

SURVIVAL STRATEGIES OF POOR HOUSEHOLDS IN BOITUMELO TOWNSHIP

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DECLARATION

I, KABELO MICHAEL MBELE declare that SURVIVAL STRATEGIES OF POOR HOUSEHOLDS IN BOITUMELO TOWNSHIP is my own work and that all the resources used or quoted have been duly acknowledged by means of complete references, and that I have not previously submitted the dissertation for a degree at another university.

Kabelo Michael Mbele

DEDICATION

My whole philosophy of life and social action is one of love and humanity since the complexities of the world we live in mean that no individual can function independently-collaboration is to everyone's advantage.

ACKNOWLEDGEMENTS

The superb guidance of Dr Joseph Sekhampu who supervised this work is gratefully acknowledged first and foremost. Under his mentorship, I have come to have a broader and deeper understanding of economic development. His influence in this regard is clearly seen in the emphasis and time devoted to the completion of this dissertation. Additional thanks goes to Mr Betchani who was a shoulder to lean on in terms of the framework of the study. He planted econometric skills to reinforce arguments in this dissertation. To both of them I would like to say “may a seed of knowledge continue to multiple in search for your destiny-you’ve played your part, any errors or omissions are entirely mine”.

I would also like to thank all the lecturers of the modules I enrolled for. They have each contributed immensely to my overall success and my quest to become an economist.

It would be improper and ungrateful not to recognize the patience and guidance of my parents. Without their willingness to put up with my frustrations, tertiary lifestyle and often aggravating behaviour, the project would never have been completed.

A compilation of this nature could never have been attempted without reference to the work of others. In the preparation of this dissertation, I have had to constantly consult numerous economic journals, thesis and text-books on a variety of subjects, and I hereby acknowledge my indebtedness to them all. I wish to also record my gratitude to households of Boitumelo for opening their doors for me to interview them.

SUMMARY

The aim of the study was to analyse the survival strategies of the poor households in Boitumelo township. The research methodology used herein was two fold: Firstly, a literature research based on economic journals, previous research projects, books and internet was done in order to develop a better understanding of poverty. Secondly, an empirical research survey using questionnaires was undertaken.

Over the years there have been competing theories which provide an understanding of poverty. Each approach has its strengths and weaknesses. Poverty captures a wide range of meanings, depending on who is defining it. Although various technical solutions have been suggested for differentiating the poor and non-poor using the monetary approach, there is no theory of poverty that clearly differentiate the poor from the non-poor. The survey results showed that 41% of all households in Boitumelo are poor and on average have an income shortage of 63% to the poverty line. Poverty within the area has a gender bias as 76% of the poor are females. The large number of households below the poverty line provided ample opportunity for further analysis to find out about the activities that they use to sustain themselves.

Being unemployed in government or manufacturing industries, the urban poor are compelled to create some sort of jobs for themselves. Street vending, odd jobs, gambling, seeking credit on exploitative terms, income from state welfare, begging for survival are just a few of the activities urban poor adopt to survive.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
SUMMARY	v
TABLE OF CONTENTS	vi
LIST OF TABLES	xii
LIST OF FIGURES	xiv
LIST OF ABBREVIATIONS	xvi
CHAPTER 1 THE PROBLEM AND ITS SETTING	1
1.1 INTRODUCTION	1
1.2 PROBLEM STATEMENT	2
1.3 AREA OF THE STUDY	4
1.4 OBJECTIVES OF THE STUDY	5
1.5 IMPORTANCE OF THE STUDY	6
1.6 RESEARCH METHODOLOGY	6
1.6.1 Econometric model for main determinants of poverty	7
1.7 CHAPTER DIVISIONS	9
CHAPTER 2 THEORETICAL OVERVIEW OF POVERTY	10
2.1 INTRODUCTION	10
2.2 HISTORICAL DEVELOPMENT OF THE CONCEPT	11
2.3 DEFINING POVERTY	14

2.4	DIMENSIONS AND MEASUREMENTS OF POVERTY	15
2.4.1	Absolute poverty lines	17
2.4.1.1	Food poverty line (FPL)	17
2.4.1.2	Non-food poverty line	18
2.4.2	Relative poverty lines	20
2.4.3	Subjective poverty line	21
2.4.4	Measuring poverty using an indicator of welfare	23
2.4.4.1	Income as measure of poverty	25
2.4.4.1.1	The micro-approach to poverty	26
2.4.4.2	Consumption as measure of poverty	27
2.4.4.3	Measuring poverty by aggregating deprivation indicators.....	27
2.5	AXIOMS FOR POVERTY INDICES.....	29
2.5.1	Poverty indices.....	30
2.5.1.1	Headcount index.....	30
2.5.1.2	Poverty gap	31
2.5.1.3	Severity or the FGT2 index.....	31
2.5.1.4	Sen index.....	32
2.5.1.5	Subjective equivalence scales.....	32
2.5.1.6	Equivalence scales.....	33
2.6	POVERTY DIMENSIONS IN SOUTH AFRICA	38
2.6.1	The legacy of Apartheid and poverty in South Africa	38

2.6.2	The HIV/AIDS pandemic.....	39
2.6.3	Unemployment	39
2.6.4	Gender and poverty	40
2.6.5	Income inequality	41
2.6.6	Educational dimension of poverty.....	41
2.6.7	Poor infrastructure services and urban development	42
2.6.8	Land redistribution and rural development	43
2.6.9	Macro-economic performance and poverty.....	43
2.7	PROVINCIAL POVERTY RATES	44
2.8	SURVIVAL STRATEGIES OF URBAN POOR HOUSEHOLDS	44
2.8.1	Social security	45
2.8.2	Others survival means.....	47
2.9	SUMMARY AND CONCLUSIONS	48
	CHAPTER 3 A PROFILE OF THE SAMPLED POPULATION.....	50
3.1	INTRODUCTION	50
3.2	THE GEOGRAPHICAL LOCATION OF BOITUMELO	50
3.3	THE HOUSEHOLD SURVEY	50
3.4	DEMOGRAPHIC PROFILE OF RESPONDENTS	51
3.4.1	Members of the household.....	51
3.4.2	Gender distribution of population	52
3.4.3	Marital status of the population	53
3.4.4	Population distribution by Age and Gender	54

3.4.5	Average length of stay in Boitumelo	55
3.5	LITERACY LEVELS IN BOITUMELO	56
3.5.1	Population in school	56
3.5.2	Out of School Population	57
3.6	ECONOMIC STATUS OF THE POPULATION	58
3.6.1	Profile of the unemployed	59
3.6.1.1	Distribution of unemployed by Gender and Age group	59
3.6.1.2	Skills of the unemployed.....	60
3.6.1.3	What the unemployed are doing presently	61
3.6.1.4	Minimum wage that households are willing to take a job by gender	62
3.6.2	Profile of the employed.....	63
3.6.2.1	Distribution of sector employment	64
3.6.2.2	Distribution of employment by age group	65
3.7	SOURCES OF INCOME FOR HOUSEHOLDS	66
3.7.1	Average household income by gender	67
3.8	EXPENDITURE LEVELS OF THE HOUSEHOLDS	67
3.8.1	Major food items for households.....	68
3.8.2	Sources of energy for inhabitants	69
3.9	SUMMARY AND CONCLUSIONS	70
	CHAPTER 4 SURVIVAL STRATEGIES OF POOR HOUSEHOLDS	72
4.1	INTRODUCTION	72

4.2	POVERTY LINE FOR SAMPLED POPULATION	72
4.3	POVERTY PROFILE OF BOITUMELO	73
4.3.1	Total households as a percentage of their HSL	74
4.3.2	Poor households distribution below their HSL	75
4.3.3	Poverty gap analysis of poor households	75
4.4	DETERMINANTS OF POVERTY	76
4.5	INDICATORS OF POVERTY	79
4.5.1	Members of poor households	79
4.5.2	Marital status of the poor population	80
4.5.3	Distribution of poor population by age and gender	81
4.5.4	Population in school	82
4.5.5	Population out of school	83
4.5.6	Poor labour force: Total Population	84
4.5.7	Distribution of the poor unemployed by gender and age group	85
4.5.8	Distribution of the skills of poor unemployed	86
4.5.9	What the poor unemployed are doing presently	87
4.5.10	Distribution of sector employment of the poor both formally and informally	87
4.5.11	Employment Distribution of the poor by age group	88
4.5.12	Expenditure levels of poor households	89
4.5.13	Sources of energy for poor households	90

4.6	SURVIVAL STRATEGIES.....	91
4.7	SOCIO-ECONOMIC CHALLENGES OF HOUSEHOLDS.....	102
4.8	SUMMARY AND CONCLUSIONS	103
	CHAPTER 5 SUMMARY AND CONCLUSION.....	106
5.1	INTRODUCTION	106
5.2	THE EMPIRICAL FINDINGS OF THE STUDY.....	106
5.3	CONCLUSION.....	109
5.4	RECOMMENDATIONS	110
5.4.1	Access to finance.....	110
5.4.2	Training, education and skills.....	110
5.4.3	Public works programmes	110
5.4.4	Food stamps programmes	111
	BIBLIOGRAPHY.....	113
	ADDENDUM A.....	125
	QUESTIONNAIRE	125

LIST OF TABLES

Table 1.1	Poverty rates across different races in South Africa	4
Table 1.2:	Key determinants of poverty using demographic and economic characteristics.....	8
Table 2.1:	Relative monetary scenario	20
Table 2.2:	Overview of provincial poverty levels	44
Table 2.3:	Structure of social security in South Africa.....	46
Table 2.4:	Social grant beneficiaries by type and province in South Africa	46
Table 3.1:	Population distribution by Age and Gender.....	55
Table 3.2:	Average length of stay in Boitumelo.....	56
Table 3.3:	Qualifications of Population still at School	57
Table 3.4:	Qualifications of Population out of School.....	58
Table 3.5:	Distribution of unemployed by Gender and Age group	60
Table 3.6:	Distribution of the skills of the unemployed.....	61
Table 3.7:	Minimum wage by Gender	63
Table 3.8:	Distribution of sector employment both formally and informally	65
Table 3.9:	Employment by age group	66
Table 3.10:	Average household income by Gender.....	67
Table 3.11:	Total monthly expenditures of all products deemed necessary for survival	68

Table 3.12:	Major food items and cleaning materials.....	69
Table 4.1:	Alternative poverty lines for South Africa in Rands in 2000 prices	73
Table 4.2:	Total households as a percentage of their HSL	74
Table 4.3:	Poor households' distribution below their HSL.....	75
Table 4.4:	Poverty gap analysis of poor households	75
Table 4.5:	Description of explanatory variables in the regression model	77
Table 4.6:	Regression on poverty determinants	78
Table 4.7:	Correlation analysis	79
Table 4.8:	Distribution of poor population by age and gender	82
Table 4.9:	Population in school.....	83
Table 4.10:	Population out of school.....	84
Table 4.11:	Distribution of the poor unemployed by gender and age group	86
Table 4.12:	Distribution of the skills of poor unemployed.....	86
Table 4.13:	Distribution of sector employment of the poor both formally and informally	88
Table 4.14:	Employment distribution of the poor by age group.....	89
Table 4.15:	Expenditure levels of poor households	89
Table 4.16:	How important are the following items to your livelihood	92
Table 4.17:	Socio-economic challenges of households	103

LIST OF FIGURES

Figure 2.1:	The Lorenz curve and Gini-coefficient	37
Figure 3.1:	Status of households in Boitumelo.....	52
Figure 3.2:	Gender distribution of population	53
Figure 3.3:	Marital status of the population	54
Figure 3.4:	Labour Force: Total Population.....	59
Figure 3.5:	What the unemployed are doing	62
Figure 3.6:	Labour Force: Total Population.....	64
Figure 3.7:	Sources of incomes for households.....	66
Figure 3.8:	Sources of energy for inhabitants	70
Figure 4.1:	Status of members of poor households	80
Figure 4.2:	Marital status of poor population	81
Figure 4.3:	Poor Labour force: Total Population	85
Figure 4.4:	What the poor unemployed are doing presently	87
Figure 4.5:	Sources of energy for poor households	90
Figure 4.6:	Do you consider yourself poor?	91
Figure 4.7:	Perception about rising food prices.....	93
Figure 4.8:	Do you have enough income to support your family?	93
Figure 4.9:	Do you normally have three meals a day?	94
Figure 4.10:	Have you had to ask for financial help from family/friends?	95

Figure 4.11:	Does someone in your household sell vegetables on streets corners?	96
Figure 4.12:	Does someone in your household own a barbershop?	97
Figure 4.13:	Perceptions about gambling	98
Figure 4.14:	Does someone in your household seek credit to make ends meet?	99
Figure 4.15:	Do you do odd jobs in the township to make ends meet? ..	100
Figure 4.16:	Education is the only way out of cycle of poverty. Do you think so?	101
Figure 4.17:	Perceptions about child support grants.....	102

LIST OF ABBREVIATIONS

ANC	African National Congress
AIDS	Acquired Immune-Deficiency Syndrome
BER	Bureau for Economic Research
DFID	Department for International Development
DI	Deprivation Indicators
DPRU	Development Policy Research Unit
DoE	Department of Education
ELM	Emfuleni Local Municipality
EMA	Emfuleni Municipal Area
EU	European Union
FGT	Foster, Greer and Thorbecke
FPL	Food Poverty Line
GDP	Gross Domestic Product
HDI	Human Development Index
HIV	Human Immune-Deficiency Virus
HSD	Human Scale Development
HSRC	Human Science Research Council
ICCR	Interdisciplinary Centre for Comparative Research
IDP	Intergrated Development Plan
IEQ	Income Evaluation Questions

ILO	International Labour Organization
MLL	Minimum Living Level
NPC	National Planning Commission
OECD	Organization for Economic Co-operation and Development
PDL	Poverty Datum Line
PPP	Purchasing Power Parity
RDP	Reconstruction and Development Programme
SARB	South African Reserve Bank
SARP	South African Regional poverty
SASSA	South African Social Security Agency
SPII	Studies in Poverty and Inequality Institute
SLL	Supplementing Living Level
Stats SA	Statistics South Africa
UN	United Nations
UNDP	United Nations Development Programme
VRP	Vaal Research Group
WHO	World Health Organization
WPSW	White Paper for Social Welfare

CHAPTER 1 THE PROBLEM AND ITS SETTING

1.1 INTRODUCTION

The year 1994 saw the end of Apartheid in South Africa. Despite the political and constitutional changes which characterized South Africa's transition from Apartheid, the distribution of income and poverty within communities still largely mirror those which prevailed during the era of discrimination under Apartheid (Barnes and Wright 2007:4). Bureau for Economic Research (2009:12) cites that the political transition from Apartheid to an era underpinned by the ideology of equal rights was not mirrored in the economic well-being of the citizens of South Africa; inequality and poverty levels still characterize the economic landscape.

Bhorat *et al* (2003:43) note that the single most important problem facing post-Apartheid South Africa is breaking the grip of poverty on a substantial portion for the majority of its citizens. The typical face of poverty in South Africa is no longer that of rural women engaged in subsistence agricultural production. Poverty in South Africa is evident through a large number of unemployed men who wait daily in vain on street corners for casual jobs, large number of children living in areas with the highest crime and murder rates in the world, and poor black communities who continue to be excluded from the economic riches of the country (De Swardt, 2004:2). Walker (2010:5) notes that the problem of poverty has been on an increase and hence is contributing to a breeding ground for malnutrition and crime.

The Economist (2010) reported that more than thirteen million South Africans live off government grants. Furthermore, twelve million South Africans are working and of these, less than six million are paying taxes. This poses a moral challenge to all South Africans to work together towards the economic and social integration of the poorer section of fellow citizens.

The South African government has developed policies which have focused on poverty alleviation. The Reconstruction and Development Programme (RDP) was formulated in response to this situation and was aimed at alleviating

poverty and reducing inequality among races and between rich and poor. In spite of the pro-poor policies, South Africa has one of the highest inequality indicators in the world (Galbraith, 2006:557-578). Sekatane (2006:14) asserts that the formulation of anti-poverty policies is, however, being hampered by a lack of baseline information regarding poverty. Policies cannot be formulated without a knowledge of who the poor are, how poor they are and where they are located.

According to May (1998:5), international experiences of poverty alleviation programmes suggested that poverty is not a static condition among individuals, households or communities. It is rather recognized that although some individuals or households are permanently poor, others move in and out of poverty. This may be a result of life-cycle changes, specific events such as the illness or death of a main income-earner or deterioration in external economic conditions. In light of the above statement, it is not surprising to find that the concept of vulnerability is increasingly applied in order to understand these processes of change. Development practitioners tend to use vulnerability as a proxy for poverty, because certain combinations of vulnerability may be strongly correlated with poverty i.e. female-headed households, illegal immigrants, illiterate individuals, seasonal employees and so on. The World Bank (2000) defined vulnerability as the present probability or risk of being in poverty or falling into deeper poverty in the future.

1.2 PROBLEM STATEMENT

The debate on poverty could be approached from different perspectives and on different levels. This sometimes results in conflicting understandings of poverty among the academics, theorists, politicians and researchers (Bhorat et al, 2003:6). Poverty captures a wide range of meanings, depending on who is defining it. Different people at different places interpret poverty differently. This makes the eradication of poverty a challenge (SPII, 2007:1). It is important to note that analyses of poverty rely on setting of a poverty line. Many researchers of poverty in South Africa have assumed their own poverty lines, because South Africa does not yet have a formal poverty line (Mbuli; 2008:16).

According to Development Policy Research Unit (DPRU), 2008:3), there are, however, at least three most common money-metric measures of poverty. Firstly, the headcount which measures the proportion of the population whose consumption is less than poverty line. Secondly, is the poverty gap index which is the average over all people, of the gaps between poor peoples' living standards and the poverty line. Thirdly, is the squared poverty gap index which is a weighted sum of poverty gaps as a proportion of the poverty line.

Poverty definitions are debatable. However, there is a common agreement about the degrees of poverty. These are absolute (extreme) poverty, moderate poverty and relative poverty. Absolute poverty implies that households are unable to meet the basic needs for survival. They 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 article 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 (Dominellii, 2004; Mishra, 1999).

New estimates of poverty in South Africa show that affected households have sunk deeper into poverty and the gap between rich and poor continue to widen (UNDP, 2008:1). In 2011, UNDP reported a Human Development Index (HDI) value of 61.9 percent for South Africa, which ranks the country as number 120 of 182 countries for which the HDI was published. Much of this is due to the large impact of HIV/AIDS pandemic on life expectancy. In 2011, South African Regional poverty (SARP) reported an overall poverty rate of about 57 percent. Besides the persistently high level of the poverty rate, South Africa is among the countries with the highest income inequalities in the world. In 2011, the gini-coefficient was about 67 percent (UNDP, 2011).

Poverty and inequality in South Africa have racial, gender, spatial and age dimensions (Klasen, 2000). Living standards have been shown to be closely associated with race, with poor black Africans accounting for the overwhelming major of the poor (Sekatane, 2006:7). According to Ntuthuko

(2008:18), the concentration of poverty lies predominantly with black Africans, women, rural areas and black youths. The poor black communities continue to be excluded from the economic riches of countries. Seekings and Nattrass (2005:5) observed that the distributional regime in South Africa has long served to privilege one section of the population while excluding others, but the composition of the privileged group and the basis of privilege have changed over time. Table 1.1 below shows an overview of poverty rates across different races in South Africa:

Table 1.1 Poverty rates across different races in South Africa

Group	Poverty rate of individuals (%)	Percentage shares of population
Africans	54.8%	80.1%
Coloured	34.2%	8.7%
Indians	7.1%	2.5%
Whites	0.4%	8.6%
All	47.1%	100%

Source: Statistics South Africa (2008)

1.3 AREA OF THE STUDY

Emfuleni Local Municipality (ELM) is one of three local municipalities that constitute the Sedibeng District Municipality namely Midvaal and Lesedi local municipalities. The Municipality is situated at the western-most part of the district, which covers the entire southern area of Gauteng province. It covers an area of 987.45 KM^2 and the Vaal River forms the southern provincial boundary. The ELM has two main city/town centres, namely Vereeniging and Vanderbiljpark within the area and Sasolburg is only 10 kilometres to the south, across the provincial boundary. ELM also contains approximately six large peri-urban townships of Evaton, Sebokeng, Sharpeville, Boipatong, Bophelong and Tshepiso (Integrated Development Plan (IDP), 2010:10). Boitumelo is strategically located adjacent to Sebokeng.

According to past research done, the following holds for poverty profiles in Emfuleni Municipal Area (EMA):

- Dubihlela (2010:105) found a poverty gap of 0.53 amongst female-headed households in Bophelong, a township within the EMA.
- A study by Slabbert (2008:96) concluded that poverty was prevalent in the former black townships of the Vaal / EMA. He found a headcount index of 0.67, indicating that 67% of the households were found to be living in poverty.
- A survey undertaken in EMA in 2003 showed that 51.5% of all households of Emfuleni live in poverty (Masoka, 2005:6).
- When comparing the Statistics South Africa (Stats SA) 2001 poverty line (R800) with the midpoint income determined by Stats SA, a poverty rate of 51.2% was determined for Sharpeville (Sekatane, 2006:197).

These studies were however concerned about the severity of poverty in Vaal region, and had little information on how the poor survive despite their hardships. This study will therefore measure the level of poverty in one of the townships in Emfuleni Municipality and continue to study the survival strategies of these households. Boitumelo is a small township in the Emfuleni Municipality in the southern part of Gauteng. The area could be classified as informal settlement, with little economic activity. The rationale for choosing Boitumelo as an area of study emanates from the fact that residents of Boitumelo mainly live in houses provided by the government through the RDP initiative.

1.4 OBJECTIVES OF THE STUDY

The primary aim of the study is to analyze the survival strategies of poor households in Boitumelotownship. The study will be supported by the following secondary objectives:

- What are the views of the community regarding causes of poverty in Boitumelo township?

- What is the depth of poverty among residents of Boitumelo?
- How does the poor view their status?
- What are the sources of income and expenditure patterns of poor households?
- What is the profile of Boitumelo township?
- What could be done to assist the poor of Boitumelo?

1.5 IMPORTANCE OF THE STUDY

The number of poor households is seen increasing in most economies including South Africa. There exists a need to have an understanding of the challenges and survival strategies of poor households in townships. The fundamental motivation for this study is therefore to create a body of knowledge upon which further studies on socio-economic challenges and survival mechanisms for poor households can be based.

Involvement in poverty research in the Vaal region for both academic studies and as part of Vaal Research Group (VRG) has made the researchers aware of an overt need to include the poor on defining their own existence and being pro-active in bringing themselves out of the state of poverty (Mokoena, 2004:4). Being part of a poor community helps one understand the reality of poverty much better. The poor can better articulate their condition and can positively influence policies directed at poverty reduction if they are carefully questioned, led and assisted by those with the means, expertise and commitment. Hence the study on the challenges faced by poor households in townships remains crucial. The study aims at highlighting poverty and survival strategies of poor households and provides possible solutions to the socio-economic challenges.

1.6 RESEARCH METHODOLOGY

The research will follow qualitative and quantitative strategies including a literature review, field surveys and in depth interviews. A literature review of

poverty will be undertaken with a special emphasis on the South African application of the concept. Boitumelo township will be analyzed comprehensively in terms of income and expenditure patterns of the inhabitants so as to identify who are considered impoverished. In all, a total of 105 questionnaires will be administered to Boitumelo township. Boitumelo is a small township in the Emfuleni municipality in the southern part of Gauteng. The area could be classified as an informal settlement, with little economic activity. The rationale for choosing Boitumelo as an area of study emanates from the fact that residents of Boitumelo mainly live in houses provided by the government through the RDP initiative.

An in-depth survey will be conducted to obtain data for the determination and analysis of:

- Poverty amongst the inhabitants of the area;
- Survival strategies of the poor within the township;
- Unemployment rate of the area, and
- The demographic profile of Boitumelo.

The data collected will be analysed using descriptive statistics (frequency distribution, percentages), the Foster-Greer Thorbecke (FGT) in analyzing the extents and level of poverty among Boitumelo inhabitants and multiple regression model will be applied to measure the effect of some socio economic challenges and survival mechanisms. The poverty line set for the study will follow income poverty line measure. Using the method developed by Sekhampu (2010:8), the poverty line will be individually calculated for each household, and the household's own income will be compared to its individual poverty line. The relative poverty line will thus be based on total income for the households.

1.6.1 Econometric model for main determinants of poverty

The analysis of poverty is mostly based on multivariate regression methods that attempt to identify the determinants of poverty at the household level,

using reduced form models of various structural relationships that affect poverty (Glewwe, 1991). The study will also use multiple regression model, given by:

$$\text{Poverty gap: } \left(\frac{Y_i - Z}{Z} \right) = \beta_0 + \beta_i x_i + \beta_j x_j + \xi_i \quad (1)$$

Where Z = the poverty line for the household

Y_i = person's income for household i

β_0 = the intercept of the model, β_i, β_j are slope coefficients of the model to be estimated.

ξ_i = error term which represents all those factors that affect poverty index but are not taken into account explicitly. x_i, x_j are a vector of explanatory variables which takes the following attributes in ascending order: Demographic characteristics and Economic characteristics. For i = age of household, size of household and gender of household head. For j = dependency ratio, educational level of the household, employment status and income and expenditure patterns of inhabitants. These are summarized by the table 1.2 below:

Table 1.2: Key determinants of poverty using demographic and economic characteristics

Main determinants of poverty	Some elements to be investigated
Demographic characteristics	Age of household, size of household, gender of household
Economic characteristics	Dependency ratio, educational level of the household head, employment status and income and expenditure patterns of inhabitants

1.7 CHAPTER DIVISIONS

Chapter 1: The problem and its setting

This chapter will focus on the background of the study, problem statement and the research methodology. The research proposal will form the basis of this section.

Chapter 2: Theoretical overview of poverty

This chapter will provide a theoretical analysis of poverty. Definitions of poverty and how it is measured will be discussed in this chapter.

Chapter 3: Profile of Boitumelo

This chapter will provide an economic profile of the study area. The source of discussion for this chapter will be a survey undertaken with households from the overall sample.

Chapter 4: Survival strategies of poor households in Boitumelo

This chapter will provide an analysis of the survival strategies of poor households of Boitumelo. The source for information for this chapter will be a survey undertaken with households identified as poor, from the overall sample.

