009, 2011 and 2015)	15
Figure 2.2: The number of poor persons in South Africa (in thousands) (2006, 2009, 2011 and 2015)	15
Figure 2.3: Proportion of population living below the lower-bound poverty line (LBPL) by sex (2006, 2009, 2011 and 2015)	18
Figure 2.4: Proportion of population living below the lower-bound poverty line (LBPL) by population group (2006, 2009, 2011 and 2015)	19
Figure 2.5: Proportion of population living below the lower-bound poverty line (LBPL) by sex and population group (2006, 2006, 2011 and 2015)	19
Figure 2.6: Poverty gap for the lower-bound poverty line (LBPL) by sex and population group (2006, 2009, 2011 and 2015)	20
Figure 2.7: Gini coefficient based on income per capita and expenditure per capita (2006, 2009, 2011 and 2015)	21
Figure 2.8: Gini coefficient (income per capita) by population group (2006, 2009, 2011 and 2015)	22
Figure 2.9: Gini coefficient (expenditure per capita) by population group (2006, 2009, 2011 and 2015)	22
Figure 2.10: Share of income going to the bottom 40% in South Africa (2006, 2009, 2011 and 2015)	23
Figure 2.11: Share of income for bottom 40% of income earners by population group (2006, 2009, 2011 and 2015)	24
Figure 2.12: Share of income for bottom 40% of income earners by sex and population group (2006, 2009, 2011 and 2015)	25
Figure 2.13: Estimated percentage of persons vulnerable to hunger in South Africa (2002–2016)	26
Figure 2.14: Proportion of population living below the food poverty line (FPL) by sex (2006, 2009, 2011 and 2015)	26
Figure 2.15: Proportion of the population living below the LBPL by sex (2006, 2009, 2011 and 2015)	29
Figure 2.16: Proportion of the population living below the LBPL by age (2006, 2009, 2011 and 2015)	29
Figure 2.17: Poverty gap ratio (LBPL) by sex (2006, 2009, 2011 and 2015)	30
Figure 2.18: Poverty gap ratio (LBPL) by age group (2006, 2009, 2011 and 2015)	31
Figure 2.19: Proportion of older persons receiving old-age grants by sex in 2015	36
Figure 2.20: Proportion of older persons receiving old-age grants by province in 2015	37
Figure 2.21: Proportion of households with children receiving child support grants by sex of the household head in 2015	37

Figure 2.22: Proportion of households with children receiving child support grants by province in 2015	38
Figure 2.23: Gini coefficient measures for South Africa (2006, 2009, 2011 and 2015)	39
Figure 2.24: Gini coefficient measures for South Africa by sex (2006, 2009, 2011 and 2015)	40
Figure 2.25: Proportion of people living below 50% of median income per capita by sex (2006, 2009, 2011 and 2015)	41
Figure 2.26: Proportion of people living below 50% of median income per capita by age (2006, 2009, 2011 and 2015)	41
Figure 2.27: Gross domestic product from 2004 to 2016 (annualised percentage change in the seasonally adjusted quarterly values at constant 2010 prices)	43
Figure 2.28: Number of unemployed persons and the unemployment rate (2003–2016)	44
Figure 2.29: Industrial/Manufacturing production (seasonally adjusted)	45
Figure 2.30: Oil price (2003–2016)	46
Figure 2.31: Headline CPI (2004–2016)	47
Figure 2.32: Inflation (2009–2016)	48
Figure 2.33: Interest rates (2004–2016)	49
Figure 2.34: Retail sales (constant 2012 prices)	50
Figure 2.35: South African households' debt-to-disposable income (2000–2015)	51
Figure 2.36: Number of social grants disbursed between 2000 and 2016	52
Figure 3.1: Poverty headcount by sex (UBPL) (2006, 2009, 2011 and 2015)	56
Figure 3.2: Poverty headcount by population group (UBPL) (2006, 2009, 2011 and 2015)	58
Figure 3.3: Poverty headcount by age (UBPL) (2006, 2009, 2011 and 2015)	59
Figure 3.4: Poverty headcount by educational level attained for individuals aged 18 and older (UBPL) (2006, 2009, 2011 and 2015)	61
Figure 3.5: Poverty headcount by province (UBPL) (2006, 2009, 2011 and 2015)	65
Figure 3.6: Comparison of poverty share by province between 2011 and 2015 (UBPL)	66
Figure 3.7: Poverty share by province in 2015 (UBPL)	66
Figure 3.8: Poverty headcount by settlement type (UBPL) (2006, 2009, 2011 and 2015)	68
Figure 4.1: Poverty incidence of households by sex of household head (UBPL) (2006, 2009, 2011 and 2015)	79
Figure 4.2: Poverty incidence of households by population group of household head (UBPL) (2006, 2009, 2011 and 2015)	80

Figure 4.3: Poverty incidence of household poverty by age of household head (UBPL) (2006, 2009, 2011 and 2015)	82
Figure 4.4: Poverty incidence of households by educational level of household head (UBPL) (2006, 2009, 2011 and 2015)	84
Figure 4.5: Household poverty gap by province (UBPL) (2006, 2009, 2011 and 2015)	87
Figure 4.6: Household poverty share by province, 2015 (UBPL)	88
Figure 4.7: Comparison of household poverty share by province between 2011 and 2015 (UBPL)	88
Figure 4.8: Poverty incidence of households by settlement type (UBPL) (2006, 2009, 2011 and 2015)	89
Figure 5.1: Average annual household consumption expenditure in 2015 and change from 2006 by broad expenditure category	98
Figure 5.2: Average annual household consumption expenditure in 2015 and change from 2006 by poverty status	100
Figure 5.3: Food expenditure patterns of poor vs non-poor households in main expenditure groups	104
Figure 5.4: Average annual household consumption expenditure on main expenditure groups by sex of the household head, 2015	107
Figure 5.5: Share of annual household consumption expenditure by quintiles (2006, 2009, 2011 and 2015)	108
Figure 5.6: Percentage distribution of households by sex of household head and expenditure per capita quintile, 2015	109

List of maps

Map 2.1: Poverty headcounts by province in 2001 (SAMPI)	33
Map 2.2: Poverty headcounts by province in 2011 (SAMPI)	33
Map 2.3: Poverty headcounts by province in 2016 (SAMPI)	34

Preface

This report presents poverty levels and trends based on data collected by Stats SA through the Income and Expenditure Survey (IES) and Living Conditions Survey (LCS). These data sources provide us with comparable data points for 2006, 2009, 2011 and now 2015, based on the results of the recently released LCS 2014/2015. The poverty indicators in this report have been derived using household expenditure data collected through a combination of the diary and recall methods and utilising the rebased national poverty lines published in 2015. The report focuses on the poverty profile of individuals and households at national and provincial levels.

A handwritten signature in black ink, appearing to be 'A. Shabane', located in the lower right quadrant of the page.

Acknowledgements

Stats SA would like to thank the World Bank for their technical assistance and analytical support in advancing the development of poverty statistics in South Africa. The World Bank was instrumental in the construction of the consumption aggregate for the Living Conditions Survey (LCS) 2014/2015, as well as in the generation and review of the latest poverty estimates.

Cautionary notes

Readers are cautioned to take the following into consideration:


Rounding off

Due to rounding, the displayed totals in the tables do not always match the sum of the displayed rows or columns.

Lower response rates in 2015

Household expenditure surveys, such as the Living Conditions Survey (LCS) and the Income and Expenditure Survey (IES), are amongst the most demanding surveys run by statistical agencies both for those implementing the survey and the households that are sampled to participate. These surveys often suffer from a higher-than-average number of refusals relative to other household surveys in the survey programme. However, the LCS 2014/2015 had a notably lower response rate than previous household expenditure surveys conducted by Stats SA (see Table 6.4 in the explanatory notes chapter). The challenge of non-response was especially problematic in Gauteng. Given that Gauteng accounts for well over a third of all household expenditure in the country, lower responses, especially amongst high-income households in this province, means that we could see larger underreporting in various expenditure areas, most notably food, beverages and tobacco.



The image is a vertical, artistic photograph of water. In the foreground, a dark, textured object, possibly a piece of fabric or a net, is draped across the frame, creating a sense of depth and shadow. The water behind it is bright and shimmering, with light reflecting off its surface, creating a bokeh effect of small, bright spots. The overall color palette is dominated by deep blues, greens, and greys, with a high-contrast, almost ethereal quality. The text 'Chapter 1 Introduction' is overlaid in the upper right corner in a clean, white, sans-serif font.

Chapter 1 Introduction

1.1 Introduction

Household expenditure surveys, like the Income and Expenditure Survey (IES) and Living Conditions Survey (LCS), are fundamental components to a survey programme of any statistical agency. They are an essential building block for the consumer price index (CPI) to stay current with the changing spending and consumption patterns of the country, and are the best sources of data for the measurement of money-metric poverty and inequality. The consistent approach to the collection of household expenditure data through these tools since the IES 2005/2006 allows us to measure trends in the poverty situation of the country between 2006 and 2015.

As stated in the Reconstruction and Development Programme (RDP) (1994) and reiterated in the National Development Plan (NDP) (2012), "no political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospects for a better life...attacking poverty and deprivation must therefore be the first priority of a democratic government".¹ The NDP and Vision 2030, our most current guiding framework for development, is anchored by two fundamental objectives, namely the elimination of poverty and reduction of inequality. Success of the plan will be measured by the degree to which the lives and opportunities of the poorest South Africans are transformed in a sustainable manner. Through the data provided by the IES and LCS, we now have four data points that allow us to report on the progress towards meeting these priorities.

1.2 Background to the surveys

The data collection methodology of using diary and recall methods to capture household expenditure was first used by Stats SA in the IES 2005/2006. The primary purpose of the IES is to provide household consumption expenditure data to CPI for the selection and weighting of a new basket of goods and services used for measuring inflation. Although not intended to measure poverty, the IES contains the crucial income and expenditure information necessary to derive money-metric poverty measures. To ensure that Stats SA filled the poverty data gap, a process was set in place in 2007 to develop and implement a purpose-driven and user-guided multi-topic poverty survey, namely the LCS. This was the first data collection tool specifically designed to measure the multidimensional nature of poverty. The nucleus of the LCS maintained the detailed income and expenditure modules of the IES; however, it also included a host of other questions on assets, housing, access to services, living circumstances, perceived well-being and health status that, when combined with the money-metric data, allowed Stats SA to field its most comprehensive poverty measurement tool to date.

While the LCS 2008/2009 cemented the diary and recall method as best practice with regard to collection of expenditure data, the methodology did impose a heavy burden on respondents to keep weekly diaries for the period of a month. In an effort to improve diary reporting, the diary-keeping period was reduced from one month to two weeks for the IES 2010/2011. After extensive testing, the reduced diary-keeping showed an increase in the number of items reported in the weekly diary and had a noticeable impact on reducing respondent fatigue (meaning households were less likely to drop out during data collection). Despite the reduction to two weeks, the survey was still designed to ensure diary data for every day across the whole 12-month data collection period. The LCS 2014/2015 maintained the two-week diary structure and looked for new ways of improving the quality and cost-effectiveness of the survey. Table 1.1 compares various features of the four surveys used for this report.

Table 1.1: Comparison of past four household expenditure surveys (IES & LCS)

Distinguishing features		IES 2005/2006	LCS 2008/2009	IES 2010/2011	LCS 2014/2015
Reference year		2006	2009	2011	2015
Sample size		24 000 DUs	31 473 DUs	31 419 DUs	30 818 DUs
Methodology		Diary and recall	Diary and recall	Diary and recall	Diary and recall
Household questionnaire		Five modules	Seven modules	Four modules	Four modules
Diaries		Four weekly diaries	Four weekly diaries	Two weekly diaries	Two weekly diaries
Expenditure data collection approach	Goods	Acquisition approach	Acquisition and payment approaches	Acquisition approach	Acquisition approach
	Services	Payment approach	Payment approach	Payment approach	Payment approach
	Own production	Consumption approach	Consumption approach	Consumption approach	Consumption approach
Data collection period		22 Aug 2005 to 10 Sep 2006	25 Aug 2008 to 11 Sep 2009	23 Aug 2010 to 4 Sep 2011	13 Oct 2014 to 25 Oct 2015
Diary-keeping period		1 Sep 2005 to 31 Aug 2006	1 Sep 2008 to 31 Aug 2009	30 Aug 2010 to 29 Aug 2011	20 Oct 2014 to 19 Oct 2015
Survey midpoint		March 2006	March 2009	March 2011	April 2015
Number of survey periods		12	12	26	26
Visits per household		Six	Six	Four	Four
Classification of expenditure items		COICOP	COICOP	COICOP	COICOP

While these surveys provide the necessary data on household income and expenditure for poverty measurement, to derive poverty estimates one must apply a poverty line to the data to distinguish between poor and non-poor households.

1.3 Background to the national poverty lines

In 2012, after extensive stakeholder consultations, expert engagements and several discussion documents on the appropriate approach for poverty measurement in South Africa, Stats SA published the country's first official national poverty lines. Stats SA employed an internationally recognised approach – the cost-of-basic-needs approach – to produce three poverty lines, namely the food poverty line (FPL), the lower-bound poverty line (LBPL), and the upper-bound poverty line (UBPL). These lines capture different degrees of poverty and allow the country to measure and monitor poverty at different levels. The FPL is the rand value below which individuals are unable to purchase or consume enough food to supply them with the minimum per-capita-per-day energy requirement for adequate health. The LBPL and UBPL are derived using the FPL as a base, but also include a non-food component. Individuals at the LBPL do not have command over enough resources to purchase or consume both adequate food and non-food items and are therefore forced to sacrifice food to obtain essential non-food items. Meanwhile, individuals at the UBPL can purchase both adequate levels of food and non-food items.

In 2015, Stats SA published updated national poverty lines that had been rebased using the latest spending and consumption data sourced from the IES 2010/2011; the original lines were based on the IES 2000. The rand value of each line is updated annually using CPI price data. Table 1.2 shows the inflation-adjusted poverty lines for the period between 2006 and 2017.

Table 1.2: Inflation-adjusted poverty lines, 2006 to 2017 (per person per month in rands)

Year*	Food poverty line (FPL)	Lower-bound poverty line (LBPL)	Upper-bound poverty line (UBPL)
2006	219	370	575
2007	237	396	613
2008	274	447	682
2009	318	456	709
2010	320	466	733
2011	335	501	779
2012	366	541	834
2013	386	572	883
2014	417	613	942
2015 (April)	441	647	992
2016 (April)	498	714	1 077
2017 (April)	531	758	1 138

* Unless otherwise indicated, the values are linked to March prices in the respective years

The rows highlighted in grey are the poverty lines linked to the four data points that are analysed in this report. The findings relate to the application of these poverty lines to survey data collected through the IES 2005/2006, LCS 2008/2009, IES 2010/2011 and LCS 2014/2015. For the first three points (2006, 2009 and 2011), the survey data and respective poverty lines have been benchmarked to March prices, as these represent the mid-point of each survey. However, for the LCS 2014/2015, the survey mid-point was April 2015 and thus, the survey data and poverty lines for that particular year have been benchmarked to that point in time.

1.4 The 'social wage'

While this report examines poverty from a money-metric perspective of households, it is critical to note the positive impact the provision of a 'social wage' package has had in reducing poverty in the country. The 'social wage' is a cornerstone of government's efforts to improve the lives of the poor and reduce their cost of living. This approach was already highlighted in the RDP (1994) which emphasised "improving living conditions through better access to basic physical and social services, health care, and education and training for rural communities".²

Social wages in South Africa are provided through a wide array of mechanisms. This includes free primary health care; no-fee paying schools; social protection (most notably old-age grants and child support grants); RDP housing; and the provision of free basic services (namely water, electricity and sanitation) to poor households.

South Africa's National Treasury reported that total expenditure on social protection (mainly linked to the provision of social grants) was R164,9 billion during the 2016/17 financial year and it is projected to increase to R209,1 billion by 2019/20.³ According to the Budget Review 2017, social protection is the third fastest-growing spending category for government after post-school education and health (which themselves further advance the overall 'social wage' provided by the state). As noted in the Millennium Development Goals (MDG) Country Report 2013, close to 60% of government spending is in some way linked to the 'social wage', and expenditure on these services has more than doubled in real terms over the past decade.⁴ Although initially seen as a short-term measure to address poverty, social grants have increasingly become a source of livelihood in South Africa and have played an instrumental role in reducing poverty levels.

According to a 2016 report by the Department of Human Settlements, 4,3 million houses and subsidies have been delivered since 1994, benefiting more than 20 million people.⁵ Through various departments the government has also been able to significantly expand access to electricity, water, and sanitation since 1996 as shown in Table 1.3 below.

Table 1.3: Proportion of households that had access to the listed services between 1996 and 2016

Year	Electricity	Piped water	Flush toilet
1996	58,2	60,8	-
2001	69,7	62,3	49,1
2007	80,1	69,4	55,0
2011	84,7	73,4	57,0
2016	90,3	83,5	60,6


Source: Census 1996, 2001 & 2011 and Community Survey 2007 & 2016, Stats SA

The success of the 'social wage' can be viewed through the progress measured by the South African Multidimensional Poverty Index (SAMPI). According to the SAMPI, household multidimensional poverty reduced from 17,9% in 2001 to 8,0% in 2011 and then fell further to 7,0% by 2016. Progress between 2011 and 2016 (a decline of 1,0 percentage point) slowed tremendously relative to the progress that was made between 2001 and 2011 (a decline of 9,9 percentage points); nevertheless, multidimensional poverty still declined, highlighting the positive impact the 'social wage' has had on the population. Unfortunately, while households gained better access to services and facilities, their financial well-being (as measured through money-metric poverty) suffered between 2011 and 2015 due to a combination of international and domestic factors such as stagnant economic growth, increasing unemployment, higher prices, poor consumer confidence, an unstable policy environment, and low commodity prices.

1.5 Structure of this report

This report has seven chapters. This chapter (Chapter 1) provides an introduction to and background on the data sources and poverty lines used in the report. The next chapter presents the key findings on poverty in South Africa and progress made towards some of the key targets outlined in the NDP and SDGs, as well as a brief review of economic and social conditions over the last decade. The next three chapters contain the bulk of the report's detailed findings. Chapter 3 analyses individual poverty, Chapter 4 investigates poverty at household level, and Chapter 5 provides information on the expenditure patterns of poor and non-poor households (with special attention given to food expenditure). Chapter 6 provides explanatory notes that will offer greater detail into the design and implementation of the surveys. Lastly, Chapter 7 contains information on the relevant concepts and definitions.



An aerial photograph of the ocean showing dark green, turbulent waves with white foam. The water is dark and textured, with white foam from the waves' crests and troughs. The perspective is from above, looking down at the water's surface.

Chapter 2 Key findings

2.1 Poverty from 2006 to 2015

Despite the general decline in poverty between 2006 and 2011, poverty levels in South Africa rose in 2015. When applying the upper-bound poverty line (R992 per person per month (pppm) in 2015 prices), we see that more than one out of every two South Africans were poor in 2015, with the poverty headcount increasing to 55,5% from a series low of 53,2% in 2011. This translates into over 30,4 million South Africans living in poverty in 2015. While the recent increase in the headcount is unfortunate, we are still better off compared to the country's poverty situation from a decade earlier when it was estimated that two out of every three people (66,6% or roughly 31,6 million people) were living below the UBPL in 2006.

Table 2.1: Poverty headcounts and the number of poor persons (2006, 2009, 2011 and 2015)

Poverty headcounts	2006	2009	2011	2015
Percentage of the population that is UBPL poor	66,6%	62,1%	53,2%	55,5%
Number of UBPL poor persons (in millions)	31,6	30,9	27,3	30,4
Percentage of the population that is LBPL poor	51,0%	47,6%	36,4%	40,0%
Number of LBPL poor persons (in millions)	24,2	23,7	18,7	21,9
Percentage of the population living in extreme poverty (below FPL)	28,4%	33,5%	21,4%	25,2%
Number of extremely poor persons (in millions)	13,4	16,7	11,0	13,8

While the impact of the 2008 global financial crisis is less apparent when measuring poverty using the UBPL, when examining poverty below the FPL it is clear that the crisis was particularly tough on those most deprived in our society (see Figures 2.1 and 2.2). When applying the food poverty line (R441 ppm in 2015 prices), we can estimate the number of people living in extreme poverty. Looking at the trend of the headcount in Figure 2.1, we see a zig-zag pattern with poverty increasing between 2006 and 2009, then dropping in 2011 before rising again in 2015. Approximately 13,8 million South Africans were living below the FPL in 2015, down from a peak of 16,7 million in 2009. At the peak in 2009, roughly one in three people were food poor, with that proportion decreasing to one in four by 2015 (slightly lower than 2006 levels, but still higher than the one in five experienced in 2011). The rapid movements upwards and downwards in the number of food-poor people illustrates the importance of food security programmes and policies, especially when the country comes under increased pressure from climate change and water shortages.

Figure 2.1: Poverty headcounts based on the FPL, LBPL and UBPL (2006, 2009, 2011 and 2015)

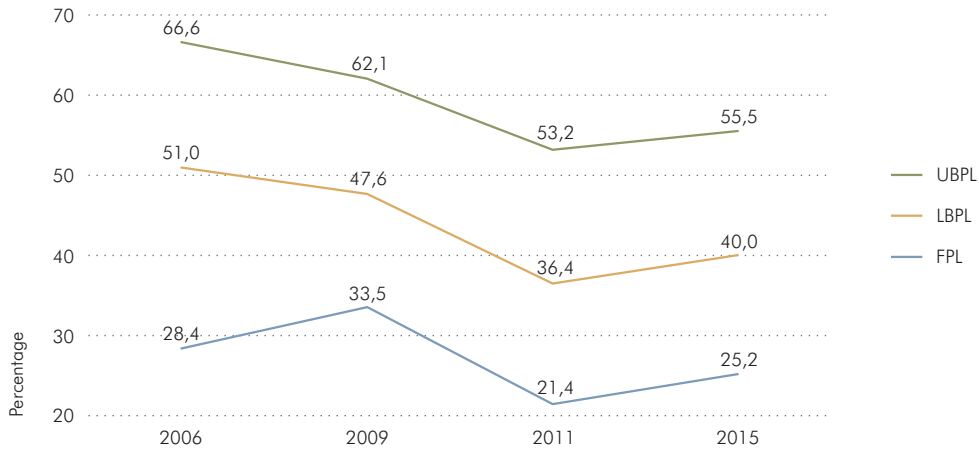
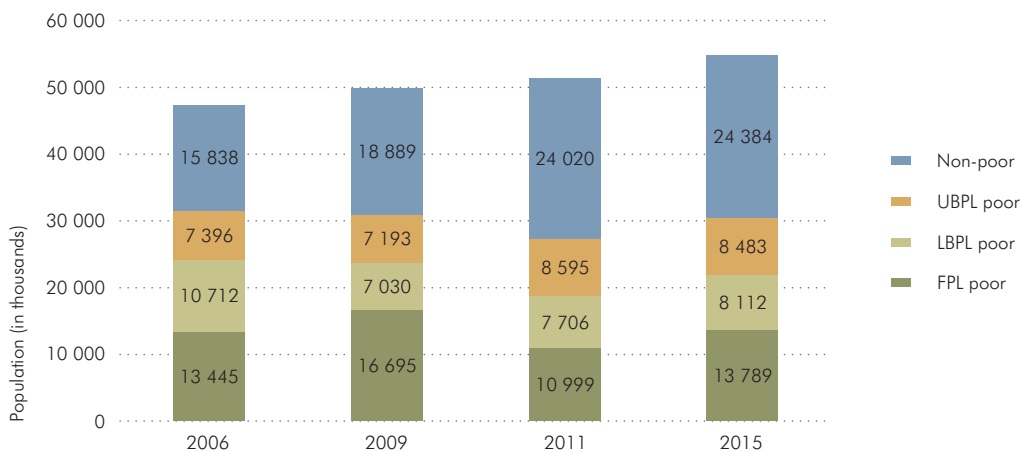


Figure 2.2: The number of poor and non-poor persons in South Africa (in thousands) (2006, 2009, 2011 and 2015)



Although South Africa has adopted three national poverty lines for the official statistical measurement of poverty, the lower-bound poverty line has emerged as the preferred threshold that is commonly used for the country's poverty reduction targets outlined in the Medium Term Strategic Framework (MTSF), National Development Plan, and Sustainable Development Goals. The profile of poverty that is generated when applying this line will be discussed in much greater detail in Section 2.2 (detailing the country's progress towards achieving the NDP targets) and Section 2.3 (which provides inputs for SDG reporting). For Chapters 3 and 4 of the report, we dive deeper into the poverty profiles linked to the UBPL and provide analysis across various disaggregations (such as sex, population group, age, settlement type, etc.).

The last five years, notably between 2011 and 2015, have been a rough economic rollercoaster for South Africa driven by a combination of international and domestic factors such as low and anemic economic growth, continuing high unemployment levels, low commodity prices, higher consumer prices (especially for energy and food), lower investment levels, greater household dependency on credit, and policy uncertainty. This period has seen the financial health of South African households decline under the weight of these economic pressures and, in turn, pulled more households and individuals down into poverty.

While poverty headcounts are a relatively easy measure of deprivation to conceptualise and interpret, it does not provide a more robust understanding of the depth of poverty (i.e. how far the poor are from the poverty line). For example, the situation of those who are already classified as being poor could worsen without any change in the headcount being observed. Thus, to gauge how poor the poor are, we need to turn to other key poverty measures such as the poverty gap. The gap measures the average distance of the population from the poverty line and is expressed as a percentage of the poverty line. The national poverty gaps for the four data points are shown below in Table 2.2.

Table 2.2: Poverty gaps in 2006, 2009, 2011 and 2015

Poverty gaps	2006	2009	2011	2015
Poverty gap for the UBPL	35,6%	33,5%	25,5%	27,7%
Poverty gap for the LBPL	22,2%	21,0%	14,3%	16,6%
Poverty gap for the FPL	9,3%	12,3%	6,8%	9,0%

Between 2006 and 2011, there is a general decline in the depth of poverty (with the exception of the FPL in 2009) indicating that those who were poor were slowly improving their financial position and moving closer to the poverty line; thus, moving closer to graduating out of poverty. However, as observed with the poverty headcounts, the poverty gaps also increased between 2011 and 2015. This means that not only were more people poor in 2015, but those who were poor were slightly further away from the poverty line relative to their position in 2011.

2.2 Progress towards NDP targets

The National Development Plan is a strategic framework for addressing the socioeconomic and developmental challenges confronting South Africa. The overarching goal of this plan is to eliminate poverty and reduce inequality in the country by 2030. It was compiled by the National Planning Commission (NPC) which was established by President Jacob Zuma in 2010 with the mandate to:

"Take a broad, cross-cutting, independent and critical view of South Africa, to help define the South Africa we seek to achieve in 20 years' time and to map out a path to achieve those objectives. The commission is expected to put forward solid research, sound evidence and clear recommendations for government"¹⁶

To fulfil this mandate, the NPC released a diagnostic analysis in June 2011 that highlighted the main challenges facing the country. Following extensive consultative processes, the NDP was finalised and formally adopted by government in 2012.

The NDP has a number of wide-ranging targets that are broader than the scope of IES and LCS data; therefore, this report will only focus on the following select headline indicators from the NDP:

- Reduce the proportion of population living below the lower-bound poverty line from 39 per cent (in 2009) to zero by 2030;
- Reduce income inequality from 0,7 in 2010 to 0,6 by 2030;
- The share of income going to the bottom 40 per cent of income earners should rise from 6 per cent to 10 per cent; and
- Reduce poverty-induced hunger to 0% by 2030.

Table 2.3: NDP poverty and inequality-related targets

NDP target	Baseline	2030 target	Most recent status
1. Reducing the proportion of persons living below the lower-bound poverty line from 39 per cent (in 2009) to zero by 2030	39,0% (2009)	0%	40,0% (2015)
2. Reduce income inequality from 0,7 in 2010 to 0,6 by 2030	0,70 (2010)	0,60	0,68 (2015)
3. The share of income going to the bottom 40 per cent of income earners should rise from 6 per cent to 10 per cent	6,0% (2010)	10,0%	8,3% (2015)
4. Reduce poverty-induced hunger to 0% by 2030	21,4% (2011)	0%	25,2% (2015)

2.2.1 NDP target: Reduce the proportion of population living below the lower-bound poverty line (LBPL) from 39 per cent (in 2009) to zero by 2030

When the NDP was initially compiled, it used poverty estimates sourced from the LCS 2008/2009 as a baseline for its primary poverty target. Specifically, the NDP set the target of reducing the proportion of persons living below the lower-bound poverty line from 39 per cent (in 2009) to zero by 2030. Given that the final NDP was published in 2012 by the NPC, the proper baseline that should be linked to the plan is the 2011 poverty estimates derived from the IES 2010/2011. The NDP was unable to utilise the 2011 estimates originally as these were only published in 2014 with the release of the first Poverty Trends Report. Thus, for the analysis on the progress towards achieving the NDP targets, the target should be updated to say "reduce the proportion of persons living below the lower-bound poverty line (R501 pppm in 2011 prices) from 36,4 per cent (in 2011) to zero by 2030".

According to the LCS 2014/2015 results, approximately 40,0% of the population (roughly 21,9 million people) were living below the LBPL in 2015; this was an increase from 36,4% in 2011. In order for South Africa to achieve its target by 2030, the proportion of people living below the LBPL needs to decrease by 2,67 percentage points per annum for the next 15 years.

Although South Africa was making progress between 2006 and 2011 with reducing poverty, since 2011 we have seen poverty levels increase. This means that the country has lost ground in the war on poverty and now will have to reduce poverty at a faster rate than previously planned. The results further show that there is still significant disparity in poverty levels between population groups and the sex of individuals. In general, black African females, children (17 years and younger), people from rural areas, those living in the Eastern Cape and Limpopo, and those with no education are the main victims in the ongoing struggle against poverty.

Figure 2.3: Proportion of population living below the lower-bound poverty line (LBPL) by sex (2006, 2009, 2011 and 2015)

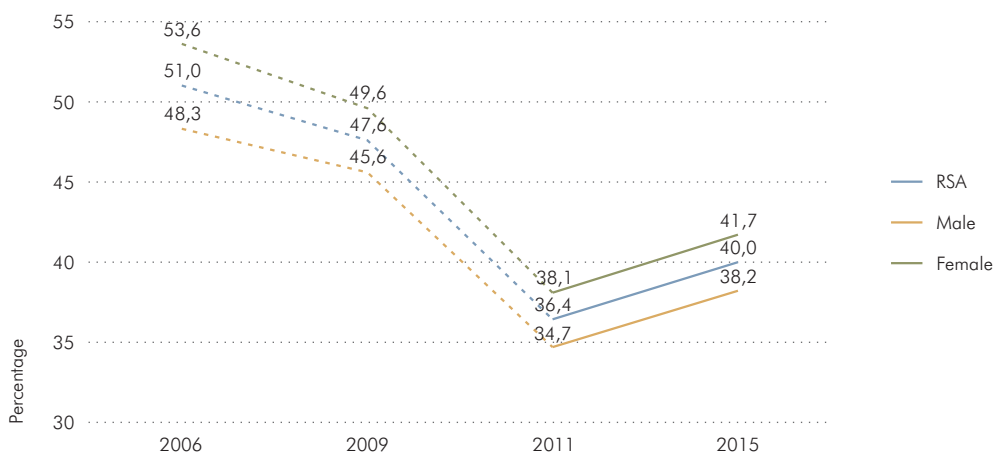
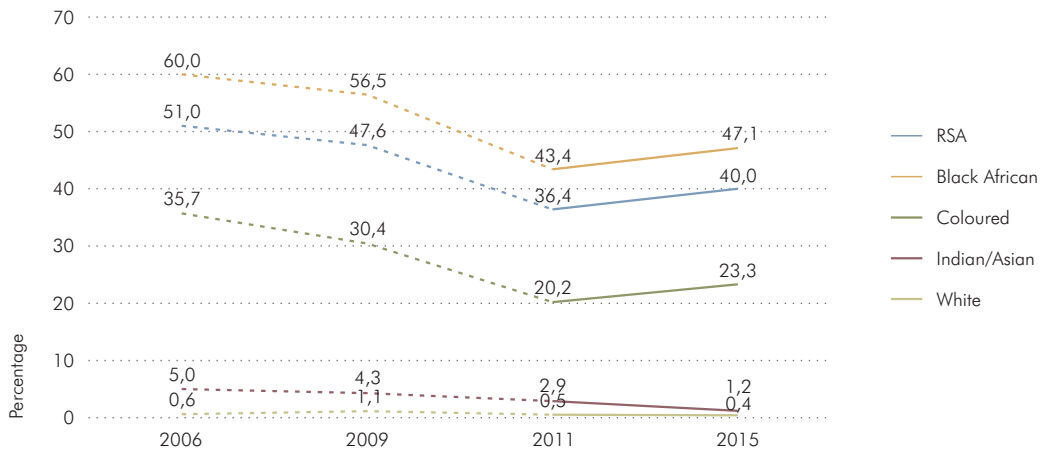


Figure 2.3 shows that the proportion of females living below the LBPL in 2011 was 38,1%; this proportion increased by 9,4% to 41,7% in 2015. As observed with females, the proportion of males who were living below the LBPL also rose between 2011 and 2015 to 38,2% (an increase of 10,1%). Figure 2.4 shows that between 2011 and 2015, the proportions of black Africans and coloureds living below the LBPL in South Africa increased from 43,4% to 47,1% for black Africans and from 20,2% to 23,3% for coloureds.

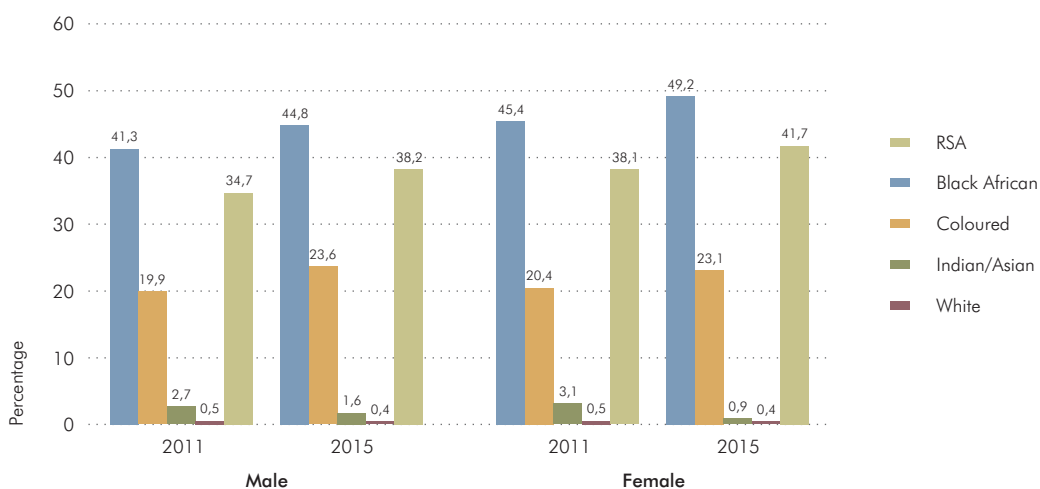
Figure 2.4: Proportion of population living below the lower-bound poverty line (LBPL) by population group (2006, 2009, 2011 and 2015)



From the results it is clear that regardless of sex, black Africans have always had higher proportions of people living below the LBPL relative to the national poverty rate. As shown in Figure 2.5, between 2011 and 2015, the proportion of black African males living below the LBPL increased from 41,3% in 2011 to 44,8% in 2015. The proportion of poor black African females also increased from 45,4% to 49,2%.

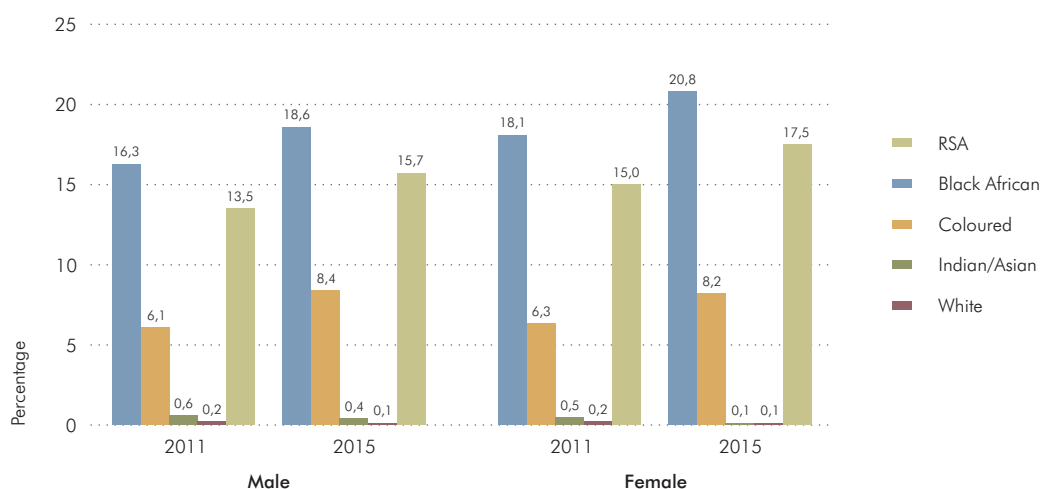
Surprisingly, the proportion of poor Indians/Asians decreased from 2,9% in 2011 to 1,2% in 2015. The proportion of poor females from this population group decreased by 71,0% from 3,1% in 2011 to just 0,9% in 2015, whereas the proportion for males decreased by 40,7% from 2,7% in 2011 to 1,6% in 2015. The proportion of poor whites decreased, but very slightly, from 0,5% to 0,4% for both males and females during that period.

