

Full Length Research Paper

Poverty in a South African township: The case of Kwakwatsi

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South Africa's world revered democratic transition lies more than a decade in the past, a period long enough to evaluate past achievements and challenges. The study reported here provides a snapshot like view of poverty in a South African township. The results are based on a household survey using questionnaires. Two poverty lines (lower and upper bound) developed by Statistics South Africa were used to measure poverty in the area; R322 per capita per month as the "lower-bound" poverty line and R593 per person per month as the "upper-bound" poverty line. Of the sampled households, 50% were found to be poor using the lower bound poverty line, and 77% when using the upper bound poverty line. On average, poor households have an income shortage of 56% of their poverty line when using the lower bound poverty line. From a policy perspective, developing an economy involves efforts that seek to improve the economic wellbeing and quality of life of all its inhabitants. A considerable number of people in the area fail to have a decent standard of living. Information provided through the study is at the household level and aims at highlighting poverty trends among urban residents in South Africa.

Key words: Poverty, household, township, South Africa.

INTRODUCTION

South Africa's successful political transition following apartheid raised hopes of an economic future characterised by broadly shared growth and greater access of the majority of the population to economic opportunities, hence jobs. Economic policies have been geared towards ensuring macro-economic stability (with considerable success) and increasing access to basic social services, especially education and health (Bhorat and Kanbur, 2008).

The government has also undertaken initiatives with the ultimate goal of promoting equitable distribution of economic benefits across the population. The alleviation of poverty and its associated social ills has been at the heart of post-apartheid South Africa's policy pronouncements. This is much more evident in the 1994 reconstruction and development programme document, and the 1996 constitution (RSA, 1996; ANC, 1994). The South African Constitution (1996) and the White paper on Local Government (1998) encourage initiatives which seek to address poverty, unemployment and redistribution in local areas (Nel and Humphrys, 1999).

Various legislative, institutional and administrative reforms have been undertaken to create an environment conducive for the improvement of the quality of life of all South Africans. However, there is still a large majority of South Africans living in dire socio-economic conditions.

The understanding of the dynamics of urban townships lies at the heart of unravelling South Africa's economic transformation. South Africa's historical circumstances have shaped the present configuration of poverty and opportunities along racial lines. Disadvantaged groups were systematically left with relatively little in the way of land and other resources, were not afforded education of a quality comparable to that of whites, and were compelled to adopt coping strategies (Aliber, 2001). A large proportion of the workers from the townships have to travel these long distances to their workplaces.

Statistics show that the urban areas have continued to grow at unprecedented rates. A period between 1996 and 2001 saw 5.5 million people moving to urban areas, a rate of more than a million a year (News24, 2008). The rapid growth of cities strains their capacity to provide

services such as energy, education, health care, transportation, sanitation and physical security. This result in governments having less revenue to spend on the basic upkeep of cities and the provision of services, thus results in cities that become areas of massive sprawl, serious environmental problems, and widespread poverty (UN, 1995).

The problem of poverty and unemployment has serious consequences for economic development particularly in urban areas, and has to be examined at the community level; more so at the people-based level in order to encourage viable projects for eradicating the scourges of unemployment and poverty. The formulation of effective poverty eradication strategies requires an understanding of the dynamics of poor households. In order to assess how far a country has come in the eradication of poverty, there must be adequate inquiries from time to time in the form of social surveys which adopt certain definite standards of measurement (Townsend, 1979). A snapshot-like profile of poverty at a particular point in time is a useful tool for presenting basic information of this nature.

This study provides a micro-economic analysis of poverty in a South African township of Kwakwatsi. Kwakwatsi is a residential township in the northern region of the Free State Province. The area is a semi urban residential township for the town of Koppies. Koppies is located approximately 200 km south of Johannesburg. The population size of Kwakwatsi is estimated at 13 226 persons. There are 3 443 official residential sites, of which 3019 are occupied. The strategic national railway line from the Cape provinces to Gauteng province passes through Koppies. The area is part of the Ngwathe Municipality, with its head office in Parys. The aim was to determine the state of affairs in terms of poverty.