Chapter 5: Summary, conclusions and recommendations

This chapter will provide a summary to the study and conclusions drawn. Recommendations will be made on how to assist the poor of Boitumelo.

CHAPTER 2 THEORETICAL OVERVIEW OF POVERTY

2.1 INTRODUCTION

In advancing towards the eradication of poverty and towards improving the living conditions of the world population, achieving a better definition of the problem and devising an internationally comparable approach for its measurements are very important elements (Rio Group, 2006:15). International organizations, several governments and societies have in the past years engaged on massive moves to address the problem of extreme poverty in developing nations. The current global village has also engaged in numerous meetings in a bid to halve poverty by 2015 (United Nations Development Programme (UNDP), 2008: 4). Poverty is historical in nature and its concern appears to be as old as human history (Gordon and Townsend, 2001:27). Poverty is a condition that is experienced over time. While many are born into poverty and remain in it, others experience the condition at one or more stages of their lives and move in and out of it (Alkire, 2002:83).

The question of poverty today is unavoidable and is set to play the primary role in the implementation of economic policies by both developed and Third World countries (Department for International Development (DFID), 1997:73). The present day poverty understandings draw on complex and sometimes contradictory underlying assumptions about what people are supposed to need in order to live a minimally human life, about the obligations between individuals and society, and about social life and individual agency (Du Toit, 2005:15).

Poverty definitions are debatable. Researchers and practitioners from various fields and disciplines put forth a variety of interpretations and the result has been an abundance of diverse definitions. When a society chooses a definition of poverty, and denotes specific characteristics with which to identify the poor, such a definition carries an explicit expression of the values, aspirations and ideals that are seen as fundamental in that society (Rowntree, 2006:3). A necessary step in this process is taking a historical perspective of

the concept of poverty, with reference to what poverty analysts regard as the basic characteristics of the evolution of poverty since human history.

This chapter provides the theoretical analysis of poverty. It begins with the historical development of the concept, definitions of poverty, dimensions of poverty and measurements as well as axioms. Poverty will be reviewed first in broad macro-economic perspective and then the discussions will be narrowed to household level.

2.2 HISTORICAL DEVELOPMENT OF THE CONCEPT

From the earliest days, poverty was related to income, and income has remained at the core of the concept's meaning. When people lack or are denied the income and other resources, including the use of assets and receipt of goods and services in kind equivalent to income, to obtain the conditions of life that is, diets, material goods, amenities, standards and services, to enable them to play the roles, participate in the relationships and follow the customary behaviour which is expected of them by virtue of their membership in society, they can be said to be in poverty (Rio Group, 2006:15). They are deprived because of their poverty.

From the 1880's to the present day, three alternative conceptions of poverty have evolved as a basis for international and comparative work. They depend principally on the ideas of subsistence, basic needs and relative deprivation (Ghai, 1977:15 and Rio Group, 2006:18). In Britain the subsistence standard was developed in conjunction with the work of nutritionists. As result of work prompted by nutritionists, families were defined to be in poverty when their incomes were not sufficient to obtain the minimum necessities for maintenance of merely physical efficiency (Rowntree, 1901:86 and Rio Group, 2006:18b). The idea of subsistence was freely exported to member states of the former British Empire. Thus, the wages of blacks in South Africa were partly legitimated by the "poverty datum line" (Rio Group, 2006:18c).

The use of subsistence to define poverty later came to be criticized (Rein, 1970 and Townsend, 1979). The principal argument within this approach was that human needs are predominantly defined as physical needs; that is, for

food, shelter and clothing rather than as social needs. According to this criticism, human beings are not simply individual organisms requiring replacement of sources of physical energy. They are social beings expected to perform socially demanding roles as workers, citizens, parents, partners, neighbours and friends (Lister, 1990 and Rio Group, 2006:19). Moreover, they are not simply consumers of physical goods but producers of those goods and are also expected to act out different roles in their various social associations (Rio Group, 2006:19b).

By the 1970s a second formulation of basic needs began to exert wide influence. Basic needs were said to include two elements: first certain minimum requirements of a family for private consumption such as adequate food, shelter and clothing, as well as certain household furniture and equipment, secondly, essential services provided by and for the community at large, such as safe drinking water, sanitation, public transport and health care, education and cultural facilities (ILO, 1976:24-25 and Rio Group, 2006:20). The concept of basic needs was also extended to include land, agricultural tools and access to farming to mention a few. Evidently, the concept is a basic extension of the subsistence method (ILO, 1977).

As stated in Rio Group (2006:21) and Townsend *et al* (1979), a group of social scientists turned to third social formulation of the meaning of poverty:- that of relative deprivation. Some researchers came to appreciate that peoples' subjective reports on their conditions and experiences correlated reasonably well with painstaking objective observation and offered a short-cut, that was nonetheless reliable, to those method of research, which were undoubtedly expensive and time-consuming (Gordon, 2000 and Rio Group 2006:21b).

As derived in Rio Group (2006:22) and Townsend (1979), the driving motivation for putting forward the idea of poverty as relative deprivation could be said to be both scientific and international. There are respects in which the subsistence concept minimizes the range and depth of human need, just as the basic needs concept is restricted primarily to the physical facilities of the

communities of Third World. As with any formulation, there are problems in defining poverty operationally

Under the relative deprivation approach, a threshold of income is envisaged, according to size and type of family, below which withdrawal or exclusion from active membership of society becomes disproportionately accentuated. The determination of poverty line is not based on an arbitrary selection of a low level of income. Only scientific criteria independent of income can justify where the poverty line should be drawn. The multiplicity and severity of different types of deprivation can constitute these criteria (Rio Group, 2006:22b).

In the post World War II period, up to the 1970s, international development practitioners operated on the premise of modernisation theory (Lewis 1955, Rostow, 1960, Eisenstadt, 1964 and Hoselitz, 1965). The strategic aim was to help developing countries industrialize and arrive at a stage of development that would replicate the western democratic capitalist system and its values through the replacement of the so-called traditional sector by the modern sector. The ultimate elimination of poverty through economic growth, the provision of social safety nets and the elimination of culture of poverty were implicit in such an aim.

Much of the aid in the modernisation period went into financing large scale infrastructure as a foundation for industrialization, mainly in the form of factories of multinational companies from the donor countries. This was seen, particularly by Marxist influenced thinkers, as increasing the historical dependence of those countries on the West, historically rooted in colonialism (Frank, 1965). The promised industrialization in any case often failed to materialize. Even where good growth rates were achieved, poverty continued to grow and there was limited income redistribution (Lipton, 1977).

According to Rio Group (2006:25), the causes of persisting and growing poverty have been insufficiently traced, and much of the analysis has been on the over-simplistic assumption that since industrialized countries have lower levels of poverty than developing countries, broad-based GDP growth on its

own will alleviate poverty. In line with their findings, World Bank analyses by Dollar and Kraay (2000) purport to show that incomes of the poor rise one-to-one with overall growth, for every 1% increase in GDP; the incomes of the poorest 20% also increase by 1%. They concluded from this analysis that industrialization alone is of little benefit to the poor.

A basic premise of modernisation theory that poor countries could rapidly escape poverty through rapid economic growth was increasingly recognized as being misconceived. In response to the perceived failure of the modernisation approach was the growing pressures of rural-urban migration in developing countries. The World Bank adopted a new approach focused on improving rural life with the aim of keeping the rural poor in the countryside. In Africa, African forms of socialism, supported by aid from communist countries, were instituted as an African road to modernization and industrialization (Department for International Development (DFID), 1997:83).

2.3 DEFINING POVERTY

Poverty is not a simple phenomenon that people can learn to define by adopting the correct approach. It is a series of contested definitions and complex arguments that overlap, and at times contradict each other. It is differently seen as a big phenomenon or a small phenomenon, as a growing issue or a declining issue, and as an individual problem or a social problem (Alcock, 1997:4). Many works on the subject become so technical that it is very difficult to draw conclusions from them or to employ them in policy-making endeavours. The important factor with definitions of poverty is that definitions drive policies. How poverty is defined and measured tends to determine the types and directions of policies aimed at reducing it (Mokoena; 2004:15).

Duclos and Gregorie (1998:3) define poverty as the lack of resources, voice and power to obtain a diet and participate in the economy. This lack can lead to economic dependence and subjection to exploitation. The World Bank (2001:2) defines poverty as a lack of command over commodities in general deemed essential to constitute a reasonable standard of living in a society, or

lack of ability to function in a society. May (1998:3) defines 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. This definition runs in tandem with the measurement of poverty employing the Minimum Living Level (MLL) as the accepted poverty datum line in South Africa.

The definitions of poverty can pose several problems. Laderchi *et al*; (2003:244) pose the following questions:

- Should the definition of poverty be confined to material aspects only or should it be extended to cover social and political factors?
- Is there a universal definition of poverty? Or should definitions be adapted to particular societies, for example, developed versus developing countries?
- How to distinguish the poor from the non-poor through poverty lines?
- Should poverty be measured at the level of the individual or at the household level?
- The issue of time frame is also of importance. Should poverty be measured over a month, year or longer? The longer the period the smaller the number of households that can be classified as poor (Laderchi *et al*, 2003:244).

2.4 DIMENSIONS AND MEASUREMENTS OF POVERTY

A better definition and measurement of poverty is an important step towards eliminating it. Therefore, an international poverty line defining a threshold of income (including the value of income in kind) ordinarily required in different countries to surmount material and social deprivation was agreed upon (Rio Group, 2006:27). The poverty lines are based on the notion that it is possible to define a set of needs that is relevant for all families and individuals living in a country and to identify a definition of resources needed to meet those needs (Reddy, 2004).

The poverty lines are the main means by which poverty is defined and measured. According to this approach, a household or unit is considered and hence classified as poor if its income or expenditure is generally less than the value of a given poverty line (Rio Group, 2006:35).

Poverty captures a wide range of meanings, depending on who is defining it. Different people at different places interpret poverty differently (SPIL, 2007:1). It is important to note that analyses of poverty rely on setting of a poverty line. Many countries particularly in Third World countries use the World Bank's definition of poverty line, which identifies people living on less than \$1.00 a day as being poor. Many researchers of poverty in South Africa have assumed their own poverty lines because South Africa does not yet have a formal poverty line (Ntuthuko, 2008:16). Conventional poverty lines are the measures still most easily employed to measure head-counts. Measurements are made through sample household income and expenditure surveys (DFID, 2002:17).

The DFID (2002:18) put the following drawbacks of poverty lines:

- They take limited account of the subjective, relative and non-income aspects of poverty;
- They take no account of human development capabilities, those with good education and health, and/or access to related services again are less vulnerable and better able, or perceived as better able to cope with income poverty or to escape it in the longer term;
- On their own, poverty line head-counts give no indication of the depth or severity of poverty, and variations in severity below the poverty line, nor do they address the variations that can occur within households;
- The cut-off line is arbitrary and gives no indication of larger scale vulnerability. The number of people who may be above the poverty line at the point of measurement could fall below if conditions change. Risk, vulnerability and change are not easily dealt with by simple, absolute definitions and measures;

- The poverty thresholds are very sensitive to any assumptions made about price levels, and
- International poverty line (\$1 a day) makes no distinction between the rural and urban contexts. It does not take into account the widely varying country contexts in which poor people live. Although adjustment is made for purchasing power parity (PPP), this does not seem to account for all the variability in cost of living for poor people in high and low income countries (DFID, 2002:18).

The next section will discuss some of the measures used in the understanding of poverty:

2.4.1 Absolute poverty lines

The concept of absolute poverty is based on the notion of subsistence, which describes the minimum basic needs to sustain life, and being below the subsistence level therefore is to be experiencing absolute poverty because one does not have enough to live on (Alcock, 1997:68). The idea of absolute poverty is most frequently found in countries where the average income is very low and the incidence of poverty is high. Food is the most common measure for absolute poverty (DFID, 2002:9). The UNDP (1997) defines a condition of ultra poverty as being when a household cannot meet 80% of the World Health Organization (WHO) minimum calorie requirement.

The absolute poverty line as poverty measure principally has two sub-poverty lines, namely, food poverty line (FPL) and non-food poverty line. These are discussed in details below:

2.4.1.1 Food poverty line (FPL)

Adequate nutrition is one of the most basic human needs, and it is therefore a central element in the construction of absolute poverty lines. In addition, food is the only category that is common to every country's or organizations' practice (Rio Group, 2006:54). Practices for constructing absolute food poverty lines are:

- **Normative FPL:** Represents the cost of a food basket that provides proper nutrition and health, but whose primary purpose is not poverty measurement. This basket normally guides people towards healthier eating (Rio Group, 2006:54b).
- **Semi-normative FPL:** Represents the cost of a food basket that is anchored to certain nutritional guidelines according to the consumption habits and market prices faced by the population. This basket adheres to consumption habits, even if they are not healthy or economically efficient (Rio Group, 2006: 55).

Estimates of the energy (caloric) requirements for the population under analysis are generally based on internationally agreed recommendations (WHO, 1985 and 2004 and Rio Group, 2006:56). According to these organizations, the basal metabolic rate (that is the minimum calorific requirement needed to sustain life in a resting individual) is calculated using data on the height and weight of the population. The required daily kilocalories are then computed for different groups of persons defined according to sex, age and level of activity (Rio Group, 2006:56b). However, it is difficult to establish an appropriate minimum level of daily energy requirements, and hence it has become more usual to define food poverty by reference to some criteria of subsistence (UNDP, 1997).

2.4.1.2 Non-food poverty line

The most commonly used approach for drawing the non-food poverty line is based on the observed Engel-coefficient (the proportion of expenditure devoted to food) for a reference group of the population. This approach consists in multiplying the inverse of this coefficient by the cost of food basket, such that the non-food basket cost is directly obtained from the consumption habits of the reference population. This methodology is based on the original work done by Mollie Orshansky and it is therefore referred to as the Orshansky multiplier (Rio Group, 2006:59).

Using this procedure, there are several conceptual implications. Firstly, the income level at which poverty lines are set is often too low in relation to

housing costs in urban areas. Poverty lines often make no allowance for transport costs (Satterthwaite, 2004:1). Secondly, Satterthwaite (2004:1b) notes that in the absence of adequate set of data, questionable assumptions and “rules of thumb” are often used to set poverty lines that usually underestimate the scale of urban poverty. For example, poverty lines are often not adjusted to accurately reflect variations in the costs of non-food essentials. In order to remove the inconsistency, one would have to assume that what people actually happen to spend is what they need to spend on non-food items, which is clearly an unrealistic assumption (Rio Group, 2006:60).

Advocates of absolute poverty see it as the best poverty measure and have brought the following points to support their views:

- Absolute poverty is objective and exists independently of any reference group. It does not depend on the general living standards of the society in which it is conceived and nor does it vary over time. Any household earning below subsistence can be categorized as poor (Noble, Ratchiff and Wright; 2004:5).
- Measuring poverty by an absolute threshold has the advantage of applying the same standards across different locations and time periods, thus making comparisons easier (Alcock; 1993:68).
- Absolute poverty attempts to define the poor not in terms of being well-off but in terms of the poor themselves (Adcock, 1993:63).

The absolute approach to the understanding of poverty has been criticised on the following grounds (Williams; 1998:8):

- If a family is described as poor by not affording food, then by any absolute standards there is very little poverty in developed nations since many can largely afford food.
- For the measure to be absolute, the currency must be the same in different countries but in the real world currencies differ in strength. Different

cultures, technological levels and time periods make this measure difficult as well.

- Escaping the battle of survival does not necessarily mean escaping poverty, thus the absolute measure ignores some factors like social deprivation and any changes in income distribution (Williams; 1998:8b).

2.4.2 Relative poverty lines

Noble *et al*, (2004:4) writes that relative poverty is characterized by defining poverty from three perspectives that is, in relation to living standards of a reference group, or in terms of resources required to participate fully in society, or more narrowly by reference to the national income/expenditure distribution. Townsend (1979:31) contends that individuals, families and groups in the population can be said to be in relative poverty when they lack the resources to obtain types of diet, participate in the activities and have the living conditions and amenities which are customary or at least widely encouraged or approved in the societies in which they belong. Their resources are seriously below those commanded by the average individual or family that they are, in effect, excluded from the ordinary living patterns, customs and activities.

The attraction of the relative measure can be seen in the following monetary example: Assume an individual has a one-time choice between the two states of the world, A and B, in the table below. The rational economic choice might be situation B (greater absolute income for individual), behavioural research on the other hand suggests that many individuals may prefer situation A in practice (greater income relative to others).

Table 2.1: Relative monetary scenario

	Self	Others
A	R100,000	R76,000
B	R110,000	R165,000

Source: Rio Group (2006:73)

A relative approach to poverty measurement uses current data on the distribution of resources and defines the poverty line as a proportion of some notion of standard of living, such as the mean, median or some other quantile. A relative poverty line thus varies one-for-one with the standard of living, in that a one percent increase in the standard of living is matched by a one percent increase in poverty line. The median is the most stable measure of poverty, since it avoids the risk of contamination from potentially less robust, extreme values at either end of the income distribution (European Economic Council, 1985:24).

2.4.3 Subjective poverty line

The subjective poverty approach differs from the absolute and relative poverty lines. The subjective poverty lines are derived from qualitative assessments of perceived consumption adequacy based on a household survey (Pradham and Ravallion, 2000:1). Subjective poverty lines have been based on answers to the minimum income questions (MIQ) such as the following statement from Kapteyn et al (1988): “what income level do you personally consider to be absolutely minimal? That is to say that with less you could not make ends meet”. In the measurement of poverty, the subjective approach can be used either in monetary (to determine the value of a poverty line) or non-monetary contexts (such as the unmet basic needs). The issue of subjective poverty is part of a larger field of analysis on the subjective perception of well-being. The term “economics of happiness” is used on occasion to refer to these studies, which focus on aspects of life satisfaction and how the different domains of life affect general well-being (Rio Group, 2006:80).

Problems arising from reliance on expert opinion on the definitions and implementation of poverty measures have led to a number of efforts to find a broader basis for support of the components of a poverty line. There are a number of variants of the consensus approach, some obtain views about hypothetical families (Rainwater, 1974), while others focus on respondents’ views about their own experience or how much income they need. Another consensus approach consists of asking which components of living standards

are necessary and seeks to identify a minimum acceptable way of life by reference to the view of society as a whole (Mack and Lansley, 1985).

Advocates of subjective approach see it as the best poverty measure and have brought the following points to support their views:

- The subjective approach to poverty measurement provides useful elements for the analysis of poverty, which effectively complement other “objective” measurement approaches. It generates valuable information concerning what the population thinks about its own well-being, providing a “reality check” for the results obtained from other approaches (Rio Group, 2006:89).
- A frequently cited advantage of subjective approach to poverty measurement is that it is free from arbitrariness, since the definition of the poverty line is derived from the population itself and not by the researcher (Pradham *et al*, 2000:14).

A crucial aspect is the difficulty of obtaining accurate answers from respondents. Kapteyn *et al* (1988 and Rio Group, 2006:88) showed that people in general only know approximately the level of their actual income, and that they make systematic errors in estimating their own income. Therefore, to obtain a poverty definition that is based on an accurate measurement of income, they propose inclusion a set of detailed questions about income in the questionnaire to respondents in this regard. Ferrer-Carbonell and Van Praag (2001) concede that subjective poverty lines are more complex to measure and interpret as poverty estimates can be viewed judiciously.

Although public opinion and social consensus approaches contribute a great deal, they face serious difficulties in asking respondents to assess needs outside their own experience. These methods have been criticised for their subjectivity and for the fact that people’s experiences may be far removed from poverty (Alkire, 2002:125).

In South Africa, poverty lines have also been used in an attempt to provide an understanding of poverty; several poverty lines have been introduced since 1993. The Minimum Living Level (MLL) was the minimum level at which a non-white family would be able to maintain the health of its members and conform to Western standards of decency. It includes the cost of items such as tax, medical expenses, education and household equipment, in addition to the items included by the poverty datum line (PDL). The Supplementing Living Level (SLL) was also introduced, which provides for more items than the MLL, such as pension, insurance, medical aid and recreation (Sekhampu, 2010:86).

2.4.4 Measuring poverty using an indicator of welfare

There are a number of conceptual approaches to the measurement of well-being. The most common approach is to measure economic welfare based on household consumption expenditure or household income (Rio Group, 2006:60). The classification of a household as poor or non-poor is determined by comparing available household income/resources, for a given period of time, with the value of the poverty line. A household's resources for attaining a certain standard of living are represented by either total income or total consumption for a given period, usually one month or one year (Rio Group, 2006:64). Although various technical solutions have been suggested for differentiating the poor and non-poor using the monetary approach, there is no theory of poverty that clearly differentiate the poor from the non-poor. As stated by Rio Group (2006:64b), no consensus has been reached as to most appropriate indicator to measure the level of living. The extensive list of arguments in favour of income or consumption is reviewed below.

If it is assumed that a person's level of utility depends on his/her present consumption, then present consumption is the most suitable welfare indicator. Income should then be considered only as a proxy of the level of living (Atkinson, 1991 and Rio Group, 2006:42). However, it is debatable whether welfare should be measured only in terms of a utility function determined solely by present consumption. There are theoretical arguments for preferring income over consumption as an indicator of the level of living. For instance, given that the level of future consumption is also a determinant, income has

the advantage of including current saving, which will become future consumption (Altimir, 1979 and Rio Group, 2006:42). In addition, income reflects the consumer's opportunities rather than actual outcomes. It therefore provides a better basis for comparing welfare by focusing on access to resources, not just their use (e.g. voluntarily low consumption expenditure does not indicate poverty). Moreover, income is a better indicator if poverty is defined in terms of minimum rights to resources, where "people are seen as entitled, as citizens, to a minimum income, the disposal of which is a matter for them (Atkinson, 1991 and Rio Group, 2006:42b).

From an empirical perspective, there is evidence that consumption is not closely tied to short-term income fluctuations, and that consumption is smoother and less variable than income (Deaton and Zaidi, 2002 and Rio Group, 2006:42c). This makes consumption a better indicator than income, especially when the data collection period is short. This does not mean that consumption is not subject to seasonal fluctuations, but these are supposedly smaller than seasonal income fluctuations. Another practical element in the debate involves the difficulties of obtaining accurate information from respondents. According to Rio Group (2006:43), it is also generally thought that respondents are more reluctant to share information about their incomes and (to an even greater degree) their assets than about their consumption, which means that they are more likely to give deliberately inaccurate answers to questions about their income than to give the same kind of answers to questions about their consumption.

Rio Group (2002:45) asserts that if one chooses to assess poverty based on household consumption or expenditure per capita, use of an expenditure function facilitate a lucid analysis. In simple terms, an expenditure function shows the minimum expenditure required to meet a given level of utility U , which is derived from a vector of goods X , at prices P . It can be derived from an optimization problem in which the objective function (expenditure) is minimized subject to a set level of utility, in a framework where prices are fixed. The expenditure function thus provides the minimum amount of resources required to attain a set level of well-being, which is essential what

the poverty line is. The function fits naturally into the framework of poverty assessment, and is the first step needed in most analyses of deprivation.

Let the consumption measure for the household i be denoted by y_i . Then an expenditure measure of welfare may be denoted by:

$$Y_i = P \cdot Q = e(P, X, U). \quad (2)$$

Where P =a vector of prices of goods and services,

Q =a vector of quantities of goods and services consumed,

$e(\cdot)$ =expenditure function,

X =vector of household characteristics (number of adults, number of young children, etc),

U =the level of utility or well-being achieved by the household.

Once Y_i has been computed, one can construct per capita household consumption for every individual in the household. Thus, for all people in the household's survey, one can measure individuals' well-being, based on consumption. This approach assumes that all individuals in the household have the same needs (Nicholson, 2008:56).

2.4.4.1 Income as measure of poverty

According to Canberra Group (2001:11), there has been a long history of debate on the boundaries to be set for the definition of income. Much of the debate has centred on whether:

- Income should include only receipts that are recurrent (that is, exclude large and unexpected typically one-time, receipt);
- Income should only include those components which contribute to current economic well-being, or extend also to those which contribute to future well-being, and
- Whether the measure of income should allow for the maintenance of the value of net worth (Canberra Group, 2001:11).

The debate has benefited theoretical insights from a number of prominent economists. Hicks (1946:172) proposed that it would seem that we ought to define a man's income as the maximum value which he can consume during a week, and still expect to be as well off at the end of the week as he was at the beginning. The Haig-Simons' (1977) definition of personal income is that it comprises the sum of consumption and change in net worth in a period, therefore making no distinction between regular and irregular receipts.

However, while these definitions can give general guidance they are open to more than one interpretation. Typically, the choices to be made in constructing household income have been approached by macro and micro analysts from rather different perspective, which has resulted in different definitions for measuring poverty. The macro-analyst is interested in the aggregate of household income as a whole, and hence approaches its construction in a top-down manner (UN, 1977). The micro-analyst on the other hand is primarily interested in the measurement of income distribution (the study of poverty and its effect on different socio-economic groups within a society). Conceptually, this means that the definitions are driven mainly by what the individuals perceives to be an income receipt of direct benefit to him or herself, which results in a bottom-up approach to the construction of a definition (Canberra Group, 2001:29).

2.4.4.1.1 The micro-approach to poverty

The Canberra Group (2001:12) cites that the approach of the micro-analyst begins by addressing the question: "Is the income receiving household better off today as a result of this receipt (able to consume more goods and services)?" Such approach implies that it is current economic well-being which is of interest. Components which contribute to future economic well-being such as pensions, social insurance, interest earned on retirement-based assets and capital gains are included to mention a few. However, current economic well-being is chosen as the organising principle. There are three other dimensions along which further choices of income components have to be made. These are cash (monetary) versus non-cash income, regular versus irregular income and maintenance of the value of net worth.

2.4.4.2 Consumption as measure of poverty

As postulated by Rio Group (2006:46) and Deaton and Zaidi (2002), the construction of the consumption aggregate as a measure of poverty may be decomposed into four main categories: food items, non-food items, durable goods and housing. The food consumption aggregate is obtained as the sum of food consumption from every possible source in the household, including market-purchases food, home-produced food, food items received as gifts or remittances from other household and food received as payment from employers.

