

THE IMPACT OF GOVERNMENT GRANTS ON POVERTY IN SHARPEVILLE

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To my beloved mother Lebogang Esther Hatla

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OPSOMMING

Suid-Afrika het soos meeste ander lande 'n toename gesien in armoede oor die laaste paar jaar. Armoede affekteer kwesbare groepe soos kinders, bejaardes, gestremdes en enkel-ouer ma's die ergste. Hierdie verhandeling bestudeer die invloed wat maatskaplike toelaes het op armoede onder huishoudings in Sharpeville. Die studie fokus op twee aspekte, naamlik die teoretiese agtergrond van armoede en maatskaplike toelaes, en die impak van die inkomste uit maatskaplike toelaes.

Die Suid-Afrikaanse regering maak voorsiening vir agt verskillende maatskaplike toelae's, waarvan ses in die studie bespreek sal word. Hierdie ses toelae sluit in ouderdomstoelaag, kind-afhanklikheidstoelaag, pleegsorgtoelaag, kinderonderhoudstoelaag, ongeskiktheidstoelaag, en oorlogs-veteraanstoelaag.

Armoede word gedefinieer deur die Wereld-Bank as die onvermoë om 'n minimum aanvaarbare lewenstandaard te handhaaf. Om 'n armoedeprofiel op te stel vir elke huisgesin in Sharpeville word ses verskillende faktore oorweeg, naamlik die huishoudelike bestaanspeil as die armoedegrens, die armoedegaping-indeks, die armes tot bevolking-verhouding en die afhanklikheidsverhouding. Die verhandeling wys dat armoede besig is om toe te neem in die dorp vanaf 2004 tot en met 2009.

Die armoedegaping-indeks en die armes tot bevolking-verhouding is plus minus 0.86 en 0.654 respektiewelik. Dit beteken dat 5 477 huishoudings in Sharpeville as arm geklassifiseer word. Huishoudings se gemiddelde inkomste is R2 866, waarvan salarisse of lone die grootste gedeelte uitmaak.

Indien maatskaplike toelae-inkomte van die huishoudelike inkomste uigesluit word, vermeerder armoedegaping-indeks en die armes tot bevolking-verhouding tot 0.705 en 0.93 respektiewelik. Dit beteken dus dat huishoudings in Sharpeville nader sal beweeg aan die armoedegrens sonder die hulp van maatskaplike toelaes. Alhoewel maatskaplike toelaes nie 'n groot bydrae lewer tot totale huishoudelike inkomste nie, maak dit wel 'n wesenlike verskil vir die huishoudings wat dit ontvang.

Hierdie studie beveel aan dat aktiwiteite in die informele sektor aangemoedig moet word, aangesien dit werksgeleenthede sal skep vir diegene wat werkloos is in die dorp. Aangesien die oorgrote meerderheid van die werklooses vaardig is in die verhandeling of kleinhandel sektor, behoort werkskepping gefokus te wees op hierdie sektore. Ten slotte behoort die inkomste drempel vir die bekostigbaarheidstoets vir 'n maatskaplike toelaag verlaag te word, aangesien huishoudings wat reeds voldoen aan die huidige kriteria in uiterste armoede leef.

Sleutelterme

Armoede, werkloosheid, Sharpeville, Suid-Afrika, Sedibeng, werklooses, arm, armoede, armes tot bevolking-verhouding, armoedegaping-indeks, huishoudelike bestaanspeil, gemiddelde inkomste, opvoeding, arbeidsmag, maatskaplike toelaag, ouderdomstoelaag, sorgafhanklikheidstoelaag, kinderonderhoudstoelaag, oorlogs-veteranetoelaag, ongeskiktheidstoelaag, pleegsorgtoelaag, toelae te bate

ABSTRACT

South Africa, like international countries, has been experiencing an increase in the levels of poverty over the years. Poverty affects vulnerable groups of society more intensely and these groups include children, the old, disabled people and women, especially those who are single parents. This dissertation studies the role social grants have on the level of poverty in households of Sharpeville. This study focuses on two areas namely the theoretical background of poverty and social grants; and what the impact is of income from social grants.

The South African government provides its citizens with eight different social grants to help those in need and/or vulnerable. From these social grants only six are investigated for the purpose of this study. These grants include the old age grant, child dependency grant, foster care grant, child support grant, disability grant and the war veteran grant.

Poverty is defined as the inability to attain a minimal material standard of living by the World Bank. The different indicators used in this study to profile poor households in Sharpeville include the Household Subsistence Level (HSL) as the poverty line, the poverty gap ratio, the headcount index and the dependency ratio. This dissertation shows that poverty within the township has increased over the five years. And to do this the results from the data survey conducted in 2009 are compared to the results from Sekatane's 2004 data.

The poverty gap ratio and the headcount index for the township in 2009 were estimated at 0.86 and 0.654 respectively. In the year 2004 the headcount index was estimated at 0.431 indicating a 22.3 percent increase in the number of people living in poverty. This means that an estimated 5 477 households in Sharpeville, in 2009, were regarded to be poor.

When government grants are excluded from the household's income within the township both the poverty gap ratio and the headcount index decrease to 0.93 and 0.705 respectively.

This means that when government grants are excluded from households' income within Sharpeville, the depth of poverty within household's increases. The income from government grants might be regarded as minimal, however it assists in moving households further from the poverty line.

This study recommends that activities within the informal sector should be encouraged as this will increase employment opportunities for those unemployed in the township. As the vast majority of the unemployed people have skills from trading/retail sector; employment creation should be focused in this sector. Lastly, the income threshold used in the means test equation to check affordability of social grant applicant should be decreased as people meeting the current criteria are already living in dire poverty.

Key terms

Poverty, unemployment, Sharpeville, South Africa, Sedibeng, unemployed, poor, poverty, headcount index, poverty gap index, HSL, average income, education, labour force, social grants, old age grant, care dependency grant, child support grant, war veteran grant, disability grant, foster care grant, disability grant, grant in aid

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LIST OF ABBREVIATIONS

CDG	: Care Dependency Grant
CSG	: Child Support Grant
DG	: Disability Grant
FCG	: Foster Child Grant
GIA	: Grant-In Aid
HEL	: Household Effective Level
HIV/AIDS	: Human Immune-Deficiency Virus/Acquired Immune-Deficiency Syndrome
HSL	: Household Subsistence Level
ID	: Identity Document
IES	: Income and Expenditure Survey
MLL	: Minimum Living Level
NEDLAC	: National Economic Development and Labour Council
OAG	: Old Age Grant
PDL	: Poverty Datum Line
PPP	: Purchasing Power Parity
RDP	: Reconstruction and Development Programme
SA-PPA	: South African Participatory Poverty Assessment
SASSA	: South African Social Security Agency
SLL	: Supplementary Living Level

STATS SA : Statistics South Africa

WVG : War Veteran Grant

CHAPTER 1

THE PROBLEM AND ITS SETTING

1.1 BACKGROUND

South Africa's image as a political and an economic driving force in Africa masks the extent of its poverty situation. The African history is unique in that the majority of the Black population experienced the most extreme and repugnant form of repression by White rulers. In 1948 the Afrikaner-led Nationalist Party instituted a racial segregation policy known as "Apartheid" which graded citizens by colour. Discrimination extended to all spheres of life including job opportunities, education and health leading to the impoverishment of most of the Black community (Makina, 2008). Within the Black community, women, the disabled, the elderly and children were the worst affected by poverty. Pensions and grants were virtually inaccessible to Black people and those who did receive them, received less than their White counterparts (Anon., 2006).

Simkins (2000) points out that the reduction of poverty has been a central focus area of South Africa's government since 1994. Yet quantitative description and analysis in this field has been slow to emerge. The main reason for this state of affairs is that evidence had to be built up, mainly by Statistics South Africa (Stats SA) from a very limited historical base. However, Mbete (2008:11) states that anti-poverty initiatives – like the Reconstruction and Development Programme (RDP) - have been successfully mainstreamed into the planning and implementation of government programmes as well as in the budgeting process. Certain groups in society continue to find themselves in poverty. These groups include women, particularly those who are single parents, children, the youth, the aged and families wherein one or more members have a disability (Mbete, 2008:11).

Poverty rates in South Africa's nine provinces differ significantly as do those of the urban and rural areas of the country (Armstrong et al., 2008:9). Gauteng is the smallest and yet the richest province in South Africa. The province is the hub of South Africa's financial and services sectors and has links to the mining industry (Cross et al., 2005:4).

At the end of the 19th century, huge coal deposits were discovered near Vereeniging, which became the location of the first African melting industry for scrap metals. New iron and steel plants gave birth to nearby the Vanderbijlpark in 1941 and later Meyerton. One decade later the chemical giant Sasol was also created at Sasolburg. The dynamics of gold mining as well as finance and commerce in the nearby Witwatersrand also stimulated the economy (Pelupessy, 2000).

Sharpeville is the second oldest of the seven townships in the Vaal Triangle, and was established in 1941 when 5,466 dwellings were erected (SAWEB, 1996). Situated two miles west of the central area of Vereeniging, Sharpeville was named at the request of the residents themselves in honour of Mayor John Lillie Sharpe. Sharpe was a man renowned for taking an interest in the welfare of the Black people. It was through his efforts that resettlements of Bantu workers in the township were created and acknowledged (Anon, 2009).

Between 1973 and 1983, the Oranje Vaal Administration Board controlled Sharpeville as well as the other six townships in the Vaal Triangle. The Lekoa municipality that took over the administration of the township in 1983 was established in accordance with the Black Local Authorities Act of 1982 (SAWEB, 1996). According to Stats SA (2003) an estimated 41 031 households were in existence in 2001 in Sharpeville. The average household size for 2001 in Sharpeville, as calculated from Stats SA data, was 3.59 persons per household for the same year. Sekatane (2004:61) estimated that 3 609 households in the township were living in poverty in 2004. The level of poverty within the township is highly undesirable.

1.2 THE RESEARCH PROBLEM AND THE REASON FOR THE STUDY

Poverty is an international phenomenon. In the South African context poverty is as a result of a very complex history and as such cannot be understood without reference to the impact of race and racism. The defeat of the apartheid political order did not signal a decline or reversal of poverty nor change the resultant social and economic dynamics of exclusion. In fact, there have been subsequent increases in the levels of poverty and inequality (National Treasury, 2007:17).

The majority of ordinary people in the country are poor (Wilkins, 1998). Households living in poverty have sunk deeper into it and the gap between the rich and the poor has widened (Fenske, 2004). According to a report written by the office of the Executive Deputy President, there is a direct correlation between people regarded to be living in poverty and rural residential. An estimated 72 percent of the populations who live in rural areas were also poor (Stats SA, 2005).

A survey undertaken within Emfuleni in 2003 showed that 51.5 percent of all households in the area live in poverty. The same survey showed that 96 percent of all the poor of Emfuleni live in the townships. It can therefore be concluded that the greatest need for the alleviation of poverty is in the townships (Slabbert, 2004:87-88).

Government intervention and assistance is urgently needed in the alleviation of the biggest problems facing the nation, poverty (Budlender et al., 2001). Due to this urgency the country finds itself faced with the clashing imperatives of promoting equity and alleviating poverty, and in tightening fiscal screws and the discipline of international factor markets, on the other (Kruger, 1998:3). Most people in South Africa are in agreement about the need to address and reduce poverty (National Treasury, 2007:17).

1.3 OBJECTIVES OF THE STUDY

The objectives of this study are to:

- to reflect the true state of affairs of the inhabitants of the township/squatter areas of Sharpeville with the emphasis on government grants and poverty;
- investigate the contribution made by social grants to household income; and
- To determine the impact of government grants on the level of poverty.

1.4 METHODOLOGY OF STUDY

1.4.1 Literature study

The first chapter of the study comprises of literature study which that is done through the use of secondary sources such as textbooks, government publications, the internet and published reports as well as unpublished information like theses. Primary sources such as newspapers and periodicals were also consulted.

1.4.2 Empirical study

For the purpose of this study, a household survey was conducted in Sharpeville township/squatter areas by means of questionnaire-interviews to obtain the necessary data. The definition and measurement of poverty was done quantitatively by employing income and consumption measures.

1.4.3 Household survey

The data used in this study was extracted from two questionnaires that were designed to solicit information from the residents of the township. These questionnaires are the Household Survey Questionnaire and the Social Grant Questionnaire. The household survey was conducted by obtaining maps of Sharpeville township area and a sample stratification was designed based on the geographical distribution and concentration of people in the area. A questionnaire (in Annexure B) was then designed to obtain the desired information. The area was divided into different sections and the questionnaires were apportioned evenly among the inhabited sites.

Households at which field workers were supposed to complete questionnaires were identified individually from the map before the field workers went out. However, where people could not be obtained for an interview or where it was impossible to trace the household, a next pre-selected household was interviewed. Information was obtained from the breadwinner or the spouse. In instances when both the spouse and the breadwinner were not available an

immediate family member was interviewed but such a member had to be over the age of 18 years.

A questionnaire was designed to gather information about grant receiving households in Sharpeville (see Annexure C). Households that were supposed to be interviewed for the social grant questionnaire were randomly selected before the field workers went out.

Four fieldworkers interviewed a total of 148 households. All the households approached were willing to partake in the survey and all 148 questionnaires were completed in December 2009.

1.4.4 Methodology for poverty measurement in Sharpeville

For the purpose of this study, poverty is defined as an inability to attain a minimum material standard of living. The standard of living is usually expressed in terms of household income and expenditure. Household income and expenditure is an adequate yardstick for the standard of living. The minimal material standard of living is normally referred to as the poverty line. It is determined by the income (or expenditure) necessary to buy a minimum standard of nutrition and other basic necessities. The cost of minimum adequate caloric intake and other necessities can be calculated by looking at the prices of the food and other necessities necessary to sustain a healthy living. A poverty line can therefore be calculated for a specific geographical area (World Bank, 1990:26).

By comparing the total income and expenditure of a household with the calculated cost of the minimum adequate food intake and other necessities of the household, poor households can be distinguished from non-poor households. The simplest way to measure poverty is to express the number of the poor as a proportion of the population. This is called the headcount index (World Bank, 1990:27).

1.5 DEPLOYMENT OF THE STUDY

The study is divided into different chapters that investigate the topic in depth. The following is a brief outline of the study.

Chapter 1: introduces what the research problem is and what the objectives for this study are. The chapter also outlines the different research methodologies that are used throughout the entire study. Lastly, it provides an outline and synopsis of the chapters that form part of this study.

In Chapter 2: the theoretical background of poverty is discussed. Aspects like the definition of poverty, the different types of poverty, causes, dimensions and indicators of poverty are also discussed in this chapter. The theoretical background of government grants forms the latter component of this chapter. The different types of government grants and the criteria an individual needs to meet in order to be eligible for a grant and reasons that might result in a social grant being discontinued are also going to be discussed.

In chapter 3: characteristics like age, gender, household income and the income and expenditures of households in Sharpeville are explored in detail. These characteristics are used to investigate and to classify poor households in the township.

Chapter 4 investigates the impact government grants have on the poor population living in Sharpeville. In this chapter the data gathered from the survey is used to explore the effect and impact of grants on the poor population in Sharpeville.

The last chapter summarises the entire study, draws conclusions with regards to the objectives of the study and also present some recommendations.

CHAPTER 2

THEORETICAL BACKGROUND OF POVERTY AND GOVERNMENT GRANTS

2.1 INTRODUCTION

Poverty is apparent to the human eye and is profiled by shacks, homelessness, unemployment, casualised labour, poor infrastructure and lack of access to basic services (World Bank, 2006). It is characterised by the inability of individuals, households or communities to command sufficient resources to satisfy a socially acceptable minimum standard of living (Hirschowitz et al., 2000).

The United Nations (2008) asserts that poor people are not only people with the lowest income, but that they are also people who are most deprived of health, education and other aspects of human well-being. Poor mothers are more likely to die during childbirth; children of poor families are more likely to be malnourished and consequently more susceptible to early death from childhood diseases; poor children receive less education and some may receive none at all; and gender imbalances are more pronounced among the poor, excluding them from recognised development benefits and opportunities. Most poor people are caught in this vicious circle. Breaking this circle requires an array of simultaneous actions: a single intervention is unlikely to be sufficient.

Since the genesis of the democratic dispensation, the South African government has developed policies focused on poverty alleviation, improving economic growth, relaxing import controls and on reducing the budget deficit. In spite of these pro-poor policies, South Africa remains one of the highest in the world in terms of income inequality (World Bank, 2006).

This chapter explores the definition, types, causes, indicators and the dimensions of poverty in South Africa. The different measures of poverty are also discussed in the latter part of the chapter. Government grants form part of this chapter where characteristics like the definition, types of grants, grants allocation and the eligibility to receive a grant are also discussed.

2.2 POVERTY

Poverty is perceived by poor South Africans themselves to include alienation from the community, food insecurity, crowded homes, usage of unsafe and inefficient forms of energy, lack of jobs that are adequately paid for and/or secure, and fragmentation of the family (Hirschowitz et al., 2000). The following sub-sections are going to explore poverty in depth.

The definition, types of poverty that can exist, the causes of poverty, different indicators of poverty, dimensions of poverty and the measures of poverty are topics relating to poverty that are discussed in detail in this chapter.

2.2.1 Definition

Poverty tends to be tricky as it means different things to different people thus making it difficult to find one fitting definition (Stearman, 2003:10). Arguments over how poverty should be conceptualised, defined and measured go beyond semantics and academic hair-splitting. The conceptualisation, definition and measurement of poverty in a society is like a mirror-image of the ideals of that society: in conceptualising, defining and measuring what is unacceptable in a society one can say a great deal about the way one would like things to be (National Treasury, 2007).

The following factors are important in any attempt to define poverty:

- **Political and cultural influences:** Poverty is not only a social issue but also a highly political one, where power and interest groups have had a significant influence. Definitions of poverty therefore normally vary geographically and territorially depending on the politics of the area. For example, in sharp contrast with economists like Karl Marx (1818-1883) explained poverty as exploitation of the masses, which lies in the phenomenon of surplus value, linked to the institution of private property (Mokoena, 2001:10).
- In South Africa, the proposition that poverty is a political issue is punctuated by the elevation of income and wealth inequalities and disparities resulting from past policies in many definitions of poverty. The Poverty and Inequality Report (May, 1998:1) does not, for example, divorce the notion of poverty

from inequality. There seems to be an unquestioned assumption in the report that there exists a cause-effect relationship between the two. The prevailing political climate therefore underpins definitions of poverty. The same may be argued regarding cultural differences. Even within the same political environment, people may be seen as poor or well-off depending on the cultural group to which they belong (Mokoena, 2001:10).

- **Deprivation and basic needs:** Most definitions of poverty are grounded in the idea of a state of deprivation. What the poor are deprived from is not often clear. What is seen as basic needs or necessities is not clear-cut and may differ from researcher to researcher and indeed from place to place. What is perceived as a basic need in one area may not necessarily be a need in another area. There is little agreement as to what constitutes basic needs and therefore a state of deprivation from basic needs (Mokoena, 2001:10).

Although defining poverty is a debatable issue there is common agreement about the degrees of poverty, namely; absolute (extreme) poverty, moderate poverty and relative poverty. Absolute poverty implies that households are unable to meet the basic needs for survival. Such households are chronically hungry, unable to access health care, lack the amenities of safe drinking water and sanitation, cannot afford education for some or all children, and perhaps lack rudimentary shelter, and basic articles of clothing like shoes (Sachs, 2005:20).

Moderate poverty refers to conditions of life in which basic needs are met, but just barely. Relative poverty is generally perceived to be a household income level below a given proportion of average national income (Triegaardt, 2006).

Ramphela and Wilson (1989:15) defines poverty as not knowing where your next meal is going to come from and always wondering when the council is going to come and put your furniture out. This also includes constant praying for your husband to not lose his job. According to Corrigan et al. (1999:411) poverty is defined in the sense that it exists where people do not have at their disposal the means of achieving a minimum acceptable standard of living.

Bundlender et al. (1998) define poverty as the inability to attain a minimal standard of living, measured in terms of basic consumption needs or the income required to satisfy them. The World Bank (1990:26) defines poverty as the inability to attain a minimal material standard of living.

To avoid confusion and misunderstanding, the World Bank's definition of poverty is used for the purpose of this study.

2.2.2 Types of poverty

Feuerstein (1997:5-6) states that there are many types of poverty in a single society. These types are given below, along with their main causes:

- Inherited poverty: Poor parents pass on their poverty to their children. It can be part of a seemingly unending poverty cycles.
- Instant poverty: Sudden hazards and circumstances like earthquakes, typhoons, drought, bankruptcy, war and refugee movements.
- Temporary poverty: Caused by some of the same hazards as create instant poverty, but lasting a shorter time for instance rains come, loans are obtained and war ceases.
- New poverty: Income/savings of workers and pensioners are eroded by high unemployment, inflation rates, or small cash-crop farmers ruined by high input costs and low prices of agricultural products.
- Hidden poverty: Can be similar to relative in that people may have adequate food and shelter, but the lack of other basic needs, such as sufficient heat in cold weather or access to health care and do not report such needs. Also, deprivation of remote populations may be 'hidden'.
- Endemic poverty: Caused by low productivity and poor resource base, reflected by low income, poor nutrition and health, often affecting smallholders on rain-fed farmlands, displaced banana workers, small-scale fishermen and herders.

- Overcrowding poverty: Population is heavily concentrated into areas of high density, for instance rural Bangladesh.
- Terminal poverty: Those who are poor both at the beginning and the end of their lives (Feuerstein, 1997:5-6).

2.2.3 Causes of poverty

There are different views on what causes poverty not only in South Africa but also internationally. Some of these causes are briefly discussed below.

Feagin (1972; 1975) as quoted in Lever (2005) systematically studied the multiple meanings of poverty for different social groups. From these studies a list of eleven types of beliefs regarding the causes of poverty were derived. And from the initial list these causes are grouped into the following three categories:

- individual or internal causes, which explain poverty in terms of the characteristics or life styles of poor people, such as a lack of skills, effort or savings;
- social or external causes, which attribute poverty to unfavourable social and economic forces such as the inequitable distribution of wealth, exploitation of the poor, lack of education, low wages and absence of social opportunities; and
- Fatalism, including causes of poverty related to bad luck or a determination by inscrutable superior forces (God, fate, etcetera) (Lever, 2005:4).

According to Lever (2005:5) there is a tendency in developed countries to overestimate the power of individual factors as opposed to structural, situational or external factors, since it is believed that in a democratic society with equal opportunities for all, individuals are responsible for their own economic situation. In developing countries, on the other hand, there is a greater tendency to attribute the causes of poverty to structural or fatalistic factors.

Four main observations of what might be the causes of poverty, according to Ahmed, Frankenberger, Hill, Smith and Wiesmann (2007:58) are as follows:

- The location of a household—its country of residence and its location within the country—has a large impact on potential household welfare. A person's country of residence determines his or her access to services, infrastructure, and markets, and thus determines the return an individual can expect to get on his or her assets. The disparity in rates of poverty and hunger across countries attests to the importance of location characteristics in determining poverty and hunger (Ahmed et al., 2007:58).
- The coincidence of severe and persistent poverty and hunger indicates the presence of poverty traps—conditions from which individuals or groups cannot emerge without the help of others. Three commonly found causes of poverty traps are: the inability of poor households to invest in the education of their children, the limited access to credit for those with few assets, and the lack of productive labour of the hungry (Ahmed et al., 2007:59).
- Within a trap, poverty begets poverty and hunger begets hunger. Studies conducted by Ahmed et al. (2007) on different households in developing countries provided with clear evidence that poverty and hunger in combination put into play mechanisms that cause both conditions to persist. Poverty and hunger inherited at birth, or resulting from unfortunate and unexpected events, can persist for years. These conditions or events in the life of a household—particularly serious illness— explain the descent of many households into absolute poverty (Ahmed et al., 2007:60).
- The systematic exclusion of certain groups from access to resources and markets increases the propensity to be poor. These groups include ethnic minorities, disadvantaged castes and tribes, and those suffering from ill-health and disability. The exclusion of individuals from these groups from institutions and markets that would allow them to improve their welfare results in persistent poverty and hunger (Ahmed et al., 2007:60).

Poverty in South Africa is a result of different reasons (or rather causes) which can be attributed to its growth in the country. Some of the causes of poverty are discussed briefly below.

- The apartheid era certainly accounts heavily for the high incidence and persistence of poverty in South Africa. As a result of discriminatory planning, spatial isolation and the underdevelopment of townships and former homelands, the poor are left with limited access to productive resources, such as land and capital and this effectively prevented their exploitation of economic opportunities (Hindson et al., 2003:2).
- There is a high degree of racial disparity in South Africa today despite the dispensation of democracy, and this is evident in the levels of the distribution of poverty that is prevalent in the country. Racial discrepancies can be seen in the quality of life of people within the society (Mathlole, 2005:26).
- The increasing level of unemployment since 1994 has been another important factor for the high level of poverty. Over the past few years, employment fell sharply (at least in the formal sector) and retrenched workers faced significant difficulties in finding income earning opportunities, even in the informal sector of the economy (Hindson et al., 2003:2).
- Globalisation has aggravated the negative tendencies, as described above, in the labour market by limiting the needs of unskilled labour, and therefore reinforcing the economic and social exclusion of the poor (Hindson et al., 2003:2).
- Last but not least, the Human Immune-Deficiency Virus/Acquired Immune-Deficiency Syndrome (HIV/AIDS) epidemic has become the best ally of poverty, further reducing the access of the poor to income and assets, and weakening their capabilities, all to the detriment of the productivity and economic growth of the country (Hindson et al., 2003:2). The channels through which the illness affects households are numerous, and it is convenient to disentangle direct impacts from indirect ones. Direct impacts are the consequences in terms of morbidity and mortality. Even if morbidity and mortality are spaced in time, their consequence can be considered to be short-term. Indeed, the duration between the onset of the symptomatic phase of AIDS and the death of the ill is about 12 to 18 months in African countries. The direct economic consequences for the household in this regard is a

decrease in productivity of those who are ill consequently leading to a sharp decrease in household income (Marzo & Murtin, 2007).

With regards to all these causes of poverty one can safely conclude that they are all independently important and challenging. These causes therefore need to be addressed as independent issues but also in correlation with poverty.

2.2.4 Poverty indicators

Despite the wide divergence of the circumstances of the various communities that participated in the South African Participatory Poverty Assessment (SA-PPA), there was a constant view of what poverty meant to the participants. The essential indicators (or features) were (Barberton *et al.*, 1998:33):

- **Alienation from the community:** The poor are isolated from the institutions of kinship and community. The elderly without care from younger family members were seen as “poor”, even if they had a state pension, which provided an income that is relatively high by local standards. Similarly, young single mothers without the support of older kin or the fathers of their children were perceived to be “poor”.
- **Lack of adequate paid secure jobs:** The poor perceived lack of employment opportunities, low wages and lack of job securities as major contributing factors to their poverty.
- **Food Insecurity:** The inability to provide sufficient or good quality food for the family is an outcome of poverty. Households where children went hungry or were suffering from malnutrition were seen as living in poverty.
- **Inadequate Housing:** The poor live in overcrowded conditions and in homes needing maintenance. Having too many children was seen as a cause of poverty, not only by parents, but by grandparents and other family members who had to assume responsibility for the care of children.
- **Lack of basic services:** The poor lacked access to safe and efficient services such as clean water, electricity and sanitation.

- **Fragmentation of the family:** Many poor households are characterised by absent fathers or children living apart from their parents. Households may be split over a number of sites (Barberton et al., 1998:33).

2.2.5 Dimensions of poverty in South Africa

Income is the common way of measuring poverty, but poverty has many dimensions. These include, but are not limited to people's health, education, gender relations and the degree of social inclusion. The poor are deprived of services, resources and opportunities as well as money and their limited resources are inefficiently deployed. Energy, water, and food all cost more per unit consumed. Paradoxically, poverty is expensive for the poor (Marshall, 2002:14).

The different dimensions of poverty in South Africa are discussed in detail in the subsection that follows. These dimensions include rural dwelling, poor health, illiteracy and inadequate schooling, social exclusion and powerlessness and gender-based poverty.

2.2.5.1 Rural dwelling

Approximately 75 percent of the poor people in South Africa live in rural areas where access to employment opportunities and basic services like health, education, water, sanitation and electricity is much lower than in urban areas (Heyns *et al.*, 2000:221). This is a result of numerous reasons including market and state failures. Market failure refers to under-investment and extractions of resources without any corresponding benefits in rural areas. State failure means that infrastructure, an 'enabling environment', basic services (particularly health and education) and social protection are inadequate in these regions. And for these reason people living in rural regions are more prone to live in poverty (Bird *et al.*, 2002:15).

2.2.5.2 Poor health

Health outcomes are not always closely correlated with income levels. Poor communities typically lack primary health facilities, essential medicines and

vaccinations. The combination of poor general health and high prevalence of disease can even extend to the highest income groups. Poor health is a cause as well as an effect of income poverty. It diminishes personal capacity, lowers productivity and reduces earnings. The effect of ill health on productivity and earnings is likely to be greater on the poor. This is because, among other things, low-paid, less-educated workers are more likely to do physically demanding and often unsafe jobs in which they can easily be replaced (Marshall, 2002:15).

2.2.5.3 Illiteracy and inadequate schooling

Illiteracy holds people back, even in the most basic day-to-day activities. Inadequate schooling prevents one from taking advantage of new opportunities, for example, jobs in the emerging knowledge-based industries. Like other dimensions of poverty, education and health outcomes interact. It is more difficult for illiterate or less-educated people to obtain information about health care, for example, their inability to read pamphlets that provide more information regarding a particular disease or to fill in forms during consultation at a clinic or hospital (Marshall, 2002:15).

