

CHAPTER 6 THE POVERTY PROFILE OF KWAKWATSI

6.1 INTRODUCTION

South Africa's democratic transitions now lies more than a decade in the past, a period long enough to take stock of past achievements and challenges. The successful political transition raised hopes for an economic future characterised by broadly shared growth and greater access of the majority of the population to economic opportunities, by extension jobs. Economic policies have been geared towards ensuring macro-economic stability (with considerable success) and increases access to basic social services, especially education and health. A number of initiatives have also aimed at promoting a wider spread of economic benefits across the population. However, the outcomes, in terms of growth of per capita income and employment have been below expectations (Bhorat & Kanbur, 2008:18).

In this chapter a poverty profile of Kwakwatsi is presented. This will inform an analysis of the economic sustainability of the township. For the purpose of this study, the economic sustainability of the township is measured by the depth of poverty and unemployment in the area. As Slabbert (2004:4) noted, in a sustainable economy poverty is not endemic. The chapter will provide an analysis of poverty from different angles by looking at the economic indicators of poor households.

6.2 POVERTY IN KWAKWATSI

6.2.1 Definition of a poor household

Following guidelines from the World Bank, and adapted from Slabbert (2004:37), a poor household is defined as a household whose combined income of all its members is less than the cost of minimum calorie intake and that of other necessities of the household. A household is defined as one or more persons who pool their income 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.

As explained in Chapter 4, the HSL will be used as a poverty line in this study, as it makes it easy to calculate the subsistence for individual households. A poor household is defined as a household whose combined income of all its members is less than the Household Subsistence Level (HSL) as determined for that specific household.

The poverty gap is adapted to a measure of an individual household's income shortfall. This means that each household will have an individual calculated poverty gap. The mean of all households' poverty gaps can be taken as the poverty gap for the population concerned. The mean of all individual poverty gap indexes will be the poverty gap index for the population concerned. Using the same analogy as above, the headcount index for the community will be the mean of all individual household's indexes i.e. all households who fall below their individual calculated poverty lines (HSL).

6.2.2 Poverty line for Kwakwatsi

When calculating national poverty lines as a statistical measure, the most common approach is to estimate the cost of a minimum basket of goods that would satisfy the necessary daily energy requirement per person over a period of a month. Stats SA (2007:8) writes that the daily energy requirement, as recommended by the South African Medical Research Council (MRC), is 2261 kilocalories per person.

Using the 2000 Income and Expenditure Survey data, Statistics South Africa estimated that when consuming the kinds of foodstuff commonly available to low-income South Africans, it costs R 211 per person every month (in 2000 prices) to satisfy a daily energy requirement of 2261 kilocalories. This means that R211 is the amount necessary to purchase enough food to meet the basic daily food-energy requirements for the average person over one month. But households also need other goods and services beyond food to meet basic needs. This includes accommodation, electricity, clothing, and schooling for children, transport and medical services, amongst other things. Other studies have made a rough estimate of the non-food component, which is then added on top of the food poverty line.

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. This yields a poverty line of R 431 per person in 2006 prices. Table 6.1 shows the rand values of alternate poverty lines for South Africa. The results as calculated by Stats SA using the year 2000's Income and Expenditure Survey are also highlighted.

TABLE 6.1: ALTERNATIVE POVERTY LINES FOR SOUTH AFRICA IN RANDS		
	Poverty line in 2000 Rand	% of individuals below the poverty line (2000 income and expenditure survey)
Poverty line set at per capita expenditure of the 40 th percentile of households	R346 per capita	54.9%
Poverty line set at 50% of mean national per capita expenditure	R538 per capita	68.1%
Statistics SA – lower bound	R322 per capita	52.6%
Statistics SA – upper bound	R593 per capita	70.4%
“Poverty line” implied by the Old Age Pension means test for married persons, assuming a household of 5 persons and no non-elderly income earners	R454 per capita	63.4%
“Indigence” line of R800 per household per month (in 2006 prices)	R573 per household	11.7%
“Indigence” line of R2400 per household per month (in 2006 prices)	R1720 per household	55.1%

Source: Stats SA, 2007:8.

For this study, a poverty line is calculated for each household individually and then the household's own income is compared with its own individual poverty line. In accordance with a method developed by Slabbert (1997:7), the poverty line for each household is calculated by allocating a monetary amount for each member of the household. This method takes age and gender into account.

With these calculations, not only the number of poor households, but also the distribution of households below and above the poverty line is determined. The same applies to other measures such as the dependency ratio. This is calculated on an individual basis instead of only using averages. Table 6.2 lists HSL calculations for residents of Kwakwatsi using 2009 prices.

TABLE 6.2: HSL/POVERTY LINE FOR KWAKWATSI					
Age and Sex		Food	Clothing	Hygiene	Total
Children					
	1–3 years	R 200.07	R 20.39	R 11.79	R 232.25
	4–6 years	R 240.83	R 40.78	R 11.79	R 293.40
	7–10 years	R 299.17	R 40.78	R 11.79	R 351.74
Boys and Men					
	11–14 years	R 358.14	R 61.17	R 11.79	R 431.10
	15–18 years	R 397.86	R 78.87	R 11.79	R 488.52
	19+ years	R 397.86	R 78.87	R 11.79	R 488.52
Girls and Women					
	11–14 years	R 345.84	R 61.17	R 11.79	R 418.80
	15–18 years	R 345.84	R 81.56	R 11.79	R 439.19
	19+ years	R 345.84	R 81.56	R 11.79	R 439.19
Household fuel, light, washing & cleaning					R 300.49
Housing					R 40
Transport					R 50

Source: Slabbert, 2009.

According to Stats SA (2007:5) the fact that households differ in size and make-up makes a straightforward comparison of their consumption not to be sensible. The standard practice has been to use some form of normalization wherein household consumption is divided by the number of people living in that given household and

then compare households on the basis of per capita consumption. The HSL breaks down households into their different constituents and builds up a poverty line for each household depending on its constituent members. This method, as developed by Potgieter (1980:63), allocates appropriate amounts for men and women and boys and girls of different ages.

Table 6.3 gives an example of an HSL/ poverty line calculation for a household with four members; father (40yrs old), mother (37yrs), son (12yrs) and daughter (7yrs) . A household is considered poor if its combined income falls short of the HSL of that calculated household. Using Table 6.2 as a guideline and allocating a monetary amount required for subsistence, the HSL for the household is calculated to be R2101.04 per month; thus meaning that this household will be deemed poor if the combined income of all members is less than R 2101.04.

TABLE 6.3: EXAMPLE OF POVERTY LINE CALCULATION					
Age and Sex		Food	Clothing	Hygiene	Total
Girl	7-10 years	R 299.17	R 40.78	R 11.79	R 351.74
Boy	11-14 years	R 358.14	R 61.17	R 11.79	R 431.10
Father	19+ years	R 397.86	R 78.87	R 11.79	R 488.52
Mother	19+ years	R 345.84	R 81.56	R 11.79	R 439.19
Household fuel, light, washing & cleaning					R 300.49
Housing					R 40
Transport					R 50
HSL/Poverty Line					R 2101.04

Source: Calculated from Table 6.2

6.2.3 Poverty profile for Kwakwatsi

A common measure used to express the number of poor people as a proportion of the whole population is called the headcount index. This is the simplest measure of poverty, given by the proportion of the population for whose consumption (or another suitable measure of living standard) y is less than the poverty line z . Suppose q

people are poor by this definition in a population of size n . Then the headcount index is $H = q/n$ (Ravallion, 1992:36).

The headcount index for the sample population is calculated at 0.729. This means that 72.9% of all households' income is below their respective poverty line. Inferring this to the whole of Kwakwatsi means that 2479 of the 3400 households are living below the poverty line. This is in comparison to a poverty rate of 49.06% for the Free State for the year 2007(Provide Project, 2009:36).

Table 6.4 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. The above table shows that the percentage of households earning income less than their respective HSL is 72.9% (row E). These households are therefore regarded as poor and living below the poverty line. About 27% of the households have incomes greater than their poverty lines.

TABLE 6.4: TOTAL HOUSEHOLDS AS A PERCENTAGE OF THEIR HSL			
	Household Income as % of HSL	Households	Cumulative %
A	11-20	18.8%	18.8%
B	31-40	15.3%	34.1%
C	51-60	17.1%	51.2%
D	71-80	12.4%	63.5%
E	91-100	9.4%	72.9%
F	101-120	12.4%	85.3%
G	141-160	5.9%	91.2%
H	161-180	0.0%	91.2%
I	181-200	1.8%	92.9%
J	200+	7.1%	100.0%
Total		100%	

Source: Survey data, 2009.

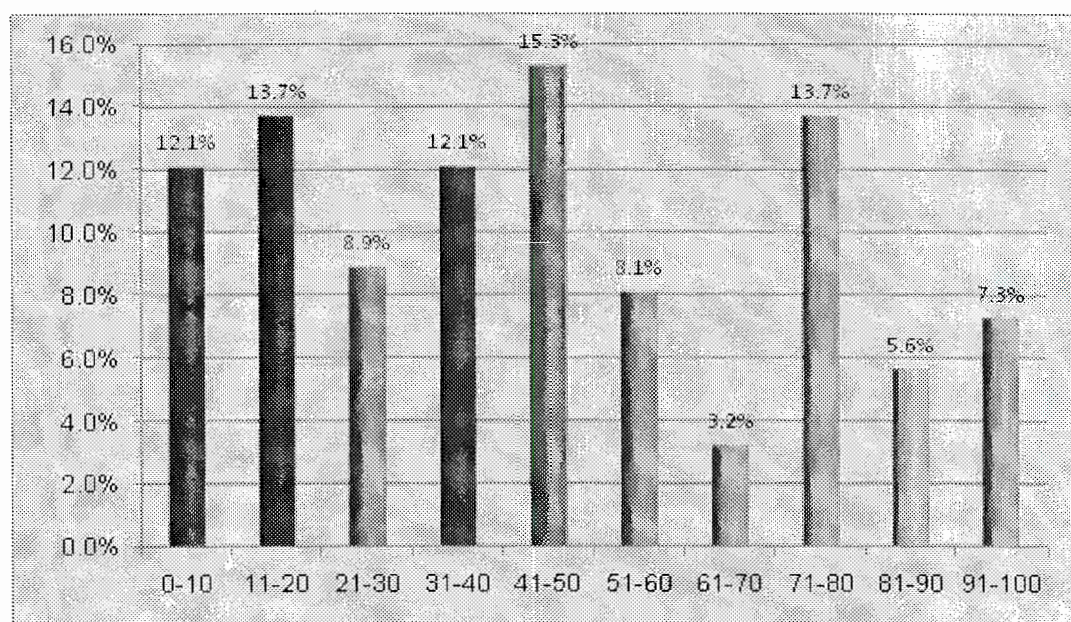
As mentioned in previous sections, the HSL was used as a poverty line for this study. The HSL covers only basic items like food, clothing, rent, transport, fuel, lighting and cleaning material. By calculating each household's poverty line and comparing it with its income, the distribution of households below or above the poverty line can be measured. A further analysis of the poor can be done by looking at the extent of poverty within the area. This will be measured by the distribution of the poor below the poverty line. The severity of poverty depends on the distribution of the poor below the poverty line.

Table 6.5 and Figure 6.1 show the distribution of poor households below the poverty line. The table shows that poverty is endemic in the area. Of the poor population 62.1% are earning income less than 50% of the poverty line. The table also shows that 12.1% of the poor are earning income between 0 and 10% of their income. As an example, if a particular household's poverty line is calculated at R 1000, this would mean that the particular household earns income of between R 0 and R 100 (0 - 10% of the poverty line).

TABLE 6.5: POOR HOUSEHOLDS DISTRIBUTION BELOW THEIR HSL			
	Household Income as % of HSL	Percentage Households	Cumulative Percentage
A	0-10	12.1%	12.1%
B	11-20	13.7%	25.8%
C	21-30	8.9%	34.7%
D	31-40	12.1%	46.8%
E	41-50	15.3%	62.1%
F	51-60	8.1%	70.2%
G	61-70	3.2%	73.4%
H	71-80	13.7%	87.1%
I	81-90	5.6%	92.7%
J	91-100	7.3%	100.0%
Total		100%	

Source: Survey data, 2009.

FIGURE 6.1: POOR HOUSEHOLDS DISTRIBUTION BELOW THEIR HSL



Source: Survey data, 2009.

6.2.4 The depth of poverty in Kwakwatsi

The poverty gap is the mean shortfall of the total population from the poverty line (counting the non-poor as having zero shortfall), expressed as a percentage of the poverty line; it adds up the extent to which individuals on average fall below the poverty line, and expresses it as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence. In order to measure the depth of poverty in an area, the poverty gap measure is normally used in conjunction with the headcount index (Slabbert, 2004:87). The poverty gap can also be interpreted as an indicator of the potential for eliminating poverty by targeting transfers to the poor. The minimum cost of eliminating poverty using targeted transfers then becomes the sum of all the poverty gaps in a population; every poverty gap is filled up to the poverty line (Ravallion, 1992:32).

The poverty gap index for Kwakwatsi is calculated at 0.56 using the survey data. This means that on average, poor households have an income shortage of 56% of their poverty line. The average monetary shortfall per poor household for was calculated at R1158; representing the average amount needed by a poor household to make up the

difference between average household income and the poverty line. This is a substantial amount considering that the average household income for Kwakwatsi was calculated at R1409.01 and R688 for the poor as shown in section 6.6.1 (Survey data, 2009).

Table 6.5 summarises the depth of poverty by looking at the sample population's individual household's poverty gap and deduce this for the whole of Kwakwatsi. The percentage of poor households below the poverty line was calculated at 72.9% (2479 households of the 3400 total households for the township). The monthly shortfall of all households is calculated at R2.86 million per month and R34.43 million per annum.

TABLE 6.6: POVERTY GAP ANALYSIS OF POOR HOUSEHOLDS		
	Average per Poor Household	Total Poor Households
Monthly poverty gap	R 1,158	R 2,869,715
Annual poverty gap	R 13,894	R 34,436,581

Source: Survey data, 2009.

6.3 DEMOGRAPHIC PROFILE OF THE POOR

This section will be a demographic profile of the poor in Kwakwatsi. The aim is to present the circumstances of the poor from different angles to further show the impact of poverty within the area.