According to Rio Group (2006:47), the construction of the non-food aggregate should exclude certain items. This is the case of taxes (which are considered a deduction from income and not an expenditure), large expenditures that are not part of the regular pattern of consumption of the households, gifts and remittances sent to other households, and occasional expenses (such as expenditures at weddings or funerals). Regarding durable goods, the optimal case is to have data on the current price of the item, the price at the time of purchase and the date of purchase. With this information, a depreciation rate for each durable goods can be estimated, in order to determine the value that should be assigned as expenditure in the relevant measurement period.

The acquisition of a house is a large and relatively rare expenditure and should not be included in the consumption measure. The consumption aggregate reflects the monetary value of the service provided by the dwelling to the homeowner that is rent. Expenditures on electricity, gas and other utilities should be included in the housing category (Rio Group, 2006:48).

2.4.4.3 Measuring poverty by aggregating deprivation indicators

An approach frequently used in many countries is based on the use of deprivation indicators (DI). This method identifies poor units, mainly households, as those facing severe deprivation of basic human needs. In contrast to monetary poverty lines in which income or expenditure acts as the welfare indicator, this approach is considered to be multidimensional in that it

employs different indicators to represent particular dimensions of welfare (Rio Group, 2006:101).

This DI method consists in measuring states effectively reached by the unit (health status or morbidity, educational achievements, nutritional level that is ideas similar to the functioning's in the Sen approach) or in measuring the consumption of goods that allows these states to be obtained. To some extent, the evaluation of well-being implicit in this approach is related to utility, which has a long tradition in economics. Utility, however, is subjectively appreciated as a mental condition (i.e. the pleasure obtained by the individuals), so it is difficult to consider in empirical approaches (Rio Group, 2006:102)

To identify poor units under the DI approach, it is necessary to follow a series of steps that, to some extent, are similar to those required by the poverty line method. Firstly, the basic needs must be defined. Secondly, the relevant deprivation indicators must be determined for each basic need. Thirdly, standards have to be established for each indicator, and hence these are the thresholds denoting the minimum or maximum value associated with the satisfaction of the need (Rio Group, 2006:103). This method requires the establishment of standards for each of the needs considered to be basic. The following four steps can be identified in the process of reaching that aim:

- Selecting the basic;
- Identifying different dimensions to be evaluated in each basic needs;
- Defining indicators for each of those dimensions, and
- Setting up the thresholds or the values indicating deprivation for each indicator. The standards are then the thresholds set for each of the selected indicators (Rio Group, 2006:103).

The Rio Group (2006:103) cites that the selection of the basic needs is, theoretically, the first necessary step in the process of defining the standards, as is the case in the poverty line approach. Housing is a typical example, and

it is possible to evaluate aspects such as a building's capacity to isolate people from the environment (against cold, for example), to ensure the privacy of their members, or to provide certain services (such as water or sewage disposal facilities). Finally, one or more indicators have to be chosen for each of these dimensions.

In addition, the lack of a conceptual framework with a wide consensus to guide the selection of basic needs is clearly not helpful for the standards setting process. Nutrition, health, education, housing, clothing and leisure will probably be included on any list, regardless of the analyst's theoretical stance. The indicators that are ultimately selected in each of the dimensions should measure results. These entail considering variables such as the nutritional state (the absence of malnutrition, health status assessed by means of different clinical tests, educational achievements measured through standardized examinations. All members of a household should be assessed along the same dimensions, even though different indicators may be used for different members. The process of establishing the set of indicators, which identifies first the needs, then the dimension and finally the indicators, implies that statistical data can be specially gathered for the purpose of measuring poverty (Rio Group, 2006:107).

2.5 AXIOMS FOR POVERTY INDICES

The axiomatic analysis of poverty indices, introduced by Sen (1976) and later refined by Rio Group (2006:95) establishes that a good poverty measure should possess several desirable characteristics. The most relevant are as follows:

- **Focal axiom:** The poverty measure should disregard information relating to the income of the non-poor.
- **Monotonicity axiom:** A poverty measure should increase when the income of a poor person diminishes. This means that there should be a correlation between the index and the distance of the poor to the poverty line.

- **Transfer axiom:** A transfer of income from any given person to a less-poor person should increase the poverty index. This axiom means that the poverty measure should reflect how incomes are distributed among the poor.
- **Subgroup monotonicity:** If a given population subgroups' poverty measure increases, and everything else remains constant, then the poverty measure for the whole population should increase (Anand, 1977 and Clark, 1981).

2.5.1 Poverty indices

A number of indices are available for aggregating the information from the poverty line approach, but only three are used regularly in most practices: the headcount index, the poverty gap index and the severity of poverty index. All three belong to the “FGT family” of poverty measures, corresponding to Foster, Greer and Thorbecke (Foster, Greer and Thorbecke, 1984).

2.5.1.1 Headcount index

The headcount index (H) measures the proportion of the poor population. It is written as:

$$H = \frac{q}{n}, \text{ where } n \text{ is the population size and } q \text{ is the number of people}$$

with incomes below the poverty line. This measure is clearly the best-known poverty index, and it is very easy to interpret and communicate. The headcount index satisfies the focal axiom and is additively decomposable. It provides a very limited view of poverty, however, it offers no information on “how poor the poor are” (monotonicity axiom) and it does not consider distributional aspects of the poor population (transfer axiom) (Rio Group, 2006:95).

2.5.1.2 Poverty gap

The poverty gap (PG) measures the relative income shortfall of poor people with respect to the value of the poverty line, weighted by the incidence of poverty. It can be written as:

$$P_G = \pi \cdot \beta \text{ where } \beta = \frac{Z - Y}{Z} \text{ where } Z$$

represents the poverty line and Y is the mean income of the poor population. The income gap ratio indicates the average distance between the income of those in poverty and the poverty line. It is not a good indicator of poverty on its own, for example, the richest person among the poor raises his/her income above the poverty line, the indicator will show an increase in poverty because the new mean of the poor will be lower, even though the number of poor has diminished. This defect is solved when the income gap ratio is multiplied by the headcount index. The PG index can also be written as:

$$PG = \frac{1}{n} \sum_{i=1}^n \left(\frac{Z - Y_i}{Z} \right)$$

The poverty gap index satisfies the focal and monotonicity axioms and is additively decomposable; it does not comply with the transfer axiom (Rio Group, 2006:97).

2.5.1.3 Severity or Foster, Greer and Thorbecke (FGT2) index

Foster, Greer and Thorbecke (1984) proposed the following parametric family of poverty measures:

$$P_\alpha = \frac{1}{n} \sum_{i=1}^n \left(\frac{Z - Y_i}{Z} \right)^\alpha \text{ where } \alpha \geq 0 \text{ can be interpreted as an inequality aversion}$$

parameter, which assigns varying weights to the difference between the income of each individual and the poverty line. When $\alpha=0$, this measure is equal to the headcount index, when $\alpha=1$, it equals the poverty gap index. As α increase beyond the value of 2, more weight is progressively given to incomes that are far from the poverty line. In fact, as $\alpha \rightarrow \infty$, the poverty measure will

depend entirely on the distance of the poorest person's income to the poverty line. A measure that has been used extensively in the measurement of poverty is P_x with $\alpha=2$ (FGT₂), as it satisfies the transfer axiom as well as the focal and monotonicity axioms. Every index of the FGT family is also additively decomposable.

2.5.1.4 Sen index

Before the Foster, Greer and Thorbecke index family become known, Sen (1976) proposed another poverty measure that satisfies the transfer axiom:

$S = \pi[\beta + (1 - \beta)G_p]$ where G_p is the gini coefficient for the income distribution of the poor. It should be noted that when the income of the poor are all equal, $G_p=0$, and the Sen measure becomes $S = \pi\beta$. However, this measure presents two disadvantages in comparison with FGT indices. The first is that the sum of the contributions of each population subgroup to total poverty may not add up to 100%. The second is that poverty may diminish even when the poverty in each subgroup increases.

2.5.1.5 Subjective equivalence scales

This is an approach in which family size elasticities are derived from subjective judgements which are empirically observed in a population. The subjective dimension of welfare is mostly measured with asking the household how well it can “make ends meet” supplied with the labels “very bad to very good”. Questions of this kind are often called Income evaluation questions (IEQ) (ICCR, 2000:7).

The best-known method for measuring subjective poverty was also proposed in Goedhart *et al* (1977) and later applied in different contexts. It is based on a minimum income question, such as “In your opinion, what is the lowest net monthly income that your household would have in order to make ends meet (Please answer in relation to the circumstances of your household and what you consider as “making ends meet”).

2.5.1.6 Equivalence scales

Equivalence scales are indices that measure the relative cost of living of families of different sizes and compositions, in comparison with a reference unit. They usually consider two elements: the consumer unit equivalence (which takes account of the needs of the household members according to their characteristics) and the economies of scale (decreasing marginal cost with the addition of new members to the household). With the help of equivalence scales each household type in the population is assigned a value in proportion to its needs. A straightforward way of applying equivalence scales is through an explicit functional form. An example can be given by the expression N^Q , where N is the number of members in the household and Q is the parameter for economies of scale ($Q=0$ corresponds to absolute economies of scale, $Q=1$ corresponds to the absence of economies of scale) (Rio Group, 2006:38).

There are numerous methodologies for estimating the values of the equivalence scales on the basis of observed behaviour. Atkinson *et al* (1995) cites that some of the most commonly used scales include:

- **OECD equivalence scale:** This assigns a value of 1 to the first household, 0.7 to each additional adult and 0.5 to each child. This scale was initiated by OECD (1982) for possible use in countries which have not established their own equivalence scales,
- **Square root scale:** This compares income inequality and poverty across countries and uses a scale which divides household income by the square root of the household size. This implies that, for instance, a household of four persons has needs twice as large as one compared of a single person (Atkinson, 1995).

The Engel method, for example, assumes that if two households spend the same proportion of their budgets on food (a proxy for their level of well-being), then the relation between the total expenditures of the two will give an index of the cost of maintaining the first household compared with the second, and hence this index constitutes the equivalence scale (Rio Group, 2006:40).

Citroand Michael (1995) proposed functional form for the construction of the poverty line. This scale has the form $f(A + \rho K)$ where A is the number of adults in the family, K is the number of children, ρ is the proportion of child's needs compared with those of an adult and F is the economies of scale factor.

The next section discusses the relationship between poverty and inequality:

Poverty and Inequality

According to Dubihlela (2010:37), the issue of inequality in the distribution of income and wealth is a long term global problem. According to the World Bank (2008:4), the richest, 20% of the world's population consume about 76.6% of the world's wealth. The poorest, 20% of the population consume 1.5% of the wealth and the middle, 60% consume 21.9% of the world's resources. The poor majority seem to own the world's few resources while the rich minority enjoy the bulk of the world resources (World Bank, 2008). Besides the persistently high level of the poverty rate, South Africa is among the countries with the highest income inequalities in the world. In 2007, the Gini coefficient was 57.8 percent (UNDP, 2007).

Inequality means different things to different people. Whether inequality should encapsulate ethical concepts such as the desirability of a particular system of rewards or simply mean differences in income is subject of much debate (Litchfield, 1991:1). Poverty is a prescriptive concept while inequality should be seen as a descriptive concept. Poverty is concerned with the absolute standard of living of a part of the population i.e. the poor who are not able to attain a minimum standard of living, whereas inequality refers to the relative standards across the whole population (Ligthem, 1993:3).

According to Sekhampu (2010:96), the relationship between poverty and inequality is neither clear nor direct. Poverty and inequality are analytically distinct concepts. They vary independently of each other, and it is misleading beyond a point to treat the one as leading to the other. The study of both poverty and inequality has been closely associated with an interest in economic and social change. Poverty and inequality do not change at the same pace, and they may even change in opposite directions. This makes it

difficult to make any meaningful statement about the relationship between the two without specifying which conception of poverty and which aspect of inequality one has in mind (Beteille, 2003).

Although poverty and inequality are related, one does not assume the other. Even though poverty does not assume inequality, measures of inequality are useful in the evaluation of relative poverty (Sen, 1981:15). However, poverty and inequality differ in the following aspects (Bhorat *et al*, 2003:7):

- A country with low levels of poverty may have high inequality; therefore the two are not the same.
- Fair and equal society may still have high levels of poverty. This is the case especially where a country is poor but income is fairly distributed. Thus many developing nations have lower gini-coefficient than South Africa but poorer than South Africa.
- Poverty and inequality respond differently to growth (Bhorat *et al*, 2003:7).

The World Bank (1991:39) stated that causes for greater income inequality which is prevalent in the developed nations compared to the developing ones lie in the following factors:

- Inequalities in ownership and access to land for historical, cultural and social reasons.
- Scarcity of professional and technical skills leading to different remunerations.
- Widespread existence of imperfect factor mobility and information. Also monopoly power based on economic or political strength may account for existing disparities.
- Social structures that exclude people on the basis of race, sex or religion from jobs, land holding and other means to produce income (World Bank, 1991:39).

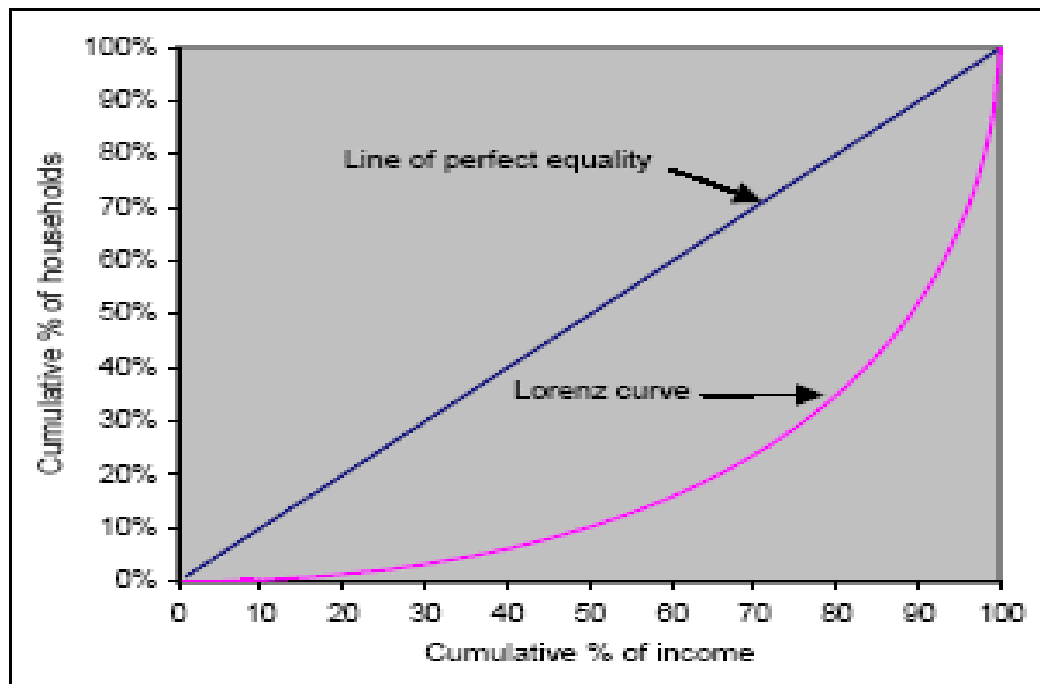
Litchfield (1999:2) asserts that a good inequality measure should contain the following:

- **The Pigou-Dalton Transfer Principle.** This axiom requires the inequality measure to rise (or at least not fall) in response to a mean-preserving spread, an income transfer from a poorer person to a richer person should register as a rise (or at least not as a fall) in inequality and an income transfer from a richer to a poorer person should register as a fall (or at least not as an increase) in equality.
- **Income Scale Independence.** This requires the inequality measure to be invariant to uniform proportional changes: If each individual's income changes by the same proportion (as happens when changing currency unit) then inequality should not change.
- **Principle of population.** The population principle requires inequality measures to be invariant to replications of the population: merging two identical distributions should not alter inequality.
- **Anonymity.** The axiom-sometimes also referred to as "Symmetry", requires that the inequality measure be independent of any characteristics of individuals other than their income (or the welfare indicator whose distribution is being measured).

This requires overall inequality to be related consistently to constituent parts of the distribution, such as population sub-groups. For example, if inequality is seen to rise amongst sub-group of the population then we would expect inequality overall to also increase.

The most commonly used measures of inequality are the Lorenz curve and the Gini-coefficient. The Gini-coefficient is calculated from the Lorenz curve and hence measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. The figure 2.1 below depicts the Lorenz curve and Gini-coefficient:

Figure 2.1: The Lorenz curve and Gini-coefficient



Source (HSRC, 2005:5)

The Lorenz curve shows the distribution of income earned over a given period in relation to its recipients. When actual incomes are distributed unequally as depicted in the diagram above, the Lorenz curve is bowed further away from the diagonal line. Along the line of perfect equality, the 45-degree line represents perfectly equal income distribution. At this point, the distribution of income is equal. If the distribution is unequal, the curve is bowed away from the 45-degree line (HSRC, 2005:5).

In geometric terms the Gini-coefficient is measured as:

$$G = \frac{\text{Area A}}{\text{Area B}} \quad (3)$$

Where A = Area between Lorenz curve and line of perfect equality

B = Total area below line of perfect equality

Source: HSRC, 2005:5

The Gini-coefficient is another method which measures the degree of inequality based on the area on the Lorenz curve diagram. The Gini-coefficient measures the degree of inequality and the distribution of the national income. It varies between 0 and 1 and the closer it is to 1, the greater inequality in income distribution in the society and the closer to 0 the more equal the income distribution in the society (Bhorat *et al*, 2003:3).

This method of calculating the Gini-coefficient fails to take into account the degree of inequality in distribution within countries. It only reflects the unequal distribution of income in countries and assumes that income is equally distributed within the countries themselves.

2.6 POVERTY DIMENSIONS IN SOUTH AFRICA

In the recent past there have been many studies that imply that there are improvements in the lives of many South Africans, although there remain many that are still significantly deprived (Mokhele, 2007:154). The section that follows will provide an overview of the nature of poverty in South Africa.

2.6.1 The legacy of Apartheid and poverty in South Africa

According to Malefane (2004:42), the extreme poverty of many of South Africa's people is a direct legacy of Apartheid. Apartheid had neglected lives and basic needs of many South Africans' (Mandela, 1998:3) and still manifests itself in racialized economic inequality years after it was dismantled. As argued in Temanie (2001:53) and Dlamini (2001:23), the Apartheid policy was not only intended to have political consequences i.e. separation and development of different racial groups, but also to have serious economic effects for many black people. In fact, there is still a strong belief in many respects that the policy of Apartheid had been primarily economic in nature.

According to Aliberet *al*. (2005:5), South Africa still experiences high levels of poverty and extreme disparities in income, wealth and opportunities. This can be best understood as the result of the confluence of two distinct processes: Firstly, South Africa's own particular history up to 1994, and secondly, the

changes in the global economic environment in the second half of the twentieth century, including the emergence of “ideological globalization”. Bureau for Economic Research (BER) (2009) cites that the political transition from apartheid to an era underpinned by the ideology of equal rights is not mirrored in the economic well-being of the citizens of South Africa: inequality in poverty levels still characterize the economic landscape.

2.6.2 The HIV/AIDS pandemic

Naudeet *al* (2001) argued that there is no discussion of socio-economic characteristics that would be complete without specific reference to the impact of HIV/AIDS. The trends and tendencies related to HIV/AIDS prevalence have been escalating in the past few years and the situation is worse in rural areas (Department of Health, 2011). The HIV/AIDS pandemic, as seen by many authors and practitioners, is the biggest cause of death in South Africa and an attack to vulnerable sectors of the society (Dalperil, 2009).

In relation to poverty, the pandemic has dramatic effects to both the communities as well as the health system. The effects of HIV/AIDS on communities are that it kills many breadwinners and in this way, family income is diverted to medical and funeral costs. The social welfare net is stretched to the limit by the break-up of families, the increase in the number of orphans, street children and drop-outs from schools (Danida, 2000:12).

2.6.3 Unemployment

One of the principal manifestations of, and factors contributing to, the low levels of living in developing nations is their relatively inadequate or inefficient utilisation of labour in comparison with the developed nations. According to Todaro (1992:89), under utilisation of labour is manifested in two ways:

- First, it occurs as underemployment-those people, both rural and urban, who are working less than they would like, daily, weekly or seasonally. Underemployment also includes those who are nominally working on a full-time basis, but whose productivity is lower than a reduction in hours would have a negligible impact on total output.

- The second form is open unemployment-those people who are able and often eager to work but for whom no suitable jobs are available (Todaro, 1992:89).

Unemployment affects a large segment of the labour force and is a significant contributor, and closely correlated to poverty in South Africa. It is one of South Africa's significant development challenges and has come to be recognized as one of the outstanding hazards in the society as a whole. Unemployment is a cause and a result of poverty in South Africa and many other countries (Tony and Etienne, 2002). Unemployment is said to have worsened the poverty levels amongst the poor, even though the economy has experienced growth since the political transition to democracy of the early 1990s. The rate of unemployment in South Africa is currently 24.4% (Stats SA, 2011:17).

2.6.4 Gender and poverty

Hill and Michael (2000) submitted that gender equality is important not merely because human rights are premised on equal work of all human beings but for the more pragmatic reason that greater gender equality is essential to the reduction of poverty. In South Africa, as in other countries, there are numerous impediments to women's exercise of their human rights and poverty impacts disproportionately on women. According to Heynset *al* (2000:221), poverty has a strong gender dimension. Research had indicated that the incidence of poverty among female-headed households is 50% higher than among male-headed households (Dubihlela, 2010:105).

Women and children experience higher vulnerability to poverty, with an increasing number of women finding themselves as heads of households, especially in rural areas. Overall, women tend to have less access to resources than men and it is estimated that between 57% and 75% of children are living in varying degrees of poverty. It seems the higher the incidence of poverty among children, the higher the incidence of poverty among the population as a whole. Altman and Mayer (2003:16) are of the view that the ultimate objective of employment creation is to reduce household poverty. It is

relevant that research had demonstrated that income earned by women is more likely to reduce household poverty than income earned by men.

2.6.5 Income inequality

Income inequality and poverty, according to Ngwane (2001), are some of the challenges facing many African countries in general and South Africa in particular. The study of poverty, as he further argued, needs to pay special attention to unemployment, inequality in the distribution of income and occupational levels of the poor. The three are inter-related variables. South Africa is one of the countries in which the distribution of income is unevenly distributed by race.

Poverty is a function of both low incomes and the exceptionally high unemployment rate. Evidence shows that an estimated 50 percent of poor households are dependent on social grants as their primary source of income (Heynset *et al*, 2000:221). According to Southern Africa Labour and Development Research Unit, by April 2010, fourteen million people (out of a population of 49 million) were benefiting from social assistance grants. Of these, 2.5 million were receiving Old Age Pensions, 1.3 million were receiving Disability Grants, 9.4 million children were benefiting from Child Support Grants and 570,000 children were benefiting from Foster Care grants. Income inequality is one of the key challenges facing the South African labour market (Bhorat *et al*, 2004:14). Income disparities do not only fuel the social tension, but also serve as a constraint on the growth of the economy. Income inequality is also the major cause of poverty (Cosatu, 2010).

2.6.6 Educational dimension of poverty

In today's society that places heavy emphasis on educational attainment for entrance into higher-level occupations, education becomes a crucial dimension. In addition to its economic role, educational experience affects the way individuals are treated by other people, by organizations and bureaucracies. An individual with inadequate education is an outsider, less able to take advantage of the opportunities which exists and is treated less well than those with the same income but a higher education (Chalabesa,

2002:62). Education helps individuals fulfil and apply their abilities and talents, it enhances productivity, improves health and nutrition, promotes self-reliance and confidence (Dlamini, 2000:20).

According to Malefane (2000:4), there is a strong correlation between the level of education and standard of living. The rate of poverty among people with no education has been escalating for the previous years. The high level of poverty has a negative impact on the eradication of illiteracy in South Africa. Poverty is seen as the main reason for the high dropout rate among black pupils, and there is a relationship between school attendance and poverty-related issues such as health, nutrition which affect children and their performance negatively (Kotze, 1994:22).

2.6.7 Poor infrastructure services and urban development

Housing is a highly visible dimension of poverty and has historically been a tool of separate development (Luiz, 1993:127). According to Gilbert and Gugler (1992:114), housing has become a tremendously politicised subject, and being able to demonstrate the effects of poverty on housing is an easy task. Housing does not only offer homes to the poor, but also contributes to the establishment of an economic environment within which stable and productive communities can grow and prosper (Mutshinyali, 2001).

Problems relating to poverty in South Africa have taken various forms to include the quality of the houses and service provision in the areas where such housing structures are located. Adequate housing is a problem experienced by a larger part of the South Africa society since most people had to rent the houses that were largely owned by the state (Mutshinyali, 2001:1).

The link between poverty and infrastructure services in South Africa is not always easy to define because lack of access to one utility does not necessarily mean a lack of access to the other. Moreover, the different infrastructure sectors have different effects on improving the quality of life and reducing poverty. For example, access to reliable energy, clean water and sanitation helps reduce mortality and morbidity and saves time for productive tasks, transport enhances access to goods, services and empowerment,

communication allows access to services, and information on economic activities (Malefane, 2001:70).

2.6.8 Land redistribution and rural development

The issue of land has been a major agenda in most African countries. The problem still continues to be one of the major problems demanding urgent attention in South Africa. Landlessness or skewed patterns of land ownership in South Africa have been a critical determinant of poverty (ANC, 1994). The distribution of land was also based on race (Department of Land Reform, 2010).

The rural poor depend largely on agriculture and small-scale industries and services. According to Augustine (1999:1), the rural poor are not a homogenous group, which by using a specific criterion can be classified. The first classification is of the cultivators, those that have access to, and who own land. The second criterion consists of the non-cultivators who are landless unskilled workers (Khan, 2001:27).

Khan (2001:27b) further sees much functional overlap between the two criteria. According to him, the cultivators are directly engaged in producing and managing crops and livestock. Non-cultivators are the poorest among the rural poor. They depend on seasonal demand for labour in agriculture and informal small-scale industries and services. The landless workers are vulnerable to fluctuations in the demand for labour, wage rate and food prices. They find it even more difficult than land-owners to get access to public infrastructure and services (Mashaba, 2000).

