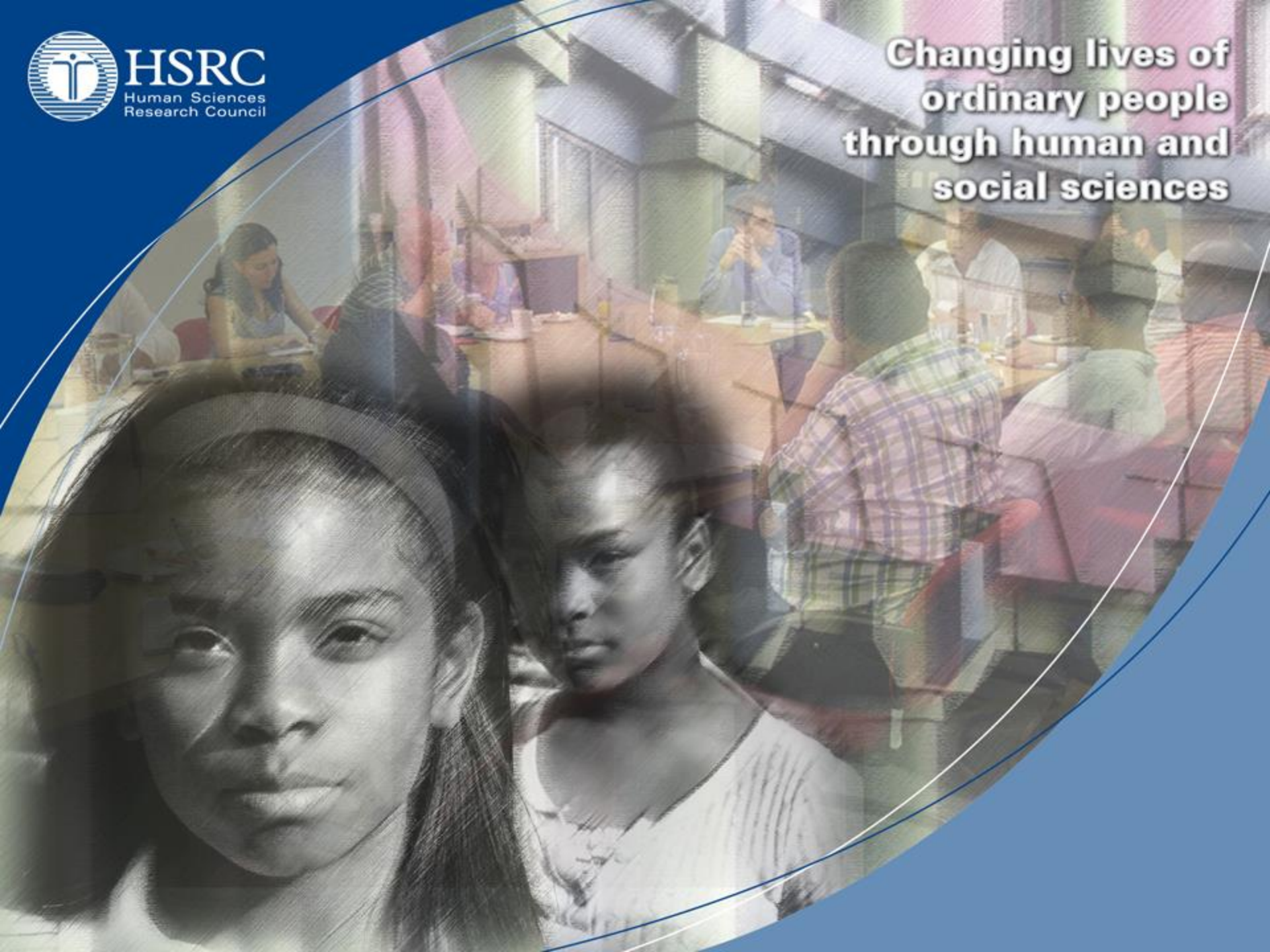




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ordinary people  
through human and  
social sciences**





# Poverty in SA: An analysis of the framework and statistics

Poverty and Human Rights Colloquium  
Community Law Centre, UWC  
27 November 2014