Figure 2.5: Proportion of population living below the lower-bound poverty line (LBPL) by sex and population group (2006, 2006, 2011 and 2015)



The national poverty gap for the LBPL increased from 14,3% in 2011 to 16,6% in 2015 (see Table 2.2). This was an increase of 16,1% (roughly 2,3 percentage points). Figure 2.6 indicates that generally, poor females are worse off than poor males. The highest poverty gaps are observed within the black African and coloured populations. Although the poverty gap for black African males has always been lower than that of black African females, both sexes have gaps that are above the national poverty gap based on the LBPL in 2011 and 2015.

Figure 2.6: Poverty gap for the lower-bound poverty line (LBPL) by sex and population group (2006, 2009, 2011 and 2015)



Before 2011, there were reductions in the poverty gaps, and this shows that the position of poor black African and coloured individuals was improving and moving closer to the poverty line over time. Unfortunately, the poverty gap for both population groups experienced an increase since 2011. The poverty gaps increased from 17,2% in 2011 to 19,8% in 2015 for black Africans and from 6,2% in 2011 to 8,3% in 2015 for coloureds (see Table 3.10). When disaggregated further, the results show that the poverty gap based on the LBPL increased from 6,1% in 2011 to 8,4% in 2015 for coloured males; from 6,3% to 8,2% for coloured females; from 16,3% to 18,6% for black African males; and from 18,1% to 20,8% for black African females.

The white and Indian/Asian populations have very low poverty gaps with both population groups reflecting poverty gaps at 2,2% or less since 2006. This highlights that these groups require less intervention and resources from the state to help them graduate out of poverty compared to the needs of black Africans and coloureds.

2.2.2 NDP target: Reduce income inequality (Gini coefficient) from 0,7 in 2010 to 0,6 by 2030

Inequality is most commonly measured using the Gini coefficient, which is an index that uses a scale of 0 to 1 to measure inequality. An index of 0 represents a state of total equality (everyone in this society shares the same level of income) while an index of 1 reflects a state of complete inequality (in this society one person gets all the income and everyone else gets none). Given that South Africa is one of the most unequal countries in the world, the NDP has made reducing inequality one of its primary targets. The NDP aims to reduce inequality as measured by the Gini coefficient based on income per capita (including salaries, wages and social grants) from 0,7 to 0,6 by 2030.

The Gini can be derived using either income or expenditure data. Figure 2.7 shows the Gini based on both income per capita (including salaries, wages and social grants) and the Gini based on expenditure per capita (excluding taxes). There was a very slight decline over the four data points for both the income and expenditure Gini coefficients. In 2006, the Gini based on income per capita was 0,72, which then decreased to 0,69 in 2009 and stayed at that level for 2011. Between 2011 and 2015, the Gini coefficient declined from 0,69 to 0,68. Thus, over the four-year period, the index declined by only 0,01. At this rate, South Africa would not likely achieve its target of reducing inequality to 0,6 by 2030. Meanwhile, the Gini based on expenditure yielded a lower level than the Gini derived using income data. In 2006 it was 0,67, dropping to 0,65 for both 2009 and 2011, and then had a further small drop to 0,64 in 2015.

Figure 2.7: Gini coefficient based on income per capita and expenditure per capita (2006, 2009, 2011 and 2015)

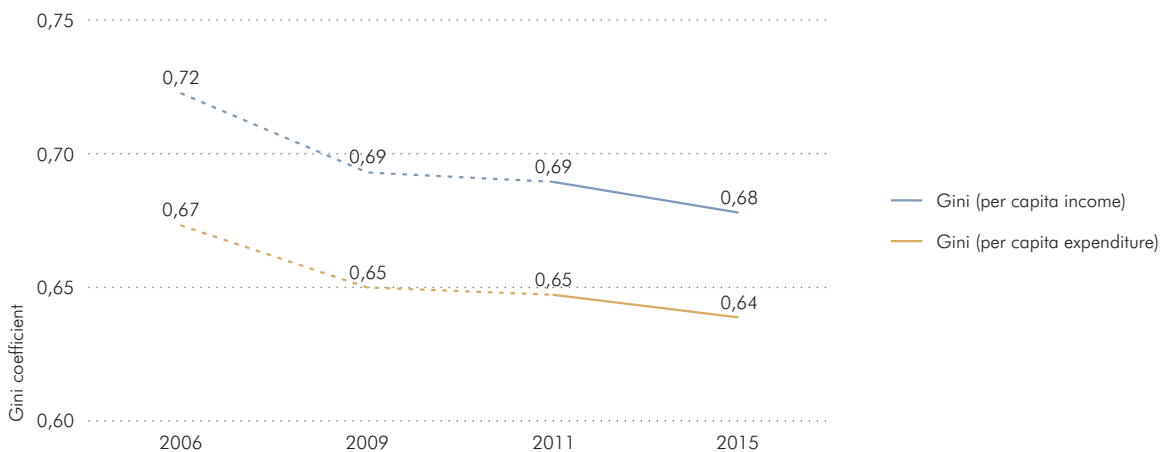
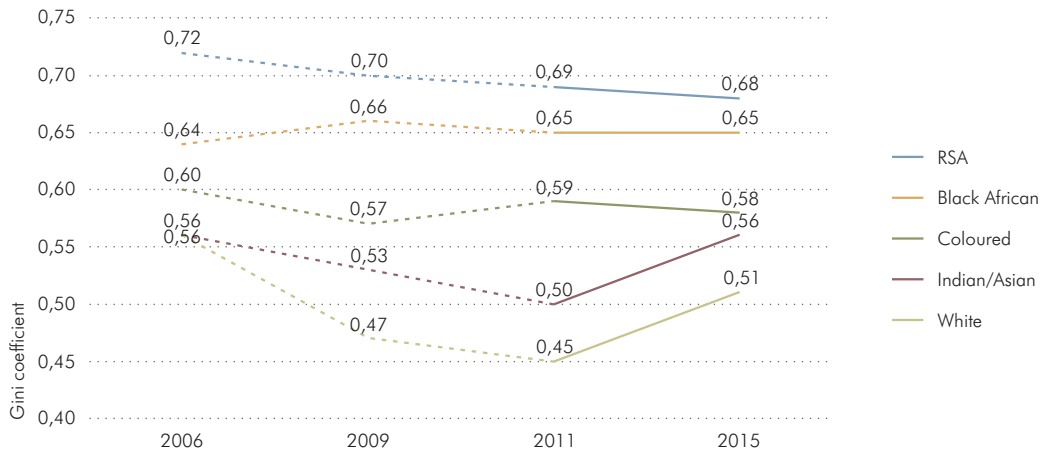


Figure 2.8 presents the Gini coefficients based on income per capita (including salaries, wages and social grants) according to population groups across the four data points. Nationally, the Gini coefficient saw a very minimal decline over the decade; however, there were notable variations within population groups. The population group with the highest level of inequality are black Africans who experienced an increase from 0,64 in 2006 to 0,66 in 2009. In 2011, the Gini coefficient for this population group dropped slightly to 0,65 and stayed at that level in 2015.

Figure 2.8: Gini coefficient (income per capita) by population group (2006, 2009, 2011 and 2015)



Conversely, the white population had the lowest levels of income inequality. It started at a similar level with Indians/Asians in 2006 at 0,56 before declining to 0,47 in 2009, and then dropped further to 0,45 in 2011. Indians/Asians also experienced a decline from 2006 to 2011, reaching a low of 0,50 in 2011. Between 2011 and 2015, both whites and Indians/Asians saw their Gini coefficients notably increase, with the white population rising to 0,51 and Indians/Asians returning to their 2006 level of 0,56.

Figure 2.9: Gini coefficient (expenditure per capita) by population group (2006, 2009, 2011 and 2015)

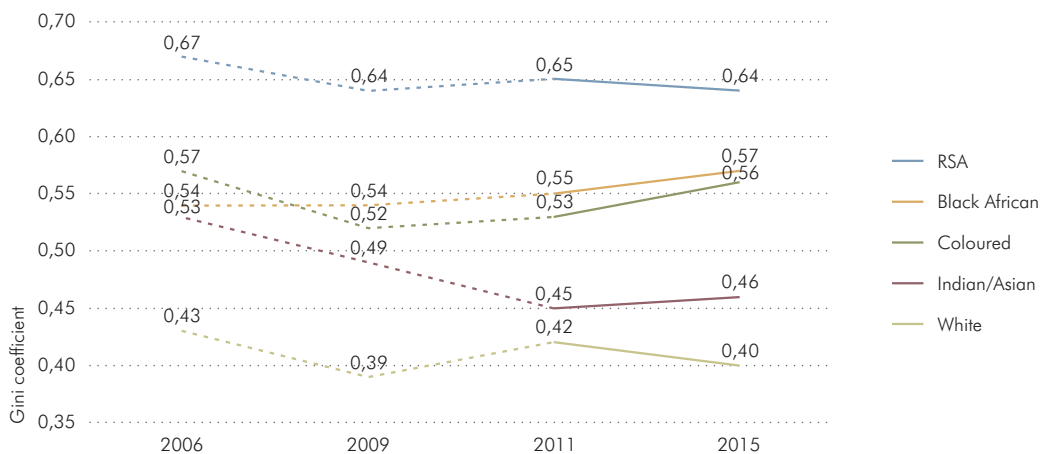


Figure 2.9 shows the Gini based on expenditure per capita (excluding taxes) disaggregated by population group. When assessing the expenditure-based Gini coefficient for each population group, it is observed that the coloured population had the highest Gini in 2006 at 0,57, which saw a decline in 2009 to 0,52 before slightly increasing to 0,53 in 2011. The Gini coefficient for the coloured population increased to 0,56 in 2015, bringing it back in line with where it roughly started in 2006. For 2006 and 2009, the black African population recorded the same Gini coefficient of 0,54. It then increased to 0,55 in 2011 and increased again to 0,57 in 2015. It is unfortunate to note that inequality between 2006 and 2015 within the black African population only continued to widen, putting greater stress on the need to tackle this challenge. While the Indian/Asian population group experienced a downward trend in its inequality index from 2006 to 2011 (declining from 0,53 to 0,45), it increased between 2011 and 2015 to 0,46.

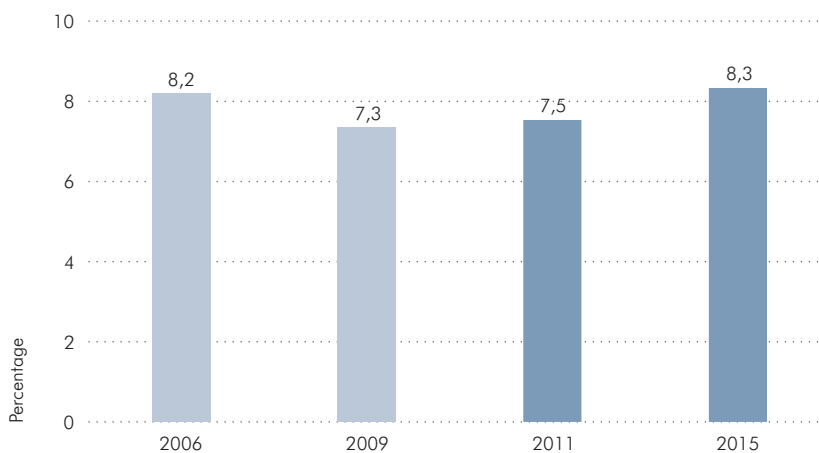
The data further revealed that the Indian/Asian population was the only group to experience a notable decline in its inequality based on expenditure. While the white population remains the group with lowest Gini coefficient, it has fluctuated up and down between 2006 and 2015, starting at 0,43 in 2006, declining to 0,39 in 2009, before increasing to 0,42 in 2011 and declining again to 0,40 in 2015.

Despite different trajectories, whether using income per capita or expenditure per capita to derive the Gini coefficient, it is clear that inequality has remained stubbornly constant over time and at alarmingly high levels. Unfortunately, even if South Africa achieves its NDP target of reducing the Gini coefficient down to 0,6 by 2030, South Africa would remain one of the most unequal countries in the world.

2.2.3 NDP target: The share of income going to the bottom 40% of income earners should rise from 6 per cent to 10 per cent by 2030

Another one of the targets set out in the NDP is for the bottom 40% of South Africans to increase their share of total income to at least 10,0% by 2030. For this analysis, it is important to note that this indicator will use income calculated at household level rather than at individual level.

Figure 2.10: Share of income going to the bottom 40% of households in South Africa (2006, 2009, 2011 and 2015)



In 2011, the share of income going to the bottom 40% of households in South Africa was 7,5% of total income. This share of total income increased to 8,3% in 2015, representing an increase of 10,7% (or 0,8 percentage points). This positive progress between 2011 and 2015 indicates that the country is successfully moving towards the NDP target of 10%. Going forward, the share of total income going to the bottom 40% needs to increase by 20,5% to close the remaining 1,7 percentage point gap between the 2015 level and the 2030 target.

The distribution of income for the bottom 40% of households according to the population group of the household head reveals that out of the 7,5% recorded in 2011, 92,2% was accounted for by households headed by black Africans; 6,8% by coloured-headed households; and 0,5% for both white- and Indian/Asian-headed households. In 2015, this share of income increased to 8,3% of which 92,3% was accounted for by households headed by black Africans; 6,5% by coloured-headed households; 0,7% by Indian/Asian-headed households; and 0,5% by white-headed households.

Figure 2.11: Share of income going to the bottom 40% of households by population group of the household head (2006, 2009, 2011 and 2015)

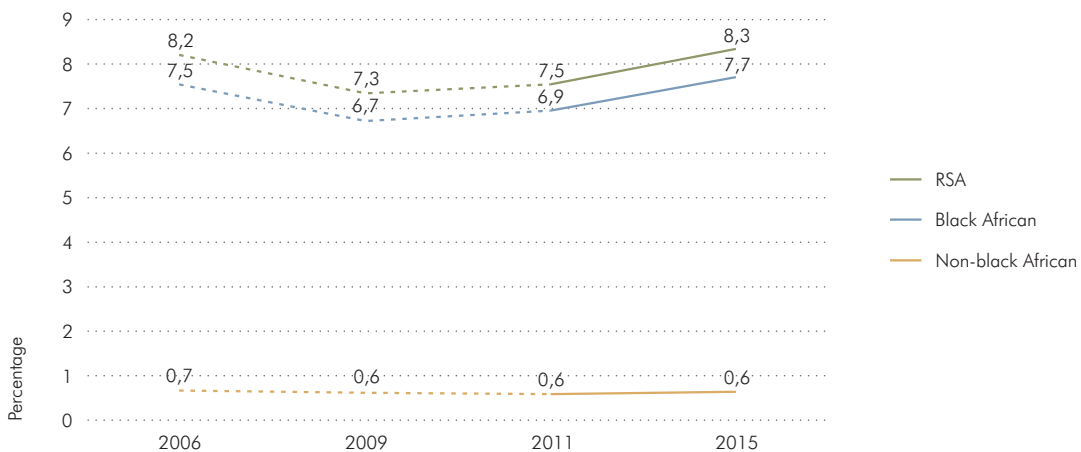


Figure 2.11 shows the share of income going to the bottom 40% of households disaggregated by the population group of the household head for 2006, 2009, 2011 and 2015. As already noted, the results revealed that across all population groups, black African-headed households accounted for the overwhelming share of income as compared to other households.

Figure 2.12: Share of income going to the bottom 40% of households by sex and population group of the household head (2006, 2009, 2011 and 2015)

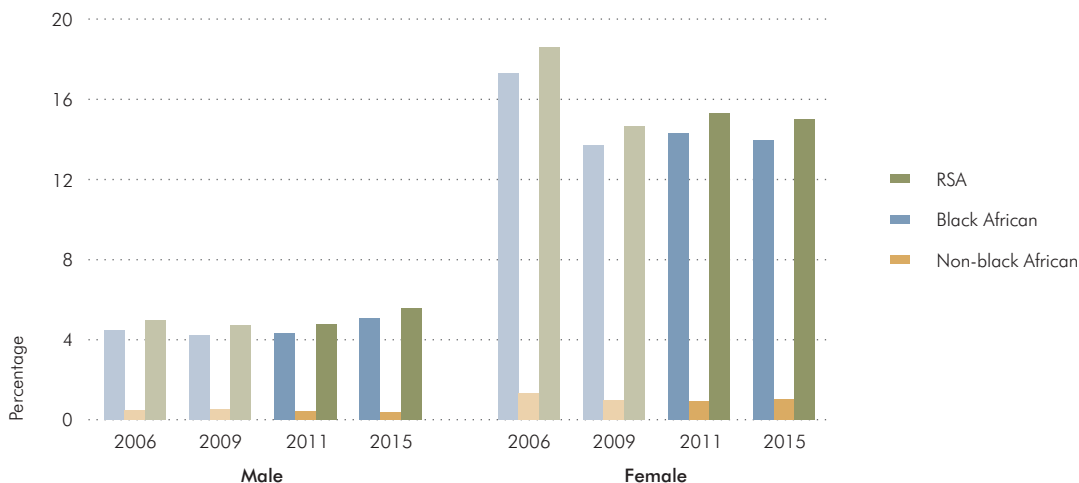
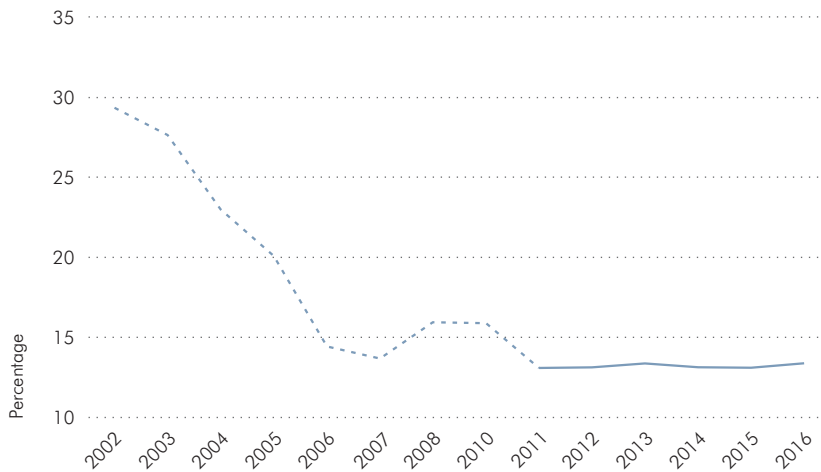


Figure 2.12 shows the share of income going to the bottom 40% of households by sex and population group of the household head. While the previous figure has already highlighted that black Africans account for the overwhelming share of income within the bottom 40%, Figure 2.12 shows that this income is predominantly coming from female-headed households rather than male-headed households. This indicates that black African female-headed households make up the largest share of households that are in the bottom two quintiles.

2.2.4 NDP target: Reduce poverty-induced hunger to 0% by 2030

The measurement of food insecurity can provide some useful information about the economic and social situations that may lead to hunger. Insecurity happens when people do not have sustainable physical or economic access to enough nutritious and socially acceptable food for a healthy and productive life. Malnutrition causes high rates of diseases and mortality, and also limits the development of children. Low energy intakes can reduce productivity, creating a malicious cycle in which poor workers are unable to make enough income to obtain adequate calories to be productive. Thus, hunger can constrain the country's ability to develop economically and can cause social and political instability. Generally, women and children living in developing countries are most vulnerable to the broad and overwhelming impacts of hunger. One of the NDP's targets for 2030 is for South Africa to reduce poverty-induced hunger to 0%. This means reducing the proportion of people living below the FPL to zero by 2030. Another useful indicator that can facilitate the measurement of hunger is the estimation of the percentage of persons vulnerable to hunger which has been tracked in the General Household Survey (GHS) series since 2002.

Figure 2.13: Estimated percentage of persons vulnerable to hunger in South Africa (2002–2016)



Source: GHS (2002–2016), Stats SA
 Note: The survey did not include this question in 2009

According to the GHS results shown in Figure 2.13, between 2002 and 2007, the number of people vulnerable to hunger was cut in half, dropping from 29,3% in 2002 (roughly one out of every three people) to 13,7% in 2007 (roughly one out of every seven people). Between 2007 and 2011, there was an unfortunate increase in the number of persons vulnerable to hunger, and this period coincides with the global financial crisis and the ramifications of that event. By 2011, the number of persons vulnerable to hunger had returned to pre-crisis levels at 13,1%. The 2011 data point was actually the lowest amount ever recorded by the GHS since it began in 2002. However, progress since 2011 has been alarmingly slow and has since stalled, remaining at just above 13,0%. In 2016, the number of people vulnerable to hunger was measured at 13,4% of the population.

Figure 2.14: Proportion of population living below the food poverty line (FPL) by sex (2006, 2009, 2011 and 2015)

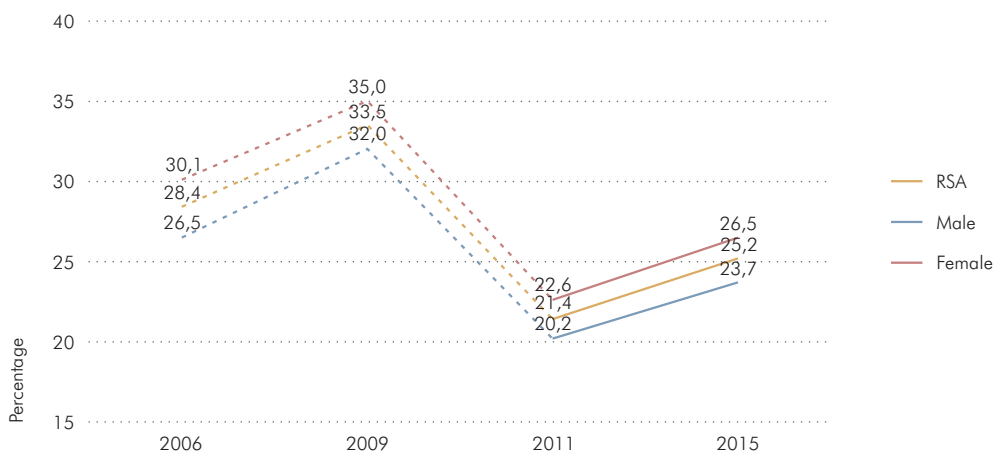


Figure 2.14 shows the proportion of the population living below the FPL by sex. The food poverty line is the level of consumption below which individuals are unable to obtain enough food to provide them with a sufficient diet for healthy development.

Between 2006 and 2009, there was an increase in the proportion of people living below the FPL in South Africa (from 28,4% to 33,5%). This increase is also clearly observed in the GHS series between 2007 and 2011. Between 2009 and 2011, there was a decrease in the proportion of people experiencing extreme poverty; however, the proportion gradually increased by 3,8 percentage points from 21,4% in 2011 to 25,2% in 2015. For this NDP target to be achieved, there needs to be a decline in the annual rate by 1,68 percentage points each year from 2015 to 2030.

The results also show that the proportion of females living below the FPL increased by 17,3% from 22,6% in 2011 to 26,5% in 2015. Meanwhile, the proportion of males who were experiencing extreme poverty also rose between 2011 and 2015 from 20,2% to 23,7%. The slow pace of hunger reduction points to an urgent need for successful strategies in South Africa that better target the areas where poor people live, as well as the people who depend on subsistence farming and other agricultural activities.

2.3 Inputs for SDG reporting

In 2000, world leaders agreed to a broad vision on how to fight poverty in its many dimensions. The vision was translated into eight Millennium Development Goals and remained the primary global development framework between 2000 and 2015. After 2015, the United Nations (UN) introduced the Sustainable Development Goals to replace and expand on the MDG framework and set a series of new targets for 2030. The SDGs, which are also known as the "Global Goals", are a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. The UN approach is to integrate the three dimensions of sustainable development, namely economic, environmental and social, into the architecture of the SDG framework. The indicators that will be discussed in this section are shown in Table 2.4.

The UN outlined 17 goals for the SDGs, which included 169 targets and more than 200 indicators. Data sourced from the IES and LCS can primarily be used to inform on indicators found in Goals 1 and 10.

Table 2.4: SDG indicators based on poverty and inequality-related targets

Goal	Target	Indicator	Proposed baseline
Goal 1: End poverty in all its forms everywhere	Target 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	Indicator 1: Proportion of the population living below the LBPL by sex and age	40,0% (2015)
		Indicator 2: Poverty gap (LBPL) of the population living below the LBPL by sex and age	16,6% (2015)
		Indicator 3: The proportion of households that are <i>multidimensionally poor</i> as determined by the South African Multidimensional Poverty Index (SAMPI)	7,0% (2016)
		Indicator 4: The average proportion of weighted indicators in which <i>multidimensionally poor</i> households are deprived (intensity)	42,8% (2016)
	Target 1.3: Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable	Indicator 5: Percentage of older persons (60+) receiving an old age grant	71,9% (2015)
		Indicator 6: Percentage of older poor persons (60+) receiving an old-age grant	92,2% (2015)
		Indicator 7: Percentage of households with children receiving a child support grant	25,4% (2015)
		Indicator 8: Percentage of poor households with children receiving a child support grant	35,7% (2015)
Goal 10: Reduce inequality within and among countries	Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Indicator 9: Gini coefficient (per capita income including salaries, wages and social grants)	0,68 (2015)
		Indicator 10: Gini coefficient (per capita expenditure excluding taxes)	0,64 (2015)
		Indicator 11: Proportion of people living below 50% of median income per capita disaggregated by age and sex	33,5% (2015)

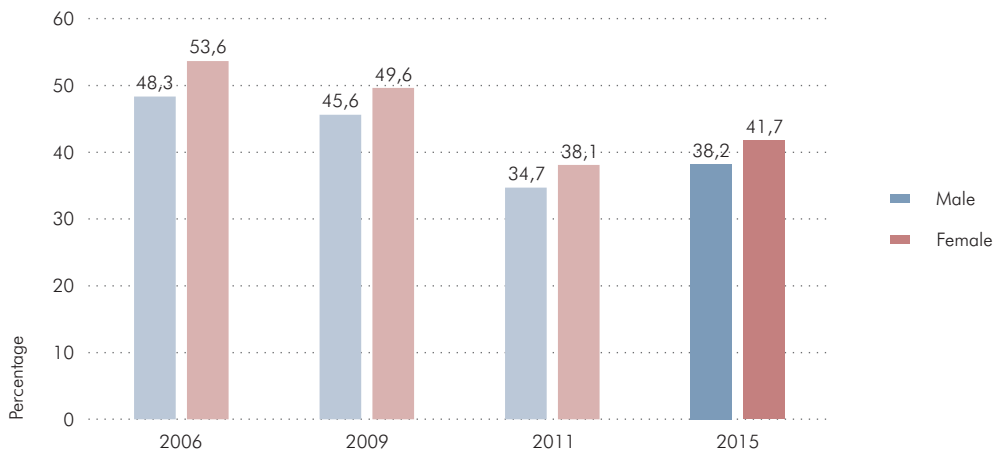
2.3.1 SDG Target 1.2: To reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions by 2030

In addition to measuring poverty using international poverty lines, the SDGs also put much emphasis on measuring and monitoring poverty using national definitions. In South Africa, the country adopted the lower-bound poverty line as the primary benchmark for monitoring poverty within the NDP and the MTSF. Thus, for the SDGs, South Africa has opted to use the LBPL for the measurement of poverty in a money-metric context as per one of its national definitions. According to the LBPL, South Africa recorded a poverty headcount of 40,0% in 2015. Therefore, the 2015 baseline for this SDG indicator is 40,0%, and the target for 2030 is to reduce that amount by half to 20,0%. In order for South Africa to achieve this target, the country would need to reduce poverty by approximately 1,33 percentage points per annum over the next 15 years.

2.3.1.1 Poverty headcount (Indicator 1)

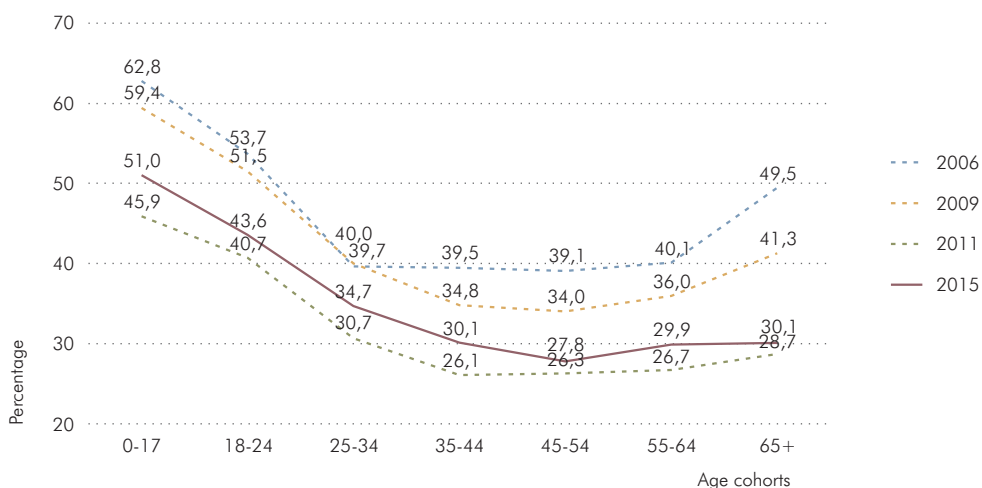
Figure 2.15 shows the poverty headcount based on the LBPL by sex for 2006, 2009, 2011 and 2015. Looking at the trend between 2011 and 2015, the country is unfortunately moving in the opposite direction as poverty increased over this period.

Figure 2.15: Proportion of the population living below the LBPL by sex (2006, 2009, 2011 and 2015)



The proportion of poor females living below the LBPL has increased from 38,1% in 2011 to 41,7% in 2015; meaning that more than two out of every five females in South Africa were poor. Males showed a similar trend as females, with the percentage of males living below the LBPL increasing from 34,7% in 2011 to 38,2% in 2015. Over this period, poverty amongst males increased by 3,5 percentage points, while among females it increased by 3,6 percentage points; therefore, both have increased on average by approximately 0,9 percentage points per year.

Figure 2.16: Proportion of the population living below the LBPL by age (2006, 2009, 2011 and 2015)

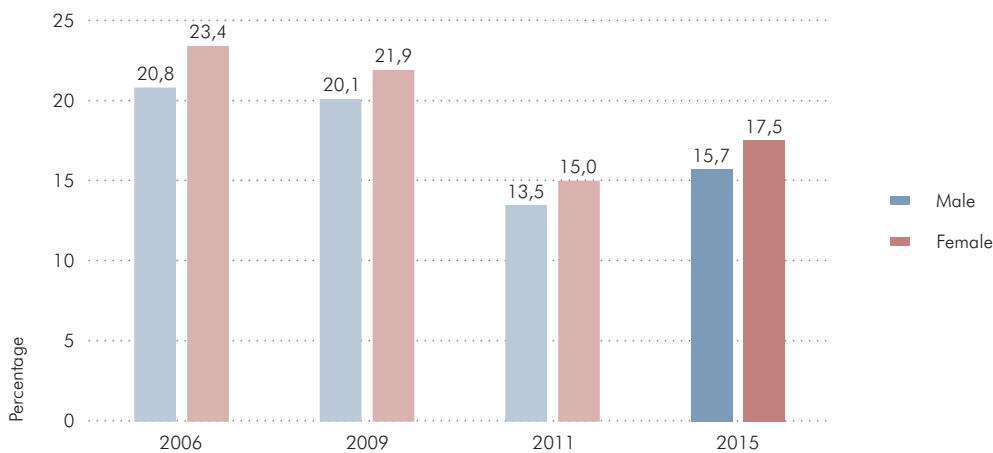


According to a 2015 UNICEF report on indicators to measure progress for the SDGs, "whilst substantial progress has been made in reducing poverty globally, many children are being left behind".⁷ The 2015 data shows that 51,0% of children were living below the LBPL, which is 11,0 percentage points higher than the national poverty headcount. In order to achieve the target of halving the proportion of people living in poverty, the country would have to give special attention to the situation of children, given that they experience higher levels of poverty and account for the largest share of poor persons in South Africa. Between 2006 and 2011, it seemed as if the country was on the right track since the proportion of children living below the LBPL was decreasing at a rate of 3,38 percentage point per annum (notably higher than the current national target rate of 1,33 percentage points per year). Unfortunately, this progress wasn't maintained between 2011 and 2015. The youth (18–24) had the second highest proportion of people living below the LBPL in 2015, with more than two out of every five (43,6%) youth living below this line. Between 2011 and 2015, this proportion increased by 2,9 percentage points or roughly 0,73 percentage points per annum.

2.3.1.2 Poverty gap (Indicator 2)

In addition to the headcount, the poverty gap is a useful measure to gauge the depth of poverty. Given the goal of reducing the 2015 headcount by half by 2030, this approach of reducing by half can be extended to include the poverty gap as well. The results show that the poverty gap for South Africa based on the LBPL was 16,6% in 2015. Therefore, the 2015 baseline for the poverty gap would be 16,6% and the 2030 target is to reduce that amount by half to 8,3%. For South Africa to achieve this target, the poverty gap should be reduced by roughly 0,55 percentage points each year for the next 15 years.

Figure 2.17: Poverty gap (LBPL) by sex (2006, 2009, 2011 and 2015)



As of 2015, females had a poverty gap of 17,5% based on the LBPL, while males had a poverty gap of 15,7%. While the difference between males and females had narrowed in 2015, females still had a higher poverty gap, indicating that their experience of poverty was more intense than that of their male counterparts. Between 2011 and 2015, this proportion increased by 2,5 percentage points for females and 2,2 percentage points for males.

Figure 2.18: Poverty gap (LBPL) by age group (2006, 2009, 2011 and 2015)

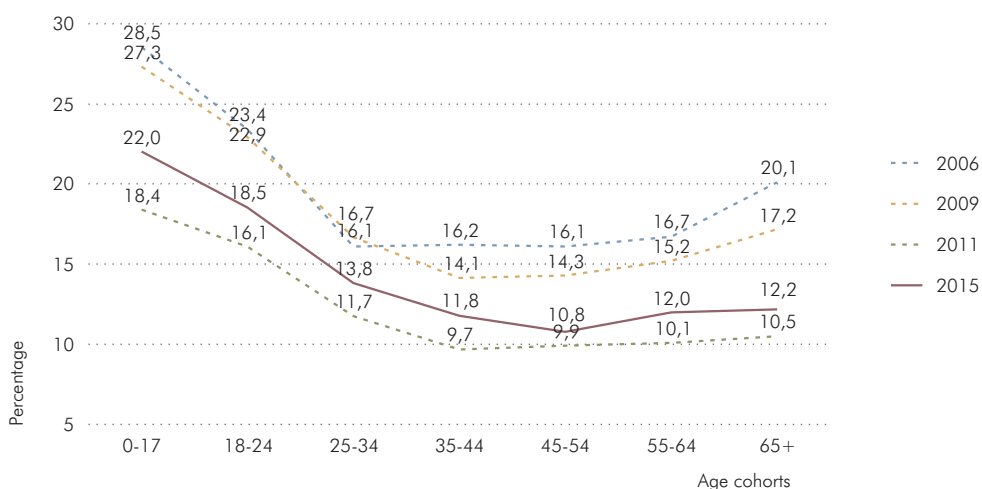


Figure 2.18 shows that 45–54-year-olds had the smallest poverty gap at 10,8% in 2015, which was notably lower than that of the 18–24-year-olds (18,5%) and less than half that of children (22,0%). Furthermore, the 45–54-year-olds also experienced the smallest percentage point increase (compared to other age cohorts) between 2011 and 2015. Nevertheless, Figure 2.18 also shows that the situation had worsened for all age groups in 2015.

2.3.1.3 South African Multidimensional Poverty Index (Indicators 3 and 4)

One of the SDG targets for Goal 1 is to reduce at least half the proportion of men, women and children of all ages living in poverty by 2030 according to a suitable national definition. This section of the report looks at multidimensional poverty in South Africa from 2001 to 2016. Although the base year for the SDGs is 2015, South Africa only has relevant data on multidimensional poverty for 2001, 2011 and 2016; thus, 2016 data will be used as the de facto base year for this indicator.

In recent years, the Alkire-Foster (2011) method has been applied in various studies to measure multidimensional poverty within and across countries. The development of the SAMPI also adopted the Alkire-Foster method and used four dimensions, namely education, health, living standards and economic activity to measure poverty. The SAMPI measures are used in conjunction with the money-metric measures to provide a well-rounded picture of poverty in South Africa (i.e. in line with national definitions).

Table 2.5 shows the multidimensional poverty measures by province for South Africa. The headcount (H), is the proportion of the population which is regarded to be deprived in at least a third of the weighted indicators, while the intensity (A) shows the average proportion of weighted indicators in which the multidimensionally poor population are deprived. The multidimensional poverty index (M_0) is then defined as the product of the headcount ratio (H) and the intensity (A) across the poor population.