2.6.9 Macro-economic performance and poverty

Due to financial crisis that affected global economic growth adversely, prices of energy and food continue to escalate in South Africa. The economic decline has affected almost all sectors of the economy. In 2008, real output in both the primary and secondary sectors were lower. Real output in the primary sector contracted as the mining sector had to cope with electricity rationing. At the same time, the secondary sector expanded at a slower pace, with the real

value added by the manufacturing subsector contracting due to the adverse impact of power shedding, weaker global demand, slower growth in real incomes, relatively high interest rates and high input costs. For South African economy, which constitutes 62% of consumer markets, this led many workers particularly in primary sectors being laid off and hence many South Africans even today continue to live under devastating pressure as they try to make ends meet (SARB(Quarterly Bulletins for various issues: 2008).

2.7 PROVINCIAL POVERTY RATES

Poverty is distributed unevenly among the nine provinces of South Africa. The section that follows will provide an overview of provincial poverty rates.

In a nutshell the table 2.2 below gives an overview of the provincial poverty levels:

Table 2.2: Overview of provincial poverty levels

Province	# of poor persons (Millions)	% of Population in Poverty	Poverty Gap (Rbns)	Share of poverty
Eastern Cape	4.6	72%	14.8	18.2%
Free State	1.8	68%	5.9	7.2%
Gauteng	3.7	42%	12.1	14.9%
KwaZulu-Natal	5.7	61%	18.3	22.5%
Limpopo	4.1	77%	11.5	14.1%
Mpumalanga	1.8	57%	7.1	8.7%
North West	1.9	52%	6.1	7.5%
Northern Cape	0.5	61%	1.5	1.8%
Western Cape	1.4	32%	4.1	5.0%
South Africa	25.7	57%	81.3	100%

Source: SARP (2011:3)

2.8 SURVIVAL STRATEGIES OF URBAN POOR HOUSEHOLDS

The hardships that urban poor households face bring about several unanswered questions on their survival means. Below are some of the

strategies that are being employed by some poor households in ensuring their survival.

2.8.1 Social security

Although improvements have been made, levels of poverty are still high in South Africa, while varying across the provinces. On average, around one fourth of the population in South Africa lives with less than 1.25 USD purchasing power parity per day (Southern African Labour and Development Research Unit, 2010:3).

According to the WPSW (1997:49), social security systems are means used by the government targeted to protect specifically vulnerable persons. Social security systems provide an important safety-net for the long-term poor population and for the mitigation of economic shocks. Social grants provide transfers for the most vulnerable population groups such as the elderly, the disabled and children, while forms of social insurance such as unemployment benefit provide support to workers who lost their jobs. Non-contributory cash transfers are an important income support for poor households (Case and Deaton, 1998).

The social security system in South Africa has two main objectives. The first objective is to reduce poverty among people vulnerable to low-income such as the elderly, children, and people with disabilities who cannot participate fully in the labour market. The second objective is to increase investments in health, nutrition, and education, in order to increase human capital to accelerate economic growth and development. Other objectives are to prevent destitution in the face of shocks, social compension and re-distribution (SASSA, 1997). In a nutshell the table 2.3 gives an overview of social security in South Africa:

Table 2.3: Structure of social security in South Africa

Social Grants	Statutory funds	Voluntary funds
Child Support Grant	Unemployment Insurance Fund	Medical schemes
State OldAge Pensions	Compensation Funds	Retirements funds
Disability	Road Accident Funds	
Foster care		
War Veterans		
Care dependency		

Source: SASSA (2010)

Table 2.4 below shows the coverage of the social assistance system during the period of five years as well as the number of recipients per province within those years in South Africa:

Table 2.4: Social grant beneficiaries by type and province in South Africa from 2005-2010

Type of grant	2005/06	2006/07	2007/08	2008/09	2009/10
Old age	2,144,117	2,195,018	2,218,993	2,343,995	2,334,082
War veterans	2,832	2,340	1,963	1,599	1,248
Disability	1,319,536	1,422,808	1,413,263	1,371,712	1,310,761
Foster care	312,614	400,503	443,191	476,394	569,215
Dependency	94,263	98,631	101,836	107,065	119,307
Child Support	7,044,901	7,863,841	8,195,524	8,765,354	9,424,281
Total	10,918,263	11,983,141	12,374,770	13,066,118	13,958,894

Type of grant	2005/06	2006/07	2007/08	2008/09	2009/10
Province					
Eastern Cape	2,094,642	2,244,303	2,291,898	2,346,773	2,498,410
Free State	678,522	723,698	735,665	765,553	814,991
Gauteng	1,318,981	1,406,445	1,451,967	1,537,795	1,638,747
KwaZulu-Natal	2,498,888	2,931,722	3,033,463	3,317,229	3,478,811
Limpopo	1,640,032	1,751,512	1,798,859	1,894,034	2,019,849
Mpumalanga	836,451	901,386	925,171	977,704	1,037,971
Northern Cape	213,512	232,102	307,095	326,516	357,517
North West	888,065	1,001,629	980,018	1,014,571	1,089,135
Western Cape	749,170	790,344	830,634	885,938	1,023,463
Total	10,918,263	11,983,141	12,374,770	13,066,118	13,958,894

Source: SASSA (2010)

2.8.2 Others survival means

De Soto (1989) and Thomas (1995:35) argue that state bureaucracy and regulations pertaining to petty trading and settlement are a determining factor for poor households to adopt informal illegal activities for their survival. Being unemployed in government or manufacturing industries, the poor are compelled to create some sort of jobs for themselves. Shoe cleaning, street vending, brewing and selling alcohol, gambling, barbershops, welding and motor repair, catering and baking, sewing and knitting, cutting lawns, car washes, selling metals for scrapyard, begging for survival are just a few of the activities urban poor adopt to survive (Gilbert, 1994:12).

In desperation, some poor households may opt for some criminal activities like pick pocketing, buying and selling stolen goods, prostitution, and shop lifting (Seethuraman, 1981 and Thomas 1995:19). Although informal jobs or micro-enterprises also involve enormous effort and competition, the poor households somehow manage these to earn a living. It is the last resort for

survival to the poor. To supplement their food the poor households have been observed planting vegetables and fruits in public plots (Rakadi and Deves, 1993).

2.9 SUMMARY AND CONCLUSIONS

Over the years there have been competing theories which provide an understanding of poverty. Each approach has its strengths and weaknesses. The study on poverty has been approached from different perspectives and on different levels. Poverty captures a wide range of meanings, depending on who is defining it. Although various technical solutions have been suggested for differentiating the poor and non-poor using the monetary approach, there is no theory of poverty that clearly differentiate the poor from the non-poor.

Equally essential are a number of issues involved in defining and measuring poverty. Should definitions and measurement methods be applied in the same way in all countries and used for comparisons? Should poverty be defined and measured at individual, household or geographic area level? Empirical evidence shows that poverty rates vary a lot when different concepts and measures are used (DFID, 2001:9).

The term poverty could mean different things to different people; its understanding can even differ among countries. From the earliest days, poverty was related to income, and income has remained at the core of the concept's meaning. When people lack or are denied income and other resources, including the use of assets and receipts of goods and services in kind equivalent to income, to obtain the conditions of life that is, diets, material goods, amenities, standards and services, to enable them to play the roles, participate in the relationships and follow the customary behaviour which is expected of them by virtue of their membership in society, they can be said to be in poverty (Ghai, 1977:4). They are deprived because of their poverty. A more expansive understanding of poverty is that people are poor if they are unable to participate in society as full citizens.

Poverty definitions and measurements are closely correlated to each other. Poverty is conventionally measured using poverty lines, absolute, relative and

subjective poverty lines. The poverty lines are based on the premise that it is possible to define a set of needs that is relevant for all families and individuals living in a country and to identify a definition of resources needed to meet those needs (DFID, 2001:11b).

The concept of absolute poverty is based on the notion of subsistence, which describes the minimum basic needs to sustain life, and being below the subsistence level therefore is to be experiencing absolute poverty. The relative poverty is characterized by defining poverty from three perspectives, namely, in relation to living standards of a reference group, or in terms of resources required to participate in society or more narrowly by reference to national income/expenditure distribution (Alcock, 1997:68b and Townsend, 1979:31b).

In subjective poverty line, a survey of a representative sample of the population is carried out to gauge the opinion of the population in order to define the poverty line. There are, however, other measures of poverty: the deprivation indicators (DI). This approach is considered to be multidimensional in nature. It consists of measuring states effectively as reached by the unit (health status, morbidity, educational achievements and nutritional level). A literature study of axioms of poverty is also undertaken (Ravallion, 2001:1b).

Inequality is also studied. Poverty is not the same as inequality. Inequality shows the relative standards across the whole population. Although poverty and inequality are related, one does not assume the other. The most commonly used measures of inequality are the Lorenz curve and the Gini-coefficient. The Lorenz curve shows the distribution of income earned over a given period in relation to its recipients, whereas the Gini-coefficient measures the degree of inequality based on the areas on the Lorenz curve (HSRC, 2005:5b). The literature on dynamics of poverty in South Africa and survival strategies of urban poor households is also undertaken.

CHAPTER 3 A PROFILE OF THE SAMPLED POPULATION

3.1 INTRODUCTION

In this chapter, a profile of households of Boitumelo is constructed. The source of discussion for this chapter is a survey undertaken with households from the overall sample. Of the sampled population, poor households will be derived which are of keen interest for this study. The chapter will entail the use of bar-charts and tables to display the findings about the sampled population.

3.2 THE GEOGRAPHICAL LOCATION OF BOITUMELO

Emfuleni Local Municipality (ELM) is one of three local municipalities that constitute the Sedibeng District Municipality which includes Midvaal and Lesedi local municipalities. The Municipality is situated at the western-most part of the district, which covers the entire southern area of Gauteng province. It covers an area of 987.45 KM^2 , and Vaal River forms the southern provincial boundary. The ELM has two main city/town centres, namely, Vereeniging and Vanderbiljpark. ELM also contains approximately six large peri-urban townships of Evaton, Sebokeng, Sharpeville, Boipatong, Bophelong and Tshepiso (ELM, 2010:10). Boitumelo is located adjacent to Sebokeng.

Boitumelo is a small township within the Emfuleni Municipality in the southern part of Gauteng. The area could be classified as a lower income township. The rationale for choosing Boitumelo as an area of study emanates from the fact that residents of Boitumelo mainly live in houses provided by the government through the RDP initiative.

3.3 THE HOUSEHOLD SURVEY

A survey was taken for the collection of the household data for the study. A questionnaire was designed for obtaining the desired information. Survey questionnaires were developed after a literature review was completed. Close-ended and dichotomous response questions were primarily used in the questionnaires in order to simplify the data analysis and interpretation process. Only one open-ended question was deemed relevant for the study.

Questions applicable to this study were selected and arranged in a manner that could yield meaningful results in a cost-effective manner. A total of 105 households were interviewed by one fieldworker. In total 103 questionnaires were completed in April 2012. Additionally, the questionnaires were deemed legible for analysis purposes. Of the sampled population, 95.15% of the households responded as head of the family. Children were main respondents in 2.91% in cases where older siblings tasked to take care of other members of the households while the breadwinner stayed at the place of work. The extended member family records only 1.94% of the sampled population.

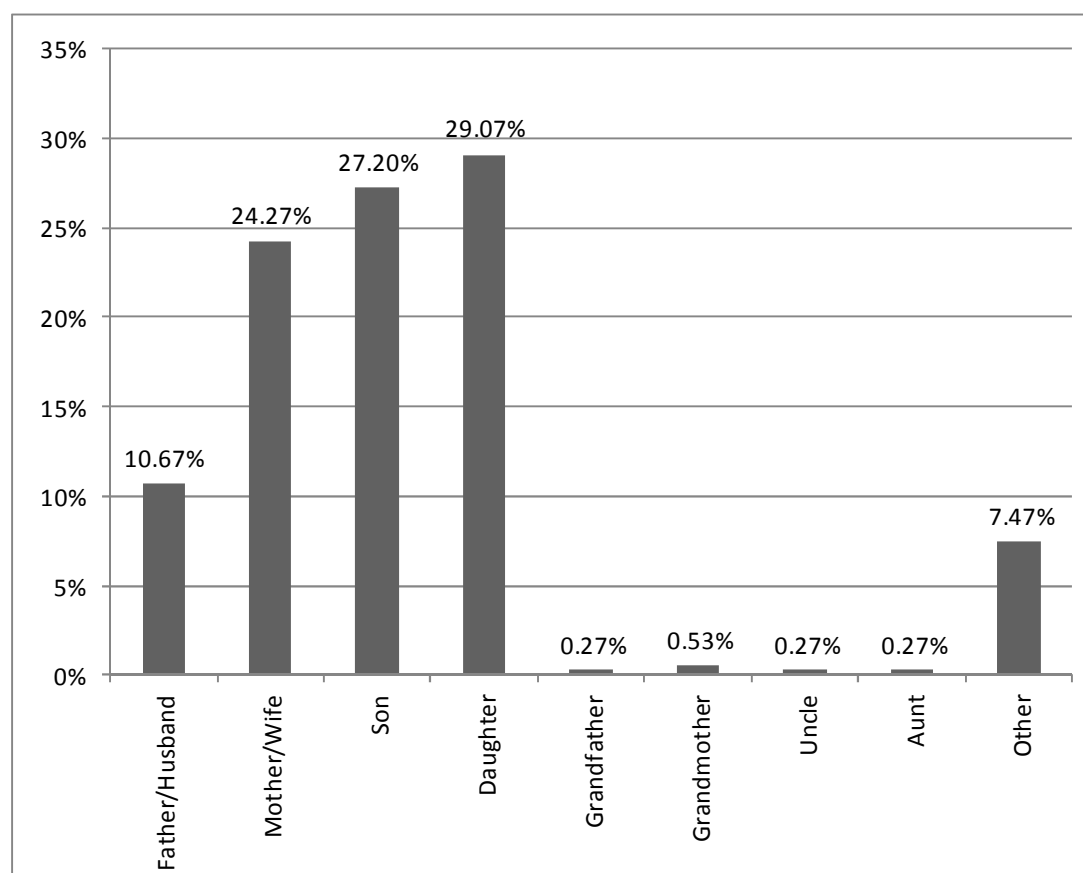
3.4 DEMOGRAPHIC PROFILE OF RESPONDENTS

The subsection below provides a profile of households from different angles.

3.4.1 Members of the household

The distribution of the members of the household is shown in figure 3.1 below. The figure shows a lower percentage of fathers 10.67% in relation to mothers 24.27%. This could be an indicator of high single parenting. The figure also shows a more or less equal spread of sons and daughters 27.20% and 29.07%. The population distribution of grandmothers, grandfathers is 0.53% and 0.27% respectively. The category for others was used to account for relatives such as grandchildren and any other members sharing a common household which accounts 7.47%.

Figure 3.1: Status of households in Boitumelo

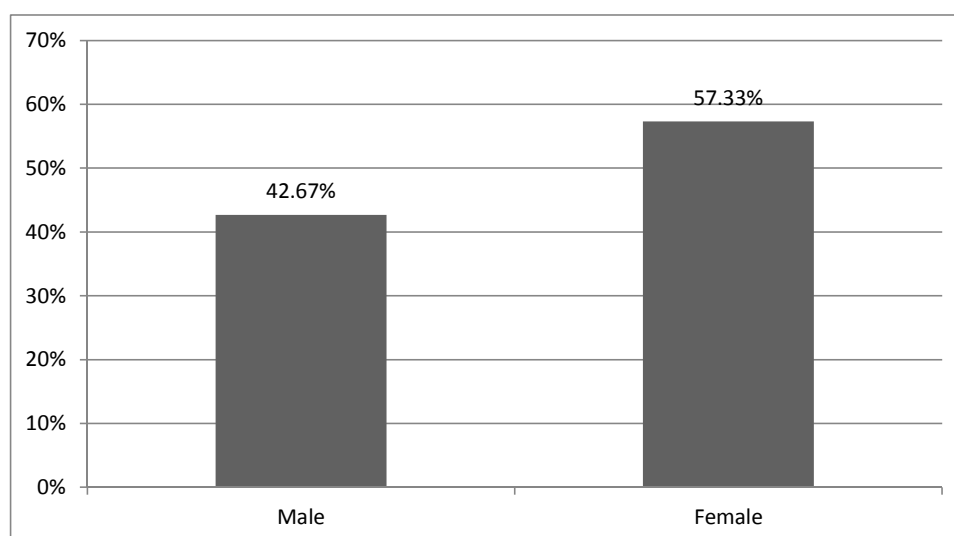


Source: Survey data, 2012

3.4.2 Gender distribution of population

The gender distribution of the sampled population is shown by figure 3.2 below. The figure shows that approximately 42.67% of the residents of Boitumelo are males, and 57.33% females. The Statistics South Africa (2011:3) mid-year population estimates for South Africans show a national gender distribution of 48% and 52% for males and female. Emfuleni Local Municipality has a gender distribution of 49% male and 51% female (IDP), 2007:9). For the Gauteng province, the gender distribution is 49% males and 51% female (Gauteng Treasury, 2012:14). The figures for Boitumelo seem to correspond with national figures.

Figure 3.2: Gender distribution of population

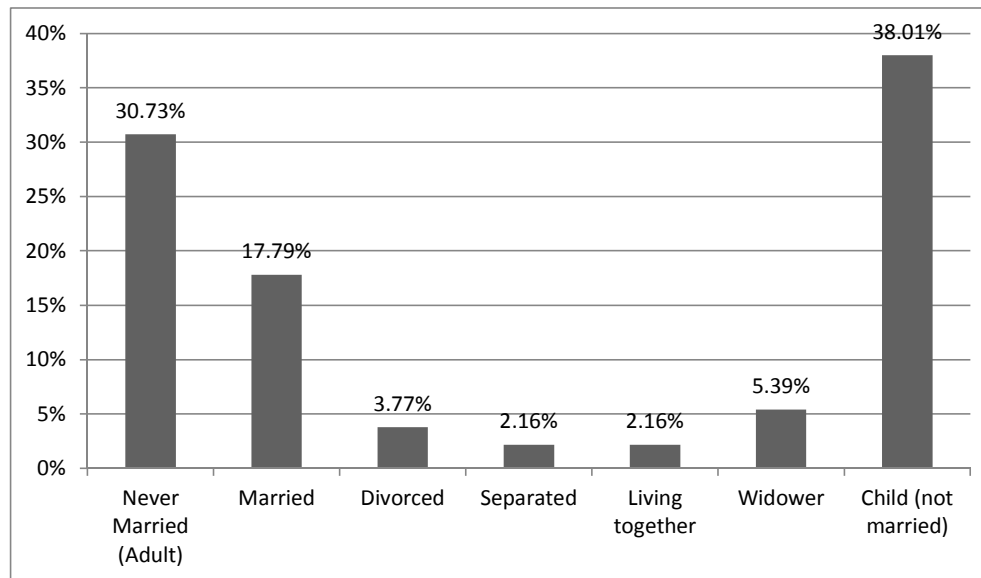


Source: Survey data, 2012

3.4.3 Marital status of the population

The marital status of the population is analysed in figure 3.3 below. The figure shows that 38.01% of the population is children and never married. The percentage of the population with status of married is 17.79%, and with 30.73% being adults and not married. There is a lower percentage of fathers in relation to mothers which has been an indicator of high single parenting. In a similar manner, the higher percentage of adults (Never married) in relation to a higher percentage of children (Not married) can also be a factor of single parenting. The percentage of those widowed and living together is 5.39% and 2.16%. The percentage of those divorced seems to be slightly higher as compared to separated and living together (so called vat-n-sit) which accounts 3.77%.

Figure 3.3: Marital status of the population



Source: Survey data, 2012

3.4.4 Population distribution by Age and Gender

The table 3.1 below shows the distribution of the population of Boitumelo by age and gender. The percentage of people in each category is shown vertically. It shows that 32.27% of the population is aged 19 years and younger, with 26.98% as females. The percentage of people between the age of 20 and 40 years amounts 50.94%. This accounts for almost half of the population. A comparison with Emfuleni Local Municipality (2007:11) shows that 35% of the population is below the age of 34%. The percentage of those aged 65 years and older is 1.86%. Emfuleni Local Municipality (2007:11) has 4.2% of its population over the age of 65 years.

Table 3.1: Population distribution by Age and Gender

Age groups	Male	Female	Total	%Males	%Females	% Total
0-4	12	9	21	7.50%	4.19%	5.60%
5-9	6	10	16	3.75%	4.65%	4.27%
10-14	17	13	30	10.63%	6.05%	8.00%
15-19	28	26	54	17.50%	12.09%	14.40%
20-24	23	24	47	14.38%	11.16%	12.53%
25-29	16	24	40	10.00%	11.16%	10.67%
30-34	14	14	28	8.75%	6.51%	7.47%
35-39	16	35	51	10.00%	16.28%	13.60%
40-44	8	17	25	5.00%	7.91%	6.67%
45-49	13	18	31	8.13%	8.37%	8.27%
50-54	5	6	11	3.13%	2.79%	2.93%
55-59		6	6	0.00%	2.79%	1.60%
60-64		8	8	0.00%	3.72%	2.13%
65-69	1	4	5	0.63%	1.86%	1.33%
70-75	1	1	2	0.63%	0.47%	0.53%
Total	160	215	375	100.00%	100.00%	100.00%

Source: Survey data, 2012

3.4.5 Average length of stay in Boitumelo

Table 3.2 below shows migration statistics to the area. The table shows that 41.75% of the population has moved to township in the last fifteen years. Almost 34% of the respondents said that they have been in the township for a period between 6 and 10 years. Most of these residents who moved to Boitumelo townships were formerly staying in other neighbouring townships, among them, Sebokeng, Sharpeville, Boipatong, Evaton and Bophelong.

Table 3.2: Average length of stay in Boitumelo

Age groups	Frequencies	Percentages
1-5	19	18.45%
6-10	35	33.98%
11-15	43	41.75%
16-20	3	2.91%
21-25	3	2.91%
Total	103	100.00%

Source: Survey data, 2012

3.5 LITERACY LEVELS IN BOITUMELO

This section shows the educational profile of the inhabitants of Boitumelo. Education is generally seen as the foundation of society which brings economic wealth, social prosperity and political stability. Education helps individuals fulfil and apply their abilities and talents, it enhances productivity, improves health and nutrition, promotes self-reliance and confidence (Dlamini, 2000:20).

3.5.1 Population in school

The table 3.3 below shows the enrolments of the school-going population for the whole of Boitumelo area. The figure shows that the majority of the school going population 20.55% is still in the first three years of schooling, and in total 36.29% of the population still in primary schooling education. According to National Department of Education (2010:12) the percentage of children who were attending primary school had increased from 79.9% to 88.6%. The enrolment for grade 12 is 17.12%. The tertiary education with first diploma records 13.70% and first degree accounts for 4.11%. The post graduate qualifications records about 0.68%.

Table 3.3: Qualifications of Population still at School

Grades/Standards	Frequencies	Percentages
Up to grade 3 (Std 1)	30	20.55%
Grade 4 (Std 2)	5	3.42%
Grade 5 (Std 3)	3	2.05%
Grade 6 (Std 4)	7	4.79%
Grade 7 (Std 5)	8	5.48%
Grade 8 (Std 6)	8	5.48%
Grade 9 (Std 7)	7	4.79%
Grade 10 (Std 8)	6	4.11%
Grade 11 (Std 9)	18	12.33%
Grade 12 (Std 10)	25	17.12%
Tertiary First Diploma	20	13.70%
Tertiary First Degree	6	4.11%
Post Graduate Degree	1	0.68%
Other (e.g Sec. Certificate)	2	1.37%
Total	146	100.00%

Source: Survey data, 2012

3.5.2 Out of School Population

The table 3.4 below shows the educational levels of the out of school sampled population for the whole Boitumelo. Fifty-five percent of the post-school population has a Grade 12 or higher qualification, while 28.32% of the post-school population has only attained Grade 9 or lower educational levels. Only twelve percent has only tertiary qualification. According to National Planning Commission (NPC) (2010:13), the proportion of adults with no tertiary education has decreased over this period (2002-2008) from 10.3% to 8.8%. Although the percentage of South Africans attending Universities had grown substantially over the years, it is still not enough to meet the country's development goals.

Table 3.4: Qualifications of Population out of School

Grades/Standards	Frequencies	Percentages
Up to grade 3 (Std 1)	4	1.75%
Grade 4 (Std 2)	9	3.95%
Grade 5 (Std 3)	3	1.32%
Grade 6 (Std 4)	12	5.26%
Grade 7 (Std 5)	10	4.39%
Grade 8 (Std 6)	3	1.32%
Grade 9 (Std 7)	24	10.53%
Grade 10 (Std 8)	13	5.70%
Grade 11 (Std 9)	23	10.09%
Grade 12 (Std 10)	99	43.42%
Tertiary First Diploma	18	7.89%
Tertiary First Degree	6	2.63%
Post Graduate Degree	1	0.44%
Other (e.g Sec. Certificate)	3	1.32%
Total	228	100.00%

Source: Survey data, 2012

3.6 ECONOMIC STATUS OF THE POPULATION

The next section will show economic status of the sampled population. According to Todaro (1992:19), a person is unemployed if he/she desires employment but cannot find a job. The unemployment rate is then obtained by expressing the number of unemployed persons as a percentage of the total number of the people willing and able to work (labour force).