6.3.1 Household size

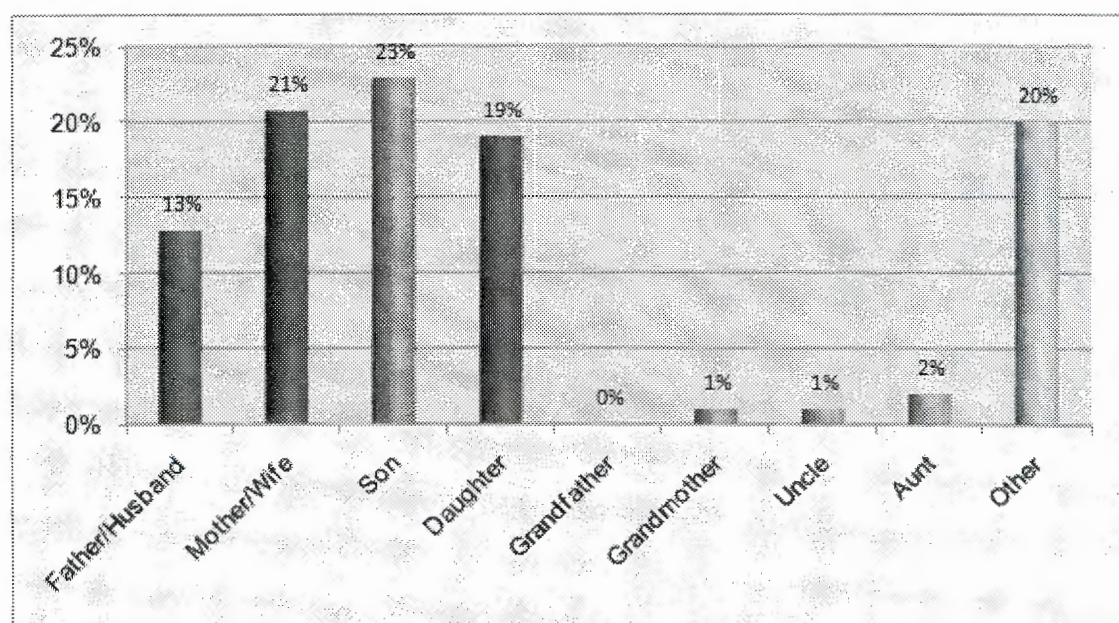
The average household size for the poor from the sample population was calculated at 4.1. This is in comparison to a household size of 3.89 for the total sample population. The poor's average household size is also higher than Stats SA's (2007:9) calculated household size of 3 for Ngwathe Municipality during the year 2017. The survey showed that 72.9% of all households' are living below their respective poverty lines, amounting to 2479 of the 3400 households in Kwakwatsi. The poor's higher household size (though not substantial), can be a contributing factor to poverty or the ability to

move out of poverty. The increased number of household members means that whatever income the household earns will be overstretched with many people to feed.

6.3.2 Members of poor households

The distribution of the members of poor household is shown in figure 6.2 below. The figure shows a lower percentage of fathers (13%) and mothers (21%). The figure also shows a more or less equal spread of sons and daughters 42%. There is only category of others (20%) which accounts for grandchildren and other family relatives sharing a common household. The majority of these are grandchildren who at most are dependent on the main breadwinner for sustenance.

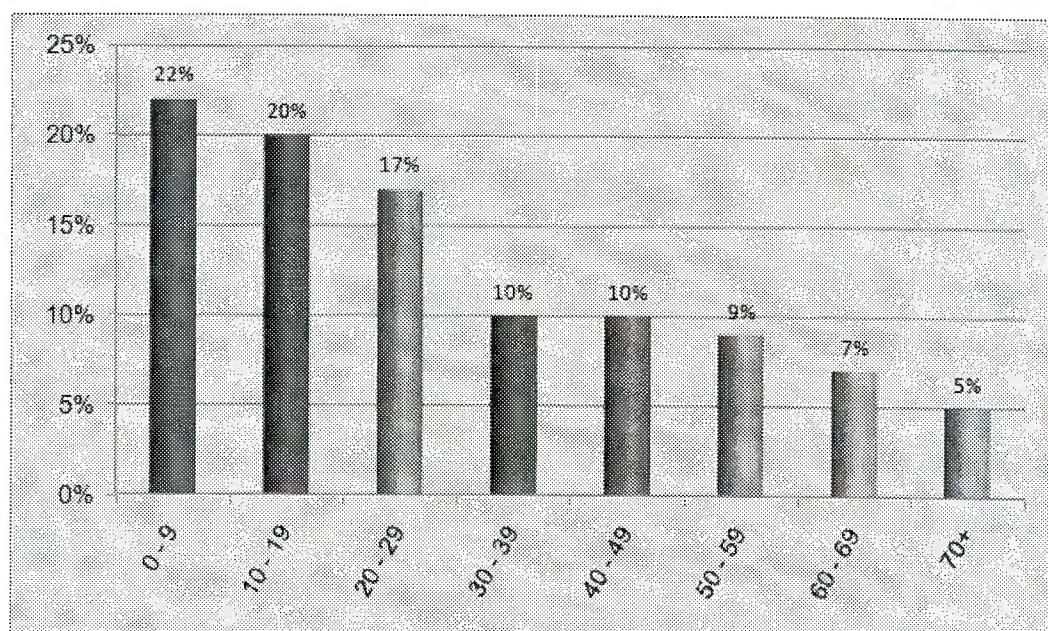
FIGURE 6.2: STATUS OF MEMBERS OF POOR HOUSEHOLDS



Source: Survey data, 2009.

The age distribution of the poor shows that 42% of the poor population is less than the age 20 (figure 6.3). The larger number of people in this age category suggests that there are more non-income earners in an average poor household. The figure for the poor in Kwakwatsi seem to follow the national trend, with Stats SA (2009b:10) showing a 45% distribution of the African population for South Africa being less than the age of 19. The percentage of the poor in the age group 20 to 40 is 27%, and 12% are aged 60 years and older.

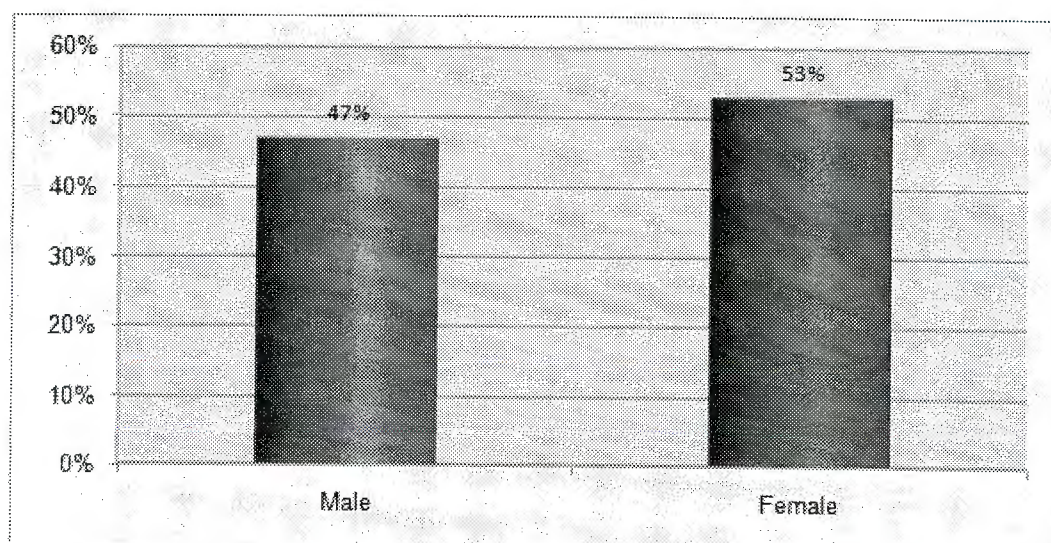
FIGURE 6.3: AGE DISTRIBUTION OF THE POOR POPULATION



Source: Survey data, 2009.

The gender distribution of the poor shows a higher percentage of females than males (figure 6.4). The figure shows a 53% of females and 47% for males for the poor. For the Free State province, the gender distribution is 47.8% males and 52.2% female.

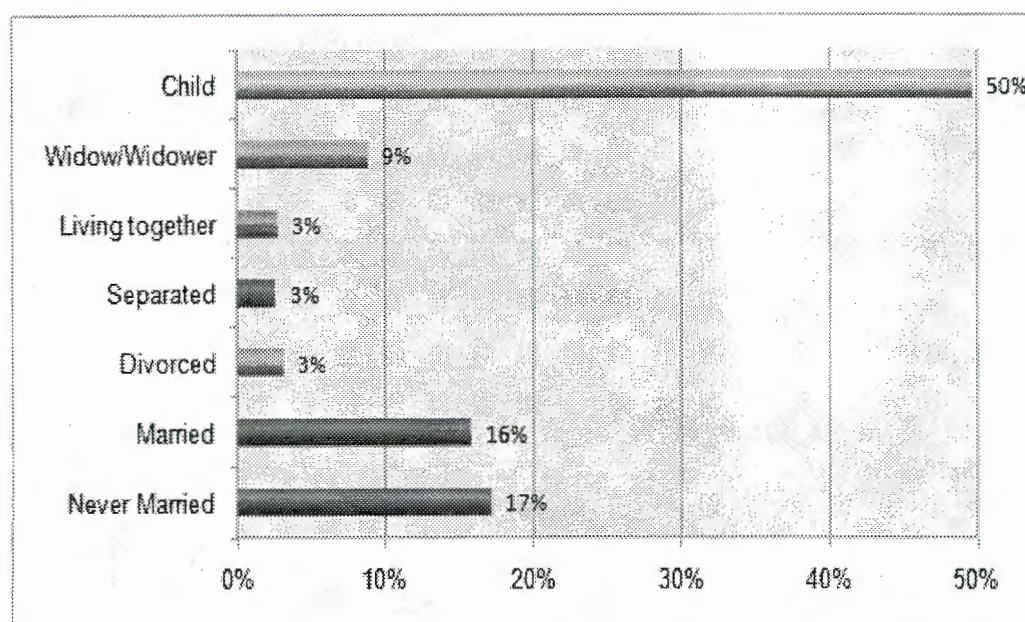
FIGURE 6.4: GENDER DISTRIBUTION OF THE POOR POPULATION



Source: Survey data, 2009.

The marital status of the poor sample population is analysed in Figure 6.5. The figure shows that 50% of the sample population are children. The percentage of the population who answered yes to the question of being married is 16%; this is in comparison to a figure of 19% for the whole sample data. The percentage of those who are adults and never married is 17%. The percentage of the divorced and separated is 3% respectively.

FIGURE 6.5: MARITAL STATUS OF THE POOR POPULATION

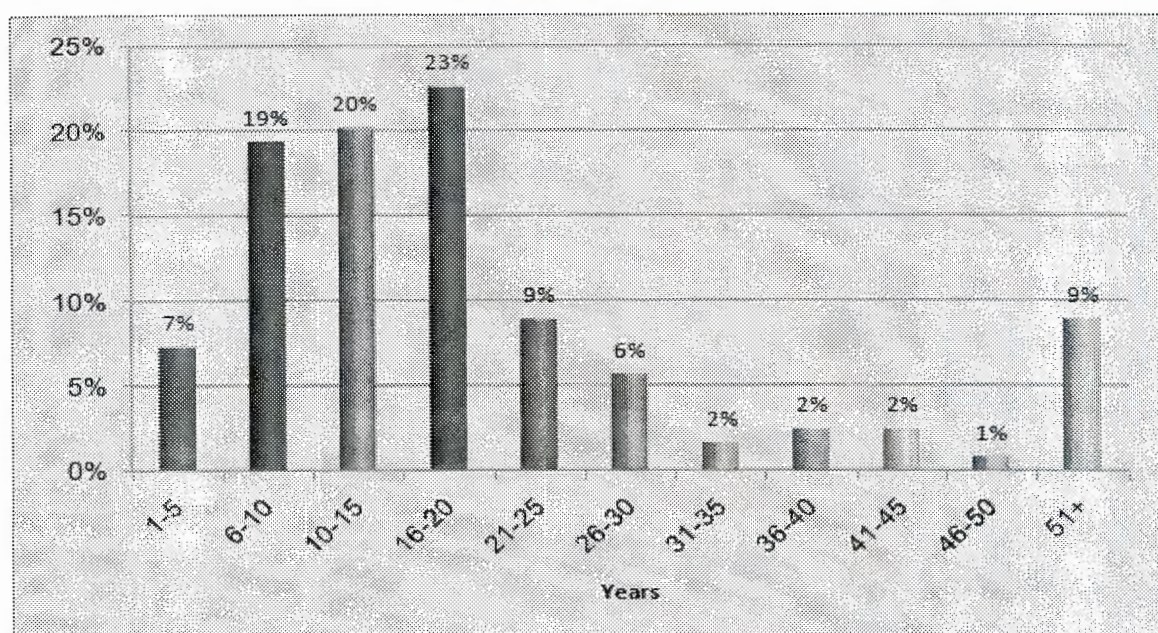


Source: Survey data, 2009.

6.3.3 The poor's length of stay in Kwakwatsi

The poor's sample population's migration to Kwakwatsi is analysed in Figure 6.6. The results show that 31% of the poor has been in the township for a period 20 years and greater. Twenty six percent of the poor have stayed in Kwakwatsi for a period of 10 years and less. These were mainly farm workers who moved to the township to take up housing provided by the government through its Reconstruction and Development Process (RDP).

FIGURE 6.6: THE POOR'S AVERAGE LENGTH OF STAY IN KWAKWATSI



Source: Survey data, 2009.