Table 2.5: SAMPI measures by province for 2001, 2011 and 2016

Province	Headcount (H) (%)			Intensity (A) (%)			SAMPI (M ₀) score		
	2001	2011	2016	2001	2011	2016	2001	2011	2016
RSA	17,9	8,0	7,0	43,9	42,3	42,8	0,08	0,03	0,03
Western Cape	6,7	3,6	2,7	44,9	42,6	40,1	0,03	0,02	0,01
Eastern Cape	30,2	14,4	12,7	43,7	41,9	43,3	0,13	0,06	0,05
Northern Cape	11,3	7,1	6,6	42,3	42,1	42,0	0,05	0,03	0,03
Free State	17,4	5,5	5,5	44,3	42,2	41,7	0,08	0,02	0,02
KwaZulu-Natal	22,3	10,9	7,7	43,9	42,0	42,5	0,10	0,05	0,03
North West	18,8	9,2	8,8	43,4	42,0	42,5	0,08	0,04	0,04
Gauteng	10,5	4,8	4,6	45,0	43,8	44,1	0,05	0,02	0,02
Mpumalanga	18,8	7,9	7,8	43,2	41,8	42,7	0,08	0,03	0,03
Limpopo	21,8	10,1	11,5	43,5	41,6	42,3	0,09	0,04	0,05

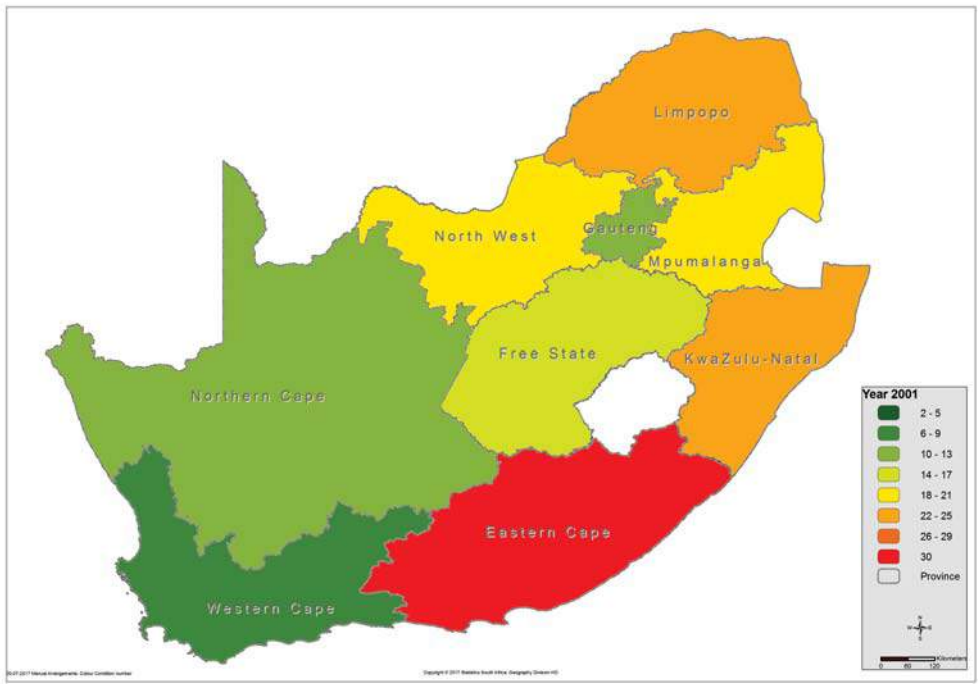
Source: Census 2001 & 2011 and Community Survey 2016, Stats SA

Since 2001, there has been positive developments in terms of poverty reduction in South Africa. As indicated by the headcount (H), 7,0% of households in South Africa were multidimensionally poor in 2016 (down from 17,9% in 2001). From 2001 to 2016, the intensity (A) decreased by 1,1 percentage points from 43,9% in 2001 to 42,8% in 2016. As a result, the multidimensional poverty index (M₀) also saw a decline of 0,05 index points, from 0,08 in 2001 to 0,03 in 2016. Given the rate at which multidimensional poverty has declined over the 15-year period under review, it seems likely that South Africa will reduce its multidimensional poverty even further to the target of 3,5% by 2030 (half of the 2016 poverty rate). However, it is insightful to note that most of this progress occurred between 2001 and 2011, during which the headcount fell by 55,3% or 9,9 percentage points (roughly one percentage point per annum). Meanwhile, between 2011 and 2016, multidimensional poverty declined at a significantly slower rate, dropping just 12,5% or one percentage point (roughly 0,2 percentage points per annum).

Recent infrastructure development and social wage policies (such as free basic education for school-going children, free access to government health care facilities, food security schemes targeted for the poor, etc.) have all led to improved living standards for the people of South Africa. Regardless of these improvements, it is undeniable that South Africa still faces the serious challenges of high unemployment, poor quality of education (especially for black learners), inadequate and poor location of infrastructure, and a public health system that cannot meet demand or sustain quality. These challenges are more prevalent in provinces such as the Eastern Cape and Limpopo.

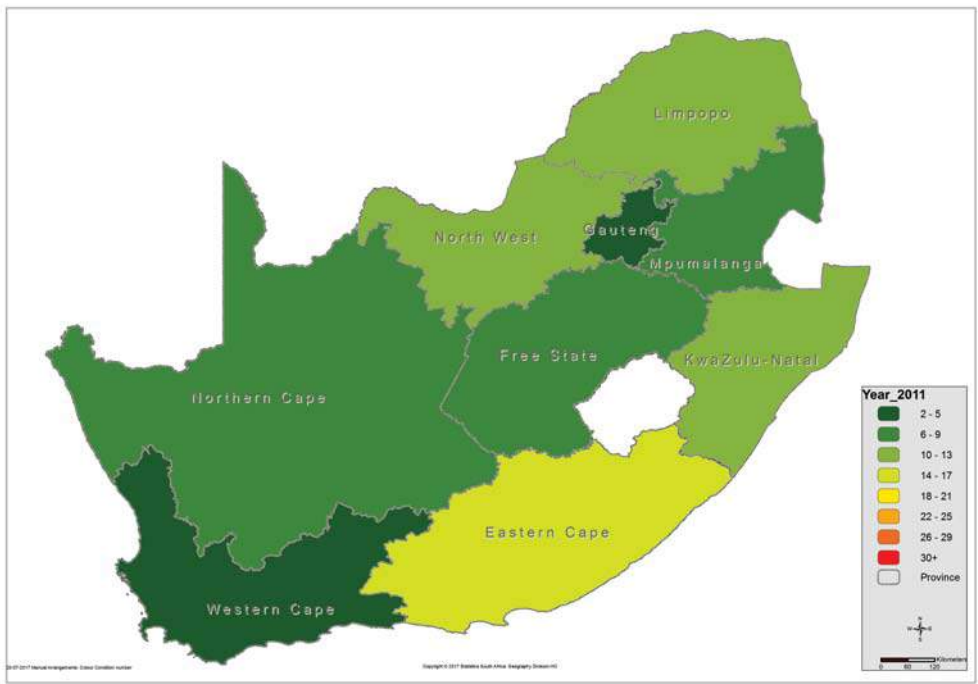
This poverty story is depicted in the shown maps. Ideally, the greener the area, the better the poverty situation tends to be. On the other hand, the more the colour becomes red, the worse off the poverty situation is in that province. The maps below reflect improvements in multidimensional poverty within provinces in South Africa since 2001.

Map 2.1: Poverty headcounts by province in 2001 (SAMPI)



Source: Census 2001, Stats SA

Map 2.2: Poverty headcounts by province in 2011 (SAMPI)



Source: Census 2011, Stats SA

Map 2.3: Poverty headcounts by province in 2016 (SAMPI)



Source: Community Survey 2016, Stats SA

Eastern Cape and Limpopo have remained among the poorest provinces since 2001. There was a notable 17,5 percentage point drop in multidimensional poverty in the Eastern Cape since 2001. However, the Eastern Cape remained the poorest province in 2016, with 12,7% of its households classified as multidimensionally poor. Limpopo, being the second poorest province, had 11,5% multidimensionally poor households in 2016. Poverty in KwaZulu-Natal declined from 22,3% in 2001 to 7,7% in 2016. KwaZulu-Natal was the second poorest province in 2001 and 2011 until it was pushed out from that position by Limpopo in 2016.

On the other hand, Western Cape and Gauteng experienced the lowest levels of poverty over the 15 years. These provinces are considered to be the economic hubs of the country and thus, have wealthier populations and more job opportunities. The Western Cape only had 2,7% multidimensionally poor households in 2016 (down from 6,7% in 2001), while Gauteng had 4,6% in 2016 (down from 10,5% in 2001).

Table 2.6 shows the ranking of provinces by poverty headcount from 2001 to 2016. The measures that have been used to rank these provinces comes from a combination of money-metric (as measured by the IES and LCS) and multidimensional (as measured by the SAMPI) poverty measures. Provinces are ranked using a scale of 1 to 9, where "1" identifies the richest province and "9" identifies the poorest. The money-metric measures were derived using the four expenditure surveys, namely IES 2005/2006, LCS 2008/2009, IES 2010/2011 and LCS 2014/2015, and the multidimensional poverty measures were derived using Census 2001, Census 2011 and CS 2016.

Table 2.6: Ranking of provinces using poverty headcount from 2001 to 2016

Province	2001 (Census)	2006 (IES)	2009 (LCS)	2011 (IES)	2011 (Census)	2015 (LCS)	2016 (CS)
Western Cape	1	2	2	2	1	2	1
Eastern Cape	9	8	8	8	9	9	9
Northern Cape	3	5	5	4	4	4	4
Free State	4	3	3	3	3	3	3
KwaZulu-Natal	8	7	6	7	8	7	5
North West	5	4	4	5	6	6	7
Gauteng	2	1	1	1	2	1	2
Mpumalanga	6	6	7	6	5	5	6
Limpopo	7	9	9	9	7	8	8

Across all years, Western Cape and Gauteng have always been the richest provinces, ranking at either position 1 or 2 since 2001. However, Gauteng was always ranked at position 1 when using money-metric poverty measures and position 2 when adopting the multidimensional poverty measures. The story is vice versa for the Western Cape. Moreover, the Eastern Cape, Limpopo and KwaZulu-Natal were consistently among the poorest provinces since 2001. Although KwaZulu-Natal was ranked at position 5 in 2016, it was ranked at position 8 in 2001 and 2011 (above Limpopo). In 2016, the North West dropped to the bottom three poorest provinces, sitting at the 7th position, while Free State was among the top three richest provinces in 3rd position.

Regardless of the difference observed in poverty levels between money-metric and multidimensional measures, there is regularity in the ranking. This means that irrespective of the measure used, the poorest provinces are consistent.

2.3.2 SDG Target 1.3: Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable

Social protection systems are integral to reducing poverty and protecting the most vulnerable in society, such as infants, disabled persons, older persons, and those who are poor and without jobs. Given the importance of such social assistance, it features as one of the key targets within the SDG framework. Unfortunately, the SDG process has not yet yielded a formal percentage amount that would qualify as "substantial coverage" and thus, it remains unclear what threshold represents success for these indicators.

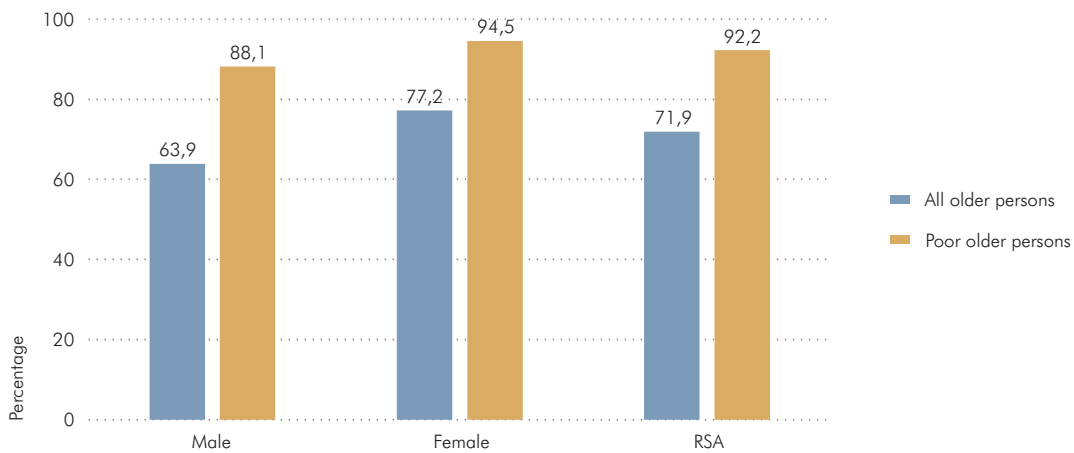
The above-mentioned target will focus on the following two indicators:

- Percentage of older persons (60+) receiving an old-age grant; and
- Percentage of households with children receiving a child support grant.

2.3.2.1 Social protection for older persons (Indicators 5 and 6)

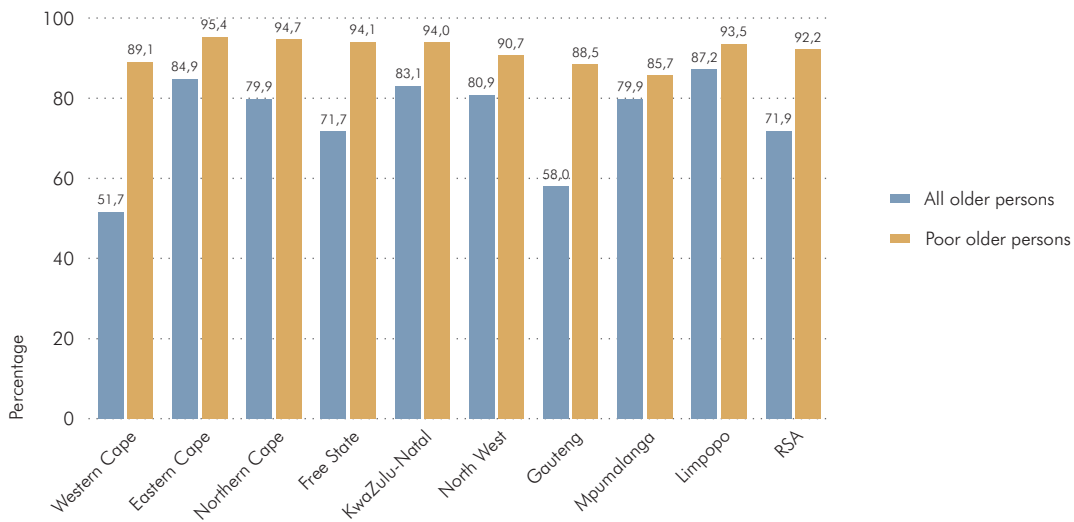
Figure 2.19 provides an overview of the proportion of older persons and older poor persons that are receiving an old-age grant by sex in 2015. The results reveal that nationally, 71,9% of all older persons in South Africa are covered by an old-age grant, whereas the coverage rate amongst older poor persons (as defined by the UBPL) was notably higher at 92,2%. The 20,3 percentage point difference shows that special attention is provided towards the poor and that substantial coverage has likely already been achieved for this indicator as it currently sits above 90%. Furthermore, the survey reveals that 88,1% of older poor males received an old-age grant as compared with 63,9% of all South African older males. Similarly, the proportion of older poor females receiving an old-age grant was high at 94,5% as compared with 77,2% of all South African older females.

Figure 2.19: Proportion of older persons receiving old-age grants by sex in 2015



According to the LCS 2014/2015, the overwhelming majority of older poor persons reported receiving old-age grants across all provinces. Figure 2.20 shows that Eastern Cape had the highest percentage (95,4%) of older poor persons receiving an old-age grant when compared to the other provinces. Although the percentage is high, there is not too much of a difference between the older poor persons and the province's coverage for its overall older population. This is also the case in Limpopo and Mpumalanga. Limpopo had 93,5% of older poor persons receiving the grant as compared with 87,2% for all older persons in that province. Mpumalanga had about 85,7% of older poor persons as compared with 79,9% for all older persons. Meanwhile, Gauteng and Western Cape also had high coverage levels for older poor persons, but they had relatively low coverage rates across their wider older populations, which were also well below the national coverage rate of 71,9%. This makes sense, as Gauteng and Western Cape are the economic hubs of the country and thus, have wealthier populations that are less dependent on the state. Western Cape had a 37,4 percentage point difference between older poor persons and their general older population, while Gauteng had a 30,5 percentage point difference between these two groups.

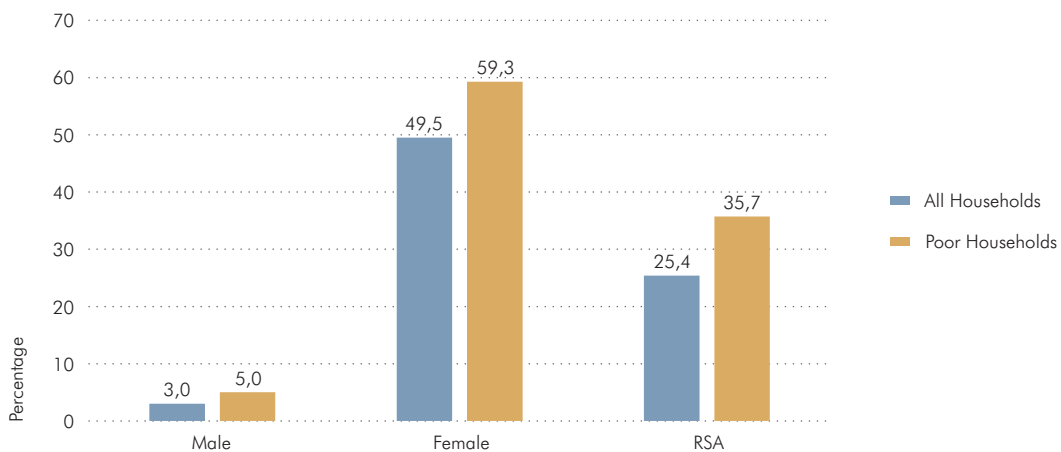
Figure 2.20: Proportion of older persons receiving old-age grants by province in 2015



2.3.2.2 Social protection for children (Indicators 7 and 8)

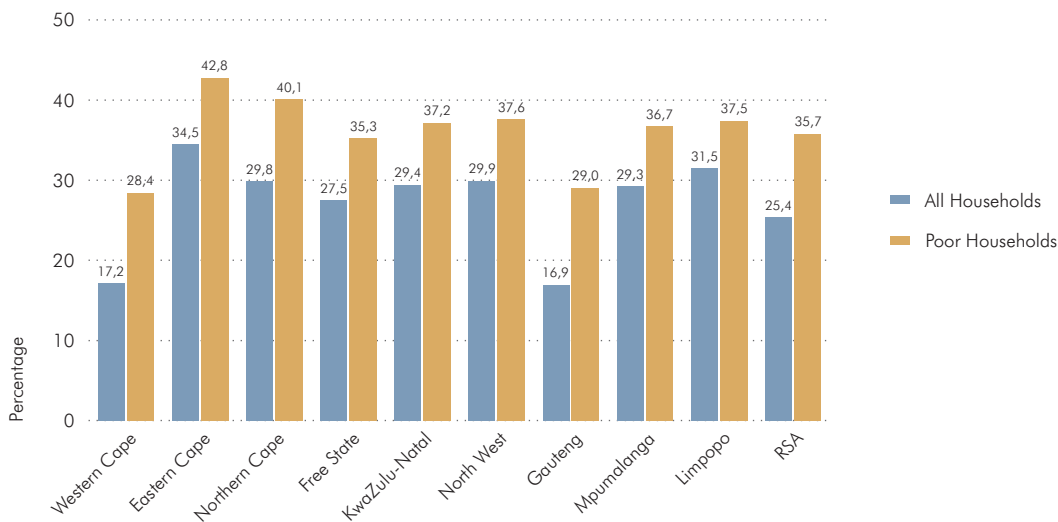
Figure 2.21 shows the proportion of households receiving child support grants by sex of the household head. The results reveal that 35,7% of poor households with children are supported by child support grants as compared with 25,4% of all South African households with children. The 10,3 percentage point difference shows that there is still more room for greater coverage in terms of child support grants for poor households. Furthermore, the results show that 59,3% of poor households headed by females received child support grants, whereas only about 5,0% of poor male-headed households are supported by child support grants. The 54,3 percentage point difference highlights the increased pressure on female-headed households and their need for child support.

Figure 2.21: Proportion of households with children receiving child support grants by sex of the household head in 2015



Eastern Cape (42,8%) and Northern Cape (40,1%) had the highest percentage of poor households with children receiving child support grants compared to other provinces. Although Limpopo is also one of the provinces with a high percentage of poor households receiving the grant, the difference between poor households and all households is minor. Conversely, Gauteng and Western Cape also had more coverage levels for poor households, but they had relatively low coverage rates across all the households.

Figure 2.22: Proportion of households with children receiving child support grants by province in 2015



2.3.3 SDG Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

2.3.3.1 Gini coefficient (Indicators 9 and 10)

Although progress has been made towards reducing poverty around the world, inequality levels have been tougher to reduce and remain persistently high, especially for developing countries. As stated by the United Nations (2015), "we cannot achieve sustainable development and make the planet better for all if people are excluded from opportunities, services, and the chance for a better life".⁸ Given the legacy of apartheid and how it manufactured and engineered tremendous social and economic inequalities among the population and across geography inequality in South Africa is especially problematic. Thus, it is not unexpected that the country has one of the highest inequality levels in the world. The most commonly used measurement for inequality is the Gini coefficient, and when this is applied to the IES and LCS data, we see it has remained relatively constant between 2006 and 2015, as seen below in Figure 2.23. South Africa saw a decline of just 0,04 and 0,03 index points for the per capita income (including salaries, wages and social grants) and per capita expenditure (excluding taxes) Gini coefficients, respectively, between 2006 and 2015.

Figure 2.23: Gini coefficient measures for South Africa (2006, 2009, 2011 and 2015)

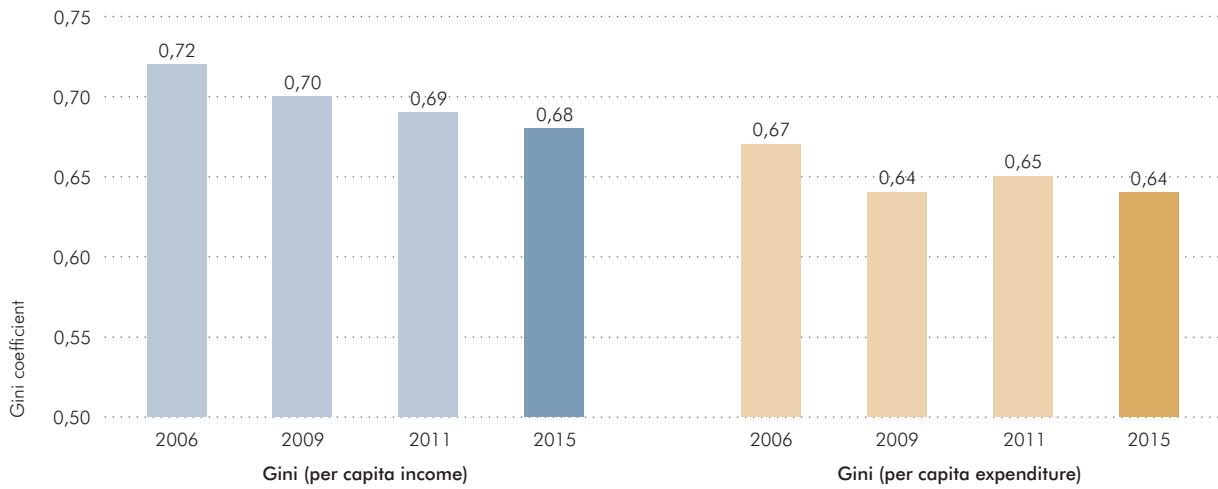
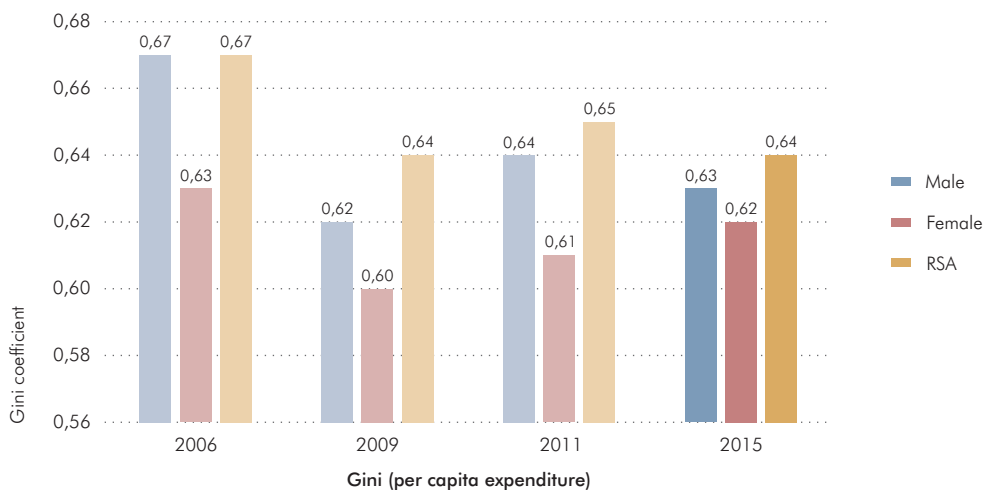
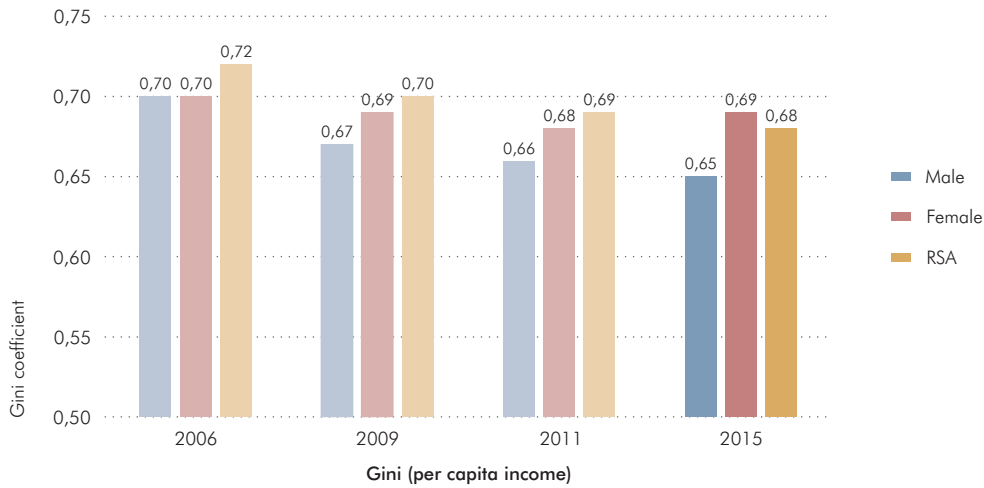


Figure 2.24 shows that there is little difference between male and female inequality levels. The Gini coefficient based on per capita income remained marginally higher for females compared to males over the decade. The Gini was recorded at 0,69 for females in 2015, which is 0,01 index points higher than the national Gini. For males, the figure was also high at 0,65, which is approximately 0,03 points lower than the national value of 0,68. The Gini based on expenditure per capita shows slightly different findings. The Gini coefficients for males were actually higher than those for females over the same decade. The Gini was 0,63 for males and 0,62 for females in 2015.

Figure 2.24: Gini coefficient measures for South Africa by sex (2006, 2009, 2011 and 2015)



2.3.3.2 Proportion of people living below 50% of median income disaggregated by age and sex (Indicator 11)

This indicator analyses the proportions of individuals living below 50% of the national median income per capita, and acts as a proxy measure for exclusion in society. The median household income per capita in 2015 was R19 120 per annum and thus, 50% of this amount is R9 560 per annum or R797 per month. More than a third of South Africans (33,5%) were living below 50% of the median income per capita in 2015. Ideally, this proportion should continuously decline over time as greater parity is achieved in income levels.

Figure 2.25: Proportion of people living below 50% of median income per capita by sex (2006, 2009, 2011 and 2015)

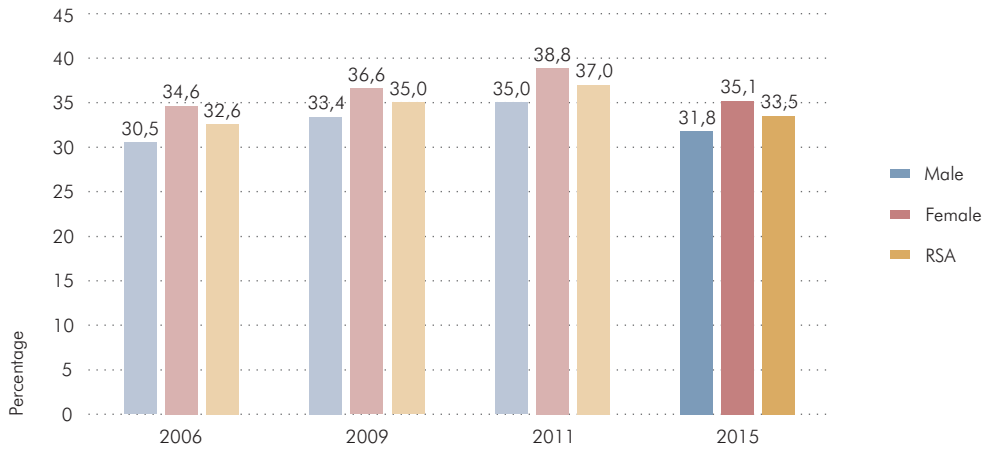


Figure 2.25 shows that in 2015, 31,8% of males in South Africa were living below 50% of the median income per capita compared to 35,1% of females. The proportions for females living below 50% of the median income per capita remained higher than the respective national proportion over all four data points, while the proportions for males living below 50% of the median income per capita remained lower. There is a difference between female and male proportions, with the largest difference occurring in 2006 at just 4,1 percentage points. The difference narrowed over the decade, reaching 3,3 percentage points in 2015. There continued to be a gender bias between males and females which supports the argument that "women bear a disproportionate burden of unemployment, constitute the majority of casual or contract workers, generally occupy low-wage job positions, and are poorly represented in senior and top management positions".⁹

Figure 2.26: Proportion of people living below 50% of median income per capita by age (2006, 2009, 2011 and 2015)

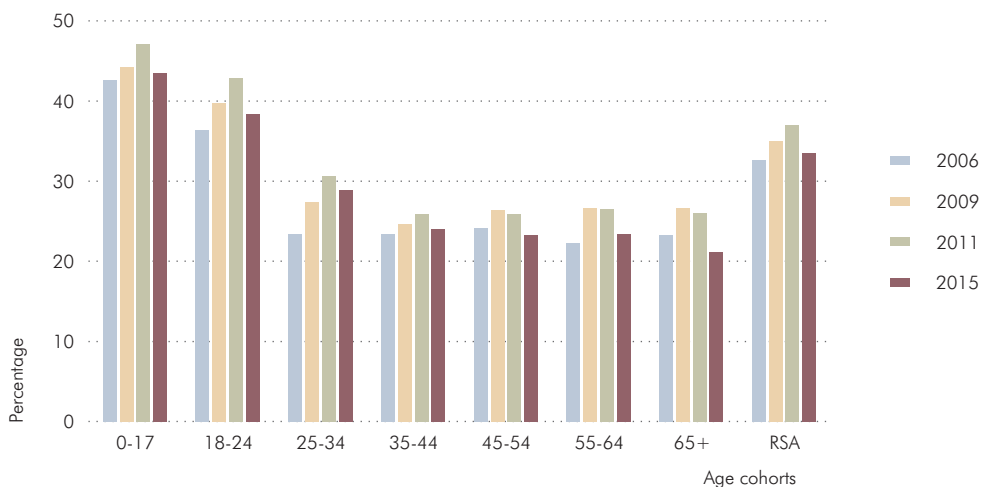


Table 2.7: Proportion of people living below 50% of median income per capita by age (2006, 2009, 2011 and 2015)

Age cohort	2006	2009	2011	2015
0-17	42,7	44,3	47,1	43,5
18-24	36,3	39,7	42,9	38,4
25-34	23,4	27,4	30,6	28,9
35-44	23,4	24,6	25,9	24,0
45-54	24,1	26,4	25,8	23,3
55-64	22,3	26,6	26,5	23,4
65+	23,3	26,6	26,1	21,1
RSA	32,6	35,0	37,0	33,5

Figure 2.26 and Table 2.7 show that the highest proportions of people living below 50% of the median income per capita among the age cohorts was for the child population (0–17 years) at above 42,0% across the four data points. The proportion of children living below 50% of the median income per capita was approximately twice the percentage of pensioners (aged 65+). It is not unexpected for the proportion of pensioners living below 50% of the median income per capita to be among the lowest proportions, as the old-age grant was set at R1 410 per month in 2015, which is R613 higher than 50% of the median income per capita threshold of R797 per month. The figure further shows that 43,5% of children in South Africa were living below 50% of the median income per capita in 2015, which is 10,0 percentage points higher than the national rate of 33,5%. In 2015, 38,4% of 18–24-year-olds and 28,9% of 25–34-year-olds were living below 50% of the median income per capita. This illustrates the greater disadvantage that the youth also face in South Africa.

2.4 Brief analysis of economic and social conditions in South Africa between 2000 and 2016

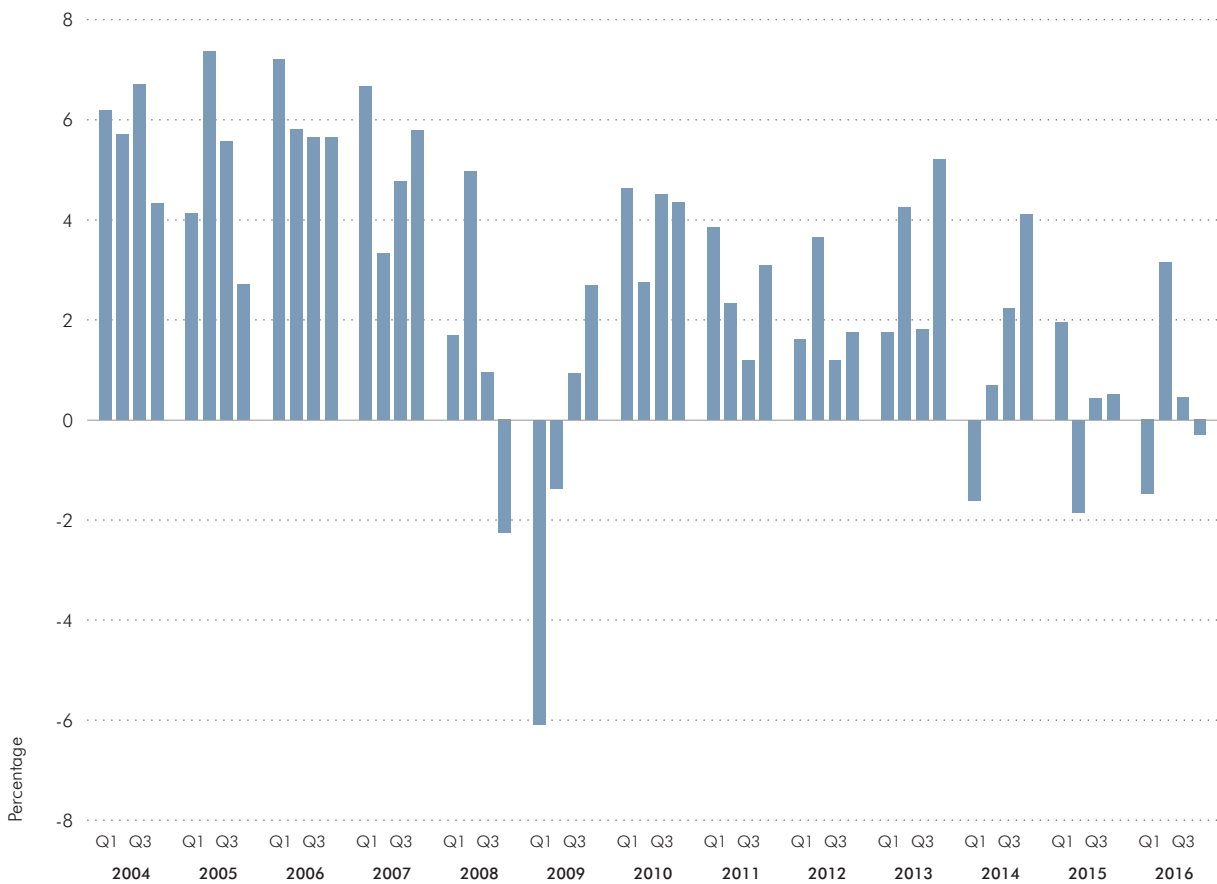
South African economic growth was robust from 2004 to 2007 resulting from a combination of macroeconomic stability in the country and the global commodities boom. This was followed by the global financial crisis in 2008 which pulled South Africa into recession. There was a short lived period of revival in 2010, but since then growth has diminished and the country has experienced very low and anemic growth with some notably bad quarters that overlapped with the recent LCS 2014/2015.

The South African economy is an open economy that is more likely to be affected by global economic factors. According to the National Treasury (2015), the South African GDP is expected to grow by 3% in 2017.¹⁰ This slow economic growth is attributed to weaker global prospects and slower growth in key emerging markets, which introduces uncertainty and volatility in capital markets and exchange rates.

2.4.1 Gross Domestic Product

During the first three quarters of 2008, the country's growth slowed significantly due to the electricity crisis and the global financial crisis. The economy of South Africa finally went into recession in Q1 of 2009, reaching a GDP decline of 6,1% (Figure 2.27). Additionally, the South African debt-to-GDP ratio had grown from 21,8% at the start of the financial crisis in 2008/09 to 40,8% in 2014/15.¹¹ In 2015/16, government debt stood at R1 781,3 billion which is 42,5% of the GDP and this is estimated to R2 151,7 billion or roughly 43,7% of the GDP by 2017/18.