2.2.5.4 Social exclusion and powerlessness

Poverty in another form can be seen in social systems that deny some groups of people the freedom to interact as equal partners in society or assert their personal interests in the wider community. This sort of exclusion prevents large numbers of people from participating in the development process. The bias may come from caste, ethnicity or religion, or it may serve the interests of corrupt elites (Marshall, 2002:15).

2.2.5.5 Gender-based poverty

In many societies, material poverty interacts with gender-based discrimination, so that poor women's levels of health, education and social participation are even lower than their male counterparts' (Marshall, 2002:15). Heyns et al. (2000:221) indicate that the incidence of poverty among female-headed households was 50 percent higher than among male-headed households.

2.2.6 Measuring poverty

Due to the fact that everyone's experience of poverty is a little different, statistics will never capture the full reality of poverty. Statistics can give a sense of the magnitude of the problem, but there is still a need for anecdotal evidence to give texture to a profile of poverty (Barberton et al., 1998:18).

In the absence of a consistent and an agreed upon national poverty measure in South Africa, analysts have developed various incongruent indices (like the Klasen's Deprivation Index for 1999 and 2000 and the Four Magisterial District-Level Deprivation Indices), each based on particular assumptions and sometimes leading to confusing or contradictory conclusions. While there is some advantage in a diversity of research tools, most observers are persuaded by progressive social dialogue and policy analysis, which would be well-served by an official poverty index, as a common standard against which progress could be measured over time (Stats SA, 2007a:2).

The following subsections briefly discuss the methods of measuring poverty, especially those used in South Africa. The poverty line, headcount index and the poverty gap are the three most relevant and used methods of measuring poverty in South Africa, and are therefore discussed in this section.

2.2.6.1 Poverty Line

A poverty line is typically constructed as a measure of "income" adequacy, expressed in money terms. It comprises an aggregate cost of a minimum basket of goods, and therefore indicates a required level of household expenditure, but not the actual composition of individual household consumption (Stats SA, 2007a:4). Poverty lines are income and price elastic; i.e. they are adjusted for changes in the median or mean income or consumption of the general population as well as for changes in the general price level. Fisher (1995) reasons that as technology progresses and new products are introduced, they may initially be bought by the upper income households, but generally diffuse to lower income households. This causes the income elasticity of these goods thus poverty lines are normally adjusted upwards with the passage of time due to technology and inflation.

There is a clear distinction between absolute and relative poverty lines. An absolute poverty line is calculated by reference to a fixed basket of goods, and does not take into account shifts in the average standard of living in society. It is a fixed money value that is only updated to take account of inflation. A relative poverty line, in contrast, is set in relation to changing standards of living. It could be calculated as a set proportion of the average, or the median level of household incomes or expenditure, or it could be defined by a specified share of the income distribution, like the poorest 10 percent, 20 percent or 40 percent of the population. A relative poverty line is comparatively simple to calculate and takes into account that standards of “adequate” household wellbeing shifts with rising prosperity, over time (Stats SA, 2007a:5).

Since 1990, extreme poverty in the developing World has been measured using the international poverty line. Originally set at 1 dollar a day in 1985 prices, the international poverty line was subsequently revised to 1.08 dollars a day, measured in terms of 1993 purchasing power parity (PPP) (United Nations, 2008:7).

TABLE 2.1 Examples of Poverty Lines Used in South Africa

POVERTY LINE	COVERAGE
PDL	Food, Clothing, Fuel/Lighting, Washing/Cleaning, Rent, Transport
MLL	PDL plus: Tax, Medical expenses, Education, Household equipment replacement
SLL	MLL plus: More of each item plus Recreation, Personal care, Pension, Unemployment, Insurance Fund, Medical aid, Burial contributions. Approximately MLL + 30 percent
HSL	As for PDL
HEL	HSL + 50,0 percent

Source: Adapted from Mokoena, 2001:22

Table 2.1 above shows examples of poverty lines used in South Africa, and their composition. According to Ramphela and Wilson (1989:16), the Poverty Datum Line (PDL) was introduced in South Africa by Batson at the University of Cape Town during the Second World War in order to help measure the extent of poverty in the rapidly growing slums and townships of the Western Cape. It was subsequently refined and modified, at the beginning of the 1970s, as trade unions re-emerged as a force for change and guidelines were needed in the debate of management about minimum wages.

The Minimum Living Level (MLL), the Supplementary Living Level (SLL), the Household Effective Level (HEL) and Household Subsistence Level (HSL) are all poverty lines which were developed by the Bureau of Market Research to measure poverty in South Africa (Ramphela & Wilson, 1989:16). Each poverty line has its own field of expertise, meaning that they measure poverty using different coverage.

The HSL can be defined as an estimate of the theoretical income needed by an individual household to maintain a defined minimum level of health and decency in the short term (Ramphela & Wilson, 1989:16). The HSL is calculated at the lowest retail cost of a basket of necessities of adequate quality (Potgieter, 1980:4).

The setting of a poverty line (or poverty lines) constitutes a critical aspect of the estimation of poverty. Stats SA, (2007), used the year 2000 Income and Expenditure Survey (IES) data to calculate the poverty line for South Africa. From this data Stats SA has estimated that when consuming the kinds of foodstuff commonly available to low-income South Africans, it costs R211 per person every month (in the year 2000 prices) to satisfy a daily energy requirement of 2261 kilocalories. In other words, R211 is the amount necessary to purchase enough food to meet the basic daily food-energy requirements for the average person over one month. Households also need other goods and services beyond food to meet basic needs; this includes accommodation, electricity, clothing, schooling for children, transport and medical services amongst other things (Stats SA, 2007b).

Stats SA has attempted to estimate the non-food component of a poverty line. This can be done based on the assumption that those non-food items typically purchased by a household that spend about R211 per capita per month on food can be regarded as essential, as such household forego spending on food to acquire these non-food items. The cost of such essential non-food items amounted to R111 per capita per month in the year 2006 prices. Adding these figures together (R211 and R111) gives an estimate of the minimum cost of essential food and non-food consumption per capita per month. It gives a poverty line of R322 per capita per month in the year 2000-prices. This yields a poverty line of R431 per person in the year 2006 prices (Stats SA, 2007b).

2.2.6.2 Headcount index

Slabbert (1997:47) defines the headcount index as the fraction of the population below the poverty line. The purpose of the headcount is therefore to quantify the number of those individuals or households that fall below the poverty line. There is a direct relationship between the index and the number of poor people in that the higher the index, the higher the number of the poor within a given population.

The headcount index is adapted to indicate the fraction of households that fall below their individual poverty lines, and is described by means of the following equation:

$$H(y;z) = M/N$$

Where: H = the fraction of households below the poverty line;

y = household income;

z = the poverty line of households;

M = the number of households with income less than z;

N = the number of households.

The headcount, however, is a limited measure of poverty. The headcount index does not take into account the degree of poverty Slabbert (2004:49). The poverty gap usually measures the average shortfalls of the income of the poor from the

poverty line while the poverty gap index measures the extent of the shortfall of income below the poverty line at a given time period. The poverty gap index is adapted to be a measure of a specific household, described by the following equation (Slabbert, 1997:47):

$$R_i(y;z) = (z_i - y_i)/z_i$$

Where: R_i = the income shortfall of a household expressed as a proportion of the household's poverty line;

y_i = the income of a specific household; and

z_i = the poverty line of a specific household.

The poverty gap of an individual household (in monetary terms) can therefore be expressed by the equation (Slabbert, 1997:47):

$$G_i(y;z) = z_i - y_i$$

Where: G_i = the income shortfall of a household;

y_i = the income of a specific household; and

z_i = the poverty line of a specific household

From the three equations above it is clear that the poverty gap can only be reduced by increasing household income (Slabbert, 1997:47).

2.2.6.3 Dependency ratio

The dependency ratio refers to the number of non-income earners that depends on income earners. This tendency is particularly acute in extended family systems. Those who earn an income have to support many non-income earners so that their incomes are spread so thinly that they can afford very little food, clothes and shelter. This tendency increases the incidence of poverty. Dependency ratios are calculated by dividing the total number of non-earners by the total of earners (Slabbert, 1997:57).

2.3 GOVERNMENT GRANTS

While South Africa is classified as an upper to middle-income country, a large number of people live in abject poverty and still lack the basic necessities for a decent life. These are the most vulnerable, poor and marginalised who are unable to benefit from the social assistance provided by the government. Through the Department of Social Development, the government has made provision for social grants that are intended to assist those who are unable to provide for themselves, especially in terms of financial assistance in order to meet basic needs (Lesisa, 2005:50).

In the remainder of the chapter, characteristics of government grants are discussed. This includes the definition of grants, the numerous types of social grants, which individual is eligible to apply and how much (in monetary terms) an individual can receive and reasons that might result in a social grant to be cancelled or stopped.

2.3.1 Definition

The social grants system is one of the primary vehicles used by the government of South Africa to strengthen the safety net for the poor (Stats SA, 2009). Social assistance can be defined as an income transfer in the form of grants or financial awards provided by government (De Koker *et al.*, 2006). Triegaardt (2006) points out at most pro-poor policies have been implemented in housing, healthcare, social security and education.

With social grants primarily aiming at helping the elderly, people with disabilities and children up to the age of 18 years, the South African Social Security Agency (SASSA) was established to create a unitary service delivery mechanism that controls the management and payment of social grants. The South African Social Security Agency Act (Act No. 9 of 2004) and the Social Assistance Act (Act No. 13 of 2004) provide the norms and standards used and to be used to regulate the administration and provision of social assistance in South Africa (National Treasury, 2010).

2.3.2 Types of government grants

In total, there are seven types of grants provided by the South African government, namely, the care dependency grant, child support grant, foster child care, old age grant, disability grant, grant-in aid and the war veteran grant. These government grants are discussed in detail below.

To get a grant one must qualify through a means test. A means test is the test used to measure the financial status of the family. The formula used to determine the amount of the grant is as follows (Anon, 2008):

$$\left(\text{Maximum grant} - \left(\frac{\text{Income}}{2} \right) + \left(\frac{8}{100} \times \text{Value of assets} \right) - \left(\frac{30}{100} \times \text{Maximum grant} \right) \right)$$

For purposes of calculating grants, income is defined as the money you get from somewhere else. This can be:

- if you have a room in your house that you are renting out and as such you get money from the rent paid there for;
- if you lease any other property and you get money from this;
- if you belong to a private pension fund and you get money from this;
- if you earn money for work that you do; and
- Any profits you make from farming or from any business (Anon, 2008).

One's assets are also counted as income. These assets can be:

- the value of a house or land that you or your husband/wife own (if the property has a bond registered over it then it is regarded as having a nil value);
- bonds or loans or other outstanding debt;
- cash you have in the bank or any account with a bank or building society; and

- Any right to a property that you could get money from (Anon, 2008).

A husband and wife must claim separate grants, but the grants' officer will ask how much they earn both separately and collectively. The income of the wife or husband is added to the income of the other spouse and half of this combined income is then used as a means test for the said couple. However, if the husband or wife already receives a grant, then that grant must not be counted as income when one applies for a grant (Anon, 2008).

Factors that are deducted when calculating income:

- if you are contributing to a statutory (established by law) proper pension fund or retirement annuity and this is not voluntary;
- income tax that you pay;
- payments made to a medical aid; and
- Payments made to the unemployment insurance fund (Anon, 2008).

2.3.2.1 Care Dependency Grant

The care dependency grant (CDG) is paid to the primary caregiver, parent, guardian, foster parent or custodian of a child between the age of 1 and 18 who is in need of and receives full-time care due to a mental or physical disability. A person will not be eligible for this grant if the disabled child receives full-time care in a State-run institution for longer than six months. In addition, the CDG cannot be received in conjunction with the child support grant, but it may be received in combination with a Foster Child Grant for the same child (De Koker *et al.*, 2006). The care dependency grant for 2010 was R1 080 per month (National Treasury, 2010).

The qualifying criteria for application are as follows:

- The applicant must be a parent, primary caregiver or foster parent of the child who requires and receives permanent care or support services;

- Both the child and the primary caregiver must be South African citizens. However, foster parents do not necessarily have to be South African citizens;
- The child may not be cared for on a 24-hour basis for a period of more than six months in an institution that is fully funded;
- Both the applicant and the child must be residing in South Africa at the time of the application;
- The child must be between 1 and 18 years old, and
- The applicant must have an official 13 digit bar-coded South African Identity Document (ID) (Anon, 2008).

The means test for care dependency grants is similar to the one used for the child support grants, hence, in April 2010 the income threshold increased to R10 800 per month for single caregivers and R21 600 per month for married caregivers (R129 600 per annum and R259 200 per annum, respectively) (Siebrits & Van der Berg, 2010:4).

2.3.2.2 Child Support Grant

A child support grant (CSG) is money paid to a primary care giver of a child to provide for the child's basic needs. The child support grant from April 2010 was R250 (National Treasury, 2010).

The qualifying criteria for application are as follows:

- The applicant should be the primary care giver of the child or children concerned. The child and the care giver must be South African citizens or permanent residents;
- The child and the care giver should be residing in South Africa at the time of the application;
- a child or children should be under the age of 18, and

- The care-giver and spouse must meet the requirements of the means test (National Treasury, 2010).

The formula for determining the income threshold for the child support grant is as follows (Siebrits & Van der Berg, 2010:4):

$$A = B \times 10,$$

Where A = the income threshold and

B = the monthly value of the grant.

The income threshold currently amounts to R2 500 per month for single caregivers and R5 000 per month for married caregivers (R30 000 per annum and R60 000 per annum, respectively) (Siebrits & Van der Berg, 2010:4).

2.3.2.3 Foster Child Care Grant

A foster child is a child who has been placed in the custody of foster parents as a result of (Anon, 2008):

- being orphaned;
- abandoned;
- at risk;
- abused; or
- Neglected

Foster Child Grant (FCG) is awarded to someone who cares for a child who is not their own by birth. The application is done through a social worker from the Department of Social Development or Child Welfare Society. The foster child grant as of April 2010 was R710 per month, per child (National Treasury, 2010).

The qualifying criteria for application are as follows:

- The applicant or the child must be resident in South Africa at the time of the application;
- Foster parents and children need not be South African citizens;
- The child and/or children must be legally placed in the care of the foster parent/s; and
- The child must pass the means tests (Anon, 2008).

2.3.2.4 Old Age Grant

An old age grant (OAG) is a monthly income provided by the South African Social Security Agency to older people. The grant is only paid out to people whose financial income is below a certain level. A means test is used to determine the financial level of the applicants. The income and assets of the applicant and their spouse is assessed to find out if they qualify for and to what amount they are entitled. OAG as of April 2010 was R1 080 per month (National Treasury, 2010).

- The qualifying criteria for application are as follows (National Treasury, 2009):
- The applicant must be a citizen or a permanent resident of South Africa;
- The applicant must be resident in South Africa at the time of the application;
- The applicant must be 60 years if they are female or 62 years if they are male;
- The applicant's spouse must comply with the means test;
- The applicant must not be cared for in a state institution; and
- The applicant must not be in receipt of another social grant in respect of themselves (National Treasury, 2009).

The means test formula for the social old-age pension is the same as that of the disability grant, namely:

$$D = 1.3A - 0.5B$$

Where D = the monthly pension payable,

A = the maximum monthly pension payable, and

B = the monthly private income of the recipient.

Single and married elderly persons, whose assets exceed R484 800 or R969 600, respectively, are not eligible to receive social pensions. (Siebrits & van der Berg, 2010:6).

2.3.2.5 Disability Grant

A disability grant is an income given to people who are physically or mentally disable, unfit to work and unable to support themselves. One gets a permanent disability grant if his or her disability will continue for more than a year and a temporary disability grant if the disability will continue for a continuous period of not less than six months or for a continuous period of not more than twelve months. The maximum grant from April 2010 was R1 080 per month (National Treasury, 2010).

- To be able to qualify, an applicant must (Anon, 2008):
- be a South African citizen or a permanent resident;
- be resident in South Africa at the time of application;
- be between 18 to 59 years of age if female and 18 to 64 years of age if male;
- submit a medical or assessment report confirming disability;
- not be cared for in a state institution;
- not refuse to undergo medical treatment, unless, it is life threatening;

- not be in receipt of another social grant in respect for themselves; and
- The applicant and the spouse must comply with the means test (Anon, 2008).

The means test formula for the disability grant is:

$$D = 1.3A - 0.5B$$

Where D = the monthly disability grant,

A = the maximum monthly disability grant, and

B = the monthly private income of the beneficiary.

The threshold monthly private incomes for eligibility are R2 426 for single and R4 852 for married adults (R29 112 per annum and R58 224 per annum, respectively). An additional provision is that grants are not paid to single and married disabled adults whose assets exceed R484 800 or R969 600, respectively (Siebrits & Van der Berg, 2010:4).

2.3.2.6 Grant-in aid

A Grant-in aid is only awarded to a stand-in care-giver in cases where the beneficiary cannot care for himself or herself. Grant-in aid can be applied for and granted in addition to existing social grants. The amount of the grant-in aid from April 2010 was R1 080 per month (National Treasury, 2010).

To apply for this type of grant the applicant must:

- be in receipt of a grant for older persons, disability grant or a war veteran's grant and require full-time attendance by another person; owing to his or her physical or mental disabilities; and
- Not be cared for in an institution that receives subsidy from the state for the care/housing of such a beneficiary (Anon, 2008).

2.3.2.7 War Veteran Grant

A war veteran is someone who served in the First (1914-1918) or Second World War (1939-1945) or in the Korean War (1950-1953). The amount for the war veteran's grant from April 2009 was R1 030 per month (National Treasury, 2010).

- To apply for this type of grant an applicant must:
- Be a South African citizen or a permanent resident;
- Be resident in South Africa at the time of application;
- Be 60 years and older, or be disabled;
- Have fought in the First or Second World War and/or in the Korean War; and
- Comply with the means test (Anon, 2008).

A means test is used to measure the financial status of an applicant. In order to receive such a grant, an applicant's financial level should be below a certain amount. One can pass a means test if one is:-

- single and his or her assets are not above R484 800 per annum, and his or her income not be above R29 112 per year;
- married and jointly with his or her spouse don't have assets exceeding R969 600 and have a joint income not exceeding R58 224 per year;
- not be cared for in a state institution; and
- Not be in receipt of another social grant, excluding grant-in-aid (Anon, 2008).

2.3.3 REASONS THAT MAY RESULT IN A GRANT BEING DISCONTINUED

A grant can be discontinued for a number of legal reasons and even though some of these reasons might be similar, there are also some differences in them. These reasons are discussed below, in conjunction with applicable grant(s).

2.3.3.1 The old age and war veteran's grant

Reasons resulting in both the old age and the war veteran grants being discontinued are similar. Either grant can be discontinued if (Anon, 2008):-

- The recipient dies;
- The recipient or caretaker is unable to provide proof that they are alive when asked to do. This is an annual requirement and is conducted when the recipient's pension is reviewed to verify that the individual concerned is still alive;
- The grant is not collected for 3 months. A recipient may apply to have the pension payments start again, however, if the non-collection exceeds 3 months the recipient will have to apply for a new pension; and
- If the recipient is admitted to a government institution, for example, a jail or a government hospital. Sometimes a pensioner in an institution can get a small pension allowance (Anon, 2008).

Should the recipient of these grants die the person who holds all the receipts for their funeral expenses can claim the deceased's pension up to the end of the month in which he or she died? The claimant can use this money to help with the funeral and other expenses. This claim however takes up to 4 months to process (Anon, 2008).

2.3.3.2 The disability grant

The disability grant stops for all the same reasons as the old age pension, and also for the following reasons:

- A temporary grant will continue for not more than a year after which it will lapse and the recipient will have to re-apply.
- If it is a permanent grant, the recipient will have to undergo another medical assessment after 5 years of the date of the application. The Director-General can ask permanent disability grant holders to provide proof of still being alive on an annual basis (Anon, 2008).

The law also provides for the Welfare Officer to review the disability grant:-

- Every year where there is documentary proof that the financial circumstances of the recipient have or may change, or
- More regularly where there is documentary proof that the medical circumstances of the recipient may change (Anon, 2008).

There are times when a grant is wrongly stopped. If this happens, the recipient should send a letter to the same office where they made the application. The letter should give the following details:

- All details regarding the initial application;
- Date of last payment;
- Details of payments missed;
- Any known reason(s) why the correct payments were not made; and
- Request for the money.

It is a good idea to keep a copy of the letter and proof that the letter was sent, for example, a registered mail slip (Anon, 2008).

2.4 SUMMARY AND CONCLUSION

Poverty is a human phenomenon that has existed for years in the world and South Africa is no exception. From the first democratically elected government to the present government, one issue that is always constant in their policies is the alleviation of poverty.

Defining poverty can turn out to be tricky as different people define poverty different, mostly in relation to their circumstances. A number of factors are important in the attempt of defining poverty, especially with the numerous definitions for poverty available. These factors include political and cultural influences, the cause-effect relationship between poverty and inequality and the deprivation and basic needs. For the purpose of this study the World Bank's definition of poverty is used.

There are numerous poverty indicators including the lack of basic services, inadequate housing, food insecurity, lack of adequately paid secure jobs and the alienation from the community. Rural dwelling, poor health, illiteracy and inadequate schooling are some dimensions of poverty in South Africa. There are different views on what causes poverty not only in South Africa but also internationally and in this chapter these causes were grouped into three categories. These categories are individual or internal causes, social or external causes and fatalism.

Six poverty indicators were identified and confirmed by the South African Participatory Poverty Assessment (SAPPA). These indicators include the alienation of poor individuals from the community, the lack of adequately paying secure jobs, the inability to provide sufficient food, inadequate housing, lack of basic services and the fragmentation of families.

As with the definition there are numerous poverty measures used but the poverty line, dependency ratio, the headcount index and poverty gap are the instruments widely used to measure poverty in South Africa. Poverty lines are expressed in monetary terms and are constructed as a measure of income adequacy. There are two types of poverty lines, namely absolute and relative poverty lines. Absolute poverty lines refer to a fixed basket of goods, whilst the relative poverty line is set in relation to the changing standards of living.

There are a number of indicators of poverty but for this study only six are analysed namely, the alienation from the community, a lack of adequately paid secure jobs, food insecurities, lack of basic services, inadequate housing and a fragmentation of the family. Poverty is measured using different methods but in South Africa the most widely used are poverty lines which indicate the income level needed to provide a minimum subsistence level. There are five common poverty lines for South Africa namely the poverty datum line (PDL), the minimum living level (MLL), the supplementary living level (SLL), the household subsistence level (HSL) and the household effective level (HEL).

When government grants were introduced their main aim was to ensure that the living standards of the poor and the vulnerable (i.e. the disabled, the old and

young children) were to be improved. In total, there are seven types of government grants in South Africa, namely, the child support grant, care dependency grant, foster care grant, old age grant, disability grant, war veteran grant and grant-in aid. These grants are administered by the South African Social Security Agency (SASSA).

However, not everyone is eligible to receive a government grant as many factors need to be taken into consideration and a means test of income is calculated before an approval for a grant can be made. The means test is calculated as:

$$\left(\text{Maximum grant} - \left(\frac{\text{Income}}{2} \right) + \left(\frac{8}{100} \times \text{Value of assets} \right) - \left(\frac{30}{100} \times \text{Maximum grant} \right) \right)$$

The care dependency grant (CDG) is paid out to the primary caregiver, parent, guardian, foster parent or custodian of a child that is mentally or physically disabled and needs full time care. The recipient, however, cannot be in a state-run institute or be a recipient of a child support grant. The monthly amount received from this grant was R1 080. Child support grant (CSG) is awarded to the primary care giver of a child to be able to meet the basic needs of the recipient who is the child. As of April 2010 the grant amounted to R250. Foster child grant (FCG) is awarded to someone who cares for a child who is not their own by birth but in their own care. The monthly amount received from this grant was R710. These three grants target children specifically as the recipients cannot be older than 18 years of age.

Old age grants (OAG) are awarded to the older citizens of South Africa aged 60 years for females or 62 years for males. Recipients of this social grant should have a monthly income lower than a certain income level that is calculated by the aid of a means test. The old age grant was R1 080 per month. The disability grant (DG) is an income given to individuals who are physically and mentally impaired and are unfit to work or support themselves. A recipient may receive up to R1 080 per month.

A person is only awarded grant-in aid in combination with adult grants in case where the beneficiary cannot care for him or herself. The amount paid out for this

social grant amounts to R1 080 per month. A war veteran is someone who served in the First or the Second World War and/or in the Korean War. The amount of this government grant per month was R1 030 and can be applied in conjunction to the grant-in aid (if an individual is unable to take care of themselves).

There are a number of reasons why a government grant can be discontinued and these reasons include: The recipient dies; the recipient or caretaker is unable to provide proof that they are alive when asked; the grant is not collected for 3 months and if the recipient is admitted to a government institution

In South Africa poverty is an increasing human issue that affects the majority of the population, but vulnerable people including children and the elderly are affected the most. Government grants were implemented to help ease the extent of poverty on households. The impact that government grants have on households will be discussed throughout the study. The next chapter profiles who the poor are in Sharpeville.

CHAPTER 3

PROFILING THE POOR IN SHARPEVILLE

3.1 INTRODUCTION

Poverty is not a matter to trouble the conscience, but a reality that impacts deeply on the lives of real people (Mathole, 2005:20). While South Africa is classified as an upper to middle-income country, a large number of people live in abject poverty and still lack the basic necessities for a decent life (Lesisa, 2005).

A profile is like a snapshot, it shows the characteristics at a point in time (Slabbert, 1997:91). A snapshot-like profile of poverty at a particular point in time is a tool that is going to be used throughout this chapter (Armstrong et al., 2008:3). The objective of this chapter is to profile the poor population in Sharpeville in terms of a number of variables. These variables include demographics, household income and expenditure, education, gender and labour force.

Throughout the chapter there is a close comparison of poverty variables of households in Sharpeville in 2004, from a study done by Sekatane (2004) and those of the surveys conducted by this researcher between November and December 2009.

3.2 DEMOGRAPHICS

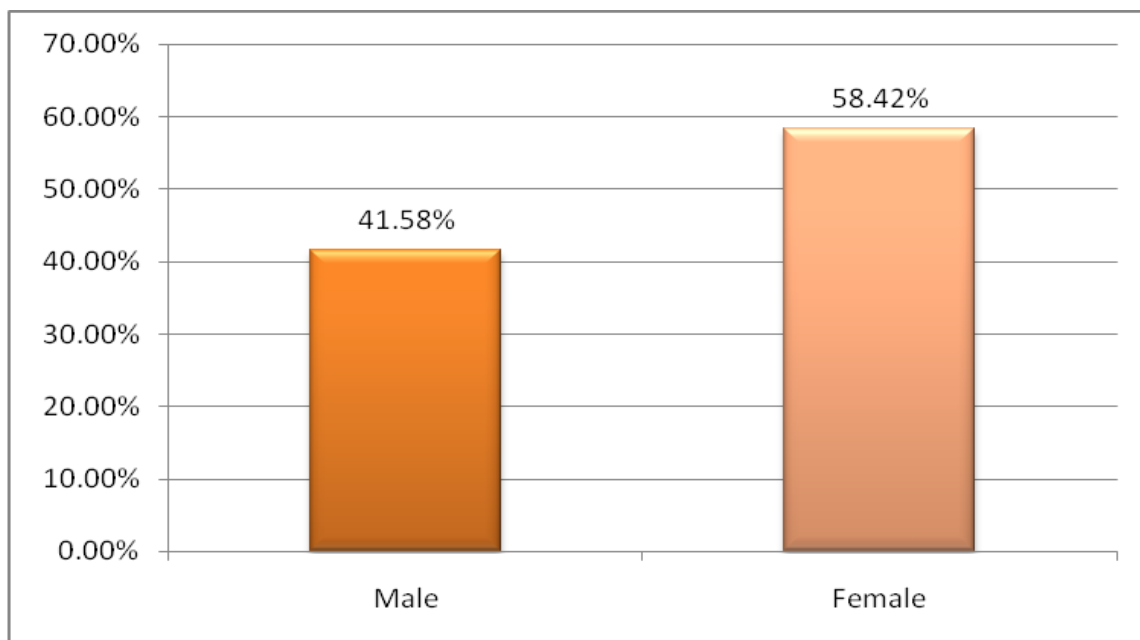
In this section various indicators are utilised to develop a profile for the population of Sharpeville and this will be compared to the profile developed in 2004 by Sekatane. According to STATS SA (2001) the population of Sharpeville was estimated at 41 031 people whilst there was an estimated 8 374 households in the township.

The average household size in Sharpeville in 2004 (Sekatane, 2004:48) was 4.9 members but the size has decreased over the years. In 2009 the size is estimated to be 3.9 persons per household. The dependency ratio, an indicator of the number of persons who depend on the income of one earner, was determined at 3.6 in 2004 and estimated to be 4.7 in 2009.

The demographic analysis is in terms of age categories of the population, the gender distribution, qualifications of the post-school population and the average length of stay in the Vaal Triangle of the Sharpeville community. The analysis is essential to establish the change that happened between 2004 and 2009 in the community of Sharpeville.

South Africa is estimated to have a population of 49.99 million of which 49 percent are males whilst 51 percent are female. The statistics for Gauteng are not too different from those of the national statistics where females equal to 51 percent of the provincial population of 11.19 million whilst 49 percent represents males (Stats SA, 2010a:7). In Sharpeville, the picture does not change significantly with females being the majority.