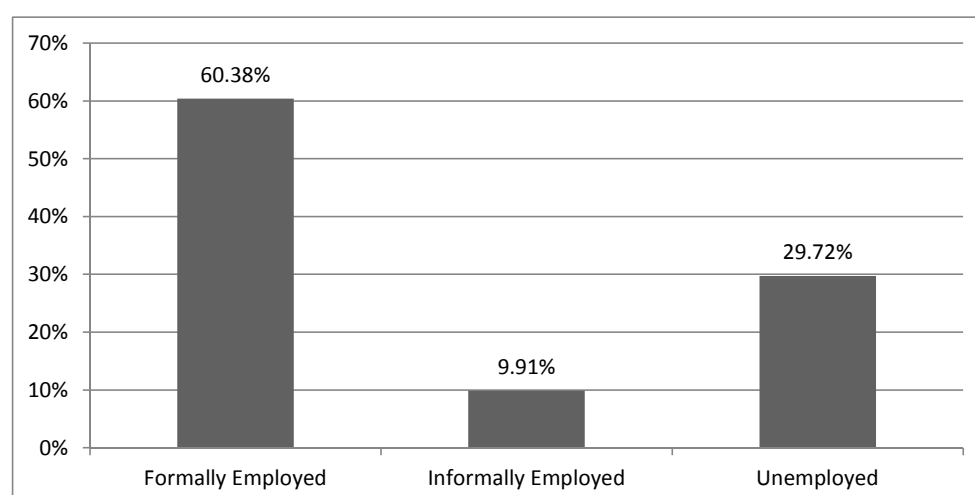
However, in practice, the definition and measurement of unemployment is quite complicated. As far as the definition is concerned, there is a difference of opinion as to whether or not a person who desires work but who makes no effort to find work should be classified as unemployed. According to the strict definition only those people who take active steps to find employment, but fail to do so, are regarded as unemployed. The expanded definition, on the other hand, includes everyone who desires employment, irrespective of whether or

not they actively tried to obtain a job. As with Stats SA, this study will embark on strict definition of the unemployment.

3.6.1 Profile of the unemployed

The unemployment rate for sampled population is calculated at 29.72% from the survey data. The official unemployment rate for Emfuleni Local Municipality was 29.57% (Emfuleni Local Municipality, 2007:12). About 60% of the labour force in Boitumelo is employed in the formal sector, 10% in the informal sector. Stats SA (2011:48) calculated the national unemployment rate in 2011 at 23.4%.

Figure 3.4: Labour Force: Total Population



Source: Survey data, 2012

3.6.1.1 Distribution of unemployed by Gender and Age group

The distribution of unemployed by gender and age group is analysed in the table 3.5 below. The table shows that 46.6% of the unemployed are male within the age category of (25-29 Age). Most probably these are school-leavers and post-matric learners who had not qualified for further training or repeat the subjects in which they did not perform well. Twenty-five percent of the unemployed are female within the age group of (35-39 Age). Only 20% and 20.83% are male and female respectively, and in their early youth ages.

The table shows an increased distribution of the unemployed within the age category of (25-29 Age) which amounts 22.22%.

Table 3.5: Distribution of unemployed by Gender and Age group

Age group	Male	Female	Total	%Male	%Female	%Total
15-19		3	3	0.00%	6.25%	4.76%
20-24	3	10	13	20.00%	20.83%	20.63%
25-29	7	8	15	46.67%	16.67%	23.81%
30-34	2	4	6	13.33%	8.33%	9.52%
35-39	2	12	14	13.33%	25.00%	22.22%
40-44	1	8	9	6.67%	16.67%	14.29%
45-49		1	1	0.00%	2.08%	1.59%
50-54		1	1	0.00%	2.08%	1.59%
55-59		1	1	0.00%	2.08%	1.59%
Total	15	48	63	100.00%	100.00%	100.00%

Source: Survey data, 2012

3.6.1.2 Skills of the unemployed

The distribution of the skills of the unemployed is shown by the table 3.6 below. In this scenario, the unemployed were asked to list the skills they possess. The highest percentage of the unemployed has skills in catering/cooking which accounts for 17.46% of the population. Thirteen percent of the unemployed have sewing skills, 11.11% hairdressing/barbershop, carpentry 11.11% and 6.35% have retail trader skills.

Table 3.6: Distribution of the skills of the unemployed

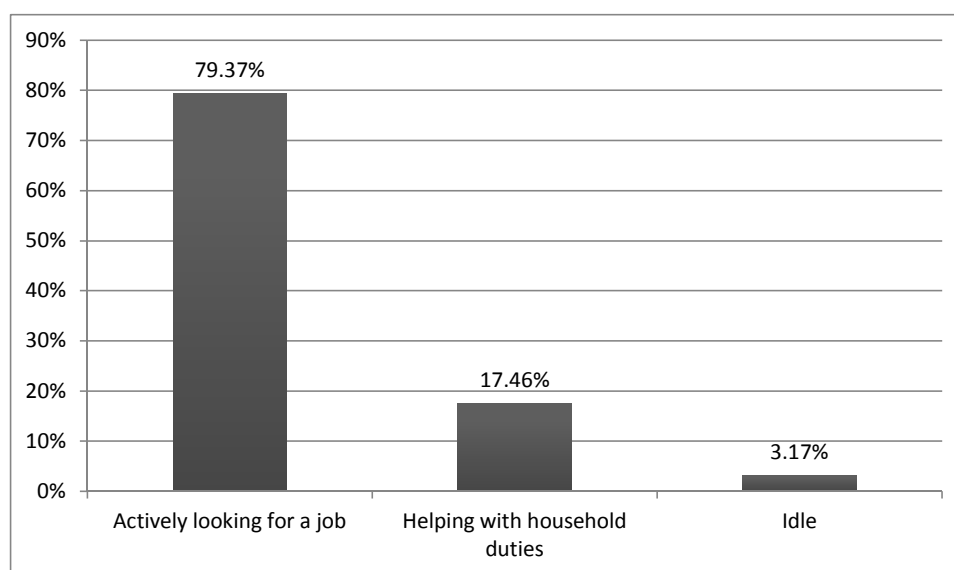
Skills of the Unemployed	Frequencies	Percentages
Retail trader (Selling)	4	6.35%
Catering/Cooking	11	17.46%
Sewing	8	12.70%
Baking	10	15.87%
Carpentry	7	11.11%
Hair dressing/Barbershop	7	11.11%
Knitting	1	1.59%
Welding	2	3.17%
Butchery	3	4.76%
Gardening/Farming	1	1.59%
Computer	2	3.17%
Office	1	1.59%
Other	6	9.52%
Total	63	100.00%

Source: Survey data, 2012

3.6.1.3 What the unemployed are doing presently

As shown by figure below, 79.37% of the unemployed are actively looking for a job, with 17.46% helping at home with household duties, and 3.17% being idle. The idle percentage could be regarded as discouraged workers who have given up on any hope of finding employment opportunities and resort on illegal means to ensure survival.

Figure 3.5: What the unemployed are doing



Source: Survey data, 2012

3.6.1.4 Minimum wage that households are willing to take a job by gender

The table 3.7 below depicts minimum wage that households are willing to take a job for, by gender. A minimum wage is the lowest hourly, daily or monthly wage that employers may legally pay employees or workers. It often applies to unskilled or semi-skilled workers in the service industry, in factories or manufacturing plant. In this scenario, the unemployed were asked to list the skills they possess and to assign a monetary value if such a job can arise. The table shows that the minimum wage seems to differ depending on the gender of the respondents. The minimum wage is higher for male (R5000) on average, than for female (R2850) by median frequency. On average, 12.70% of the unemployed male are willing to take the minimum wage of R4000 if a job in line with their skills arise, and also 12.70% of the unemployed female are willing to take the minimum wage of R3000 if a job in line with the skills they possess arise.

Table 3.7: Minimum wage by Gender

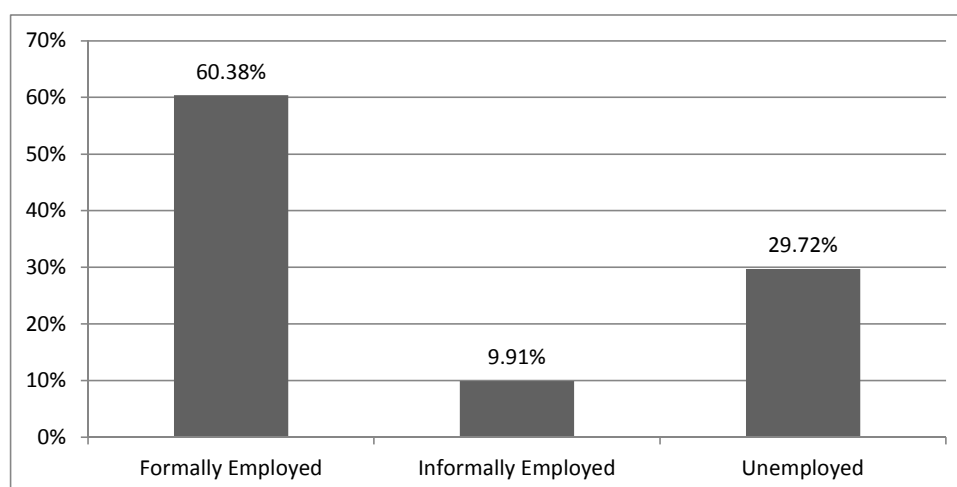
Gender	Minimum wage	Frequencies	Percentages
Male	R 4 000	8	12.70%
	R 5 000	6	9.52%
	R 6 000	1	1.59%
Male Total		15	23.81%
Female	R 1 000	1	1.59%
	R 1 500	12	19.05%
	R 2 000	12	19.05%
	R 2 500	1	1.59%
	R 3 000	8	12.70%
	R 3 200	1	1.59%
	R 3 500	1	1.59%
	R 4 000	7	11.11%
	R 5 000	5	7.94%
Female Total		48	76.19%
Total		63	100.00%

Source: Survey data, 2012

3.6.2 Profile of the employed

An analysis of the employed as drawn from the survey data showed that 60.38% of them are formally employed and 9.91% are informally employed. The percent of employed labour force at the Emfuleni Local Municipality was calculated at 33.14% (Emfuleni Local Municipality, 2007:12). Stats SA (2011:48) calculated the national unemployment rate in 2011 at 23.4% using the strict definition.

Figure 3.6: Labour Force: Total Population



Source: Survey data, 2012

3.6.2.1 Distribution of sector employment

The table 3.8 below shows the employment profile of sampled population. The table shows a high labour absorption in manufacturing which constitutes about 22.9%. This is mainly because the Vaal region is endowed with manufacturing factories/firms such as Arcelormittal which is a dominant player in steel markets. This factory/firm contributes about 82.7% to overall Sedibeng District Municipality revenue (Emfuleni Local Municipality, 2012:14). The presiding sector of employment is in wholesale/retail and catering industries which records about 16.2%. This sector contributes about 70.8% to overall Sedibeng District Municipality revenue (Emfuleni Local Municipality, 2012:14). Other major sectors of employment are community, social, education, training and personal services 10.8% and its overall contribution to Sedibeng District Municipality is about 83.7% (Emfuleni Local Municipality, 2012:14).

Table3.8: Distribution of sector employment both formally and informally

Sector of Employment	Formally Employed	Informally Employed	Total
Agriculture		15%	2.03%
Mining & Quarry	10.94%		9.46%
Manufacturing	25.78%	5%	22.97%
Electrical, Water & Gas	6.25%	5%	6.08%
Construction/Building	2.34%		2.03%
Wholesale, Retail, Trade & Catering	17.19%	10%	16.21%
Transport, Storage, Communication & Information Technology	7.8%	5%	7.43%
Finance, Insurance & Real estate	5.5%		4.7%
Community, Social, Education, Training & personal service	10.94%	10%	10.81%
Other, not defined	13.28%	50%	18.24%
Total	100%	100%	100%

Source: Survey data, 2012

3.6.2.2 Distribution of employment by age group

Table 3.9 below shows the age distribution of the employed population. The table shows that a large share of the employed is less than 40 years and that 37.58% of the employed are 40 years and older. The majority, which is 62.42% of the employed is 40 years and younger. This is in comparison to total population of Boitumelo with 55.11% aged between 25 and 40. Eighty-five percent of the sampled of the population is formally employed and 14.1% is informally employed.

Table 3.9: Employment by age group

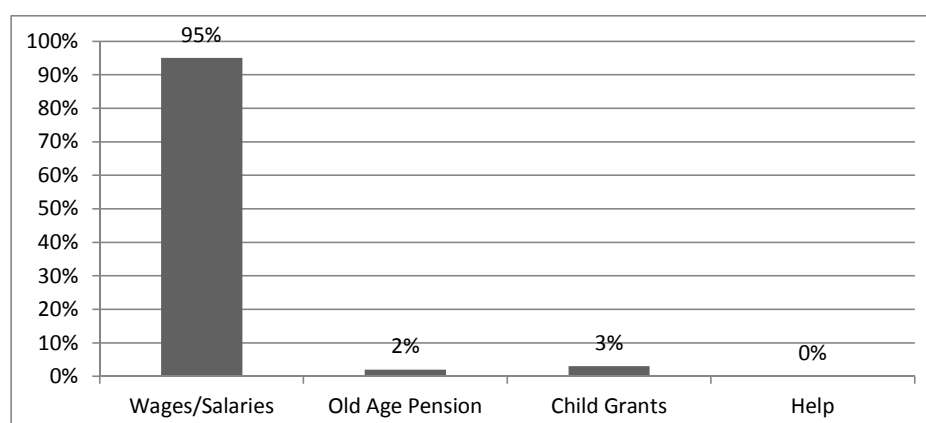
Age group	Formally Employed	Informally Employed	Total	Percentage
20-24	11	1	12	8.05%
25-29	18	4	22	14.77%
30-34	22		22	14.77%
35-39	33	4	37	24.83%
40-44	14	2	16	10.74%
45-49	23	7	30	20.13%
50-54	7	3	10	6.71%
Total	128	21	149	100.00%

Source: Survey data, 2012

3.7 SOURCES OF INCOME FOR HOUSEHOLDS

This section is an analysis of the income of the sampled population based on survey data. Figure 3.7 below shows sources of income of an average household for the population of Boitumelo as a whole. Salaries contribute a higher magnitude 95% to the average household income. Child support grants are the second highest contributor with about 3%, and old age pension funds records about 2% of incomes.

Figure 3.7: Sources of incomes for households



Source: Survey data, 2012

3.7.1 Average household income by gender

A further analysis of household income is shown by the table 3.10 below. The table shows that household income differs depending on the gender of the respondents. The household income is higher for male (R5000-R8000) on average, and for female (R2000-R3000) by median frequency.

Table 3.10: Average household income by Gender

Gender	Household Income	Frequencies	Percentages
Male	R 0.00	106	69.74%
	R1000-R3000	16	10.53%
	R3000-R5000	7	4.61%
	R5000-R8000	13	8.55%
	R8000-R10000	6	3.95%
	R10000+	4	2.63%
Male Total		152	100.00%
Female	R 0.00	121	62.05%
	R500-R1000	13	6.67%
	R1000-R2000	14	7.18%
	R2000-R3000	20	10.26%
	R3000-R5000	17	8.72%
	R5000+	10	5.13%
Female Total		195	100.00%

Source: Survey data, 2012

3.8 EXPENDITURE LEVELS OF THE HOUSEHOLDS

The total expenditure on all items bought by the sampled population in Boitumelo is summarised by the table 3.11 below. The table shows monthly households expenditure for the sampled population. As reflected by table 3.11 below, all households spend on average R2776 per month on different household items. Transport and food remain the highest expenditures with monthly spending of R587 and R516.23 respectively. The other biggest items are school, insurance and medical expenses. The households do not have bond costs as they stay in houses provided by the government through the RDP initiative. The expenditures on telecommunication are also higher. The findings show that there is a frequent usage of telephones/cellphone. These are considered very important for use in emergencies and also to maintain

social networks, especially contact within the families and friends. Furniture is bought on a lay-by basis, due to the lack of credit worthiness of many households.

Table 3.11: Total monthly expenditures of all products deemed necessary for survival

Item	Monthly Spend	Percentages
Electricity	R 170	6.12%
Other Energy	R 73	2.65%
Food	R 516.23	18.60%
Cleaning materials	R 62	2.23%
Cigarettes & Tobacco	R 33	1.19%
Beer,Wine& Spirits	R 25	0.90%
Transport	R 587	21.17%
Clothing	R 22	0.79%
School	R 281	10.11%
Medical Expenses	R 238	8.57%
Insurance	R 303	10.91%
Gambling	R 1.62	0.06%
Savings	R 140	5.05%
Licenses (e.g TV, Vehicle)	R 11	0.39%
Telephone	R 1	0.05%
Cellphone	R 165	5.95%
Car Repayment	R 15	0.52%
Furniture	R 123	4.42%
Housing	R 6	0.23%
Water	R 2	0.08%
Total	R 2 776	100.00%

Source: Survey data, 2012

3.8.1 Major food items for households

A further analysis of the expenditure pattern is presented by looking at major items bought in the food category as shown by table 3.12 below. The table shows that on average sampled population of Boitumelo per household consumes maize meal at a cost of R76.44 per month. To complement maize meal, households resort to chicken which cost about R124.91 or beef R38.60 per month. Households sometimes complement maize meal with vegetables

which amount R55 per month. There are times in which households substitute maize meal with rice which constitute about R53.25 per month. Other food items include monthly items bought by an average household to ensure survival.

Table 3.12: Major food items and cleaning materials

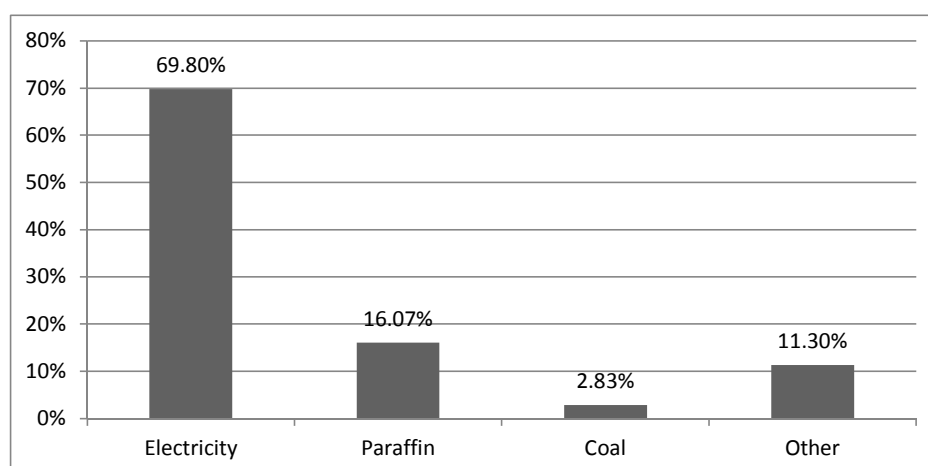
Product	Amount	Percentage
Maize Meal	R 76.44	14.88%
Bread	R 50	9.71%
Chicken	R 124.91	24.31%
Beef	R 38.60	7.51%
Vegetables	R 55	10.79%
Cooking oil	R 42.36	8.24%
Rice	R 53.25	10.36%
Tea/Coffee	R 17	3.30%
Milk	R 17.43	3.39%
Other Food	R 38.51	7.50%
Total	R 516	100.00%

Source: Survey data, 2012

3.8.2 Sources of energy for inhabitants

Figure 3.8 below shows the sources of energy respondents in Boitumelo use for cooking and heating. Almost 70% of the respondents make use of electricity for cooking and heating. During load shedding, and particularly in winter, households resort to several sources of energy namely, paraffin 16.07%, coal 2.83% and others which include gas, timber and etcat 11.30%. Households rely more on electricity for cooking, heating, entertainment and etc.

Figure 3.8: Sources of energy for inhabitants



Source: Survey data, 2012

3.9 SUMMARY AND CONCLUSIONS

There is a low frequency of fathers as compared to mothers, 11% and 24% respectively. Boitumelo has more females 57.33% than males 42.67%. Forty-one percent of the population comprises of learners still in primary school and 17% of them are completing Grade 12 while 18% candidates are at tertiary level. With the post school population, only 9% has an education level of diploma or higher.

The unemployment rate for the sampled population is calculated at 30%. Of the employed, 60% is formally employed with 10% working in informal activities. The analysis shows a high labour absorption in manufacturing at 22.9%. This is mainly because the Vaal region is endowed with factories such as Arcerlormittal which is a dominant player in steel industry countrywide. The presiding sectors of employment are wholesale/retail, and catering which records about about 16.2%. Other major sectors of employment are community, social, education, training and personal services, collectively at 10.8%.

A larger share of the employed 62.42% is less than 40 years. Thirty-five percent of the employed are 40 years and older. About 55.11% of the

sampled population is aged between 25 and 40. Salaries contribute a higher magnitude 95% to the average household income. Child support grants are the second highest contributor with 3% and old age pension funds with 2% of incomes.

The expenditure patterns of the sampled population show that 20.83% of their income goes to buying food and cleaning material. This makes food the most important expenditure for each household. Households do not have bond costs as they stay in houses provided by the government through its RDP initiative. Furniture is bought on a lay-by basis, due to the lack of credit worthiness of many households. The households have the lower rate of savings 5.05% due to uncertainties in the labour market. All households spend, on average, R2776 per month on different household items. Transport and food remain the highest expenditures with monthly spending of R587 and R516.23. Other food items included monthly items bought by an average household to ensure survival. Seventy percent of households make use of electricity for cooking and heating. Households resort to several sources of energy which are paraffin 16.07%, coal 2.83% and other which includes gas, timber and etc at 11.30%.

CHAPTER 4 SURVIVAL STRATEGIES OF POOR HOUSEHOLDS

4.1 INTRODUCTION

The hardships that urban poor households face bring about several unanswered questions on their survival means. In this chapter, the profile of the poor and their survival mechanisms is presented. According to May (1998:5), international experiences of poverty alleviation programs suggested that poverty is not a static condition among individuals, households or communities. It is rather recognized that although some individuals or households are permanently poor, others move into and out of poverty. Thus, poverty is experienced over time. The chapter will make use of bar-charts and tables to display the findings about urban poor households.

4.2 POVERTY LINE FOR SAMPLED POPULATION

As developed by Stats SA (2007:7) using 2000 Income and Expenditure Survey data, average daily energy requirement of 2261 kilocalories costs R211 per person every month. This means that R211 is the amount necessary to purchase enough food to meet the basic daily food-energy requirements. But households also need other goods and services beyond food to meet basic needs. These include accommodation, electricity, clothing, and schooling for children, transport and medical services, among other things. The cost of such essential non-food items were estimated at R111 per capita per month. Adding these figures together (R 211 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 R 322 per capita per month in 2000 prices. The results as calculated by Stats SA using the year 2000's Income and Expenditure Survey are highlighted by the table below:

Table 4.1: Alternative poverty lines for South Africa in Rands in 2000 prices

Type of poverty line	Amount/month cut off in Rands in 2000 prices	% of population below the povertyline
a) \$1 per day	R81	8.1%
b) \$2 per day	R 162	27%
c) lower-bound poverty line	R322	52.6%
d) upper-bound poverty line	R593	70.4%

Source: Stat SA (2007:8)

Following guidelines from Rio Group and adapted from Stats SA (2007:10), poverty lines are adjusted either by keeping the quantities of the baskets fixed, updating their market prices or by setting up new baskets. Baskets are assembled in accordance with consumption habits which are normally based on income and expenditure surveys. These are collected every five or ten years in most developing countries. How often the basket itself should be modified depends not only on data availability, but also on the importance of changes in consumption patterns. When increased with inflation, the threshold amount to R570 in 2010 prices (Statistics South Africa, 2011). For this study the poverty line was adjusted for inflation and calculated at R593 (\$74 per capita per month). As defined by Sekhampu (2010:151), a poor household is defined as a household, of which the combined income of all its members is less than the Household Subsistence Level (HSL) as determined for that specific household. A household is defined as one or more persons who pool their incomes to buy food, live (eat and sleep) together in one or more houses/huts/living units on the same plot/site and depend financially on one another. The definition of HSL is analogy to a poverty line and hence in this study the HSL will be used as the poverty line.

4.3 POVERTY PROFILE OF BOITUMELO

Of the total sampled population, 42 households were found to be impoverished which are of keen interest for this study. The headcount index for the sampled population is calculated at 0.4078. This means that 40.8% of

the sampled household's income was found to be below their respective poverty line when using R593 (\$74 per capita) poverty line. The average household size for the poor was calculated at 4 which is the same/similar for the whole sampled population of Boitumelo. The average poverty gap ratio for the population is calculated at 0.6261. This means that on average, poor households have an income shortage of 62.61% of their poverty line.

4.3.1 Total households as a percentage of their HSL

Table 4.2 below shows the distribution of households' income below or above the poverty line. If a household's income is greater than its HSL, then that household has income greater than its poverty line and will fall in the categories greater than 100 (row E). The table shows that the percentage of households earning income less than their respective HSL is 40.78% (row E). These households are therefore regarded as poor and living below the poverty line. About 59.22% of the households have incomes greater than their poverty lines.

Table 4.2: Total households as a percentage of their HSL

	Household Income as % of HSL	Frequency	Households Percentage	Cumulative percentage
A	10_20	1	0.97%	0.97%
B	31_40	9	8.74%	9.71%
C	41_60	9	8.74%	18.45%
D	61_80	11	10.68%	29.13%
E	81_100	12	11.65%	40.78%
F	101_120	13	12.62%	53.40%
G	121_140	7	6.80%	60.19%
H	141_160	10	9.71%	69.90%
I	161_200	10	9.71%	79.61%
J	200_240	10	9.71%	89.32%
K	240+	11	10.68%	100.00%
		103	100.00%	

Source: Survey data, 2012

4.3.2 Poor households distribution below their HSL

Table 4.3 below shows the distribution of poor households below the poverty line. The table shows that poverty is endemic in the area. Of the poor population 45.24% are earning income less than 60% of the poverty line. The table also shows that 23.81% of the poor are earning income between 31% and 40% of their income. As an example, if a particular household's poverty line is calculated at R1000, this would mean that the particular household earns income of between R310 and R 400 (31%-40% of the poverty line).

Table 4.3: Poor households' distribution below their HSL

	Household Income as % of HSL	Frequency	Households Percentage	Cumulative percentage
A	10_20	1	2.38%	2.38%
B	31_40	9	21.43%	23.81%
C	41_60	9	21.43%	45.24%
D	61_80	11	26.19%	71.43%
E	81_100	12	28.57%	100.00%
		42	100.00%	

Source: Survey data, 2012

4.3.3 Poverty gap analysis of poor households

The table summaries the depth of poverty by looking at an individual household's poverty gap and that of the whole population. The percentage of poor households below the poverty line was calculated at 40.78% (42households). The monthly shortfall of all households is calculated at R36 997.70 per month and R126 849.60 per annum.