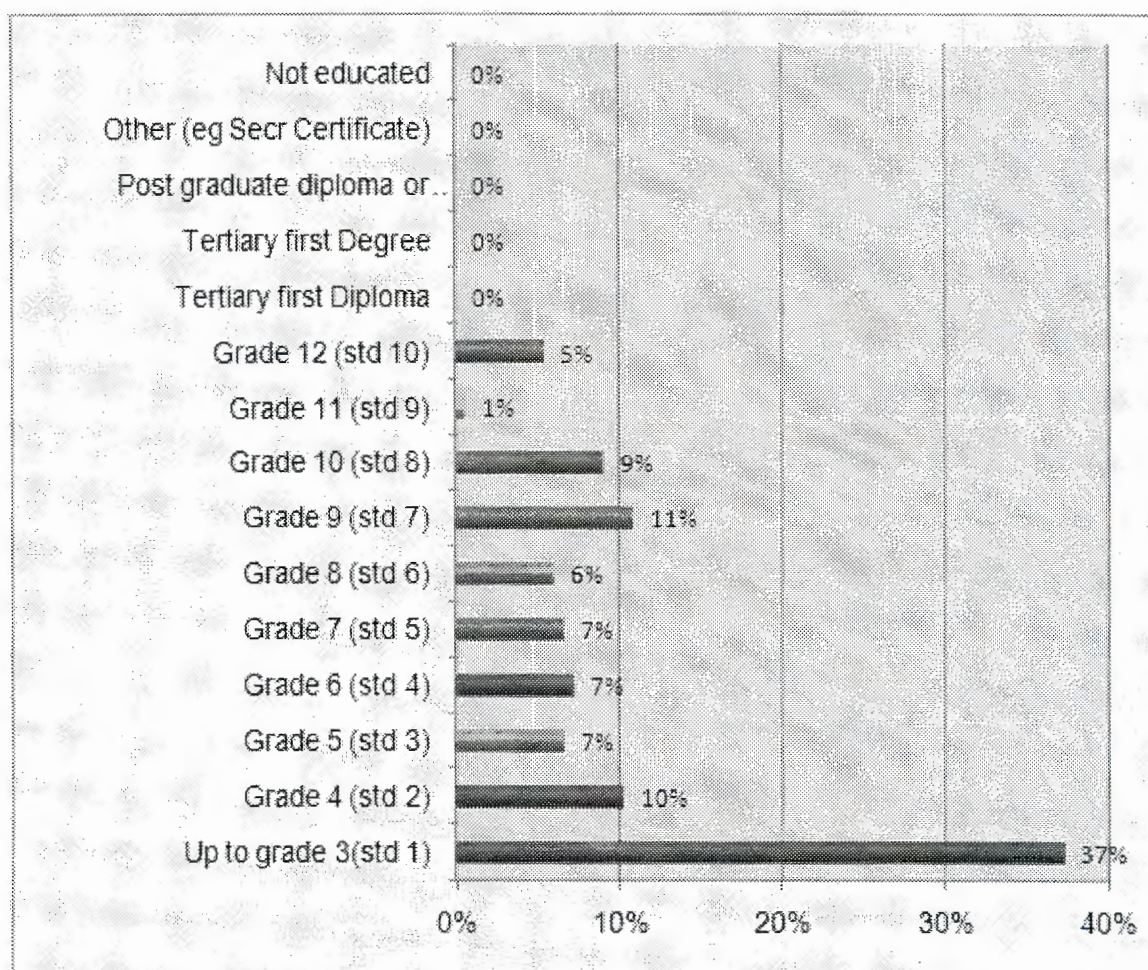
6.4 LITERACY OF THE POOR

The literacy of the poor sample population is analysed by looking at the out of school and school going population from different angles. Education can increase one's productivity and earnings. An annual year of study is said to translate into a 10% increase in income. Education is an important lever against inequality which is one of the strongest indicators of poverty. Primary education in particular plays a catalytic role for those likely to be poor, including girls, ethnic minorities, orphans, disabled people and rural families (Maile, 2008:xii).

6.4.1 Poor population in school

Figure 6.7 shows the enrolments of the school-going population as drawn from the poor sample population. The figure shows that the majority of the school going population (37%) is still in its first five years of schooling; this is in comparison to (36%) for the whole sample population. For the Free State province, 25.6% of the school-going population is in the first three years of schooling (FS Treasury, 2008:52). In total 68% of the poor's school population is still in primary schooling. There were no enrolments for the poor in tertiary education levels.

FIGURE 6.7: QUALIFICATION OF POOR STUDENTS IN SCHOOL

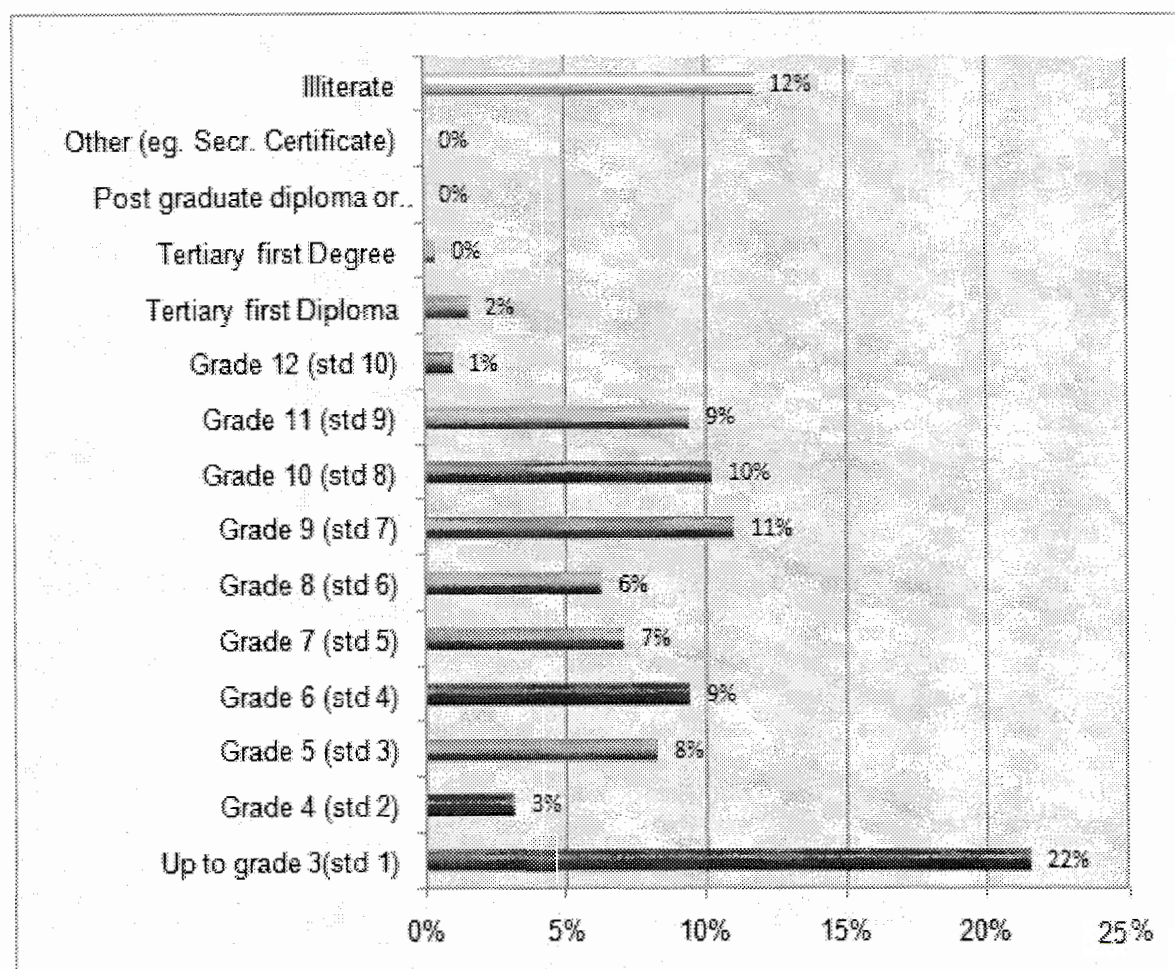


Source: Survey data, 2009.

6.4.2 Poor population out of school

The analysis of the poor sample population out of school population shows that 12% of the respondents are illiterate (Figure 6.8). Furthermore, 49% of the poor have attained only primary schooling education (grade 7 or less). This clearly limits the poor's chances of finding employment with income beyond the survival wages. There is also a small percentage of the poor (2%) with a diploma, and 0.4% with a degree. The percentage of those with matric as the highest qualification is only 1%.

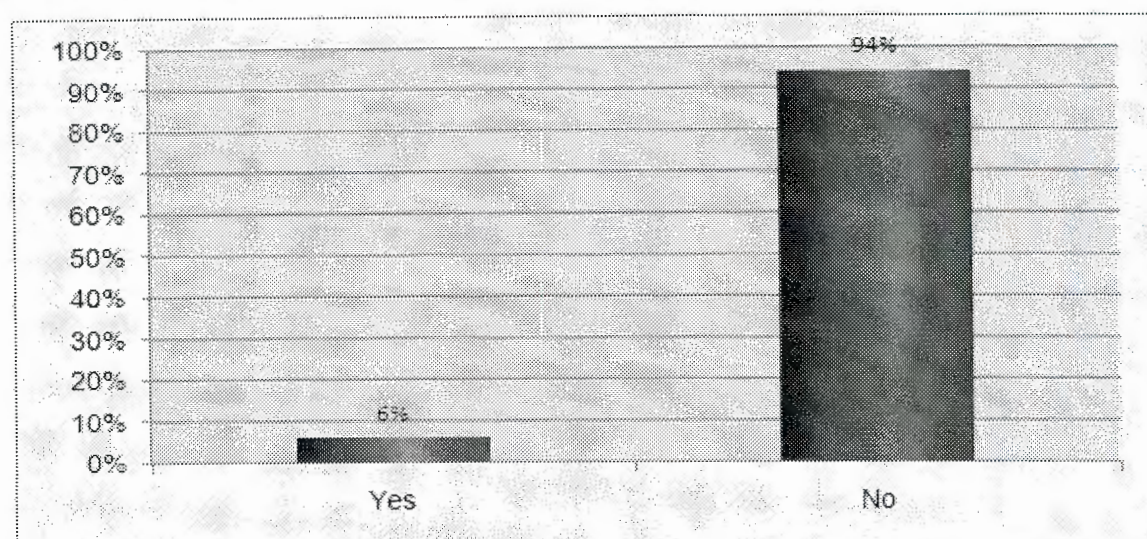
FIGURE 6.8: QUALIFICATIONS OF POOR OUT OF SCHOOL



Source: Survey data, 2009.

The small number of those with matric amongst the poor might be influenced by the cost associated with tertiary education. The poor might be discouraged to further their studies and persist in passing matric, knowing that they will not have the means to study further, thereby dropping out of school in earlier grades. This is further shown by the percentage of those who have matric exemption, which gives entry to university studies. This could also mean that the low educational levels (1% matric and no tertiary qualifications amongst the poor) are one of the contributing factors to the poor's unemployment rate. Figure 6.9 shows the frequency of passing matric with exemption amongst the poor sample population of Kwakwatsi. Figures for the Free State province show that 70.2% of those who wrote matric in 2007 passed (FS Treasury 2008:58).

FIGURE 6.9: MATRIC EXEMPTION ATTAINMENT: POOR POPULATION



Source: Survey data, 2009.

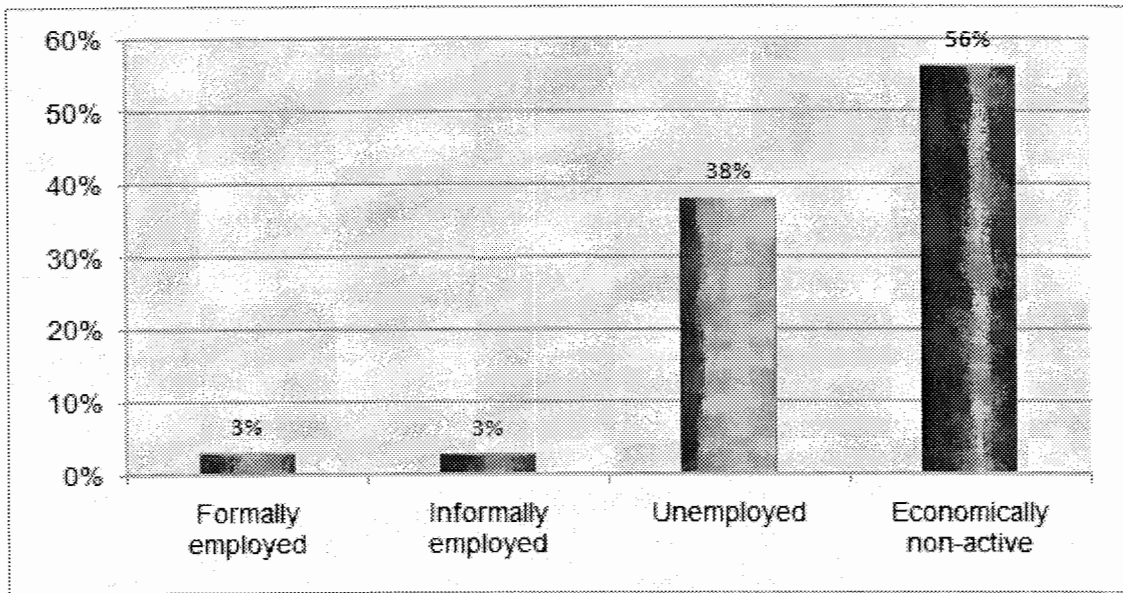
6.5 ECONOMIC PROFILE OF THE POOR POPULATION

Unemployment has considerable economic and social costs for individuals and households, as well as for the society as a whole. Unemployment and the inability to earn regular income is closely related to why people end up in poverty and also why it becomes difficult to move out of poverty. (Larsson, 2006:4). Aliber (2009:10) indicates that transition in and out of poverty relate to changes in employment status, particularly wage labour. Poverty in South Africa is mainly rooted in unemployment. The next section will provide an analysis of the economic status of the poor population.

6.5.1 Economic status of the poor population

The poor's economic status is analysed in Figure 6.10. 56% of the poor population is economically inactive; this includes children, the aged and those who cannot work due to health related problems. The available figures for the Free State Province show that 43.6% of the population was economically inactive in 2007 (FS Treasury, 2008:85). This means that this section of the population is not really productive and not contributing to the income of their respective households. Fifty nine percent of the economically inactive population are females.

FIGURE 6.10: ECONOMIC STATUS OF THE POOR POPULATION



Source: Survey data, 2009.

Using Stats SA (2009a:3) second quarter data for 2009, the unemployment rate for South Africa is calculated at 23.6% using the strict definition and 32.2% using the broad definition. The unemployment rate, which is calculated by dividing the unemployed population with the economically active section of the population, is calculated at 86.9% for the poor sample population for Kwakwatsi (Figure 6.11).

FIGURE 6.11: THE EMPLOYMENT STATUS OF THE POOR



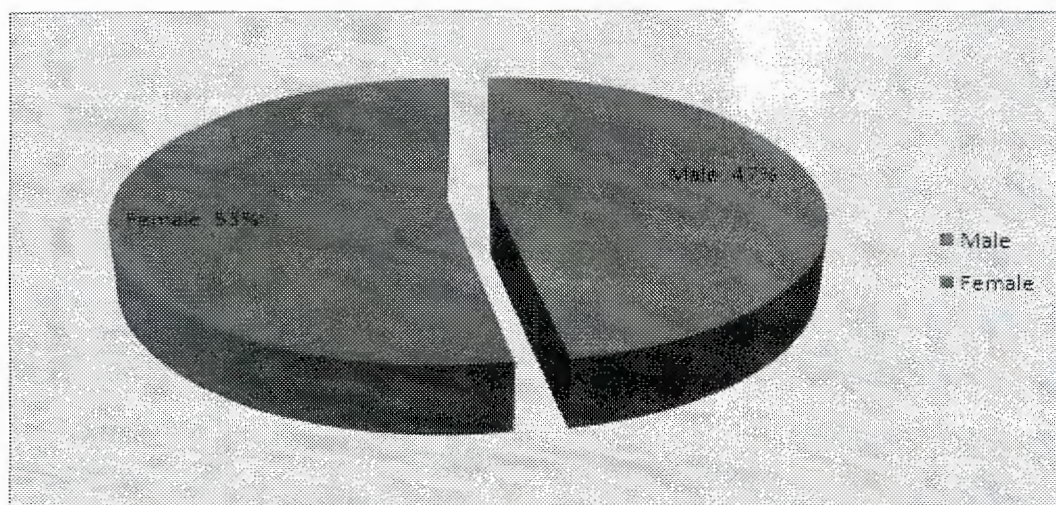
Source: Survey data, 2009.