**FIGURE 3.1 GENDER DISTRIBUTION OF SHARPEVILLE
 POPULATION**

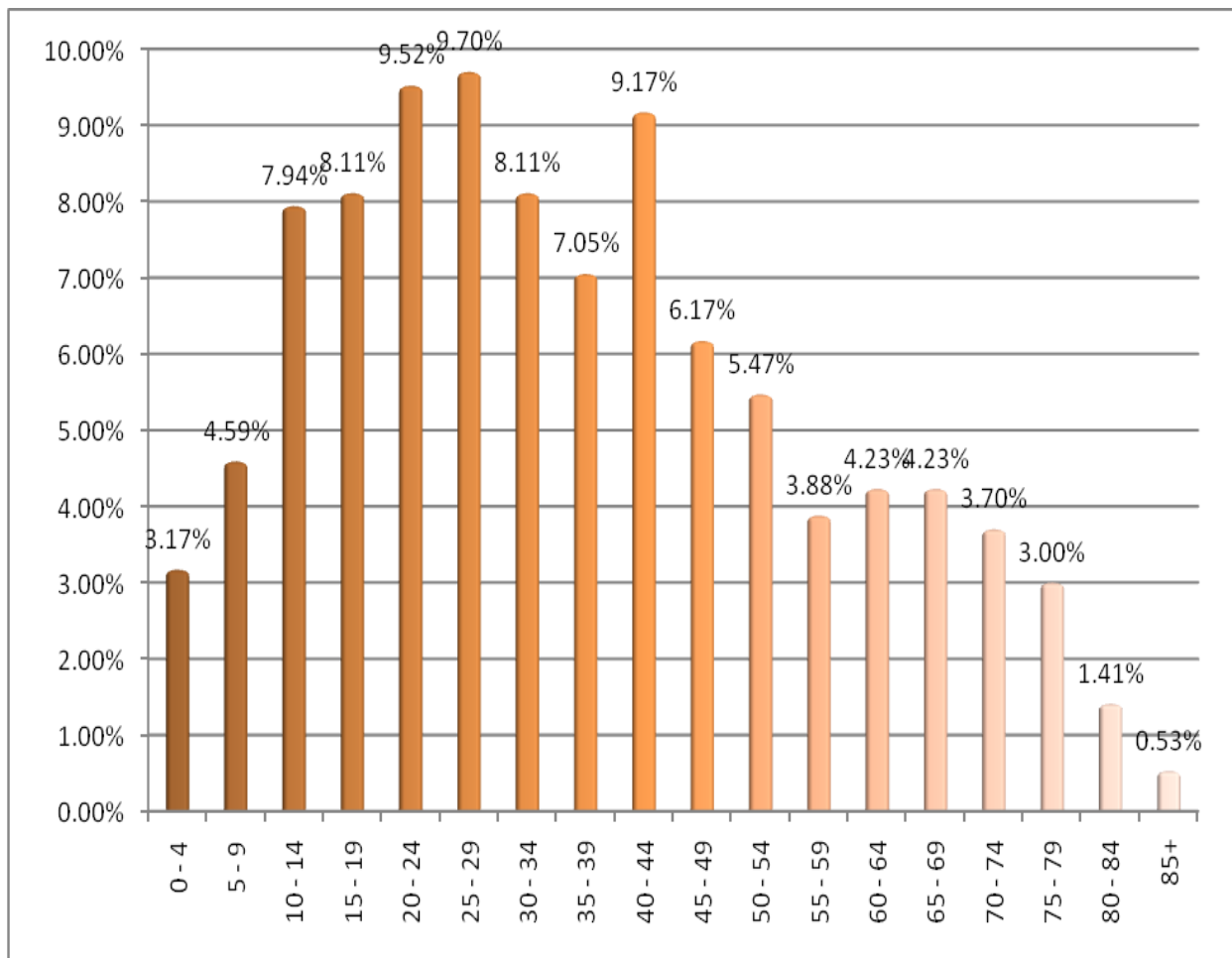


Source: Survey data, 2009

Figure 3.1 above illustrates the gender distribution of the population in Sharpeville in 2009. Approximately 58.42 percent of the population is female with the remainder of the population, 41.58 percent being male. Sekatane (2004:49) states that approximately 43.5 percent of the population was male whilst 56.6 percent was female. The number of females living within the township has increased considerably over the past 5 years.

Nearly one-third (31.4 percent) of the national population is aged younger than 15 years and approximately 7.6 percent (3.8 million) is 60 years or older. An estimated 59 percent of the national population is aged between 16 years and 65 years (Stats SA, 2010a:9). In the Gauteng province, 26.7 percent of the population is aged younger than 15 years. Population aged between 16 years and 65 is estimated to be 68.7 percent of the province.

FIGURE 3.2 AGE DISTRIBUTION OF POPULATION IN SHARPEVILLE

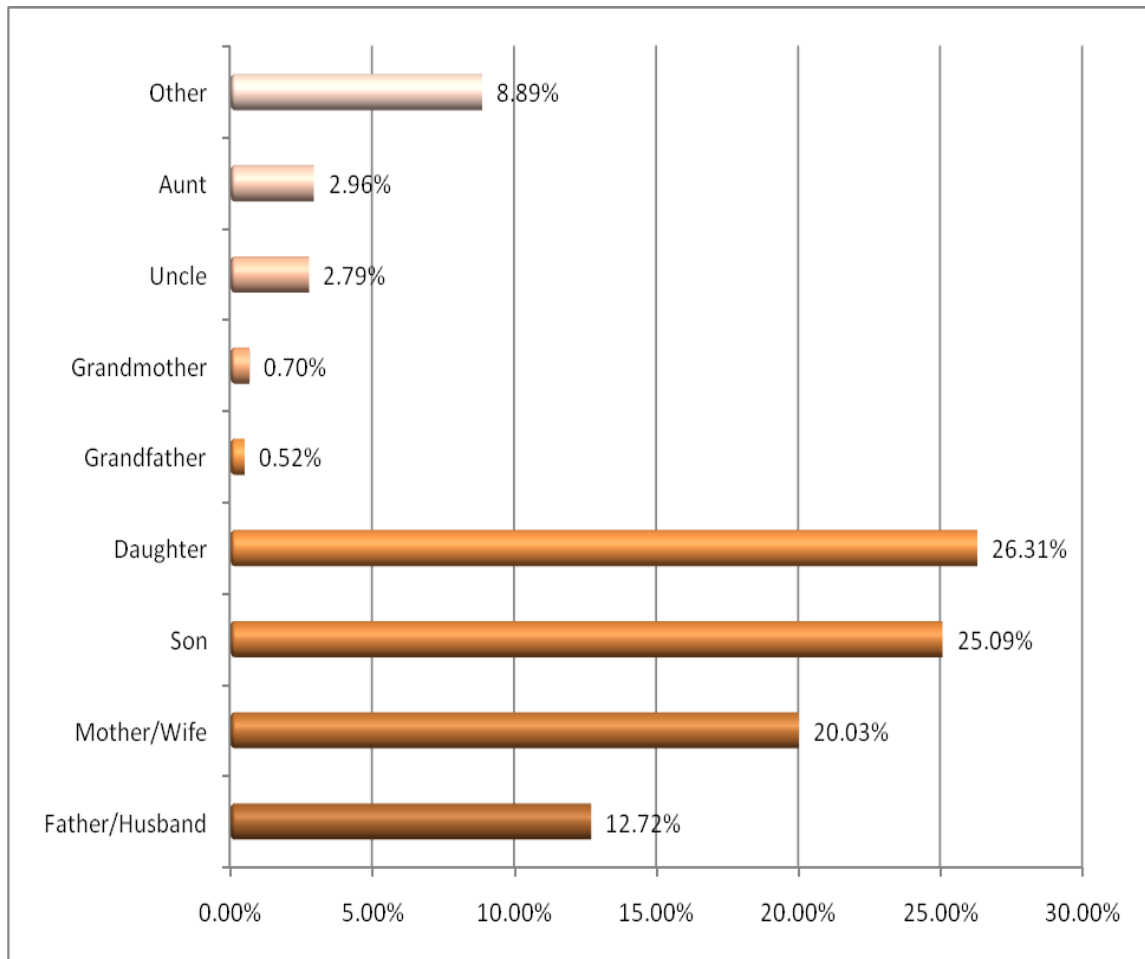


Source: Survey data, 2009

The population in Sharpeville is predominately composed of people between 0 and 39 years of age (Survey data, 2009). This group sums up to 58.19 percent of the entire surveyed population (illustrated in Figure 3.2 above). An estimated 34.38 percent of the population in Sharpeville comprises of young people, ranging between 20 and 39 years of age. In 2004 the same age group (20 – 39) accounted for 27.4 percent of the population (Sekatane, 2004:48). This indicates

an increase in the percentage of young people in Sharpeville over the past 5 years.

FIGURE 3.3 COMPOSITION OF MEMBERS IN SHARPEVILLE



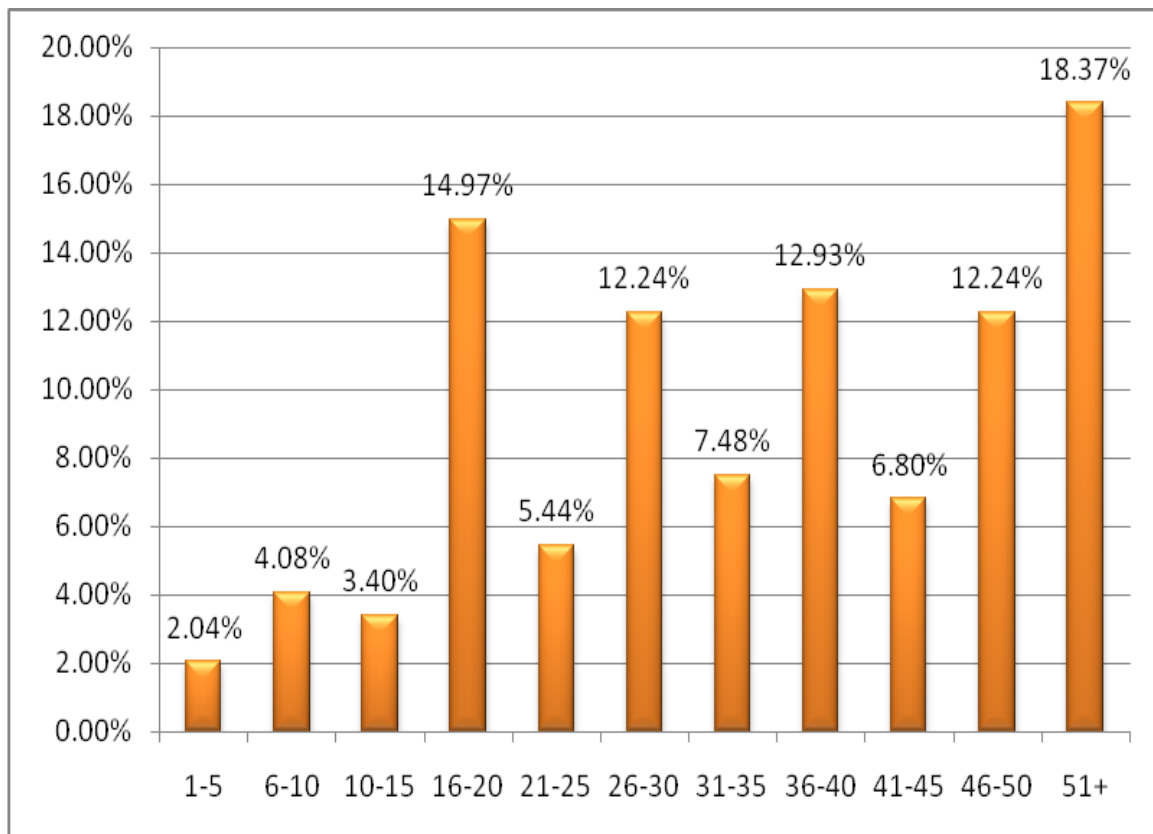
Source: Survey data, 2009

Most households in Sharpeville seem to have families where mothers and children still live within the same household or yard. Figure 3.3 above illustrates that 51.39 percent of family members are children, both daughters and sons, whilst mothers or wives consists of 20.03 percent of the family composition. Figure 3.3 also shows that most households in Sharpeville are headed by mothers. Extended family members forming part of the family composition in Sharpeville is minimal with aunts and uncles equating to 2.96 percent and 2.79 percent respectively and grandmothers and grandfathers 0.79 percent and 0.70 percent respectively. Cousins, grandchildren, in-laws, foster children and parents as well as distant family relatives form part of the other group that constitutes 8.89 percent of the township's household family composition. This shows that

families within Sharpeville live with their immediate family in comparison to living with their extended families.

Figure 3.4 below represents the average stay in the Vaal Triangle by the respondents. It is estimated that 18.37 percent of people currently living in Sharpeville have lived in the Vaal Triangle for more than 51 years. Those individuals who have lived in the township for about 16 to 20 years are the second largest group. From the survey data, people who have lived in the township for less than 15 years are only 9.52 percent (Survey data, 2009).

FIGURE 3.4 AVERAGE LENGTH OF STAY IN THE VAAL TRIANGLE



Source: Survey data, 2009

There has not been much of a change over the years when the findings of 2004 are compared to that of 2009. In 2004, 24.7 percent of individuals in the township had lived in the Vaal Triangle for more than 51 years. However, there is a 6.3 percent decline in this group from 2004 to 2009. There seems to be limited movement into the area of Vaal Triangle, with only 2.04 percent of the

respondents having lived in the Vaal Triangle for less than 5 years. This might also be an indication that Sharpeville is a well established township.

3.3 LABOUR FORCE

Every citizen in a country can be classified as either economically active or economically inactive. If an individual is economically active, they must be between the ages 15 and 65, and able and willing to work. An individual is part of the labour force, whether employed or unemployed. The non-economically active population is either not able or unwilling to work, or does not fall in the required age range (Jacobs & Punt, 2009:13).

The labour force is divided between the employed and unemployed. In order to be classified as unemployed, there are two definitions, a broad or expanded and a narrow or official definition which are used in South Africa.

The broad definition states that an individual is unemployed if they: (a) did not work in the past 7 days, and (b), wants to work and is available to start within 2 weeks. The narrow or official definition is defined as an individual who: (a) did not work during the past 7 days; (b) wants to work and is available to start within 2 weeks and (c) has been actively searching for work in the past 4 weeks (Jacobs & Punt, 2009:13).

Slabbert (1997:71) defines the unemployment rate as the number of unemployed divided by the economically active population, whilst Stats SA (2010b: xvii) defines it as the proportion of the labour force that is unemployed. Slabbert's (1997:71) definition of unemployment rate is used throughout this study.

The unemployment rate (Ur) is calculated by the standard equation:

$$\frac{\text{Number of the unemployed}}{\text{Economically active population (EAP)}} \times \frac{100}{1} = \text{Ur}$$

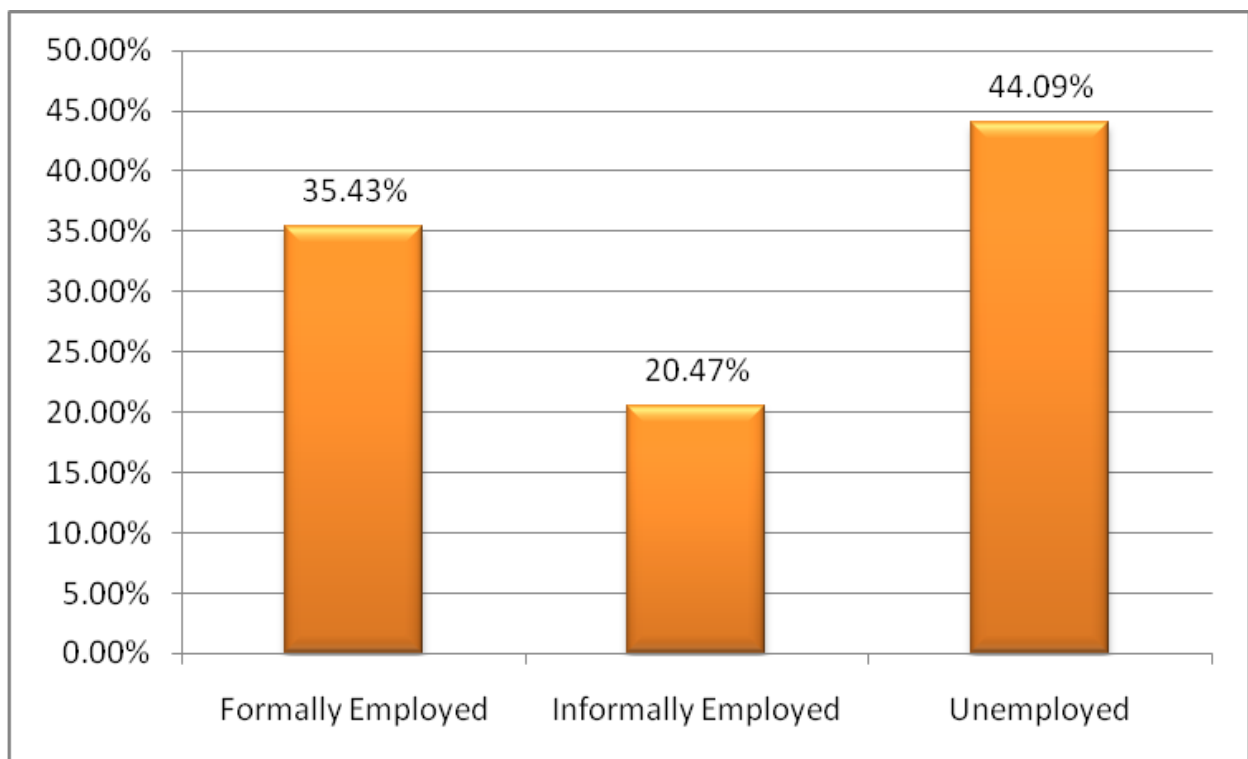
In 2007, there were 20.4 million individuals in the South African labour force according to the broad (strict) definition. In Gauteng there were 5 million, the largest share taken by the African population with 81.22 percent. The largest

contributor to the national labour force is the Black population with 77.44 percent (Jacobs & Punt, 2009:14).

Figure 3.5 indicates that 55.9 percent of Sharpeville residents are estimated to be employed both in the formal and informal sector. Of that 55.9 percent, 35.43 percent of the population is employed in the formal sector. An estimated 20.47 percent of the population is involved with activities in the informal sector. The employment rate has increased from 40.8 percent in 2004 to 55.9 percent or a change of 15.1 percent. In 2004 the unemployment rate was 59.2 percent, but the rate has since decreased to an estimated 44.1 percent in 2009.

This is an indication that there has been a rise in employment activities benefiting the community over the last 5 years.

FIGURE 3.5 COMPOSITION OF THE LABOUR FORCE IN SHARPEVILLE



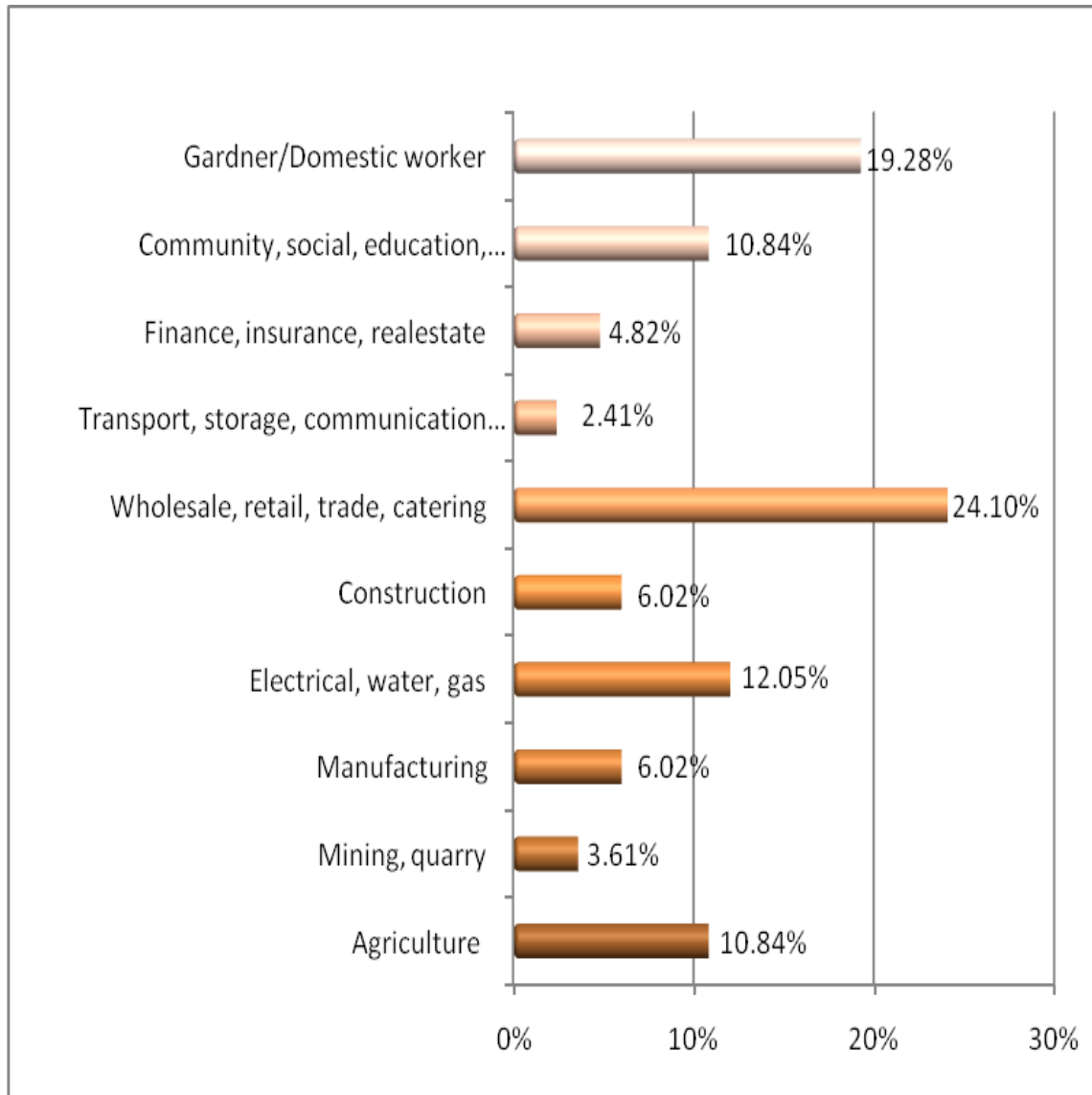
Source: Survey data, 2009

3.3.1 Profile of the employed

The different employment sectors in which the employed population of Sharpeville is economically active in are illustrated in Figure 3.6 below. The three

major sectors in which the majority of the employed population are wholesale, retail, trade and catering; gardening or domestic working; and the electricity, water and gas sectors. The largest sectors employs 24.10 percent, 19.28 percent and 12.05 percent respectively.

FIGURE 3.6 SECTORS OF EMPLOYMENT FOR THE EMPLOYED IN SHARPEVILLE



Source: Survey data, 2009

In 2004 the three dominating sectors were community, social, education, training and personal services, other not defined sector and the wholesale, trade and catering, in ascending order (Sekatane, 2004:53). Wholesale, retail trade and catering sectors have increased substantially from 2004 to 2009 with 7.00

percent. There was a sharp decline of 18.60 percent in the community, social, education, training and personal services from 29.80 percent to 10.84 percent.

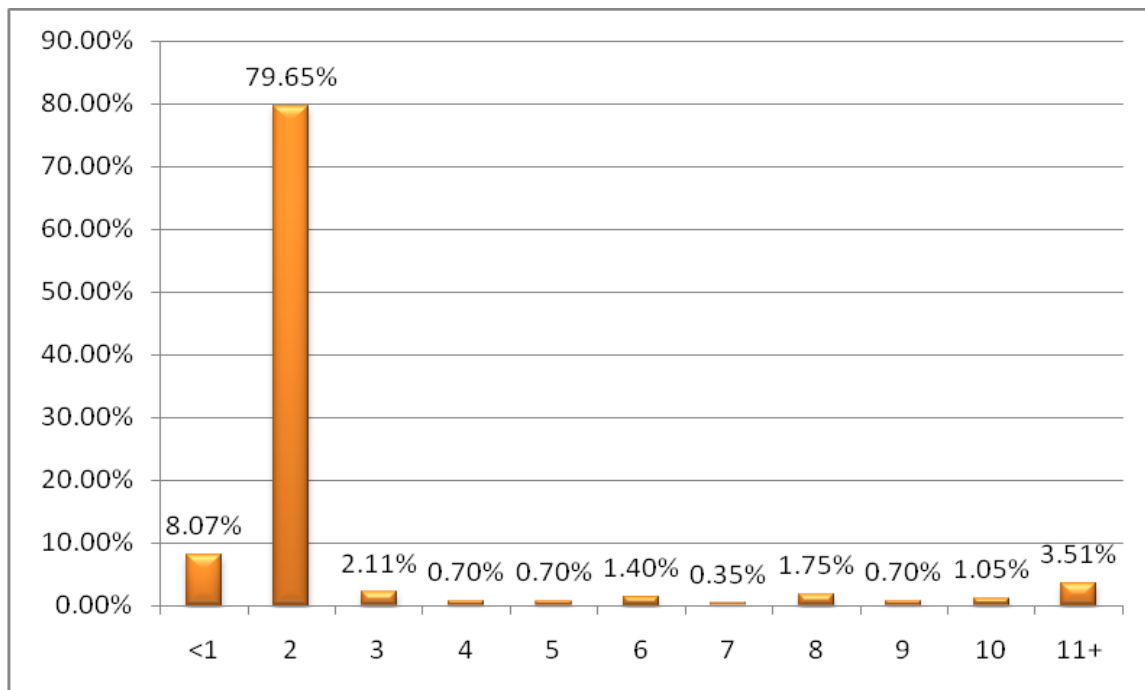
There are some similarities between the employment sectors in South Africa as whole and those of Sharpeville. According to Stats SA (2010b:viii) the four sectors that are dominating nationally are trade, community and social services, finance and manufacturing.

3.3.2 Profile of the unemployed

Unemployment in South Africa is diverse and ranges from age, to duration and to even the skills possessed by individuals. The national unemployment rate for the first quarter of 2010 was 25.2 percent (Stats SA, 2010b:vi).

Gauteng has six districts; namely, Metsweding, the West Rand, Sedibeng, the East Rand, Johannesburg and Pretoria. Sedibeng, of which Sharpeville is part of, has the highest unemployment levels considering the broad and strict definitions at 45.2 percent and 32.8 percent respectively (Jacobs & Punt, 2009:15). Sharpeville's unemployment rate is estimated to be 44.1 percent (Survey data, 2009).

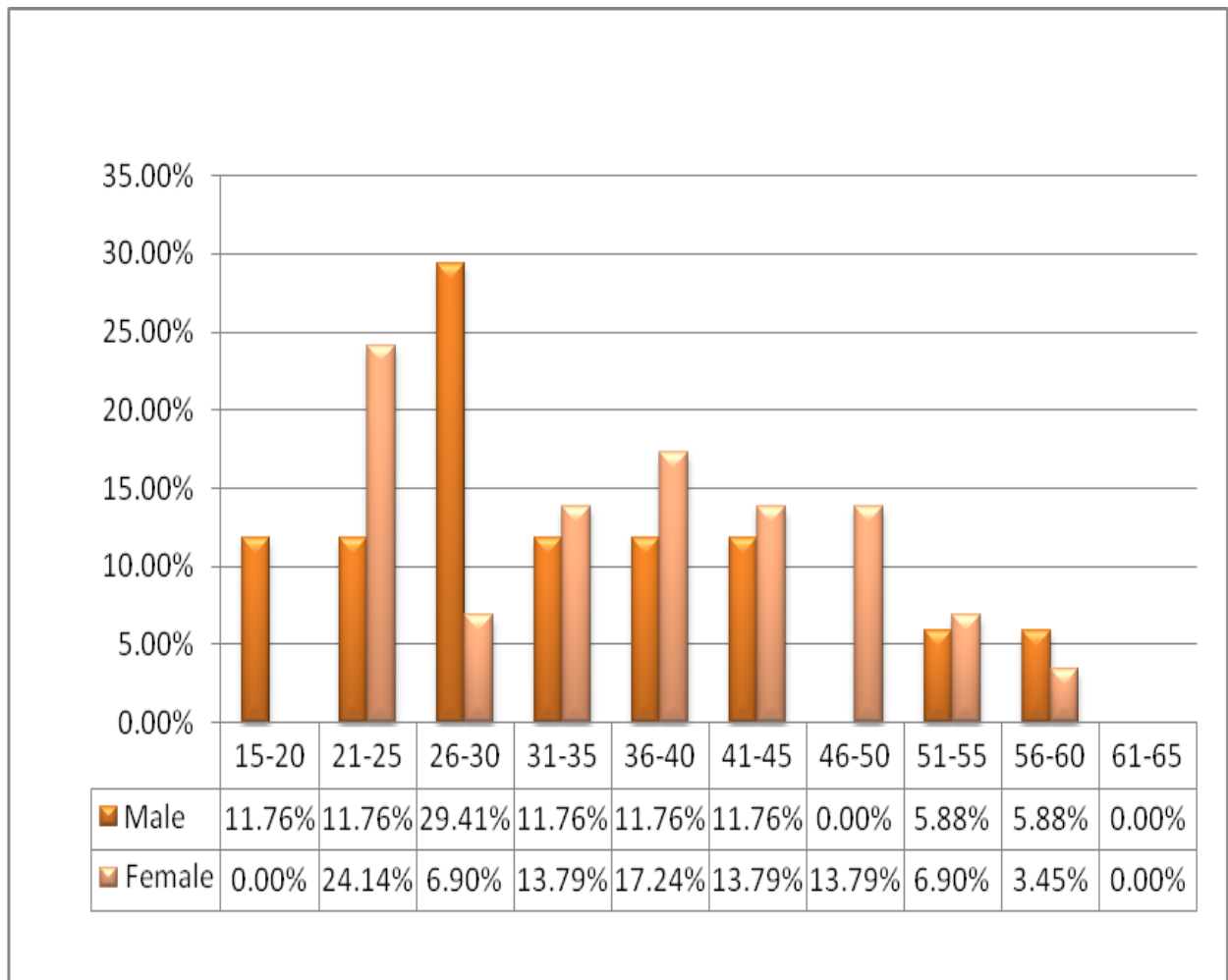
FIGURE 3.7 THE DURATION OF UNEMPLOYMENT IN SHARPEVILLE



Source: Survey data, 2009

Figure 3.7 above depicts the duration of unemployment for those individuals who are unemployed. Over 85 percent (87.72 percent) of the unemployed population has been unemployed for two years or less. Individuals who have been unemployed for more than 10 years are estimated to be 4.56 percent of the unemployed population. The duration of unemployment has changed significantly when the 2009 survey data are compared to those of 2004. There is a considerable rise of individuals who have been unemployed for less than 2 years, whereas in 2004 there were 22.8 percent. This implies that the duration of unemployment patterns in Sharpeville have changed.