This study was based on a household survey using questionnaires. Poverty is defined and then measured for the sampled population. Subsequently, the study provides a theoretical basis for the study. The methodology followed will then be explained. The results will be followed by a discussion and conclusion of the empirical findings.

TOWARDS A MICRO-ECONOMIC ANALYSIS OF POVERTY

Economic development thought has historically focused on inequalities between the poor rural and better off urban populations (Wratten, 1995). This stems from a predisposed assumption that urbanisation lied at the developing world's poverty solution. The belief was that the transfer of labour from low productivity subsistence agriculture to the high productivity modern manufacturing industry would create employment opportunities, thereby poverty alleviation.

Research in the 1990s showed a greater diversity in

the extent and depth of poverty within urban populations in the Third World. A comparison of international and even national estimates of poverty with specific studies of urban centres showed wide discrepancies (Mitlin, 1995). This could largely be due to the fact that nationally set poverty lines are unrealistically low when applied to urban centres. The cost of living differs widely between rural and urban areas, and even between the different urban centres. This in itself necessitates the definition of specific poverty lines for different locations (Slabbert, 1997).

Another important consideration is the asset base of people in different locations. In rural areas, cattle and crops can act as assets which can reduce the vulnerability of households. For urban inhabitants, the only asset is their labour or the number of household members who are able to work. The previous mentioned differences between urban and rural areas make it important to consider different cut-off levels in respect to poverty, but also to define specific thresholds for different urban and rural locations (Wratten, 1995).

The concept of poverty has been a subject of debate for as long as humanity has existed. This is because poverty can mean different things to different people. In popular discourse, poverty is a concept that captures a range of meanings. Poverty has usually been conceptualized as a state of being, characterized by a lack of income that leads to an inability to provide an adequate level of basic necessities. While ultimately income is important, the critical underlying resources that produce income are the assets that the poor have access to and control over in pursuing their livelihood strategies. The definition and measurements of poverty are related both to each other and to other pertinent issues such as the perceived causes of and the solutions to poverty. The ways in which politicians, citizens and experts view the problem of poverty have very different and diverse roots in social, political and philosophical dialogues.

Present day poverty understanding draws 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, about the relation between have and have not, ill-being, well-being and suffering; and about social life and individual agency (Du Toit, 2005: 15). Generally, recognising what something means in practice is much easier than defining or analysing it. The classification of people as poor or in need therefore requires a clear understanding of what that entails (Spicker, 1992).

Poverty can generally be construed in a narrow or broad sense. In the narrowest sense it means lack of income. In a broader sense poverty can be seen as multidimensional, encompassing other issues such as housing, health, education, access to services and to other avenues of accessing resources. Poverty can also be construed in a minimalist or more expansive way: the

most minimalist way is to consider people who are poor as being those who are unable to survive even in the short term that is people who are utterly without the means of survival. A more expansive understanding of poverty is that people are poor if they are unable to participate in society as full citizens (Studies in Poverty and Inequality Institute, SPII, 2007: 10).

An understanding of the cause of poverty and devising strategies to reduce it is a central component of the definition of poverty. Recognition thereof reinforces appreciation of the difficulties of the problem and serves as a reminder that a search for strategies and an understanding of poverty draws on the wider body of knowledge accumulated in the general field of development. The World Bank (2001) defines poverty as a situation where one lacks command over commodities that are deemed essential to constitute a reasonable standard of living in a society or the lack of ability to function in a society. This definition also emphasizes command over resources as well as the lack of participation or voice in governance and civil matters.

The complex reality of poverty makes it difficult to capture the nature of this phenomenon by means of either a single unit or multidimensional definition or measure. The different existing definitions and measures take into account an uncharacteristic nature of poverty. Each definition contains a part of truth, but no single definition holds the full truth in defining poverty (Fusco, 2003: 5). The main measures of poverty, which are used in this study, are the headcount index, and the poverty gap ratio.

RESEARCH METHODOLOGY

Survey design and data analysis measures

A survey was undertaken for the collection of household data for the study. Maps were obtained for Kwakwatsi and sample stratification was designed on account of the geographical distribution and concentration of people in the areas. A questionnaire was designed for obtaining the desired information. The area was divided into the different extensions and the questionnaires were apportioned evenly among the inhabited sites. Plots/sites at which field workers were supposed to complete questionnaires were identified individually from the map before the field workers went out. However, where people could not be obtained for an interview, or where it was impossible to trace the house, a next pre-selected household was interviewed.