## Democracy, Governance and Service Delivery

# Poverty, inequality and democracy

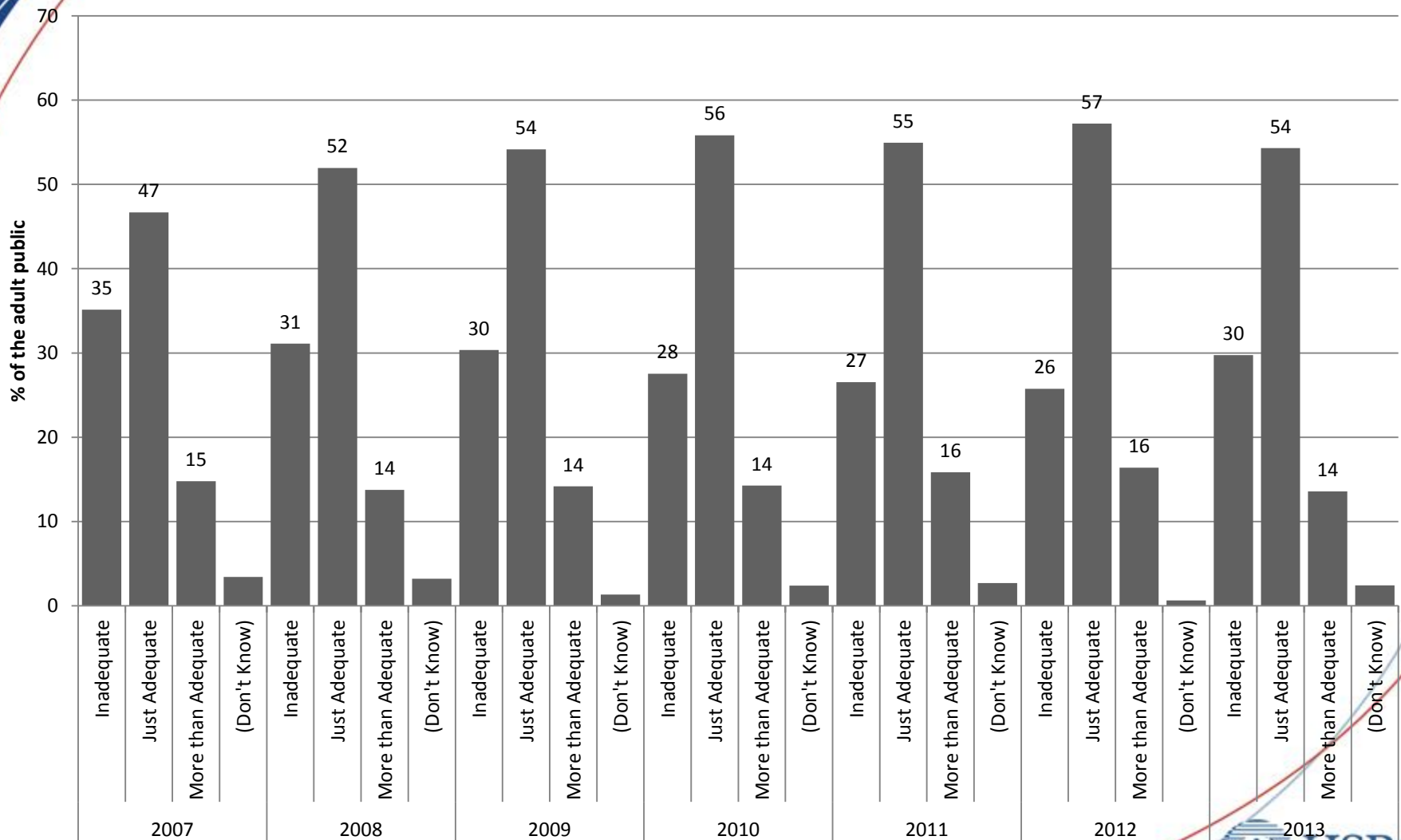
‘We may have democracy, or we may have wealth concentrated in the hands of the few, but we cannot have both.’