FIGURE 3.8 AGE AND GENDER DISTRIBUTION OF UNEMPLOYED IN SHARPEVILLE

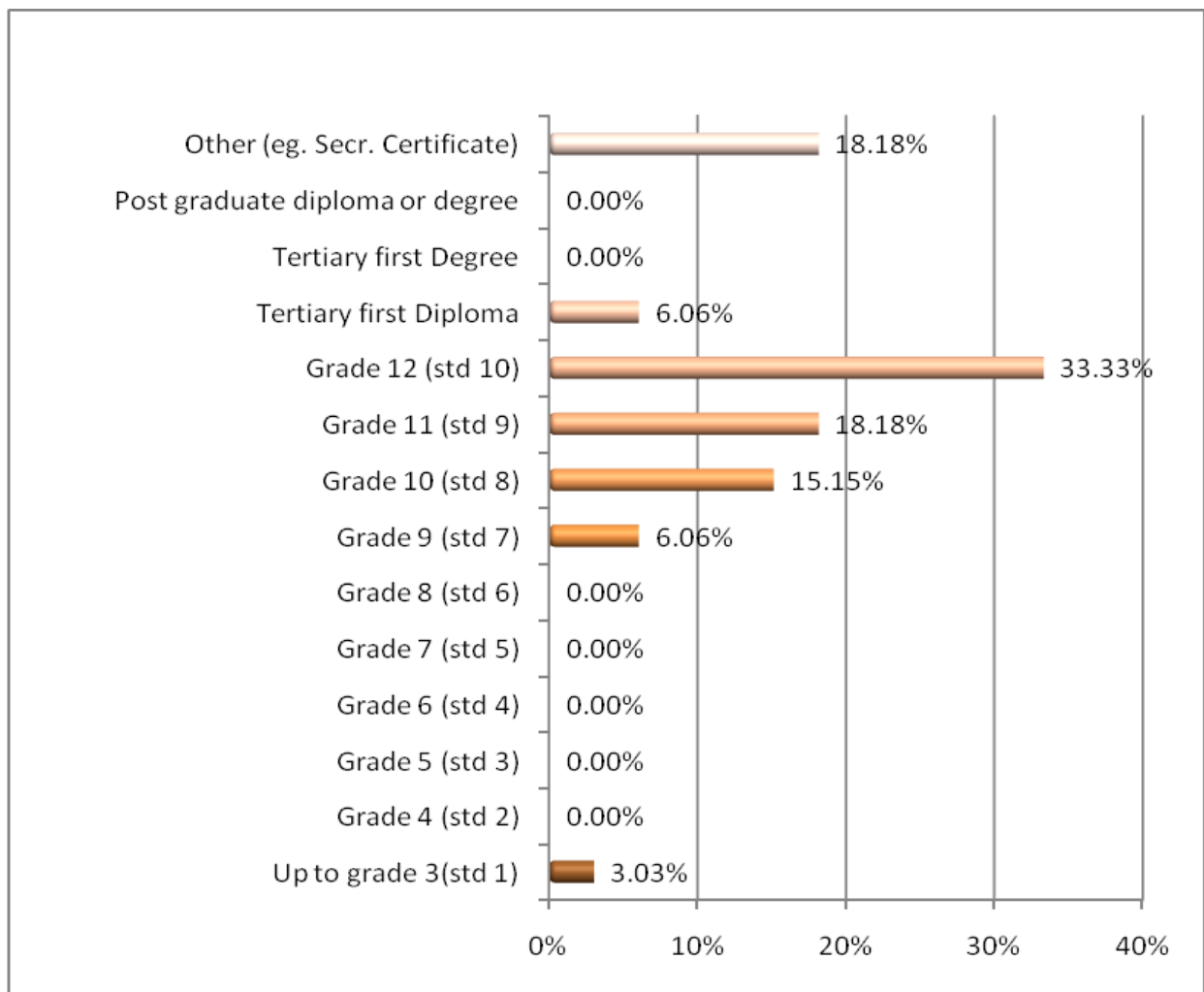


Source: Survey data, 2009

The age distribution of the unemployed population in Sharpeville is illustrated in Figure 3.8. The majority of unemployed individuals in Sharpeville are young

people between the ages of 21 and 35 years. This group is an estimated 47.83 percent of the population. Within this group, 59.1 percent are females, whilst 40.9 percent are males. The same trend was found by Sekatane (2004:55) where the highest unemployment was within the same age group concentration. In 2004, 57.6 percent of the males and 58.2 percent of the females between 21 years to 35 years were unemployed. Over the years the prevalence of unemployment amongst young females has increased, whilst for their male counterparts it has decreased.

FIGURE 3.9 QUALIFICATION OF THE UNEMPLOYED IN SHARPEVILLE



Source: Survey data, 2009

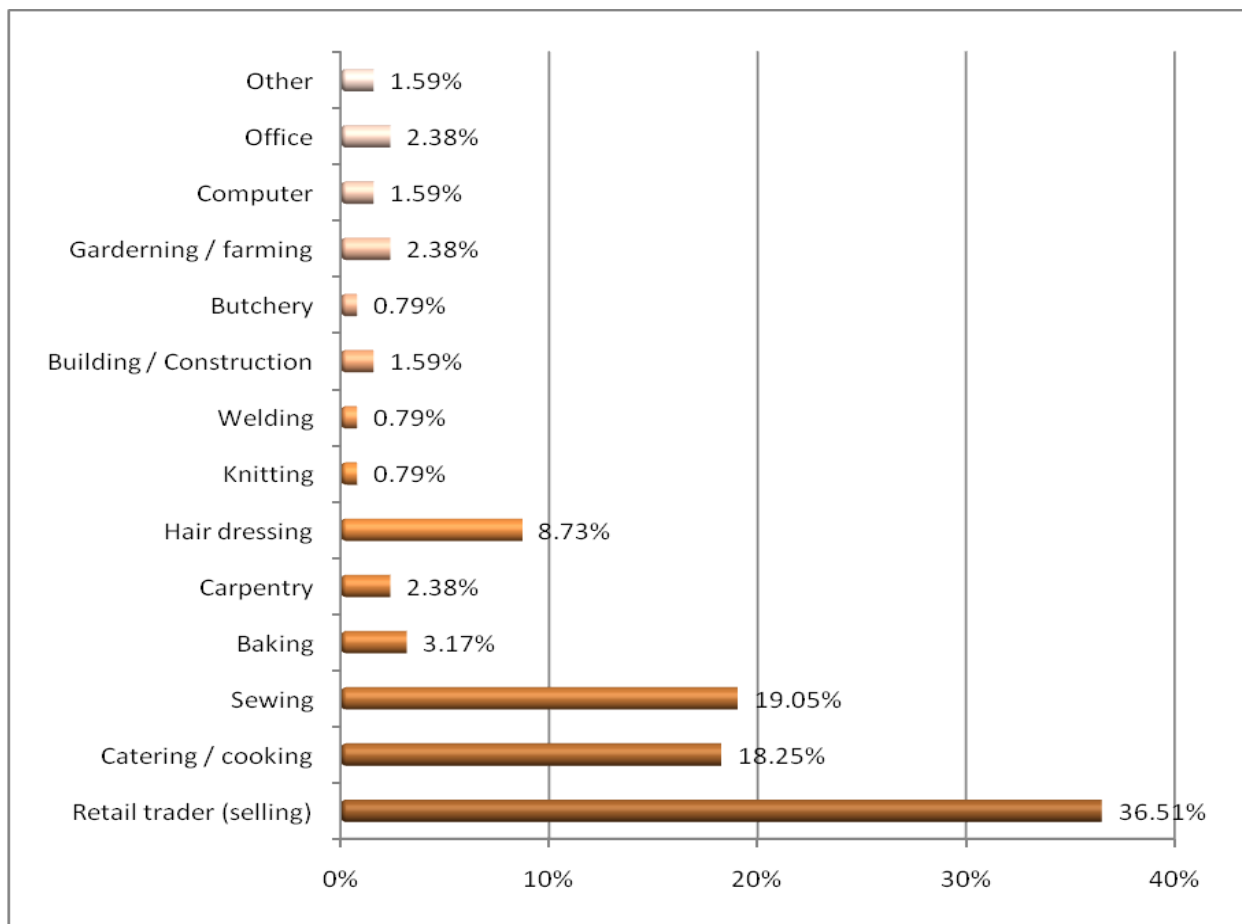
Figure 3.9 portrays the qualification levels of the unemployed. Of the total 57.58 percent of those who are unemployed in Sharpeville have a grade 12

qualification and higher. Of those who were unemployed in 2004, 51.6 percent had a grade 12 qualification and higher (Sekatane, 2004:56). The trend between 2009 (Survey data, 2009) and 2004 (Sekatane, 2004) has remained the same, with individuals with a grade 12 qualification constituting the majority of the people who are unemployed. The percentage of unemployed people with an undergraduate and/or a post-graduate degree has decreased from 1.3 percent in 2004 (according to Sekatane, 2004:57) to zero in 2009.

Retail skills possessed by unemployed individuals have are similar to those who are employed. This indicates that the retail sector employs the majority of the people who are active in the community, and that this has increased since 2004.

This shows that individuals who are in possession of a degree, either undergraduate or post graduate, have a better chance of finding employment now than a few years ago.

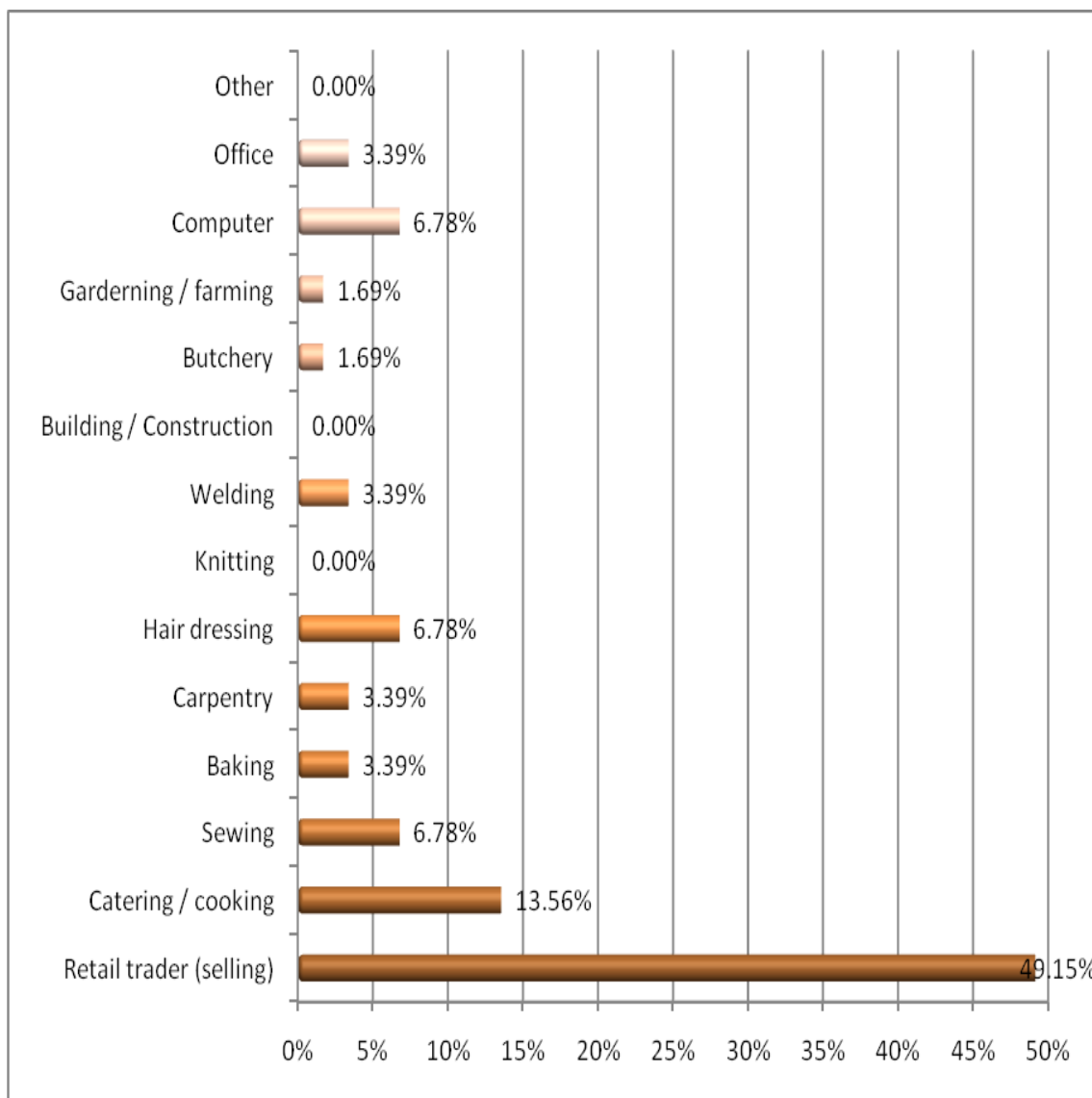
FIGURE 3.10 SKILLS OF UNEMPLOYED POPULATION IN SHARPEVILLE



Source: Survey data, 2009

Figure 3.10 illustrates the skills of the unemployed. The highest percentage of the unemployed have skills in retail trading or selling at 36.51 percent. Sewing with 19.05 percent, catering or cooking with 18.25 percent and hairdressing skills with 8.73 percent are the most popular skills of the unemployed individuals. According to Sekatane (2004:57) unemployed population's skills were mainly catering with 13.3 percent, building or construction with 7.9 percent and mechanics and retail trade with 7.5 percent.

FIGURE 3.11 THE PREFERED SELF-SUSTAINING ACTIVITIES IN SHARPEVILLE



Source: Survey data, 2009

Figure 3.11 illustrates self sustaining activities prevalent among the unemployed in Sharpeville (i.e. owning a business). Figure 3.11 shows that an estimated 49.15 percent of the unemployed prefer to be engaged in retail trade activities. When compared to the skills of the unemployed there is a close relation and similarity between the two. This confirms that people like to start self sustaining activities in the skills that they are in. When these figures are compared to what the unemployed individual wanted to partake in in 2004 (Sekatane, 2004:60), retail (19.00 percent) and catering/cooking (16.90 percent) are still the 2 most desired sectors to start a business in.

3.4 POVERTY

As elaborated in Section 2.2.1, the World Bank (1990:26) defines poverty as the inability to attain a minimal material standard of living. This definition is used as the basis for the remainder of this section and study.

Poverty is measured in terms of the headcount index and the poverty gap index. The headcount index is defined as *the fraction of the population below the poverty line*. In this study, the headcount index is adapted to indicate the fraction of households that fall below their individual poverty lines (Sekatane, 2004:61).

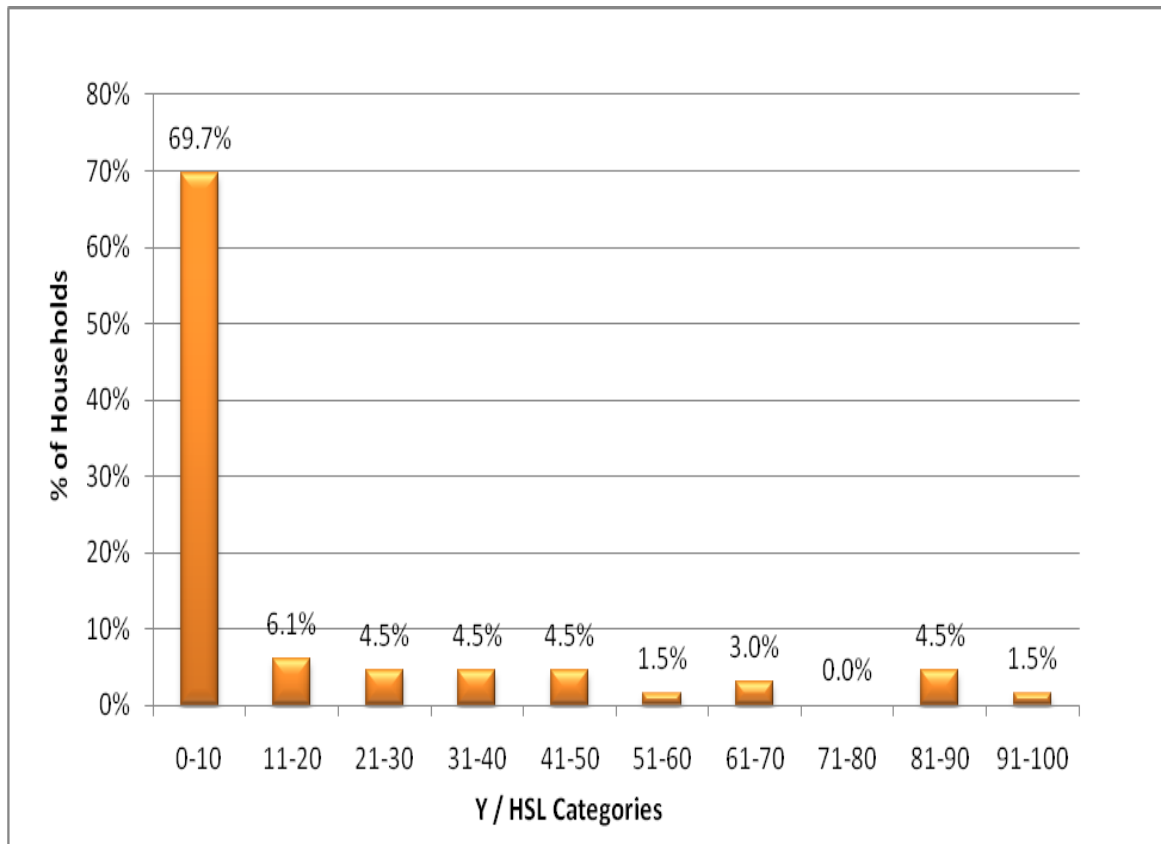
The poverty gap usually measures the average shortfall of the incomes of the poor from the poverty line, while the poverty gap index measures the extent of the shortfall of incomes below the poverty line (Methodology detailed in Annexure D).

In 2009 the headcount index, as calculated from the survey data, for Sharpeville was estimated at 0.654. This means that an estimated 5 477 households out of the 8 374 households in Sharpeville live in poverty. Therefore, an estimated 26 834 people live in poverty. When comparing the headcount indexes for 2004, (0.431) and that for 2009 (0.654), it shows that there has been a 22.3 percent increase in the number of households living in poverty. The poverty gap index is estimated at 0.86 in 2009 in comparison to 0.32 in 2004 (Sekatane, 2004:61).

Figure 3.12 portrays the distribution of poor households' income as a percentage of their HSL. Sekatane (2004:61) states that if a household income is above the

poverty line, the household falls in the income or HSL category above 100 percent. An increase in the number of households below the poverty line indicates an increase in the proportion of the poor population.

FIGURE 3.12 POOR HOUSEHOLDS AND THEIR HSL RATIOS IN SHARPEVILLE



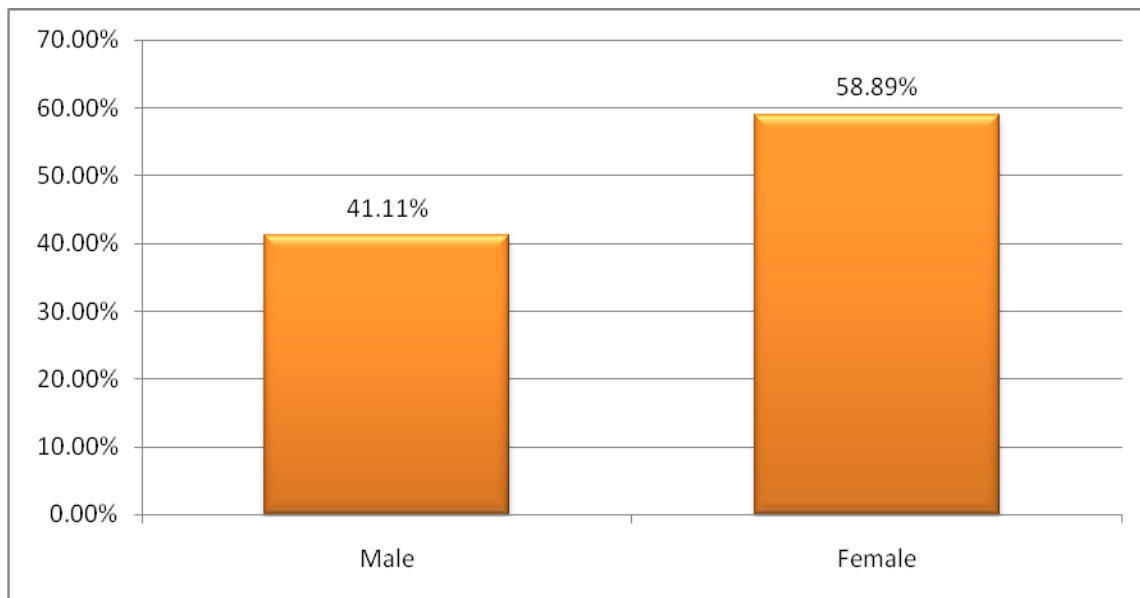
Source: Survey data, 2009

Slabbert (2003:13) states that “if most households earn 90 - 100 percent of their own HSL, this would indicate that the poverty is not very severe”. Figure 3.12 show that 69.7 percent of Sharpeville’s population has income that is less than 10 percent of their HSL whilst 10.5 percent of the township’s population has incomes less than 50 percent of their HSL. This means that only 10.5 percent of the township’s population has a better opportunity to meet their material needs to be able to survive. The majority of the population in the township has difficulties meeting their physical needs to survive.

3.4.1 Profile of the poor

In this section numerous indicators are used to profile a part of the population, which is regarded to be poor in Sharpeville. Those indicators include age, gender, education, the labour force and skills training. The purpose of this section is to demonstrate the difference between the poor and the total population.

FIGURE 3.13 GENDER DISTRIBUTION OF THE POOR POPULATION IN SHARPEVILLE



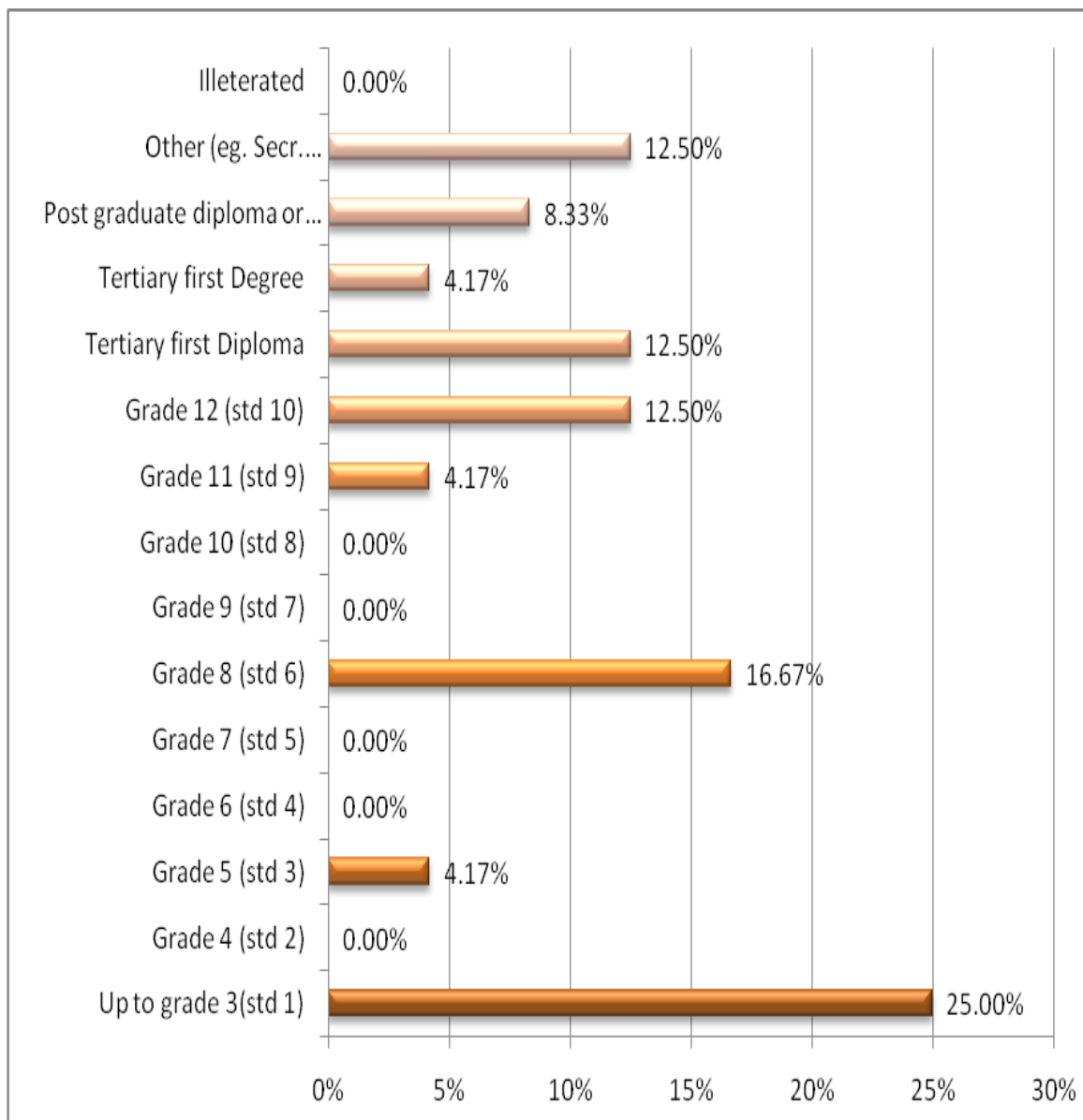
Source: Survey data, 2009

Figure 3.13 demonstrates that an estimated 58.89 percent of the poor population in Sharpeville is female, and that an estimated 41.11 percent of the poor population is male. This finding shows that not only are females the dominating gender of the general population of Sharpeville, but that they also have the highest poverty prevalence within the township. In comparison with the 2004 data (Sekatane, 2004) the number of females who are poor has increased slightly by 6.09 percent (was 52.80 percent in 2004), whilst males who are poor have decreased by the same percentage (was 47.20 percent in 2004).

Maile (2008: xii) states that education increases productivity and earnings; and every year of schooling translates into increased individual income. From the results of the survey conducted in 2009 the figures correlates to Maile's (2008:xii) statement. Figure 3.14 below illustrates the qualification of the poor population in the township who are not in school anymore.

A total of 62.5 percent of the poor population in the township had a grade 12 education or less in 2009. Of the 62.5 percent only 12.5 percent of the population had grade 12 education. A smaller percentage of the poor population is in possession of a qualification higher than grade 12. In 2009 an estimated 37.5 percent of the poor population had a diploma, degree, post graduate or other qualification (Survey data, 2009). In 2004 an estimated 9.5 percent of poor people had a higher learning qualification which included diplomas and degrees (Sekatane, 2004:63).

FIGURE 3.14 QUALIFICATION OF THE POST-SCHOOL POOR POPULATION IN SHARPEVILLE



Source: Survey data, 2009

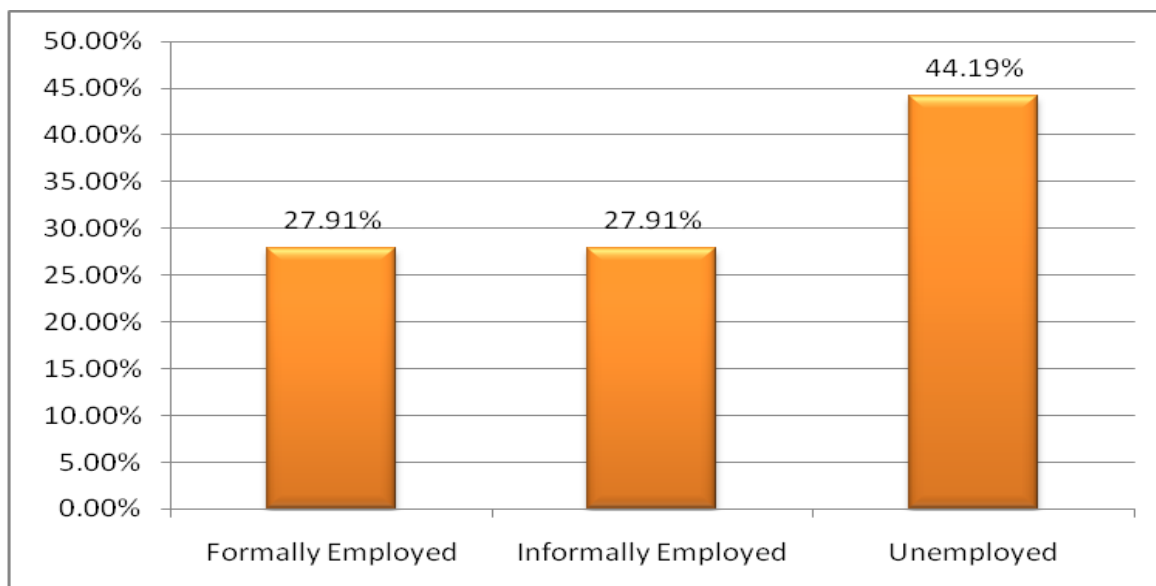
Individuals from poor households have limited accessibility to tertiary education. However over the 5 years there has been an increase in the number of people who had the opportunity to further their studies.