Figure 2.27: Gross domestic product from 2004 to 2016 (annualised percentage change in the seasonally adjusted quarterly values at constant 2010 prices)



Source: Gross Domestic Product (2004–2016), Stats SA

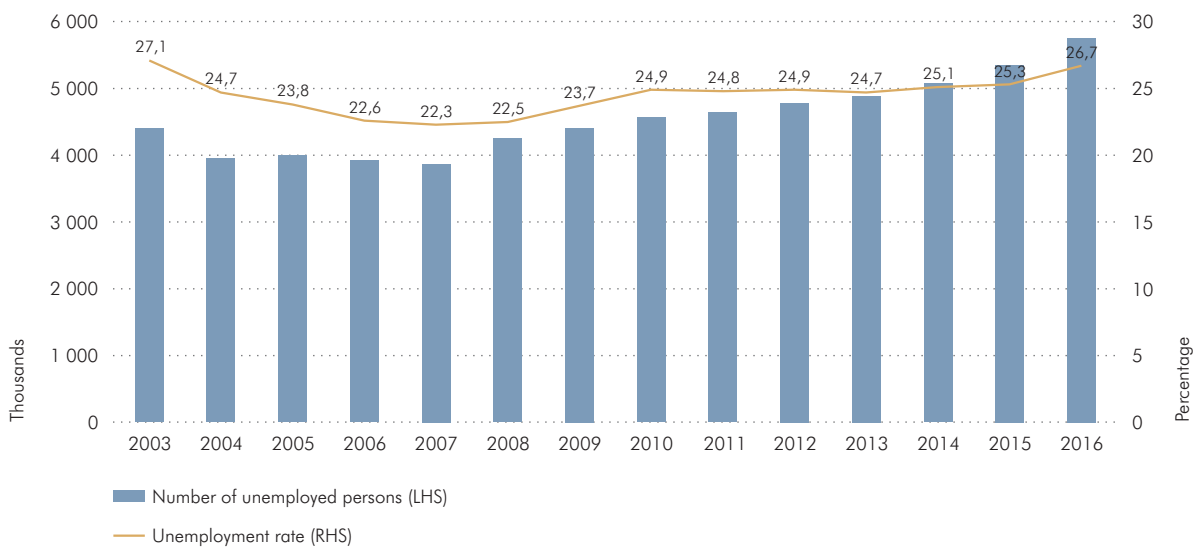
The economy started improving from the end of 2009 until Q1 of 2011, then it became rocky as the impact of the European debt crisis grew and threatened to push the global economy back into a recession. From 2011 onwards the economy experienced stagnant growth that fluctuated into negative growth in Q1 of 2014, Q2 of 2015 and then again in Q1 and Q4 of 2016.

2.4.2 Unemployment

While the global financial crisis had a negative effect on the GDP of South Africa, this event also had a notable impact on jobs. Figure 2.28 shows the change in the number of unemployed persons and the official unemployment rate from 2003 to 2016. This figure indicates that in 2007, South Africa had reached a relative low point in the unemployment rate (22,3%) and number of unemployed persons (just under 4 million people). However, both start increasing in 2008 and 2009, until the unemployment rate finally stabilised at around 25,0% in 2010.

During data collection for the LCS 2014/2015 the unemployment rate remained stubbornly high at 25,3% while the number of unemployed persons continued to rise. Furthermore, when one looks at the negative period that followed the global financial crisis (2009 and 2010), it is likely that the negative economic growth observed in 2014 and 2015 could carry similar negative headwinds for the economy at large.

Figure 2.28: Number of unemployed persons and the unemployment rate (2003–2016)



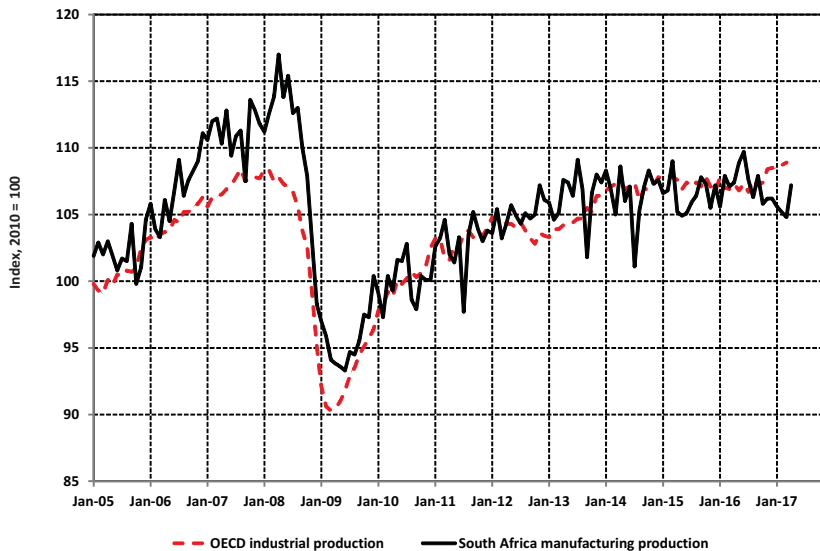
Source: Quarterly Labour Force Survey (2003–2016), Stats SA

2.4.3 Manufacturing

According to National Treasury (2015), real exchange rate depreciation and low inflation should support the competitiveness of South African companies. However, the electricity supply restrictions in 2008 had an impact in reducing mining and manufacturing output and exports.¹²

When the rand weakens against other currencies, the effects are beneficial and at the same time detrimental on South African manufacturers. Manufacturers who import a large quantity of their inputs are negatively affected by higher costs. On the other hand, manufacturers who are big exporters receive more returns in rand terms for every unit of foreign exchange earned. These benefits may diminish over time if the weaker rand leads to higher inflation, e.g. labour costs may increase to compensate employees for a higher cost of living. Figure 2.29 shows the severe impact of the global economic crisis of 2008/09 on manufacturing. Following the financial crisis, you can see how significantly the manufacturing industry shrunk in South Africa which as of the end of 2016 still had not returned to pre-crisis levels.

Figure 2.29: Industrial/Manufacturing production (seasonally adjusted)

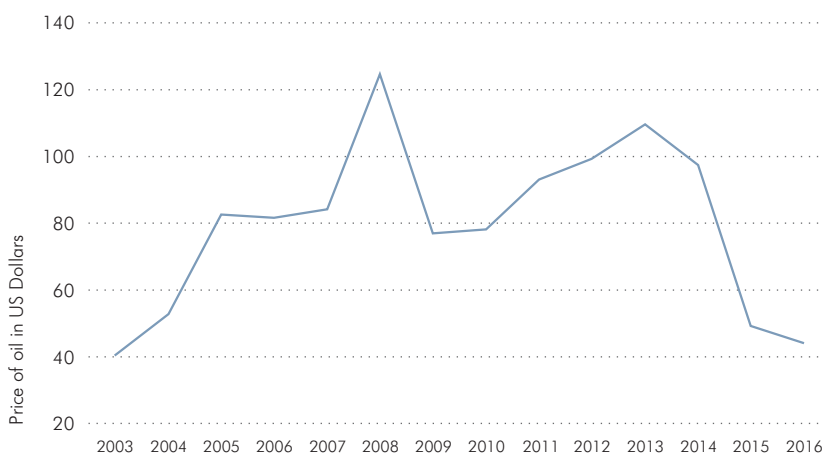


Source: Manufacturing production (2005–2017), Stats SA

2.4.4 Oil prices

The costs associated with the transportation of goods are mainly determined by oil prices. Subsequently, an increase in oil prices can lead to higher freight transportation costs which are inevitably trickled down to the consumers. Figure 2.30 shows the oil prices in US dollars since 2003 and shows the significant rise in oil prices between 2009 and 2014 which would have had a negative impact on South African households. Although there was a big drop in 2014 and 2015 when the LCS 2014/2015 was conducted, the benefits experienced from this would be lagged and so most households would not have felt the improvements until the end of 2015 after the survey was completed.

Figure 2.30: Oil price (2003–2016)

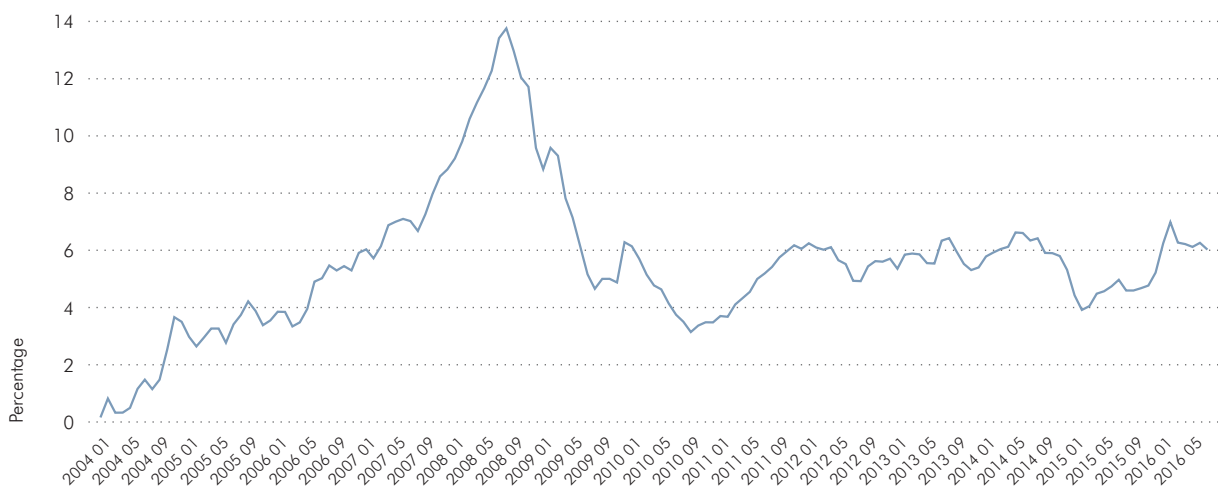


Source: <http://www.macrotrends.net/1369/crude-oil-price-history-chart>
Note: Values are linked to August prices in their respective years

2.4.5 Inflation

Figure 2.31 indicates headline CPI from 2004 to 2016. From the figure there are notable changes in the headline CPI between 2004 and 2016. Inflation was very low in January 2004, but by October 2006 it had increased to 5,5%. The greatest peak in inflation was observed in August 2008 at 13,8% which directly overlapped with the global economic recession. It gradually declined to 8,8% by January 2009 and then went up again to 9,3% in March 2009. By August 2010 it had dropped to 3,1%; however, it soon increased to 6,3% in January 2012. Thereafter, there was an extended period of fairly high inflation which only saw a notable drop in 2015.

Figure 2.31: Headline CPI (2004–2016)

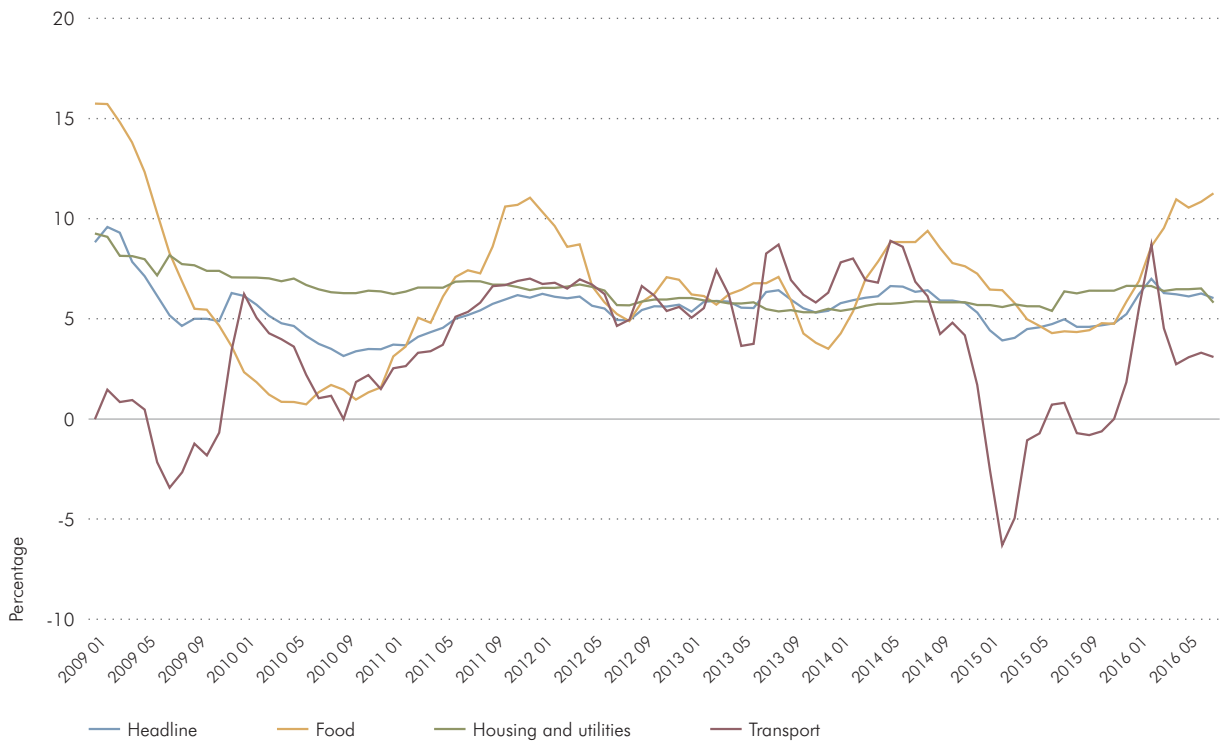


Source: Consumer Price Index (2004–2016), Stats SA

Figure 2.32 shows the inflation rate for other variables like food, housing and utilities, and transport. As shown in Figure 2.31, headline CPI showed a general decline from 2008 to 2010 and then was fairly stable at around 6%. Food inflation generally fluctuated between 2009 and 2016, but had rising levels over 2014 with food prices peaking at 9,4% in August 2014. The fluctuation in food prices tends to affect poor households the most when compared to well-off households. Transport prices have also fluctuated throughout this period reaching its peak of 8,9% in May 2014 and then significantly declined in January 2015 when the country experienced deflation at a rate of -0,8%. Housing and utilities have remained fairly stable since the 2009 recession.

Those living in the lowest income decile (the bottom 10% of the population), spend well over 30,0% of their income on food; while those in the upper income decile spend around 6,0% of their income on food. This highlights how changes in food prices tend to have a bigger impact on poor households as opposed to richer ones. Meanwhile, those living in the top decile spend a larger proportion of their income on housing and utilities, and transport at 37,2% and 19,9%, respectively in 2015. Though changes in the housing and utilities were not as significant as compared to the food prices, these prices are much higher when compared to food.

Figure 2.32: Inflation (2009–2016)



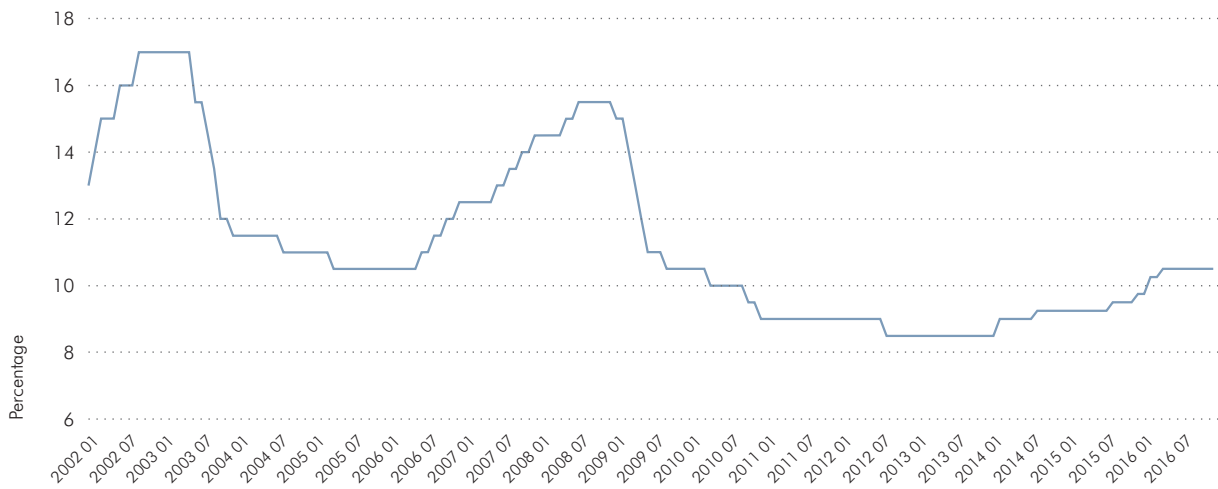
Source: Consumer Price Index (2009–2016), Stats SA

2.4.6 Interest rates

The Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) sets the repurchase rate, a short-term interest rate at which the Bank lends money to commercial banks. In so doing it guides the shorter-end of the yield curve, anchoring money market interest rates. The Bank's repo rate influences the interest rates charged by commercial banks. Through this mechanism, the Bank determines the cost of credit, affecting companies and households choices on consumption and investment, other economic aggregates such as money supply, inflation expectations, and ultimately the rate of inflation.

Since introducing inflation targeting in the early 2000s, the Bank has brought down the overall level of inflation and hence the level of the repurchase rate. In 2002 to 2004, and again in 2007 to 2009, the Bank used increases in the repo rate to manage rising inflation and to bring inflation within its target of 3 to 6 per cent. Following the global financial crisis of 2008, weak domestic demand and generally favourable inflation resulted in the repo rate reaching a historical low. The repo rate remained comparatively low and generally stable during the data collection period of the LCS 2014/2015.

Figure 2.33: Interest rates (2002–2016)



Source: South African Reserve Bank

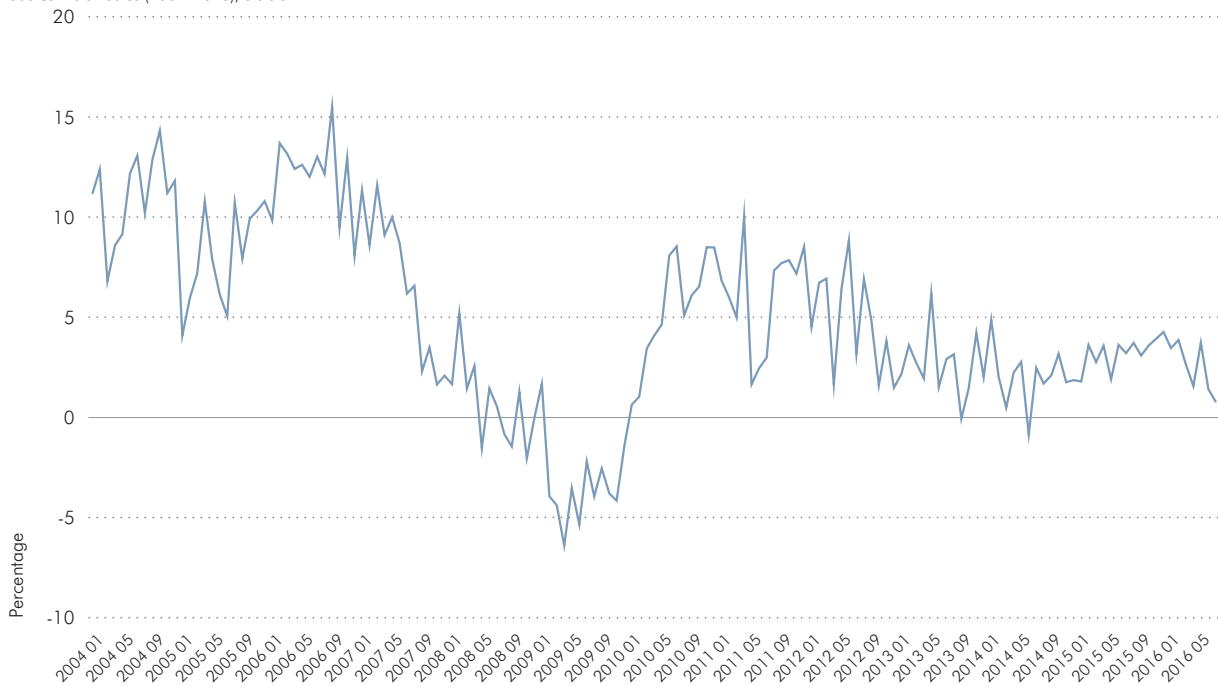
2.4.7 Retail sales

Figure 2.34 shows the change in retail sales between 2004 and 2016. Retail sales experienced a drastic decline between 2004 and 2009. The major change was during the recession period where retail sales hit its lowest point of -6,4% in April 2009. Retail sales then began to recover reaching a high of 10,0% in April 2011, but by May 2011 it had fallen dramatically again to just 1,7%. By mid-2013, retail sales had stabilised to roughly 2,5% and has since remained at around this level.

The instability in retail sales could be due to various factors such as depressed consumer spending and increased prices. Consequently, consumers tend to resort to debt, since getting credit seems to come with fewer restrictions. There are several factors that influence consumers' use of credit and these factors range from the increases in fuel prices, food costs and affordability, and interest rates.

Figure 2.34: Retail sales (constant 2012 prices)

Source: Retail Sales (2004–2016), Stats SA

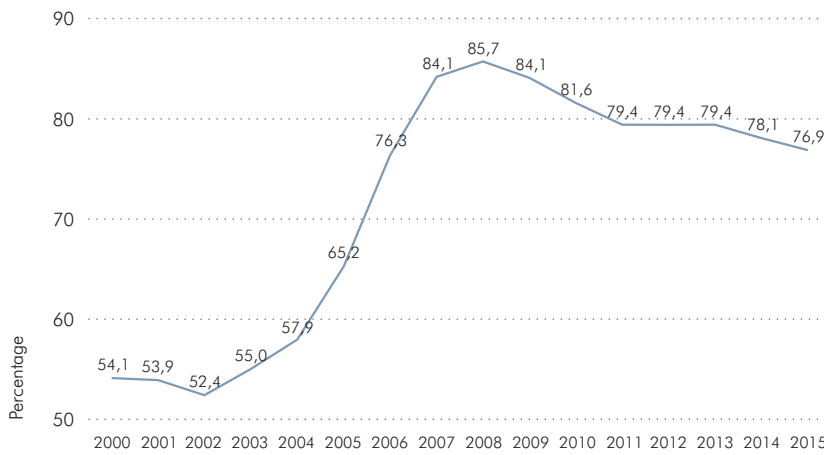


Source: Retail Sales (2004–2016), Stats SA

2.4.8 Debt-to-disposable income

The household debt-to-disposable income ratio has increased in South Africa, from 54,1% in 2000 to 76,9% in 2015. A slow decline in household debt-to-income ratio was observed from 2000 (54,1%) to 2002 (52,4%), and was followed by a rapid increase to a high of 85,7% in 2008. The increase in 2008 was likely due to the fact that there was a global economic recession and households spent more than they could afford. During this time households resorted to debt as a means of survival. A steady decline was observed from 2008 until 2015; although, debt-to-disposable income was decreasing, the level of debt is still very high and problematic to the financial stability of households.

Figure 2.35: South African households' debt-to-disposable income (2000–2015)



Source: South African Reserve Bank

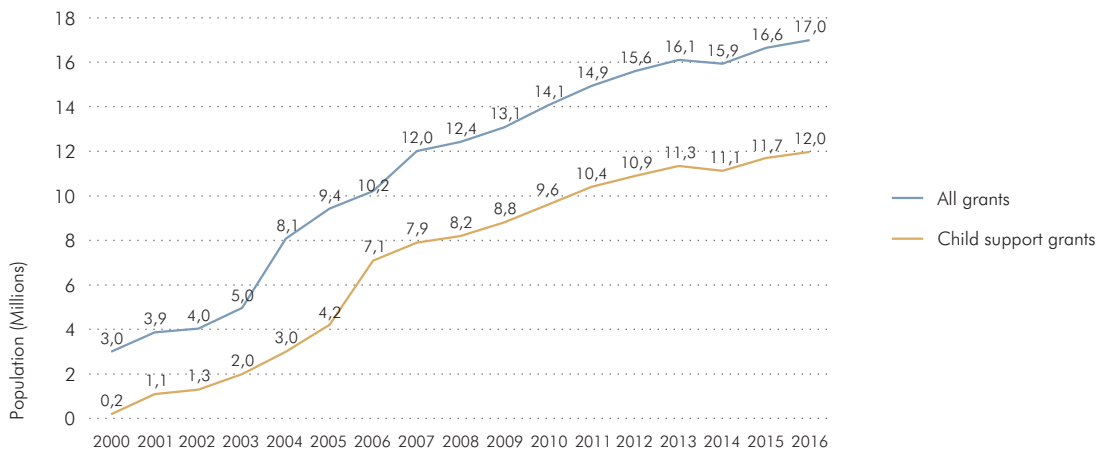
2.4.9 Social protection

Social protection is a necessity in a country with high levels of poverty and unemployment. National Treasury in the 2015 budget review reported that social protection expenditure has grown from R143,9 billion in 2014/15 and reached R164,9 billion during the 2016/17 financial year. It is projected to increase to R209,1 billion by 2019/20.¹³

South Africa has a social assistance system that is among the largest in Africa, and it is one of the government's most direct means of combating poverty. Over the last 15 years, South Africa has experienced a significant increase in the number of social grants recipients from 3,0 million in 2000 to almost 17,0 million in 2015. The growth in grants has primarily been driven by the expansion of child support grants which increased from roughly 150 000 in 2000 to over 11,0 million in 2015. The coverage of this grant has successively been extended to children of older ages and thus, its effectiveness has been expanded and remains a vital tool in the war on poverty.

It is interesting to note that Figure 2.36 shows a progressive increase from 2000 to 2013; however, in 2014 there was a slight decline. The slight decline observed in 2014 may be due to the fact that the South African Social Security Agency (SASSA) modernised its administration of grants by aiming to minimise fraudulent grants applications and collections with the introduction of biometric card payments system allowing SASSA to remove fraudulent accounts.

Figure 2.36: Number of social grants disbursed between 2000 and 2016



Source: South African Social Security Agency (SASSA), SOCPEN Database (2000–2016)





Chapter 3
Findings on individual poverty

3.1 Introduction

This chapter discusses poverty levels and changes for individuals by sex, population group, age, educational status, province, and settlement type for 2006, 2009, 2011 and 2015. It highlights that the most vulnerable to poverty in South Africa are predominantly represented by females, black Africans, children (17 years and younger), people from rural areas, those living in Eastern Cape and Limpopo, and those with no education.

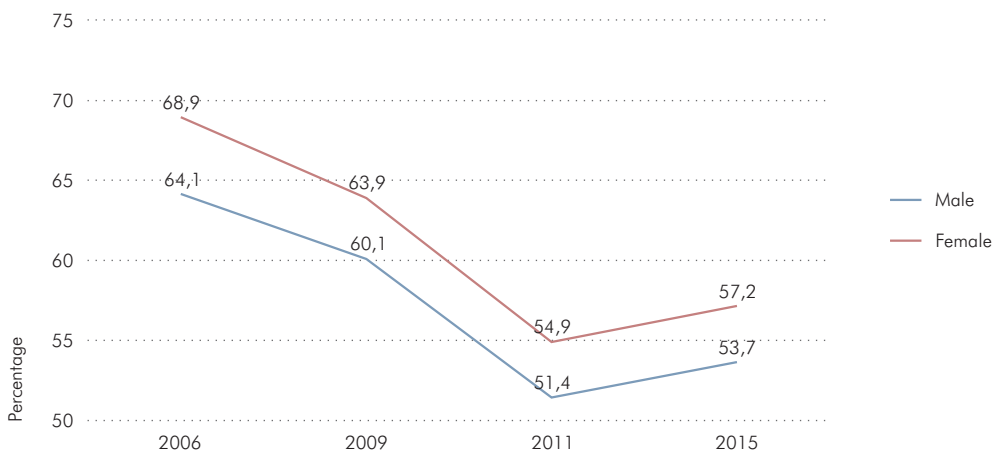
In 2006, close to two-thirds (66,6%) of the population were living below the upper-bound poverty line (UBPL). The headcount declined to 62,1% in 2009 and further fell to 53,2% in 2011. This reflects a 20,1% reduction in poverty (13,4 percentage points) from 2006 to 2011. However, in 2015, the proportion of poor individuals increased by 4,3% to 55,5%. This implies that the majority of people in South Africa were still poor in 2015. Despite the increase, poverty as measured by the headcount was still lower than 2006 and 2009 rates. There was a 16,7% reduction in poverty between 2006 and 2015, constituting an 11,1 percentage point drop.

The poverty gap decreased between 2006 and 2011 by 28,4% (roughly 10,1 percentage points). The decline in the gap illustrated that poor South Africans were moving towards the poverty line, and were therefore improving their living conditions. However, the poverty gap increased by 8,6% between 2011 and 2015 from 25,5% to 27,7%. The severity of poverty decreased between 2006 and 2011 (by 7,5 percentage points) before increasing between 2011 and 2015. The decline indicates that the standard of living amongst the poor was improving; however, between 2011 and 2015, the improvement deteriorated.

3.2 Poverty and sex

Poverty amongst males and females experienced similar declines between 2006 and 2011, but both saw an increase in 2015. As revealed in Figure 3.1, the poverty headcount for females was higher than that of males across all four data points. The proportion of females living below the UBPL in 2006 was 68,9%; this proportion declined to 63,9% in 2009 and reached a low of 54,9% in 2011. However, this proportion increased to 57,2% in 2015. Meanwhile, the proportion of males living below the UBPL dropped from 64,1% in 2006 to 51,4% by 2011. As seen with females, the proportion of males estimated to be below the UBPL increased by 2,3 percentage points to 53,7% in 2015.

Figure 3.1: Poverty headcount by sex (UBPL) (2006, 2009, 2011 and 2015)



Although females have higher poverty rates than males, the difference in the headcount between the sexes is narrowing over time. The difference in the headcount between males and females decreased from 4,8 percentage points in 2006 to 3,8 percentage points in 2009. The distance between these headcounts further decreased to 3,5 percentage points in 2011 and remained unchanged in 2015.

As indicated in Table 3.1, between 2006 and 2011, females have always had a higher poverty gap than their male counterparts. This highlights that poor females are generally worse off than poor males. The poverty gap for females was 37,3% in 2006 as compared with 33,8% for males – a 3,5 percentage point difference. While the difference between males and females had narrowed by 2015, females still had a higher poverty gap at 28,9% than males at 26,5% (a 2,4 percentage point difference).

Table 3.1: Poverty measures by sex (UBPL)

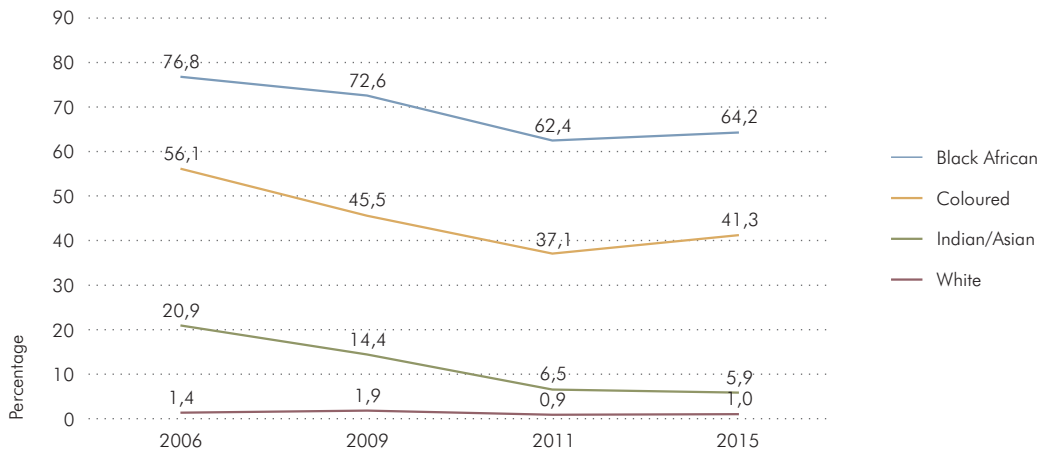
	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	66,6	62,1	53,2	55,5	35,6	33,5	25,5	27,7	22,5	21,3	15,0	17,0
Male	64,1	60,1	51,4	53,7	33,8	32,1	24,4	26,5	21,2	20,4	14,3	16,1
Female	68,9	63,9	54,9	57,2	37,3	34,7	26,5	28,9	23,7	22,2	15,7	17,8

The severity of poverty showed similar trends to the poverty gap. Severity of poverty was high for females across all the years as compared to males. Between 2006 and 2011, the severity had decreased, but in 2015 it increased for both females and males (17,8 and 16,1 respectively). In terms of the poverty share in 2015, more than five out of ten (52,7%) poor individuals in South Africa were females, whereas males accounted for 47,3% of the poor.

3.3 Poverty and population group

Figure 3.2 provides an overview of the poverty headcount by population group for 2006, 2009, 2011 and 2015. According to the LCS 2014/2015, there is still a significant disparity in poverty levels between population groups in South Africa. Across all four data points, black Africans carried the overwhelming share of poverty by representing more than nine out of every ten individuals living below the UBPL. In 2006, approximately 91,5% of poor persons were black African; this rose to 92,5% in 2009 and reached a peak in 2011 at 93,3%. In 2015, the share decreased very slightly to 93,0%, but this was still higher than the share experienced in 2006 and 2009.

Figure 3.2: Poverty headcount by population group (UBPL) (2006, 2009, 2011 and 2015)



As indicated in Figure 3.2, the poverty headcount for black Africans has always been higher than the poverty headcount for other population groups. The proportion of black Africans who were living below the UBPL in 2006 was 76,8%. This proportion remained high at 72,6% in 2009 before declining to 62,4% in 2011. However, in 2015, the proportion of black Africans who were poor increased to 64,2% (roughly three out of every five black Africans were poor). The coloured population has the second highest proportion of people who are living below the UBPL. Over the first three survey data points (2006, 2009 and 2011), the proportion of coloured people living in poverty had declined (56,1%, 45,5% and 37,1%, respectively). However, as observed with the black African population, this trend changed in 2015 with the proportion increasing to 41,3% (an increase of 4,2 percentage points).

In 2015, only 5,9% of the Indian/Asian population was living below the UBPL. Unlike the other population groups, the proportion of poor Indians/Asians consistently decreased between 2006 and 2015, reporting a decrease of 71,8% or roughly a decrease of 15,0 percentage points over that period. It is worthwhile to note that the decrease between 2011 and 2015 was less pronounced than the decrease experience between 2006 and 2011. Nevertheless, Indians/Asians appear to have made strong gains in the war on poverty.

Table 3.2: Poverty measures by population group (UBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	66,6	62,1	53,2	55,5	35,6	33,5	25,5	27,7	22,5	21,3	15,0	17,0
Black African	76,8	72,6	62,4	64,2	41,8	39,8	30,3	32,5	26,6	25,5	18,1	20,1
Coloured	56,1	45,5	37,1	41,3	24,9	20,4	14,3	16,9	14,3	11,3	7,3	9,1
Indian/Asian	20,9	14,4	6,5	5,9	6,9	4,0	1,9	1,5	3,2	1,4	0,8	0,5
White	1,4	1,9	0,9	1,0	0,4	0,8	0,4	0,4	0,2	0,5	0,2	0,2

As shown in Table 3.2, black Africans have consistently recorded much higher poverty gap values compared to the other three population groups. Given the demographic size of the black African population, one can see the impact this has had on driving the national poverty gaps.

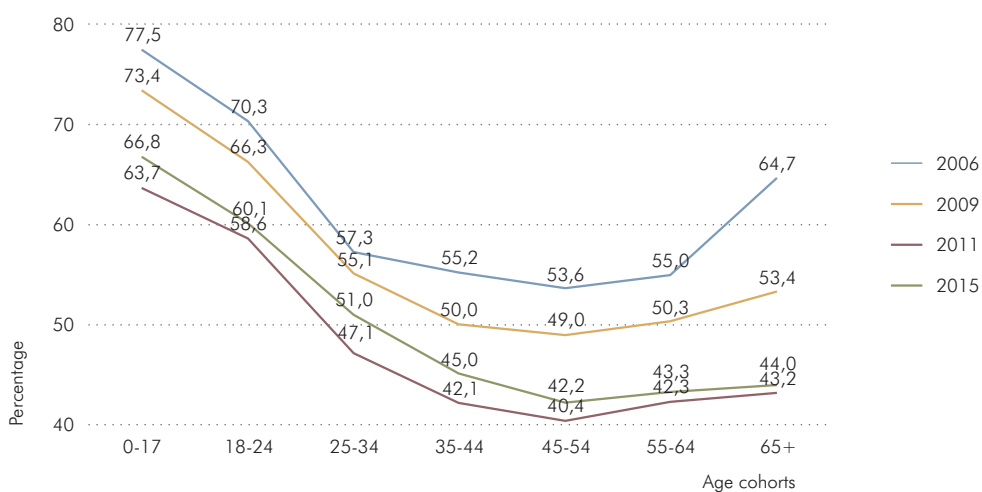
Between 2006 and 2011, the decline in the poverty gap shows that the position of poor black African and coloured individuals improved and over time moved closer to the poverty line. The poverty gap amongst black Africans decreased from 41,8% in 2006 to 30,3% in 2011, whereas for the coloured population it decreased from 24,9% in 2006 to 14,3% in 2011. Unfortunately, both groups experienced an increase in their poverty gaps between 2011 and 2015, rising to 32,5% and 16,9%, respectively. Although poverty gaps for black Africans and coloureds increased between 2011 and 2015, the poverty gap for Indians/Asians decreased from 1,9% in 2011 to 1,5% in 2015. This further highlights the gains the Indian/Asian population group has made since 2006. The poverty gap for the white population has always been less than 1% since 2006, highlighting that this group would require less intervention and resources to graduate out of poverty.