- US Supreme Court Justice Louis Brandeis

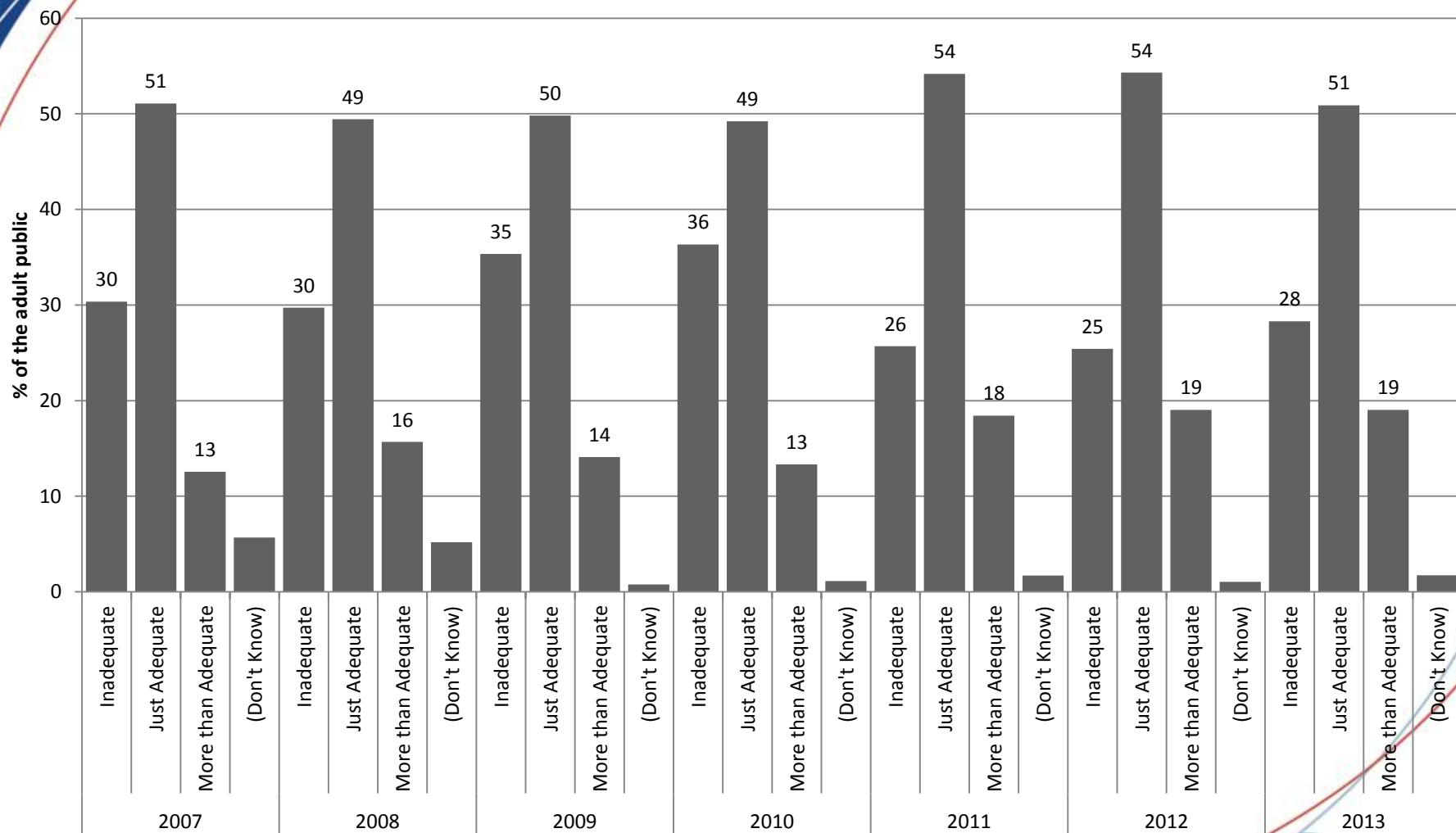
‘South Africa remains the most unequal country in the world with the two richest South Africans (Johann Rupert and Nicky Oppenheimer, according to Forbes) having wealth equal to the poorest 50 percent (i.e. 26.5-million people) of the country, according to an Oxfam global inequality report.’

– Cape Talk, 30 October 2014.