3.4.2 Profile of the poor employed

Figure 3.15 below portrays the labour force of the poor population in Sharpeville in 2009. Just under half, 44.19 percent, of the poor population's labour force is unemployed. According to Sekatane (2004:65) in 2004, 72.90 percent of the poor labour force was unemployed. From this comparison one observes that over the five years the unemployment rate of those individuals who are considered to be poor decreased by 28.71 percent.

An estimated 55.82 percent of the poor population in 2009 was employed in both the formal or informal sectors. When this figure is compared to that of the township's entire population of 55.9 percent, individuals who were poor have a slightly lower employment rate than those who were not poor. From the 55.9 percent of individuals who were employed, 35.43 percent were employed in the formal sector whilst 20.47 percent are informally employed. One can deduce that the residents of Sharpeville are more prone to participate in formal employment than in informal employment.

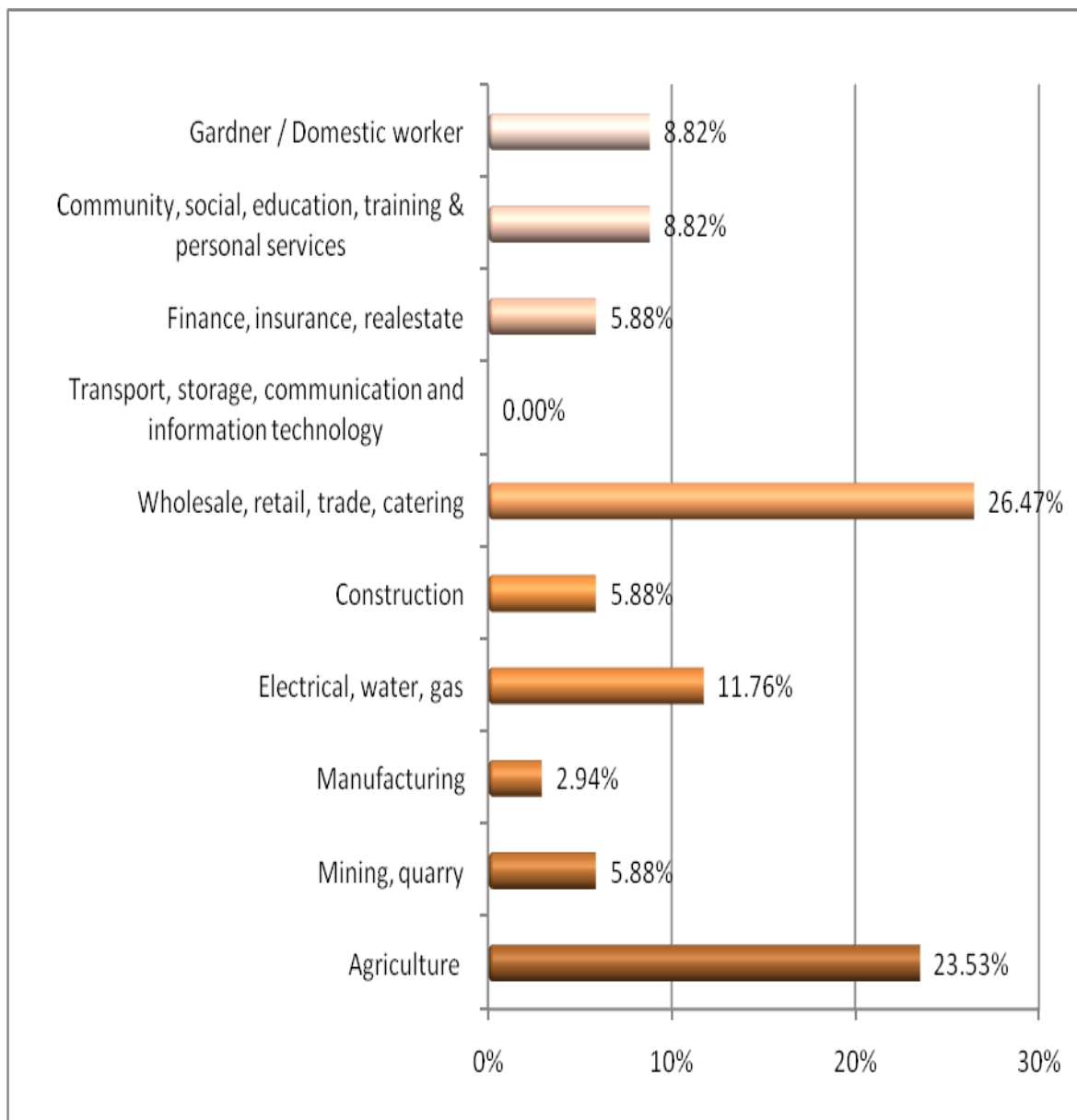
FIGURE 3.15 LABOUR FORCE OF THE POOR IN SHARPEVILLE



Source: Survey data, 2009

Figure 3.16 below illustrates the different sectors in which the poor population is employed. Figure 3.16 is compared to Figure 3.6 (Sectors of employment for the employed in Sharpeville) which illustrates the sectors in which the total population of Sharpeville is employed in. An estimated 26.47 percent of the poor population is employed in the wholesale, retail, trade and catering sector whilst 23.53 percent is employed in the agricultural sector. These two sectors comprise 50.0 percent of the poor population.

**FIGURE 3.16 EMPLOYMENT SECTORS FOR THE POOR EMPLOYED
IN SHARPEVILLE**



Source: Survey data, 2009

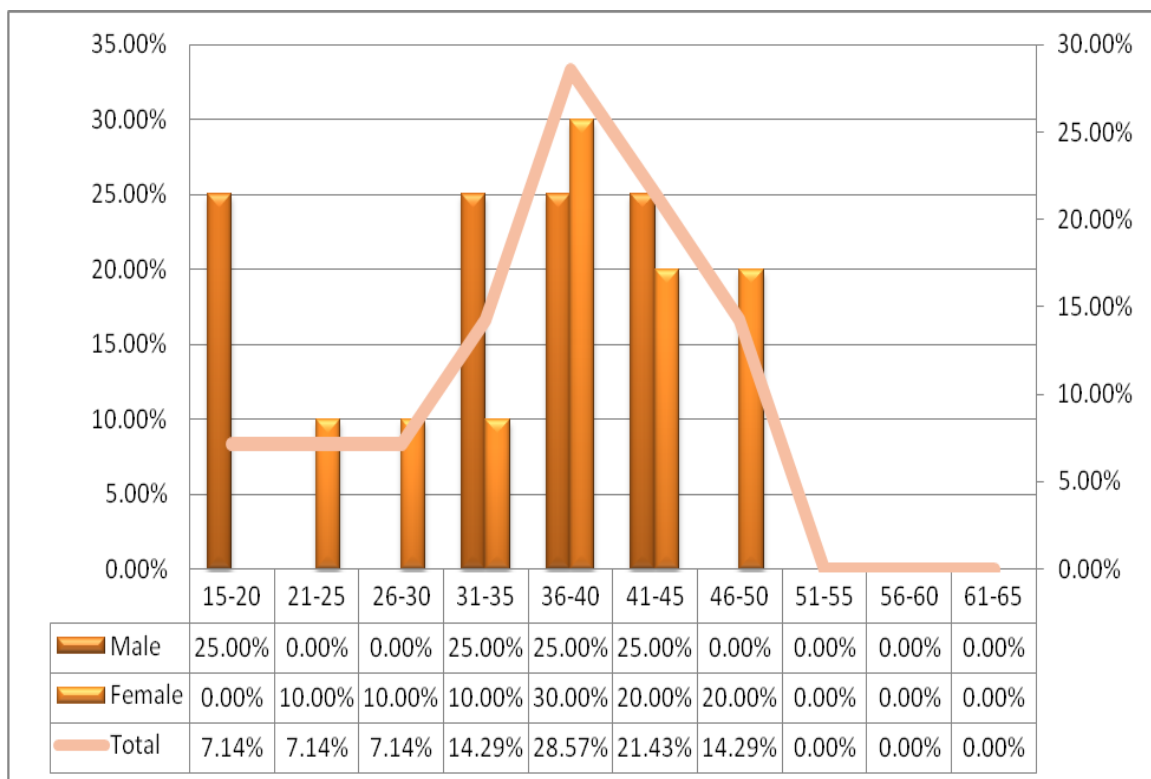
For the overall population of Sharpeville, 24 percent of the employed are employed in the wholesale, retail trade and catering sector whilst 19 percent are gardeners or domestic workers. In 2004 the community, social, education, training and personal services sector employed 37.0 percent of the poor population in Sharpeville (Sekatane, 2004:65).

The wholesale, retail trade and catering sector has increased the number of poor people employed by 2.57 percent (from 23.90 percent in 2004 to 26.47 percent in 2009). The similarities of the sectors of employment among the poor population between 2004 and 2009 indicates that poor individuals are more inclined to take employment in sectors that are community oriented.

3.4.3 Profile of the poor unemployed

Figure 3.17 below outlines the age distribution of poor individuals who are unemployed in Sharpeville in 2009. Figure 3.17 is compared with Figure 3.8 (Age distribution of unemployed in Sharpeville).

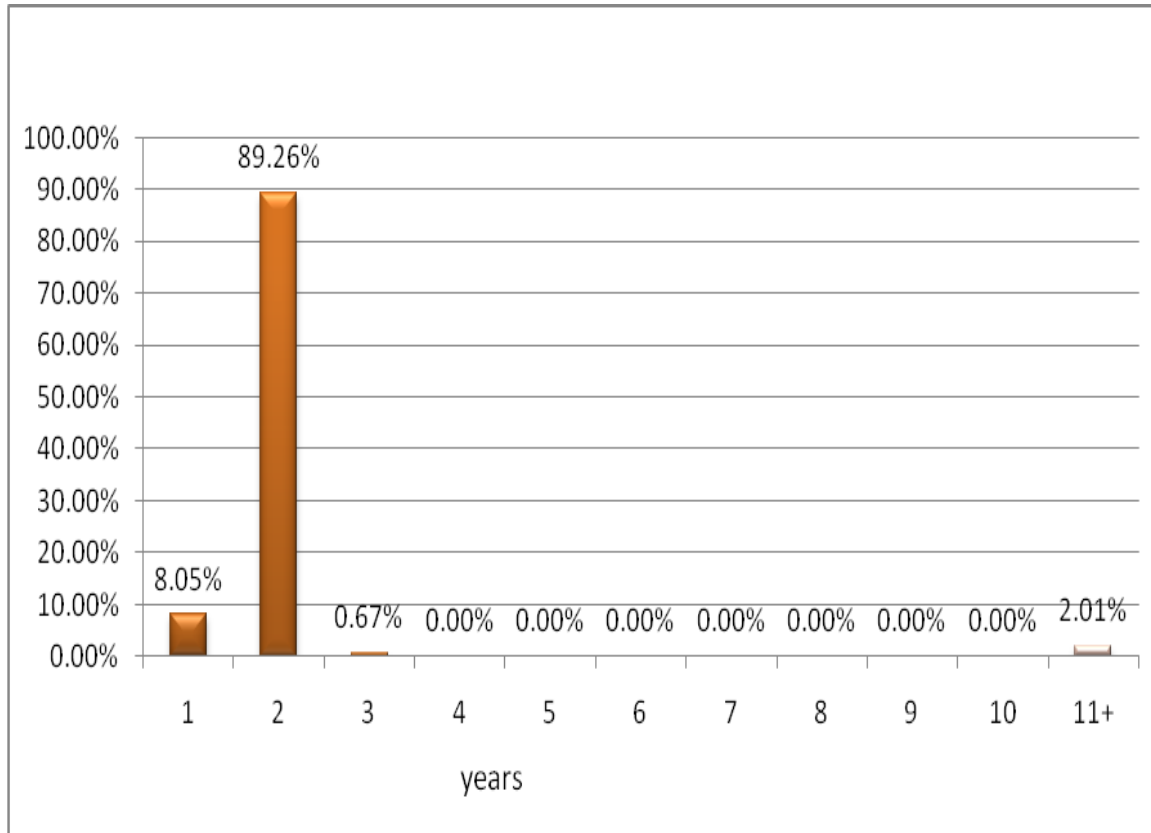
FIGURE 3.17 AGE DISTRIBUTION OF THE POOR UNEMPLOYED POPULATION IN SHARPEVILLE



Source: Survey data, 2009

Comparatively in 2004 of the total poor, 53.7 percent unemployed were between 20 and 35 years of age. In the case of females, it was higher with 55.2 percent than in the case of males with 52.4 percent (Sekatane, 2004:67). The prevalence of unemployment amongst females is higher than in males.

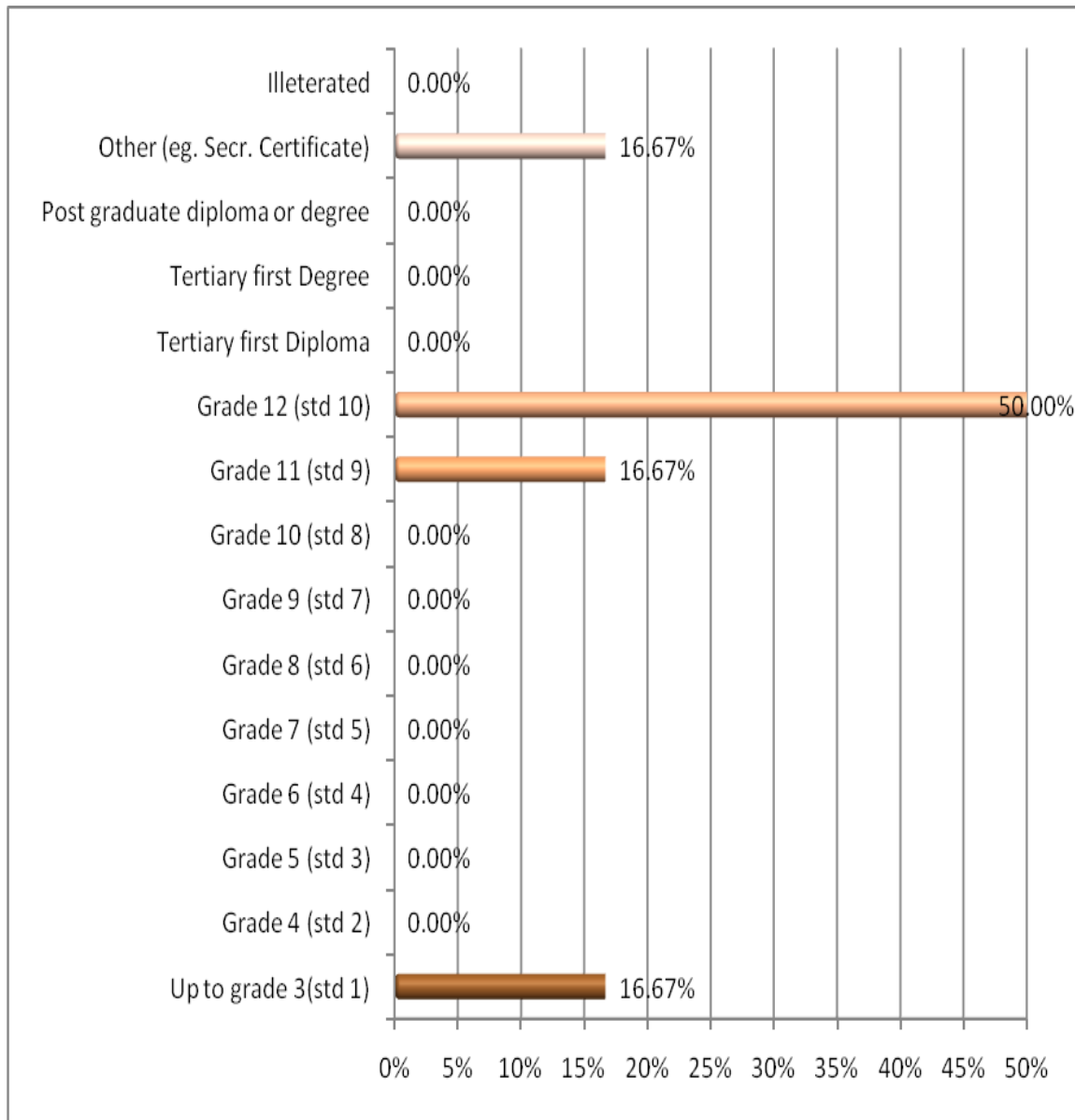
FIGURE 3.18 DURATION OF POOR UNEMPLOYED IN SHARPEVILLE



Source: Survey data, 2009

Figure 3.18 illustrates the duration of unemployment for individuals classified to be poor. The majority of the population has been unemployed for 2 years. This group sums up to 89.26 percent of the poor population. There is a similar trend between the unemployment duration of the total population (79.70 percent) and that of the poor population, where the majority of both population groups have been unemployed for 2 years or less. This could be a result of the change in the global recession.

FIGURE 3.19 QUALIFICATIONS OF POOR UNEMPLOYED IN SHARPEVILLE



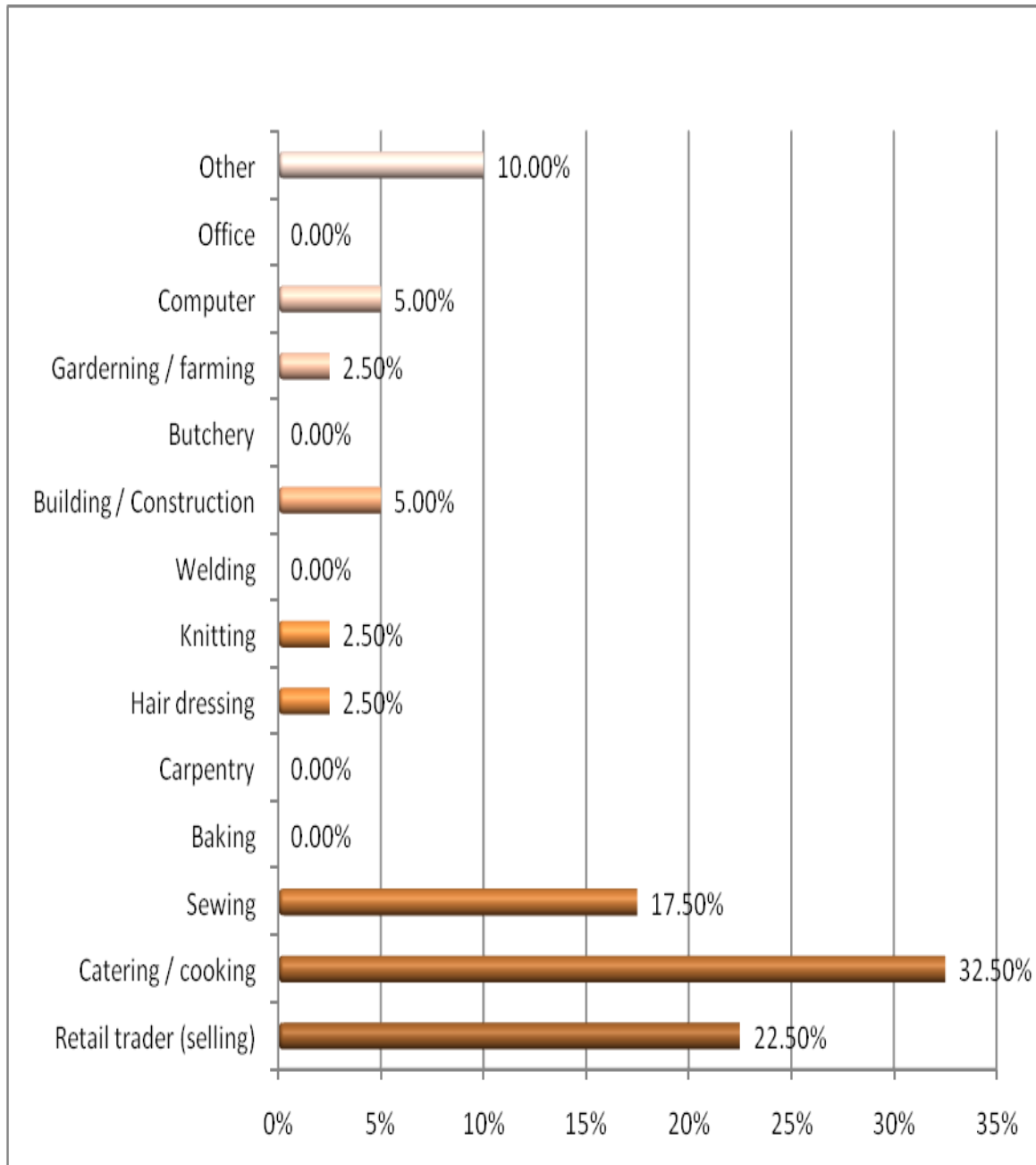
Source: Survey data, 2009

Figure 3.19 depicts the educational qualifications of poor unemployed individuals in Sharpeville in 2009. Unemployed poor individuals who have a grade 12 or less qualification form the largest part of the poor population in Sharpeville.

People who only have a high school education, ranging between grade 8 and grade 12, sum up to 83.34 percent of the poor population. The majority of unemployed poor individuals just have a grade 12 and this group amounts to 50.0 percent of the unemployed poor base. Among those who are unemployed, 16.67 percent have educational qualifications which are higher than grade 12.

In contrast, in 2004 about 43.8 percent of poor unemployed had a grade 12 or higher qualification. And from the 43.8 percent only 2.5 percent poor individuals had a diploma or degree (Sekatane, 2004:69). From this observation poor people living in Sharpeville in 2009 are better educated than those unemployed in 2004.

**FIGURE 3.20 SKILLS TRAINING PREFERED BY UNEMPLOYED POOR
IN SHARPEVILLE**



Source: Survey data, 2009

Figure 3.20 illustrates the skills that the poor unemployed individuals would prefer to acquire and/or develop. Catering, retail trading and sewing are the three most preferred skills at 32.5 percent, 22.5 percent and 17.5 percent respectively. Catering or cooking and sewing skills are more female orientated skills and should be used to target poverty alleviation against females. Building or construction skills is a more male dominated skill and should thus be used for poverty alleviating initiatives for unemployed poor males in the township.

Sekatane (2004:70) states that the majority of the poor unemployed in 2004 wished to be trained in the trading/selling sector (13.4 percent). This means that there has been a 2.6 percent increase regarding poor individuals who are unemployed and want to get exposure and an opportunity to acquire skills in the trading field. Trading or selling skill is not gender dependant and is thus one of the best skills to develop and channel into for poverty alleviating initiatives in the township.

3.5 INCOME AND EXPENDITURE

This section examines the state of income and expenditure in Sharpeville. Although much care was taken to solicit as much information as possible on the different incomes and income sources, the 'phenomenon of expenditure surplus' was observed in the survey for many households. This happens when expenditure exceeds income. The reason for this may lie in the fact that some households tend not to declare some income, especially if the source of such income is suspect (for example, income gained through illegal means), but will more readily declare expenditures (Mokoena, 2004:121).

The average households' income for 2009 in Sharpeville is estimated at R2 866 per household per month. Five years prior the average household income was determined at R2 944 per household per month (Sekatane, 2004:71). There is a slight decline of R78 in household income.

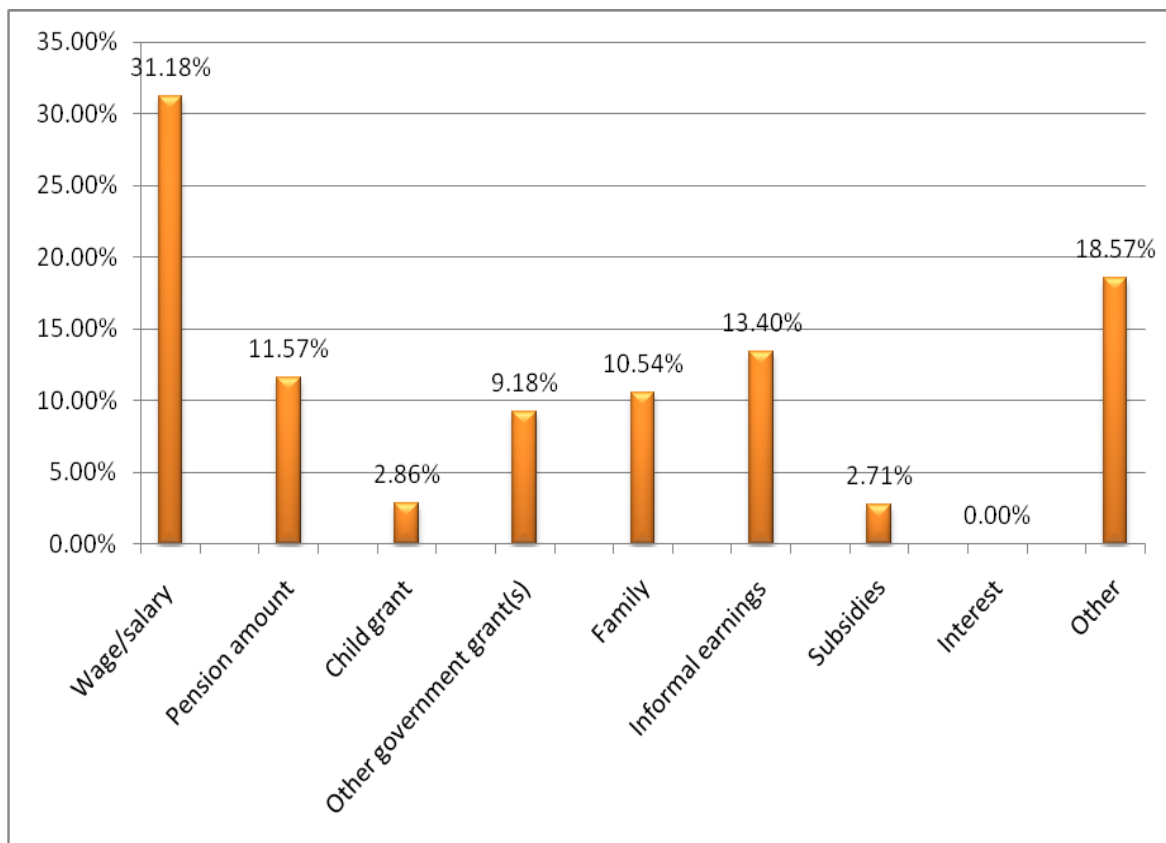
Figure 3.21 portrays the different sources of income and their contribution to the total household income in Sharpeville in 2009. The Figure illustrates that the large percentage (31.18 percent) of household income is received from salaries and/or wages. This shows that the primary source of household income is

salaries and wages. Pensions' contribution is 11.57 percent with family assistance contributing an estimated 10.54 percent of the household income.

The household income distribution has changed slightly in 2009 when compared to the trend of 2004. According to Sekatane (2004:72), in 2004 the large percentage of household income was attributed to wages or/and salaries at 62.9 percent, pensions contributing 17.3 percent and 9.1 percent from informal earnings.

In 2009 government grants contributed 23.61 percent to the household's income whilst in 2004 government grants equaled to 20.7 percent of household's income. There is a 2.9 percent increase in the income contributed by government grants in 5 years. Family assistance and subsidies has also increased over the 5 years by 5.94 percent and 1.61 percent respectively. Although these contributions are not much they do however make some form of a difference.

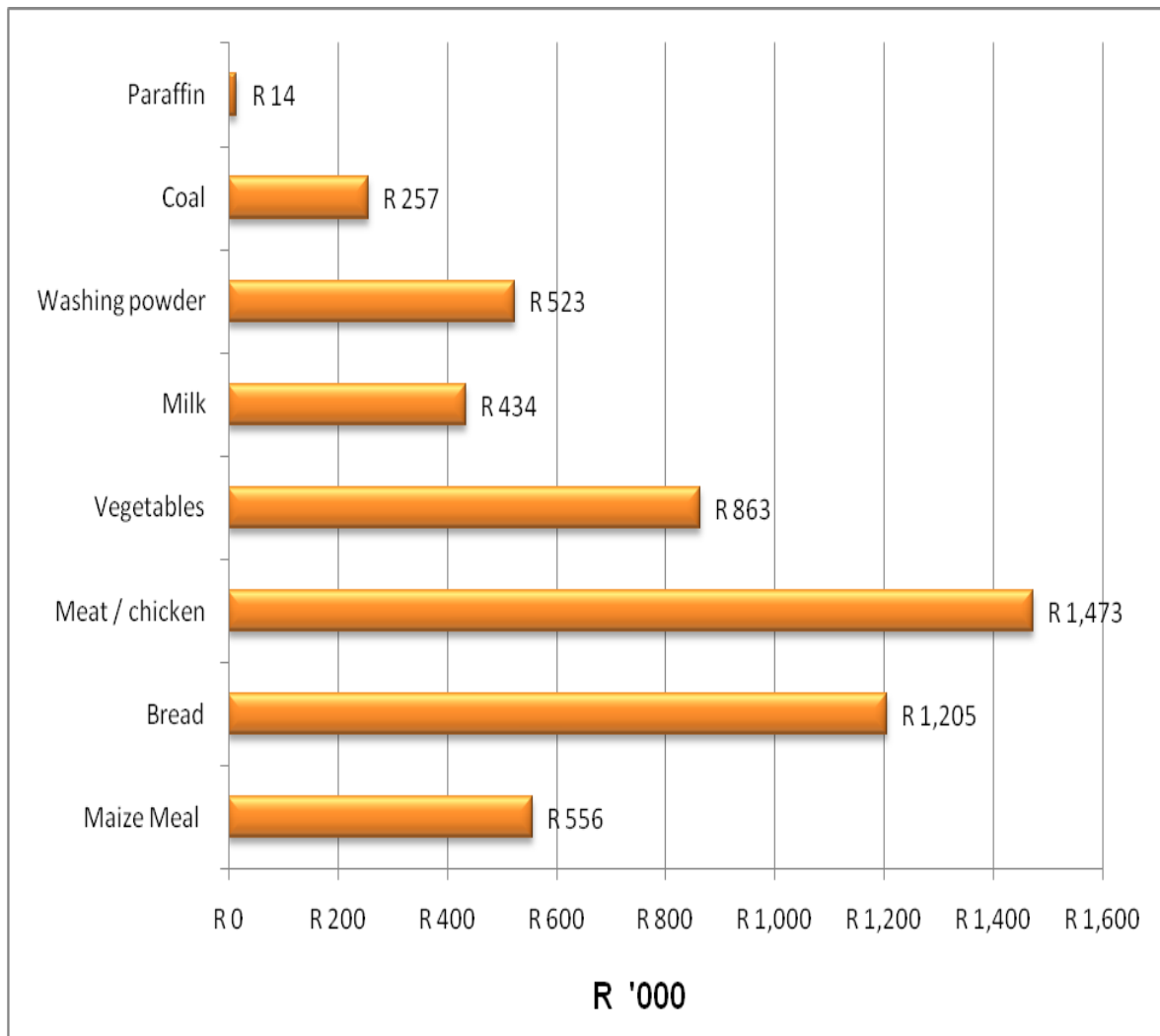
FIGURE 3.21 HOUSEHOLD INCOME CONTRIBUTORS IN SHARPEVILLE



Source: Survey data, 2009

Figure 3.22 illustrates the estimated monthly expenditure on some of the basic items in Sharpeville households. An estimated R863 000, R1.2 million and R1.5 million per month is spent on vegetables, bread and meat and/or chicken in Sharpeville. About 82 568 kilograms of maize meal is consumed on a monthly basis which amount to R556 000. This means that an estimated R6.6 million per year is spent on maize meal by households in the township. An estimated R1.2 million per month and R14.5 million per annum, is spent on bread. Meat and/or chicken is the one item that constitutes the highest expenditure for the households where an estimated R1.4 million per month is spent on it. An estimated 18 674 kilograms of washing powder is bought in a month, amounting to an estimated R6.3 million per year, an estimation of R523 000 per month.