As mentioned in the previous chapter, the expanded definition of unemployment which includes discouraged work seekers was used for this study. The poor's unemployment rate is in comparison to a 79% unemployment rate for the whole population of Kwakwatsi. 6.8% of the economically active poor population is formally employed. For the Free State Province, the 2007 unemployment rate was calculated at 29.3% (FS Treasury, 2007:87).

6.5.2 Profile of the poor unemployed

Unemployment has a gender bias amongst the poor, with more females than males being affected by it. This creates an increased dependency rate among poor households. Figure 6.12 shows that 53% of the poor unemployed in Kwakwatsi are female. This is in comparison to a gender distribution of 60% (females) and 40% (males) of the unemployed for sample population as a whole.

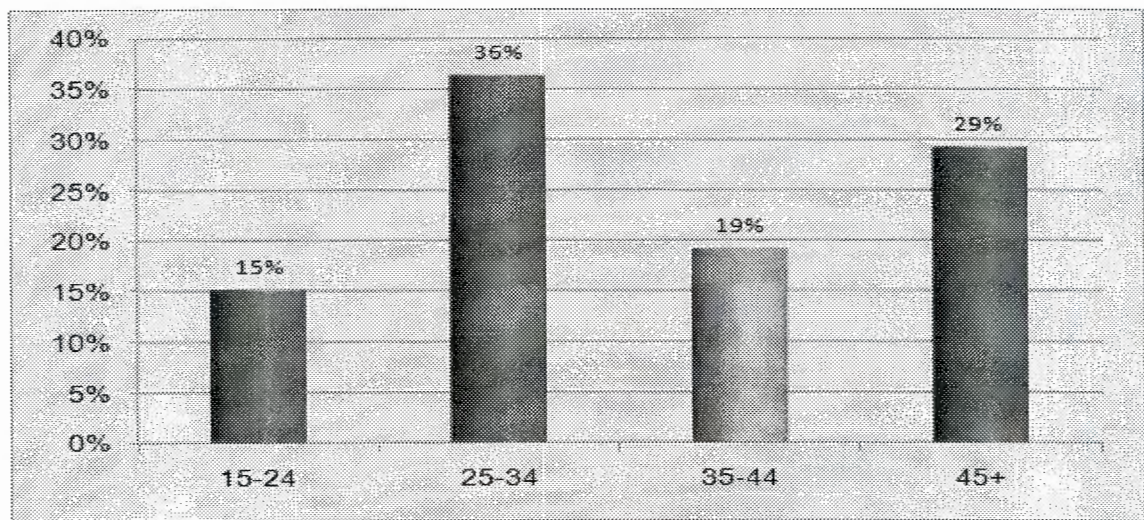
FIGURE 6.12: POOR UNEMPLOYED BY GENDER



Source: Survey data, 2009.

The age distribution of the poor unemployed shows that the majority of them are in their youths; 51% of the unemployed is younger than the age of 35. Of the unemployed 29% is 45 years and older. The age distribution is highlighted in Figure 6.13. For the whole sample population, the survey results showed that a large number of the unemployed (57%) is younger than the age of 35. 60% of all males and 54% females unemployed are in the youth categories (ages 15 to 35).

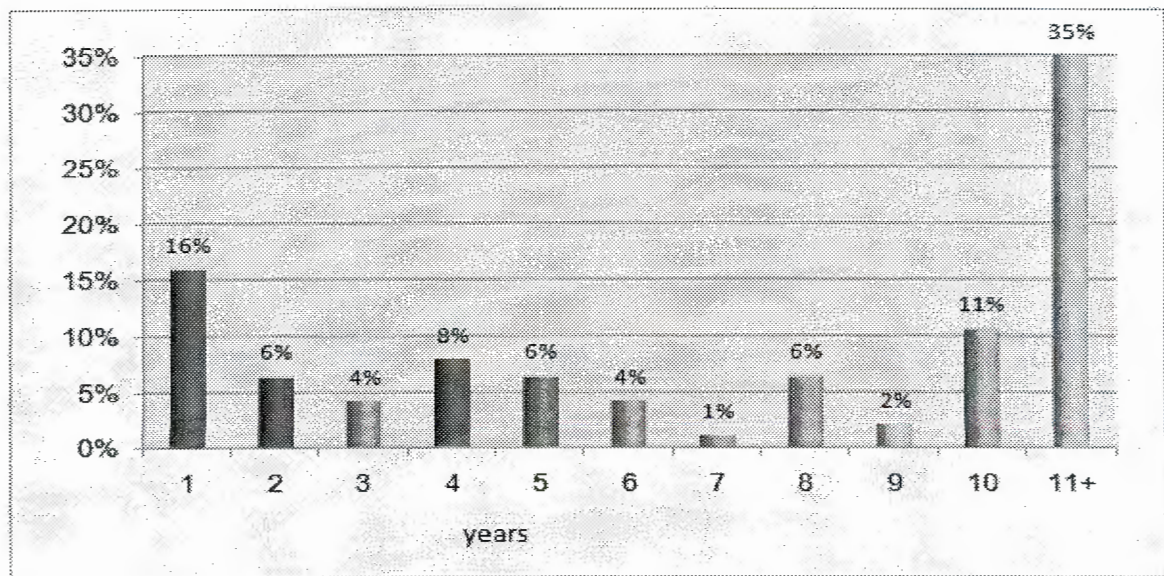
FIGURE 6.13: AGE DISTRIBUTION OF THE POOR UNEMPLOYED



Source: Survey data, 2009.

An analysis of the length of unemployment in years shows little to non-existent employment opportunities in the area. Figure 6.14 shows that 35% of the unemployed has been so for a period greater than 11 years. This group might feel discouraged and given up on finding employment. This might also point to limited employment opportunities for the poor.

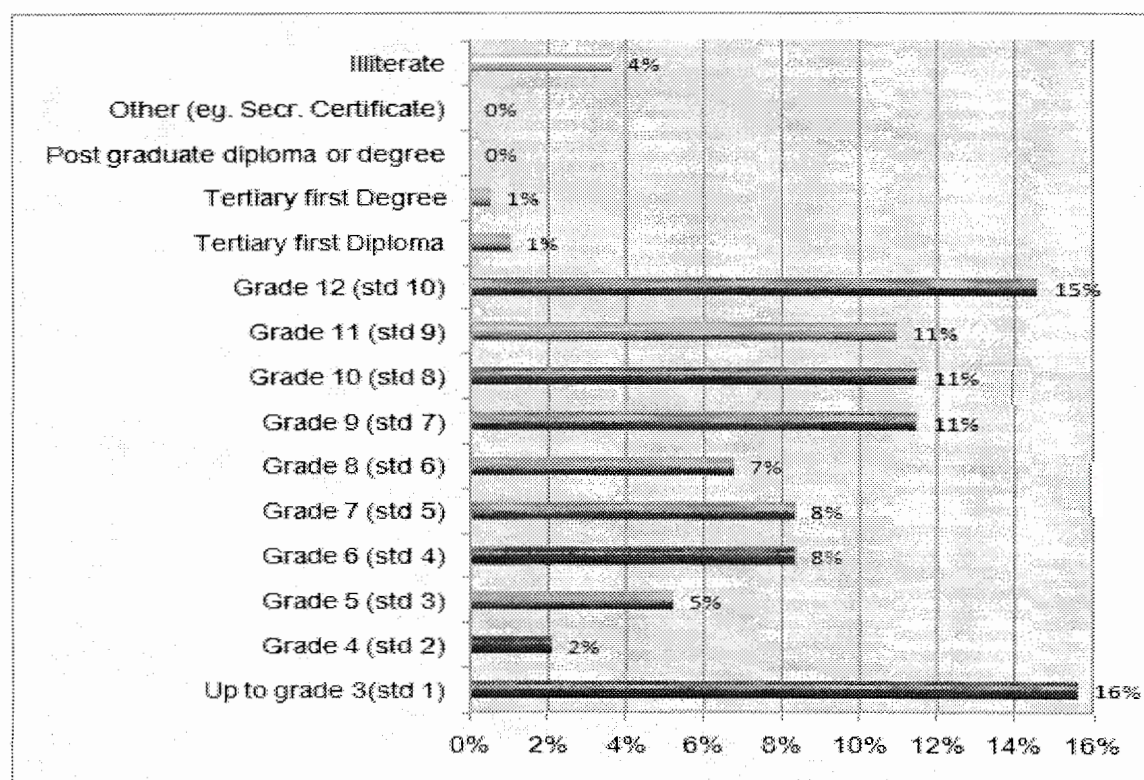
FIGURE 6.14: LENGTH OF UNEMPLOYMENT IN YEARS: POOR UNEMPLOYED



Source: Survey data, 2009.

Figure 6.15 portrays the qualifications of the poor unemployed. 15% of the poor unemployed compared to 17% of the total unemployed for Kwakwatsi have qualifications of Grade 12. 39% of the poor unemployed have qualifications in primary schooling education, which will reduce the poor's chances of finding employment. Moreover, about 4% of the poor unemployed are illiterate. The percentage of those with diplomas and degrees is 1% respectively. For Kwakwatsi as a whole, the percentage of the total post-school population with a diploma or degree is 1%, compared to 2% for the unemployed

FIGURE 6.15: QUALIFICATIONS OF THE POOR UNEMPLOYED



Source: Survey data, 2009.

A skills audit of the poor unemployed shows that the majority of the poor unemployed has skills in building/construction activities (25%), with 20% having skills in retail trade. The other activities which the poor are skilled at are catering/ cooking, office skills and sewing. Looking at the skills per gender shows that males' skills in traditional male activities are dominated by males; 67% of those with skills in building/construction are males, 100% in welding and butchery. For the female related activities, all those with

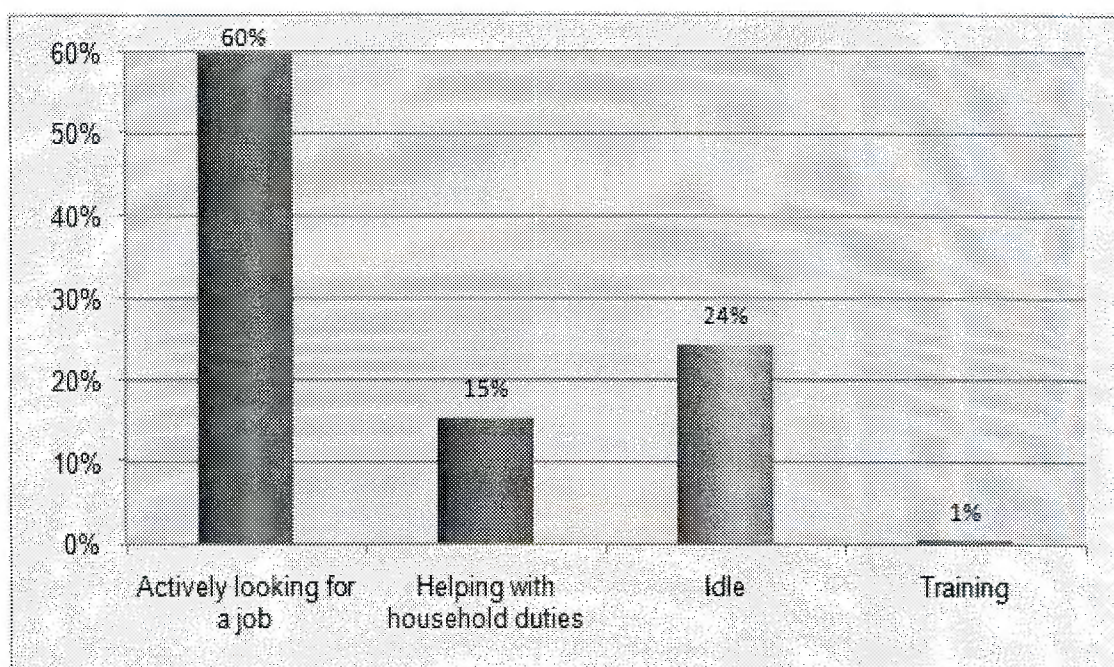
knitting, hairdressing and sewing skills are females (Table 6.7). For Kwakwatsi as a whole predominantly male skills possessed by the unemployed are gardening/farming, building/construction, welding and carpentry (35%), while the predominantly 'female' skills knitting, baking, sewing, catering/cooking (27%).

TABLE 6.7: SKILLS OF THE POOR UNEMPLOYED			
	Total	Female	Male
Retail trader (selling)	20%	63%	37%
Catering / cooking	13%	88%	12%
Sewing	9%	100%	0%
Baking	2%	67%	33%
Carpentry	2%	67%	33%
Hair dressing	1%	100%	0%
Knitting	2%	100%	0%
Welding	3%	0%	100%
Building / Construction	25%	33%	67%
Butchery	1%	0%	100%
Gardening / farming	6%	45%	55%
Computer	1%	100%	0%
Office	12%	80%	20%
Other	5%	73%	27%

Source: Survey data, 2009.

The poor's chances of finding employment could be enhanced by being involved in skills training programmes. The results however show that only 1% of the poor unemployed are involved in some training (Figure 6.16). 60% of the poor are actively looking for a job, 15% helping with household chores and 24% not in search of a job. This could be regarded as discouraged job seekers (24%); although they are economically active and can do productive work if the opportunity arises, they are just idle. This is in comparison to 27% of the unemployed who are idle for Kwakwatsi as a whole. About 24% of the poor unemployed said that they have kept themselves busy while unemployed by helping with daily household duties.