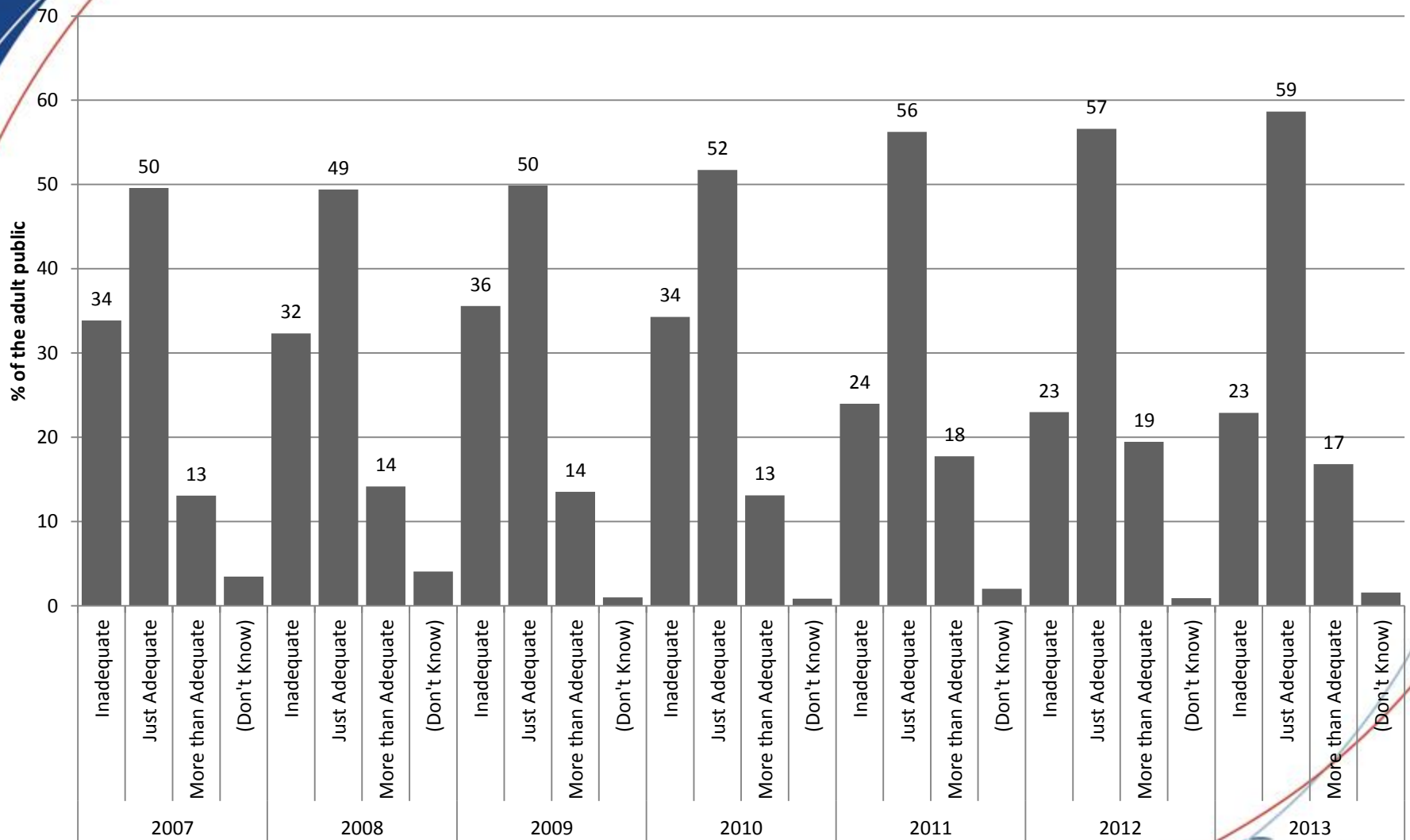
# SASAS: Amount of food your household had over the past month