FIGURE 3.22 MONTHLY EXPENDITURE BY HOUSEHOLDS IN SHARPEVILLE

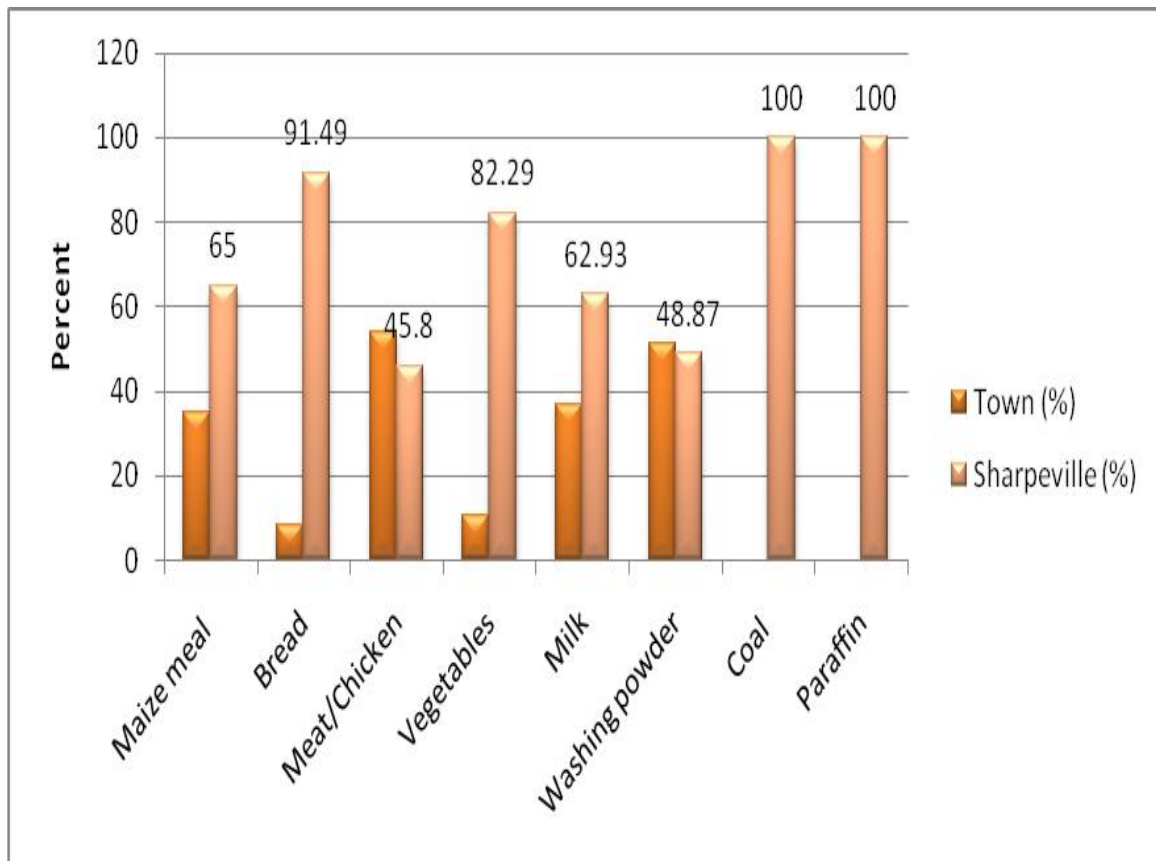


Source: Survey results, 2009

The expenditure for the same items has decreased considerably in 2009 compared to 2004, but weight distribution is similar. As in 2004 the three items mostly bought by households are meat and/or chicken, bread and vegetables. The importance of coal usage by households in Sharpeville has shifted from being the third most bought item in 2004 (Sekatane, 2004:73) to being the seventh bought item in 2009.

The average monthly expenditure on paraffin and coal decreases from R23 000 and R674 000 per month in 2004 respectively to R14 000 and R257 000 per month respectively in 2009. The decline in the monthly expenditure on these two products over the years may be attributed to the increased households' accessibility of electricity.

FIGURE 3.23 PLACE WHERE HOUSEHOLD GOODS ARE BOUGHT



Source: Survey data, 2009

Figure 3.23 illustrates the place where the products discussed in Figure 3.22 are bought. Due to the increased availability of supermarkets and shopping complexes within the township, most of the products are bought in the township.

Throughout this study when the word town is used then either Vanderbijlpark and/or Vereeniging towns are referred to. Both towns are within close geographical proximity of the township and the resident's preference determines which town they shop in. The vast majority of the products are bought in Sharpeville except for meat and/or chicken which are still bought in town. The buying trend is the same as that in 2004.

Although the majority of the products are bought in the township they are not produced or manufactured in or around the township. With an estimated total of R63.8 million being spent (on meat or chicken, bread, vegetables, maize meal washing powder, coal and paraffin) per annum by households there is an opportunity to generate money in producing some of these products in or around the community. This would mean that the community will benefit financially by employment creation but also increase social development.

Figure 3.24 above illustrates the average household expenditure in Sharpeville. An estimated 41.57 percent of household income is spent on food whilst 13.32 percent is spent on transportation, 9.55 percent on clothing and 8.35 percent on electricity. The 13.33 percent of transportation comprises of three different modes of transport, namely, taxis which amount to 11.23 percent, private cars attributing to 1.68 percent and other modes of transport which attributes to 0.42 percent.

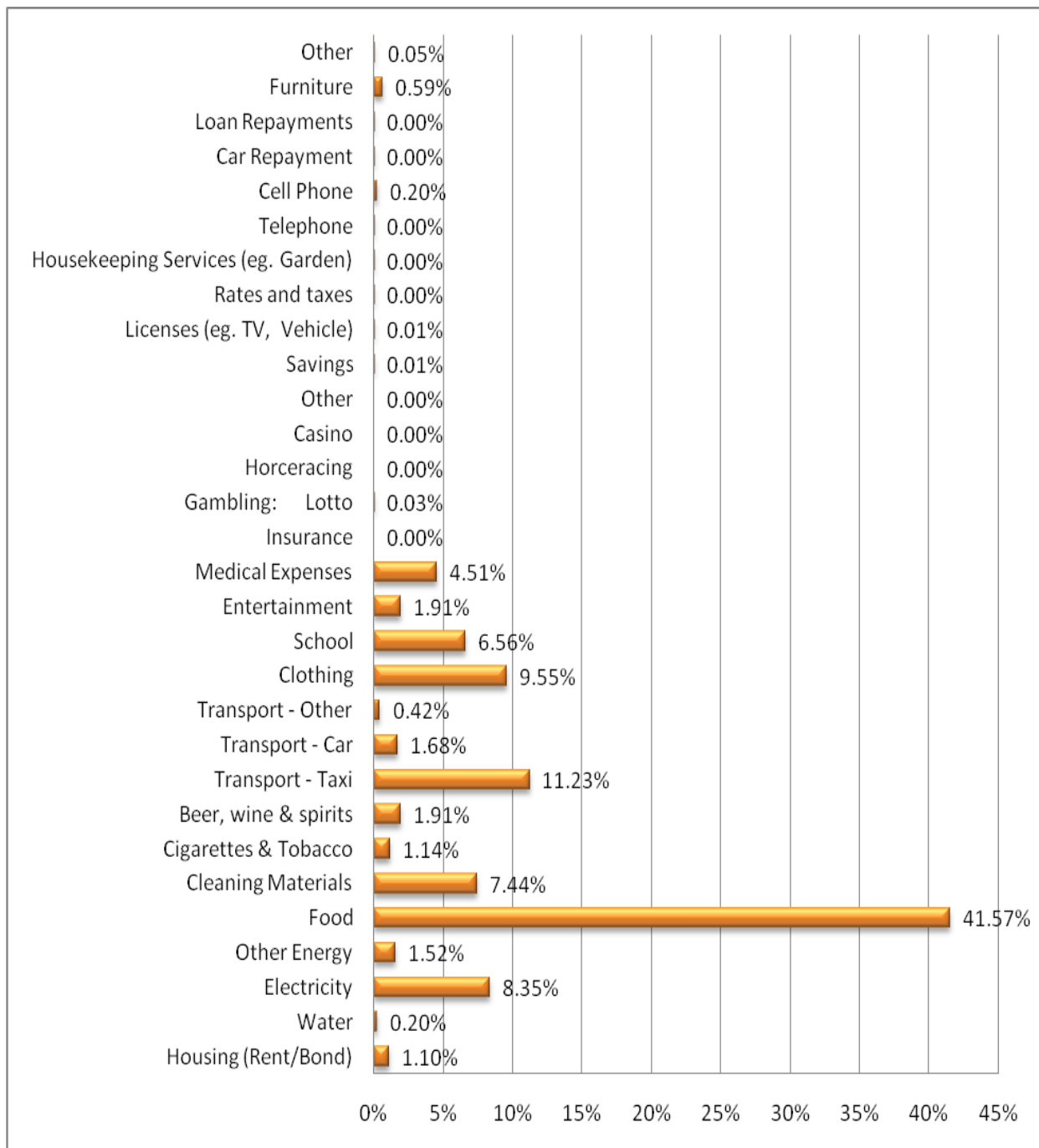
When comparing the 2004 and 2009 data, there are some changes in the distribution of household income spend on certain items including insurance and investment, food, electricity and housing (bond/rent).

Income expenditure on insurance and investment has decreased by 2.48 percent from 2004 to 2009. Food and electricity has increased considerably by 20.02 percent and 1.94 percent respectively over the five years. The increase in household's expenditure on these products could be attributed to the increase in food prices as a result of numerous factors including the increase in the Brent crude oil price and electricity price increase by Eskom.

According to Sekatane (2004:75), housing (rent/bond) constituted zero percent of household expenditure since the residents of Sharpeville were living in the old

(four bedroom) houses previously owned by the government, whose ownership was transferred to the residents after 1994. However in 2009 the picture is different where this expenditure is estimated at 1.10 percent and this means that certain residents are buying new property or renting within the township. This means that the community is developing.

FIGURE 3.24 AVERAGE HOUSEHOLD EXPENDITURE IN SHARPEVILLE



Source: Survey data, 2009

3.6 ENVIROMENTAL ISSUES

This section evaluates perceptions about pollution in Sharpeville (comparing 2009 to 2004's perception). The section will focus on three types of pollution, namely, littering, air pollution and noise pollution.

From the respondents' views 79.45 percent are of the opinion that Sharpeville is littered, untidy and dirty. This might be as a result of the numerous open dumping areas and general littering found all around the township. Of the total respondents 100.0 percent are unsatisfied with the current situation and want something to be done urgently about the state of affairs. An estimated 50.0 percent of respondents feel that it is the responsibility of the municipality to do something to correct the pollution problem within the community (Survey data, 2009).

Noise pollution stems mainly from loud music and vehicles (Sekatane, 2004:76). About 35 percent of the respondents admit that they are affected by loud music which is played and heard in their neighborhood but they don't care much about it. It seems that the majority of the community has made peace with the fact that they cannot actively do anything regarding the noise levels. In 2004 77 percent of the respondents indicated that they were affected by noise pollution in Sharpeville whilst only 44.00 percent of the respondents in 2009 indicated that they are affected (Sekatane, 2004:76).

Air pollution is mostly the result of smoke and dust in the township. An estimated 83.22 percent of the population of Sharpeville is affected by air pollution which stems from nearby industries and coal fires made in the surrounding communities of Sharpeville. About 63.85 percent of the air population is a result of coal fires whilst 39.25 percent is from the nearby industries (Survey results, 2009). According to Mokoena (2004:127) gravel roads in some places, as well as a lack of trees and groundcover lead to dust, especially during the dry autumn and winter months. About 71.43 percent of the community is affect by the dust levels which persist within the community.

The opinions about the different levels of pollution in Sharpeville have not changed in the last 5 years whilst the level of air pollution and littering has

increased by 4.0 percent and 10.0 percent respectively. The only decline in pollution is noise and this can be attributed to the fact that most respondents have accepted the noise levels as part of their community, especially since they cannot do much about it.

3.7 CRIME

As is the case in many parts of the world, environmental problems in South Africa stand in close relationship to human and economic issues (Barnett, 2006:169). According to Borat and Kanbur (2006:13) there exists a vicious cycle which links income inequality to crime which. This, in turn, induces high levels of investment uncertainty. This is possibly one of the key constraints to long-run economic growth in South Africa (Borat and Kanbur, 2006:13).

Crime and violence contribute to the experience of poverty at two levels. Firstly, the exposure to crime and violence directly detracts from the quality of life of its victims and those fearful of being victimised. Secondly, the high incidence of crime and violence, which forms a salient feature of everyday life in South Africa, is symptomatic of a profound social malaise in which the cycle of poverty and of violence are indistinguishable (Aliber, 2001:24). It seems that violence and crime are the unwelcome guests in poor communities (Mathole, 2005:43).

According to the survey results an estimated 33.82 percent of households in Sharpeville have experienced crime in the last 12 months. These crimes include assault, robbery, rape and murder (Survey data, 2009). In 2004 this figure was at 22.00 percent (Sekatane, 2004:78). This shows that the level of crime has increased in the township. An increase in crime is not good.

3.8 SUMMARY AND CONCLUSION

The main objective of this chapter was to profile the poor in Sharpeville using numerous variables including demographics, the labour force, the level of education and household's income and expenditure patterns. Throughout the chapter comparisons were made between survey results of 2009 and 2004 (from Sekatane, 2004).

The average household in Sharpeville has 3.9 members whilst the dependency ratio, an indicator of the number of persons who depend on the income of one earner, is estimated to be 4.7.

South Africa is estimated to have a population of 49.9 million people with the Gauteng province having 11.9 million of that population. From both the national and provincial statistics, females are the dominating gender. About 51.00 percent of the population is female whilst 49.00 percent is male. Sharpeville also follows the trend with an estimated 58.60 percent of its population being female and 41.40 percent is male.

An estimated 31.40 percent and 26.70 percent of the national and provincial population are younger than 15 years. And 62.00 percent of Sharpeville's population is 39 years of age and younger. An estimated 31.00 percent of the township is aged between 20 years and 39 years (in 2009) whilst in 2004 the same group amounted to 27.40 percent.

The majority of the respondents have lived in the Vaal Triangle for more than 51 years (18.40 percent) whilst only 1.40 percent has been in the Vaal Triangle for 5 years and less. In 2004, 24.70 percent of the respondents had lived in the Vaal Triangle for more than 51 years. This indicates that Sharpeville is an established township with minimal movement into the township.

The labour force encompasses of people who are eligible to work (are aged between 15 and 65 years) and are either employed or unemployed. The labour force in Sharpeville comprises of an estimated 44.10 percent unemployed people with 55.90 percent being employed. From the employed population 20.50 percent are informally employed whilst 35.40 percent of them are formally employed.

In 2009 the sectors that employed the majority of residents of Sharpeville are wholesale, retail trade and catering at 24.00 percent, gardening or domestic working were at 19.00 percent whilst electrical, water and gas sector that has 12.00 percent.

The national figure for unemployment for 2010 is estimated to be 25.20 percent and Sedibeng's unemployment rate was 32.81 percent in 2007. From the survey

data results (2009) Sharpeville's unemployment rate is estimated to be 44.09 percent. The majority of unemployed people in the township have been out of work for not more than 2 years (88.10 percent).

There is an increase (by 65.30 percent) in this group's unemployment figures when compared to those of 2004. Young people aged between 21 and 35 have the highest incidents of unemployment. This group comprises of 44.20 percent of the township's population with 69.50 percent of them being female and 30.50 percent being male.

About 40.00 percent of Sharpeville unemployed population have retail trading (selling) skills in comparison to catering/cooking as in 2004 (13.30 percent). The skill acquisition for retail trading has increased over the years not only for skills but for employment opportunities too. About 46.00 percent of the unemployed people would like to have or start a business in the retail trading sector.

Poverty is defined as the inability to attain a minimal material standard of living. Poverty is measured (in this study) in terms of the headcount index (defined as the fraction of population below the poverty line) and the poverty gap index (which measures the shortfall of income of poor people below the poverty line). Sharpeville's poverty gap index and the headcount index are estimated at 0.86 and 0.654 in 2009. There is a 0.223 increase (in 2009) in the number of households living in poverty in the township when the headcount index for 2004 (0.431) is compared to that of 2009.

About 58.42 percent of Sharpeville's population is whilst 41.58 percent are males. In comparison to these figures the poor population (58.89 percent are females whilst 41.11 percent are males) of Sharpeville have the same gender trend where females dominate males.

There seems to be an indirect correlation between poverty and education. People who have a diploma or degree or other form of higher education qualification are the smaller percentage of the poor population 37.49 percent in 2009. There is an increase in the number of poor educated individuals as in 2004 only 9.50 percent of the poor population had a diploma, degree or other forms of higher education qualification.

Just under half of Sharpeville's population in 2009 (44.19 percent) is estimated to be unemployed. In 2009 an estimated 55.81 percent of the poor are employed in both the formal (27.91 percent) and informal (27.91 percent) sectors. In 2004 72.90 percent of the labour force of the township was unemployed. The majority of Sharpeville residents, in 2009, are involved in formal employment. The one sector that employs the majority of the residents is the wholesale, retail, trade and catering sector (26.47 percent of the poor population).

Young people who are aged between 21 years and 35 years are more susceptible to be unemployed (65.00 percent are unemployed) than the older generation with females being hard hit by poverty. In comparison to 2004's figures for the same category only 53.7 percent were unemployed. The majority of those regarded as poor have a similar unemployment duration trend as with those of the entire community (unemployment for an average of 2 years) in 2009. The higher qualified you are the less the likelihood for the individual to be poor.

The average monthly household income for 2009 is estimated to be R2 866, a decrease of R78. In 2004 the household income was estimated at R2 944. Salaries are still the biggest contributors of income in Sharpeville households even though its contribution has decreased. However, social grants' contribution into the household income increased by 2.9 percent. The three most staple foods within the community are bread, meat or chicken and vegetables. An estimated 41.52 percent of household income is spent on food whilst 13.33 percent is spent on transportation, 9.53 percent on clothing and 8.34 percent on electricity. These four items form part of the bulk of the household expenditure.

Respondents feel that Sharpeville has high levels of pollution, i.e. the township is littered, untidy and dirty. The majority of the population is not happy with this situation and feels that it is the municipality's responsibility to correct the situation.

An estimated 33.0 percent of households in Sharpeville have experienced crime in the last 12 months. These crimes include assault, robbery, rape and murder. In comparison to 2004's 22.0 percent the level of crime in the township has increased slightly.

Poverty in Sharpeville has increased considerably over the years even though the unemployment rate has decreased over the same period. The average income received by households has also decreased by R78. From these facts one can deduce that as much more individuals are employed they have to survive on less income with the real value of their money decreasing. This is a result of being employed in low income sector. This increases their probability and susceptibility to be poor.

CHAPTER 4

THE IMPACT OF GOVERNMENT GRANTS ON THE POPULATION OF SHARPEVILLE

4.1 INTRODUCTION

South Africa, like other countries, is faced with the conflicting imperatives of promoting equity and alleviating poverty. A combination of these forces has led to some changes in social assistance programmes in South Africa over the last three decades (Kruger, 1998:3).

South Africa has a well-developed social security system, largely on par with the social security systems of developed countries and unlike those in place in most developing countries (Booyesen, 2004:46). In addition to the coverage of South Africa's social assistance system, the impact that social grants have on household formation imply that their impact extends further than simply to those who qualify to receive them (Armstrong & Burger, 2009:6).

The main aim of this chapter is to determine and to analyse the impact of government grants on the poor population in Sharpeville. Constant comparison of national, provincial and municipal figures is conducted throughout the chapter to further analyse the different trends that might exist. The information used in this chapter regarding social grants is collated from a social grant questionnaire (see Annexure C) that was circulated simultaneously with the household questionnaire (in Annexure B) in and around Sharpeville as part of this study.

4.2 OVERVIEW OF GOVERNMENT GRANTS

Social grants serve a broader role in protecting household members, especially children, from vulnerability (Altman & Boyce, 2008:9). As discussed in Section 2.3.1 social assistance was defined as the transfer of income in the form of grants or financial awards provided by government (De Koker *et al.*, 2006). According to SASSA (2009:14) social grants are defined as all the adult grants that comprises of disability, old age and war veteran's grants. For the purpose of

this study the definition of De Koker *et al.* is used. Throughout this study, social assistance and social grants are used interchangeably.

4.3 PROFILE OF HOUSEHOLDS RECEIVING GRANTS IN SHARPEVILLE

For the purpose of profiling households that receive social grants, a snapshot-like profile, similar to the one used in Chapter 3, is used here. Households that receive social grants are profiled through elements such as gender, age distribution, education and their income and expenditure. Close comparison between those individuals that receive government grants and who do not receive government grants is conducted in this chapter. This is done so as to highlight the differences and similarities that exist within these groups.

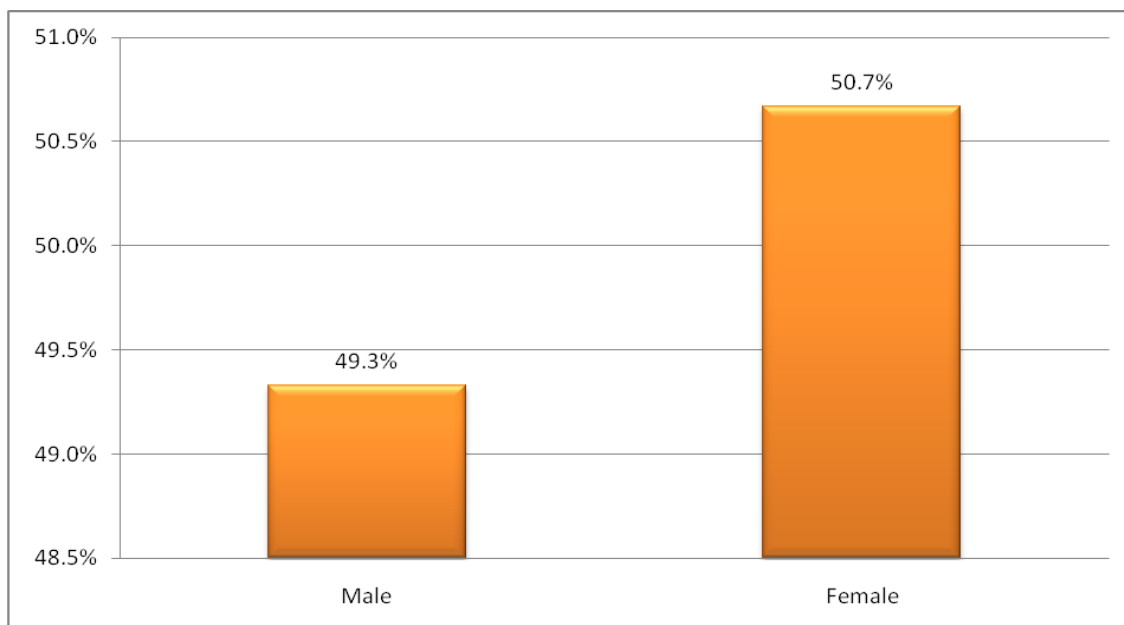
According to Stats SA (2009:7-8), grant recipient households in the country have shown similar characteristics over the years. These characteristics include:

- The mean total dependency ratio, child dependency ratios and aged dependency ratios are higher in social grant recipient households than in their non-grant counterparts;
- The unemployed and not-employed ratios were higher in social grant recipient households than in non-grant recipient households;
- The mean educational institution attendance ratio for those aged between 5 years and 24 years is significantly higher in the social grant recipient population than amongst households not receiving grants. In the case of non-grant beneficiary households the lower educational institution attendance ratios may be attributed to the broad age band used for the analysis and lower unemployed ratios within households that do not receive social grants. There is a statistically significant negative correlation ($r = -0,26$) between the unemployed ratios and educational institution attendance ratios ($p < 0,0001$). Households with many unemployed members are therefore less likely to have members aged between 5 and 24 years attending an educational institution;

- Social grant recipient households have a significantly smaller pool of educated members than non-grant recipient households to draw on. Illiteracy is also more common amongst the elderly who typically make up a significant proportion of grant recipient households through their qualification for the old age grant; and
- Between 2003 and 2007 the mean number of rooms per household has increased significantly in social grant recipient households, but has changed relatively little in households who do not get any social grants. Medical aid ratios also declined significantly in the social grant recipient category, whilst increasing marginally in the non-grant recipient households. Non-grant recipients have significantly higher outside-house support ratios than grant recipient households (Stats SA, 2009).

In Gauteng an estimated 1,641,890 people were social grants beneficiaries in 2009 (SASSA, 2010). This means that social grant recipients for the province amount to 14.66 percent of the province's population. Sharpeville has a different trend where an estimated 13.24 percent of the surveyed population receives a social grant (Survey, 2009).

FIGURE 4.1 GENDER DISTRIBUTIONS OF GRANT RECIPIENTS IN SHARPEVILLE

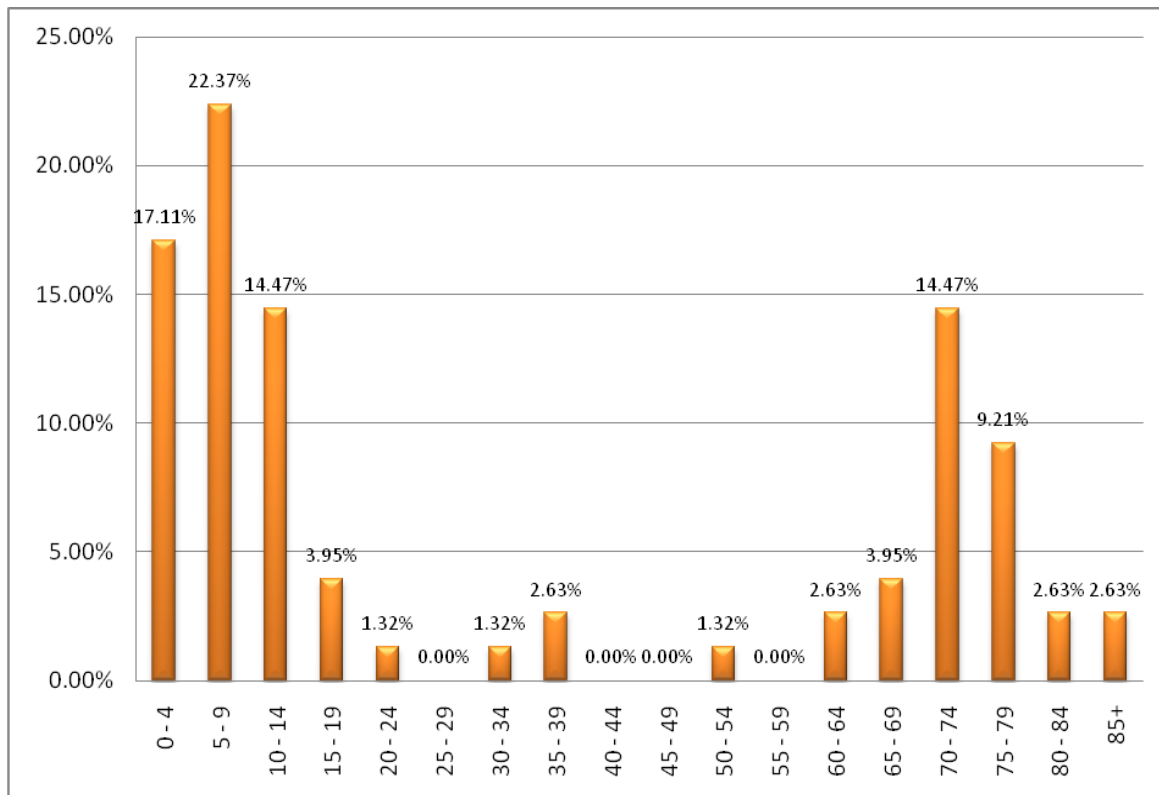


Source: Survey data, 2009

About 41.58 percent of Sharpeville's population is male whilst 58.42 percent is female. An estimated 58.89 percent of the poor population is female whilst 41.11 percent is male. The trend remains consistent as shown in Figure 4.1 above, which illustrates the gender distribution of individuals receiving social grants in Sharpeville. An estimated 50.7 percent of grant recipients are female while 49.3 are male. The gender distribution trend of grants in Sharpeville has the same trend as that of both the province and the municipality.