As observed already in the headcount and poverty gap measures, there are significant differences between different population groups. In 2015, the white and Indian/Asian population groups showed low levels of severity with 0,2 and 0,5 respectively; whereas black Africans topped the list with 20,1 followed by coloureds at 9,1. Given the high values across all three poverty measures (and across all four data points), it is clear that the black African population is suffering tremendously in terms of poverty.

3.4 Poverty and age

Figure 3.3 provides an overview of the different levels of poverty amongst various age cohorts, as well as the changes within each of the age groups for 2006, 2009, 2011 and 2015. The figure shows that while poverty is highest amongst children (aged 0–17), poverty levels tend to drop as one gets older and only start to increase again from the age of 55 onwards.

Figure 3.3: Poverty headcount by age (UBPL) (2006, 2009, 2011 and 2015)



All age groups saw a decrease in the proportion of people living below the UBPL between 2006 and 2011. However, the headcount across all age groups increased between 2011 and 2015, with the 25–34 age cohort experiencing the highest increase of 3,9 percentage points over the period. Meanwhile, the 65+ age group had the lowest increase at just 0,8 percentage points over the same period of time. According to the Kids Count Data Center (2017), growing up in poverty is one of the greatest threats to healthy childhood development¹⁴; consequently, in 2015 this was a reality for over 13 million children living in South Africa according to the latest LCS data.

In 2015, the youngest age group (0–17) had the highest proportion of people living in poverty (66,8%), while the 45–54 bracket had the lowest proportion at 42,2% in the same year. In 2006, 77,5% of all those aged 17 and younger in the country were living in poverty. Although there was a slight decrease of 5,3% in 2009, 73,4% of children were still living in poverty (roughly three out of every four children). This trend continued between 2009 and 2011 as poverty within the youngest age cohort decreased by 13,2%. However, the trend changed between 2011 and 2015, as there was an increase from 63,7% in 2011 to 66,8% in 2015 (this reflects an increase of 4,9% or 3,1 percentage points).

Table 3.3: Poverty measures by age (UBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	66,6	62,1	53,2	55,5	35,6	33,5	25,5	27,7	22,5	21,3	15,0	17,0
0-17	77,5	73,4	63,7	66,8	43,8	41,7	31,8	35,2	28,5	27,3	19,2	22,1
18-24	70,3	66,3	58,6	60,1	37,6	36,1	28,5	30,4	23,7	23,1	16,9	18,8
25-34	57,3	55,1	47,1	51,0	28,1	28,0	21,6	24,1	16,9	17,3	12,5	14,3
35-44	55,2	50,0	42,1	45,0	27,6	24,5	18,7	20,9	16,9	14,7	10,6	12,3
45-54	53,6	49,0	40,4	42,2	27,2	24,3	18,4	19,4	16,7	14,9	10,6	11,3
55-64	55,0	50,3	42,3	43,3	28,2	25,6	19,1	20,8	17,2	15,7	10,9	12,4
65+	64,7	53,4	43,2	44,0	33,7	28,3	19,8	20,9	20,7	17,6	11,3	12,5

The poverty gap, as well as the severity of poverty, shows a similar trend to the poverty headcount for the 0–17 age cohort. Table 3.3 shows that the poverty gap for this age group decreased from 43,8% in 2006 to 35,2% in 2015. Nevertheless, these poverty gap values highlight that not only are children more likely to be poor, but they are also residing in households that are further away from the poverty line.

In 2006, 70,3% of 18–24-year-olds in South Africa were living below the UBPL. This decreased to 66,3% in 2009 and then dropped to 58,6% in 2011. In line with the trend already discussed, the poverty headcount for this group increased to 60,1% in 2015. Table 3.3 also shows that the poverty gap for this group had decreased between 2006 (37,6%) and 2015 (30,4%).

Table 3.4: Poverty shares by age (UBPL)

Age cohorts	2006	2009	2011	2015
0-17	44,8	44,9	44,5	43,2
18-24	14,7	15,0	15,6	14,5
25-34	14,7	14,3	14,5	15,9
35-44	9,2	9,9	9,8	10,3
45-54	6,8	7,1	6,8	7,0
55-64	4,7	4,8	4,8	4,9
65+	5,0	4,1	4,0	4,1

As seen in Table 3.4, despite the increase in poverty between 2011 and 2015, the share of poverty for children slightly decreased from 44,8% in 2006 to 43,2% in 2015. Unfortunately, children still accounted for the largest proportion of poor individuals across all age cohorts. The population share for the 55–64 and 65+ age cohorts had the lowest shares of the poor population across the years.

From Table 3.3 it is clear that the headcount, poverty gap, as well as the severity of poverty generally decreases as one gets older. The only exception is the 65+ age cohort, which could be an indication that the elderly (65+) are still struggling to make ends meet despite the increases in the number of old-age grant recipients that was profiled earlier in this report. This means that an average child starts off poor, but as they grow older (18–54) and enter the workforce they become better off as they have more opportunities to generate income. However, when they reach retirement age they are at risk of falling back into poverty. In fact, the poverty gap and the severity of poverty for the 0–17, 18–24 and the 65+ groups were relatively higher as compared to the other age cohorts. The high poverty gap and severity in 2015 for the 18–24 age group could be a reflection of the ramifications of the high youth unemployment experienced in South Africa, which amounted to 29,4% in the fourth quarter of 2015.¹⁵ The 2015 increases in the headcount, poverty gap and severity across all the age groups show that not only has poverty increased, but those living in poverty are actually worse off than they were in 2011.

3.5 Poverty and education

In 2006, there were approximately 17 million adult South Africans (18 years and older) living below the UBPL. Over the last decade this number has remained relatively stable, with the exception of a drop in 2011 down to approximately 15 million adults living below the UBPL. Education has the potential to eradicate poverty and minimise the impact of the triple challenges of poverty, unemployment and inequality. There is an undeniable relationship between poverty and education. Studies have shown that the higher a person's qualification, the more likely they are to be employed and absorbed in the formal labour force, and therefore, are less susceptible to falling into poverty.

Figure 3.4: Poverty headcount by educational level attained for individuals aged 18 and older (UBPL) (2006, 2009, 2011 and 2015)

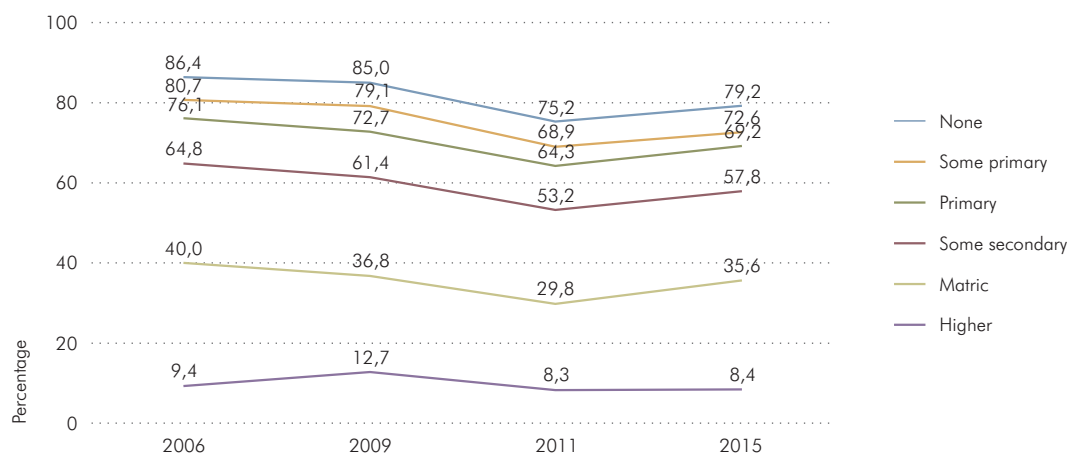


Figure 3.4 illustrates the different poverty headcounts amongst the adult population based on the level of education attained. The poverty headcount for individuals with no education dropped from 86,4% in 2006 to 79,2% in 2015. Although this decrease mainly occurred between 2006 and 2011, there was a 4,0 percentage points increase between 2011 and 2015. The headcount for individuals with a higher qualification dropped slightly from 9,4% in 2006 to 8,4% in 2015. However, this category was the only one that saw an increase between 2006 and 2009, reaching a peak of 12,7% or one in every ten adults with a higher qualification in 2009. Both primary education groups ("some primary" and "primary") demonstrate a similar trend over the decade. Their headcount rates marginally decreased between 2006 and 2009; however, between 2009 and 2011 they saw a much sharper decline, dropping roughly 10,0 percentage points over that period. The headcount rates increased slightly during the latter half of the period under review, increasing from 68,9% in 2011 to 72,6% in 2015 for some primary education and from 64,3% in 2011 to 69,2% in 2015 for those with primary education.

The poverty headcount for persons of working age with a matric qualification declined between 2006 and 2011 and increased sharply by 19,5% (or roughly 5,8 percentage points) between 2011 and 2015. Given that over the last eight years, the proportion of adults with a matric education increased by about 15,0%¹⁶, the qualification has become a standard for the South African labour market as there is no pre-matric education that is widely recognised. Despite the improvements made between 2006 and 2011, the rise of poverty between 2011 and 2015 has reversed gains made (especially for those in the "some secondary", "matric" and "higher" education categories) and returned these 2015 headcounts closer to 2006 rates.

Table 3.5: Poverty measures by educational level attained for individuals aged 18 and older (UBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	59,8	55,1	47,0	49,1	30,5	28,4	21,7	23,5	18,7	17,6	12,6	14,1
None	86,4	85,0	75,2	79,2	50,3	49,0	38,3	43,2	33,2	32,2	23,2	27,9
Some primary	80,7	79,1	68,9	72,6	44,2	43,2	34,1	37,5	28,2	27,7	20,5	23,6
Primary	76,1	72,7	64,3	69,2	40,1	38,4	30,4	35,3	25,0	24,1	18,0	22,0
Some secondary	64,8	61,4	53,2	57,8	32,0	31,2	24,2	27,6	19,3	19,2	13,9	16,4
Matric	40,0	36,8	29,8	35,6	17,8	16,8	12,5	15,2	9,9	9,7	6,8	8,3
Higher	9,4	12,7	8,3	8,4	3,4	5,4	2,9	3,2	1,7	3,0	1,5	1,6

Table 3.5 shows that the national poverty gap was 23,5% for 2015 having dropped from 30,5% in 2006. This illustrates that on average, individuals are slowly moving closer towards the UBPL and are generally improving their living conditions despite still being poor. Prior to 2015, the only time the poverty gap increased was for individuals who had a higher degree, but between 2011 and 2015, regardless of one's educational achievements, the poverty gap increased. With regard to the severity of poverty, we see a trajectory similar to the poverty gap. This further highlights the negative impact on the poorest South Africans.

Increases in poverty measures between 2006 and 2009 reflect the impact of the global financial crisis on the socioeconomic conditions of South Africans. Job losses most notably impacted individuals with higher qualifications. According to data from the QLFS, the absorption rates for adults with 'other tertiary education' and graduates declined by 7,3% and 0,8%, respectively, between Q4: 2008 and Q4: 2010.¹⁷ There was an increase in poverty measures across all levels of education between 2011 and 2015. Poor uneducated South Africans were most affected by low economic growth and high unemployment. Transition rates into employment were highest among post-matric educated adults, followed by those with a matric qualification. In addition, the uneducated are more vulnerable to long-term unemployment, with the number increasing between 2008 and 2014 – with more than half of the unemployed looking for a job for longer than a year.¹⁸

Table 3.6: Poverty share by educational level attained for individuals aged 18 and older (UBPL)

Educational level	2006	2009	2011	2015
None	13,7	10,8	9,6	8,2
Some primary	20,4	19,4	19,8	15,6
Primary	8,3	7,6	7,5	7,4
Some secondary	8,3	7,6	7,5	7,4
Matric	14,3	12,5	13,3	18,6
Higher	1,4	3,0	2,1	2,1

Comparing poor adults with less education to their counterparts with higher education supports the link between education and poverty. Poor South Africans with some primary education had the highest poverty share between 2006 and 2011 at 20,4% for 2006, 19,4% for 2009, and 19,8% for 2011. However, in 2015 it was poor persons with matric that accounted for the largest share at 18,6%, roughly 3,0 percentage points higher than those with some primary. Meanwhile, adults with higher education had the lowest share at 1,4% for 2006, 3,0% for 2009, 2,1% for 2011, and 2,1% for 2015. The 'some primary' group showed the most improvement over the decade with a drop in the poverty headcount of 8,1 percentage points between 2006 and 2015. It still remains that the highest level of poverty is among individuals with the lowest level of education and the lowest poverty level is among those with higher education. Thus, the results highlight that education remains an important tool in the fight against poverty.

3.6 Poverty and province

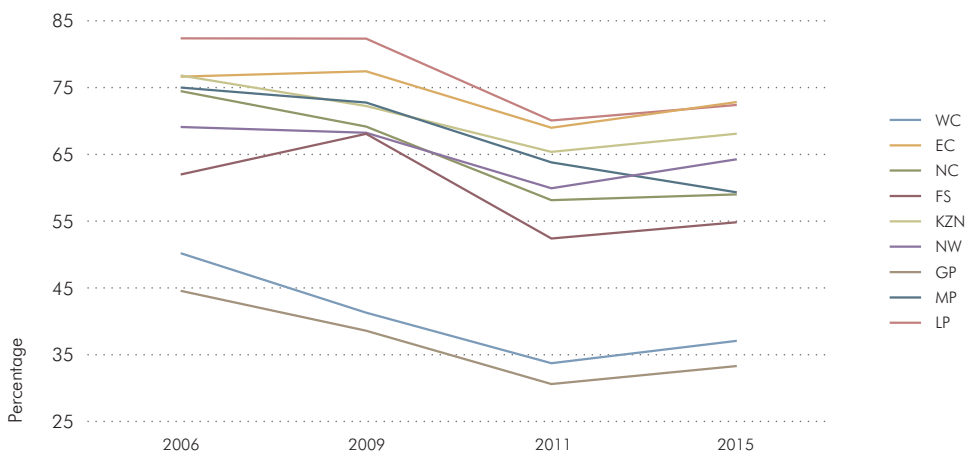
On average, the poverty headcount for the majority of provinces increased between 2011 and 2015, except for Mpumalanga, which saw a decline over this period.

Table 3.7: Poverty measures by province (UBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	66,6	62,1	53,2	55,5	35,6	33,5	25,5	27,7	22,5	21,3	15,0	17,0
Western Cape	50,2	41,3	33,7	37,1	21,2	18,1	12,5	14,7	11,7	9,9	6,2	7,6
Eastern Cape	76,6	77,4	69,0	72,9	43,9	44,9	35,5	41,3	28,4	29,6	21,6	27,1
Northern Cape	74,5	69,2	58,2	59,0	40,9	36,6	26,4	28,0	26,2	22,6	14,9	16,5
Free State	62,0	68,1	52,4	54,9	31,0	34,9	23,4	25,1	18,2	21,0	13,4	14,2
KwaZulu-Natal	76,8	72,2	65,4	68,1	45,2	41,2	33,4	36,1	30,3	27,1	20,4	22,7
North West	69,1	68,3	59,9	64,3	37,5	36,0	29,6	32,2	23,7	22,5	17,8	19,8
Gauteng	44,5	38,6	30,6	33,3	18,3	16,6	12,0	13,2	9,6	9,1	6,4	6,9
Mpumalanga	75,0	72,8	63,8	59,3	41,8	40,7	31,1	29,0	26,9	26,4	18,0	17,3
Limpopo	82,4	82,3	70,1	72,4	47,4	50,6	36,8	40,3	31,0	34,7	23,0	26,4

Over the four data points, Mpumalanga has been the only province to experience a constant decline with a poverty headcount of 75,0% in 2006; 72,8% in 2009; 63,8% in 2011; and most recently 59,3% in 2015, constituting a decrease of 15,7 percentage points over the period under review. From the eight other provinces, six showed a similar decreasing trend between 2006 and 2011 before increasing in 2015. These provinces were Western Cape, Northern Cape, KwaZulu-Natal, North West, Gauteng and Limpopo. The remaining two provinces, namely Eastern Cape and Free State, had irregular movements relative to the others, seeing an increase between 2006 and 2009 before dropping in 2011 and increasing again in 2015. In the Eastern Cape, the poverty headcount was 76,6% in 2006; 77,4% in 2009; 69,0% in 2011; and 72,9% in 2015; while in the Free State, the headcount changed from 62,0% in 2006 to 68,1% in 2009, then declined to 52,4% in 2011 and increased slightly to 54,9% in 2015.

Figure 3.5: Poverty headcount by province (UBPL) (2006, 2009, 2011 and 2015)

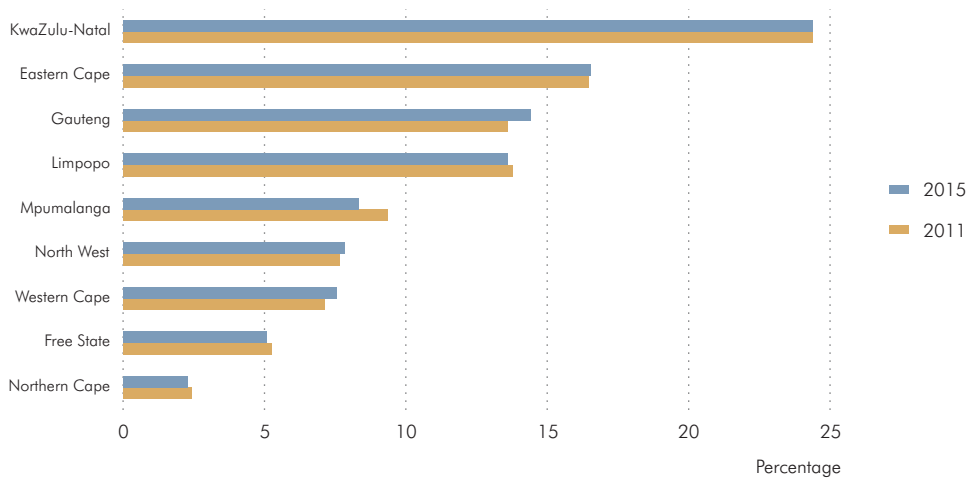


As seen in Figure 3.5, the poorest three provinces in the country have consistently been Limpopo, Eastern Cape and KwaZulu-Natal. Limpopo recorded the highest poverty headcount for 2006, 2009 and 2011. However, in 2015, the Eastern Cape overtook Limpopo as the province with the highest headcount, with 72,9% of its population living below the UBPL. Limpopo was slightly lower at 72,4% and KwaZulu-Natal was third at 68,1% in 2015.

As observed with the poverty headcount, Mpumalanga had a poverty gap that consistently decreased between 2006 and 2015, while the other five provinces followed the expected result of a decreasing poverty gap between 2006 and 2011, but then an increase in 2015. These provinces were Western Cape which had a poverty gap of 12,5% in 2011 and increased to 14,7% in 2015; Northern Cape, which had a poverty gap of 26,4% in 2011 and which rose to 28,0% in 2015; KwaZulu-Natal, with a poverty gap of 33,4% in 2011 which increased to 36,1% in 2015; North West, which had a poverty gap of 29,6% in 2011 and which increased to 32,2% in 2015; and Gauteng, which was estimated to have a gap of 12,0% in 2011 which increased to 13,2% in 2015. Limpopo's poverty gap fluctuated up and down between the four data points with a poverty gap of 47,4% in 2006, followed by an increase to 50,6% in 2009, then a decline to 36,8% in 2011 before increasing to 40,3% in 2015.

In terms of ranking provinces according to their poverty gaps (from highest to lowest), Free State, Western Cape and Gauteng had the lowest poverty gap values over the four data points, ranking 7th, 8th and 9th, respectively, while the provinces with the highest poverty gaps were Eastern Cape, Limpopo and KwaZulu-Natal.

Figure 3.6: Comparison of poverty share by province between 2011 and 2015 (UBPL)



In both 2011 and 2015, the province with the largest share of poverty was KwaZulu-Natal (24,4%), followed by Eastern Cape (16,5%). Limpopo and Gauteng also had large shares of 13,6% and 14,4%, respectively in 2015. The provinces with the least share of poverty were Northern Cape and Free State with 2,3% and 5,1%, respectively. Between 2011 and 2015, there was very little change in the provincial distribution of poverty. The only provinces that saw a slight change were Mpumalanga, which decreased from 9,4% in 2011 to 8,3% in 2015, and Western Cape, which showed an increase from 7,1% in 2011 to 7,5% in 2015.

Figure 3.7: Poverty share by province in 2015 (UBPL)

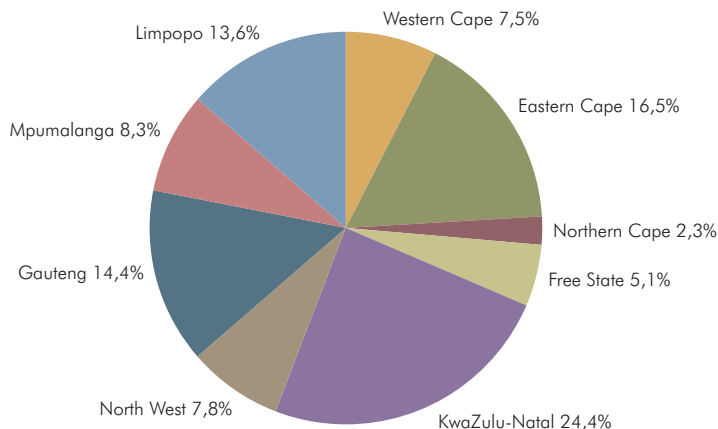


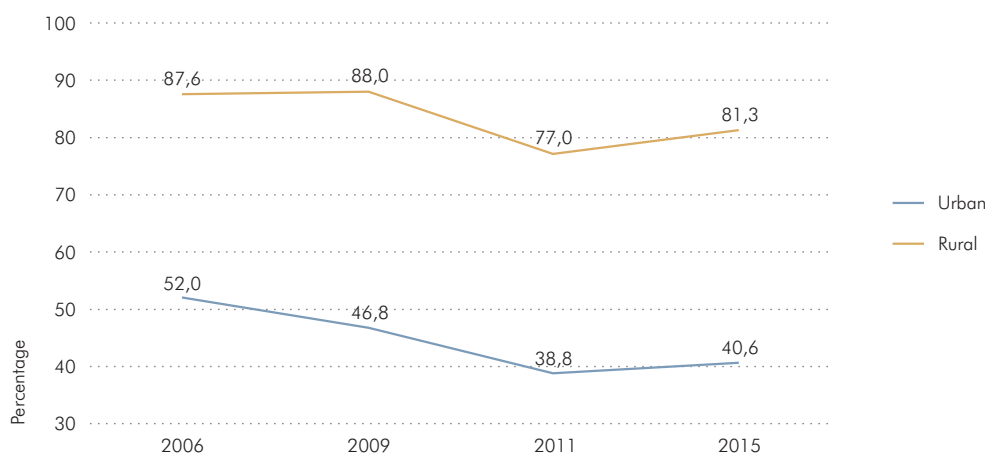
Figure 3.7 shows the share of poverty that each province contributed to national poverty in 2015. In addition to the headcount, the scale of poverty is also influenced by the population size of each province, as some provinces have the same share of poverty and different poverty headcounts. When rounding off, Gauteng and Limpopo both had a poverty share of approximately 14%; however, despite this similar share, they had dramatically different poverty headcounts, which were very low for Gauteng at 33,3%, while Limpopo was amongst the highest with 72,4% in 2015. This is due to the varying population sizes; according to the LCS 2014/2015, Gauteng had a population of 13,2 million, while Limpopo had a population size of 5,7 million. From the varying population sizes it becomes evident that poverty is more prevalent in Limpopo than in Gauteng even though the two provinces have the same share of poverty.

3.7 Poverty and settlement type

Figure 3.8 shows the difference in poverty levels between urban and rural areas. In 2006, 87,6% of people residing in rural areas were living below the UBPL; this was significantly higher than the 52,0% headcount for those living in urban areas (a 35,6 percentage point difference). For rural areas, the headcount increased slightly in 2009, reaching a high of 88,0% before dropping by 11,0 percentage points to 77,0% in 2011. Unfortunately, the headcount increased to 81,3% in 2015; however, despite the increase, the 2015 estimate was still below 2006 and 2009 levels.

Urban areas experienced a healthy decline between 2006 and 2011, followed by a small increase in 2015. It is interesting to note that rural areas seemed to have been hit harder by the 2007/08 financial crisis than urban areas. This might be influenced by people who had lost their jobs in urban areas during the crisis, resulting in them having to return to their rural areas of origin, and thus pushing up poverty levels in those areas. Another possible reason for the increase could be that remittances and other financial transfers from those in urban areas decreased (again a by-product of the financial crisis), putting additional pressure on individuals in rural areas that depend on those resources to survive. Generally, while poverty decreased between 2006 and 2015 in both settlement types, urban areas benefited more substantially. There was a 21,9% reduction (an 11,4 percentage point drop) in poverty levels in urban areas compared to just a 7,2% reduction in rural areas (a 6,3 percentage point change) over the period. Additionally, the gap between the rural and urban headcounts widened over this period, increasing from a 35,6 percentage point difference in 2006 to a 40,7 percentage point difference by 2015.

Figure 3.8: Poverty headcount by settlement type (UBPL) (2006, 2009, 2011 and 2015)



In terms of poverty share, the majority of poor people (53,5%) lived in rural areas in 2015. The proportions have remained at a similar level since 2006, when the share was measured to be at 53,9% and subsequently reached a peak of 54,5% in 2011.

Table 3.8: Poverty measures by settlement type (UBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	66,6	62,1	53,2	55,5	35,6	33,5	25,5	27,7	22,5	21,3	15,0	17,0
Urban	52,0	46,8	38,8	40,6	23,8	22,2	16,5	17,5	13,6	13,0	9,1	9,7
Rural	87,6	88,0	77,0	81,3	52,6	52,6	40,3	45,5	35,3	35,4	24,9	29,7

There are significant differences in the experience of poverty between those living in urban and rural areas. As illustrated by the poverty gap measures seen in Table 3.8, poor people living in rural areas were notably poorer than poor individuals living in urban areas, as they were on average further away from the poverty line. In 2006, the poverty gap was 52,6% for rural areas, roughly two times more than the gap in urban areas (23,8%). In 2009, while the gap remained constant at 52,6% in rural areas, it decreased to 22,2% in urban areas. Although the gap in rural areas decreased in 2011 to 40,3%, it was still twice as large as the gap recorded in urban areas (16,5%). By 2015, the gap increased to 45,5% in rural areas and 17,5% in urban areas; however, this gap was still lower than what was estimated in 2006 and 2009. This shows the challenge in reaching our poverty reduction goal.

As discussed above regarding the poverty gap, a similar trend was experienced in the severity of poverty in rural and urban areas. Since 2006, the severity level was decreasing until 2011, when a slight increase was experienced between 2011 and 2015 in both urban and rural areas.

3.8 Summary

Status in 2015

- By 2015, approximately 30,3 million people in South Africa were living below the UBPL – an increase of 3,1 million from 2011.
- Females remain more disadvantaged than their male counterparts, consistently recording higher headcount, gap and severity measures at each point in time; however, the difference between the sexes is narrowing.
- Approximately 64,2% of black Africans were living below the UBPL in 2015 and have consistently recorded much higher headcount, gap and severity measures than the other population groups.
- The higher poverty gap and severity measures showed that poor people living in rural areas were not only further away from the poverty line on average, but the poorest of the poor in those areas are significantly worse off than their poor counterparts living in urban areas.
- While there were substantial gains made towards reducing poverty across all age cohorts between 2006 and 2011, by 2015, poverty had increased for all age groups.
- Levels of poverty differ significantly across provinces, with the Eastern Cape (72,9%), Limpopo (72,4%), and KwaZulu-Natal (68,1%) recording the highest levels of poverty in 2015, while the Western Cape (37,1%) and Gauteng (33,3%) had the lowest levels.
- An individual's educational level is closely related to poverty; 79,2% of individuals with no formal education were poor as compared to only 8,4% of individuals who had a post-matric qualification in 2015.

Change from 2011

- Indians/Asians were the only population group that saw a decrease in the headcount between 2011 and 2015. Additionally, their poverty gap decreased from 1,9% in 2011 to 1,5% in 2015.
- The headcount across all age groups increased between 2011 and 2015, with those aged between 25 and 34 displaying the highest increase of 3,9 percentage points, while those aged 65+ displayed the lowest increase at just 0,8 percentage point.
- Since 2011, KwaZulu-Natal remains the province with the highest share of poverty, with one out of every four poor South Africans residing in the province (24%). Meanwhile, Northern Cape (2%) and Free State (5%) had the lowest shares.

Change from 2006

- Despite the increase in the poverty headcount for both males and females between 2011 and 2015, the headcount for 2015 was still below the estimates for 2006 and 2009.
- Unlike other population groups, the proportion of poor Indians/Asians consistently declined between 2006 and 2015, reporting a decrease of 71,8% or 15,0 percentage points.
- In urban areas, the poverty headcount had declined notably from 52,0% in 2006 to 40,6% in 2015.
- The share of poverty for children (0–17) slightly decreased from 44,8% in 2006 to 43,2% in 2015.
- Mpumalanga has been the only province to experience a continuous decline in poverty between 2006 and 2015.
- The poverty headcount for individuals with no education dropped from 86,4% in 2006 to 79,2% in 2015, while the headcount for individuals with a higher qualification dropped slightly from 9,4% in 2006 to 8,4% in 2015.
- When examining poverty by educational level, improvements have been made between 2006 and 2011, but the rise in poverty between 2011 and 2015 has reversed many gains made, especially for those in the "some secondary", "matric" and "higher" education categories.

3.9 Additional tables for LBPL and FPL

The tables below provide poverty estimates at individual level, based on the lower-bound poverty line (LBPL) and the food poverty line (FPL).

Table 3.9: Poverty measures by sex (LBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	51,0	47,6	36,4	40,0	22,2	21,0	14,3	16,6	12,2	11,7	7,3	9,1
Male	48,3	45,6	34,7	38,2	20,8	20,1	13,5	15,7	11,4	11,1	6,9	8,6
Female	53,6	49,6	38,1	41,7	23,4	21,9	15,0	17,5	12,9	12,2	7,7	9,6

Table 3.10: Poverty measures by population group (LBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	51,0	47,6	36,4	40,0	22,2	21,0	14,3	16,6	12,2	11,7	7,3	9,1
Black African	60,0	56,5	43,4	47,1	26,3	25,3	17,2	19,8	14,5	14,2	8,9	10,9
Coloured	35,7	30,4	20,2	23,3	13,4	10,4	6,2	8,3	6,6	4,9	2,7	3,9
Indian/Asian	5,0	4,3	2,9	1,2	2,2	0,7	0,5	0,3	1,2	0,2	0,2	0,1
White	0,6	1,1	0,5	0,4	0,1	0,4	0,2	0,1	0,1	0,2	0,1	0,1

Table 3.11: Poverty measures by age (LBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	51,0	47,6	36,4	40,0	22,2	21,0	14,3	16,6	12,2	11,7	7,3	9,1
0-17	62,8	59,4	45,9	51,0	28,5	27,3	18,4	22,0	16,0	15,5	9,6	12,2
18-24	53,7	51,5	40,7	43,6	23,4	22,9	16,1	18,5	12,9	12,8	8,3	10,2
25-34	39,7	40,0	30,7	34,7	16,1	16,7	11,7	13,8	8,5	9,1	5,9	7,4
35-44	39,5	34,8	26,1	30,1	16,2	14,1	9,7	11,8	8,7	7,4	4,8	6,2
45-54	39,1	34,0	26,3	27,8	16,1	14,3	9,9	10,8	8,6	7,8	5,1	5,7
55-64	40,1	36,0	26,7	29,9	16,7	15,2	10,1	12,0	8,9	8,2	5,1	6,4
65+	49,5	41,3	28,7	30,1	20,1	17,2	10,5	12,2	10,5	9,2	5,1	6,4

Table 3.12: Poverty measures by educational level attained for individuals aged 18 and older (LBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	43,6	40,4	30,9	33,8	18,2	17,2	11,8	13,6	9,7	9,3	6,0	7,3
None	71,7	69,6	55,6	61,6	33,5	32,4	22,4	28,2	19,0	18,4	11,7	16,1
Some primary	63,5	61,8	49,3	53,8	27,9	27,4	19,7	23,5	15,4	15,3	10,3	13,2
Primary	57,4	54,6	42,9	49,9	24,5	23,7	17,0	21,7	13,2	13,0	8,8	12,3
Some secondary	45,8	44,4	34,2	39,8	18,5	18,5	12,9	15,8	9,7	10,0	6,5	8,4
Matric	25,1	23,7	17,4	21,8	9,0	9,1	6,1	7,7	4,4	4,6	2,9	3,8
Higher	4,3	7,6	3,7	4,4	1,4	2,7	1,3	1,3	0,7	1,3	0,6	0,6

Table 3.13: Poverty measures by province (LBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	51,0	47,6	36,4	40,0	22,2	21,0	14,3	16,6	12,2	11,7	7,3	9,1
Western Cape	29,7	26,7	17,0	21,3	10,6	9,0	5,1	6,8	5,1	4,2	2,2	3,0
Eastern Cape	64,3	63,8	51,8	59,1	28,6	29,9	20,8	27,5	15,5	17,0	10,8	15,8
Northern Cape	57,9	53,6	39,1	40,7	26,2	22,1	13,9	15,9	14,5	11,6	6,5	8,2
Free State	46,0	51,7	33,6	36,2	17,4	20,3	12,6	13,5	8,4	10,2	6,2	6,7
KwaZulu-Natal	63,7	57,8	48,0	52,4	30,6	27,3	19,8	22,5	18,0	15,7	10,4	12,6
North West	53,9	51,8	41,9	46,9	23,3	22,0	17,0	19,5	12,8	12,0	9,0	10,6
Gauteng	26,1	23,3	16,3	19,0	8,3	8,3	5,5	6,2	3,7	3,9	2,7	2,9
Mpumalanga	60,2	58,4	46,1	42,6	26,8	26,2	16,9	16,9	14,9	14,8	8,2	8,8
Limpopo	67,1	71,5	52,7	57,0	31,2	35,6	22,6	26,6	17,6	21,1	12,3	15,6

Table 3.14: Poverty measures by settlement type (LBPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	51,0	47,6	36,4	40,0	22,2	21,0	14,3	16,6	12,2	11,7	7,3	9,1
Urban	34,3	31,5	23,1	25,4	12,6	12,2	8,2	8,9	6,1	6,3	4,0	4,4
Rural	74,9	74,9	58,5	65,4	35,9	36,0	24,3	30,0	20,8	20,9	12,8	17,3

Table 3.15: Poverty measures by sex (FPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	28,4	33,5	21,4	25,2	9,3	12,3	6,8	9,0	4,2	6,0	3,0	4,5
Male	26,5	32,0	20,2	23,7	8,7	11,7	6,4	8,5	4,0	5,7	2,9	4,2
Female	30,1	35,0	22,6	26,5	9,9	12,9	7,2	9,5	4,5	6,3	3,2	4,7

Table 3.16: Poverty measures by population group (FPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	28,4	33,5	21,4	25,2	9,3	12,3	6,8	9,0	4,2	6,0	3,0	4,5
Black African	34,0	40,4	26,0	29,9	11,2	15,0	8,3	10,9	5,1	7,4	3,7	5,4
Coloured	15,1	16,1	8,0	12,4	4,5	4,7	2,2	3,6	1,9	2,0	0,9	1,5
Indian/Asian	2,0	1,2	0,8	0,3	1,0	0,0	0,2	0,1	0,6	0,0	0,1	0,0
White	0,0	0,8	0,2	0,2	0,0	0,2	0,1	0,0	0,0	0,1	0,0	0,0

Table 3.17: Poverty measures by age (FPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	28,4	33,5	21,4	25,2	9,3	12,3	6,8	9,0	4,2	6,0	3,0	4,5
0-17	37,3	43,6	27,9	33,3	12,6	16,5	9,0	12,3	5,8	8,2	4,1	6,2
18-24	29,6	36,6	24,1	27,9	9,9	13,6	7,7	10,3	4,6	6,7	3,5	5,1
25-34	19,9	26,5	17,5	20,7	6,2	9,5	5,4	7,2	2,8	4,6	2,5	3,5
35-44	20,2	22,4	14,5	17,9	6,5	7,6	4,4	6,0	3,0	3,5	1,9	2,9
45-54	20,1	22,8	14,7	16,3	6,3	8,1	4,7	5,5	2,9	3,9	2,1	2,6
55-64	21,5	24,7	14,9	18,4	6,5	8,5	4,6	6,4	2,9	4,0	2,0	3,1
65+	25,6	27,6	16,0	18,8	7,5	9,5	4,6	6,3	3,1	4,5	1,9	2,9

Table 3.18: Poverty measures by educational level attained for individuals aged 18 and older (FPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	22,8	27,3	17,6	20,6	7,2	9,8	5,5	7,2	3,3	4,7	2,4	3,5
None	44,5	52,1	33,4	43,3	15,1	19,6	11,0	16,5	7,0	9,7	5,1	8,4
Some primary	35,7	43,7	30,0	36,2	11,9	16,1	9,7	13,3	5,5	8,0	4,4	6,7
Primary	31,9	37,7	25,4	32,7	9,8	13,6	8,3	12,5	4,3	6,6	3,7	6,4
Some secondary	22,7	29,6	19,2	23,9	7,0	10,4	5,9	8,2	3,1	4,9	2,6	3,9
Matric	10,2	14,2	9,0	11,3	2,9	4,7	2,5	3,5	1,2	2,2	1,0	1,6
Higher	1,6	4,2	1,8	2,0	0,4	1,4	0,5	0,5	0,2	0,6	0,2	0,2

Table 3.19: Poverty measures by province (FPL)

	Headcount (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	28,4	33,5	21,4	25,2	9,3	12,3	6,8	9,0	4,2	6,0	3,0	4,5
Western Cape	11,6	14,0	6,9	10,0	3,3	4,0	1,7	2,6	1,4	1,7	0,7	1,0
Eastern Cape	37,5	48,2	31,5	41,4	11,6	18,3	10,2	16,3	5,1	9,0	4,5	8,3
Northern Cape	33,3	35,9	21,3	24,2	11,3	11,9	5,6	8,1	5,0	5,4	2,2	3,7
Free State	20,7	32,8	19,7	21,1	5,3	10,3	5,6	6,3	2,1	4,4	2,3	2,7
KwaZulu-Natal	40,4	43,6	30,6	34,3	15,0	16,8	9,9	12,7	7,3	8,4	4,4	6,5
North West	29,2	34,5	25,2	28,7	9,8	12,5	8,6	10,5	4,6	6,2	4,0	5,1
Gauteng	8,7	13,3	7,8	9,2	2,2	3,8	2,3	2,6	0,8	1,6	1,1	1,1
Mpumalanga	34,8	42,0	25,1	26,4	11,5	15,7	7,2	8,5	5,5	7,8	3,0	3,9
Limpopo	42,7	55,8	34,1	40,3	13,9	22,9	11,7	16,1	6,3	11,8	5,7	8,5

Table 3.20: Poverty measures by settlement type (FPL)

	Headcount (P_0)				Poverty gap (P_1)				Severity (P_2)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	28,4	33,5	21,4	25,2	9,3	12,3	6,8	9,0	4,2	6,0	3,0	4,5
Urban	14,6	19,4	12,3	13,4	4,0	6,3	3,6	4,1	1,6	2,9	1,5	1,8
Rural	48,2	57,4	36,6	45,6	16,9	22,5	12,1	17,7	8,0	11,3	5,6	9,1





Chapter 4
Findings on household poverty

4.1 Introduction

This chapter discusses the changes and trends in household poverty disaggregated by sex, population group, age and educational status of the household head, as well as the province and settlement type of the household across the four data points. The LCS 2014/2015 data shows that the households most vulnerable to poverty in the country tend to be those headed by females, black Africans, children (17 years and younger), the elderly (65+), and those with no education. Furthermore, households living in Limpopo and the Eastern Cape, as well as households found in rural areas were most affected by high levels of poverty.