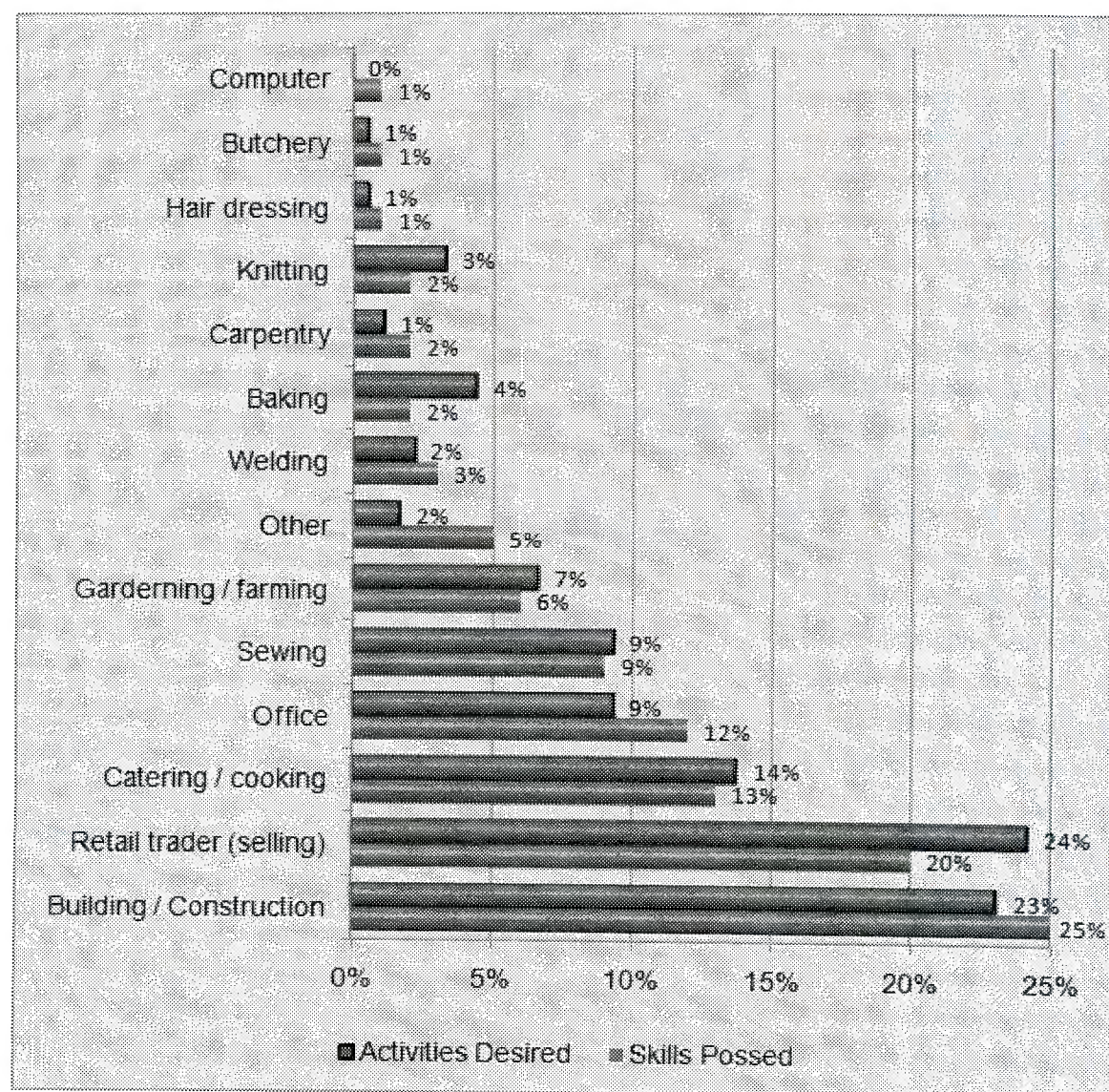
FIGURE 6.16: WHAT THE POOR UNEMPLOYED ARE DOING



Source: Survey data, 2009.

Many of the poor unemployed would like to start self sustaining activities in the sector they have skills in. Figure 6.17 compares the skills of the poor unemployed to the activities they would prefer to be involved in for self sustenance. 23% of the poor unemployed would like to be involved in building/construction activities; this is in line with the skills set of the poor unemployed as 25% have skills in these activities. The activity with the second preference is retail trade/selling; 24% of the poor unemployed would like to be involved in selling. The other activities are catering/cooking 14%, office 9% and sewing 9%. Gardening/farming which the Free State province is renowned for, does not seem to have preference amongst the poor unemployed; 9% of the poor unemployed prefer farming activities.

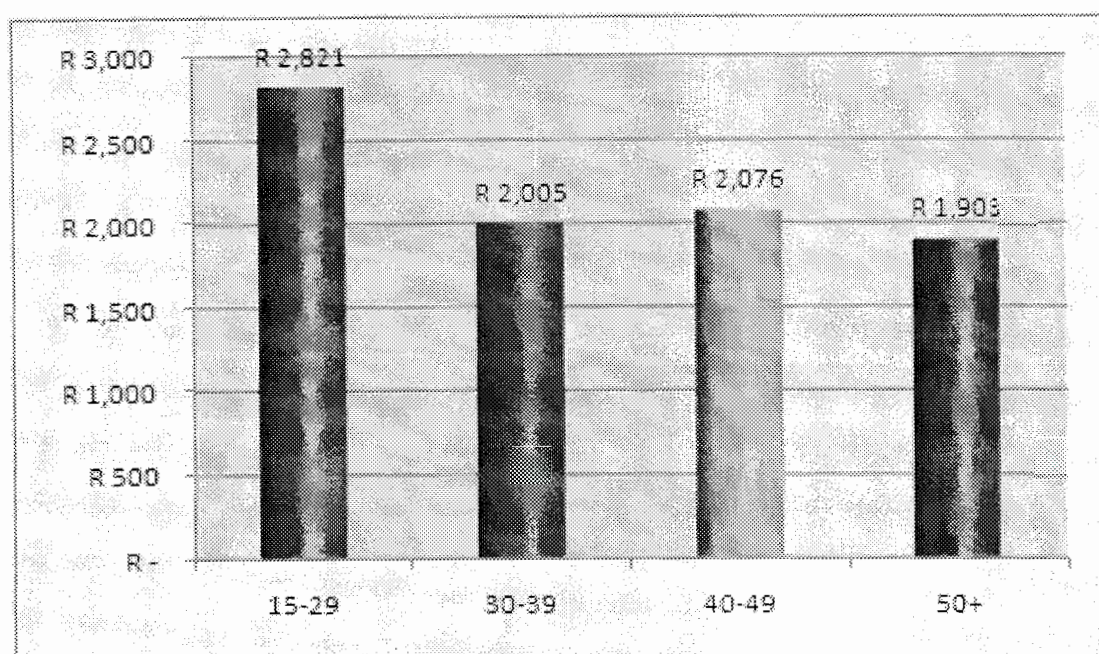
FIGURE 6.17: POOR UNEMPLOYED POSSESSED AND PREFERRED ACTIVITIES



Source: Survey data, 2009.

The poor unemployed were asked to state the minimum monthly wage at which they be willing to take up employment. The average minimum wage is R2343. The minimum wage is different depending on the gender of the respondent. The average minimum wage for males is R2649 and R2142 for females. The minimum wage is also different depending on the age of the respondent. The younger population (15-29) has an average minimum wage of R2821, and the older population (45 years and older) R1903.

FIGURE 6.18: POOR UNEMPLOYED MINIMUM WAGE BY AGE



Source: Survey data, 2009.

6.5.3 Profile of the poor employed

The next section looks at the profile of the poor employed for Kwakwatsi. The unemployment rate of the poor was calculated at 89.6%, in comparison to an unemployment rate of 79% for the whole of Kwakwatsi. The labour force employment status shows that 8.6% is formally employed and 6.3% is informally employed.

Figure 6.19 looks at the gender distribution of the poor labour force of Kwakwatsi. 67% of the formally employed are males and 33% are females. Females seem to be bearing the brunt of unemployment, with 59% of them being females. The informal sector has a distribution of 57% and 43%, for males and females respectively.

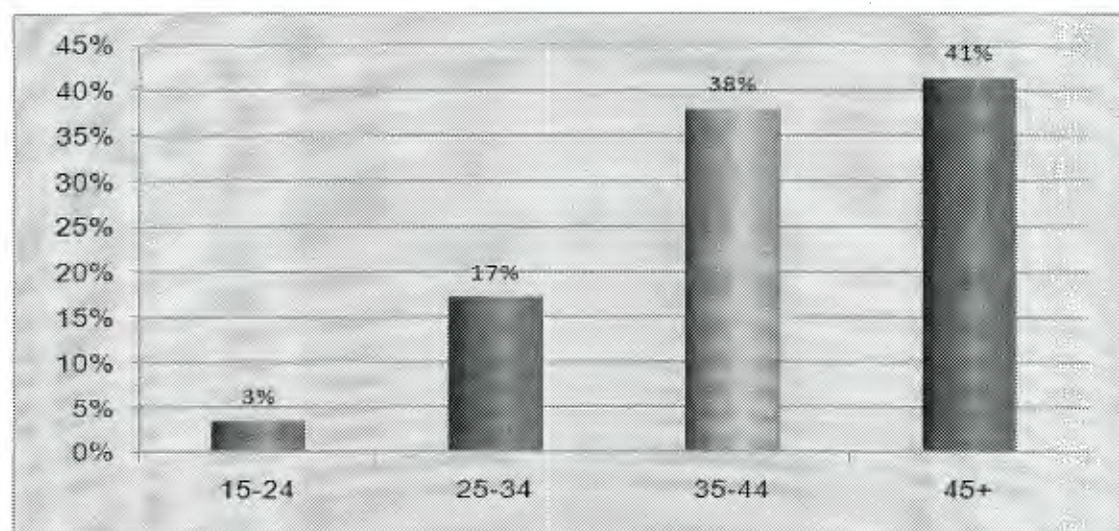
The age distribution of the poor employed shows that the majority of them are older than the age of 45 (41%). This could be people who have left their employ in the surrounding farms with the hope of getting government provided housing through the RDP process. The next highest percentage is in the ages 35 to 44 (38%). The other categories are 15 to 24 at 3% and 17% in the ages 25 to 34 (Figure 6.20).

FIGURE 6.19: GENDER DISTRIBUTION OF THE POOR LABOUR FORCE



Source: Survey data, 2009.

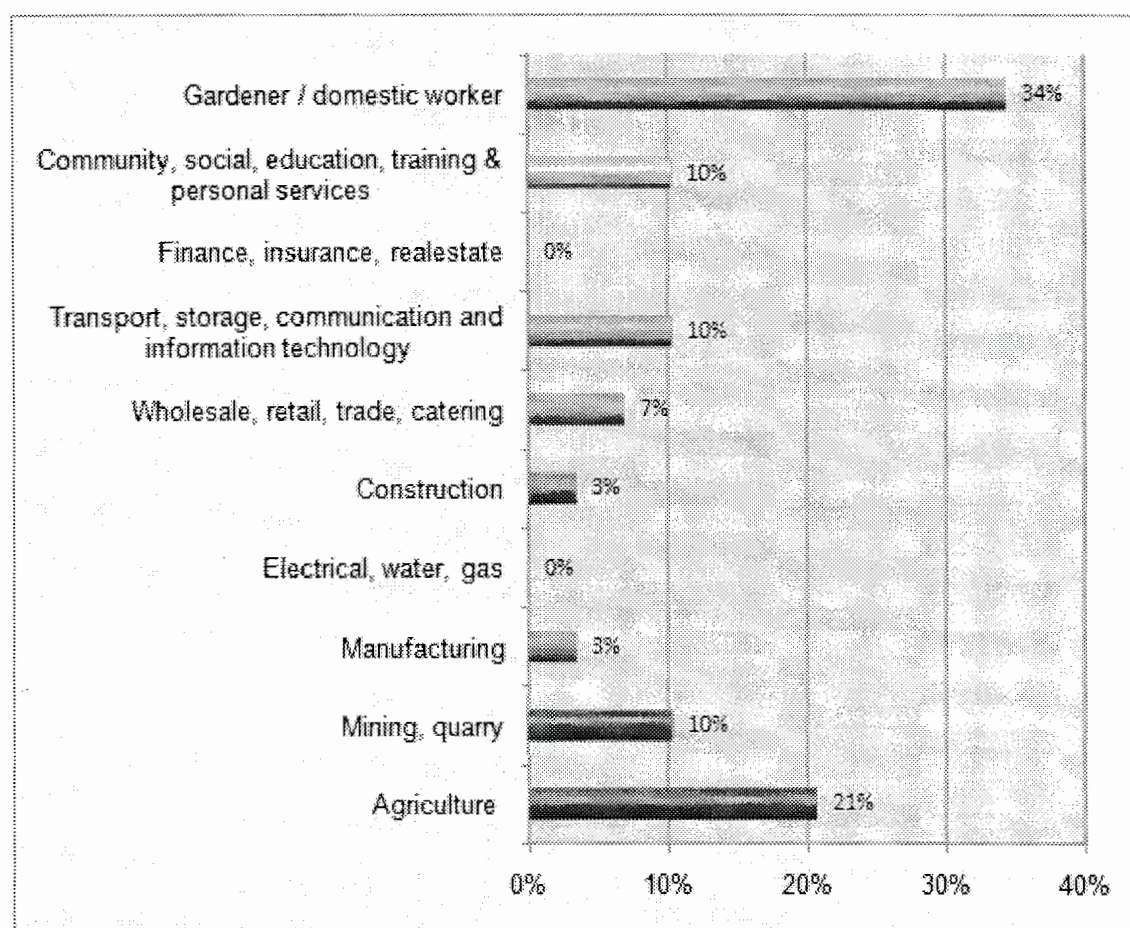
FIGURE 6.20: AGE DISTRIBUTION OF THE POOR EMPLOYED



Source: Survey data, 2009.

A further look at the poor employed is undertaken in Figure 6.21. The figure shows the sectors of employment for the poor employed. The majority of the poor employed (34%) are working as gardeners or domestic workers. This is a generally low paying sector with little to no employment benefits. The other sector with similar characteristics is agriculture (21%). Manufacturing and construction each has a 3% absorption ratio.

FIGURE 6.21: POOR EMPLOYED SECTORS OF EMPLOYMENT



Source: Survey data, 2009.

Table 6.8 looks at the average monthly wage in the different sectors the poor are employed in, in comparison to the sectors of employment for the whole of Kwakwatsi. When compared to the mean wage of the total employed population, the table shows that for all sectors, the mean wages of the poor are much less than the non-poor.

Low wages are generally a function of skills set and employment opportunities. The table also shows that the poor are mostly employed in low paying sectors, whereas in other high paying sectors like electricity, where the mean wage for Kwakwatsi was recorded at R5000, has no poor employed.

TABLE 6.8: MEAN MONTHLY WAGE IN MAJOR SECTORS OF EMPLOYMENT			
Sector	Poor Population		Total Population
Agriculture	R	475	R 843
Mining, quarry	R	683	R 1,925
Manufacturing	R	1,000	R 1,000
Construction	R	1,000	R 1,000
Wholesale, retail, trade, catering	R	700	R 1,764
Transport, storage, communication and IT	R	1,283	R 1,898
Community, education, training & personal services	R	2,000	R 3,525
Gardener / domestic worker	R	600	R 625
Electrical, water, gas	R	-	R 5,000

Source: Survey data, 2009.