Table 4.4: Poverty gap analysis of poor households

Time Poverty Gap	Average per poor household	Total poor households
Monthly poverty gap	R 880.90	R36,997.70
Annual poverty gap	R10,570.80	R126,849.60

Source: Survey data, 2012

4.4 DETERMINANTS OF POVERTY

The analysis of poverty is mostly based on multivariate regression methods that attempt to identify the determinants of poverty at the household level, using reduced form models of various structural relationships that affect poverty (Glewwe, 1991). The study used multiple regression model, given by:

Poverty gap:

$$\left(\frac{Y_i - Z}{Z}\right) = \beta_0 + \beta_i x_i + \beta_j x_j + \xi_i \quad (2)$$

Where Z = the poverty line for the household

Y_i = person's income for household i

β_0 = the intercept of the model, β_i, β_j are slope coefficients of the model to be estimated.

ξ_i = error term which represents all those factors that affect poverty index but are not taken into account explicitly.

x_i, x_j are a vector of explanatory variables which takes the following attributes in ascending order: Demographic characteristics and Economic characteristics. For i = age of household, size of household and gender of household head. For j = income of household head, educational level of the household head, employment status of household head and income and expenditure patterns of inhabitants.

In selecting the multiple regression model for this study, a number of tools for model adequacy were employed. Appropriate tests were performed to check the existence of multicollinearity and dismissed not only by looking at the correlation matrix of explanatory variables, but also by regressing each explanatory variables as suggested by Johnston (1984) and examining the R^2 of each regression equation. The Hosmer and Lemeshow goodness of fit statistics which shows the possible deviation from the underlying fitted distribution was performed. An insignificant value of the Hosmer and Lemeshow test statistics suggests that the model fits well on the data, while a larger value of the statistics implies a significant result thus leading to conclude that there is a lack of fit for the data.

Table 4.5: Description of explanatory variables in the regression model

Variable	Description
HH_Income	Total gross monthly household income (in Rands)
HH_Size	Total number of family members in the household
Educ_Head	Formal education of the household head (number of years)
Age_Head	Age of household head (in years)
ES_Head	The employment status of the households head (1 for employed, 0 for not)
Gender	Male (0) or female (1)

In view of the research aim being to determine which variables affect poverty in Boitumelo, the method selected for the analysis was the general linear model procedure, in which factors and covariates are assumed to have a linear relationship with the dependent variable.

Household income is important as it determines how much can be spent on various needs of the household. The quantity and quality of a household's food consumption pattern are highly correlated with the purchasing power of the household. Household size is meant to account for the effects of household composition on expenditure. The age of the household head (in years) is selected as an explanatory variable in the study as both younger and older people are assumed to have differences in tastes and preferences for food, eating habits, lifestyles and opportunities to socialize. The gender and employment status of the household head are important to consider as explanatory variables as the head plays a primary role in food purchasing and can influence the consumption patterns of a household. Formal education of the household head (in number of years) is another explanatory variable selected in this study due to its effect on lifestyles and health-related behaviour. Individuals with different levels of education may have different knowledge and perception about diet and health, and consequently may have a different consumption basket.

Table 4.6: Regression on poverty determinants

Variable	Df	coefficient estimates	Standard error	t-value	p-value
Intercept	1	-1557.296	728.835	-2.14	0.039
Age_of_head	1	25.166	12.03	2.09	0.043
HH_size	1	125.114	72.833	1.72	.0.094
ES_Head	1	-428.047	170.776	2.51	0.017
Years_at_school	1	-67.752	36.775	1.84	0.074

The regression model as a whole explained 43.1% ($R^2=0.4306$) of the variations in all cases. The Durbin-Watson test is another measure of model adequacy. This statistic informs us about whether the assumption of independent errors is tenable. The closer to 2 the value is, the better and for these data the value is 1.604. The F-ratio for the model is calculated at 6.99, which is also highly significant ($p<0.05$). The results of the survey show that household income (HH-Income), age of household head, household size and employment status (ES-head) significantly explains the poverty status of the household. The sign of the coefficient for household size show that larger family sizes contributes positively to the probability of becoming a poorhousehold. The coefficient for the variable is positive.

The age of the household head significantly explains the poverty status of the household. The sign of the coefficient for the variable is positive and contributes positively to the probability of becoming a poor household. The educational attainment of household head measured by the number of years of schooling is found to be significant in explaining the poverty status of the household. The coefficient for the variable is negative and hence reduces the probability of becoming poor. The coefficient for employment status (-428.047) shows that the employment status of household head reduces the chances of remaining a poor household. Households with higher incomes have a lower probability of being poor.

The table 4.7 below shows correlation analysis between variables of interest. The correlation coefficient is a measure of linear association between variables. The degree of linear association between employment status and

monthly poverty gap is explained by 47.9%. The results also show that 38.7% of variation in age of household is explained by monthly poverty gap.

Table 4.7: Correlation analysis

Pearson correlation coefficients, N=42 Prob> r under H₀:Rho=0					
	Age_of_head	Years_at_school	HH_size	ES_Head	HH_Income
Monthly_poverty_gap	0.387 0.012	-0.020 0.899	0.504 0.001	-0.479 0.001	-0.358 0.020

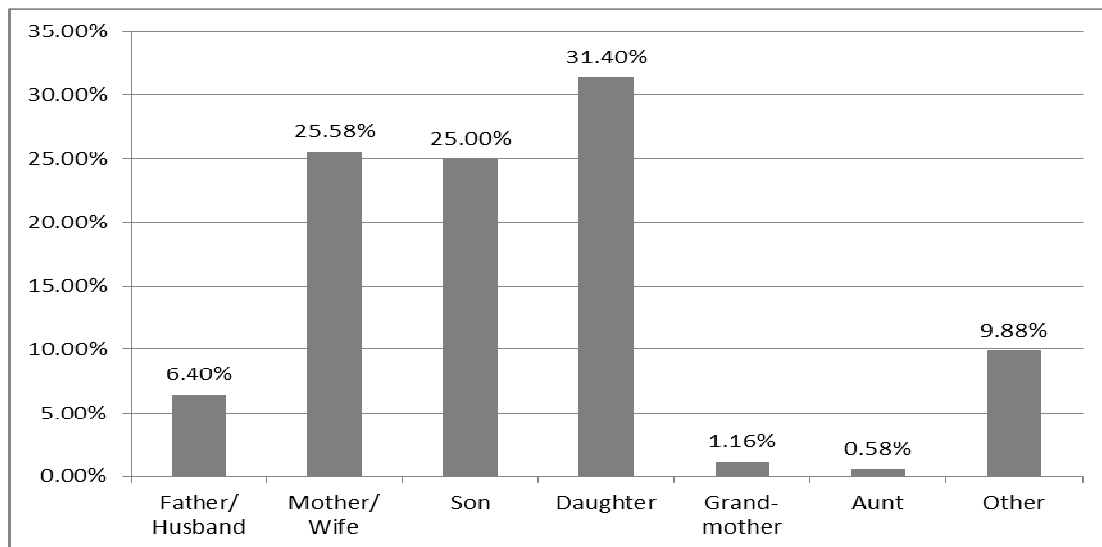
4.5 INDICATORS OF POVERTY

This section gives a brief snapshot of poverty indicators of the sampled poor population. An analysis of the gender distribution shows 61.63% of females and 38.37% for males. The distribution of the poor shows a higher percentage of females than males. For the Emfuleni Local Municipality, the gender distribution is 49% males and 51% females (ELM), 2007:9). The gender distribution of the sampled population seems to follow the regional trend.

4.5.1 Members of poor households

The distribution of the members of poor household is shown in figure 4.1 below. The figure shows a lower percentage of fathers 6.40% in relation to mothers 25.58%. This could be an indicator of high single parenting. The figure also shows a more spread of daughters and sons 31.40% and 25%. The category of others amounts to 9.88% which mainly represent grandchildren and other family relatives. The majority of these are grandchildren who at most are dependent on the main breadwinner for sustenance.

Figure 4.1: Status of members of poor households

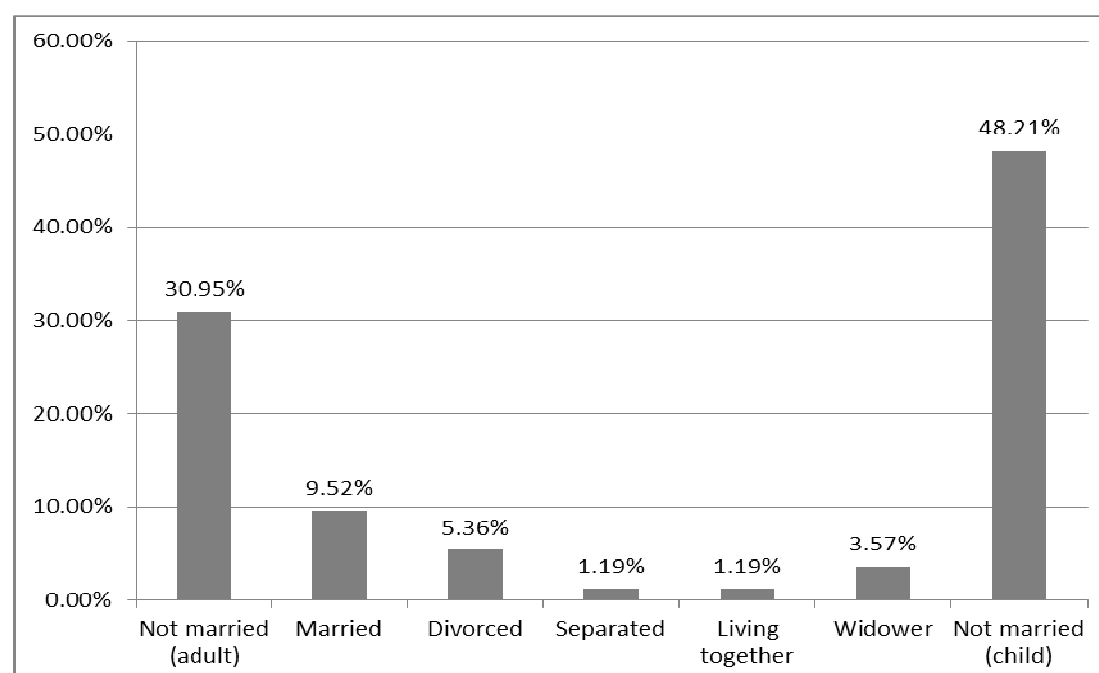


Source: Survey data, 2012

4.5.2 Marital status of the poor population

The marital status of the population is analysed in figure 4.2 below. The figure shows that 48.21% of the sample population is children and never married. This could be an indication of a high dependency ratio. The percentage of the population with status of married is 9.52%, this is in comparison to a figure of 17.79% for the whole of Boitumelo. The percentage of those who are adults and never married is 30.95%. This could be an indicator of high single parenting. The percentage of those widowed and living together is 3.57% and 1.19%.

Figure 4.2: Marital status of poor population



Source: Survey data, 2012

4.5.3 Distribution of poor population by age and gender

The table 4.8 below shows the distribution of poor population by age and gender. It shows that 46.35% of the poor population is aged 19 years and younger. The percentage of people between the age of 20 and 40 years is 47.09% which account for almost half of the population. A comparison with Emfuleni Local Municipality (2010:11) shows that 35% of the population is below the youthful age of 34. The percentage of those aged 65 years and older is 1.86%. Emfuleni Local Municipality (2010:11b) has 4.2% of population over the age of 65 years. The distribution of the sampled population seems to follow the regional trend.

Table 4.8: Distribution of poor population by age and gender

Age Group	Males	Females	Total	%Males	% Females	% Total
<10	13	17	30	7.56%	9.88%	17.44%
10-14	10	9	19	5.81%	5.23%	11.05%
15-19	17	12	29	9.88%	6.98%	16.86%
20-24	8	10	18	4.65%	5.81%	10.47%
25-29	6	8	14	3.49%	4.65%	8.14%
30-34	2	6	8	1.16%	3.49%	4.65%
35-39	4	21	25	2.33%	12.21%	14.53%
40-44	2	6	8	1.16%	3.49%	4.65%
45-49	4	7	11	2.33%	4.07%	6.40%
50-54		2	2	0.00%	1.16%	1.16%
55-59		5	5	0.00%	2.91%	2.91%
60-64		1	1	0.00%	0.58%	0.58%
65-70		2	2	0.00%	1.16%	1.16%
Total	66	106	172	38.37%	61.63%	100.00%

Source: Survey data, 2012

4.5.4 Population in school

Table 4.9 below shows the enrolments of the school-going population of Boitumelo. The table shows that the majority of the school going population 29.11% is still in the first three years of schooling. This is in comparison to 20.55% for the sampled population of Boitumelo. In total 62.15% of the poor's school population is still in primary schooling. For the Gauteng province, 39% of the school-going population is in the first three years of schooling (National Department of Education, 2012:78).

Table 4.9: Population in school

Grades/Standards	Frequencies	Percentages
Up to Grade 3 (std 1)	23	29.11%
Grade 4 (std 2)	5	6.33%
Grade 5 (std 3)	2	2.53%
Grade 6 (std 4)	5	6.33%
Grade 7 (std 5)	5	6.33%
Grade 4 (std 2)	5	6.33%
Grade 5 (std 3)	2	2.53%
Grade 6 (std 4)	5	6.33%
Grade 7 (std 5)	5	6.33%
Grade 12 (std 10)	10	12.66%
Tertiary first Diploma	2	2.53%
Tertiary first Degree	2	2.53%
Other (eg. Secr. Certificate)	1	1.27%
Total	79	100.00%

Source: Survey data, 2012

4.5.5 Population out of school

The analysis of the poor out of school population shows that 4.35% of the respondents has tertiary first diploma. Forty-four percent of the post-school population has a Grade 12 or a higher qualification. Furthermore, 48.52% of the poor have attained only primary schooling education (grade 7 or less). This limits the poor's chances of finding employment with income beyond the survival wages.

Table 4.10: Population out of school

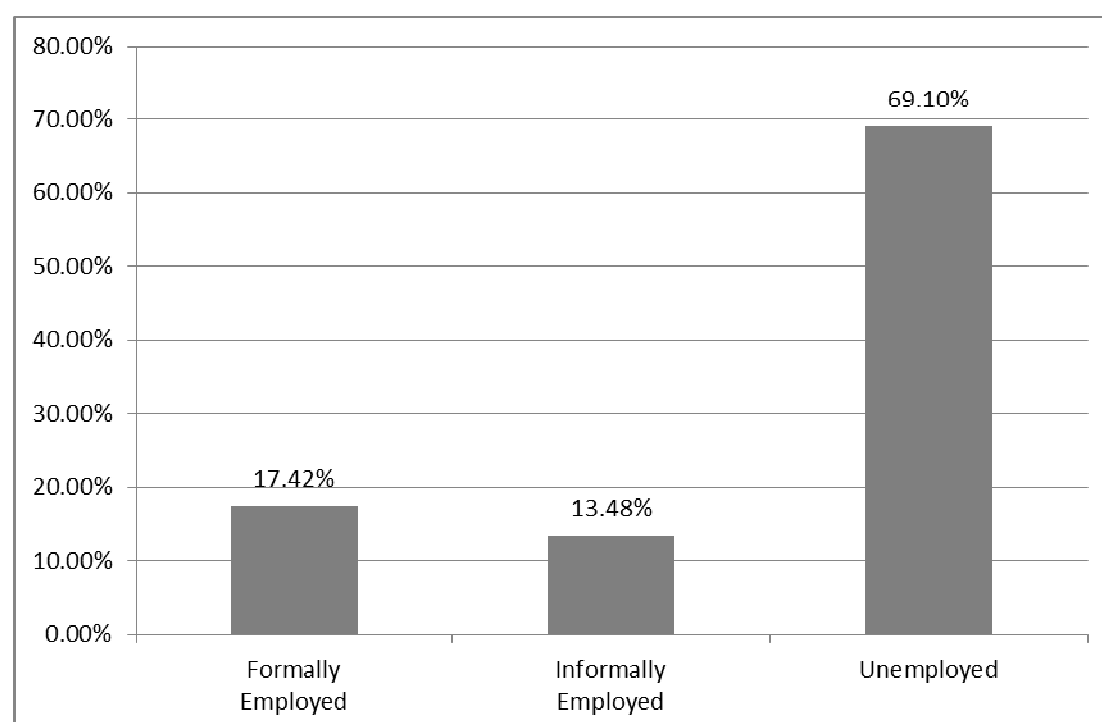
Grades/Standards	Frequencies	Percentages
Up to Grade 3 (std 1)	4	4.35%
Grade 4 (std 2)	36	39.13%
Grade 6 (std 4)	4	4.35%
Grade 7 (std 5)	1	1.09%
Grade 8 (std 6)	2	2.17%
Grade 9 (std 7)	14	15.22%
Grade 10 (std 8)	5	5.43%
Grade 11 (std 9)	14	15.22%
Grade 12 (std 10)	36	39.13%
Tertiary first Diploma	4	4.35%
Other (eg. Secr. Certificate)	1	1.09%
Total	92	100.00%

Source: Survey data, 2012

4.5.6 Poor labour force: Total Population

Stats SA (2011:48b) calculated the national unemployment rate in 2011 at 23.4% using the strict definition. The official unemployment rate for the Emfuleni Local Municipality is 29.57% (Emfuleni Local Municipality, 2012:12). The poor's unemployment rate for Boitumelo is calculated at 69.10%. This is in comparison to the overall unemployment rate 29.72%.

Figure 4.3: Poor Labour force: Total Population



Source: Survey data, 2012

4.5.7 Distribution of the poor unemployed by gender and age group

Table 4.11 below shows that 27.91% of the poor unemployed are male within the age group of 35-39. The larger number of people in this age category suggests that there are more non-income earners in the average poor household. The figure for the poor seems to follow a national trend, with Stats SA (2010:14) showing a 45% distribution of the African population for South Africa being less than the age of 35. Twelve percent of the poor population is female unemployed within the age group 45-49. Most probably, these are single mothers. The percentage of the poor in the age group 20 to 40 for male and female is 65.12%.

Table 4.11: Distribution of the poor unemployed by gender and age group

Age group	Male	Female	Total	% Male	% Female	% Total
20-24	3		3	6.98%	0.00%	6.98%
25-29	3	2	5	6.98%	4.65%	11.63%
30-34	4		4	9.30%	0.00%	9.30%
35-39	12	4	16	27.91%	9.30%	37.21%
40-44	2	1	3	4.65%	2.33%	6.98%
45-49	5	5	10	11.63%	11.63%	23.26%
50-54	2		2	4.65%	0.00%	4.65%
Total	31	11	42	72.09%	27.91%	100.00%

Source: Survey data, 2012

4.5.8 Distribution of the skills of poor unemployed

The unemployed were asked to list the skills they possess. The skills audit of the poor unemployed shows that majority of the poor unemployed has skills in baking 17.07%, with 14.63% of them having skills in hairdressing. The other activities which the poor are skilled at are catering/cooking, sewing, and retail trader.

Table 4.12: Distribution of the skills of poor unemployed

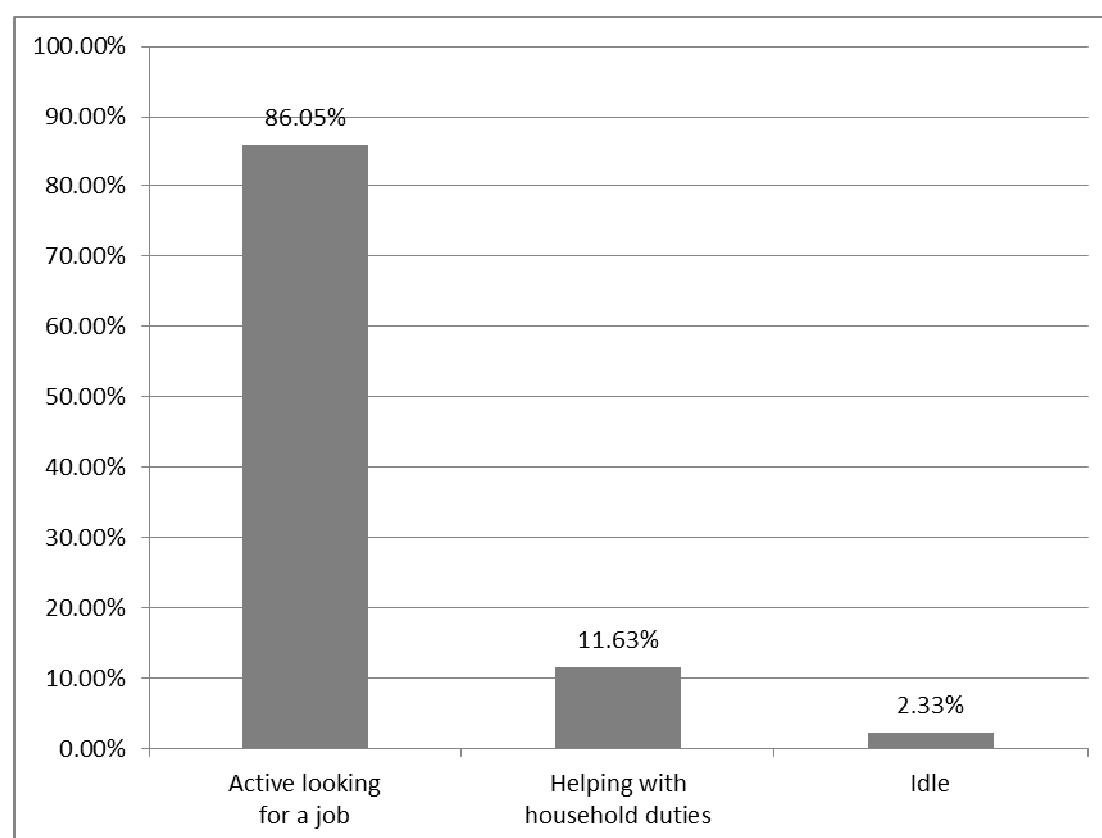
Skills of the unemployed	Frequencies	% Total
Retail trading (selling)	2	4.88%
Butchery	3	7.32%
Gardening/ farming	1	2.44%
Office	1	2.44%
knitting	1	2.44%
Catering/cooking	5	12.20%
Sewing	5	12.20%
Baking	7	17.07%
Carpentry	5	9.76%
Hair dressing	6	14.63%
Other	6	14.63%
Total	42	100.00%

Source: Survey data, 2012

4.5.9 What the poor unemployed are doing presently

The poor's chances of finding employment could be enhanced by being involved in skills training programmes. As shown by figure 4.4 below none of the unemployed are involved in skills training programmes. 86.05% of the unemployed are actively looking for a job, 11.63% helping at home with household duties and 2.33% being idle. The idle percentage could be regarded as discouraged workers, who have given up a hope of finding employment opportunities.

Figure 4.4: What the poor unemployed are doing presently



Source: Survey data, 2012

4.5.10 Distribution of sector employment of the poor both formally and informally

A further look at the poor employed is presented in table 4.13 below. The table shows the sectors of employment for the poor employed. The majority of the poor employed 23.81% are working in manufacturing sector. Wholesale,

retail & catering and electrical, gas and water have a 23.81% absorption ratio. About 73.81% of the poor are formally employed and 26.19% are informally employed.

Table 4.13: Distribution of sector employment of the poor both formally and informally

Sector of Employment	Formally Employed	Informally Employed	% Formally Employed	% Informally Employed	%Total
Agriculture		1	0.00%	2.38%	2.38%
Community, social, education, training & personal services	1	1	2.38%	2.38%	4.76%
Mining, Quarry	2		4.76%	0.00%	4.76%
Manufacturing	9	1	21.43%	2.38%	23.81%
Electrical, water & gas	2	1	4.76%	2.38%	7.14%
Construction	1		2.38%	0.00%	2.38%
Wholesale, retail & catering	5	2	11.90%	4.76%	16.67%
Transport, storage, communication & IT	1		2.38%	0.00%	2.38%
Finance, insurance & real estate	2		4.76%	0.00%	4.76%
Other, not defined	8	4	19.05%	9.52%	28.57%
Total	31	11	73.81%	26.19%	100.00%

Source: Survey data, 2012

4.5.11 Employment Distribution of the poor by age group

Table 4.14 below shows that a large share of the poor employed is less than 40 years in age which accounts for 65.12% while 34.08% of them are 40 years and older. This is in comparison with the whole Boitumelo which has 62.42% and 37.58%. 72.09% of the poor population is formally employed and 27.91% is informally employed.

Table 4.14: Employment distribution of the poor by age group

Age group	Formally Employed	Informally Employed	Total	%Formally Employed	% Informally Employed	%Total
20-24	3		3	6.98%	0.00%	6.98%
25-29	3	2	5	6.98%	4.65%	11.63%
30-34	4		4	9.30%	0.00%	9.30%
35-39	12	4	16	27.91%	9.30%	37.21%
40-44	2	1	3	4.65%	2.33%	6.98%
45-49	5	5	10	11.63%	11.63%	23.26%
50-54	2		2	4.65%	0.00%	4.65%
Total	31	11	42	73.81%	26.19%	100.00%

Source: Survey data, 2012

4.5.12 Expenditure levels of poor households

This section looks at expenditure levels of poor households for the sampled population. In total, all poor households spend R1738 on average per month on different household items. Thirty percent of a given household's income goes to buying food. This is in comparison to 18.60% food expenditure share for Boitumelo as a whole. This shows that an increase percentage of the poor's household income is spent on food. A comparison of the actual monetary amounts spent on food shows that the poor spend about R1738 per month on food compared to an average of R 2776 for Boitumelo as a whole. The other biggest items are transport, electricity and insurance. Poor households do not have bond costs as they stay in houses provided by the government through the RDP initiative.