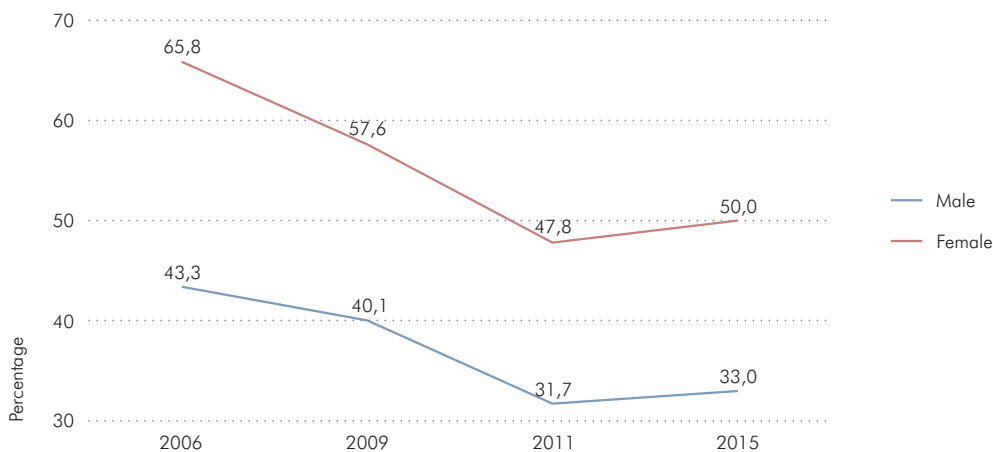
In 2006, more than half (52,1%) of the households in South Africa (roughly 6,5 million) were living below the upper-bound poverty line. The incidence of poverty decreased to 47,2% and then reached a low of 38,3% (5,6 million) in 2011 (representing a 13,8 percentage point drop since 2006). However, by 2015 the incidence increased to 40,0%, which translates into 6,7 million households living in poverty (a 1,7 percentage point increase from 2011). Despite the increase in the incidence of household poverty between 2011 and 2015, the 2015 levels were still below the estimates from 2006 and 2009, reflecting that progress was still being made.

The poverty gap for households decreased from 25,3% in 2006 to 16,3% 2011. The decline in the gap shows that poor households in the country were moving closer towards the poverty line and were therefore, getting closer to graduating out of poverty. Between 2011 and 2015, there was a slight increase of 1,3 percentage points in the poverty gap. The severity of poverty showed a trend similar to the poverty gap across the four data points. Between 2006 and 2011, the severity decreased from 15,1 to 9,0; however, in 2015 it increased to 9,9.

4.2 Household poverty and sex

Figure 4.1 illustrates the significance in levels of poverty amongst male- and female-headed households. The incidence of poverty for female-headed households was higher than that of male-headed households across all four data points. In 2006, approximately two-thirds (65,8%) of all female-headed households were living below the UBPL. This proportion decreased to 57,6% in 2009 and reached a low of 47,8% in 2011. This reflects a 27,4% reduction in poverty from 2006 to 2011 (an 18,0 percentage point change). Male-headed households experienced a similar reduction (26,8%) in poverty between 2006 and 2011. In 2006, it was estimated that approximately 43,3% of male-headed households were living in poverty. This declined to 40,1% in 2009. As with female-headed households, poverty in male-headed households also reached its lowest level in 2011, dropping to 31,7% (representing an 11,6 percentage point drop since 2006). It is interesting to note that between 2006 and 2011, poverty in female-headed households seemed to decline at a fairly constant rate; however, male-headed households saw a very small decline between 2006 and 2009 and then a sharper drop between 2009 and 2011.

Figure 4.1: Poverty incidence of households by sex of household head (UBPL) (2006, 2009, 2011 and 2015)



Unfortunately, by 2015 there was an increase in the incidence of poverty for both male- and female-headed households. The incidence for male-headed households increased to 33,0% (a 1,3 percentage point increase from 2011) as compared to 50,0% for female-headed households (a 2,2 percentage point change). Despite the increase in the incidence of poverty for both male and female-headed households between 2011 and 2015, the 2015 levels were still below the estimates from 2006 and 2009.

Table 4.1: Poverty measures of households by sex of household head (UBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	52,1	47,2	38,3	40,0	25,3	22,5	16,3	17,6	15,1	13,3	9,0	9,9
Male	43,3	40,1	31,7	33,0	19,9	18,0	12,8	13,6	11,5	10,3	6,9	7,4
Female	65,8	57,6	47,8	50,0	33,9	29,1	21,4	23,2	20,7	17,7	12,1	13,6

As seen in the incidence of poverty, female-headed households also had higher poverty gap and severity estimates compared to male-headed households across all four data points. The decrease of the poverty gap between 2006 and 2011 shows that the status of poor male- and female-headed households has improved, and they have moved closer to the poverty line over time. The poverty gap amongst households headed by females decreased from 33,9% in 2006 to 21,4% in 2011, whereas for households headed by males, it decreased from 19,9% in 2006 to 12,8% in 2011. Between 2011 and 2015, there was an increase in the poverty gaps for both female- and male-headed households to 23,2% and 13,6%, respectively.

In 2006, the severity of poverty for households headed by females was 20,7. This declined to 17,7 in 2009 and reached a low of 12,1 in 2011; however, the severity slightly increased to 13,6 in 2015. Meanwhile, the severity for households headed by males dropped from 11,5 in 2006 to 6,9 by 2011 before it slightly increased to 7,4 in 2015. In terms of poverty share in 2015, more than five out of ten (51,6%) poor households in South Africa were headed by females, whereas those headed by males accounted for 48,4%.

4.3 Household poverty and population group

Figure 4.2 shows that the levels of poverty across households headed by different population groups varied significantly between 2006 and 2015. The results show that across all the population groups, the incidence of poverty had decreased from 2006 to 2011; however, in 2015 it had increased. The incidence of poverty for households headed by black Africans has always been higher than the national rate. In 2006, six in every ten black African-headed households (62,4%) were living below the UBPL. This proportion decreased to 56,9% in 2009 and to 45,7% in 2011 before slightly increasing to 46,6% in 2015. Coloured-headed households had the second highest incidence of poverty in the country, reporting 46,4% in 2006; 36,1% in 2009; 29,9% in 2011; and 32,2% in 2015.

The proportion of poor households headed by Indians/Asians increased slightly from 4,3% in 2011 to 4,6% in 2015. This is an interesting finding, given the overall improvement observed for the Indian/Asian population when measured at an individual level. Unlike individual poverty, there was an increase in all the poverty measures (the incidence, poverty gap and severity of poverty) amongst Indian/Asian-headed households in 2015. Meanwhile, the level of poverty amongst white-headed households has remained around 1,0% or less since 2006.

Figure 4.2: Poverty incidence of households by population group of household head (UBPL) (2006, 2009, 2011 and 2015)

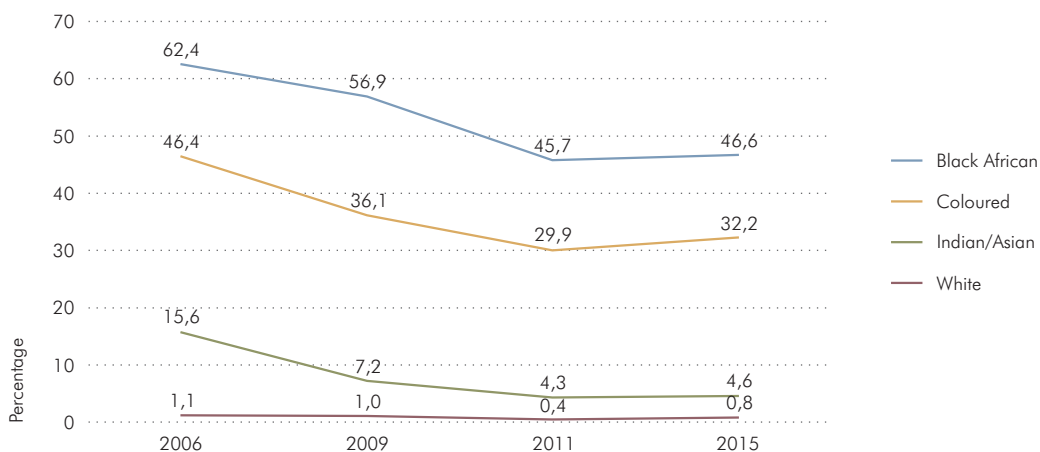


Table 4.2 shows the differences by population group for the poverty gap and the severity of poverty. As indicated, the households headed by black Africans showed far higher poverty gaps and severity for all four data points.

Between 2006 and 2011, there was a decrease in the poverty gaps of households across all population groups. These reductions show that different households were becoming less poor and were slowly graduating out of poverty. In 2011, the poverty gap amongst black African-headed households was 19,7%, which translates into a 36,0% reduction in the gap of poverty from 2006 (a decrease of 11,1 percentage points). There was a 43,6% decrease in the gap of poverty for coloured-headed households and an 80,0% decrease for Indian/Asian-headed households during that same period.

Unfortunately, all the population groups (except for white-headed households who remained at 0,2%) experienced an increase in their poverty gaps between 2011 and 2015. During this period, the poverty gap increased from 19,7% to 20,7% for black African-headed households; 11,0% to 12,3% for coloured-headed households; and 1,0% to 1,3% for Indian/Asian-headed households.

Table 4.2: Poverty measures of households by population group of household head (UBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	52,1	47,2	38,3	40,0	25,3	22,5	16,3	17,6	15,1	13,3	9,0	9,9
Black African	62,4	56,9	45,7	46,6	30,8	27,4	19,7	20,7	18,4	16,3	11,0	11,8
Coloured	46,4	36,1	29,9	32,2	19,5	14,9	11,0	12,3	10,8	7,8	5,4	6,3
Indian/Asian	15,6	7,2	4,3	4,6	5,0	1,6	1,0	1,3	2,2	0,5	0,4	0,5
White	1,1	1,0	0,4	0,8	0,3	0,3	0,2	0,2	0,1	0,2	0,1	0,1

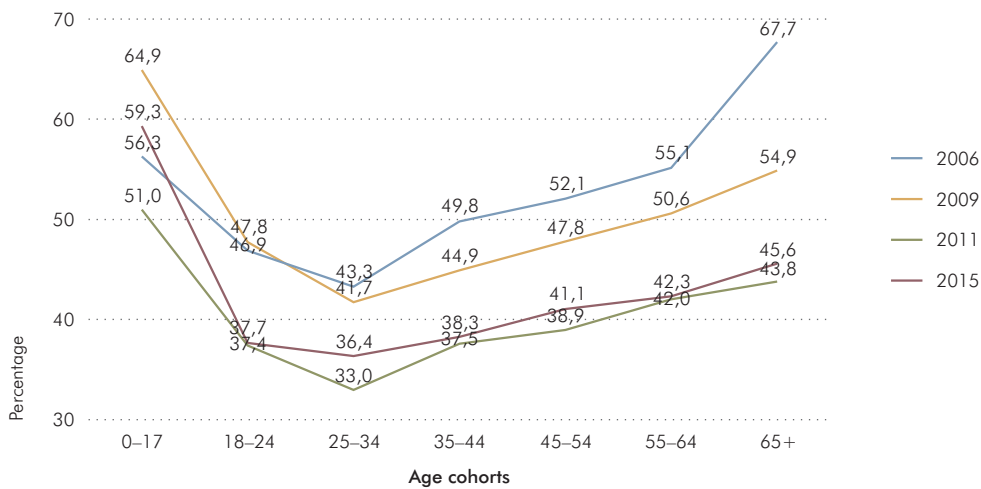
As seen with incidence and poverty gaps, the severity of poverty amongst households increased across the three population groups (excluding white-headed households) between 2006 and 2011. The severity of poverty amongst black African-headed households decreased from 18,4 in 2006 to 11,0 in 2011, reflecting a 7,4 percentage point reduction. However, in 2015, there was a change in the trend with a slight increase to 11,8. Households headed by coloureds and Indians/Asians also followed the same trend and increased to 6,3 and 0,5, respectively. The severity of poverty for white-headed households remained the same as in 2011.

In terms of poverty share, more than nine out of ten (93,7%) poor households in South Africa were headed by black Africans in 2015. This poverty share has been above 90% since 2006. Given the high incidence of the poverty, as well as accounting for the overwhelming share of poor households, black Africans continue to carry the heaviest burden of poverty in the country.

4.4 Household poverty and age

According to the LCS 2014/15, household poverty, when measured by age of the household head, increased in 2015 across all age cohorts. Figure 4.3 shows the incidence of poverty based on the age of the household head for 2006, 2009, 2011 and 2015.

Figure 4.3: Poverty incidence of household poverty by age of household head (UBPL) (2006, 2009, 2011 and 2015)



Household poverty by age of the household head showed that youth-headed households (particularly those within the 25–34 age band) had the lowest incidence of poverty across the four data points, while child-headed households (0–17) and elderly-headed households (65+) showed the highest incidence of poverty across the series. Figure 4.3 provides an indication that while poverty by age of the household head is highest amongst child-headed households, poverty levels tends to drop as the household head gets older, and only starts to increase again from age 35 onwards. Although households headed by 25–34-year-olds have the lowest incidence of poverty across the years, their poverty share was the third highest for 2009 (19,6%), 2011 (19,5%) and 2015 (20,4%).

In general, child-headed households (0–17 years) had the highest incidence of poverty during the period under review, except for 2006 when households headed by the elderly (65+) had the highest level of poverty (56,3% for 0–17 vs 67,7% for 65+). In 2009, just under two-thirds (64,9%) of child-headed households were living below the UBPL. By 2011, although this proportion had decreased by 21,4%, the majority of child-headed households (51,0%) were still living below this poverty line. This situation worsened in 2015 as poverty for this age group increased by over 8,3 percentage points, with more than half (59,3%) of child-headed households living below the UBPL. It is important to note that while children carry the burden of poverty quite heavily (as discussed in Section 3.4 of the previous chapter), the poverty share of poor child-headed households only accounts for roughly 1% of poor households, because child-headed households are not common in the country. This means that poor children are now spread across households that are headed by other age cohorts.

Households headed by the youth (18–24) also follow a trend similar to that of their younger counterparts. Their poverty levels increased from 46,9% in 2006 to 47,8% in 2009, then decreased to 37,4% in 2011 and increased again to 37,7% in 2015. Meanwhile, households that are headed by individuals aged 25 to 65+ shared the same trend during the period under review. Poverty for these cohorts had a decreasing trend from 2006 to 2011, and then increased in 2015.

Table 4.3: Household poverty shares by age of household head (UBPL)

Age cohorts	2006	2009	2011	2015
0-17	0,8	1,0	0,6	0,5
18-24	4,7	6,0	5,8	5,7
25-34	18,5	19,6	19,5	20,4
35-44	21,1	22,3	22,5	21,5
45-54	20,3	21,1	21,5	21,3
55-64	15,7	15,5	15,7	15,5
65+	18,9	14,4	14,5	15,1

Table 4.3 shows that although the incidence of poverty for child-headed households tends to be higher than that of the other age cohorts, this group had the smallest share of poverty across the years (accounting for 1,0% or less). In contrast, households headed by 35–44-year-olds had the highest share of household poverty across the four data points. Their share in 2006 was 21,1%, which increased in 2009 to 22,3% and again in 2011 to 22,5%, but in 2015, their share dropped very slightly to 21,5%.

Table 4.4: Poverty measures of households by age of household head (UBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	52,1	47,2	38,3	40,0	25,3	22,5	16,3	17,6	15,1	13,3	9,0	9,9
0-17	56,3	64,9	51,0	59,3	22,3	32,8	20,7	25,2	12,9	20,1	11,2	13,3
18-24	46,9	47,8	37,4	37,7	20,9	20,8	15,7	15,2	11,7	11,5	8,5	8,1
25-34	43,3	41,7	33,0	36,4	19,0	18,9	13,4	14,9	10,7	10,8	7,2	8,0
35-44	49,8	44,9	37,5	38,3	24,0	21,1	15,8	16,9	14,3	12,4	8,6	9,6
45-54	52,1	47,8	38,9	41,1	26,2	23,0	17,0	18,5	16,0	13,8	9,7	10,6
55-64	55,1	50,6	42,0	42,3	27,8	25,2	18,2	19,5	17,0	15,3	10,2	11,4
65+	67,7	54,9	43,8	45,6	34,8	27,9	19,5	20,8	21,1	16,9	10,9	12,1

Table 4.4 details the poverty gap and severity of poverty measures for the different age cohorts. Late youth-headed households (25–34) had the lowest poverty gaps for 2006 (19,0%), 2009 (18,9%), 2011 (13,4%) and 2015 (14,9%). This is the same for the severity of poverty, as these households showed the lowest severity across the years. In 2006, households headed by the elderly had the highest poverty gap at 34,8%, which was notably higher than that of households headed by children (22,3%), and almost double that of households headed by 25–34-year-olds (19,0%).

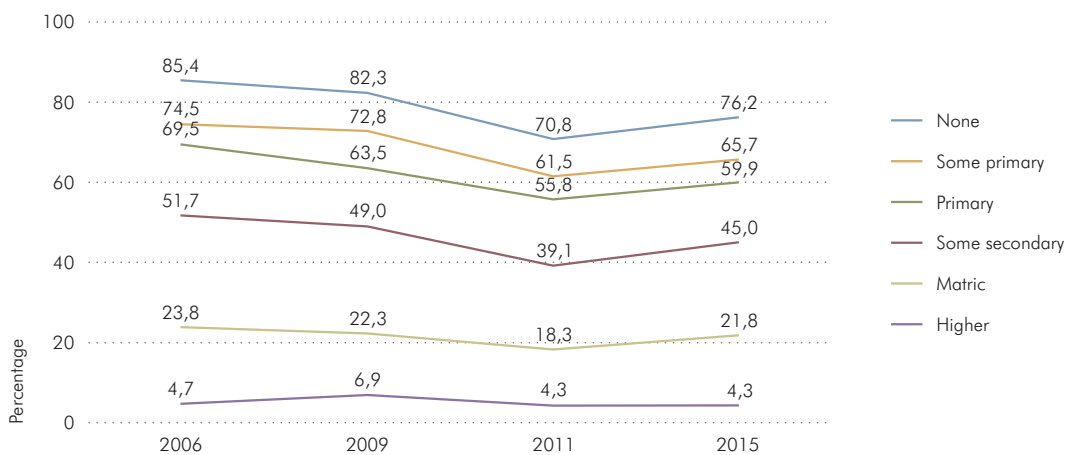
In 2006, the severity of poverty for households headed by individuals aged 0–17 was 12,9; this increased to 20,1 in 2009 and then decreased to 11,2 in 2011, but increased again in 2015 to 13,3. Households headed by the elderly also had a similar trend except for the fact that it did not increase in 2009. The severity of poverty for this group was 21,1 in 2006; 16,9 in 2009; 10,9 in 2011; and 12,1 in 2015. This shows that both child-headed households and those headed by the elderly are more affected by poverty than the other age cohorts. However, it is useful to remember that while the incidence of poverty in child-headed households is very high, the share of these households is very small.

Overall, the LCS 2014/2015 data shows that poverty is lowest amongst households headed by the youth (18–25) and the late youth (25–34), but it is important to note that the share of poverty for these households combined amounts to 26,1% in 2015, which is one out of every four poor households. Furthermore, the data also show that household poverty tends to increase as the head of the household becomes 35 years and older.

4.5 Household poverty and education

As noted earlier, education plays a significant role in the war on poverty. Households with heads that have higher levels of education are also associated with lower levels of household poverty.

Figure 4.4: Poverty incidence of households by educational level of household head (UBPL) (2006, 2009, 2011 and 2015)



There is a strong tendency for households headed by an individual with little or no education to be associated with a higher prevalence of household poverty. Figure 4.4 illustrates how significant education is towards reducing poverty. Across all the four data points, the figure shows that households headed by individuals with no education had poverty levels consistently above 70,0% compared to less than 7,0% of households headed by individuals with a higher degree. Households headed by individuals with a higher qualification were the only group that saw increases in the prevalence of poverty between 2006 and 2009 (likely the by-product of the 2007/2008 global financial crisis), with an increase of near 50,0% (46,8%). Their incidence of

poverty decreased by 2,6 percentage points in 2011 and remained unchanged thereafter. Poverty in households headed by individuals with no education and some primary education declined between 2006 and 2011. These groups recorded the most notable change between 2009 and 2011 (a decrease of about 11,0 percentage points) but both saw an increase in their poverty levels between 2011 and 2015. The incidence of poverty for households headed by individuals with primary education decreased by about 8,6% between 2006 and 2009. The prevalence of poverty for the group further declined by 12,1% in 2011 and slightly rose by 4,1 percentage points thereafter. Households headed by individuals with secondary education recorded a significant rise of 15,1% between 2011 and 2015. Figure 4.4 further shows that incidence of poverty for households headed by persons with less than a matric qualification significantly declined by approximately 12,6 percentage points between 2006 and 2011. The decline was followed by a sharp rise between 2011 and 2015. Although these findings further reveal a slight improvement in the incidence of poverty for the "matric" and "higher" categories over the last decade (a drop of 2,0 and 0,4 percentage points, respectively), the incidence of poverty in 2015 returned to near 2006 levels.

Table 4.5: Poverty measures of households by educational level of the household head (UBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	52,1	47,2	38,3	40,0	25,3	22,5	16,3	17,6	15,1	13,3	9,0	9,9
None	85,4	82,3	70,8	76,2	48,6	44,8	34,5	40,3	31,6	28,6	20,5	25,5
Some primary	74,5	72,8	61,5	65,7	38,5	37,3	28,1	30,9	23,7	22,9	16,2	18,3
Primary	69,5	63,5	55,8	59,9	33,4	30,0	23,4	27,8	19,6	17,4	12,8	16,3
Some secondary	51,7	49,0	39,1	45,0	22,3	21,7	15,7	18,7	12,2	12,2	8,3	10,1
Matric	23,8	22,3	18,3	21,8	9,1	8,6	6,4	7,6	4,5	4,5	3,1	3,6
Higher	4,7	6,9	4,3	4,3	1,4	2,6	1,3	1,4	0,6	1,4	0,6	0,7

Households headed by individuals with no education showed the most improvement over the series. Their incidence of poverty declined by 9,2 percentage points; their poverty gap declined by 8,3 percentage points; and their severity of poverty declined by 6,1 points. Overall, the 'no education' group is now closer to the poverty line than before, illustrating an improvement in their living standards over the decade. The percentage of households receiving at least one grant increased by 52,2% between 2003 to 2015.¹⁹ This highlights the vital role that social grants play in alleviating poverty. Though households headed by persons with a higher degree had the lowest values of poverty, the group recorded a notable rise in 2009 before dropping back to the 2006 levels in 2015. The poverty gap and the severity of poverty followed the same trend as the incidence of poverty, with both measures decreasing to near 2006 levels in 2011 and remaining relatively constant thereafter.

Table 4.5 further shows that poverty for households where the head had a higher qualification was the only category to increase between 2006 and 2009. This reflects fallout from the global financial crisis which resulted in job losses in the formal employment sector, and which disproportionately affected those with a higher education. The formal employment sector contracted from approximately 10,0 million workers in 2009 to roughly 9,6 million in 2010 – declining by 3,4%.²⁰ The poverty measures for households headed by the other educational groups declined during the period. However, households headed by persons with some

secondary or matric qualifications had an unchanged poverty gap and severity of poverty. The Labour Market Dynamics Report (2015) noted that the informal sector provides an "important survival mechanism for the unemployed", who are generally individuals with lower levels of education. During the recession the informal sector improved by 38 000 jobs to approximately 2,3 million people in 2010.

The poverty gap narrowed between 2006 and 2011 despite the educational attainment of the household head. Households headed by individuals with no education showed the most improvement in the incidence of poverty, with a decline of 14,6 percentage points. The poverty gap and the severity of poverty reflected the same trajectory with a drop of 14,1 and 11,1 percentage points, respectively. All three poverty measures increased over the latter half of the decade, reversing most of the improvements made during the previous half.

Table 4.6: Household poverty shares by educational level attained for individuals aged 18 and older (UBPL)

Educational level	2006	2009	2011	2015
None	22,4	17,6	16,2	14,2
Some primary	27,6	26,5	27,6	22,6
Primary	9,8	8,8	9,0	8,9
Some secondary	31,2	36,4	36,4	40,7
Matric	7,6	7,0	8,1	11,4
Higher	1,0	2,2	1,6	1,6

4.6 Household poverty and province

On average, the incidence of household poverty increased between 2011 and 2015 for the majority of provinces except for Limpopo (which actually saw an increase in its headcount on an individual level in 2015) and Mpumalanga. Although these two provinces experienced a decline over this period, they still remain among the poorest of the provinces in South Africa.

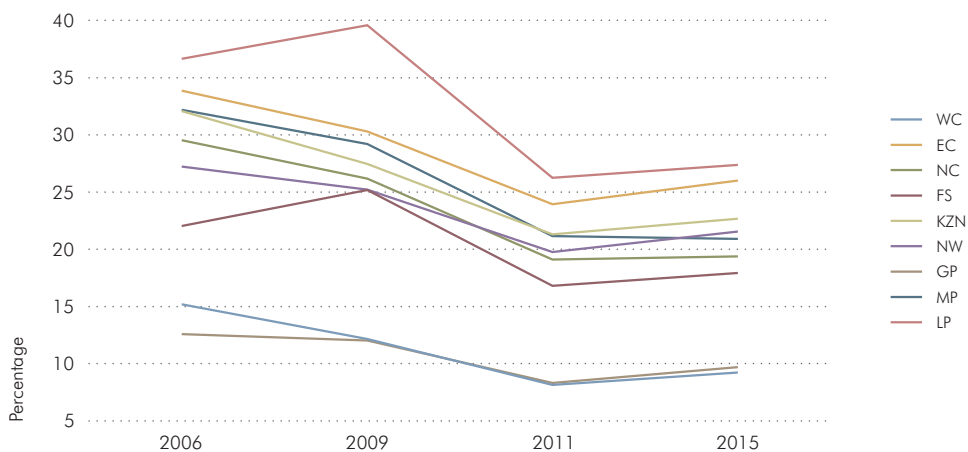
Table 4.7: Poverty measures of households by province (UBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	52,1	47,2	38,3	40,0	25,3	22,5	16,3	17,6	15,1	13,3	9,0	9,9
Western Cape	38,3	29,8	23,9	25,3	15,2	12,1	8,2	9,2	8,0	6,4	3,8	4,5
Eastern Cape	64,9	60,5	52,1	54,3	33,9	30,3	23,9	26,0	20,9	18,4	13,6	15,5
Northern Cape	58,3	54,8	45,2	45,6	29,5	26,2	19,1	19,4	18,1	15,1	10,3	10,7
Free State	48,6	54,3	41,7	43,1	22,0	25,2	16,8	17,9	12,4	14,3	9,1	9,6
KwaZulu-Natal	59,7	54,4	47,0	48,4	32,1	27,4	21,3	22,7	20,4	16,9	12,2	13,2
North West	55,6	54,7	43,9	49,0	27,3	25,2	19,7	21,6	16,3	14,6	11,2	12,3
Gauteng	33,2	30,1	23,0	26,0	12,6	12,0	8,3	9,7	6,3	6,3	4,2	4,9
Mpumalanga	63,1	59,1	48,2	46,0	32,2	29,2	21,1	20,9	19,5	17,5	11,7	12,0
Limpopo	70,2	71,2	55,8	55,4	36,6	39,6	26,2	27,4	22,7	25,6	15,5	16,7

While households in Limpopo experienced a slight decline in the incidence of poverty (from 55,8% in 2011 to 55,4% in 2015), it still remains the province with the highest incidence of poverty, with more than one out of every two households living below the upper-bound poverty line. Eastern Cape had the second highest incidence of poverty in 2015 at 54,3%, followed by North West in third place at 49,0%. The largest increase in the incidence of poverty between 2011 and 2015 happened in the North West, where they experienced a 5,1 percentage point rise or roughly an 11,6% change. The provinces with the lowest incidence of poverty in 2015 were Western Cape with 25,3% and Gauteng with 26,0%. These two provinces have consistently had the lowest rates of poverty since 2006.

Between 2006 and 2011, seven out of nine provinces experienced a decline in the incidence of household poverty. These provinces were Western Cape, Eastern Cape, Northern Cape, Mpumalanga, KwaZulu-Natal, North West and Gauteng. The remaining two provinces, namely Free State and Limpopo, had irregular movements relative to the other provinces. Instead, they experienced an increase in 2009 before declining in 2011. Limpopo continued to decline in 2015, while Free State increased from 41,7% in 2011 to 43,1% in 2015. The fluctuating trend in Free State was also observed in the individual poverty analysis done in Chapter 3.

Figure 4.5: Household poverty gap by province (UBPL) (2006, 2009, 2011 and 2015)



As seen in Figure 4.5, the Western Cape and Gauteng were the two provinces with the lowest poverty gaps between 2006 and 2015. Meanwhile, the provinces with the highest household poverty gaps were Limpopo, Eastern Cape, Mpumalanga and KwaZulu-Natal. In 2015, the province with the highest poverty gap was Limpopo at 27,4%. This province has maintained its position as the province with the highest poverty gap throughout the series; it was 36,6% in 2006, it then increased to 39,6% in 2009 and then declined to 26,2% in 2011. The Eastern Cape saw a downwards slope between 2006 (33,9%) and 2011 (23,9%) before experiencing a slight increase to 26,0% in 2015. KwaZulu-Natal and Mpumalanga experienced very similar poverty gaps in 2006 (32,1% and 32,2%, respectively), and again in 2011 (21,3% and 21,1%, respectively); however, in 2015, Mpumalanga saw a decline to 20,9%, while KwaZulu-Natal experienced an increase to 22,7%.

Figure 4.6: Household poverty share by province, 2015 (UBPL)

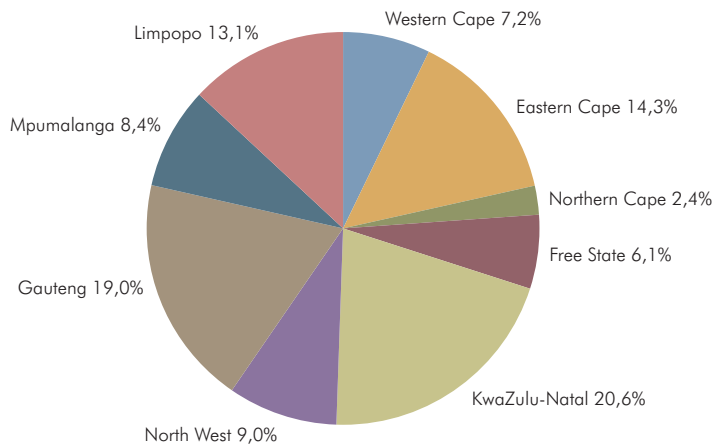


Figure 4.6 shows the share of household poverty that each province contributed to national poverty. In 2015, KwaZulu-Natal was the province with the highest share of households living in poverty at 20,6%, followed by Gauteng at 19,0%. These two provinces are the most populous provinces in the country and thus, it is not unexpected for them to represent such a large share of poverty. Concurrently, the Northern Cape was the least populous province and correspondingly had a very low share of just 2,4%.

Figure 4.7: Comparison of household poverty share by province between 2011 and 2015 (UBPL)

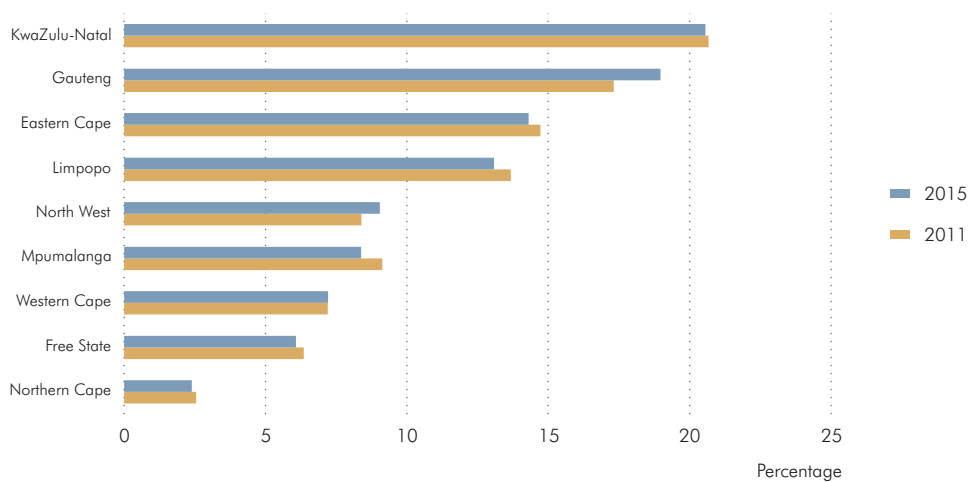


Figure 4.7 shows that four out of the nine provinces maintained a similar share of household poverty in 2011 and 2015. They are the Western Cape (roughly 7%), Northern Cape (roughly 3%), Free State (roughly 6%) and KwaZulu-Natal (roughly 21%). Only two provinces experienced a notable increase in their poverty share, namely North West (which increased from

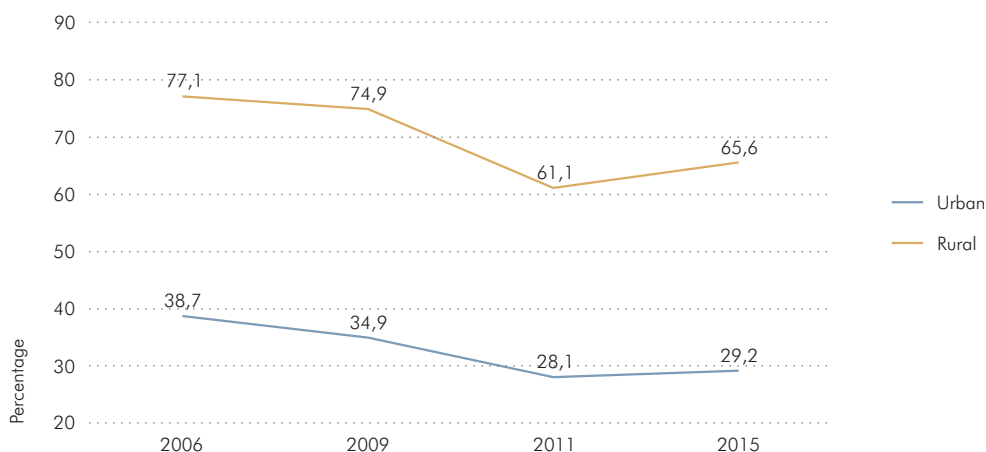
8,4% in 2011 to 9,0% in 2015) and Gauteng (which rose from 17,3% to 19,0%). Meanwhile, the provinces that saw a decline over this period are the Eastern Cape (which had a share of 14,7% in 2011 and 14,3% in 2015), Mpumalanga (which dropped from 9,1% in 2011 to 8,4% in 2015) and lastly, Limpopo with a share of 13,7% in 2011 which then fell to 13,1% in 2015).