6.6 INCOME AND EXPENDITURE PATTERNS OF THE POOR

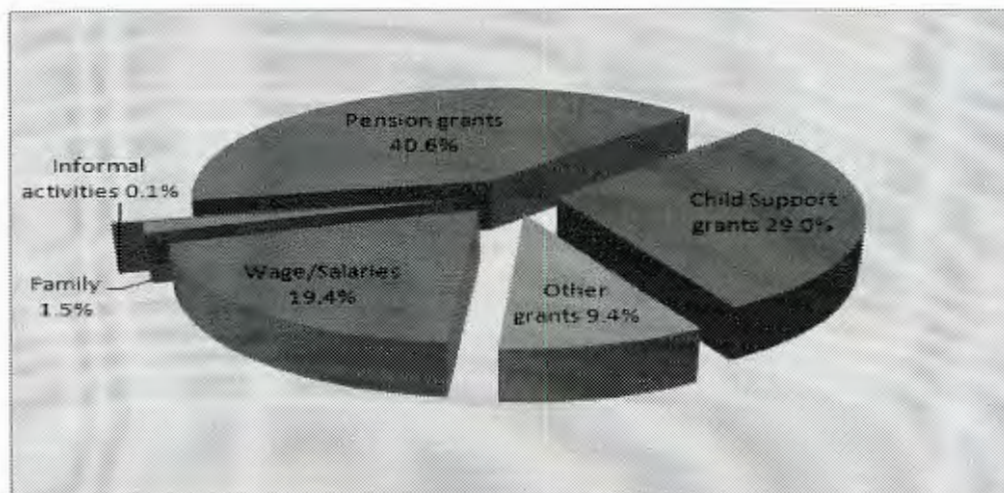
The next section looks at the income and expenditure patterns of poor households of Kwakwatsi. Information was captured on a household basis, and the study targeted the main member of the household to respond to the questions. The average dependency ratio for the poor is calculated at 7. This is in comparison to a dependency ratio of 4 for the whole of Kwakwatsi. This shows that the poor employed support more people as compared to the average of the township.

6.6.1 Sources of income for the poor

The average monthly income for an average poor household is R688 compared to R1409 for Kwakwatsi as a whole. This shows that the poor's average household income is half that of an average household in Kwakwatsi. Figure 6.22 shows the sources of income for poor households in Kwakwatsi. The figure shows that salaries and wages contribute 19.4% to household income; this is in comparison to a contribution of 45.96% for the township as a whole. Pension grants seem to make a significant contribution to household income for the poor. 40.6% of household income is made up of the state old pension grant. In total grants contribute 79% to household income.

This is in comparison to a contribution of average household income contribution of 53% by all government grants to household income for Kwakwatsi as a whole. This situation cannot be sustainable as the receipt of income is dependent on the life of the pension grant earner. A household could be left in dire poverty should a grant receiver die and the household no longer receives the grant.

FIGURE 6.22: SOURCES OF INCOME FOR POOR HOUSEHOLDS



Source: Survey data, 2009.

6.6.2 Expenditure patterns of the poor population

Table 6.9 shows the expenditure patterns of poor households of Kwakwatsi. 49.2% of a poor household's income goes to buying food. This is in comparison to 33.4% food expenditure share for Kwakwatsi 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 R337.60 per month on food compared to an average of R469.20 for Kwakwatsi as a whole. The next biggest item on the housing list is electricity (9.3%).

Insurance bought by poor households is mostly funeral schemes which are sold by the local undertakers; a monthly contribution is made in order to receive funeral related benefits upon the death of the insured. This does not provide any additional income beyond the funeral expenses, with dependants at times left hopeless on the death of an income earner. Furniture expenditure amounts to 5.55%. The furniture is mostly

bought on lay-by basis, with no need to do affordability testing as the goods will remain in the possession of the store until final payment is received.

TABLE 6.9: EXPENDITURE PATTERNS OF POOR HOUSEHOLDS		
	Rands	%
Food	R 337.96	49.2%
Electricity	R 63.67	9.3%
Insurance	R 43.85	6.4%
Furniture	R 38.06	5.5%
Water	R 30.00	4.4%
Cell Phone	R 24.74	3.6%
Other	R 21.90	3.2%
Clothing	R 20.60	3.0%
Medical expenses	R 16.65	2.4%
Transport: taxi	R 16.09	2.3%
Other energy	R 14.66	2.1%
Housekeeping (e.g. garden)	R 10.00	1.5%
Entertainment	R 10.00	1.5%
Cigarettes & tobacco	R 8.73	1.3%
Cleaning materials	R 8.00	1.2%
Beer, wine & spirits	R 7.23	1.1%
School	R 5.45	0.8%
Gambling: lotto	R 5.00	0.7%
Licenses (e.g. TV, vehicle)	R 4.41	0.6%
Telephone	R 0.56	0.1%
TOTAL	R 687.56	100.0%

Source: Survey data, 2009.

A further analysis of the expenditure patterns of the poor is undertaken by looking at the breakdown of the major items as part of the food and cleaning material group. As highlighted in Table 6.9, food makes up 49.2% of the poor household's monthly expenditure. The average poor household consumes 21kg of maize (R74.52 per month) in comparison to 29kg for the whole of Kwakwatsi (table 6.10).

This is considering the fact the average household size in poor families is higher (4.1) than the average of the township (3.8). Maize meal is the staple food of many poor households and the poor have to share a lesser amount of food. The next mostly costly item on the shopping list for food items is meat/chicken at a cost of R38.78.

TABLE 6.10: MAJOR FOOD ITEMS BOUGHT BY POOR HOUSEHOLDS		
Product	Average Kilograms / liters per month	Average Rand per month
Maize Meal	21	R 74.52
Bread	2	R 16.51
Meat / chicken	2	R 38.78
Vegetables	5	R 14.20
Milk	2	R 13.72
Washing powder	1	R 31.06

Source: Survey data, 2009.

The purchasing power of the poor is shown in Table 6.11. The table shows the estimated annual expenditure of the poor. The highest item is food at a total annual expenditure of R10 million. Despite their hardships, the poor are still buying alcohol and are smoking; beer, wine and spirits cost the poor R214 919 on an annual basis. The main form of alcohol consumed by the poor is the traditional beer, which is said to be cheaper. The poor have no bond or housing expenditure as many stay in shacks or government provided housing through the RDP programme. The expenditure on water is low, reflecting the fact that the poor are not paying for municipal services; some have taken reprieve from the government's guarantee of free basic services for the poor. The expenditure on insurance is R1.3 million; with the poor taking funeral insurance policies to hedge against burial costs should a family member pass away.

TABLE 6.11: THE ANNUAL EXPENDITURE OF THE POOR (RANDS)		
Item	%	Annual Spend
Food	49.2%	R 10,052,002
Electricity	9.3%	R 1,893,730
Insurance	6.4%	R 1,304,239
Furniture	5.5%	R 1,132,161
Water	4.4%	R 892,296
Cell Phone	3.6%	R 735,904
Other	3.2%	R 651,376
Clothing	3.0%	R 612,710
Medical expenses	2.4%	R 495,224
Transport: taxi	2.3%	R 478,530
Other energy	2.1%	R 436,074
Housekeeping (e.g. garden)	1.5%	R 297,432
Entertainment	1.5%	R 297,432
Cigarettes & tobacco	1.3%	R 259,658
Cleaning materials	1.2%	R 237,946
Beer, wine & spirits	1.1%	R 214,919
School	0.8%	R 162,100
Gambling: lotto	0.7%	R 148,716
Licenses (e.g. TV, vehicle)	0.6%	R 131,168
Telephone	0.1%	R 16,656
TOTAL	100.0%	R 20,450,273

Source: Survey data, 2009.

6.7 SOCIO-ECONOMIC ANALYSIS OF THE POOR

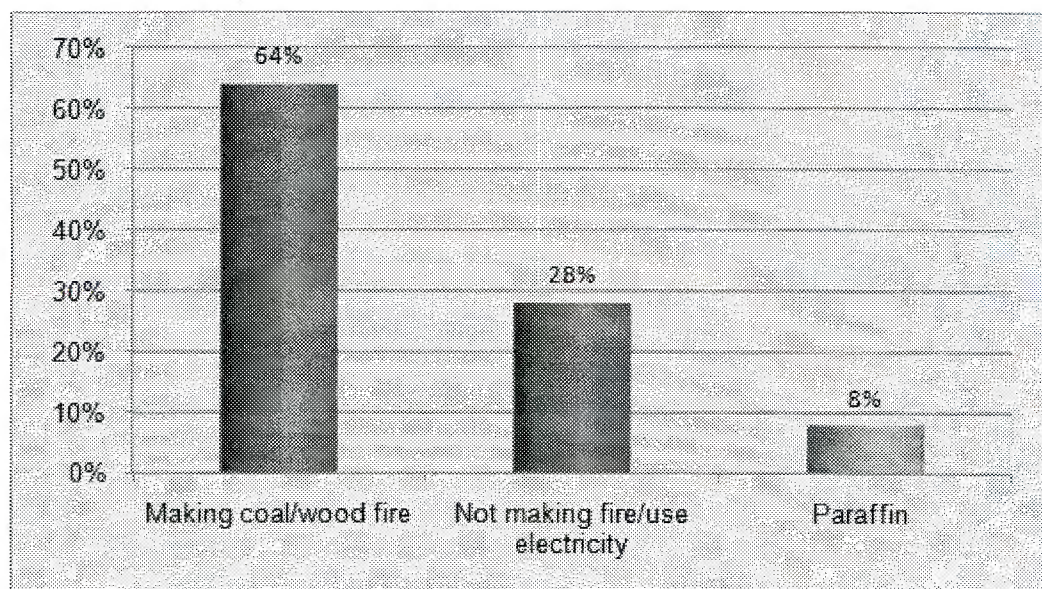
The next section will look at the socio-economic conditions of the poor in terms of their environment and the mechanism they employ to sustain themselves. The perception of the poor with regards to their socio-economic conditions will also be highlighted.

6.7.1 Environmental analysis of the poor

Brocklesby and Hinshelwood (2001:25) cite that poor people's coping strategies are intricately tied to their environmental context. While these links are location specific, the impact is not only biophysical but social and political as well; wellbeing is related to the environment in terms of health, security, hygienic physical surroundings, safe and clean energy supplies, and decent housing.

Figure 6.23 looks at the sources of energy for poor households. The figure shows that 64% of the poor households are using wood and coal for cooking and heating the household, 28% are using electricity and 8% paraffin.

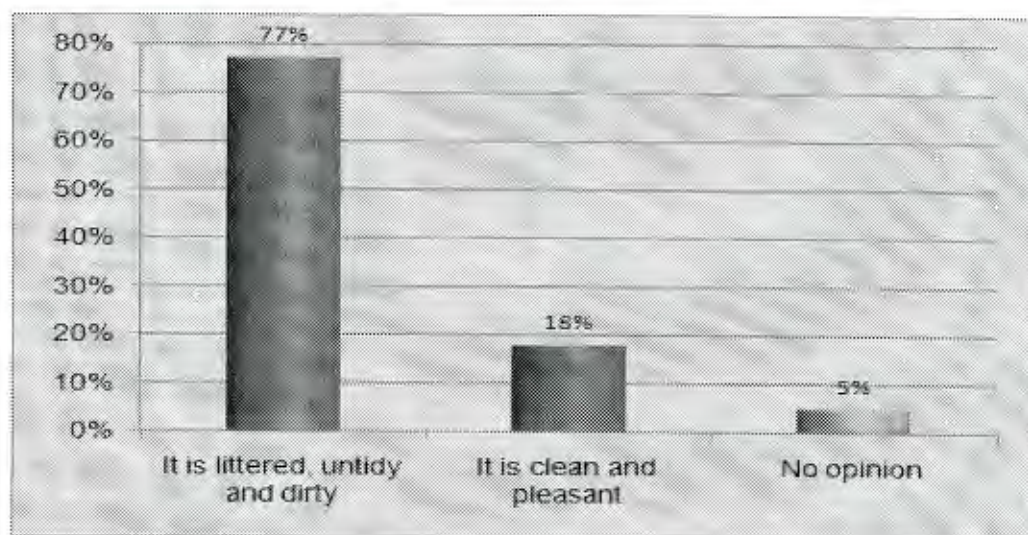
FIGURE 6.23: SOURCES OF ENERGY FOR THE POOR



Source: Survey data, 2009.

The poor were asked to give opinions about the state of their environment in Kwakwatsi. Their views are highlighted in figure 6.24. 77% of the poor felt that the environment is littered, untidy and dirty and 18% said that it is clean. For the whole population, 76% said that the environment is littered and 19% felt that it was clean.

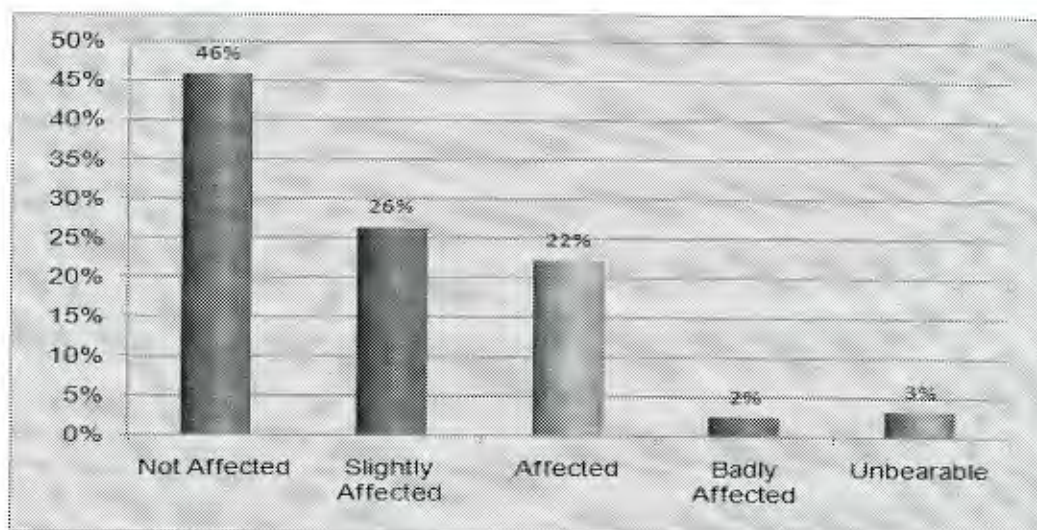
FIGURE 6.24: POOR'S OPINIONS ABOUT THE ENVIRONMENT



Source: Survey data, 2009.

The poor were further asked how they experienced the level of air pollution, especially in winter wherein many are expected to increase their usage of energy. Figure 6.25 looks at the opinions of the poor regarding the level of air pollution in Kwakwatsi.

FIGURE 6.25: POOR HOUSEHOLDS AFFECTED BY AIR POLLUTION



Source: Survey data, 2009.