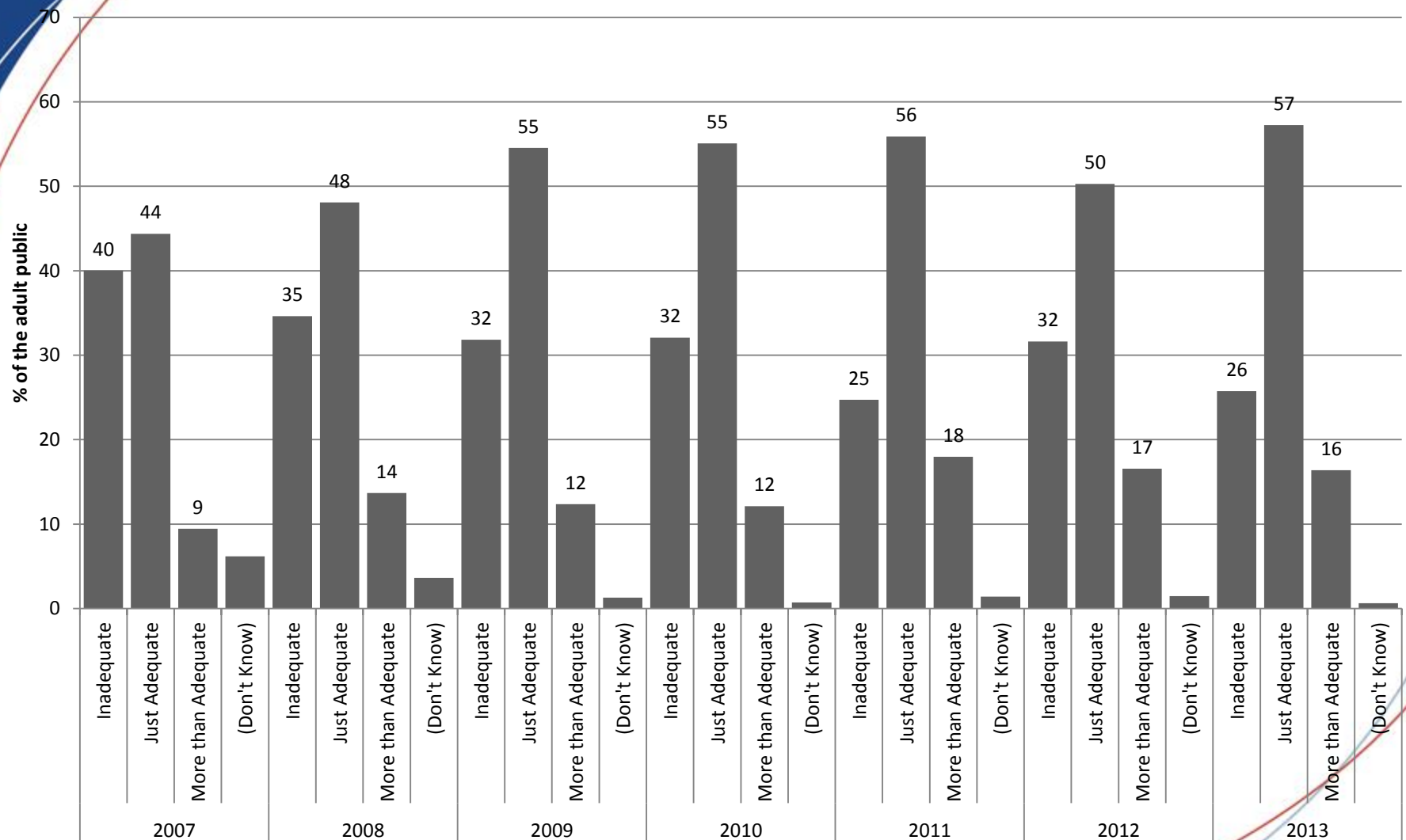
# SASAS: Your household's health care



# SASAS: Your household's clothing



# SASAS: Your household's housing



# Table 1: Income inequality (Gini coefficient) ranking of BRICS countries

BRICS country	Gini index	Global rank	Reporting year
South Africa	0.63	4	2009
Brazil	0.55	13	2009
China	0.43	54	2005
Russia	0.40	68	2009
India	0.33	116	2005

*Source: Index Mundi, April 2014 (compiled from World Bank data)*

# Inequality and government intervention in South Africa – HSRC 2014

- Social grants reduced poverty by 45% for the lower poverty line from 1993 to 2013.
- In terms of the food poverty measure, poverty levels declined from 33% in 1993 to 25% in 2013.
- Cost to the budget: social assistance in South Africa currently amounts to R120 billion - 3.4% of GDP.

# HSRC: Limitations of the Gini Index

- The construction of the Gini index does not capture the impact of these interventions on income inequality in South Africa.
- These limitations of the index imply that its measure and ranking of a country is somewhat subjective.
- It does not take account of absolute income gains, mobility between income classes, differences in the income distribution of countries (inequality), differences in tax regimes and its impact on household disposable income, demographic changes, improvements in development outcomes and other government interventions that actually reduce household poverty.