Table 4.15: Expenditure levels of poor households

Item	Monthly Spend	Percentage
Electricity	R 146	8.40%
Other Energy	R 59.68	3.43%
Food	R 521.23	29.98%
Cleaning materials	R 55.62	3.20%
Cigarettes & Tobacco	R 28	1.62%
Beer, Wine & Spirits	R 11	0.64%

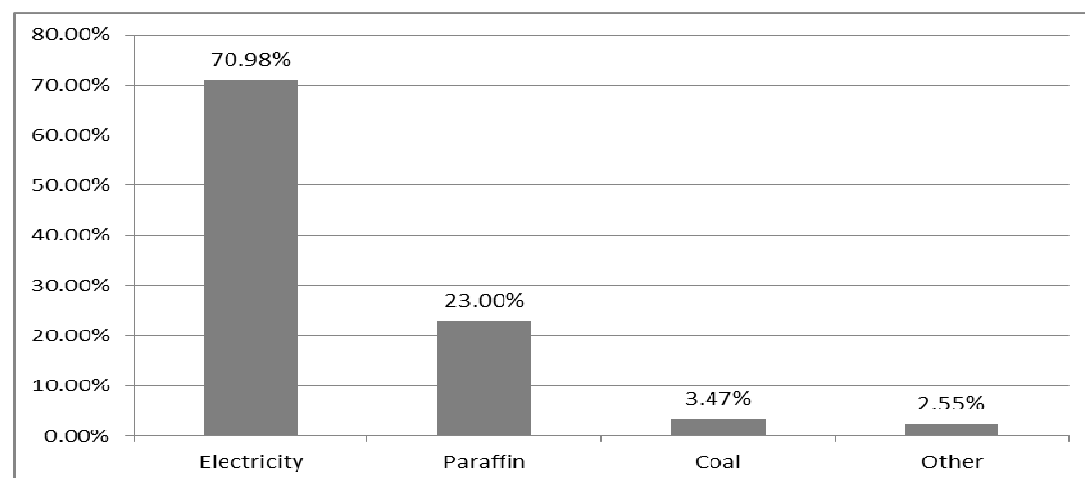
Item	Monthly Spend	Percentage
Transport	R 371	21.31%
School	R 151	8.67%
Medical Expenses	R 70	4.04%
Insurance	R 146	8.41%
Gambling	R 2.77	0.16%
Savings	R 15	0.89%
Licenses (e.g TV, Vehicle)	R 2	0.11%
Telephone	R 3	0.15%
Cellphone	R 85	4.89%
Furniture	R 58	3.36%
Housing	R 7	0.41%
Water	R 6	0.33%
Total	R 1 738	100.00%

Source: Survey data, 2012

4.5.13 Sources of energy for poor households

Almost 70.98% of poor households make use of electricity for cooking and heating. During load shedding, and particularly in winter, poor households resort to other sources of energy namely paraffin 23%, coal 3.47% and other 2.55%.

Figure 4.5: Sources of energy for poor households

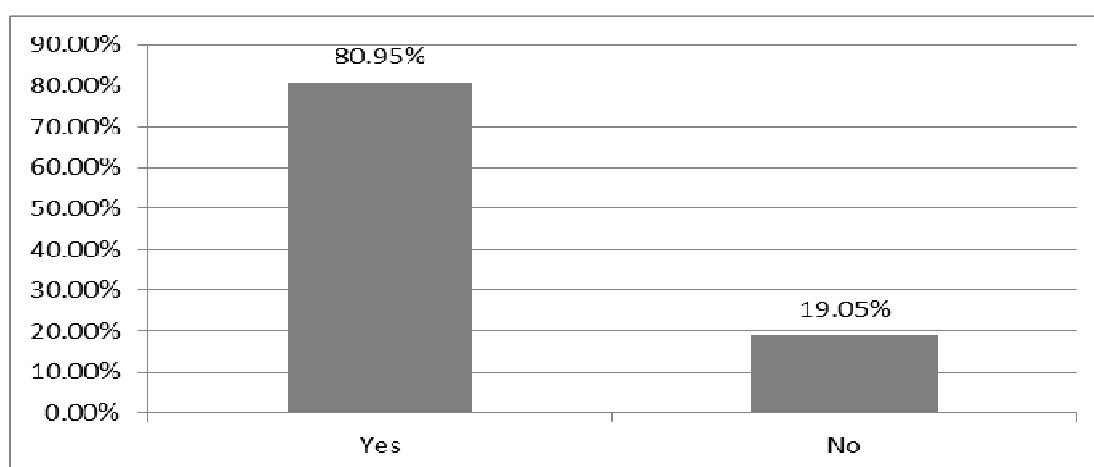


Source: Survey data, 2012

4.6 SURVIVAL STRATEGIES

The analysis of poor households' coping strategies is the focus of this section. Given the poverty line, headcount index, poverty gap, determinants of poverty and indicators of poverty for the sampled population, how are poor households able to adapt and make ends meet? What are the relative importance and effectiveness of coping strategies (e.g community groups, informal sectors, government allowances etc) in reducing poverty for different groups? To answer these questions, this section looks at subjective evaluations of a number of coping strategies that poor households undertake to mitigate the effect of the crisis on their welfare. In order to find out about the poors' understanding of their situation and how they perceive it, a question was posed to them by asking whether they consider themselves poor or not. Figure 4.6 below shows that about 81% of the poor consider themselves as poor and 19% as not poor.

Figure 4.6: Do you consider yourself poor?



Source: Survey data, 2012

Aggregate consumption is the most robust measure of household welfare (Grosch and Munoz, 1996). In order to find out about the poors' understanding of their survival mechanisms, a question was posed to them as to how they rank the given food commodities (as shown by table below). Table 4.16 below shows how poor households rank the given food commodities. Maize meal, vegetables and cooking oil are staple food for the poor.

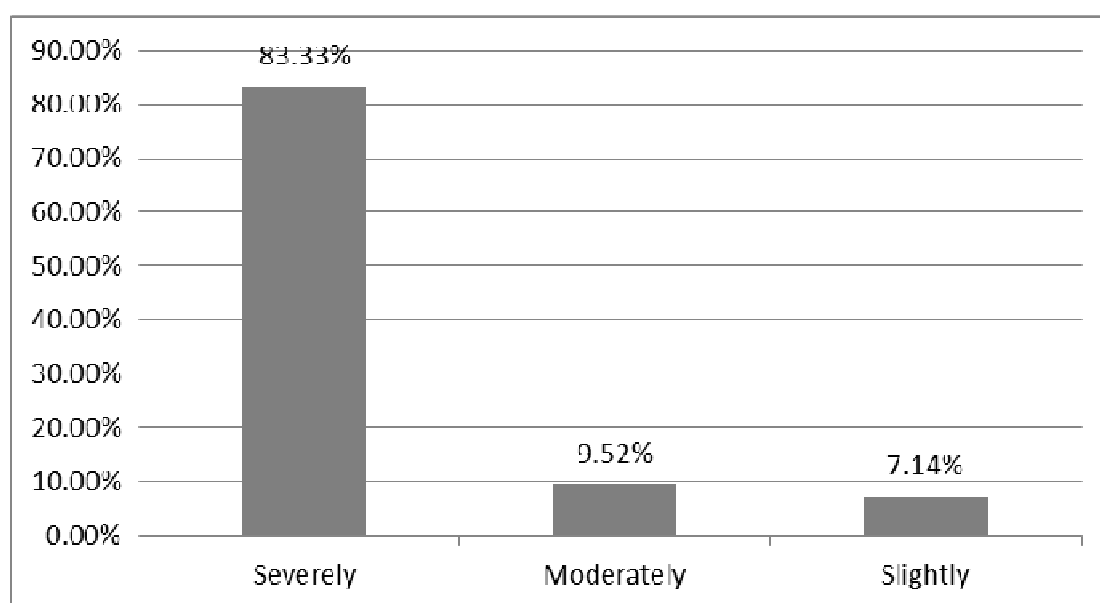
Table 4.16: How important are the following items to your livelihood

	Very Important	Moderately important	Indifferent	Less Important	Total
Maize	39	2	1		42
Bread	12	9	21		42
Meat/chicken	13	13	16		42
Vegetables	38	2	2		42
Milk	17	6	15	4	42
Cooking oil	38	3	1		42
Tea/coffee	31	7	2	2	42
Sugar	34	5	2	1	42

Source: Survey data, 2012

As derived by Zezza *et al* (2008:14), the recent increases in prices of staple foods raise the real incomes of those selling food, many of whom are relatively poor, while hurting net food consumers, many of whom are also relatively poor. Rising food prices are steadily eroding the household incomes of the poor. According to Stats SA (2008: 12) the average household spent 19.5% of its total annual income on food and non-alcoholic beverages. The figure 4.7 below shows how poor household are affected by increase in food prices. About 88% of the poor households are severely affected by rising food prices.

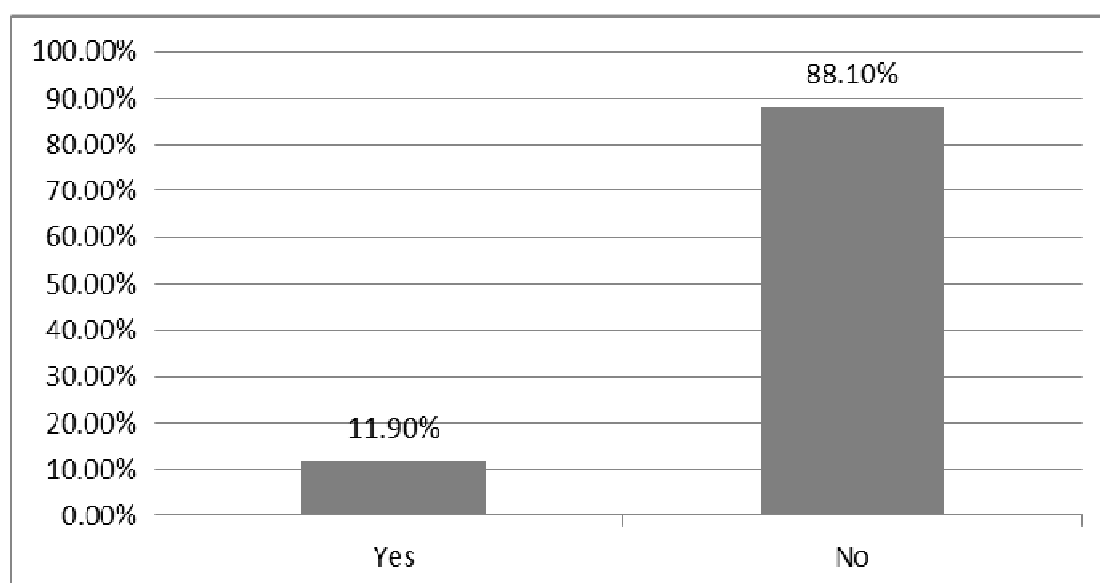
Figure 4.7: Perception about rising food prices



Source: Survey data, 2012

The poor households were asked if they have enough income to support their families. Figure 4.8 below shows that only 12% of the poor indicated that they have enough income to meet daily basic requirements and about 88% indicated that they lack income to support their families.

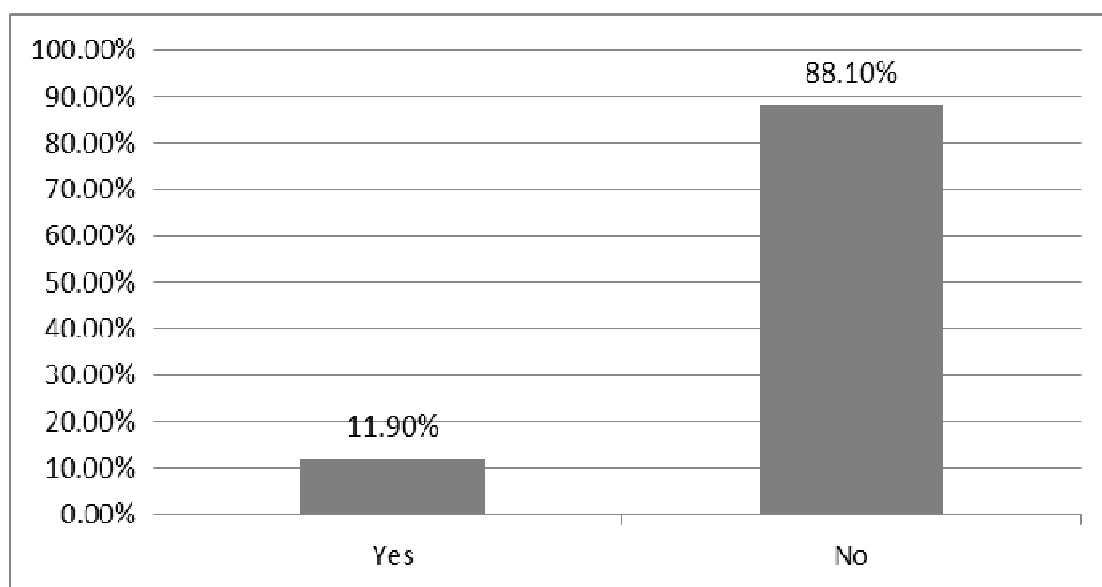
Figure 4.8: Do you have enough income to support your family?



Source: Survey data, 2012

In many instances, poor households sometimes survive on skipping meals. During times of food shortage, poor households may be left with virtually nothing to eat. Elders in poor households admit that when food become scarce, they only eat once a day to allow their children to eat three times a day. This meal skipping arrangement allows them to save for the future and ensuring the available resources will then stay longer. The figure 4.9 below shows that 88% of the poor admit that they skip meals as a survival mechanism.

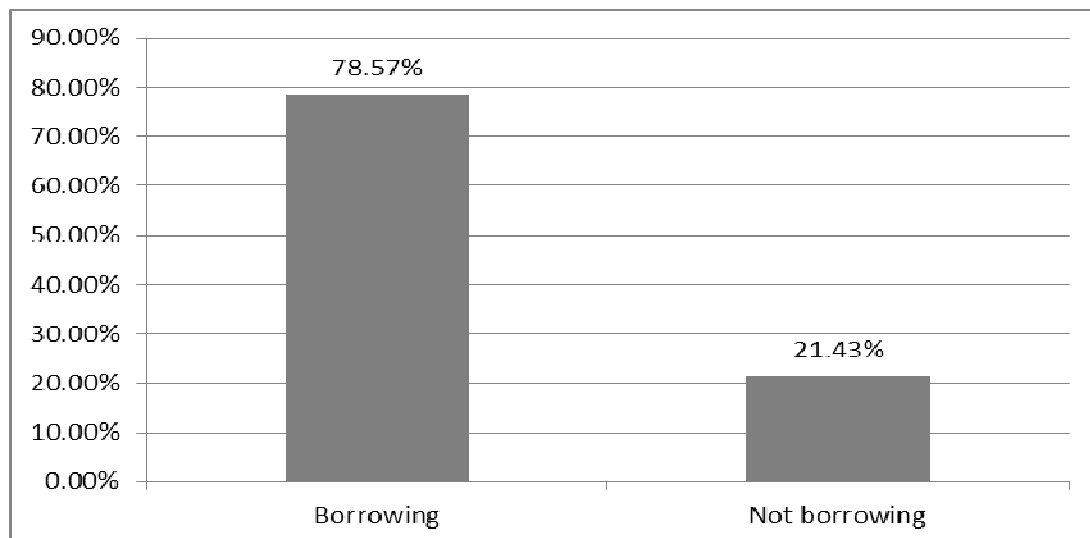
Figure 4.9: Do you normally have three meals a day?



Source: Survey data, 2012

At times, the ability to respond or cope with crisis is not a function of household resources alone, as informal family support networks play an important role during hardships by providing social and economic benefits that the formal social security system fails to deliver (James & David, 1986). Poor households survive on social networking especially in the context of poverty (Schmidt, 2005:23). The networking is in friends, relatives and the community in general. Figure 4.10 below shows that about 78.57% of the poor borrow money either from relatives or friends to ensure survival.

Figure 4.10: Have you had to ask for financial help from family/friends?

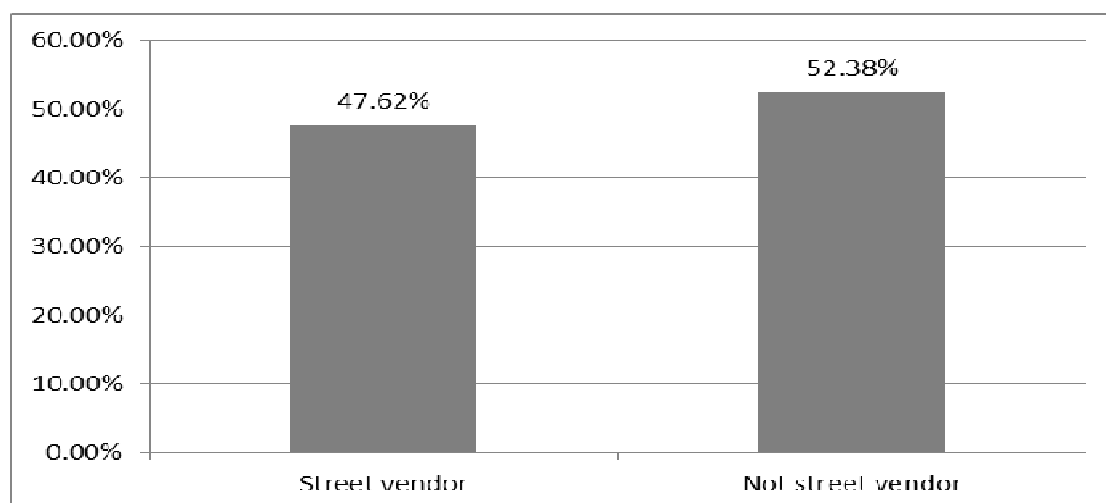


Source: Survey data, 2012

The concept of self-employment can be derived from Karl Marx's discussion of petty commodity production. According to Marx, petty commodity production, which is pre-capitalist, has low division of labour and little specialization. The proliferation of informal sector activities in developing countries in the 1960s was attributed to the employment crisis emerging from rapid population growth and limited employment opportunities. Informal sector activities were regarded as marginal.

Informal sector later came to be regarded as valuable economic endeavours-not only because of their role in employment creation in the face of uncertainties in formal wage employment but also because of their role in promoting entrepreneurship and coping strategies for the poor (McGee, 1996:12). Figure 4.11 below shows that 53% of poor households depend on street vending for survival.

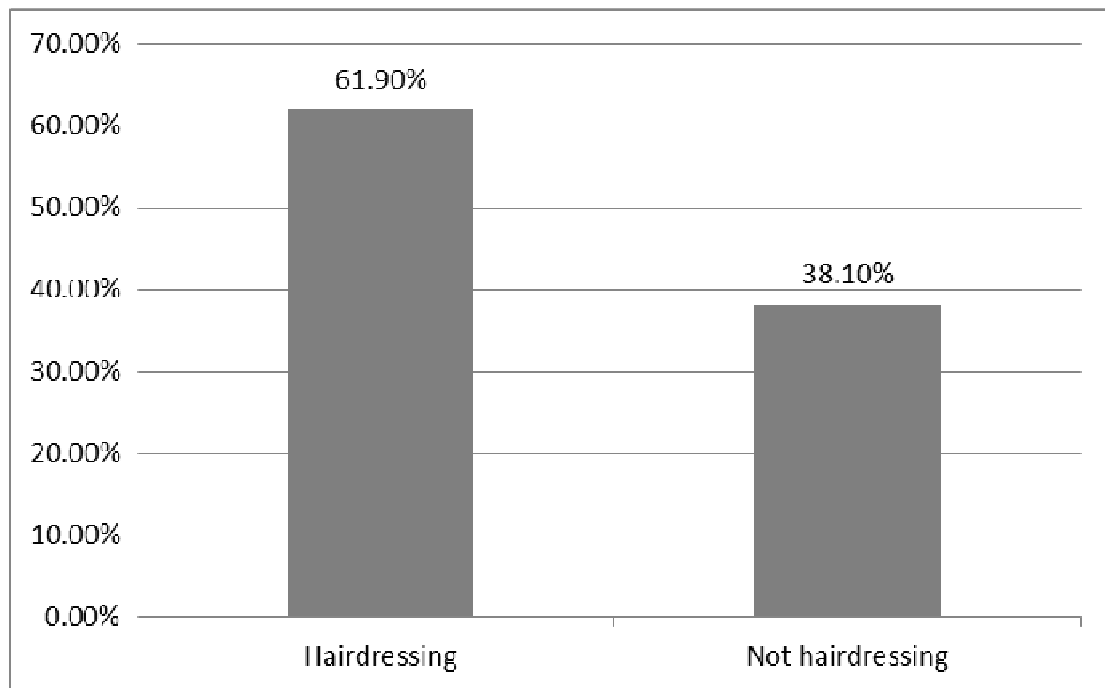
Figure 4.11: Does someone in your household sell vegetables on streets corners?



Source: Survey data, 2012

As derived by Tanga (2010:12), the primary reason for engaging in street vending (hairdressing) for the overwhelming majority is to have a source of livelihood to stop the dependency syndrome. Although many street vendors had begun their businesses using personal savings and buying small stock on a daily or weekly basis, a few are able to acquire formal capital to buy large stock. Many underprivileged people depend on street trade for their survival. Figure below shows that 62% of poor households depend on street vending for survival.

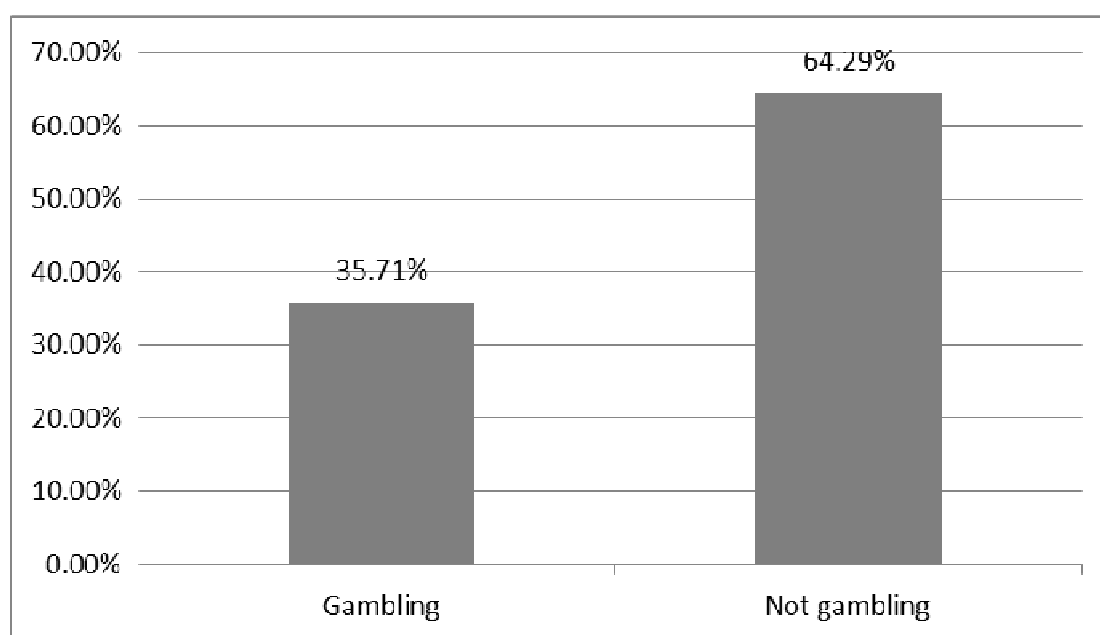
Figure 4.12: Does someone in your household own a barbershop?



Source: Survey data, 2012

As stated by (Schidt 2005), disadvantaged social groups who experience poverty, unemployment, dependence on welfare, low levels of education and household income are most likely to suffer the adverse consequences of gambling. Within these groups, those who are male, single and under 35 years of age are also more likely to be at risk from developing problems with their gambling. In addition, problem gamblers are more likely than non-problem gamblers to have heavy or problematic consumption of drugs, alcohol and cigarettes. Although individuals from these groups may not spend more money on gambling in absolute terms, they do spend a higher proportion of their incomes than wealthier gamblers. Figure 4.13 below shows that only 36% of poor households depend on gambling for survival.

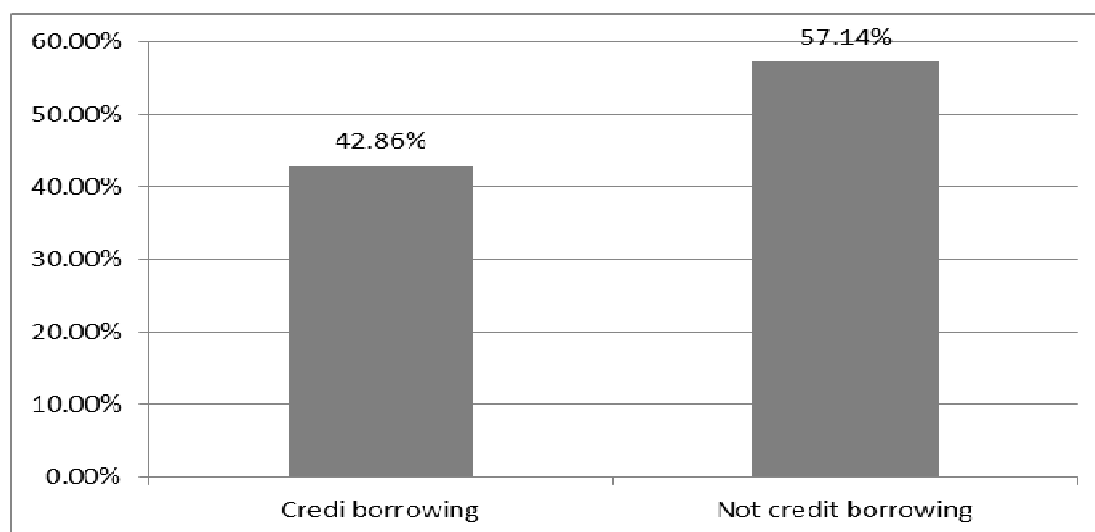
Figure 4.13: Perceptions about gambling



Source: Survey data, 2012

Under desperate circumstances, many poor households take loans on highly exploitative terms. Several kinds of informal credit arrangements are prevalent. For instance, the practice called “Horahapokola” requires the borrower to pay back double the amount of loan in two months time. Another prevalent system known as “Cash loans” requires the borrower to pay an interest amount of 5% in four months. On failing to repay, the money lender has the freedom to confiscate household goods like utensils, furniture and etc. Figure 4.14 below shows that only 43% of poor households seek credit on exploitative terms to ensure survival.