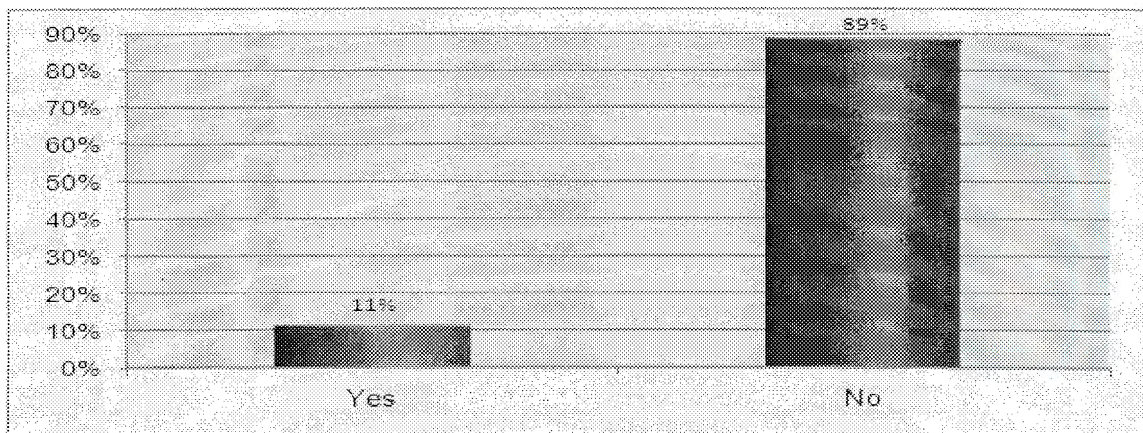
The majority of the poor (54%) said that they are affected by the level of air pollution in the area. 2% said that they are badly affected and 3% saying that the situation is unbearable.

The poor are suffering from sicknesses as a result of the level of pollution during winter period. The common ailments highlighted by the poor are asthma, coughing and breathing difficulties. When it comes to crime, 9% of the poor said they have been affected by crime in the twelve months preceding the survey. The same average percentage was captured for Kwakwatsi as a whole. The main type of crime committed against the poor is robbery/theft 85% (compared to 83% for Kwakwatsi as a whole).

6.7.2 Perceptions of poverty

The study also collected data on the perceptions of the poor regarding their socio-economic condition. This is important as it recognizes the poor value judgment regarding their socio-economic conditions. Holman (1978:16) asserts that people tend to habitually judge themselves against a reference group. The poor do the same, having a standard they would like to attain, failing which, they see themselves as poor. Without mention of any reference group, the poor were asked whether they consider themselves poor. Figure 6.26 shows the responses of the poor to the question whether they have enough income to support their families.

FIGURE 6.26: POOR WITH ENOUGH INCOME TO SUPPORT THEIR FAMILIES

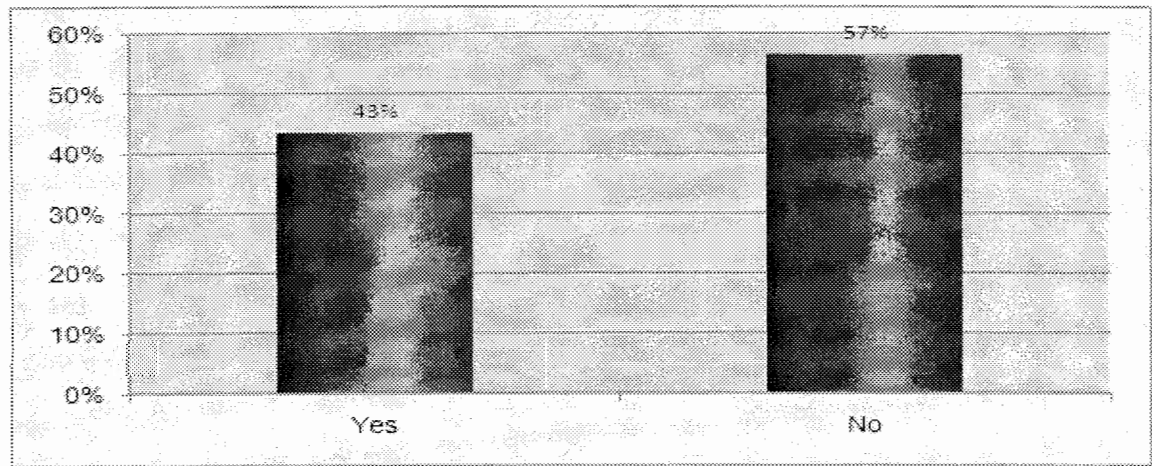


Source: Survey data, 2009.

The majority of the poor (89%) said that their income is not enough to ensure the sustenance of their families. This is considering that 62.1% of the poor are earning income less than 50% of the poverty line. Furthermore, 12.1% of the poor are earning

income between 0 and 10% of their income. The poor were further asked whether they consider themselves poor. Deaton (1997:5) cautions against over-emphasizing these approaches above tested tools of measurement, pointing out that there are cases where accepting someone's own assessment of his/her own standard of living could be misleading. He says that people may be accomplices in their own deprivation due to social acceptance of certain situations. He further gives an example that if some villagers believe that someone who has no sons is poor, no policy can be developed to eradicate this poverty. Forty three percent of the poor said that they consider themselves poor, while 57% answered no (Figure 6.27).

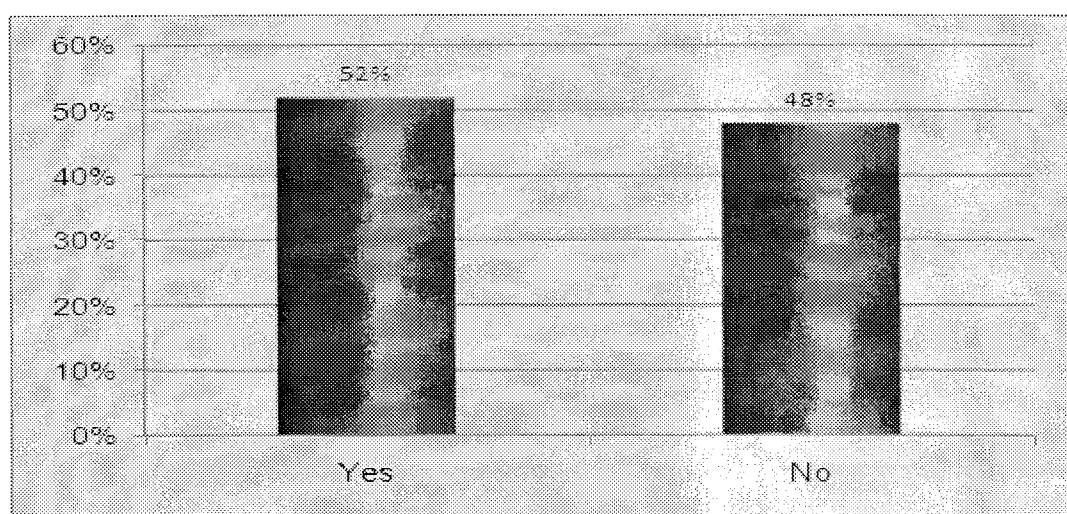
FIGURE 6.27: THE POOR RESPONSE TO THE POVERTY QUESTION



Source: Survey data, 2009.

To bring home the question of poverty, the poor were asked whether they are able to have the normal three meals each day (breakfast, lunch and supper). Figure 6.28 shows the percentage of poor households who are able to have three meals a day; 52% of the poor said that they are able to have three meals a day. The percentage of those who are not able to have three meals a day (48%) is still substantial and indicative of the extent of poverty within the area. Of the poor, 62.1% are earning incomes less than 50% of the poverty line. This is also an indication of the rate of hunger within the area. Despite the poverty, the poor seem to uphold the rule of law in high regard, as 100% of the respondents said that they would not engage in an illegal activity in order to have income to support their families.

FIGURE 6.28: POOR POPULATION HAVING THREE MEALS A DAY

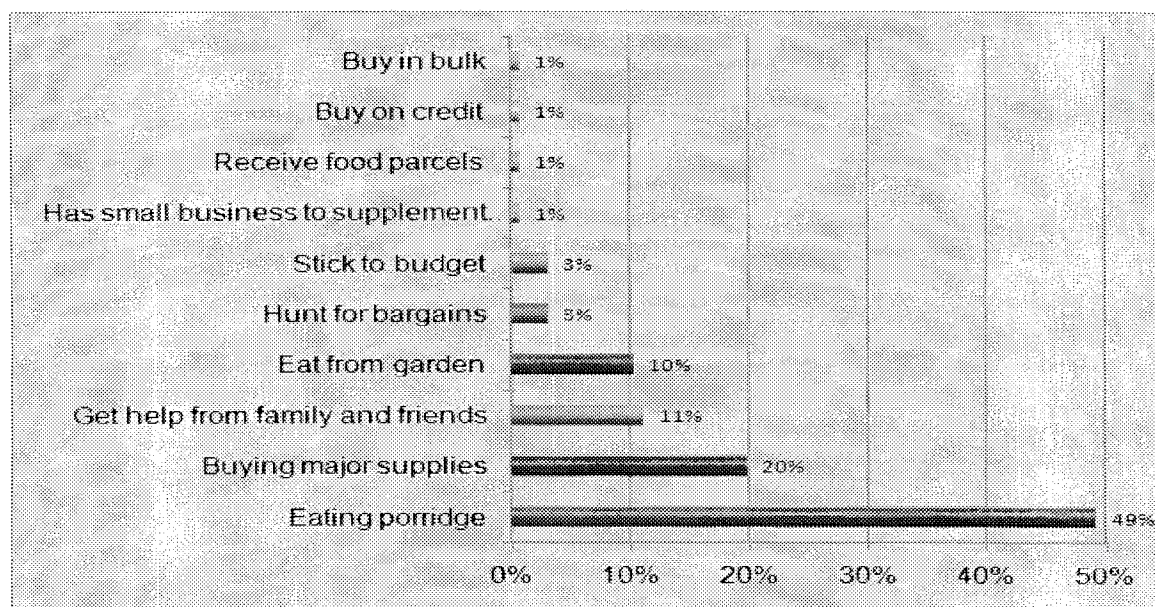


Source: Survey data, 2009.

6.7.3 Survival mechanisms of the poor

This section briefly looks at some of the mechanisms employed by the poor of Kwakwatsi to ensure survival. The poor were asked about their coping strategies in light of increasing food prices. Figure 6.29 summarises the response to how the poor sustain themselves in the mist of increasing prices. The majority of the respondents (49%) said that they prefer to eat porridge as part of all their meals. The reason for porridge was the fact that maize meal, from which porridge can be cooked, is relatively cheaper than other items like rice or pasta. The strategy which comes second is one of buying only major supplies. These are items which are considered the bare necessities to ensure survival. A typical combination of these items will include; maize meal, cooking oil, vaseline, salt, vegetables, etc. 11% said that they get help from family members, which can be in giving food items or some money to buy food when needed.

FIGURE 6.29: HOW THE POOR COPE WITH INCREASING FOOD PRICES

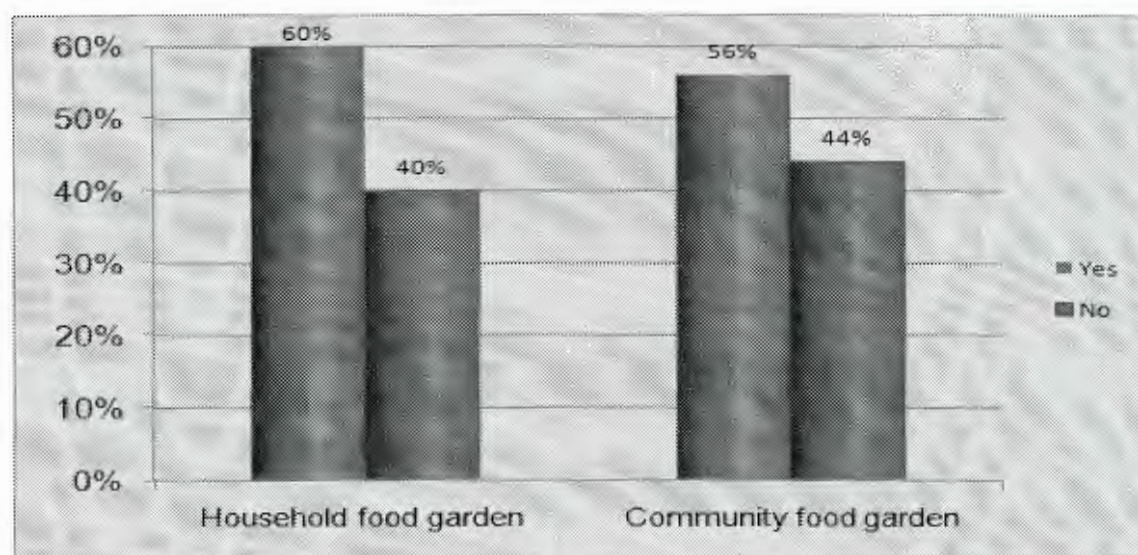


Source: Survey data, 2009.

In considering that maintaining a garden could be one of the ways that the poor can ensure increased food supply, the poor were asked whether they have a backyard food garden. Only 29% of the poor households said they do have a backyard vegetable garden in which they can plant vegetables and traditional herbs. One way to help alleviate hunger among low-income households may be through urban agriculture. Urban agriculture can have positive outcomes for many poor households; these include providing employment, food supply, supplementing incomes and producing important nutrition not normally available for low-income households.

The poor were asked about their willingness to be involved in an urban farming initiative. The two part question was on starting a vegetable garden in their yards, and on being involved in a community based food garden in the township. Figure 6.30 highlights the views of the poor regarding assistance for a household based food garden and a community based one. In the instance of household garden, 60% of the poor households said that they will be interested in getting assistance. With regards to a community based food garden, 56% said that they are interested in it. The expectation was that the poor will be interested in such an initiative but the results shows that a certain number of poor households are not keen.

FIGURE 6.30: POOR INTERESTED IN URBAN FARMING PROJECT



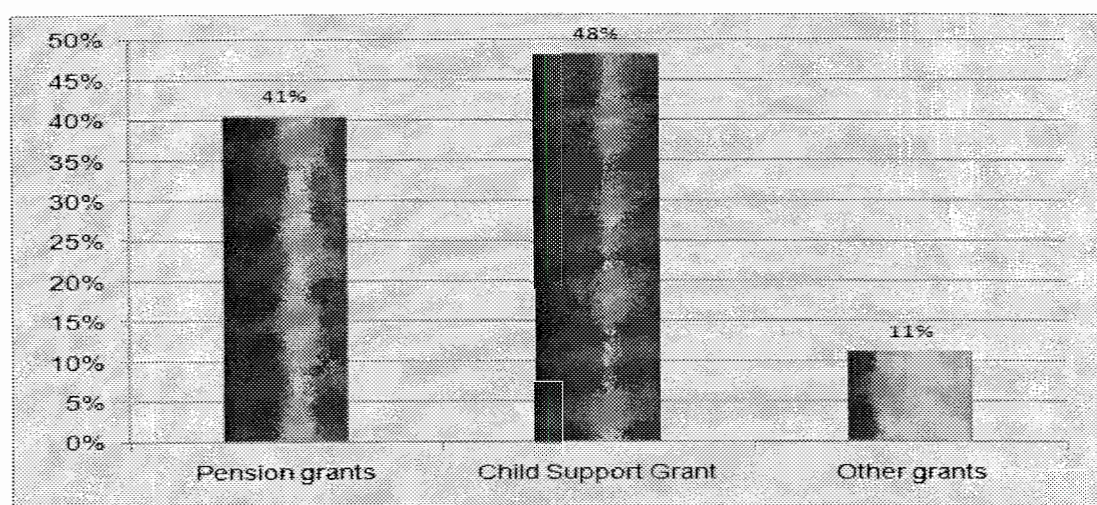
Source: Survey data, 2009.