4.7 Household poverty and settlement type

Figure 4.8 shows the significant differences in the level of household poverty between urban and rural areas. The incidence of poverty decreased from 2006 to 2011 before it increased in 2015 for both settlement types. In 2006, more than seven out of every ten (77,1%) rural households were living below the UBPL, which was significantly higher than the 38,7% in urban areas (a 38,4 percentage point difference). For households in rural areas, the incidence of poverty decreased slightly to 74,9% in 2009 before dropping sharply by 13,8 percentage points to 61,1% in 2011. The proportion of poor households in urban areas decreased to 34,9% in 2009 and then to 28,1% in 2011. In 2015, the incidence of poverty increased for both urban and rural areas; however, urban areas experienced a very small increase of just 1,1 percentage points (rising to 29,2%), while rural areas saw a bigger increase in the incidence of poverty to 65,6% (a 4,5 percentage point increase).

While the incidence of poverty decreased overall between 2006 and 2015 in both settlement types (despite the rise in 2015), households in urban areas benefited more noticeably. There was a 24,5% reduction (a 9,5 percentage point drop) in the poverty levels for households in urban areas between 2006 and 2015 compared to just a 14,9% reduction in rural areas (a 11,5 percentage point change) over the same period. Furthermore, the gap between rural and urban areas slightly narrowed over this period, decreasing from a 38,4 percentage point difference in 2006 to a 36,4 percentage point difference by 2015 (although this is still higher than the 33,0 percentage point gap that existed in 2011).

Figure 4.8: Poverty incidence of households by settlement type (UBPL) (2006, 2009, 2011 and 2015)



While rural households accounted for a greater share of poverty in 2006 (51,6% as opposed to the 48,4% for urban households), by 2009, urban areas had accumulated the larger share of poor households (51,2% as opposed to 48,8% for rural areas). Urban areas have since maintained this higher share in both 2011 and 2015.

Table 4.8: Poverty measures of households by settlement type (UBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	52,1	47,2	38,3	40,0	25,3	22,5	16,3	17,6	15,1	13,3	9,0	9,9
Urban	38,7	34,9	28,1	29,2	16,4	14,9	10,8	11,4	8,9	8,2	5,6	6,0
Rural	77,1	74,9	61,1	65,6	42,0	39,6	28,6	32,1	26,7	24,8	16,7	19,3

The experience of poverty also differed significantly between rural and urban households. As shown by the poverty gap measures seen in Table 4.8, poor households in rural areas were notably poorer than poor households in urban areas, as they were on average further away from the poverty line. In 2006, the poverty gap was 42,0% for poor rural households – roughly two times more than the gap for poor urban households (16,4%). Although the gap in rural areas decreased in 2009 to 39,6% and then again in 2011 to 28,6%, it was still twice as large as the gap recorded in urban areas. In 2015, the poverty gap increased to 32,1% for households in rural areas and to 11,4% in urban areas. A comparable trend was experienced in the severity of poverty in rural and urban households. Since 2006 and up until 2011, the severity of poverty was decreasing. A slight increase was experienced in 2015 for households in both settlement types.

4.8 Summary

Status in 2015

- Approximately 6,7 million households in South Africa were living below the UBPL; up from 5,6 million households in 2011.
- Households headed by females remain more disadvantaged than those headed by males, consistently recording higher incidence, poverty gap and severity measures at each point in time.
- Above 70,0% of households headed by individuals with no education were in poverty compared to less than 7,0% of households headed by individuals with a higher degree.
- More than three out of every five (65,6%) rural households were living below the UBPL, which was significantly higher than the approximately one out of every three (29,2%) households in urban areas (a 36,4 percentage point difference).
- The most populous provinces (Gauteng and KwaZulu-Natal) contributed the largest share to household poverty nationally at 19,0% and 20,6%, respectively, while the Northern Cape (the least populous province) contributed the lowest share at 2,4%.

- Both child-headed households and those headed by the elderly are still affected more heavily by poverty than the other age cohorts.
- Unlike individual poverty where Indian/Asian-headed households experienced a decline between 2011 and 2015, there was an increase in all the poverty measures (the incidence, poverty gap and severity of poverty).

Change from 2011

- The majority of black African-headed households were in poverty between 2006 and 2009 (62,4% and 56,9%, respectively); however, less than 50,0% were in poverty between 2011 and 2015 (45,7% and 46,6%, respectively).
- Households headed by persons with some secondary education recorded the most significant change in the incidence of poverty between 2011 and 2015 (an increase of 15,1%).
- Despite the increase in the incidence of poverty for both male- and female-headed households between 2011 and 2015, the 2015 levels were still below the poverty estimates from 2006 and 2009.
- Across all age cohorts, the proportion of poor households had increased between 2011 and 2015.

Change from 2006

- Poor black African-headed households have had a poverty share above 90% since 2006.
- Limpopo and Eastern Cape have consistently been the two provinces with the highest levels of poverty between 2006 and 2015, while Mpumalanga has been the only province to witness a reduction in the incidence of household poverty across the four data points.
- While rural households accounted for a greater share of poverty in 2006 (51,6% as opposed to 48,4% for urban households), by 2009, urban areas had accumulated the larger share of poor households (51,2% as opposed to 48,8% for rural areas). Urban areas have since maintained this higher share in both 2011 and 2015.
- Youth-headed households (18–24-year-olds) and late youth-headed households (25–34-year-olds) had the lowest incidence of poverty since 2006, but a relatively high poverty share (26,1%).
- Poverty for households headed by persons with less than a matric qualification significantly declined by approximately 12,6 percentage points between 2006 and 2011. The decline was followed by a sharp rise between 2011 and 2015.
- The decrease in the poverty gap between 2006 and 2011 shows that the status of both poor male- and female-headed households improved, and that they have moved closer to the poverty line over time.

4.9 Additional tables for LBPL and FPL

The tables below provide poverty estimates at household level, based on the lower-bound poverty line (LBPL) and the food poverty line (FPL).

Table 4.9: Poverty measures of households by sex of household head (LBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	36,0	32,1	22,9	25,1	14,4	12,6	8,2	9,3	7,5	6,5	4,0	4,7
Male	27,9	25,5	17,6	19,2	10,7	9,5	6,2	6,8	5,5	4,8	3,0	3,3
Female	48,8	41,9	30,6	33,5	20,1	17,1	11,1	13,0	10,6	9,0	5,5	6,7

Table 4.10: Poverty measures of households by population group of household head (LBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	36,0	32,1	22,9	25,1	14,4	12,6	8,2	9,3	7,5	6,5	4,0	4,7
Black African	43,9	39,2	27,6	29,7	17,6	15,5	10,0	11,1	9,2	8,1	4,9	5,7
Coloured	28,1	21,4	15,1	16,8	9,8	6,8	4,4	5,6	4,7	3,1	1,9	2,5
Indian/Asian	3,4	1,1	1,3	1,0	1,4	0,2	0,3	0,3	0,8	0,0	0,1	0,1
White	0,5	0,4	0,2	0,2	0,1	0,1	0,1	0,0	0,0	0,1	0,0	0,0

Table 4.11: Poverty measures of households by age of household head (LBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	36,0	32,1	22,9	25,1	14,4	12,6	8,2	9,3	7,5	6,5	4,0	4,7
0-17	27,3	47,9	25,6	41,3	11,8	19,5	9,8	12,4	6,7	10,4	5,2	5,0
18-24	30,4	30,0	21,8	21,3	10,6	10,4	7,5	7,2	5,3	5,1	3,7	3,5
25-34	26,1	27,1	18,9	21,2	9,8	9,9	6,4	7,3	4,8	5,0	3,1	3,5
35-44	34,3	30,1	21,6	23,9	13,6	11,7	7,7	9,0	7,1	6,0	3,7	4,6
45-54	37,5	32,3	24,2	26,4	15,4	13,1	9,0	10,0	8,2	7,0	4,6	5,1
55-64	39,5	35,4	25,1	28,1	16,4	14,7	9,3	10,8	8,8	7,8	4,6	5,6
65+	50,8	40,9	28,1	29,9	20,5	16,3	9,9	11,6	10,6	8,4	4,8	6,0

Table 4.12: Poverty measures of households by educational level of household head (LBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	36,0	32,1	22,9	25,1	14,4	12,6	8,2	9,3	7,5	6,5	4,0	4,7
None	69,1	64,1	50,2	58,0	31,7	28,3	19,4	25,7	17,8	15,6	10,0	14,3
Some primary	55,6	53,8	39,7	44,5	23,1	22,2	15,0	17,7	12,3	11,8	7,6	9,3
Primary	47,6	43,4	32,5	39,7	18,5	16,4	11,6	15,6	9,4	8,2	5,6	8,3
Some secondary	31,9	30,7	21,7	27,0	11,1	11,2	7,2	9,2	5,2	5,5	3,4	4,4
Matric	12,1	11,9	8,6	10,3	3,7	3,9	2,6	3,0	1,7	1,8	1,1	1,3
Higher	1,6	3,6	1,5	1,8	0,4	1,1	0,5	0,5	0,2	0,6	0,2	0,2

Table 4.13: Poverty measures of households by province (LBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	36,0	32,1	22,9	25,1	14,4	12,6	8,2	9,3	7,5	6,5	4,0	4,7
Western Cape	20,9	17,4	10,6	12,8	6,9	5,5	3,0	3,8	3,2	2,5	1,2	1,6
Eastern Cape	49,8	43,9	34,7	37,8	20,4	17,7	12,4	15,0	10,6	9,3	6,2	7,9
Northern Cape	41,3	37,6	27,9	27,9	17,6	14,1	9,2	9,9	9,5	7,0	4,1	4,8
Free State	31,8	37,0	23,3	25,5	11,4	13,3	8,2	8,8	5,3	6,3	3,9	4,1
KwaZulu-Natal	45,7	38,9	30,0	32,4	20,1	16,4	11,3	12,6	11,2	8,8	5,7	6,6
North West	39,1	35,9	27,4	30,8	15,5	13,7	10,4	11,7	8,1	7,0	5,2	5,9
Gauteng	17,4	16,5	11,1	13,6	5,2	5,5	3,5	4,3	2,3	2,5	1,6	1,9
Mpumalanga	46,4	42,3	30,1	30,6	18,8	16,6	10,5	11,4	9,9	8,7	5,0	5,7
Limpopo	51,3	56,9	37,4	38,8	22,1	25,5	14,7	16,3	11,9	14,3	7,6	9,0

Table 4.14: Poverty measures of households by settlement type (LBPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	36,0	32,1	22,9	25,1	14,4	12,6	8,2	9,3	7,5	6,5	4,0	4,7
Urban	23,2	21,0	14,8	16,1	7,9	7,4	4,8	5,3	3,7	3,5	2,2	2,5
Rural	60,0	57,2	40,9	46,5	26,4	24,4	15,6	18,8	14,5	13,2	8,0	10,0

Table 4.15: Poverty measures of households by sex of household head (FPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	17,6	20,1	11,9	14,0	5,4	6,7	3,6	4,5	2,4	3,0	1,6	2,1
Male	12,7	15,2	8,8	10,1	3,8	4,8	2,7	3,1	1,7	2,2	1,2	1,4
Female	25,2	27,4	16,3	19,6	7,8	9,3	4,9	6,6	3,4	4,3	2,1	3,0

Table 4.16: Poverty measures of households by population group of household head (FPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	17,6	20,1	11,9	14,0	5,4	6,7	3,6	4,5	2,4	3,0	1,6	2,1
Black African	21,8	24,9	14,6	16,7	6,7	8,3	4,4	5,4	2,9	3,8	2,0	2,5
Coloured	10,3	10,5	5,7	8,2	3,0	2,8	1,5	2,2	1,3	1,2	0,5	0,9
Indian/Asian	1,3	0,1	0,4	0,5	0,6	0,0	0,1	0,1	0,3	0,0	0,0	0,0
White	0,0	0,2	0,0	0,1	0,0	0,1	0,0	0,0	0,0	0,0	0,0	0,0

Table 4.17: Poverty measures of households by age of household head (FPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	17,6	20,1	11,9	14,0	5,4	6,7	3,6	4,5	2,4	3,0	1,6	2,1
0-17	16,7	32,5	16,6	20,5	5,0	11,1	5,2	3,9	2,8	5,0	2,1	1,1
18-24	11,9	15,8	9,6	9,7	3,7	5,0	3,3	3,2	1,6	2,2	1,7	1,4
25-34	11,3	15,9	9,1	10,7	3,1	4,9	2,7	3,3	1,3	2,2	1,2	1,5
35-44	16,4	18,9	11,4	13,6	5,2	6,1	3,3	4,4	2,3	2,7	1,4	2,0
45-54	18,9	20,8	13,2	14,9	6,0	7,3	4,2	5,0	2,7	3,4	1,9	2,3
55-64	21,2	23,7	13,4	16,5	6,5	8,1	4,1	5,5	2,9	3,8	1,8	2,6
65+	25,7	26,2	14,9	17,9	7,5	8,6	4,2	5,8	3,2	3,9	1,7	2,6

Table 4.18: Poverty measures of households by educational level of household head (FPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	17,6	20,1	11,9	14,0	5,4	6,7	3,6	4,5	2,4	3,0	1,6	2,1
None	41,6	45,7	28,7	39,6	13,9	16,4	9,3	14,4	6,4	7,9	4,2	7,1
Some primary	29,2	35,4	22,5	27,1	9,2	12,3	7,0	9,0	4,1	5,8	3,2	4,2
Primary	23,2	26,5	16,6	23,7	6,4	8,3	4,9	8,2	2,7	3,6	2,0	3,9
Some secondary	12,2	17,7	10,4	13,4	3,3	5,5	2,9	4,0	1,3	2,4	1,3	1,7
Matric	3,6	6,2	3,4	4,2	1,0	1,7	0,9	1,1	0,4	0,7	0,4	0,5
Higher	0,4	1,7	0,6	0,7	0,1	0,6	0,2	0,2	0,0	0,3	0,1	0,1

Table 4.19: Poverty measures of households by province (FPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	17,6	20,1	11,9	14,0	5,4	6,7	3,6	4,5	2,4	3,0	1,6	2,1
Western Cape	7,2	8,8	3,9	5,7	2,0	2,4	0,9	1,4	0,9	1,0	0,4	0,5
Eastern Cape	25,6	28,7	17,9	22,0	7,6	9,5	5,7	7,7	3,2	4,4	2,5	3,6
Northern Cape	21,7	22,6	13,6	15,5	7,2	6,9	3,4	4,6	3,2	3,1	1,3	1,9
Free State	13,4	21,4	12,5	13,3	3,1	6,1	3,4	3,8	1,2	2,5	1,4	1,5
KwaZulu-Natal	25,9	26,2	16,8	19,0	8,8	9,2	5,3	6,5	4,1	4,3	2,3	3,1
North West	18,4	21,3	15,3	17,8	5,8	6,9	4,8	5,6	2,6	3,2	2,2	2,6
Gauteng	5,0	8,9	4,7	6,1	1,3	2,4	1,3	1,7	0,5	1,0	0,6	0,7
Mpumalanga	23,3	26,6	15,3	17,4	7,1	8,9	4,4	5,5	3,2	4,2	1,9	2,4
Limpopo	29,3	40,0	21,9	24,9	8,9	15,2	7,1	9,1	3,8	7,4	3,3	4,5

Table 4.20: Poverty measures of households by settlement type (FPL)

	Incidence (P ₀)				Poverty gap (P ₁)				Severity (P ₂)			
	2006	2009	2011	2015	2006	2009	2011	2015	2006	2009	2011	2015
Total	17,6	20,1	11,9	14,0	5,4	6,7	3,6	4,5	2,4	3,0	1,6	2,1
Urban	8,7	11,7	6,9	7,8	2,3	3,5	1,9	2,3	0,9	1,5	0,8	1,0
Rural	34,2	39,0	23,0	28,5	11,1	13,8	7,3	9,9	5,0	6,6	3,3	4,7



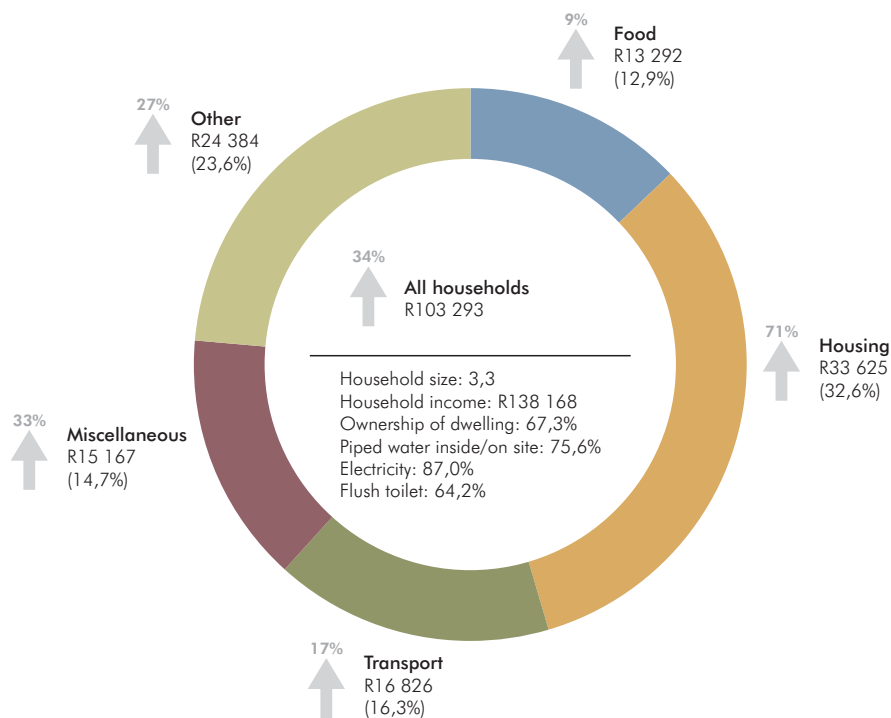


Chapter 5
Findings on household expenditure

5.1 Average household expenditure

Figure 5.1 shows the average annual household consumption expenditure by broad expenditory categories in 2015. The LCS 2014/2015 found that the average household had 3,3 members and had an average household consumption expenditure of R103 293 in 2015. About two-thirds (67,3%) of households owned their dwelling. Almost nine out of ten (87,0%) households in South Africa had access to electricity in 2015, while 75,6% reported having piped water inside the dwelling/yard and 64,2% had flush toilets.

Figure 5.1: Average annual household consumption expenditure in 2015 and change from 2006 by broad expenditure categories



Housing and utilities had the largest average household expenditure share at 32,6% (R33 625) in 2015. Since 2006, expenditure on housing and utilities increased by 71,0% in real terms (the highest increase as compared to other categories). Food and non-alcoholic beverages had the smallest expenditure share at 12,9% (R13 292) in 2015, showing only a 9,0% increase from 2006. Average expenditure on transportation increased by 17,0% in real terms from 2006, amounting to R16 826 (about 16,0% of total household expenditure) in 2015.

The miscellaneous category consists of various items such as personal care, social protection, insurance, financial services and other services not classified elsewhere. Also, the "other" broad expenditure category is comprised of expenditure for clothing, education, health commutation, recreation and culture, restaurants and hotels, and alcohol and tobacco. The average household expenditure on miscellaneous and other items accounted for 14,7% and 23,6%, respectively. Households increased their expenditure on miscellaneous good and services by 33,0%, while expenditure on other items grew by 27,0% from 2006.

Table 5.1 shows annual household consumption expenditure by the population group of the household head. Housing and utilities was the highest expenditure for all population groups in 2015. Black African-headed households and coloured-headed households spent less on miscellaneous items, while households headed by Indians/Asians and whites spent less on food.

Table 5.1: Average annual household consumption expenditure in 2015 by population group of household head and change from 2006

Expenditure items	Black African		Coloured		Indian/Asian		White	
	2015	Change	2015	Change	2015	Change	2015	Change
	(R)	(%)	(R)	(%)	(R)	(%)	(R)	(%)
Food	11 484	16,5	18 525	12,6	17 694	15,9	22 986	-0,7
Housing	19 398	139,4	39 052	85,7	75 149	81,2	134 112	60,1
Transport	11 676	69,5	19 945	48,3	29 469	-10,7	52 916	-6,4
Miscellaneous	8 749	59,2	16 981	71,1	25 398	33,5	62 909	36,6
Other	16 521	43,7	29 943	49,2	47 626	42,5	78 013	25,6
Total	67 828	62,1	124 445	53,8	195 336	37,4	350 937	29,2

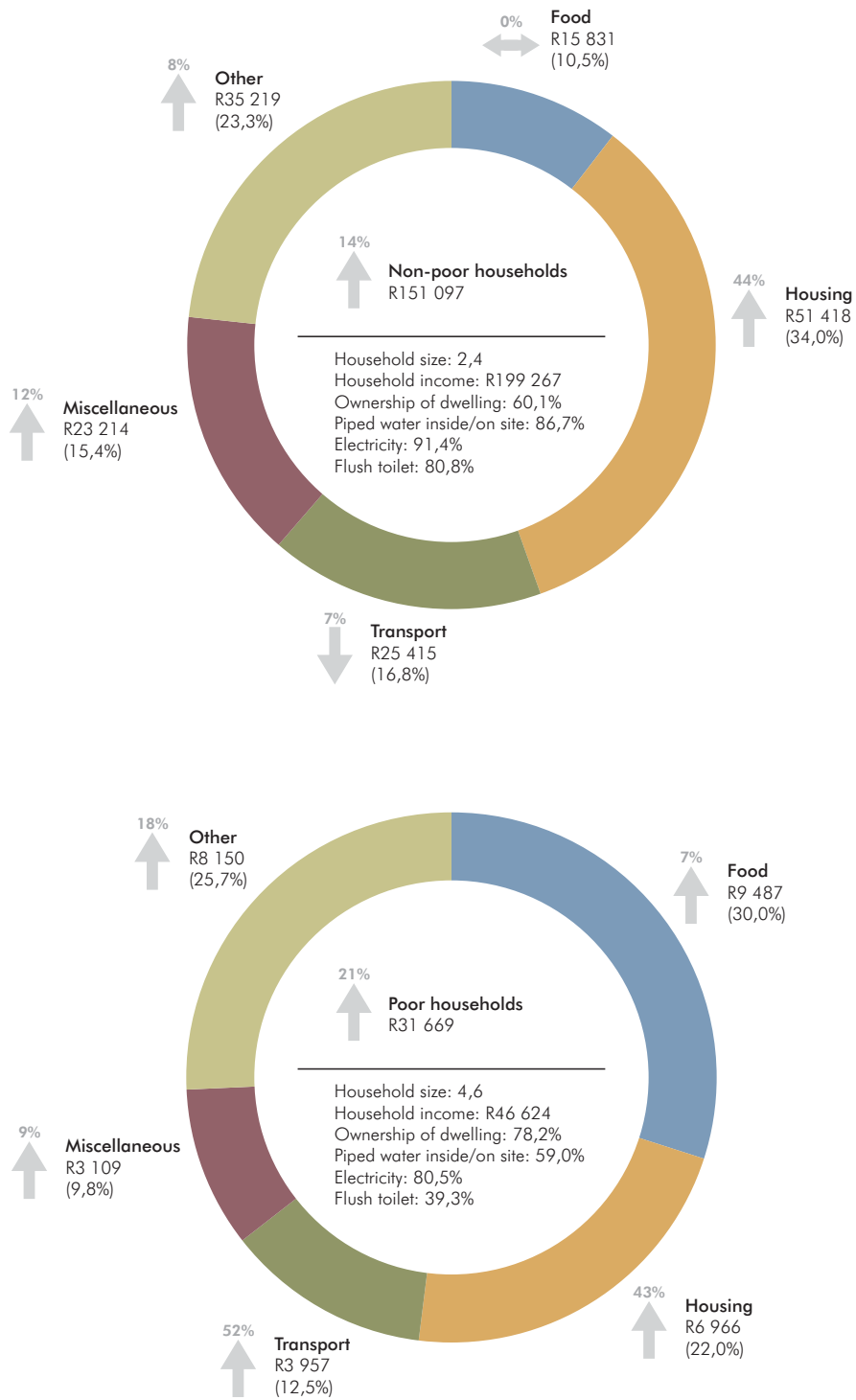
Households headed by black Africans showed the highest percentage expenditure increase of 62,1%. Despite the 62,1% increase in total average consumption expenditure, the total average expenditure for white households was five times that of black African households in 2015 in rand value.

White-headed households accounted for the highest expenditure in 2015 at R350 937. Even though white-headed households consistently had the highest expenditure levels, they had the lowest increase in real terms over this period at just 29,2%. In comparison, consumption expenditure in Indian/Asian-headed households grew by 37,4% in real terms, coloured-headed households increased by 53,8%, and black African-headed households had the largest real increase at 62,1%.

5.2 Household expenditure for poor and non-poor households

There are notable differences in the household characteristics of poor and non-poor households in South Africa, as shown in Figure 5.2. In 2015, poor households had on average an annual household income of R46 624 and an average annual expenditure of R31 699. The latter showed a 21,0% increase from 2006. This is only about a fifth of the average annual expenditure of the non-poor households, which increased from 2006 by 14,0% to R151 097 in 2015. The non-poor households had the largest expenditure share for housing and utilities (at 34,0%) and the smallest for food (at 10,5%). Non-poor household kept their food expenditure unchanged in real terms since 2006, while there were increases in their expenditure for housing and utilities (44,0%), miscellaneous (12,0%), and other items (8,0%). However, their expenditure on transport declined by 7,0% from 2006.

Figure 5.2: Average annual household consumption expenditure in 2015 and change from 2006 by poverty status



As depicted by Figure 5.2, poor households have almost twice (4,6) the average household size as compared to non-poor households (2,4), while the average income of the non-poor is almost five times more than the average income of the poor in 2015. Poor households still have a large number of household members to look after with little income, compared to their non-poor counterparts.

Deaton (1980), on his study of "The Measurement of Welfare: Theory and Practical Guidelines", highlights that the food share typically decreases with welfare levels but also increases with household size.²¹ The result in Figure 5.2 bears evidence to this theory. Poor households have the largest food expenditure share of 30,0% as compared to other expenditure shares, followed by housing and utilities expenditure share at 22,0% in 2015. Household expenditure on food increased by 7,0% for poor households. Interestingly, the poor increased their expenditure on housing and utilities by 43,0% from 2006. This increase is equivalent to the increase observed for non-poor households. There is a notable increase on transport expenditure of 52,0% for poor households, while other items and miscellaneous items increased by 18,0% and 9,0%, respectively, since 2006.

Among the poor households, 78,2% owned their dwelling, whereas 60,1% of non-poor households were owners of their dwelling. This may be due to various factors such as the type and price of the dwelling that the two groups were likely to own.

Non-poor households are more likely to stay in areas where they can access basic services as compared to poor households. Approximately 91,4% of non-poor households had access to electricity, and approximately 80,8% had flush toilets, with 86,7% having access to piped water inside the dwelling/yard. In contrast, 80,5% of poor households had access to electricity, 59,0% had access to piped water inside in the dwelling/yard, and only 39,3% of poor households had flush toilets.

Table 5.2 indicates the amount spent on different food items by poor and non-poor households. Poor households had an average household annual food and non-alcoholic beverages expenditure of R9 487, while that of non-poor households amounted to R15 831 in 2015.

Table 5.2: Average expenditure on food items by poverty status

Poor households		Non-poor households		
Average expenditure (Rands)	Proportion	Item	Proportion	Average expenditure (Rands)
		Bread and cereals		
3 217	33,9%		20,3%	3 208
440	4,6%	Rice	2,5%	390
382	4,0%	White bread	3,3%	523
769	8,1%	Brown bread	4,4%	689
1 075	11,3%	Mealie meal/maize flour	3,8%	605
190	2,0%	Cake flour	0,8%	129
363	3,8%	Other	5,5%	872
		Meat and fish		
2 328	24,5%		32,1%	5 077
339	3,6%	Beef	8,2%	1 300
27	0,3%	Pork	1,0%	158
18	0,2%	Lamb	1,6%	257
1 311	13,8%	Poultry	11,1%	1 750
139	1,5%	Boerewors	2,3%	363
145	1,5%	Canned pilchards	1,0%	151
350	3,7%	Other	6,9%	1 098
		Milk, cheese and eggs		
764	8,1%		11,0%	1 735
191	2,0%	Fresh full cream milk	3,0%	479
129	1,4%	Sour milk/maas	0,7%	104
205	2,2%	Eggs	2,2%	347
239	2,5%	Other	5,1%	805
		Oils and fats		
433	4,6%		3,9%	612
310	3,3%	Cooking oils	1,6%	255
123	1,3%	Other	2,3%	357
		Fruits and vegetables		
1 122	11,8%		12,4%	1 968
108	1,1%	Fruits	3,1%	493
253	2,7%	Potatoes	1,4%	220
95	1,0%	Cabbage	0,4%	57
119	1,2%	Tomatoes	0,9%	142
547	5,8%	Other	6,6%	1 056
		Sugar, jam, honey, chocolate and confectionery		
527	5,6%		4,6%	723
335	3,5%	White sugar	1,6%	252
112	1,2%	Brown sugar	0,6%	92
80	0,8%	Other	2,4%	379
		Other food products		
558	5,9%		7,9%	1 243
105	1,1%	Baby food	0,8%	128
452	4,7%	Other	7,1%	1 115
		Non-alcoholic beverages		
538	5,7%		8,0%	1 265
147	1,8%	Coffee, tea and cocoa	1,6%	290
289	3,0%	Aerated cold drinks	3,7%	587
42	0,4%	Fruit juices	1,3%	198
60	0,5%	Other	1,4%	190
9 487	100,0%	Total	100,0%	15 831

The food and non-alcoholic beverages expenditure category consisted of eight subgroups. Out of all the groups, the bread & cereals and meat & fish subgroups accounted for more than half of food expenditure in 2015 for both poor and non-poor households.

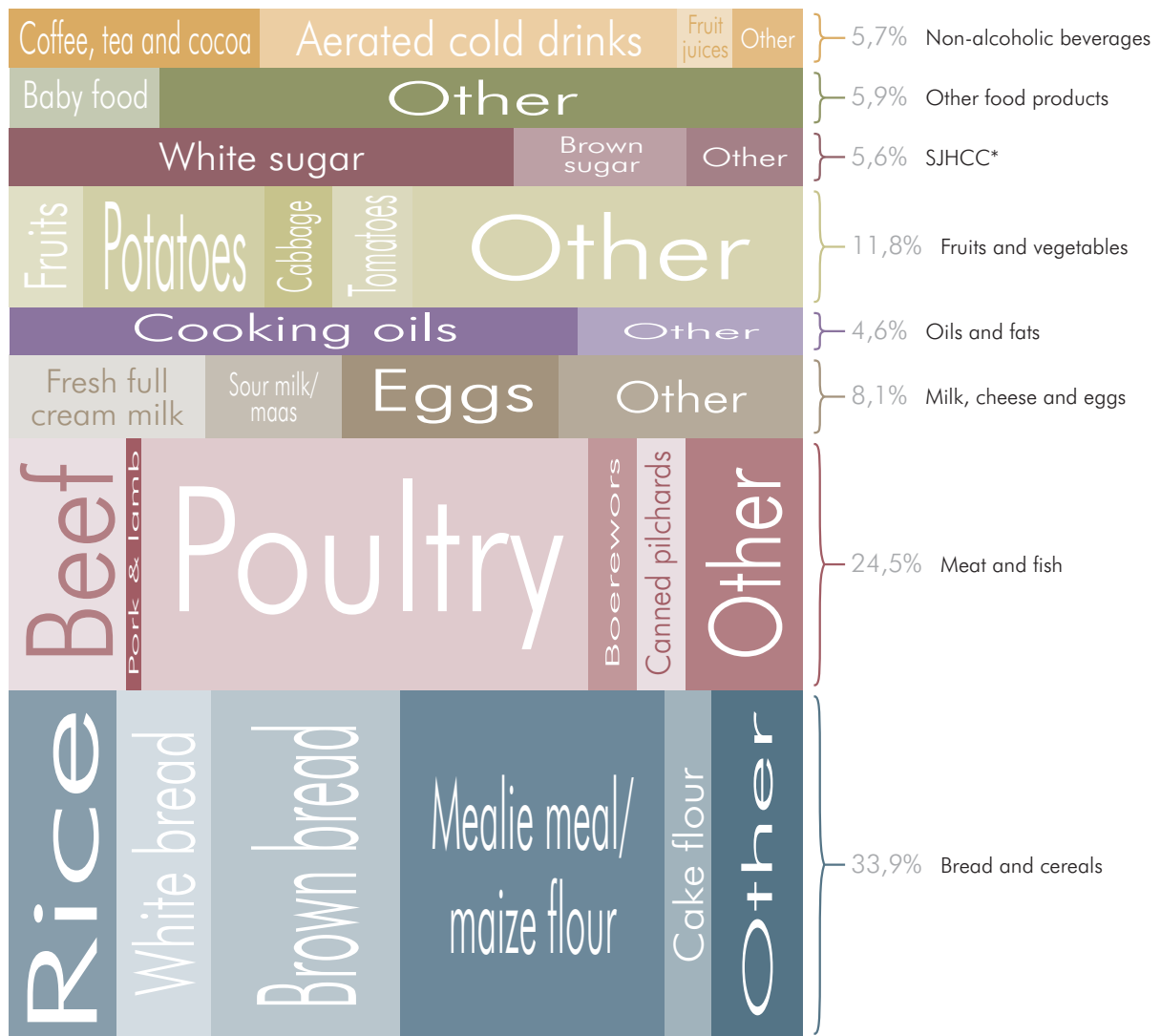
Focusing on poor households, their larger portion of food expenditure was on bread and cereals, accounting for 33,9% of the total average food expenditure. Under this subgroup, mealie meal was the largest expenditure proportion (11,3%), followed by brown bread (8,1%) and rice (4,6%). The meat and fish subgroup had the second largest food expenditure proportion, and accounted for a quarter of food expenditure, with poultry having the highest expenditure proportion of 13,8% and beef coming second at 3,6%.

Non-poor households spent the most on the meat and fish category, which constituted 32,1% of their total food expenditure, while bread and cereals came second at 20,3%. Non-poor households spent the least on brown bread (4,4%) followed by mealie meal/maize flour (3,8%) compared to the poor households.

The differences in household expenditure on vegetables and fruits were marginal between poor and non-poor households. This also applies to the expenditure on oils and fats, where both poor and non-poor households had their smallest food expenditure proportions. Expenditure of non-poor households on non-alcoholic beverages accounted for 8,0%, while poor households spent slightly less at 5,7%. Figure 5.3 shows the graphical spending patterns of the poor and the non-poor.

Figure 5.3: Food expenditure patterns of poor vs non-poor households in main expenditure groups

Poor households
 Average food expenditure: R9 487
 Proportion of budget spent on food: 30,0%

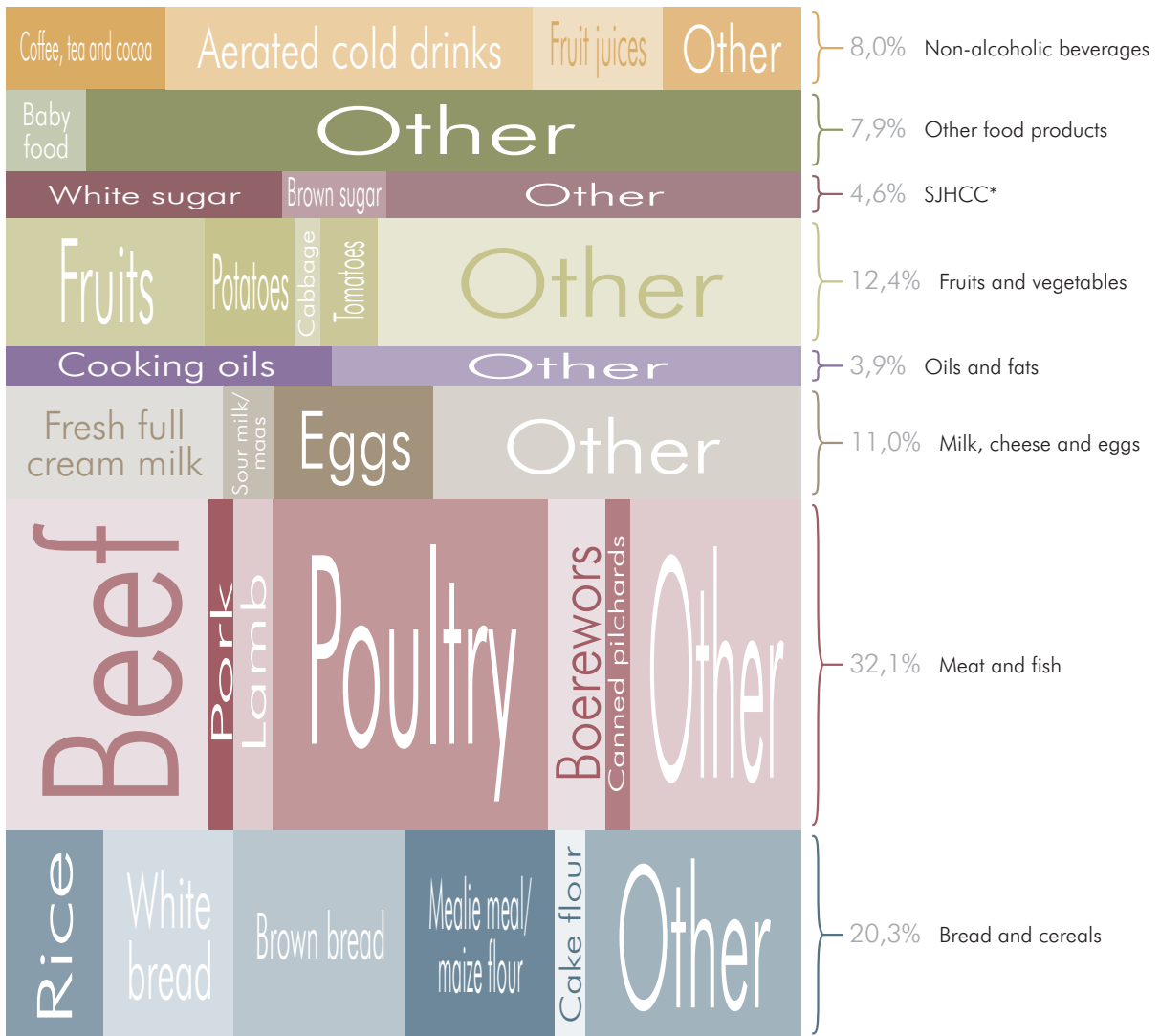


*Sugar, jam, honey, chocolate and confectionery

Non-poor households

Average food expenditure: R15 831

Proportion of budget spent on food: 10,5%



*Sugar, jam, honey, chocolate and confectionery

5.3 Household expenditure and sex of household head

Figure 5.4 indicates the average annual household consumption expenditure by sex of the household head. Male-headed households had an average consumption expenditure of R121 363, which was higher than the R77 671 spent by female-headed households. The general trend observed is that male-headed households had higher expenditure levels across all expenditure groups.