According to SASSA (2010) females receiving grants account for 52.63 percent and 52.58 percent for Gauteng and Sedibeng respectively. Males who receive grants in Gauteng and Sedibeng account for 47.37 percent and 47.42 percent respectively. This indicates that there is not much difference between the genders, and the slight dominance of females could be attributed to the fact that females form part of the largest percentage of not only the country's population but of the municipality and the township (Sharpeville) too. Another reason for this trend can be attributed to female headed households.

FIGURE 4.2 AGE DISTRIBUTION OF GOVERNMENT GRANT RECIPIENTS IN SHARPEVILLE



Source: Survey data, 2009

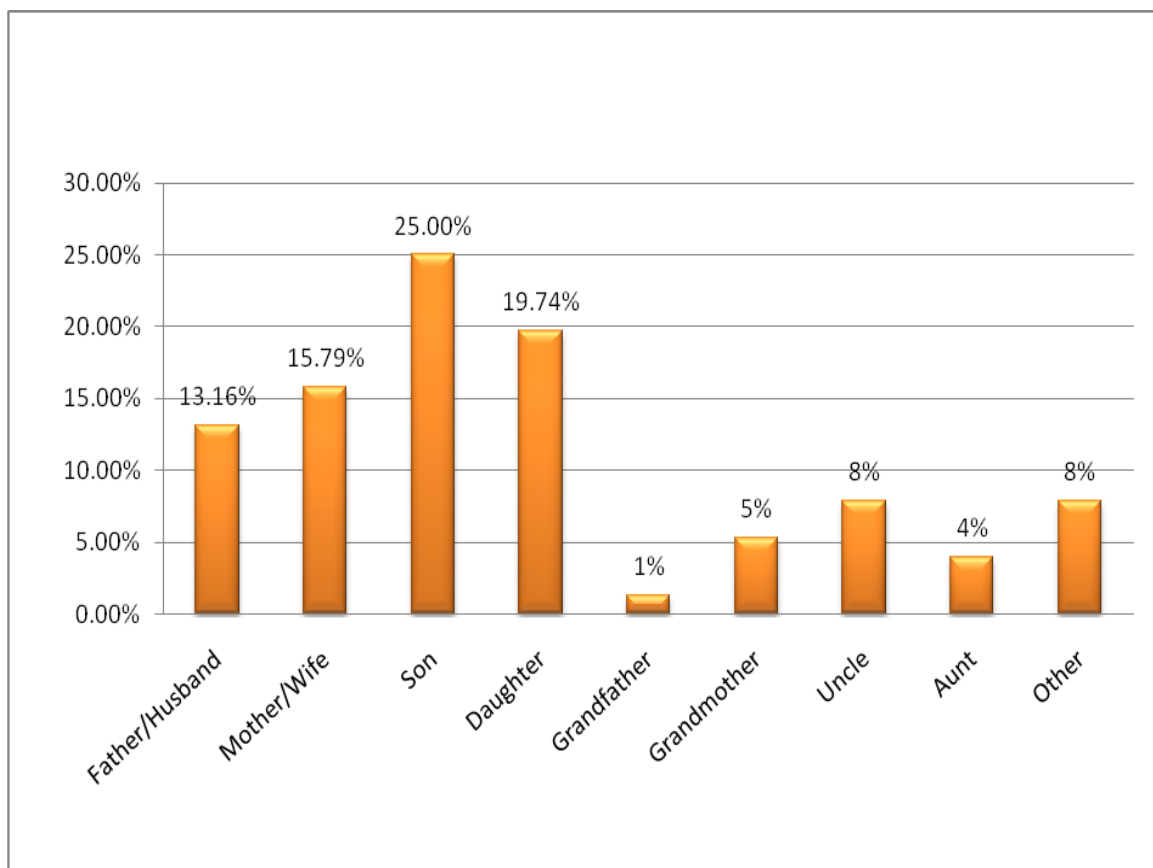
Age distribution amongst social grants recipients in Sharpeville can be grouped into two large groups, the first being children who are 18 years and younger and the older generation who are aged from 60 years upwards. This trend is attributed to the criteria used for awarding social grants in the country.

An estimated 57.9 percent of the base is aged 18 years and younger whilst, 35.52 percent are 60 years and older. This is illustrated in Figure 4.2 above. Children between the ages of 5 and 9 constitute the highest concentration of the population. This could be due to an overall increase in the uptake of child support grants in the country.

4.3.1 Household composition

As observed in sub-section 3.2 (Figure 3.3) most families in Sharpeville consists of single mothers. Children form the greatest part of households in the township.

FIGURE 4.3 HOUSEHOLD COMPOSITIONS OF GOVERNMENT GRANT RECIPIENTS IN SHARPEVILLE



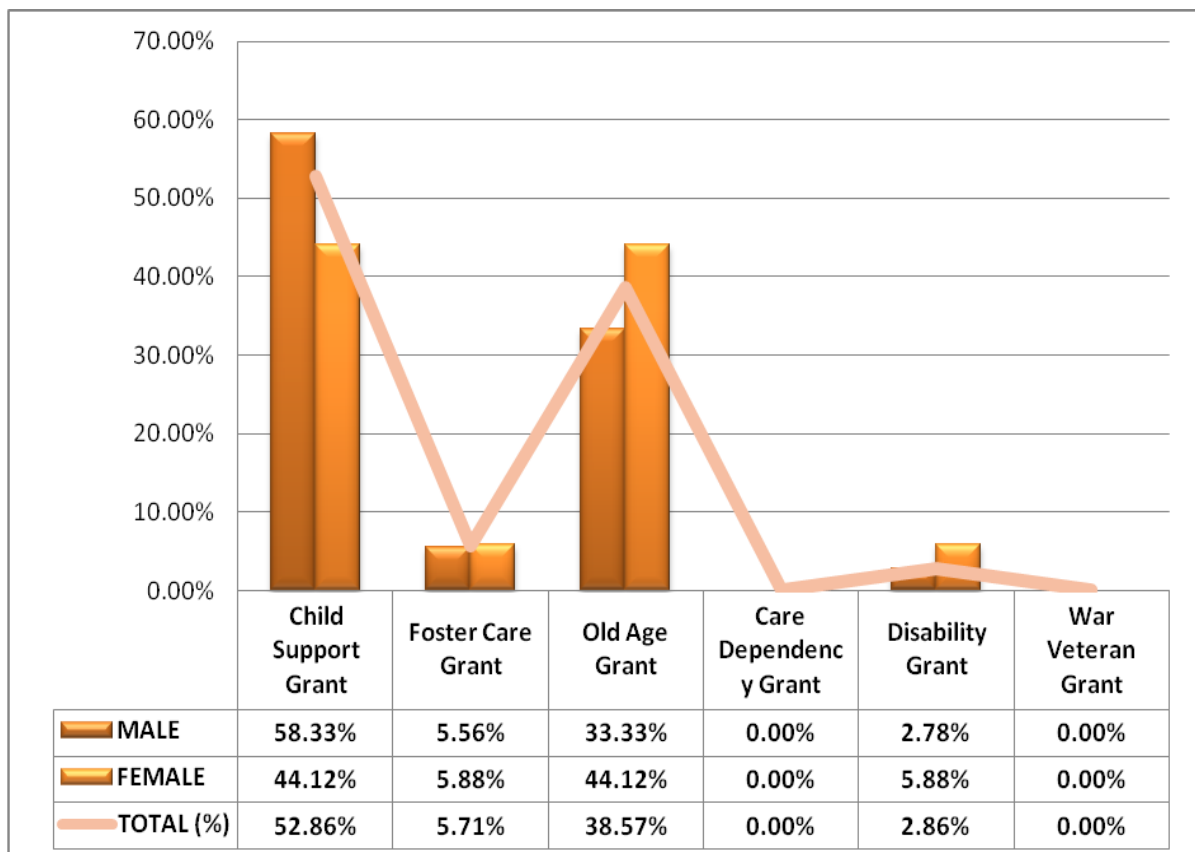
Source: Survey data, 2009

This trend can also be observed in households that receive grants in Sharpeville which are illustrated in Figure 4.3 above. The higher percentages of the population in the township of those receiving social grants are children comprising of 44.74 percent. This group comprises of sons and daughters consisting of 25.0 percent 19.74 percent respectively. There is a slight dominance of mothers/wives (15.79 percent) over fathers/husbands (13.16 percent).

4.3.2 Government grant types and gender distribution

For the Sedibeng Municipality the gender trend across the different types of social grants is similar to that of Sharpeville wherein the child support grant has the highest cluster of the municipality's grant receiving population. About 64.76 percent of Sedibeng's population receives child support grants with females, at 50.24 percent, are the predominant gender (SASSA, 2010).

FIGURE 4.4 GOVERNMENT GRANT TYPES ACCORDING TO GENDER DISTRIBUTION IN SHARPEVILLE



Source: Survey data, 2009

Figure 4.4 portrays the distribution of the population across the different social grant types. In Figure (4.4) the population is also divided by gender to identify the distribution amongst females and males. Old age and child support grants constitute 91.43 percent of the base. About 52.86 percent of the population receive child support grant. From individuals who receive child support grants an estimated 58.33 percent of them are males with 44.12 percent being females. Care dependency grant and war veteran grant have no recipients. Females are higher grant recipients of social grants than their male counterparts. For child support grant, 44.12 percent of recipients were females whilst 58.33 percent were males. About 44.12 percent of old age grant recipients are females and 33.33 percent are males.

4.3.3 Education levels

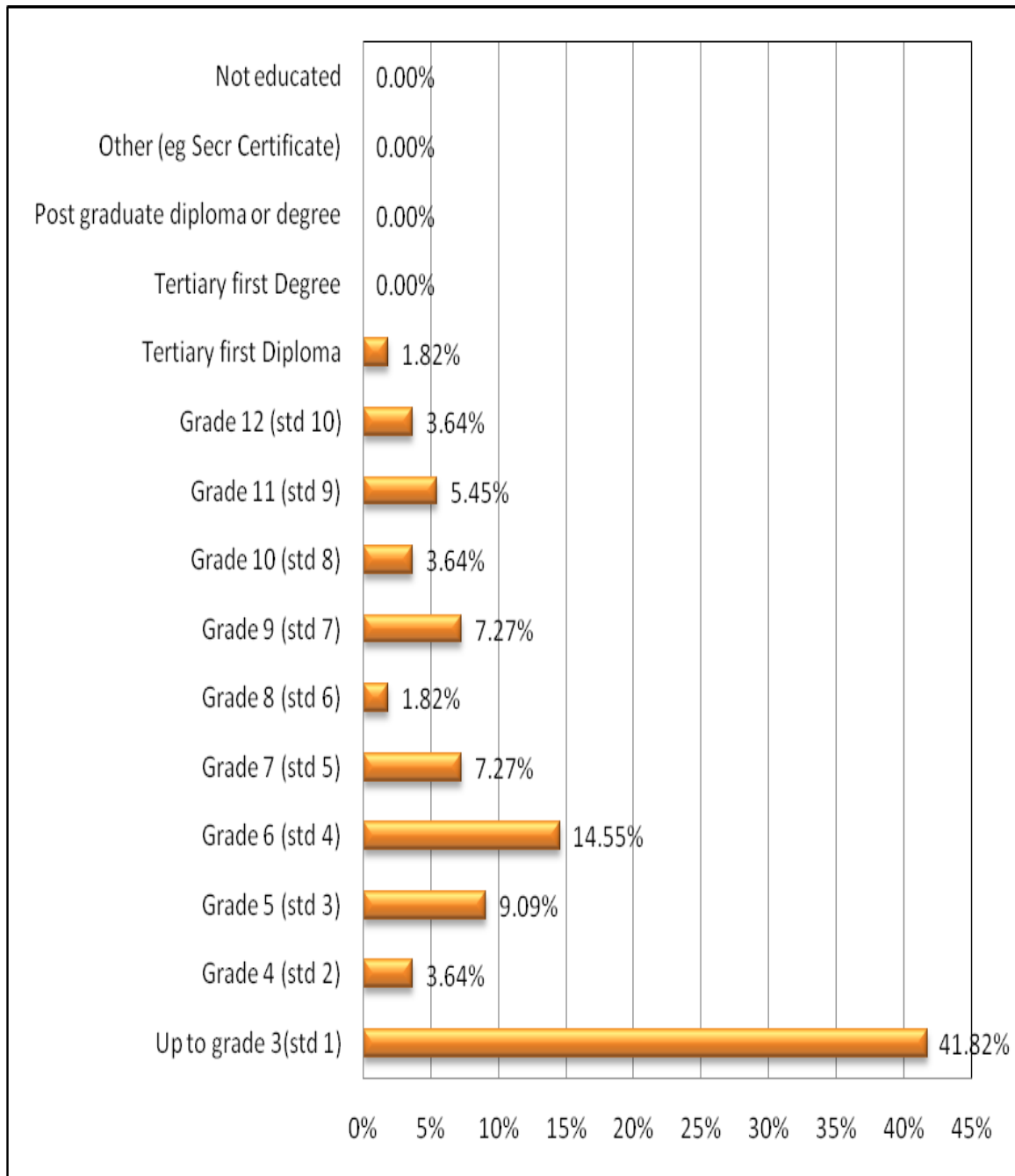
The majority of grant recipients are of school going age. Figure 4.5 below illustrates the education level of Sharpeville's grant recipient population. Most of the children who are recipients of social grant are in primary school in grade 3 and/or lesser grades including nursery and preschool. This group amounts to 41.82 percent.

Grant recipients who are still in primary amount to percent. From these numbers one observes that the target market for government is being reached within the township. This means that young children are encouraged to stay in school and get an education and not be forced into finding employment at a young age due to the lack of household income. The government grant might not be directly received by the recipient but the government has put in measure to try and ensure that grant is used in the beneficiary's benefit.

The age distribution of social grants recipients as depicted in Figure 4.2 (Age distribution of grant recipients in Sharpeville) illustrates that the portion of the population 9 years and younger is 39.41 percent. This figure corroborates with the figures in Figure 4.5 on the level of education within households that participated in the surveys. An individual who has received their grade 12 certificate should be 18 years or older. At this age the individual is no longer considered a child and can thus look for employment to sustain oneself and/or

pursue higher education. And at this point in their lives they can form part of the country's labour force.

FIGURE 4.5 EDUCATION LEVELS OF GOVERNMENT GRANT RECIPIENTS STILL IN SCHOOL

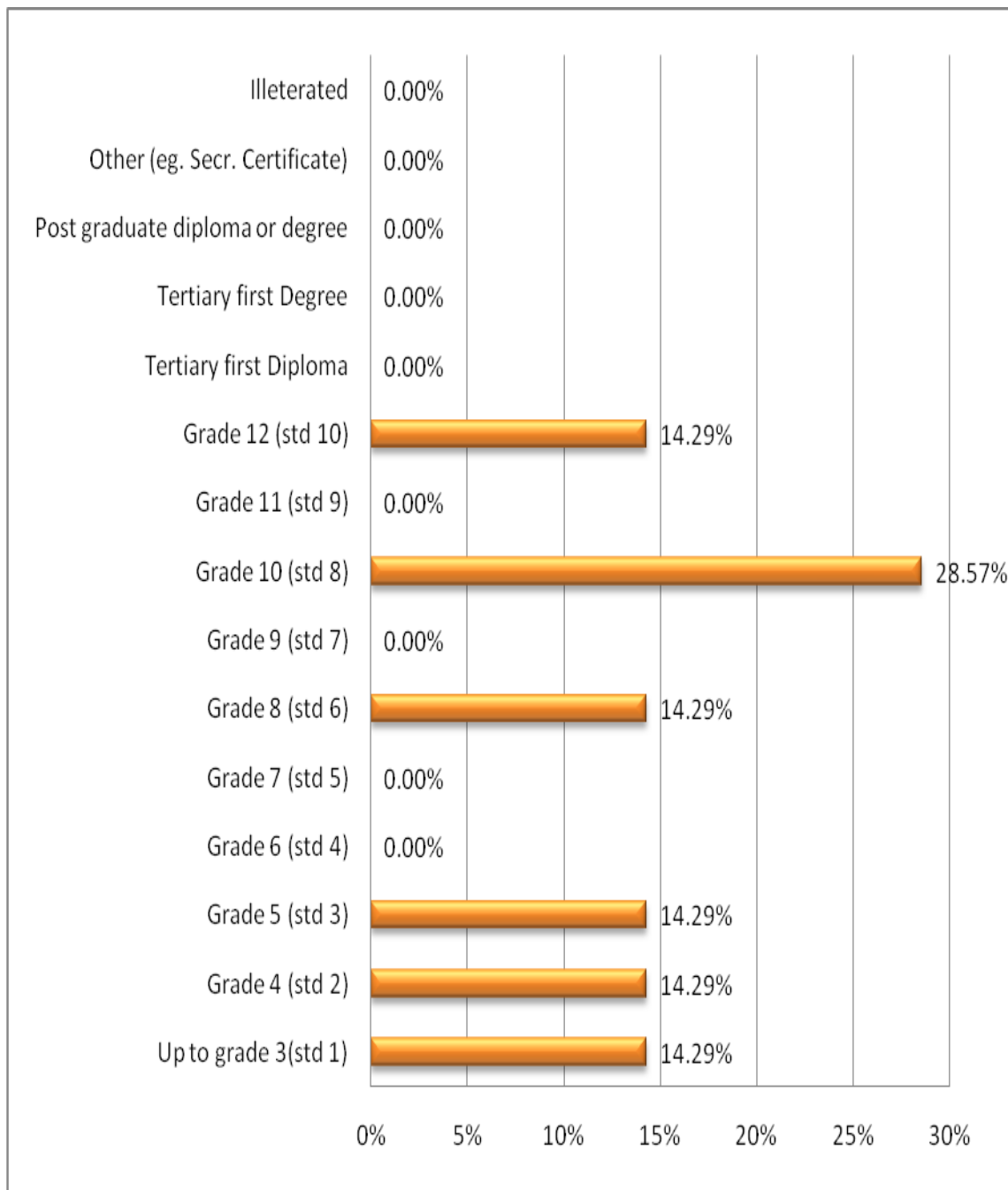


Source: Survey data, 2009

The majority of the poor population of Sharpeville does not have a qualification higher than grade 12 (75 percent) as illustrated in Section 3.4.1 (Figure 3.14). A similar trend is evident with social grant recipients where no one with a higher

education qualification is currently receiving a social grant. This is shown in Figure 4.6. Most of grant receiving children in Sharpeville are still in primary school and this can be correlated to Figure 4.4 (Social grant type according to gender distribution) which indicates that the child support grant has the most recipients.

FIGURE 4.6 EDUCATION LEVELS OF GOVERNMENT GRANT RECIPIENTS POST SCHOOL



Source: Survey data, 2009

The results of the survey indicate that most of the individuals who are regarded to be poor and are receiving social grants do not have an education higher than grade 12.

4.4 THE IMPACT OF GOVERNMENT GRANTS ON POVERTY

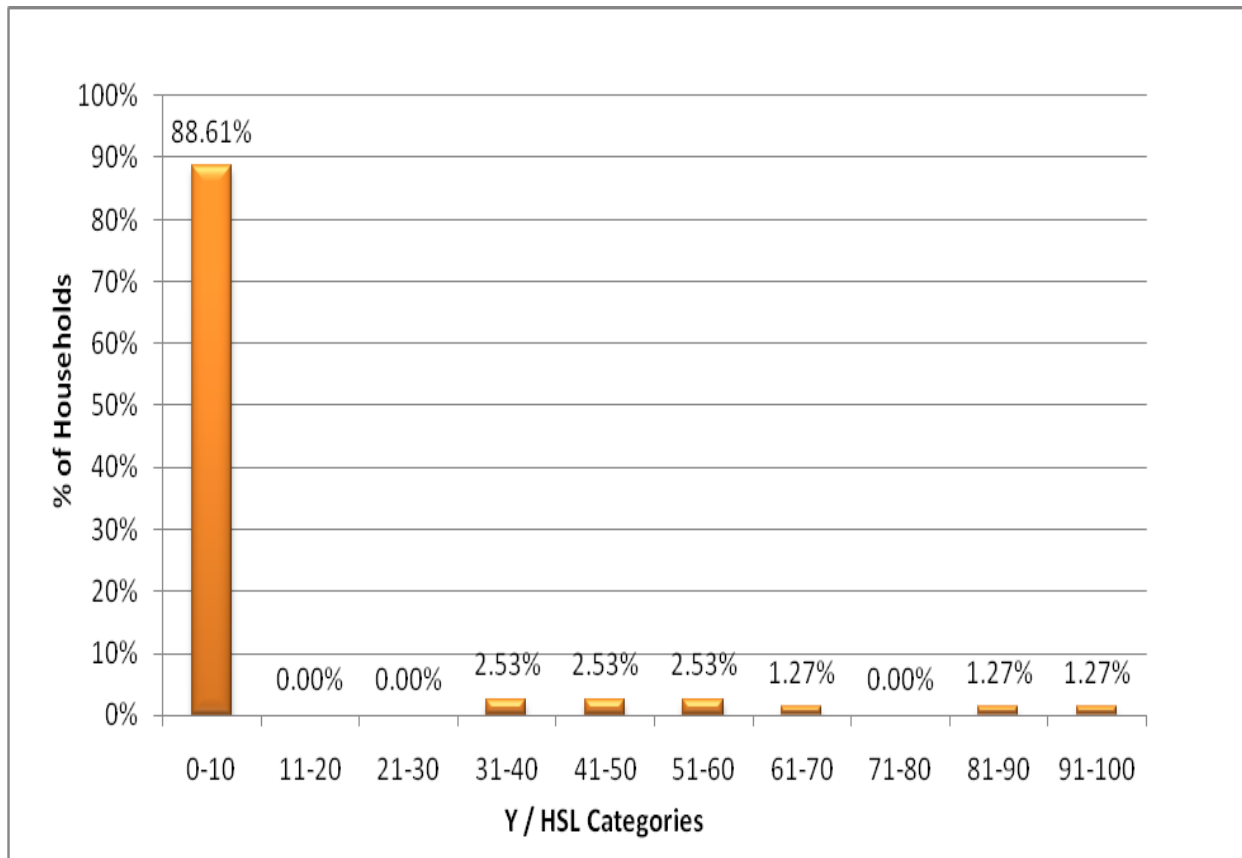
The main objective for this study is to investigate the impact government grants have on poverty within the township of Sharpeville. Factors like headcount index, HSL ratio and households' income and expenditure patterns are used to demonstrate and thus draw a conclusion regarding the impact government grants have in households and thus on poverty.

The headcount index for Sharpeville when government grants are excluded from households in the year 2009 was estimated at 0.705 whilst the poverty gap ratio was estimated at 0.93. In comparison to the headcount index of the township where government grants form part of household income, as discussed in section 3.4, one observes that there is a 0.051 difference. When considering government grants poverty is higher in the absence of government grants and lower when government grants are part of the household income.

Figure 4.7 illustrates the distribution of income in households when government grants are excluded from households' income as a percentage of their HSL. Figure 4.7 portrays that 88.61 percent of Sharpeville's households in the absence of government grants, in the year 2009, had an income that is less than 10 percent of their HSL. An estimated 6.33 percent of households, in the absence of government grants, have income that is 50 percent or more of their HSL. When comparing the HSL ratios of households that have income that is 10 percent of their HSL, in the absence and presence of government grants, one observes an 18.91 difference.

The average monthly household income for Sharpeville was estimated at R2 866 but if government grants are removed the average monthly household income was estimated at R2 071. This means that in the absence of government grants households have R795 less income to survive on. As a result households in the township are worse off.

FIGURE 4.7 HSL RATIOS IN THE ABSENCE OF GOVERNMENT GRANTS



Source: Survey data, 2009

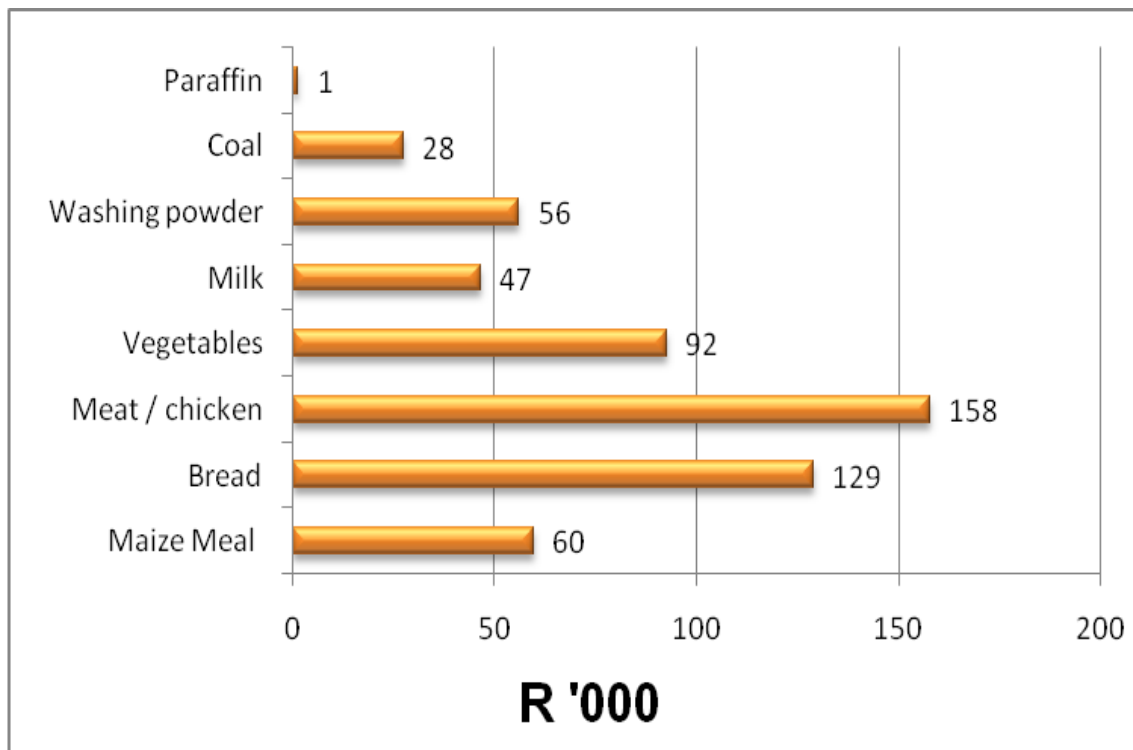
Figure 4.8 portrays the estimated monthly expenditure from households within the township when the income from government grants is excluded from the households' income. This figure, Figure 4.8 is compared closely to Figure 3.22 Monthly expenditure by households in Sharpeville.

An estimated R158 000, and estimated 5 320 kilograms, per month was spent on meat and/ or chicken in households when government grants were excluded from households. When income from government grants was included in the households' income an estimated R1.5 million, 5 900 kilograms was spent on meat and/or chicken.

An estimated R863 000, an estimated 14 870 kilograms, and R1.2 million, an estimated 26 800 kilograms, per month was spent on vegetables and bread in Sharpeville's households when government grants were included in the households' income. An estimated R129 000 and R92 000 per month was spent

on bread and vegetables respectively in the township's households when government grants were excluded from the income of the township's households. These two products amounted to 24 170 kilograms, 13 410 kilograms respectively. There was an estimated R1.3 million and 580 kilograms difference in the consumption of meat and/or chicken in the township when government grants were included and excluded in household income.