Information was obtained from the breadwinner or the spouse. A total of 190 households were interviewed by four fieldworkers. Almost all the households approached were willing to partake in the survey and 180 questionnaires were completed in May 2010. Following the guidelines of the World Bank (1990), 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 the specific household. If the combined income of a household is described by y_i and the poverty line (HSL) of the same household is described by z_i , the extent of poverty, P_i , of this household is described by $P_i (y_i; z_i)$.

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. Statistics South Africa (2007a) writes that the daily energy requirement, as recommended by the South African Medical Research Council (MRC) is 2261 kcal per person. Statistics South Africa estimated that when consuming the kinds of foodstuff commonly available to low-income South Africans, it costs R322 per person every month to satisfy a daily energy requirement of 2261 kilocalories. Statistics South Africa regarded R322 per capita per month as the lower bound poverty line.

An upper bound poverty line of R593 was further estimated. The remaining R271 added to the lower bound poverty line is meant for obtaining non-essential non-food items. For this study, the two poverty lines as developed by Statistics South Africa (Stats SA) (2007a) were used comparably; R322 as the lower bound poverty line and R593 as the upper bound poverty line.

Ravallion (1998) suggests an upper and lower bound for the non-food poverty line. The lower bound non-food poverty line is estimated by calculating the mean amount spent on non-food items for those households whose total expenditure is close to the food poverty line and then adding this mean amount to the food poverty line. The reasoning here is that, assuming food and caloric sufficiency is one of an individual's most basic needs, any items that divert expenditures away from food to the extent that, on average, the individual is not consuming the minimum number of calories per day, must be basic necessities.

The headcount index is defined as the fraction of the population below the poverty line. In this study, the headcount index was adapted to indicate the fraction of households that fall below their individual poverty lines. The individual household member's income is added together and a poverty line based on the number of household members is then calculated. A household is deemed poor if the combined income of its members falls below the poverty line.

The poverty gap usually measures the average shortfall of the incomes of the poor from the poverty line while the poverty gap index measures the extent of the shortfall of incomes below the poverty line. To provide for a household based analysis of poverty, the poverty gap was adapted to be a measure for a specific household.

EMPIRICAL RESULTS

This part of the study presents the findings of the study. The information obtained is at household level and is meant to the trends among township dwellers in a South African context.

Poverty in Kwakwatsi

The headcount index for the sample population is calculated at 0.50 and 0.77 using the lower and upper bound poverty line, respectively. This means that 77% of the sampled households' income was found to be below their respective poverty line when using R593 as the poverty line.

The severity of poverty depends on the distribution of the poor below the poverty line. Figure 1 show the distribution of poor households below the poverty line. The figure shows that poverty is deep rooted in the area. Of the poor population 61% are earning income less than 50% of the poverty line using the lower bound poverty