6.7.4 The role of government grants

The study has highlighted that 45.9% of all households in Kwakwatsi depend on the state's old-age pension grant as the only source of income. The analysis of the sources of income of the poor showed that the government grants make up 79% of household income, with the state's old-age pension grant alone contributing 40% to total household income for all the poor households. The importance of government grants in cushioning the poor against the hardships of poverty cannot be ignored. The old-age pension grant enables pensioners to support their extended family members, including grandchildren and unemployed adults.

Figure 6.31 looks at the distribution of the different grants amongst the poor of Kwakwatsi. The figure shows that 48% of all grants earned by the poor are the child support grants, and 41% for the state's old-age pension grants. Other grants (11%) include both the foster care and the disability grants.

FIGURE 6.31: FORMS OF GOVERNMENT GRANTS - POOR POPULATION

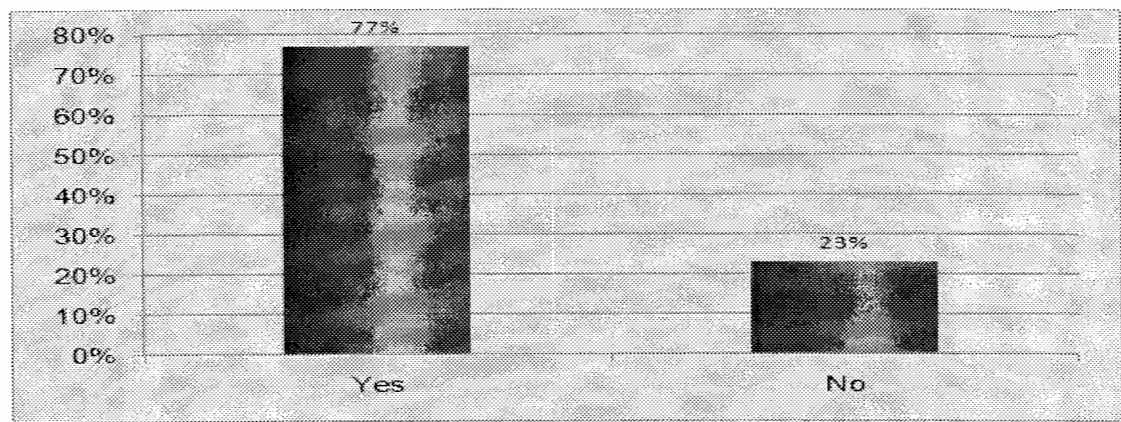


Source: Survey data, 2009.

The gender distribution of the state's old-age pension grant recipients shows that the majority of the grant earners are female (70%), with males making 30% of the recipients. The state's old-age pension grant recipients were further asked whether the grant is enough; 74% of all respondents said that they are happy with the monetary value of the grant. Those who said that the grant is not enough (26%) reflected an average increase of R357 as the amount that will make a difference in the value of the grant.

The same question was posed regarding the child support grant. An analysis of the social impact of the child support grant was also undertaken. Each household, with or without a recipient, was asked whether the child support grant is enough. 55% of the respondents said that it is enough, and 45% said that they wish that it can be increased by R250 to make the grant amount R500. The views of the poor on the contribution of the child support grant were solicited. 77% of the poor believe that the child support grant leads to a high rate of teenage pregnancy (Figure 6.32).

FIGURE 6.32: THE CHILD GRANT LEADS TO HIGH TEENAGE PREGNANCY

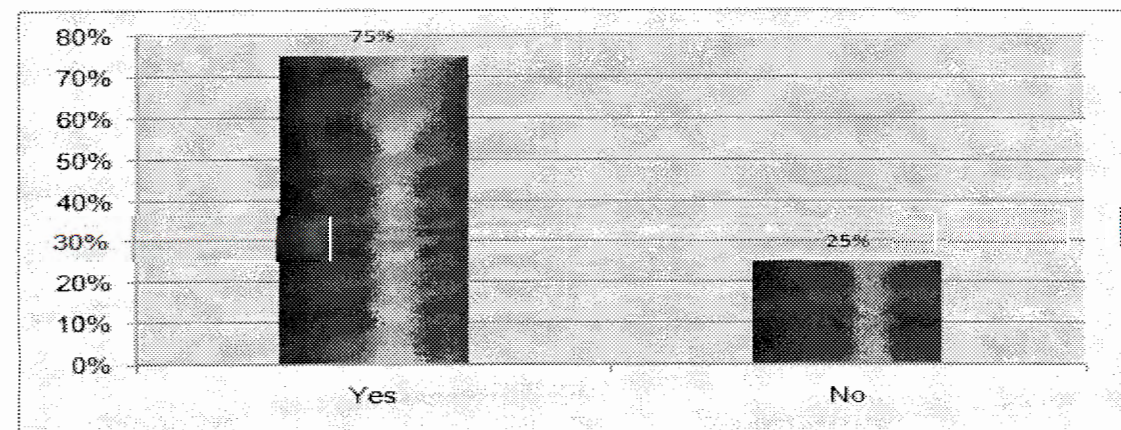


Source: Survey data, 2009.

6.7.5 Government service delivery

In the midst of service delivery protests in many parts of the country, it was important to establish the general view on the level of service delivery received from the different spheres of government. Each household was asked whether they think the national government has done enough to create jobs. For the poor, 96% answered yes, saying that the government is doing all it can to create employment opportunities. The households were further asked about the level of service delivery from the local municipality. Figure 6.33 show that 75% of the respondents said that they are satisfied with the level of service delivery from the local municipality. This is despite the fact that many are still staying in shacks and their streets are not tarred.

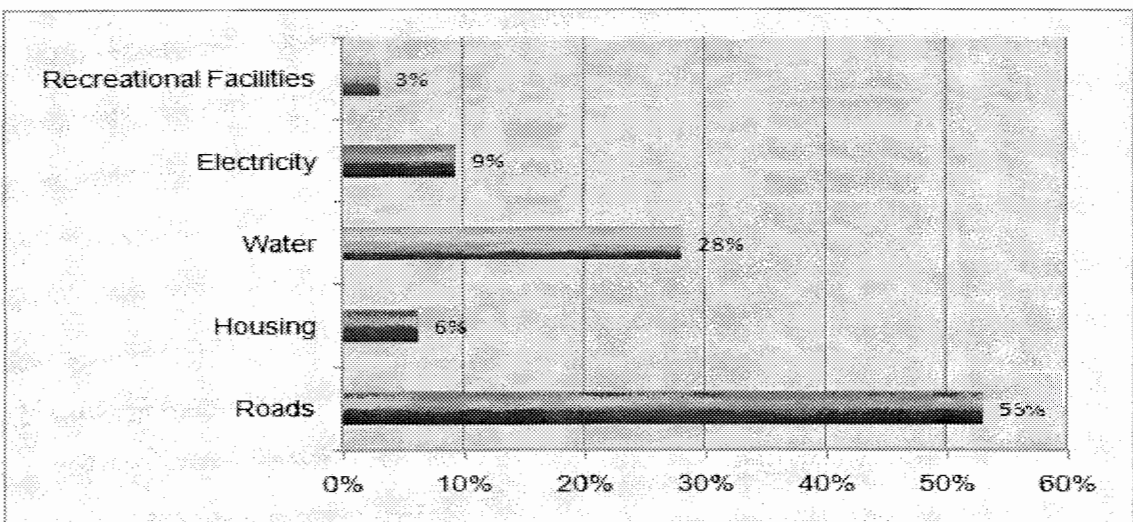
FIGURE 6.33: SATISFACTION WITH MUNICIPALITY'S SERVICE DELIVERY



Source: Survey data, 2009.

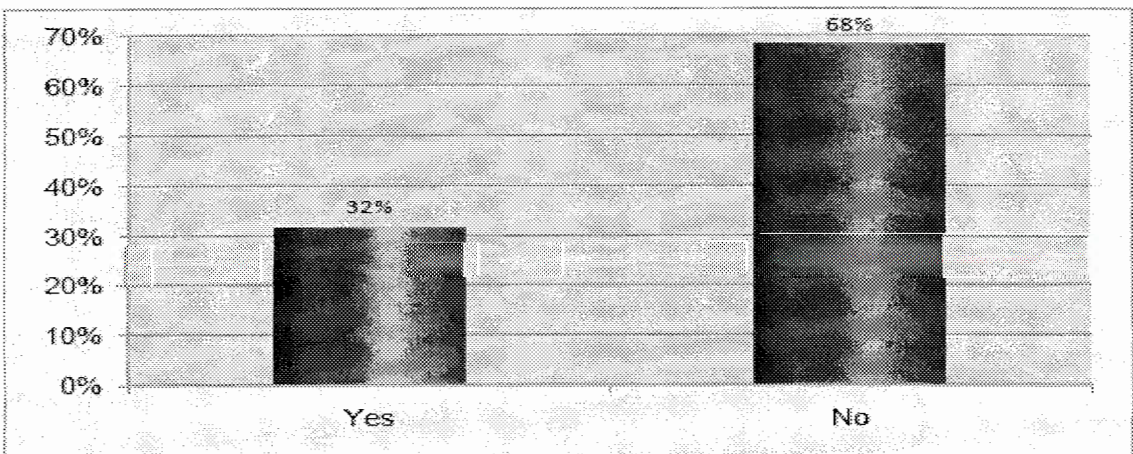
The areas of concern for those who are not happy with service delivery levels are roads (53% - many roads are not tarred creating problems during the rainy season as they become inaccessible), water (28%), electricity (9%), housing (6%) and recreational facilities (3%). In contrast to the positive responses to the level of service delivery and efforts of the government in creating employment opportunities, 68% of the poor said that they are not aware of any employment generating projects by the municipality. 3% said that there are municipality projects to create employment opportunities (Figure 6.35).

FIGURE 6.34: AREAS OF CONCERN WITH MUNICIPAL SERVICE DELIVERY



Source: Survey data, 2009.

FIGURE 6.35: AWARENESS OF MUNICIPALITY JOB CREATION PROJECTS



Source: Survey data, 2009.

6.8 SUMMARY AND CONCLUSION

For purposes of this study, a poor household was defined as a household whose members' combined income is less than the cost of a minimum calorie intake and other necessities of that given household. The poverty gap ratio and the headcount index were adapted to a measure of each household, with the mean of all poor household's indexes used as an indicator for the poor in Kwakwatsi.

The following important information was highlighted:

- 72.9% of the sample households were found to be poor. Inferring this for Kwakwatsi implies that 2479 of the 3400 household have incomes less than their calculated individual poverty line.
- About twelve percent of the poor population is earning an income which is less than 20% of their poverty line.
- The poverty gap index is calculated at 0.56. This means that on average, poor households have an income shortage of 56% of their poverty line. The average monetary shortfall per household was calculated at R1158, representing the average amount needed by poor households to make up the difference between average household income and the poverty line. The estimated monetary shortfall of all poor households for Kwakwatsi is calculated at R2.87 million per month and R34.43 million per annum.
- The average monthly income for an average poor household is R688 compared to R1409 for the whole sample population.
- The average household size of the poor population is 4.1, compared to 3.89 for the whole sample population. Twenty six percent of those found to be poor have stayed in Kwakwatsi for a period of 10 years and less.
- There is a lower percentage of fathers (13%) compared to mothers (21%) in poor households compared to the whole sample population.
- There are more females (53%) than males (47%) in poor households. The age distribution of the poor shows that 42% of them are under the age of 20, whilst Fifty percent of them are children.

The majority of the poor's school going population (37%) is still in its first three years of schooling; in comparison to 36% for the whole sample population. With regards to the poor household members who are not in school, 12% are illiterate. Furthermore, 49% of the poor post-school population has attained only primary schooling education (grade 7 or less). The percentage of those with matric is only 1%.

When it comes to the economic status of the poor sample population, 56% of the poor population is economically inactive. The unemployment rate of the poor is 86.9% compared to 79% for the total sample population. Of the unemployed 53% are males and 47% are females. The majority of the unemployed are in their youth; 41% of the unemployed are younger than the age of 35. Looking at their length of unemployment, it shows that 35% have been unemployed for a period greater than 11 years.

When it comes to the poor unemployed, 39% of them have qualifications in primary school education, and 4% of them are illiterate. 60% of the poor unemployed are actively looking for a job, with 24% idle. Of the employed, 8.6% are formally employed while 6.3% are in the informal sector, respectively. The majority (67%) of those working in the formal sector are males. Poor female members of the sample population seem to be bearing the brunt of unemployment, with 59% of the whole sample being females. The informal sector has a distribution of 57% and 43% for both males and females respectively. Activities with higher labour absorption for the poor employed are gardening (34%) and the agriculture sector (21%).

The majority of the poor would like to start self sustaining activities in the areas where they have skills; 25% of the unemployed have skills in building/construction and 23% would like to be involved in building/construction activities. The average minimum monthly wage at which the poor will be willing to take up employment is R2343. The minimum wage is different depending on the gender of the respondent. The average minimum wage for males is R2649 and for females is R2142.

When compared to the mean wage of the total employed population in all sectors, the mean wages of the poor are much less than the non-poor. The average monthly income for an average poor household is R688 compared to R1409 for total sample population.

This shows that the poor's average household income is half that of an average household in Kwakwatsi. Salaries and wages contribute 19.4% to total household income of the poor; this is in comparison to a contribution of 45.96% for the total sample population. Pension grants seem to make a significant contribution to household income for the poor sample population. About 40.6% of household income is made up of the state's old-age pension grant. The gender distribution of the state old-age pension grant recipients shows that the majority of the grant earners from poor households are female (70%). About 77% of the poor believe that the child support grant leads to increased cases of teenage pregnancy.

The expenditure pattern of the poor shows that 49.2% of a poor household's income goes to buying food. The next biggest item on the household's list is electricity (9.3%). When it comes to the sources of energy, 64% of the poor households are using wood and coal for cooking and heating the household, 28% are using electricity and 8% paraffin. 77% of the poor feel that their environment is littered, untidy and dirty and 18% said that it is clean. The same views were given about air pollution, 54% of the poor said that they are affected by the level of air pollution in the area. 2% said that they are badly affected and 3% saying that the situation is unbearable.

The perception of the poor about their poverty status was also highlighted; 57% of the poor believe that they are poor and 43% said that they are not poor. This is despite the fact that when asked whether they have enough income to support their families, 89% of them said that they do not have enough income to support their families. For survival and prolonging their income, the poor decide to eat porridge with all their meal as the price of maize is cheaper. 20% of the poor buy only major supplies and 11% get help from family members.

The poor believe that the national government is doing enough to create jobs although 68% of the poor households said that they are not aware of any employment generating project initiated by their municipality. Their areas of concern with regards to service delivery from the local municipality includes roads, water, electricity, housing and lack of recreational facilities.