FIGURE 4.8 MONTHLY EXPENDITURE OF HOUSEHOLDS IN THE ABSENCE OF GOVERNMENT GRANTS

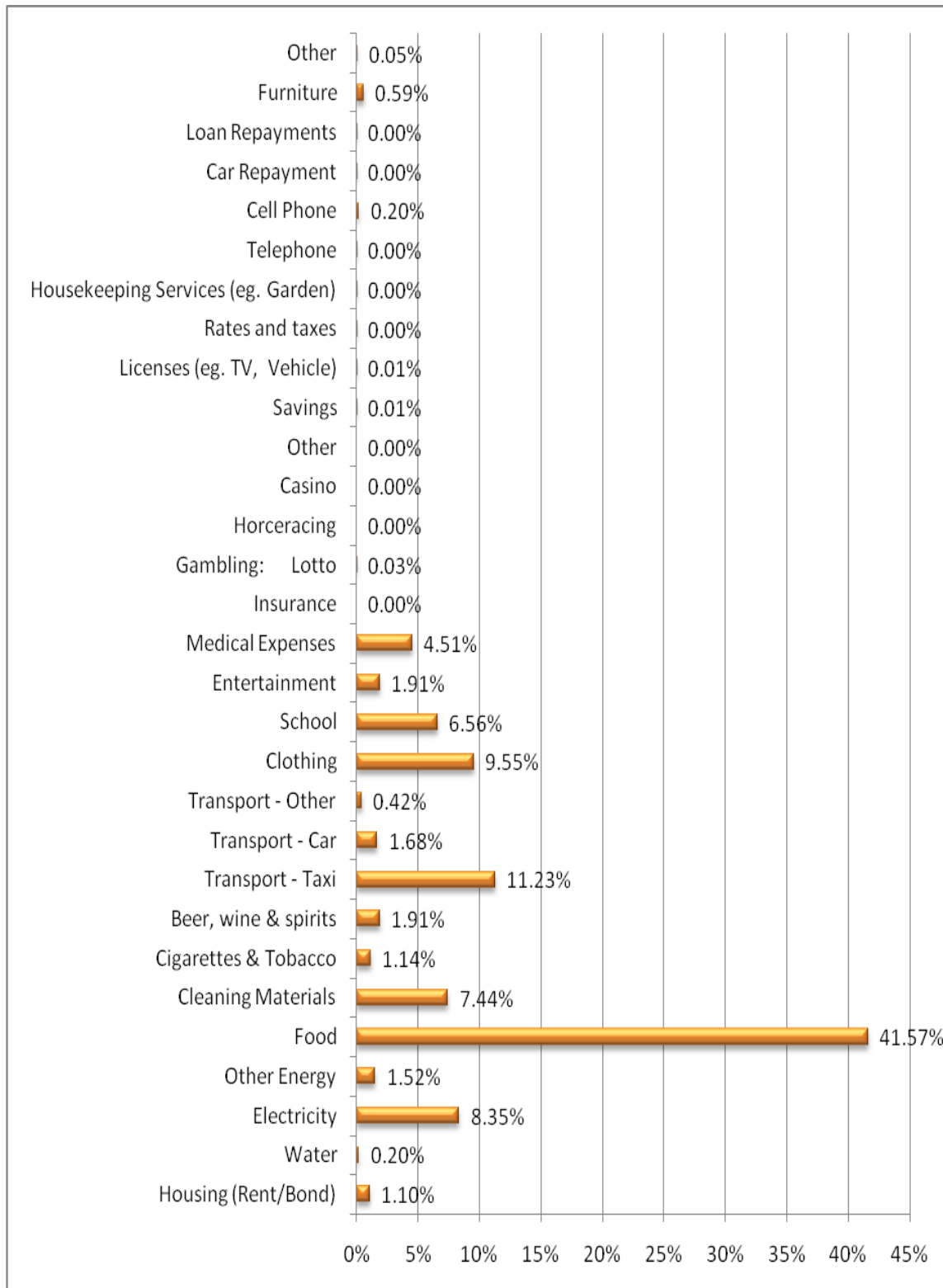


Source: Survey data, 2009

The spending patterns within the township remain constant even when government grants income is excluded from households' income. The extent of quantity differs from the amount of income households have at their disposal. However, meat and/or chicken, bread and vegetables are the three staple foods within the township.

Figure 4.9 portrays the average monthly household expenditure in the absence of government grants in the year 2009. The Figure 4.9 is compared to Figure 3.24 Average household expenditure in Sharpeville which depicts the average monthly expenditure with government grants included in the households' income.

FIGURE 4.9 THE AVERAGE HOUSEHOLD EXPENDITURE IN THE ABSENCE OF GOVERNMENT GRANTS



Source: Survey data, 2009

From Figure 4.9 one observes that food at an estimated 41.57 percent, transport at an estimated 13.33 percent and clothing at an estimated 9.55 percent were the

three items that constitutes the majority of households' monthly expenditure. The expenditure pattern was similar to that in Figure 3.24.

When the households income included government grants, an estimated R1 026 was spent on food whilst an estimated R329 and an estimated R236 was spent on transport and clothing respectively. When government grants were excluded from the income of households then an estimated R925 was spent on food with an estimated R297 spent on transport and an estimated R212 was spent on clothing. In the absence of government grants households spent an estimated R146 on education whilst an estimated R162 was spent on education when government grants formed part of the households' income.

From these comparisons one can conclude that even if the expenditure patterns are similar in the presence and absence of government grants the quantity of consumption in households differ. With the presence of government grants, households have more income and can thus spend more. Households spend less on the same items as a result of lesser household income.

The poverty level of Sharpeville is lower with the existence of government grants and other sources of income in households. This observation is based primarily from the household's HSL ratios in relation to their income and their headcount indexes. Where the headcount index for the households when government grants were excluded was estimated at 0.705 whilst with government grants was estimated at 0.654.

Without government grants households find it difficult to survive just on their average household. The presence of government grants assist in the attempt to alleviate poverty. This indicates that as much as poverty is prevalent within Sharpeville, government grants assist households to move further away from poverty. This thereby awards households the opportunity to attempt and better their lives.

4.5 SUMMARY AND CONCLUSION

Social grants in the country are aimed at the most vulnerable groups in society namely children, females and the old as they are more susceptible to poverty.

The main objective of this chapter was to reach the main objective of this study which is to see the impact government social grants have on poverty alleviation in Sharpeville. This included profiling households that receive social grants.

Stats SA identified five characteristics for households that receive social grants. These characteristics include an increased dependency ratio, higher unemployment rate, low level of education, an increase in the number of rooms found in households and females receive more government grants than their male counterparts.

Over half of the population of South Africa is aged between 16 years and 65 years. Sedibeng's social grant age distribution is comparatively similar to that of Gauteng's with the majority of the group being 18 years and younger (70.24 percent and 72.13 percent respectively). And this inclination is observed within grant recipients where the vast majority is younger than 19 years (22.37 percent in Sharpeville).

The majority of the population in the township receiving social grants is children (44.74 percent). Wives/mothers form 15.79 percent whilst 13.16 percent are fathers/husbands. This means that female-headed households are not only common in Sharpeville but also in social grant receiving households. Child support grant comprises of 52.86 percent of the population with the old age grant consisting of 38.57 percent within the community.

Of the six social grants that were explored in this chapter child support grants (52.86 percent) and old age grant (38.57 percent) constitutes 91.43 percent of the base. Foster care grant (5.71 percent) and disability grant (2.86 percent) recipients constitute the remaining 8.57 percent of the base.

The majority (41.82 percent) of social grant receiving population have a grade 3 or less education. This means that recipients are still in primary school. In the township there are no individuals who receive social grants that have an education higher than grade 12.

The monthly income for households in Sharpeville was estimated at R2 866 and when income from government grants was excluded from households' income

one observed a R795 decrease. This means that the average income for households in the township with the exclusion of government grants was estimated at R2 071. The headcount index, with the exclusion of income from government grants, was estimated to be 0.705. This means that with the exclusion of government grants, households move further away from the poverty line.

The monthly expenditure of households in Sharpeville is similar when government grants are included in the household income and when the government grants are excluded. Meat and/or chicken, bread and vegetables are the three staple foods of the township. In the absence of government grants, these staple foods, i.e. meat and/or chicken, bread and vegetables averaged an estimated R158 000, R129 000 and R92 000 per month. When government grants formed part of households' income these items average a monthly expenditure of an estimated R1.5 million, R863 00 and R1.2 million per month on meat and/or chicken, vegetables and bread.

The spending monthly spending patterns remained constant in the presence and absence of government grants in the households' income. An estimated 41.57 percent constituted food's fraction from the household's monthly expenditure. Transport constituted an estimated 13.33 percent whilst clothing constituted an estimated percent are the three most expenditure items within households in the township. The rand value, however, differs when government grants are included or excluded from the income of households. An estimated R925 was spent on food in the absence of government grants whilst only R1 026 was spent on food in the presence of government grants.

One can conclude that the quantity of items that households spend on a monthly basis on items that their survival differs in accordance to the availability of household income. The more money households have the more, in quantity terms, households tend to spend.

Income from social grants is not the major contributor in household income in Sharpeville; however, without this income households become more exposed to

poverty. In conclusion, social grants do play a vital part in the attempt of alleviating poverty within households of Sharpeville.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The main objective of this study was to analyse the possible impact government grants have on poverty alleviation in Sharpeville. The previous chapters have dealt with the main objective of the study, as given above. This chapter provides a summary of the previous chapters, reach a conclusion and provide some recommendations, all from the findings from the preceding chapters.

5.2 SUMMARY OF THE DISSERTATION

Poverty is a human and international phenomenon. And in the South African context poverty is as a result of a very complex history. South Africa is currently facing a conflicting imperative of promoting equity and alleviating poverty and tightening fiscal screws and the discipline of international factor markets.

Defining poverty can turn out to be tricky as different people define poverty differently. In most instances the definition is in relation to their circumstances. When attempting to define poverty political and cultural influences, the relationship between inequality and poverty due the country's history and deprivation and basic needs are factors to be considered closely. The World Bank defines poverty as the inability to attain a minimal material standard of living. And for the purpose of this study this definition was used when referring to poverty.

There are different types of poverty and at times more than one type of poverty can be found in one society. The main causes for the types of poverty include inherited poverty, instant poverty, temporary poverty, new poverty, hidden poverty, endemic poverty, overcrowding poverty and terminal poverty.

There different views on what the causes of poverty are. These views differ both on at an international and national platform. In the South African context, the main causes of poverty include poverty as a consequence of the apartheid area

where resources were made available to the minimum population of the country. Racial discrepancies resulting in the discrepancies in the quality of life of citizens, the constantly increasing national unemployment rate, globalization and the effects of HIV/AIDS on the economic growth of the country are causes of poverty in South Africa.

Six poverty indicators were identified and confirmed by the South African Participatory Poverty Assessment. These indicators include alienation of poor individuals from the community, especially the elderly as they are unable to take care of themselves, financial and/or physically, the way they used to. The lack of adequately paying secure jobs results in individuals being perceived to be poor. This is mainly because these individuals lack the opportunities for employment and are thus unable to secure high paying jobs. The inability to provide sufficient or good quality food for the household is a result of poverty. The lack of proper homes and many children is another indicator of poverty. This is because extended family members have to aid in supporting the children and maintenance of house. These are responsibilities that can be undertaken by individuals who are not living in poverty. The lack of access to safe and efficient basic services is another indicator of poverty. Disintegration of households where the father does not live with his family or the children are apart from their parents is the last indicator of poverty within South Africa.

As with the different definitions of poverty numerous methods can be used to measure poverty. However, in South Africa the poverty line which indicates the income level needed to provide minimum subsistence level, the dependency ratio which refers to the number of non-income earners that are dependent on income earners, the headcount index which is the fraction of population below the poverty line and poverty gap are used to measure poverty. Poverty lines are expressed in monetary terms and are constructed as a measure of income adequacy.

When government grants were introduced, the main aim was to ensure that the living standards of the poor and the vulnerable (i.e. the disabled, the old and young children) were improved. In total, there are seven types of grants in South Africa, namely; the child support grant, care dependency grant, foster care grant,

old age grant, disability grant, war veteran grant and grant aid grant. These grants are administered by the South African Social Security Agency.

However, not everyone is eligible to receive a grant as many factors need to be taken into consideration and a means test of income is to be calculated before an approval for a grant can be granted.

Care dependency grant is paid out to the primary caregiver, parent, guardian, foster parent or custodian of a child that is mentally or physically disabled and needs full time care. The recipient, however, cannot be in a state-run institute or be a recipient of child support grant. Child support grant is awarded to the primary care giver of a child to be able to meet the basic needs of the recipient (the child). Foster child grant is awarded to someone who cares for a child who is not their own by birth but in their own care. These three grants target children specifically as the recipients cannot be older than 18 years of age.

Old age grants are awarded to the older citizens of South Africa aged 55 years for female or 60 years for male. Recipients of this government grant should have a monthly income lower than a certain income level that is calculated by the aid of a means test. The disability grant is an income given to individuals who are physically and mentally impaired and are unfit to work or support themselves.

A person is only awarded grant-in aid in combination with adult grants in case where the beneficiary cannot care for him or herself. A war veteran is someone who served in the First or the Second World War or even in the Korean War. This government grant can be applied in conjunction to the grant-in aid if an individual is unable to take care of themselves.

There a number of reasons why a government grant can be discontinued and these reasons include: The recipient dies; the recipient or caretaker is unable to provide proof that they are alive when asked; the grant is not collected for 3 months and if the recipient is admitted to a government institution.

In 2003, Sharpeville was estimated to have 8 374 households and an estimated 41 031 people. These are the numbers used throughout the study as part of calculations and equations. In 2009, the average household in the township had

3.9 members whilst the dependency ratio, was estimated to be 4.7. In comparison to the 2004 3.6 ratio, households had more people, who were not working, being dependant on income earners.

South Africa is estimated to have a population of about 49.9 million people. Gauteng has a population of about 11.9 million people and of that population about 51.0 percent are female whilst 49.0 percent is male. Sharpeville also has a similar trend with an estimated 58.6 percent of its population being female and 41.4 percent male.

An estimated 31.4 percent and 26.7 percent of the national and provincial population are younger than 15 years. And 62.0 percent of Sharpeville's population is 39 years of age and younger. About 31 percent of the township's population is aged between 20 years and 39 years in 2009, whilst in 2004 the same group amounted to 27.4 percent.

Most households in the township are predominately made up of children, at 51.0 percent with mothers or wives constituting 20.0 percent of households. From these observations, more households are headed by mothers or females in comparison to fathers or males.

The labour force encompasses of people who are eligible to work, aged between 15 and 65 years, and are either employed or unemployed. In South Africa two different definitions for unemployment are used to define unemployment namely the broad or expanded definition and the narrow or official definition. The difference between the broad and narrow definition is that an individual has to be actively looking for employment to be considered under the narrow definition. The unemployment rate is defined as the proportion of the labour force that is unemployed.

The labour force in Sharpeville comprises of an estimated 44.09 percent unemployed people with 55.91 percent being employed. From the employed population 20.5 percent are informally employed whilst 35.4 percent of them are formally employed.

In South Africa the four sectors that employ most of the nation's labour force are trade, community and trade, finance and manufacturing. The manufacturing sector, in Sharpeville, employed most of the labour force in 2004 and 2009. About 17.1 percent and 24.1 percent of the labour force were employed in this sector in 2004 and 2009 respectively. Gardening and domestic workers had the second largest population amounting to 19.28 percent of the township's labour force.

The duration period for unemployed people has changed over the past 5 years. In 2004 people who had been unemployed for two years and less was 22.8 percent of the unemployed population. In 2009, however, an estimated 88.07 percent of the unemployed population was unemployed for two years and less. Unemployment in the township is prevalent amongst young people aged between 21 years and 35 years, 47.83 percent of the unemployed population. Unemployed individuals in the township in 2009 that had an education higher than grade 12 amounted to 24.24 percent. The high level of unemployment amongst young people might be attributed to the lack of higher education.

About 40 percent of Sharpeville unemployed population have retail trading (selling) skills in comparison to catering/cooking as in 2004 (13.3 percent). The skill acquisition for retail trading has increased over the years not only for skills but for employment opportunities too. About 46 percent of the unemployed people would like to have or start a business in the retail trading sector.

For the purpose of this study poverty is defined as the inability to attain a minimal material standard of living. The headcount index is defined as the fraction of population below the poverty line and the poverty gap index measures the shortfall of income of poor people below the poverty. These two measures are used to measure poverty in this study. Sharpeville's poverty gap index and the headcount index are estimated at 0.86 and 0.654 in 2009.

About 58.42 percent of Sharpeville's population is whilst 41.58 percent are males. In comparison to these figures the poor population (58.89 percent are females whilst 41.11 percent are males) of Sharpeville have the same gender trend where females dominate males.

There seems to be an indirect correlation between poverty and education. People who have a diploma or degree or other form of higher education qualification are the smaller percentage of the poor population 37.49 percent in 2009. There is an increase in the number of poor educated individuals as in 2004 only 9.50 percent of the poor population had a diploma, degree or other forms of higher education qualification.

Young people who aged between 21 years and 35 years are more susceptible to be unemployed. About 65 percent of young people are unemployed and females are hard hit by poverty. In comparison to 2004's figures for the same category only 53.7 percent were unemployed.

The average monthly household income for 2009 is estimated at R2 866 and there has been a decrease in this figure since 2004 as it was estimated at R2 944 then. The three most staple foods within the community are bread, meat or chicken and vegetables. An estimated 41.57 percent of household income is spent on food whilst 13.33 percent is spent on transportation, 9.55 percent on clothing and 8.35 percent on electricity. These four items form part of the bulk of the household expenditure.

Respondents feel that Sharpeville has high levels of pollution, i.e. the township is littered, untidy and dirty. The majority of the population is not happy with this situation and feels that it is the municipality's responsibility to correct the situation.

An estimated 33 percent of households in Sharpeville have experienced crime in the last 12 months. These crimes include assault, robbery, rape and murder. In comparison to 2004's 22 percent the level of crime in the township has increased slightly.

Stats SA identified five characteristics for households that receive social grants. These characteristics include an increased dependency ratio, higher unemployment rate, low level of education, an increase in the number of rooms found in households and females receive more government grants than their male counterparts.

The majority of the population in the township receiving social grants is children (44.74 percent). Wives/mothers form 15.79 percent whilst 13.16 percent are fathers/husbands. This means that female-headed households are not only common in Sharpeville but also in social grant receiving households. Child support grant comprises of 52.86 percent of the population with the old age grant consisting of 38.57 percent within the community.

Of the six social grants that were explored in this chapter child support grants (52.86 percent) and old age grant (38.57 percent) constitutes 91.43 percent of the base. Foster care grant (5.71 percent) and disability grant (2.86 percent) recipients constitute the remaining 8.57 percent of the base.

The majority (41.82 percent) of social grant receiving population have a grade 3 or less education. This means that recipients are still in primary school. In the township there are no individuals who receive social grants that have an education higher than grade 12.

The average monthly household income in the year 2009 was estimated at R2 866 households. When government grants are excluded from the township's households, the average monthly household income was estimated at R2 071. This showed that there was an estimated R795 decline in income. The poverty gap ratio, with the exclusion of income from social grants, is estimated to be 0.705. This means that with the exclusion of social grants, households become more exposed to poverty.

The spending patterns of households in the presence and absence of government grants remains similar. The major difference, however, is the quantity of expenditure in households. The more money households have the more, in quantity terms, households tend to spend.

5.3 CONCLUSION

The headcount index and the poverty gap index of Sharpeville have increased meaning that the levels of poverty have also increased. In 2009 the headcount index is estimated to be 0.654 whilst the poverty gap index is 0.86. This means that of the 8 374 households in Sharpeville 5 477 are estimated to be poor. Even

though the township's unemployment has decreased over the years (to 44.09 percent in 2009) it is still high. The poverty trend is in contrary to the decline in the level of unemployment within the township.

The poverty gap index in the absence of government grants in Sharpeville is estimated to increase by 0.051 to 0.705. The average household income, without government grants' contribution, was estimated to be R2 071. This means that even though the average household within the township experience some level of poverty the township's population is worse off without the additional income from the government grants.

Income from government grants is not the major contributor in household income in Sharpeville; however, without this income households move closer to the poverty line. Social grants play a vital part in the attempt of alleviating poverty. And in conclusion social grants have a positive impact on the level of poverty in households of Sharpeville.

5.4 RECOMMENDATIONS

From this study there are a few recommendations that could be implemented to not only increase the level of income received from social grants but to also improve the overall standing of recipient households. These recommendations are given below as follows:-

- Informal activities within the township should be encouraged and promoted because the formal sector cannot absorb all labour entrants into the labour force. Individuals partaking in informal activities will not only benefit themselves but the community at large;
- The vast majority of unemployed individuals within Sharpeville have retail/trading skills and it is a preferred skill for the base too. From this information employment opportunity within the retail/trading sector can be created. These opportunities include giving residents first preference in employment opportunities within the retail companies that within the township;

- To encourage employment creation within the township small businesses (SMMES) in gardening, catering/cooking and sewing sectors can be introduced. These business require relatively minimum skills set, minimum material and/or capital to start and keep them running. This was one of the issues the respondents had where they wished to have their own business but had no financial and capital means to go forward with their plans. And with the correct business skills training individuals, and thereby the community as whole, have a greater opportunity to grow and be able to sustain a standard of living that is above the poverty line;
- From the household surveys conducted for the purpose of this study 93.07 percent of people indicated that they would be willing to start and maintain vegetable gardens if they had the resources to start the gardens. To assist in alleviating poverty and potentially create employment garden vegetables can be started with the members of the community being the main stakeholders of these projects. The products generated from these gardens can be used within the households and any excess products can be sold to the community at large thus generating income; and
- The income threshold used in the means test equation (used for affordability calculation) should be decreased because households that meet the current means test criteria are already poor (with some being extremely poor). If the thresholds are decreased not only will more people be eligible for social grants but the level of poverty in most households will be decreased. This will hopefully decrease the extent of poverty.

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ANNEXURE A

SURVEY DESIGN AND APPLICATION

Questionnaires

Two questionnaires were employed in soliciting data from households in Sharpeville: the Household Survey Questionnaire and Social Grant Survey Questionnaire. Both were carefully constructed to utilise specific indicators. The Household Survey Questionnaire was compiled from a number of other questionnaires used in the field such those used by Slabbert (2003). In total, 148 household questionnaires were employed in this study.

Maps of Sharpeville were obtained from the Emfuleni Local Municipality. These were used to stratify the area and to evenly allocate questionnaires throughout the selected area. Household Questionnaires were completed on site. Details with regards to the site were listed, but no names were recorded with regard to the heads of households or other persons living at the site. This was done to ensure complete anonymity thereby encouraging honest and reliable information from the respondents.

Fieldworkers

Four researchers interviewed a total of 148 households around Sharpeville. All the households approached were willing to partake in the survey and all 148 questionnaires were completed in December 2009.

ANNEXURE B

HOUSEHOLD QUESTIONNAIRE NOVEMBER 2009

SHARPEVILLE	Section: Old / RDP / shack	Date:	Questionnaire no:
Street:	House number:	Interviewer:	

N.B.: The information in this questionnaire will be treated in strict confidence.

Please note that the Head of the Household should preferably answer this questionnaire.

A: BACKGROUND INFORMATION

1. What is the position of the respondent in the Household? Cross *

Head of household	Spouse or child	Extended family member	Boarder
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2. How many housing units are on the site?

3. How many people stay permanently on the site?

4. How long have you (respondent) stayed in the Vaal Triangle (years)?

B: ENVIRONMENTAL

5. How do you feel about the environment in which you stay? (Mark 2 options) *

1. It is clean and pleasant	2. It is littered, untidy and dirty	3. Indifferent – No opinion	4. Something should be done to clean it	5. It can be left as it is
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6. If you feel it should be cleaned up, who should take the initiative and responsibility? (* More)

1. The municipality	2. A street committee	3. Everyone should be made responsible	4. A campaign should be organised	5. Other: explain
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7. If you would have the money, what would you be prepared to pay monthly to have your environment cleaned up?

8. How do you experience, especially in winter, the smoke levels (air pollution) in your area? *

1. Not affected	2. Slightly affected	3. Affected	4. Badly affected	5. Unbearable (Severely Affected)
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9. If you are making fire for cooking & heating purposes, would you like to be introduced to technologies that will reduce the smoke levels at your house? *

1. Not making fire: using electricity for cooking and heating	2. Making coal / wood fire: but not interested	3. Making coal / wood fire: And interested	4. Using paraffin: Not interested	5. Using paraffin: Interested
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10. What would you be prepared to pay monthly to have your environment smoke-free?

- a) What % of the smoke pollution do you think comes from industry? and coal fires?
- b) Number of persons in your household whose health is affected by air pollution?
- c) What are most of them suffering from?

11. How do you experience, especially in winter, the dust levels in your area? *

1. Not affected	2. Slightly affected	3. Affected	4. Badly affected	5. Unbearable (Severely Affected)
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12. What would you be prepared to pay monthly to have your environment dust free?

13. Especially in the spring & summer some people are using amplifiers to make loud music. How are you affected by this in your area? *

1. Not affected (quiet in the area).	2. I hear it but I don't care (accepting it)	3. I hear it and it is affecting me (don't like it)	4. I hear it and I am badly affected	5. I hear it and it is unbearable (severely affected)
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14. If you feel that something should be done in your area to reduce the noise levels, who should be responsible and what should be done? (Mark * more than one option)

1. The municipality should control & restrict people to play loud music.	2. The police should control & restrict people to play loud music.	3. A street committee should control & restrict people to play loud music.	4. People who disturb the neighbourhood with noise should be fined / punished	5. The instruments of those who disturb the neighbourhood should be confiscated
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15. If you would have the money, what would you be prepared to pay monthly to have your environment quiet?

16. Has any person in your household been a victim of crime in the last 12 months?

Yes/ No

17. What kind of crime? (Can mark * more than one option)

1. Assault	2. Robbery	3. Rape	4. Murder	5. Abduction	6. Other
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C: CONSUMPTION

18. How much of the following items does your household buy per week/per month &
about how much does your household spend on these items per week/per month?

Product	Kilograms / litres per week	Kilograms / litres per month	Rand per week	Rand per month	Town ✓	Town- ship ✓
1. Maize Meal						
2. Bread						
3. Meat / chicken						
4. Vegetables						
5. Milk						
6. Washing powder						
7. Coal						
8. Paraffin						

19 How does your household spend their income monthly?

Item	Rand per month	Name of shop	Town	T/ship	
Housing (Rent/Bond)					1
Water					2
Electricity					3
Other energy (coal, paraffin etc)					4
Food					5
Cleaning materials					6
Cigarettes & Tobacco					7
Beer, wine & spirits					8
Transport: Taxi..... Car..... Other.....		Total			9
Clothing					10
School					11
Entertainment					12
Medical Expenses					13
Insurance					14
GAMBLING: Lotto..... Horseracing..... Other (casino etc).....					15
					16
					17
Savings					18
Licenses (e.g. TV, Vehicle)					19
Rates and taxes					20
Housekeeping Services (e.g. Garden)					21
Telephone..... Cell.....					22
					23
Car Repayment					24
Loan repayments					25
Furniture					26
Other: Specify					27

D: EMPLOYMENT & EDUCATION STATUS

20 How does your household spend their income monthly?

	1	2	3	4	5	6	7	8
1. Number of people in the household								
2. Composition of members (Code list 2)								
3. Age of each member in years								
4. Sex (Male = 1; female = 2)								
5. Marital Status (code list 5)								
6. Qualifications (still at school) (Code list 6)								
7. Qualifications (not at school) (Code list 7)								
8. Employment Status (Code list 8)								
9. Sector of employment (Code list 9)								
10. Has your salary increased as a result of minimum wages? (10)								
11. Can employer afford increases because of minimum wages?								
12. Working hours been reduced because of minimum wages?								
13. (10 – 17 for unemployed only) Skills of the unemployed								
14. Duration of unemployment in years								
15. Dismissed because employer could not afford minimum wage								
16. Willingness & type of Skills Training required (code list 13)								
17. What is the Unemployed doing presently								
18. Do you have matric exemption?								
19. If persons would like to study further: preferences								
20. Preferences to start self- sustaining activities								
21. Minimum wage required to take a job								
22. Income: Wages/salaries per month (Take home pay)								
23. Pension/Remittance								
24. Child Grant from Government								
25. Other Grants from Government								
26. Help (family/relatives/etc) Also help in kind								
27. Informal activities (e.g. SMME)								
28. Subsidies (e.g. Housing)								
29. Interest/dividends								
30. Other (Specify)								

21. Does someone in your household have a vegetable garden?.....

22. Would someone in your household be interested in receiving assistance to start a food garden in your yard?

Yes	No
-----	----

23. Would someone in your household like to be involved in a community food garden project?

Yes	No
-----	----

24. Would someone in your household be interested in farming?

Yes	No
-----	----

25. Do you know small farmers in the area? If so, give the address:

26. Has any member of your household operated a SMME / still operating one? If so, what kind of SMME?

Yes	No
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27 Taking into account your skills (or that of your household members), would you or someone in your household (unemployed persons) be interested in starting your own business or would you rather work together with others in a cooperative?

Own business	cooperative
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28 What kind of business would you like to start?

29 If you would like to star your own business, what kind of support do you think you will need?

30 Do you know somebody with a catering business in your township.....

Yes	No
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31 Do you think you will get a better trained?.....

Yes	No
-----	----

THANK YOU FOR YOUR COOPERATION!

Source: Adapted from Slabbert

Annexure C

GOVERNMENT GRANTS QUESTIONNAIRE NOVEMBER 2009

N.B.: The information in this questionnaire will be treated in strict confidence.

SHARPEVILLE	Section: Old / RDP / shack	Date:	Questionnaire no:
Street:	House number:	Interviewer:	

QUESTIONS:

	1	2	3	4	5	6
How many people receive social grants						
Composition of members (Code list 2)						
Age of each member in years						
Gender (Male = 1; female = 2)						
How many years have you received social grant						
What type of social grant receiving						
Employment Status (Code list 8)						

THANK YOU FOR YOUR COOPERATION!

Source: Own construction

ANNEXURE D

METHODOLOGY FOR MEASURING POVERTY

Following the guidelines of the World Bank, a poor household is defined as a household whose combined income of all its members is less than the HSL as determined for the specific household. If the combined income of a household is described by y_i and the poverty line (HSL) of the same household is described by z_i , the extent of poverty, P_i , of this household is described by $P_i(y_i; z_i)$.

The headcount index is defined as the fraction of the population below the poverty line. In this report the headcount index is adapted to indicate the fraction of households that fall below their individual poverty lines, and is described by means of the equation:

$$H(y;z) = M/N$$

Where:

- H = the fraction of households below the poverty line;
- y = household income;
- z = the poverty line of households;
- M = the number of households with incomes less than z;
- N = the total number of households.

The poverty gap usually measures the average shortfall of the incomes of the poor from the poverty line while the poverty gap index measures the extent of the shortfall of incomes below the poverty line. In this report the poverty gap index is adapted to be a measure of a specific household, described by the equation:

$$R_i(y;z) = (z_i - y_i)/z_i$$

Where:

- R_i = the income shortfall of a household expressed as a proportion of the household's poverty line;
- y_i = the income of a specific household; and
- z_i = the poverty line of a specific household.

The poverty gap of an individual household (in monetary terms) can therefore be expressed by the equation:

$$G_i(y; z) = z_i - y_i$$

Where: G_i = the income shortfall of a household;
 y_i = the income of a specific household; and
 z_i = the poverty line of a specific household.

From the three equations above it is clear that the poverty gap can only be reduced by increasing the household income.

Source: Slabbert, 1997:47.