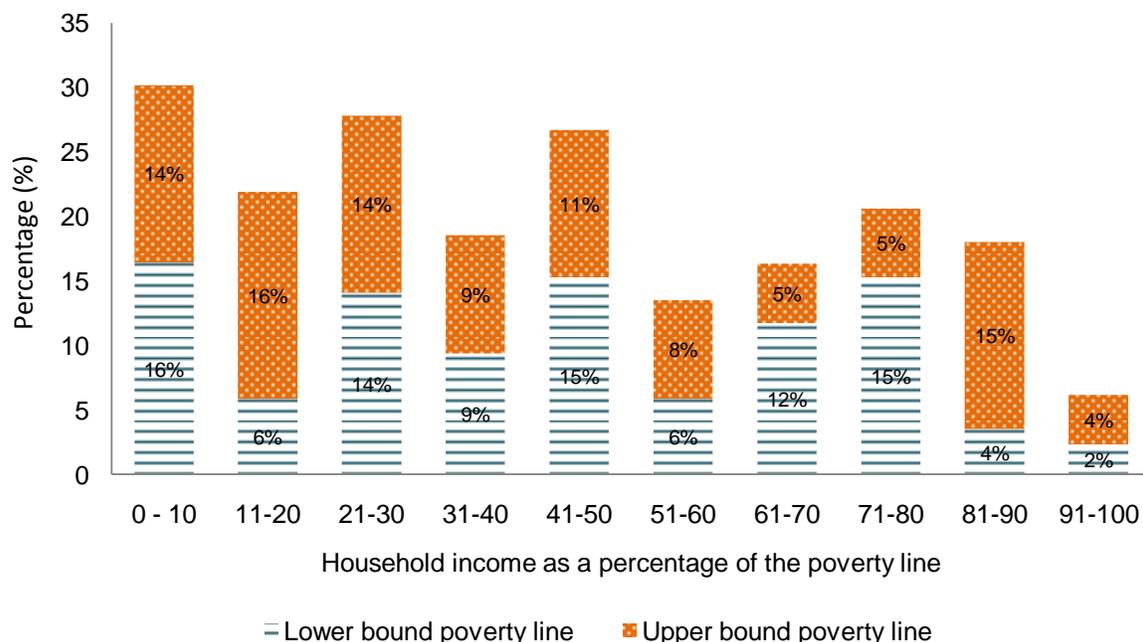


Figure 1. Distribution of the poor below the poverty line.

line. The figure also shows that 16% of the poor are earning income between 0 and 10% of their income using the lower bound poverty line. Analysis using the upper bound poverty shows that 14% of the sample population was earning incomes which are less than 10% of their poverty line. As an example, if a particular household's poverty line is calculated at R 1000, this would mean that the particular household's total income is between R 0 and R 100 (0-10% of the poverty line).

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. 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).

The poverty gap index for Kwakwatsi is calculated at 0.57 using the survey data. This means that on average, poor households have an income shortage of 56% of their poverty line, when using the lower bound poverty line. The average monetary shortfall per poor household was calculated at R732 and R1432, for the lower bound and upper bound poverty line, respectively. This represents the average amount needed by a poor household to make up the difference between average

household income and the poverty line.

Demographic information of sampled households

The demographic information affords an understanding of the household structures of the sample population. The classification of the population from different angles could be a reflective measure of the area's resources and of the availability and distribution of such resources. These demographics form an important part of the government's development mandate since households provide the labour for the production of goods and services, and also consume the final output of production. In addition, the size of a particular population is an important determinant of the socio-economic needs of the population. The results of the study showed a high average household size (four) for Kwakwatsi. This is in comparison with the average household size of three members for Ngwathe Municipality as a whole (Stats SA, 2007b). The majority (53.8%) of the sampled population was female, and 46.2% are male.

Regarding the composition of households in terms of the status of members of the family, the survey results showed that 12.9% of household members are fathers, compared with 21% mothers. For the poor (using the upper bound poverty line), the mother to father composition was 20.4 to 12.6%, respectively. This indicates an increased likelihood of single parenting amongst the poor. The percentage of sons and daughters in the sample population was 16.4 and 17.8%,