# World Bank: Economic Update 2014

- Inequality of 'household consumption, measured by the Gini coefficient on disposable income, increased from about 0.67 in 1993 to around 0.69 in 2011, among the world's highest'.
- Analyses the role of fiscal policy in addressing the twin challenges of poverty and inequality in South Africa 'based on the innovative use of fiscal and household survey data' to answer two main questions:
  1. How do taxes and spending in South Africa redistribute income between the rich and poor?
  2. What is the impact of taxes and spending on the rates of poverty and inequality in South Africa?

# Fiscal policy and redistribution in an unequal society

- Analysing the results in an international context (12 middle-income countries), the study concludes that South Africa is achieving a sizable reduction in poverty and inequality through its fiscal tools.
- ‘South Africa uses its fiscal instruments very effectively, achieving the largest reductions in poverty and inequality’ of the 12 middle-income countries.

# Impact of cash transfers and free basic services net of taxes

- 3.6 million people 'lifted out of poverty' (living on less than \$2.50 a day, in purchasing power parity dollars).
- Extreme poverty cut by half (% of the population living on \$1.25 a day or less falls from 34.4% to 16.5%) – 'Inequality reduced from 1 000:1 (incomes of the richest decile are more than 1,000 times higher than those of poorest) to 66:1.
- As a result, the Gini coefficient (incomes) falls from 0.77 (before various taxes and social spending programmes) to 0.59.
- **Nevertheless**, the level of inequality remains higher than the starting position in all 11 other countries, i.e. before they apply fiscal policies. (Emphasis added)

# Stats SA on Gini Index

- Gini coefficient in 2011 approximately –
  - 0,65 based on expenditure data (per capita excluding taxes)
  - 0,69 based on income data (per capita including salaries, wages and social grants).
- While the poverty situation is improving, inequality in our society remains a serious problem.
- These high levels of inequality, amongst the highest in the world, are only slightly smaller than the Ginis recorded in 2006.

# Stats SA Poverty Trends

- 2012, SA published a set of three national poverty lines – the food poverty line (FPL), lower-bound poverty line (LBPL) and upper-bound poverty line (UBPL).
- FPL - level of consumption below which individuals are unable to purchase sufficient food to provide them with an adequate diet. Either insufficient calories for nourishment, or must change their consumption patterns from those preferred by low income households.
- LBPL - includes non-food items, but requires that individuals sacrifice food in order to obtain these.
- UBPL - can purchase both adequate food and non-food items.
- Rand value of each line updated annually using CPI data.

# Poverty Trends: Poverty and inequality from 2006 to 2011 - Statistics SA 2014

Table 3: Poverty headcounts in 2006, 2009 and 2011

Poverty headcounts	2006	2009	2011
Percentage of the population that is poor	57,2%	56,8%	45,5%
Number of poor persons (millions)	27,1	27,8	23,0
Percentage of the population living in extreme poverty	26,6%	32,4%	20,2%
Number of extremely poor persons (millions)	12,6	15,8	10,2

# Stats SA's General Household Survey

- Results from (GHS) show that self-reported hunger in South Africa has dropped from roughly 30% in 2002 to 13% in 2011
- Decline in the number of people living below the food poverty line (ie 'hunger' - 'nutrition')
- Poorer than 'extreme poverty'??
- **However**, this decline in poverty 'was driven by a combination of factors ranging from a growing social safety net, income growth, above inflation wage increases, decelerating inflationary pressure and an expansion of credit.' (Emphasis added)

# GHS 2013: Access to services

- GHS, like SASAS, measures changes in the living conditions of South African households - household access to various services and amenities such as basic services, food, health-care and medical aid.
- Services = 'social wage'

# GHS 2002/2005/2013

Households with access	2002	2005	2013
Piped water		79,9% (9,4 million)	86,4% (12,8 million)
Mains electricity	77,1%		85,4%
Sanitation (Flush toilets or pit toilets with ventilation pipes.)	62,3%		77,9%
Refuse removal (once per week)	56,7%		63,5%
Refuse: Urban			84,3%
Refuse Metro			89,2%
Refuse: Rural			13,5%

# Stats SA: The poverty gap

- Poverty headcounts imply that all those who are below the poverty line are considered to be equally deprived.
- As a result, changes in the depth of poverty (how far the deprived are from the poverty line) are not depicted
- For those below the threshold, poverty could worsen or improve without any change in the headcount being observed.
- The poverty gap is thus used as an indicator to measure the depth of poverty.
- The gap measures the average distance of the population from the poverty line and is expressed as a percentage of the poverty line.