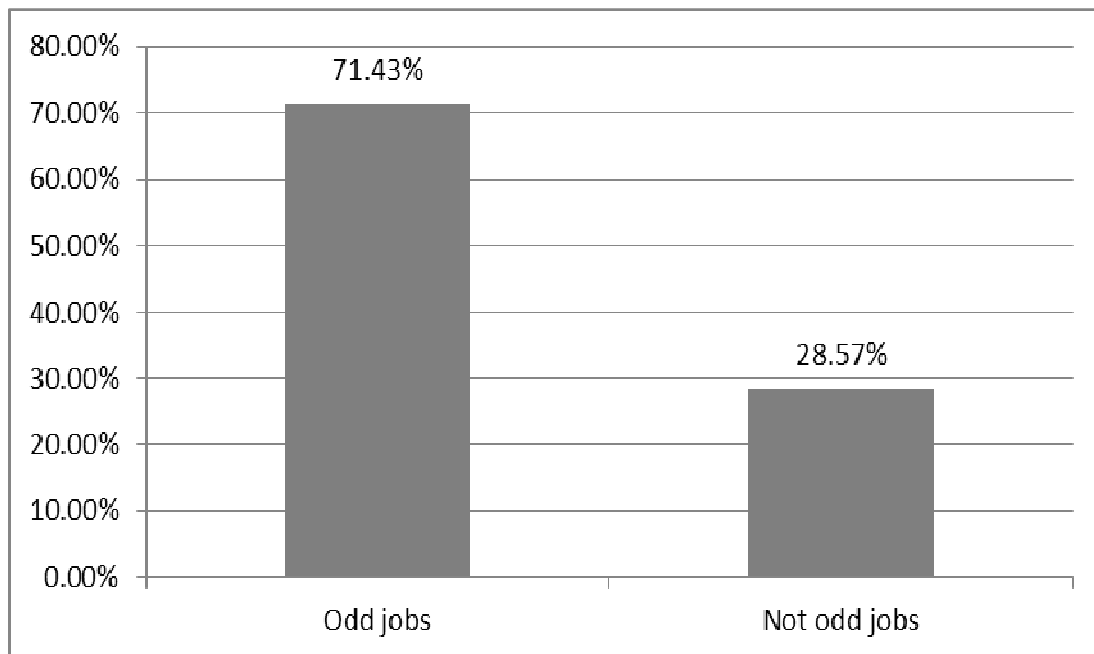
Figure 4.14: Does someone in your household seek credit to make ends meet?



Source: Survey data, 2012

For the poorest of the poor households concentrated in the urban slums, maintaining a diverse portfolio of livelihoods is a common strategy. In urban slums, working as domestic worker was recounted by many women to be a compulsion, as they commonly lacked access to their husbands' income and had the responsibility of managing their households almost single-handedly. Additionally, brewing and selling alcohol is found to be a common strategy employed by many poor households. At times religious institutions offer food to the poor who under certain circumstances of deprivation either convert their religion or transfer their traditional feudal loyalties to the hands that feed them. One of the extreme forms of compromise made by poor single women is to engage in sex work during periods of crises. Some of the odd jobs that the urban poor engage with are, car wash, and scrapeyard recycling, cutting lawns and etc. Figure 4.15 below shows that 71% of poor households resort to odd jobs as a means of survival.

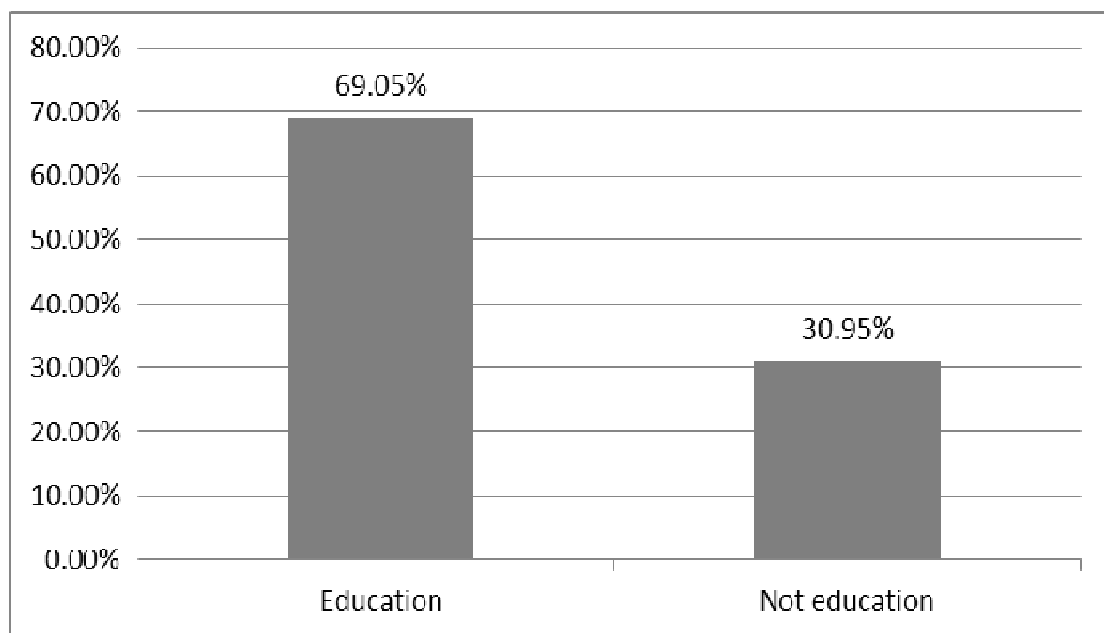
Figure 4.15: Do you do odd jobs in the township to make ends meet?



Source: Survey data, 2012

In today's society that places heavy emphasis on educational attainment for entrance into higher-level occupations, education becomes a crucial dimension. Education helps individuals fulfil and apply their abilities and talents, it enhances productivity, improves health and nutrition, promotes self-reliance and confidence (Dlamini, 2000:20). According to Malefane (2000:4), there is a strong correlation between the level of education and standard of living. The rate of poverty among people with no education has been escalating in recent years. Figure 4.16 below shows 69% of poor households are of the opinion that education can be used as a means to eradicate poverty and to maintain healthy lifestyle.

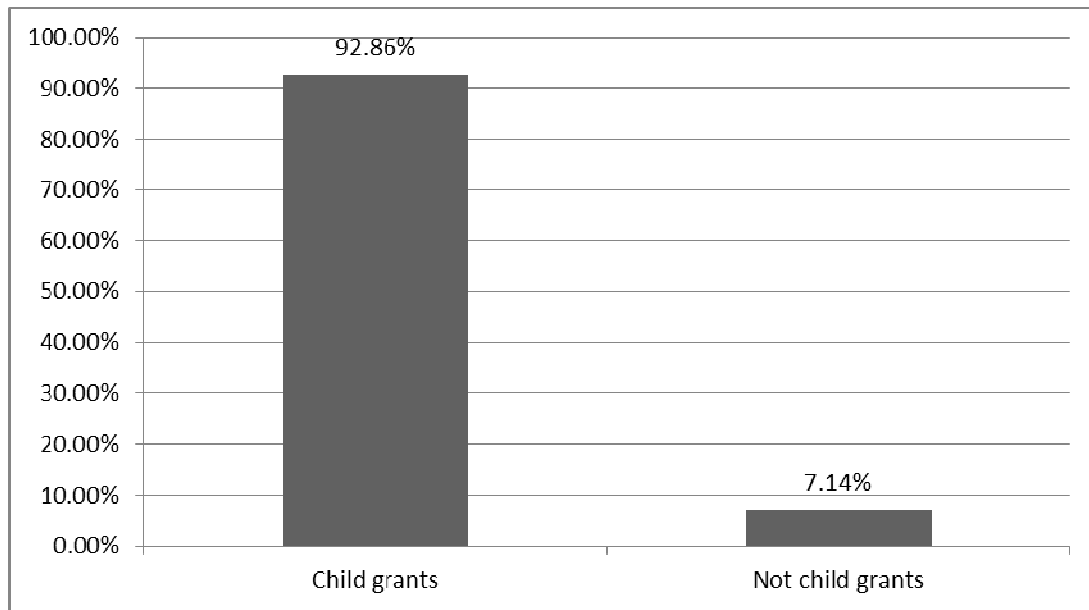
Figure 4.16: Education is the only way out of cycle of poverty. Do you think so?



Source: Survey data, 2012

A study by Hassim (2005) and Schidt (2005) noted that child support grant recipients are largely single-women with children, living solely on grant income. In many instances, it becomes the sole income for households' survival. De Koker *et al* (2006) also discovered that child support grant is becoming a major survival means in poor households. This also applied to Boitumelo where 93% of poor households rely on child support grant. Though the child support grant formed the basis of household income, the recipients are of the opinion that it increases teenage pregnancy.

Figure 4.17: Perceptions about child support grants



Source: Survey data, 2012

4.7 SOCIO-ECONOMIC CHALLENGES OF HOUSEHOLDS

This section gives a brief snapshot of socio-economic challenges that inhabitants of Boitumelo face in their everyday endeavours. Among the socio-economic challenges the households face, the following are of major concern: load-shedding, house breaking & theft, shortage of water supply, teenage pregnancy, environmental pollution, moral decay (drug and alcohol abuse) and over-crowded (small housing structure) to mention a few.

Table 4.17: Socio-economic challenges of households

Items	Frequencies	Percentages
Load shedding	40	17.47%
Shortage of water supply	25	10.92%
House breaking & theft	40	17.47%
Hijacking	12	5.24%
Rape	6	2.62%
Teenage Pregnancy	20	8.73%
Over-crowded (Small housing structure)	8	3.49%
Tarvens in the middle of houses	4	1.75%
Environmental pollution	18	7.86%
Lack of schools	5	2.18%
Inappropriate services by clinics	8	3.49%
Floods	4	1.75%
Sewage disposal	7	3.06%
Implementation of street lights	5	2.18%
Municipal roads (reconstruction)	9	3.93%
Moral decay (drug & alcohol abuse)	11	4.80%
Electricity (free commodity in coming years)	2	0.87%
Noise in the area	2	0.87%
Content with state of affairs	3	1.31%
Total	229	100.00%

Source: Survey data, 2012

4.8 SUMMARY AND CONCLUSIONS

From the earlist days, poverty was related to income, and income has remained at the core of the concept's meaning. When people lack or are denied income and other resources, including the use of assets and services in kind equivalent to income, they can be said to be in poverty. Poverty definitions and measurements are closely correlated to each other. Poverty is conventionally measured using poverty lines namely absolute, relative and subjective poverty lines. Poverty captures a wide range of meanings, depending on who is defining it.

An analysis of the poor households was presented in this chapter. For this study, a poor household was defined as a household the combined income of all its members is less than the Household Subsistence Level (HSL) as determined for that specific household. The poverty line was adjusted for inflation and calculated at R593 (\$74 per capita per month). Forty-one percent of the sampled population of Boitumelo are poor. This means that 42 of the 103 households have incomes less than their calculated individual poverty line (HSL). Thirty-one percent of the poor are female-headed households. This could be an indicator of high single parenting. Of the poor households, forty-eight percent are children and never married. This could be an indication of high dependency ratio. The average poverty gap ratio is 0.6261. This means that on average, poor households have an income shortage of 62.61% of their poverty line. The average monetary shortfall per household per month was calculated at R880.90. The policy implication would be that the government needs to subsidize the poor by R880.90 or services in kind equivalent to this income to maintain minimum standard of living.

The analysis of poor labour force was presented. The poors' unemployment rate for Boitumelo was calculated at 69.10%. This is in comparison to overall unemployment rate of 29.72% for the sampled population. The official unemployment rate for Emfuleni Local Municipality was calculated at 29.57% for the year 2012. Of the poor employed, 17.42% is formally employed with 13.48% working in informal activities. Of the poor unemployed 24% are males and 76% females. The implication would be that there is a higher poverty rates in females as compared to theirmales' counterparts, and the labour absorption rate in Emfuleni Local Municipality for females is relatively low.

The analysis of literacy levels for the poor was presented. The majority of the school-going population 29% is still in the first three years of schooling. Fifty-one percent of the poor population are learners still in primary school. About 12 percent of the poor population are at matric level and only 2.53% are students at tertiary levels. This implies that 66% of the poor population is economically inactive.

With regard to the out of school population for the poor only 4% have tertiary first diploma. Forty-one percent of the poor have attained only primary schooling education (Grade 7 and less). The percentage of the poor with matric is 39%. The poors' chances of finding decent employment are constrained by their low skill levels.

The analysis of poor households coping strategies was presented. For the poor households concentrated in the urban slums, maintaining a diverse portfolio of livelihoods is a common strategy. About 93% of poor households rely on child support grant. Eighty-eight percent of the poor admit that they skip meals in search for survival. Seventy-one percent of poor households resort to odd jobs a means of survival. Sixty-nine percent of poor households are of the opinion that education can be used as a means to eradicate poverty and to maintain healthy lifestyle. Sixty-two percent of poor households depend on street vending for survival. Forty-three percent of poor households seek credit on exploitative terms to ensure survival and 36% of poor households depend on gambling. Although alternatives coping strategies for supplementing their income are viable, they are not sustainable and as such the incomes of the poor still remained distorted.

The section to follow will provide comprehensive programmes that the poor of Boitumelo can adopt to reduce the crisis in their welfare.

CHAPTER 5 SUMMARY AND CONCLUSION

5.1 INTRODUCTION

The aim of the study was to analyse the survival strategies of the poor households in Boitumelotownship. The number of poor households is seen increasing in most economies including South Africa. There exists a need to have an understanding of the challenges and coping strategies of poor households in townships. This chapter provides a statistical picture of the data from the research process, draws some conclusions and also make recommendations based on the study outcome.

5.2 THE EMPIRICAL FINDINGS OF THE STUDY

The research followed qualitative and quantitative strategies including a literature review and in depth interviews. A literature review of poverty was undertaken with a special emphasis on the South African application of the concept. The sampled population of Boitumelo was analysed comprehensively in terms of income and expenditure patterns of the inhabitants so as to identify who are impoverished. The snapshot of socio-economic challenges that inhabitants of Boitumelo face in their everyday endeavours are summarized in this chapter.

The following important information was highlighted:

- Boitumelo has more females 57.33% than males 42.67%. This is in comparison to poor households 61.63% females than males 38.37%.
- Boitumelo has a lower frequency of fathers 11% as compared mothers 24%. There is also a lower percentage of fathers 38.37% compared to mothers 62.63% in poor households.
- The unemployment rate for the sampled population is calculated at 30%. Of employed, 60% is formally employed with 10% working in informal activities. The unemployment rate of the poor is 69.1%. Of the pooremployed, 17.42% is formally employed with 13.48% working in

informal activities. Of the poor unemployed 24% are males and 76% females.

- For this study, the poverty line was adjusted for inflation and calculated at R593 (\$74 per capita per month).
- Poverty within the area has a gender bias, 76% of the poor are females.
- 41% of all households in Boitumelo are poor. This means that 42 of the 103 households have incomes less than their calculated individual poverty line (HSL).
- 23.81% of the poor are earning income less than 40% of their poverty line.
- The headcount index for the sampled population is calculated at 0.4078. This means that 40.8% of the sampled households' income was found to be below their respective poverty line when using R593 (\$74 per capita poverty line).
- The average poverty gap ratio is 0.6261. This means that on average, poor households have an income shortage of 62.61% of their poverty line. The average monetary shortfall per household per month was calculated at R880.90, representing the average amount needed by poor households per month to make up the difference between average household income and the poverty line.
- The majority of the school-going population 29% is still in the first three years of schooling, in comparison to 21% for the whole population of Boitumelo.
- 50.63% of the poor population are learners still in primary school, in comparison to 41% for the whole population of Boitumelo.
- With regards to the out of school population for the poor only 4% have tertiary first diploma, in comparison to 9% post-school population with an education level of diploma or higher. Furthermore, 49% of the poor have attained only primary schooling education (Grade 7 and less), in

comparison to 16.67%. The percentage of the poor with matric is 39%, in comparison to 18%.

- The majority of the poor employed 23.81% are working in the manufacturing sector, in relation to 27.9% for the whole population of Boitumelo. The second biggest labour absorption sectors for the poor are wholesale/retail and catering 16.67% and community, social, education, training and personal services 4.76% in comparison to 16.2% and 10.8% for the whole population of Boitumelo.
- A larger share of the poor employed 65.12% is less than 40 years and 34.08% of the employed are 40 years and older. This is in comparison to 62.42% for whole Boitumelo employed and are less than 40 years and 37.58% of the employed are 40 years and older.
- About 73.81% of the poor are formally employed and 26.19% informally employed.
- The skills audit of the poor unemployed shows that majority of them have 17.07% have skills in baking, with 14.63% having skills in hairdressing. The other activities which the poor are skilled at are catering/cooking, sewing, and retail trader.

The expenditure pattern of the poor shows that 33% of a poor household's income goes to buying food and cleaning materials. This is in relation to 29.34% of households' income spent on food and cleaning materials for the whole population of Boitumelo. Maize meal, vegetables and cooking oil are staple food for the poor.

- About 53% of the poor households depend on street vending for survival. 62% of poor households rely on hairdressing to make ends meet.
- Poor households survive on social networking. About 78.57% of the poor borrow money either from relatives or friends to ensure survival.
- About 43% of poor households seek credit on exploitative terms to ensure survival.

- For the poorest of the poor households concentrated in the urban slums, maintaining a diverse portfolio of livelihoods is a common strategy. About 71% of poor households resort to odd jobs as a means of survival.
- 69% of poor households are of the opinion that education can be used as a means to eradicate poverty and maintain healthy lifestyle.
- 93% of poor households rely on child support grant to ensure survival.
- 62.45% of the sampled population are affected by load-shedding, housebreaking and theft, environmental pollution and moral decay (drug and alcohol abuse).

5.3 CONCLUSION

Over the years there have been competing theories which provide an understanding of poverty. Each approach has its strengths and weaknesses. The study on poverty has been approached from different perspectives and on different levels. Poverty captures a wide range of meanings, depending on who is defining it. Although various technical solutions have been suggested for differentiating the poor and non-poor using the monetary approach, there is no theory of poverty that clearly differentiate the poor from the non-poor.

Equally essential, there are a number of issues involved in defining and measuring poverty. Should definitions and measurement methods be applied in the same way in all countries and used for comparisons? Should poverty be defined and measured at individual, household and/or geographic area level? Empirical evidence shows that poverty rates vary a lot when different concepts and measures are used.

The poor of Boitumelo are full of optimism and hope for a better future. Their lack of adequate skills and the stringency of the labour market perpetuate their poverty. The poor have limited choices to supplement their income to make ends meet. Although alternatives coping strategies for supplementing their income are viable, but they are not sustainable. The educational and skill levels of the inhabitants of Boitumelo necessitate youth training schemes,

on the job training as well as structured work experiences in order to help phase young people into the labour market. The following section will highlight possible sustainable coping strategies to eradicate poverty in Boitumelo.

5.4 RECOMMENDATIONS

This section attempts to propose some recommendations that can help reduce the socio-economic challenges facing poor households in Boitumelo.

5.4.1 Access to finance

Barriers to formal sector entry and the lack of financing for low-income earners seem to hinder the development process of small businesses. This study shows that, on average, poor households in Boitumelo, 53% earn incomes from informal activities. These activities range from small scale manufacturing to the selling of fruits or vegetables on street corners. Lending arrangements for low income groups will provide households with access to savings and with a certain cushion against economic fluctuations.

5.4.2 Training, education and skills

An individual with inadequate education is an outsider, less able to take advantage of the opportunities which exists and is treated less well than those with the same income but a higher education (Chalabesa, 2002:62). Education helps individuals fulfil and apply their abilities and talents, it enhances productivity, improves health and nutrition, promotes self-reliance and confidence (Dlamini, 2000:20). The majority of the household members are low in skills. With regards to the out of school population for the poor only 4% have tertiary first diploma, in comparison to 9% post-school population with an education level of diploma or higher. This acts as a barrier in labour market.

5.4.3 Public works programmes

Standish (1992) cites the following reasons why public works programmes have positive and direct effects on the poor in the short-term:

- The provision of employment and income to those whose poverty is endemic;
- The provision of skills and training to the participants of a public works programme, and
- Public works programmes produce the infrastructure for economic development, e.g. schools, clinics, the extension and upgrading of roads, the building of low income housing, slum clearance and extension of urban transport system.

Well-targeted public works programmes can play an important role in delivering services and infrastructure to poor households in Boitumelo. They can also provide income and skills training, thus building the assets of these households. Job creation will have a major impact on poverty in this area.

5.4.4 Food stamps programmes

According to the carte Blanche principle in economics, a consumer is (weakly) better off if she/he is given cash than if she/he is paid an in-kind transfer. As long as the consumer is rational, the ability to choose how to optimize her/his budget over all goods will allow her/his to attain a level of utility at least as high or higher than when part of the budget is restricted to purchase only certain goods. The food stamp programme is not used to maximize the utility of programme for participants, but rather to safeguard the health and well-being of the nations' population by raising levels of nutrition among low-income households (Hoynes and Schanzenbach, 2009).

It is argued that the substitution of cash grants in lieu of food stamps could do more to increase poor households' consumption patterns, provide assistance to more people and would cost comparatively less amount to the government (Hoynes and Schanzenbach, 2009). A food-stamp-household receives a specified amount of food stamps and will change among three options:

- The household will use the stamps to increase food expenditures by the bonus value of the stamps;

- The household will not change their amount of food expenditures, and substitute an amount of cash equivalent to the bonus value of the stamps on non-food items, and
- The household will increase food expenditures by less than the bonus value of stamps, and substitute some of the money formerly spent on food for non food purchases.

Although food stamps can be used to purchase any food item for home use from a grocery store, they cannot be used at any grocery stores to purchase cigarettes, alcohol or non food items such as paper products. Some critics of food stamps argue that in many cases those in poverty need money to pay bills more than they need food item. On the face of it, paying food stamp benefits on the poor seems to be a sensible public policy (Steven, 2003).

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ADDENDUM A

QUESTIONNAIRE

QUESTIONNAIRE #		Date	
HOUSE number		Interviewer	

Please note that the Head of the household should preferably answer the questionnaire

A	BACKGROUND INFORMATION					
1	What is the position of the respondent in the Household?	Head (1)	Spouse (2)	Child (3)	Extended family member (4)	Boarder (5)
2	Gender of the head of the household				Male (1)	Female (2)
3	How many housing units are on the site					
4	How many people stay permanently on the site					
5	How long have you (respondent) stayed in the Boitumelo (years)					

B	HOUSEHOLD COMPOSITION									
<i>Please provide the following information about your households</i>										
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	Highest 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	(10 – 13 for unemployed only) Skills of unemployed (list 10)									
11	Duration of unemployment in years									
12	What is the Unemployed doing presently									
13	Minimum wage required to take a job									
INCOME (Take home pay per month)										
14	Wages/salaries (Formal)									
15	Old Age Pension									
16	Child Grant from Government									
17	Other Grants from Government									
18	Help (family/relatives/help in kind)									
20	Informal activities									
21	Subsidies (e.g. Housing)									
22	Other (Specify)									

C	HOUSEHOLD EXPENDITURE				
How does your household spend their income per month?					
	ITEM	Weight per week	Weight per month	Rands per week	Rands per month
1	Housing				
2	Water				
3	Energy				
	Electricity				
	Coal				
	Paraffin				
	Other				
4	Food				
	Maize				
	Bread				
	Meat				
	Meat - Chicken				
	Meat - Beef				
	Meat - Other				
	Vegetables				
	Cooking Oil				
	Tea / Coffee				
	Milk				
	Rice				
	Other food Items				
	5	Cleaning Material			
Washing powder					
Other					
6	Cigarettes & Tobacco				
7	Beer, wine & spirits				
8	Transport				
	Taxi				
	Car				
	Other				
9	Clothing				
10	Furniture				
11	School				
12	Entertainment (Movies etc)				
13	Medical Expenses				

	ITEM	Weight per week	Weight per month	Rands per week	Rands per month
14	Insurance e.g. funeral scheme				
15	Gambling				
	Lotto				
	Horseracing				
	Cards / Mshaina				
	Other				
16	Savings				
17	Licenses (e.g. TV, Vehicle)				
18	Housekeeping Services (e.g. Garden)				
19	Communication				
	Telephone				
	Cellphone				
20	Car Repayment				
21	Loan repayments				
22	Other: Specify				

D	POVERTY PERCEPTIONS / SURVIVAL		
1	Do you have enough income to support your family?	YES	NO
2	Do you normally have three meals a day?	YES	NO
3	Do your neighbours lend you food e.g. a cup of sugar?	YES	NO
4	If so, do you normally return the food?	YES	NO
5	Have you had to ask for financial help from family / friends	YES	NO
7	Has there been days in the last three months you did not have food	YES	NO
8	Does someone in your household sometimes seek credit to make ends meet?	YES	NO
9	Do you consider yourself poor?	YES	NO
10	Does someone in your household sell vegetables on street?	YES	NO
11	Does someone in your household own a barbershop / hairdressing business?	YES	NO
12	Do you have access to public goods such as clinics and schools?	YES	NO
13	Do you have tarred roads in your area?	YES	NO
14	In your households do you have access to sanitation facilities such as flushed toilet and piped water?	YES	NO
15	Do you do odd jobs in the township to make ends meet?	YES	NO
16	Many people believe that education is the only way out of cycle of poverty. Do you think so?	YES	NO

E	PERCEPTIONS ABOUT RISING PRICES			
1	How has the increases in prices affected your family?			
	1. Severely	2. Moderately	3. Slightly	4. Not affected

2	Rank the impact of the rising in prices on the following item				
	Item	1. Severely	2. Moderately	3. Slightly	4. Not affected
	Electricity				
	Food				
	Basic				
	General				
	Meat / Chicken				
	Commuting e.g. Taxi				
	Overall cost of living				

3	How important are the following items to your livelihood?					
	Item	1. Very important	2. Moderately important	3. Indifferent	4. Less important	Not Important
	Maize					
	Bread					
	Meat / Chicken					
	Vegetables					
	Milk					
	Cooking Oil					
	Tea / Coffee					
	Sugar					

4	Have you acquire any of the following items in the last 12 months	
	Radio (Hifi system)	
	Furniture	
	Cellphone	
	Car	
	Television	
	Other specify (sewing, welding machine etc)	

5	Does someone in your household have a vegetable garden, or carry any food production activities?	YES	NO
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6	Is any of your household member engaged in activities to generate additional income	YES	NO
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7. Kindly give any socio-economic challenges you encounter in your township.