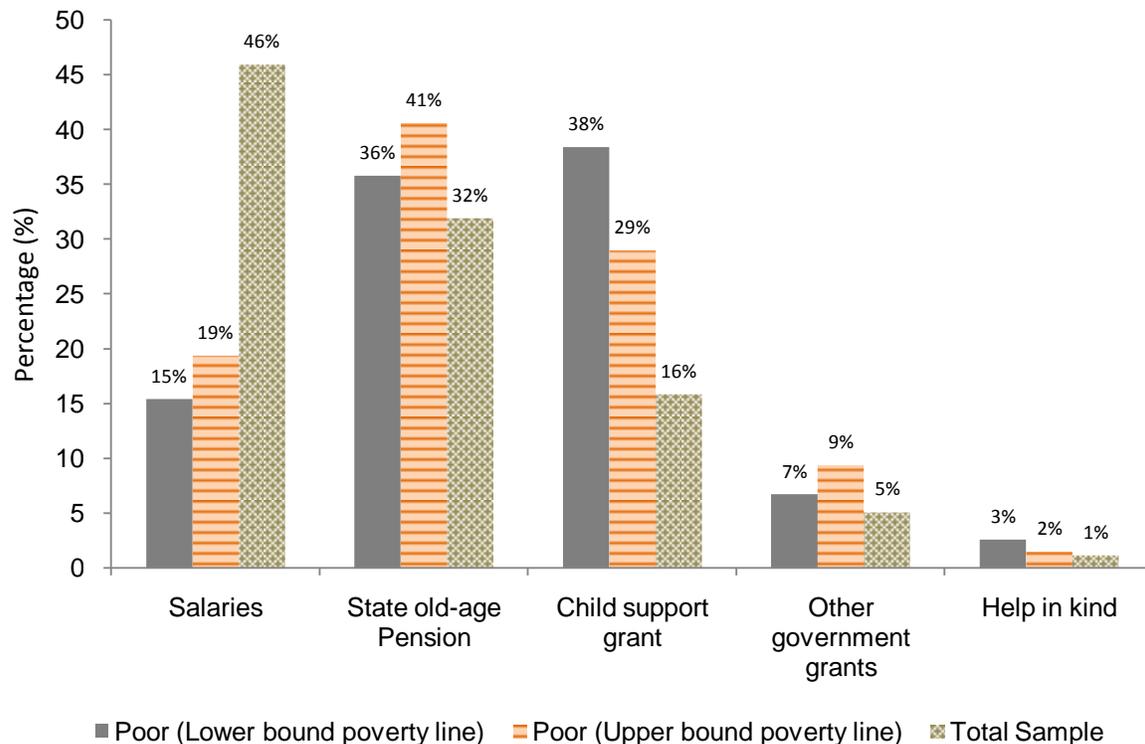


Figure 2. Sources of household income.

respectively. There were more female (53.8%) than male (46.2%) household members. The majority of households were headed by males (63%), while 32% were female-headed households. There were instances where older children (5%) had to take the responsibility of family headship due to lack of parents.

Sources of household income

The respondents were asked about the sources of household income. Figure 2 shows the different sources of household income. Government grants seem to play an important role in the livelihood of the poor as make up more than 70% of household's income. The state's old-age grant, which is received by people aged 60 and older, contributes 41% to household income for a poor household (aggregated using the upper bound poverty line). For the total population, the major contributor to household income was salaries / wages (46%).

Perceptions of poverty

The study also collected data on the perceptions of the respondents regarding their poverty status. This is important as it recognizes the poor value judgment regarding their socio-economic conditions. Without mention of

any reference group, the respondents were asked whether they consider themselves poor. Of those who were found to be poor (using the upper bound poverty line), 40% said that they consider themselves poor, while 60% said no.

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. When it comes to the question of whether they have enough income to support their family, 32% said that they do; with 68% saying that their income is not adequate for the needs of their families.

DISCUSSION AND CONCLUSION

The aim of the study reported in this article was to provide a snapshot-like view of poverty in a South African township. The results are based on a household survey using questionnaires. Two poverty lines developed by Statistics South Africa were used as an indication of the minimum level needed for a household to be regarded as non-poor.

The study showed that poverty is high amongst the sampled households of Kwakwatsi. The headcount index was calculated at 0.50 and 0.77, using the lower and upper bound poverty line, respectively. On average, poor

households have an income shortage of 56% of their poverty line when using the lower bound poverty line. The average monetary shortfall per poor household was calculated at R732 and R1 432, for the lower bound and upper bound poverty line, respectively.

The respondents were asked whether they consider themselves poor. Of those who were found to be poor when using the using the upper bound poverty line, 40% said that 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.

The World Bank (2001) reports that extensive poverty has lasting harmful effects on society. Poverty is found to result in hunger, malnutrition, poor physical status and increased health care costs, which undermines economic growth at large. In addition, poverty negatively affects cognitive functioning, leading to the inattentiveness of learners, which militates against their later success. The challenge of the new South Africa has been that of creating wealth and reducing the scourges of poverty for all its inhabitants. There is a pro-poor rhetoric but this is not translated into specific outcomes at household level for many South Africans. The extent of poverty in Kwakwatsi indicates to an unsustainable economy with no productive activity.

From a policy perspective, developing an economy involves efforts that seek to improve the economic wellbeing and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base. Poverty reduction is seen by many policy-makers as the most important goal of development policy.

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