In 2015, there were more male-headed households compared to female-headed households who accounted for almost three-fifths and two-fifths of household heads, respectively. The LCS 2014/15 results showed that the average household size was 3,30 for the survey. Female-headed households had an average household size of 3,36, and 73,5% of these households owned a dwelling. In comparison to female-headed households, male-headed households had an average household size of 3,25, and 63,0% of these households owned a dwelling. Male-headed households were more likely than female-headed households to have a flush toilet (68,2% as opposed to 58,5%) and have piped water inside/on-site (77,7% as opposed to 72,6%).

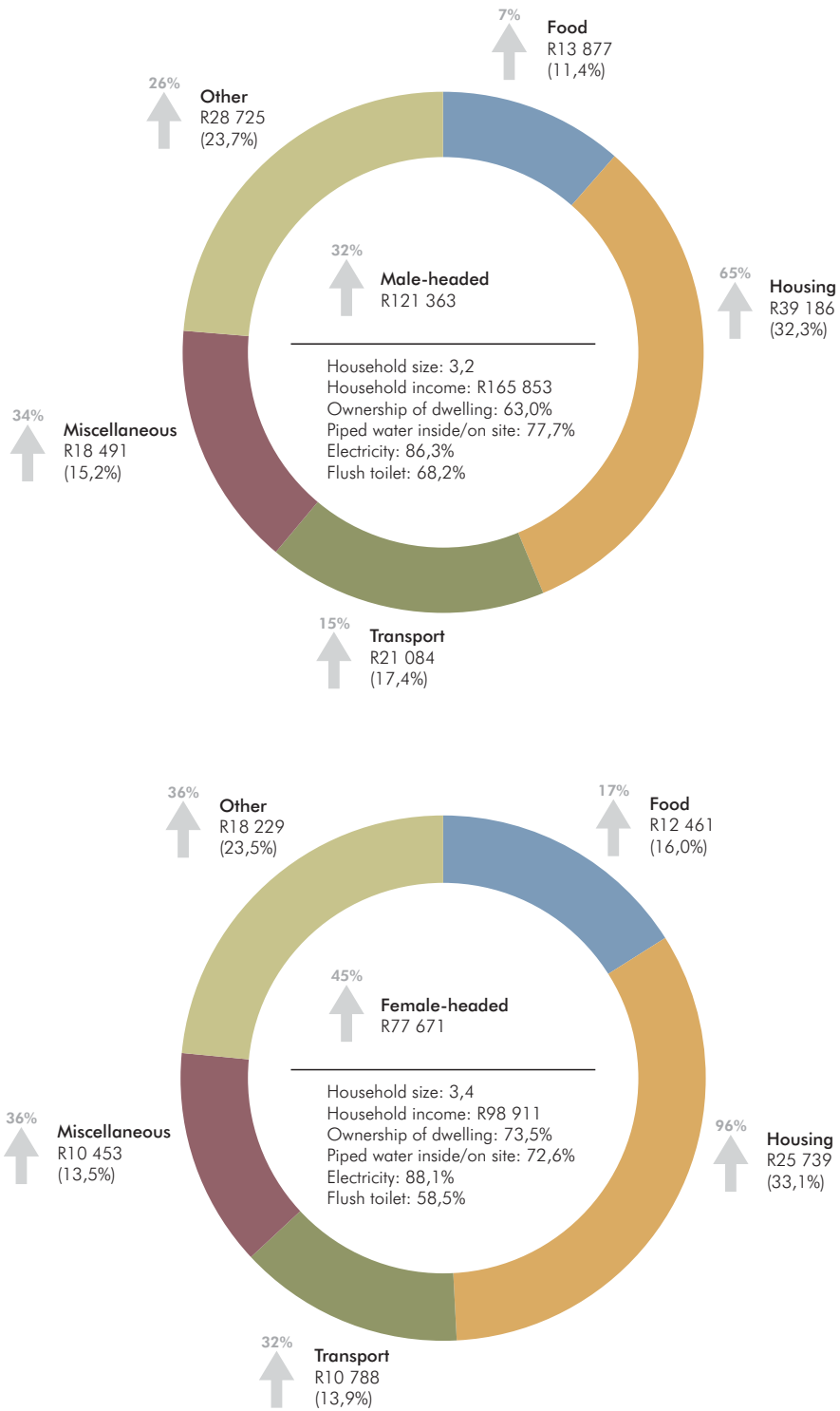
The average household income was R138 168 in 2015, with male-headed households reporting an average household income of R165 853. Meanwhile, female-headed households had an average annual income of just R98 911, illustrating the continuing inequality that exists between the sexes.

South African household expenditure has been increasing since 2006, though there were fluctuations among some expenditure groups. Households spent more on housing and utilities, which represents the largest contribution compared to other expenditure groups, accounting for one-third (32,6%) of total annual household consumption. Male-headed households spent on average R39 186 (32,3%), which is R13 447 higher than that of female-headed households, which spent R25 739 (33,1%) on this expenditure group.

The second largest expenditure group was transport. Households spent an average of R16 826 (16,3%) on this group in 2015. Male-headed households spent on average double of what female-headed households spent (R21 084 and R10 788, respectively).

The third largest expenditure group was miscellaneous goods and services, accounting for R15 167 per annum in 2015. Male-headed households spent on average R13 877 on food and non-alcoholic beverages, while female-headed households spent R12 461 on food and non-alcoholic beverages per annum.

Figure 5.4: Average annual household consumption expenditure on main expenditure groups by sex of the household head, 2015



5.4 Quintiles

In order to better understand household expenditure patterns, households were divided into subgroups known as quintiles, based on their per capita consumption expenditure. Households were ranked in an ascending order and then divided into five equal subgroups (each representing a 20% segment) of households.

Figure 5.5: Share of annual household consumption expenditure by quintiles (2006, 2009, 2011 and 2015)

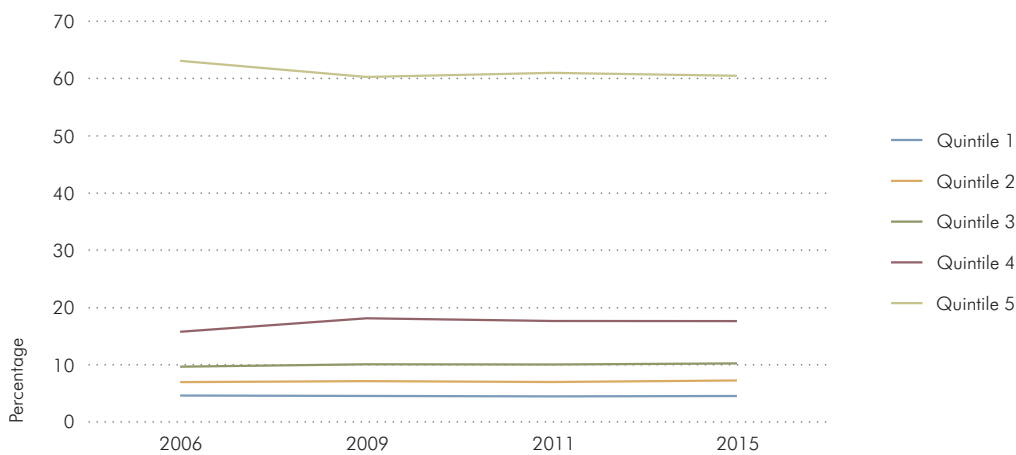
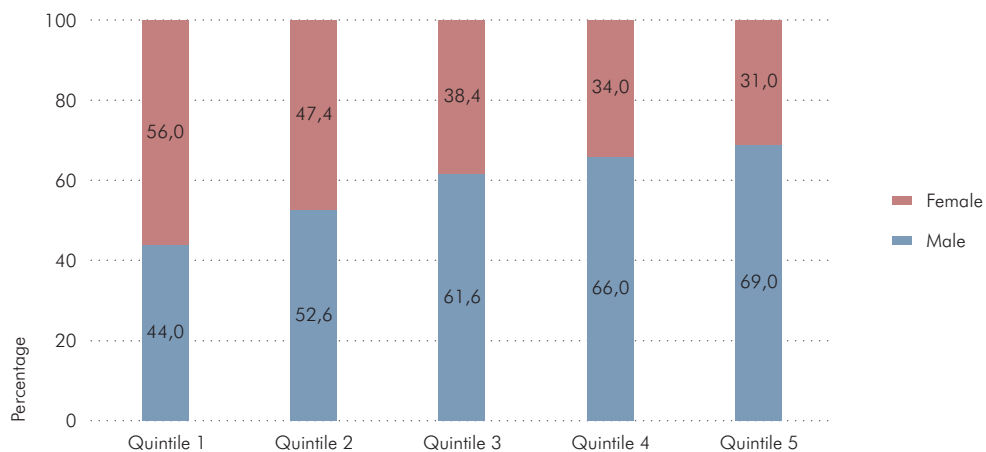


Figure 5.5 above shows the share of expenditure by quintiles and highlights the high levels of inequality that exist in the country. The share of annual household consumption expenditure by quintiles remained fairly constant between 2006 and 2015 across all quintiles. Households in quintile 1 (which is the poorest quintile) accounted for 4,5% of total expenditure in 2015, which is slightly higher than the 4,4% estimated in 2011, but lower than the 4,6% recorded in 2006. To further illustrate the challenges of inequality, the combined share of expenditure for quintiles 1 to 4 is significantly less than the share of expenditure of the top quintile (39,5% versus 60,5%). Nevertheless, the share of expenditure of the top quintile dropped by half a percentage point between 2011 and 2015, and by 2,6 percentage points since 2006.

According to the LCS 2014/2015, the annual average household consumption expenditure was R103 293. Households in quintile 1 had an average consumption expenditure of R23 211 in 2015, which was an increase from R17 621 in 2006; however, this was a decrease from R25 092 spent in 2011. On the other hand, quintile 5 households had an average consumption expenditure of R312 322 in 2015, which was an increase from R242 493 in 2006.

Figure 5.6: Percentage distribution of households by sex of household head and expenditure per capita quintile, 2015



Female-headed households represented the bulk of households found in the poorest quintile (56,0%), while male-headed households made up the majority in the top three quintiles (61,6% for quintile 3, 66,0% for quintile 4 and 69,0% for quintile 5). This high proportion of female-headed households is only observed in quintile 1, and thereafter it drops gradually as male-headed households increasingly represent larger shares. Roughly four out of every ten (44,0%) households in the lower quintile were made up of male-headed households. For the top quintile (quintile 5), just three out of every ten (31,0%) households were headed by females.

5.5 Household expenditure in rural and urban areas

Table 5.3 indicates the share of South Africa's annual household consumption expenditure on main expenditure groups in urban and rural areas. Urban households spent four times more than rural households in 2015.

The results show that expenditure on housing and household utilities represents the highest proportion of expenditure in all the years for urban households, while rural households spent their biggest proportion on food in 2006 and 2009, and on housing and household utilities in 2011 and 2015. Households in rural areas spent almost a quarter (23,0%) of their income on food in 2015. This proportion is twice more than what households in urban areas spent on food in the same year.

Table 5.3: Percentage distribution of average annual household consumption expenditure on main expenditure groups by settlement type (2006, 2009, 2011 and 2015)

Main expenditure group	Rural areas				Urban areas			
	2006	2009	2011	2015	2006	2009	2011	2015
Food and non-alcoholic beverages	27,1	28,7	24,8	23,0	13,8	12,5	11,4	11,2
Alcoholic beverages and tobacco	1,3	1,1	1,2	1,0	1,3	1,2	1,2	0,9
Clothing and footwear	5,9	6,2	5,9	7,0	3,8	4,3	4,0	4,4
Housing, water, electricity, gas and other fuels	17,6	18,2	25,0	23,6	27,1	30,0	33,5	34,0
Furnishings, household equipment and routine maintenance of the dwelling	8,0	6,9	5,8	5,9	6,0	4,3	4,3	5,1
Health	1,7	1,6	1,1	0,7	1,6	1,4	1,4	0,9
Transport	14,3	13,8	15,2	17,3	19,6	15,8	17,5	16,1
Communication	2,2	2,3	2,1	3,4	2,5	2,6	2,3	3,4
Recreation and culture	2,5	2,3	2,1	2,6	3,9	3,8	2,8	4,0
Education	3,3	1,7	1,6	1,3	2,5	3,7	3,2	2,6
Restaurants and hotels	2,1	2,0	2,1	1,8	2,6	2,9	2,7	2,2
Miscellaneous goods and services	13,7	15,1	12,8	12,4	15,0	17,1	15,6	15,1
Unclassified items	0,3	0,2	0,4	0,1	0,4	0,4	0,1	0,0
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

It is noteworthy that the proportion of expenditure on housing and household utilities for urban households is almost three times more than that spent on food and non-alcoholic beverages in 2011 and 2015.

5.6 Summary

Status in 2015

- Average annual household expenditure was R103 293, with the largest expenditure being on housing and utilities (32,6%)
- Female-headed households had an average annual expenditure of R77 671, which is 36,0% less than that of male-headed households (R121 363). Male-headed households (R165 853) on average still earn more than female-headed households (R98 911).
- Coloured-headed households had an average annual household expenditure of R124 445, which is approximately twice the expenditure of black African-headed households (R67 828). Indian/Asian-headed households (R195 336) and white-headed households (R350 937) spent almost three times and five times more than black African-headed households, respectively.
- Poor households have a larger household size than that of non-poor households. The average size of a poor household is almost twice (4,6) the size of a non-poor household (2,4).

- Poor households spent the largest proportion of 30,0% on food, compared to 10,5% of non-poor households. The biggest proportion of household expenditure for non-poor households was towards housing and utilities (34,0%).
- Non-poor households had better access to services compared to poor households. A high proportion of non-poor households had access to electricity (91,4%) and piped water inside the dwelling or in site (86,7%) compared to the 59,0% of poor households that had access to piped water and the 80,5% that had access to electricity.
- The richest quintile still spends far more than the other quintiles, and male-headed households were more represented in the higher quintiles, while female-headed households only dominate the poorest quintile.

Change from 2011

- The average annual household expenditure increased by 34,0% to R103 293 in real terms between 2006 and 2015, and the highest expenditure item was housing and utilities which increased by 71,0% in the same period.
- Expenditure in male-headed households had grown by 32,2% in real terms since 2006 as compared to the 45,1% of female-headed households.
- In households headed by black Africans, expenditure increased by 62,1%, which the biggest increase compared to the 53,8% for coloured-headed households, 37,4% for Indian/Asian-headed households and 29,2% for white-headed households.
- Poor households spent R31 669 in real terms in 2015, constituting an increase of 21,0% from 2006, while the average expenditure of non-poor households increased by 14,0% to R151 097 in 2015.
- Households that are poor spent on average 33,9% of their food expenditure buying bread and cereals, while non-poor households spent 32,1% on meat and fish.
- All the quintiles have not significantly changed their share of expenditure between 2006 and 2015.



An aerial photograph of a coastline. The top half of the image shows deep blue-green ocean water with white foam from breaking waves. The bottom half shows a rocky shore with dark, jagged rocks and shallow, brownish-green water with white foam. The text 'Chapter 6 Explanatory notes' is overlaid in white in the upper right quadrant.

Chapter 6
Explanatory notes

6.1 Poverty lines

Poverty lines are important tools that allow for the statistical reporting of poverty levels and patterns, as well as the planning, monitoring and evaluation of poverty reduction programmes and policies. In 2007, Stats SA was officially tasked by government to establish a threshold that could be used in standardising the money-metric measurement of poverty for the country. In developing the national poverty lines, Stats SA used an internationally recognised approach, namely the cost-of-basic-needs approach, which links welfare to the consumption of goods and services.

Following the release of the IES 2010/2011, Stats SA initiated a process to rebase the three national poverty lines (FPL, LBPL and UBPL) to bring them in line with the latest household expenditure data. The original set of poverty lines was benchmarked to information gathered from the IES 2000. The rebasing was completed in 2014 and the new poverty lines were published in 2015. Thus, in addition to providing the new 2015 estimates, this report is the first release to formally present the revised poverty estimates for 2006, 2009 and 2011, using the rebased lines.

The need for rebasing the national poverty lines emanates from the fact that spending and consumption patterns change over time. This means the basket of goods and services on which the existing poverty lines were based may have changed, making it necessary to update estimates using recent consumption data in order to make sure that the lines remain relevant and accurate. In this way, the official poverty lines used in South Africa take account of changing needs, preferences and social conditions. Rebasing also allows for the calculation of poverty lines based on improved sampling frames and data collection methods.

To provide a brief background on the construction and rebasing of the national poverty lines, this section will use extracts from the technical report entitled "Methodological report on rebasing of national poverty lines and development of pilot provincial poverty lines" (Report No. 03-10-11).

6.1.1 Construction of the food reference basket

As already noted, the IES 2010/2011 used a combination of recall and diary methods to collect data from sampled households, and a total of 752 different goods and services were reported. Of the 752 goods and services reported, a total of 329 different food items can be identified (compared to just 133 total food items recorded in the IES 2000).

The data collected in IES 2010/2011 are not directly comparable to data collected during IES 2000, because the earlier survey exclusively used the recall method for data collection. With the highlighted differences in data collection methodologies between IES 2000 and IES 2010/2011, it is expected that the latter collected more data items that were acquired by households during the respective reference survey periods compared to former. This point is worth mentioning here because, as indicated earlier, IES 2000 was used to generate the first set of national food, lower-bound and upper-bound poverty lines, and the additional information collected in the IES 2010/2011 impacts upon the poverty line that is generated.

The application of the cost-of-basic-needs approach can be broken down into three steps: (1) determination of a reference food basket on which the food component of welfare is anchored; (2) computation of the cost of the food basket that enables households to meet a normative nutritional standard (2 100 calories per person per day) to derive the food poverty line; and (3)

adding to this cost an allowance for the consumption of non-food basic necessities (such as clothing, shelter, transportation, education, etc.) to determine the lower- and upper-bound poverty lines.

Earlier it was mentioned that there were over 300 different food items reported in IES 2010/2011. Two important conclusions can be drawn from this large number of foods reported. One is that the South African population has diverse food preferences and the second is that the normative per capita per day caloric requirement can be satisfied using a wide range of food baskets which may vary by location and over time. The multiplicity of possible food bundles that can be consumed by South African households to satisfy the minimum food-energy intake requirements necessitates construction of a reference basket that is representative of overall consumption patterns while also anchored in representative levels. This is the same approach that was used by Stats SA to derive the original reference food basket.

Two stages are followed. The first stage involves determination of nationally common foods at household level, following the same criterion as that used for selecting the CPI food basket. This criterion combines information on food item expenditure-shares and information about the numbers of households reporting item expenditure. The threshold for food-expenditure share per item was set at 0,5% and the minimum number of households required to report on the food item for it to be considered common was set at 10%. A total of 31 food items were identified in stage 1 as being nationally representative.

The second stage of the construction of the reference food basket involves determination of a reference group of households that are fairly representative of national consumption patterns and levels at common prices. The motivation for seeking this reference group of households emanates from the fact that food preferences differ significantly by income and expenditure levels. Households with high income/expenditure tend to pay more per calorie for foods compared to households with low income/expenditure. This is because low-income/expenditure households tend to have smaller food baskets with consumption patterns that are characterised by high consumption levels of "survival foods" or relatively cheap calories, whilst high-income/expenditure households purchase more costly calories, may consume more protein-rich diets and may also consider other characteristics of food such as taste, convenience or simply the brand name.

In line with the original methodology, the rebasing process used households in the lower to middle range of consumption expenditure (households in deciles 2 to 4 of per capita expenditure) as the reference households for determination of the food basket. Thus, item expenditure-shares for the 31 food items determined in stage 1 were calculated for the reference households, and only items with at least 0,5% share of total consumption were retained, yielding a reference food basket comprised of 27 food items, and is shown in Table 6.1. This was after the exclusion of "clear beer" and "unspecified food" from the final basket (meaning the original basket consisted of 29 food items). Beer was excluded because it is not consumed by all members in a typical household; while unspecified food was excluded because it is not possible to determine its energy (calorie) content and its price per calorie.

The reference food basket shown in Table 6.1 contains a wide range of food groups, including meat, fish, poultry and their products; beverages; oils and fats; grain products; fruits and vegetables; dairy products; and other food items such as sugar, burgers, soup powders, and so forth. It is important to note that the basket presented below does not represent a recommended food plan for the South African population. It is simply an analytical tool based on the criteria specified above for selecting food items that are representative of food consumption patterns as reported in IES 2010/2011.

Table 6.1: The reference food basket based on the IES 2010/2011

Expenditure category	Food Item
Beverages	Aerated cold drinks Fruit juices not from food service places Instant coffee
Dairy products and eggs	Fresh full cream milk Large eggs Long-life full cream milk Sour milk/maas
Fish, meat, poultry and their products	Poultry (including heads and feet) Beef and veal (including heads and feet) Boerewors Canned pilchards Polony
Grain products	Mealie meal/maize flour Brown bread White bread Rice Cake flour
Oils and fats	Edible oils (e.g. cooking oils)
Fruits and vegetables	Cabbage fresh Potatoes Tomatoes fresh Onions
Miscellaneous	Burger Powder soup Brown sugar White sugar

6.1.2 The food poverty line

Costing of the reference food basket was performed using information on item-specific consumption expenditure levels, household composition, and price data from the CPI. First, the amount of energy (calories per 100 grams or 100 millilitres in the case of liquids) of each food item contained in the reference food basket was obtained from the Medical Research Council (MRC) food composition tables and in consultation with the Department of Health. Second, using information on mean annualised consumption expenditure on each food item and information on household size, it was possible to compute approximate per capita calories of each item consumed per day. Third, using the CPI data (averaged for the IES 2010/2011 data collection period covering September 2010 to August 2011), the cost per 100 grams/millilitres of relevant food items was calculated. Altogether, the three pieces of information make it possible to estimate the average per person per day amount of calories consumed of the reference food basket and the associated cost based on the reported item-specific expenditure levels and prevailing prices.

6.1.3 The lower and upper-bound poverty lines

Unlike food consumption, there are no universal standards for consumption of non-food basic needs. To derive the lower and upper bounds to a range of possible poverty lines, the same methodology as was used for the first set of poverty lines was followed. In this method, two different sets of non-food expenditure are obtained from two separate reference groups of households and added to the food poverty line to yield the upper-bound and lower-bound poverty lines. As the names of the lines suggest, these two lines are regarded as the lower and upper bound to a range of possible 'total' poverty lines.

The cost-of-basic-needs approach bases the non-food component of a total poverty line on reported consumption expenditure. The main assumption behind the approach is that in cases where food expenditure is equivalent to the food line, households are considered able to meet basic foods and basic non-food needs. Therefore, by adding the average non-food expenditure of such households to the food poverty line, an upper-bound poverty line is obtained. The reference households for the upper-bound poverty line are determined by considering an interval around the food poverty line, starting with 1% of FPL and gradually increasing the interval in successive intervals of 1% up to a maximum of 5%. The average non-food expenditure for the reference households is obtained by averaging (using simple mean) the median non-food expenditures for the households in each of the successive intervals around the food poverty line.

The lower-bound poverty line is obtained in a similar way, but with a different set of reference households. The choice of reference households in this case is based on the assumption that households whose total expenditure is close to the food poverty line live on "survival foods" and therefore, sacrifice some basic food-needs in order to meet their non-food requirements. This implies that the non-food expenditure of such households represents an austere minimum expenditure on non-food basic needs.

For further information regarding the construction and rebasing of the national poverty lines, please refer to the following two technical reports published by Stats SA's, namely report D0300 entitled "Measuring poverty in South Africa: Methodological report on the development of the poverty lines for statistical reporting" and Report No. 03-10-11 entitled "Methodological report on rebasing of national poverty lines and development of pilot provincial poverty lines".

6.2 The instruments of data collection

The IES and LCS used three data collection instruments, namely the household questionnaire, the weekly diary, and the summary questionnaire to collect information from sampled households.

6.2.1 Household questionnaire

The household questionnaire is a booklet of questions. These questions are split into different modules and were administered to respondents during the course of the survey period. One module was completed during each visit to the household (approximately one per week).

6.2.2 Weekly diaries

This is a booklet that was left with the responding household to track all acquisitions made by the household during the diary-keeping period. The household (after being trained by the Survey Officer) was responsible for recording all their daily acquisitions, as well as information about where they purchased the item (source) and the purpose of the item. A household completed a different diary for each week of the survey period.

6.2.3 Summary questionnaire

This is a booklet of questions for the sole use of the Survey Officer. The instrument has two primary functions. First, it serves as a code list for Survey Officers when assigning COICOP (Classification of Individual Consumption according to Purpose) codes for the reported items recorded in the weekly diary. Second, it helps to summarise the household's total consumption expenditure on a weekly basis to allow the Survey Officers to better understand the household's acquisition patterns so as to ensure accuracy and completeness of the diary.

6.3 How the surveys were conducted

6.3.1 IES 2005/2006 and LCS 2008/2009

The IES 2005/2006 and LCS 2008/2009 were both split into 12 survey periods that each revolved around one month of diary keeping. A household was in a sample for a period of six weeks. The instruments outlined above were administered in stages at different visits during the six weeks of data collection. A module was administered in the beginning of each week. A detailed list of activities conducted each week is shown in Table 6.2 below.

Table 6.2: Data collection activities by week for the IES 2005/2006 and LCS 2008/2009

Week 0 <i>(Week before diary-keeping)</i>	Weeks 1 to 4 <i>(Diary-keeping weeks)</i>	Week 5 <i>(Week after diary-keeping)</i>
<ul style="list-style-type: none"> • Hand-over by publicity team • Establish rapport with household • Train household on diary completion • Conduct interview 1 • Make appointments for anthropometric measurements* 	<ul style="list-style-type: none"> • Drop weekly diaries to be completed by household • Conduct interviews 2/3/4/5 • Collect completed diaries for week 1/2/3 • Verify completed diaries for week 1/2/3 • Codification by means of the summary questionnaire • Conduct anthropometric measurements* 	<ul style="list-style-type: none"> • Conduct interview 6 • Collect completed diaries for week 4 • Verify completed diaries for week 4 • Codification by means of the summary questionnaire • Conduct any outstanding anthropometric measurements*

* Only applicable to the LCS 2008/2009

6.3.2 IES 2010/2011 and LCS 2014/2015

The IES 2010/2011 and LCS 2014/2015 were both split into 26 survey periods that each revolved around a two-week diary keeping period. A household was in a sample for a period of four weeks. The survey instruments were administered in stages at different visits during the four weeks of data collection. A module was administered at the beginning of each week. A detailed list of activities conducted each week is shown in Table 6.3.

Table 6.3: Data collection activities by week for the IES 2010/2011 and LCS 2014/2015

Week 0 <i>(Week before diary-keeping)</i>	Weeks 1 to 2 <i>(Diary-keeping weeks)</i>	Week 3 <i>(Week after diary-keeping)</i>
<ul style="list-style-type: none"> • Hand-over by publicity team • Establish rapport with household • Train household on diary completion • Conduct interview 1 • Make appointments for anthropometric measurements* 	<ul style="list-style-type: none"> • Drop weekly diaries to be completed by household • Conduct interviews 2 and 3 • Collect completed diaries for week 1 • Verify completed diaries for week 1 • Codification by means of the summary questionnaire • Conduct anthropometric measurements* 	<ul style="list-style-type: none"> • Conduct interview 4 • Collect completed diaries for week 2 • Verify completed diaries for week 2 • Codification by means of the summary questionnaire • Conduct any outstanding anthropometric measurements*

* Only applicable to the LCS 2014/2015

6.4 Data collection

Three main approaches are used to collect data on household consumption expenditure, namely the acquisition approach, the payment approach, and the consumption approach. All three methods were used at some stage during data collection for all four surveys.

The acquisition approach entails taking into account the total value of goods and services acquired (not necessarily consumed, but for household consumption purposes) during a given period, whether the household paid for them or not. This is the general approach that was followed for most of the items. Information on non-durable, semi-durable and durable items is collected using the acquisition approach.

The payment approach takes into account the total payment made for all goods and services in a given period, whether the household has started consuming them or not. This approach is followed when collecting data of expenditure on services such as education, health, insurance, etc.

The consumption approach takes into account the total value of all goods and services consumed or used during a given period. This approach is used when collecting information on own production.

6.5 Time span

Data collection for each of these household expenditure surveys covered a period of 12 months. The IES 2005/2006 was conducted between 22 August 2005 and 10 September 2006 (with diary-keeping starting on 1 September 2005 and ending on 31 August 2006); the LCS 2008/2009 was conducted between 25 August 2008 and 11 September 2009 (with diary-keeping running from 1 September 2008 until 31 August 2009); the IES 2010/2011 was conducted between 23 August 2010 and 4 September 2011 (with diary-keeping starting on 30 August 2010 and ending on 29 August 2011); and the LCS 2014/2015 was conducted between 13 October 2014 and 25 October 2015 (with diary-keeping activities running from 20 October 2014 until 19 October 2015). Publicity operations for the surveys generally began one month prior to the commencement of data collection and then continued in parallel with data collection activities until the end of the respective survey.

6.6 Sample coverage

The sample for the four surveys included all domestic households, holiday homes and all households in workers' residences, such as mining hostels and dormitories for workers. It did not include institutions such as hospitals, prisons, old-age homes, student hostels and dormitories for scholars. Boarding houses, hotels, lodges and guesthouses were also excluded from the samples.

6.7 Response details

Table 6.4 below shows the response rates for the four surveys at provincial level. Due to the legislative power provided through the Statistics Act (Act No. 6 of 1999), households sampled to participate in our surveys are compelled by law to participate. This has helped South Africa to achieve some of the highest response rates for household expenditure surveys in the world. However, we do see lower response rates for the two LCS points compared to the IES points. This is likely due to the extra burden the LCS places on respondents for anthropometric measurements and a generally longer questionnaire that is designed to meet additional poverty objectives.

Table 6.4: Response rates for the IES 2005/2006, LCS 2008/2009, IES 2010/2011 and LCS 2014/2015

Province	IES 2005/2006 (%)	LCS 2008/2009 (%)	IES 2010/2011 (%)	LCS 2014/2015 (%)
RSA	96,8	88,0	91,6	84,9
Western Cape	94,1	85,2	94,3	79,1
Eastern Cape	99,6	94,2	95,8	92,7
Northern Cape	98,7	90,4	95,6	90,4
Free State	98,5	95,9	94,7	86,9
KwaZulu-Natal	95,9	84,8	92,3	89,6
North West	97,1	89,3	91,6	90,0
Gauteng	95,3	79,7	82,9	65,3
Mpumalanga	96,4	88,5	93,5	91,6
Limpopo	97,7	94,9	90,3	95,6

6.8 Comparison to previous poverty reports

To ensure better compatibility and consistency, the population weights for the 2015, 2011 and 2009 data points were updated and recalibrated to estimates based on the 2015 mid-year population estimates (MYPE) series. We also introduced household weights (based on the UN headship rate method) to deal with the challenge of underestimation of the total number of households. The latter change brings the IES and LCS in line with other surveys like the GHS which has already adopted the use of separate person and household weights to improve the precision of its estimates.





Chapter 7
Concepts and definitions

Acquisition approach – An approach taking into account the total value of goods and services actually acquired during a given period, whether fully paid for or not during that period.

Classification of individual consumption according to purpose (COICOP) – International system of classification of goods and services based on individual consumption by purpose.

Consumer price index (CPI) – An index that measures the price of a fixed basket of consumer goods and services.

Consumption approach – An approach that takes into account the total value of all goods and services consumed (or used) during a given period.

Consumption expenditure – Expenditure on goods and services acquired, and privately used by household members, including imputed values for items produced and consumed by the household itself.

Diary – A record with discrete entries arranged by date reporting on what has happened over the course of a defined period of time. With regard to the IES and LCS, diaries recorded all acquisitions made by the household during the diary-keeping period. This included the description of the item, value, source, purpose, area of purchase and the type of retailer.

Durable goods – Household items that last for a long time, such as kitchen appliances, computers, radios, televisions, cars and furniture, usually acquired once in several years.

Dwelling unit (DU) – Structure or part of a structure or group of structures occupied or meant to be occupied by one or more than one household.

Enumeration area (EA) – The smallest geographical unit (piece of land) into which the country is divided for census or survey purposes.

Farm – An area of land, together with its buildings, concerned with the growing of crops or the raising of animals.

Gift – An item received by the household from people who are not members of the household or items given away by members of the household to non-members, without compensation.

Gini coefficient – The Gini coefficient is the ratio of the area between the 45-degree line and the Lorenz curve and the area of the entire triangle. As the coefficient approaches zero, the distribution of income or consumption approaches absolute equality and absolute inequality if it approaches 1.

Household – A group of persons who live together and provide themselves jointly with food and/or other essentials for living, or a single person who lives alone.

Household head – A person recognised as such by the household, usually the main decision-maker, or the person who owns or rents the dwelling, or the person who is the main breadwinner.

Household income – All receipts by all members of a household, in cash and in kind, in exchange for employment, or in return for capital investment, or receipts obtained from other sources such as social grants, pension, etc.

Income (individual) – All money received from salary, wages or own business; plus money benefits from employer, such as contributions to medical aid and pension funds; plus all money from other sources, such as additional work activities, remittances from family members living elsewhere, state pensions or grants, other pensions or grants, income from investments, etc.

Income-in-kind / expenditure-in-kind – This refers to items acquired by the household without paying for them, e.g. bursaries, subsidies from employer, free medical services, private use of a company car or similar vehicle, value of discounted fares for educational purposes, grants from schools and other educational institutions, excluding gifts and maintenance from other household members.

Master Sample (MS) – A sample drawn from a population for use on a number of future occasions, so as to avoid ad hoc sampling on each occasion.

Non-durable goods – Household items that do not last long, for example food and personal care items. Households usually acquire these items on a daily, weekly or monthly basis.

Non-poor – Population living above a designated poverty line.

Own production – Own production is the activity of producing goods that the household can consume or sell in order to supplement the household income. Many households – especially low-income households – need to grow food items such as vegetables, mealies, etc., or to keep chickens or livestock to consume and/or sell so that they can provide more adequately for themselves.

Payment approach – An approach taking into account the total payment made for all goods and services in a given period, whether the household has started consuming them or not.

Poor – Population living below a designated poverty line.

Poverty gap – This provides the mean distance of the population from the poverty line (this is also referred to as P_1).

Poverty headcount – This is the share of the population whose income or consumption is below the poverty line; that is, the share of the population that cannot meet its basic needs (this is also referred to as P_0).

Poverty line – Line drawn at a particular level of income or consumption; households/individuals whose incomes fall below a given level of the poverty line or whose consumption level is valued at less than the value of the poverty line are classified as poor.

Poverty severity – This takes into account not only the distance separating the population from the poverty line (the poverty gap), but also the inequality among the poor. That is, a higher weight is placed on those households/individuals who are further away from the poverty line (this is also referred to as P_2).

Primary sampling unit (PSU) – Geographical area comprising one or more enumeration areas of the same type (and therefore not necessarily contiguous) that together have at least one hundred dwelling units.

Rural – Farms and traditional areas characterised by low population densities, low levels of economic activity and low levels of infrastructure.

Sample – Part of the population on which information can be obtained to infer about the whole population of units of interest.

Settlement type – Classification according to settlement characteristics.

Semi-durable goods – Items that last longer than non-durable goods but still need replacing more often than durable goods, for example clothing, shoes and material for clothing.

Subjective poverty – Considers that people's perception of what constitutes the minimum necessary household budget is the best standard of comparison for actual incomes and expenditures.

Traditional area – Communally owned land under the jurisdiction of a traditional leader.

Urban – Formal cities and towns characterised by higher population densities, high levels of economic activities and high levels of infrastructure.

Vacant dwelling – Dwelling that is uninhabited, i.e. no one lives there.

Visitor (household) – Person visiting or staying with a household who is not a usual member of the household.

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