# Stats SA: Poverty gap measures

Table 4: Poverty gaps in 2006, 2009 and 2011

Poverty gaps	2006	2009	2011
Poverty gap for the UBPL	26,7%	27,9%	19,6%
Poverty gap for the FPL	8,5%	11,6%	6,2%

# Stats SA: Cost of eliminating poverty

- Table 4 indicates a decline in the depth of poverty between 2006 and 2011.
- SA has decreased poverty levels, and reduced the gap for those who nevertheless remain poor.
  - The smaller the gap, the easier it is for those households to graduate out of poverty as they are closer to the poverty line than before.
- For the UBPL, the gap of 19,6% would require R73,7 billion per annum to bring those classified as poor out of poverty.
- Eliminating food poverty would cost an estimated R12 billion per annum.

# Progress towards NDP's poverty target

- NPC adopted the use of the lower-bound poverty line (LBPL) (R443 in 2011 prices) for NDP poverty targets.
- NPC aims to eliminate poverty below this line by 2030.
- In 2011, 32,3% of the population or roughly 16,3 million people were living below this poverty line.
- Poverty gap measure: R31,7 billion p.a. to eliminate poverty at this level.

Poverty indicators	2006	2009	2011
Percentage of the population that is below the LBPL	42,2%	44,6%	32,3%
Number of people living below the LBPL (millions)	20,0	21,8	16,3
Poverty gap for the LBPL	16,4%	18,9%	11,8%

# Constitution 1996

- Preamble: the people adopt the Constitution so as to 'establish a society based on democratic values, social justice and fundamental human rights' and to '[i]mprove the quality of life of all citizens and free the potential of each person'.
- Section 1. Republic of South Africa  
The Republic of South Africa is one, sovereign, democratic state founded on the following values:
  - a. Human dignity, the achievement of equality and the advancement of human rights and freedoms....
  - c. Supremacy of the constitution and the rule of law.
- *Soobramoney v Minister of Health (KwaZulu-Natal)* 1998 1 SA 765 (CC): 'a commitment ... to transform society ... lies at the heart of our new constitutional order'.

# Supremacy of the Constitution

- Sec 2: This Constitution is the supreme law of the Republic; law or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled.
- Sec 8: (1) The Bill of Rights applies to all law, and binds the legislature, the executive, the judiciary and all organs of state. (2) A provision of the Bill of Rights binds a natural or a juristic person if, and to the extent that, it is applicable, taking into account the nature of the right and the nature of any duty imposed by the right.
- Liebenberg (2010): Transformative constitutionalism - a legal framework within which to redress the injustices of the past and facilitate the creation of a more just society.
- Social transformation guided by and take place within the normative and institutional framework of the Constitution.

# Karl Klare: 'transformative constitutionalism'

- A long-term project of constitutional enactment, interpretation and enforcement committed (not in isolation, of course, but in a historical context of conducive political developments) to transforming a country's political and social institutions and power relationships in a democratic, participatory, and egalitarian direction.
- Transformative constitutionalism connotes an enterprise of inducing large-scale social change through nonviolent political processes grounded in law. (Klare, 1998: 150)

# Langa CJ

- Under a transformative constitution, it is no longer sufficient for judges to rely on technical readings of legislation as providing justifications for their decisions.
- Rather, judges bear the ultimate responsibility to justify their decisions not only by reference to authority, but by reference to ideals and values entrenched in the Constitution.

# Transformative impact & 'Minimum core'

- Sec 9 Equality; Sec 10 Human Dignity
- Sec 26. Housing (1) Everyone has the right to have access to adequate housing. (2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.
- 27. Health care, food, water and social security  
(1) Everyone has the right to have access to health care services, including reproductive health care; sufficient food and water; and social security, including, if they are unable to support themselves and their dependants, appropriate social assistance. (2) [As above].
- Minimum Core: 2-stage adjudication in 'reasonableness' review; contextual assessment of govt programmes.