



## Thought Piece

**S**o far, 2013 has proven to be a busy year in South Africa. We have had the State of the Nation Address and the Budget Speech; we have witnessed the announcement of the launch of a new parliamentary party platform, and we have had to stomach images of ongoing police brutality. The media is currently in a feeding frenzy over allegations of potential corruption by the General Secretary of the Congress of South African Trade Unions, and as usual, everybody has an opinion. About everything.

While it is vital for any body politic that citizens and residents are engaged in current events, it is to be hoped that the events in 2013 do not overshadow the hard work that has to be done collectively to advance the vision contained in the Constitution – that of a country in which the divisions of the past are healed, and people are able to live a life of dignity and equality.

In a recent conversation with a colleague, now living abroad, who has

worked in and on South Africa for at least the last twenty years, it was sobering to hear his pain and anger at what he perceives to be the lack of urgency in the way on which poverty and inequality are being tackled and recognized. His criticism was not just at the policy makers, but also at the manner in which ordinary people appear to have accepted the situation as the norm, inevitable, and hence, acceptable. But is this really the case?

Reflecting on the actions and reactions by workers last year, it appears as if those most affected by the intergenerational social and economic marginalisation of the economy, with its roots firmly planted in the cheap migrant labour policies from the past, are not prepared to see their realities passed on to their children.

What we witnessed were people prepared to face the brutality of state repression in order to bring home the fact that they are not prepared to continue to live in conditions of daily struggle for, at best, survivalism. Three years ago the Deputy President declared that the (still to be finalized) National Anti-Poverty Strategy was essential to ensure that people no longer struggled to live, just in order not to die.

What we are witnessing is a growing social and economic distance between those who shape or make policies, and those who live with the daily brutalizing impact of poverty. How else does one explain the use by the National Planning Commission of the yet unpublished (un)official poverty line of R419 per person per month (in 2009 prices) with the demands by agricultural workers in the Western Cape for a living wage of R150 per person per day and those of the drill operators in Marikana of R12 500 per month?

<sup>1</sup> Available on [www.spil.org.za](http://www.spil.org.za)

As discussed in the SPII Working Paper One released in 2007<sup>1</sup>, poverty can be conceptualized in a variety of ways, including as an absolute or a relative notion. It would seem that policy makers take the former, and affected people, the latter approach, especially when they see images equating success and self-worth with graphic illustrations of consumption and accumulation.

What does that augur for our nation and for the much called for 'social compact' once again proposed in the National Development Plan? In the absence of some way to bring these two



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approaches together, we seem set for ongoing popular expressions of anger and impatience. It was altogether unfortunate that the social grants, including the Child Support Grant and the state Old Age Pension, failed to see a real increase in this year's Budget, which further erodes the meager purchasing power (and demand stimulus) of poor people.

The National Development Plan makes reference to the need for ordinary South Africans to come together to agree on what should constitute an acceptable minimum floor beyond which no one should fall. Perhaps the Commission could have been more proactive in obtaining ideas from people across the spectrum of income and interest – however, the call has been put out and it does seem to be

one that needs to be addressed with appropriate urgency.

SPII, as part of the broader NEDLAC community, has committed to spearheading a process through which we explore diverse ways of measuring poverty in line with the Constitution, and we shall facilitate conversations with all social actors to find out where consensus lies, and where in fact people differ on what an acceptable living standard is.

To commit on a minimum floor carries a danger that that becomes a fixed, minimalist target for transformation. However, our Constitution contains the principle of progressive realization in respect of many of the justiciable socio-economic rights contained therein and we should be guided by those principles as we seek to raise the minimum floor over time.

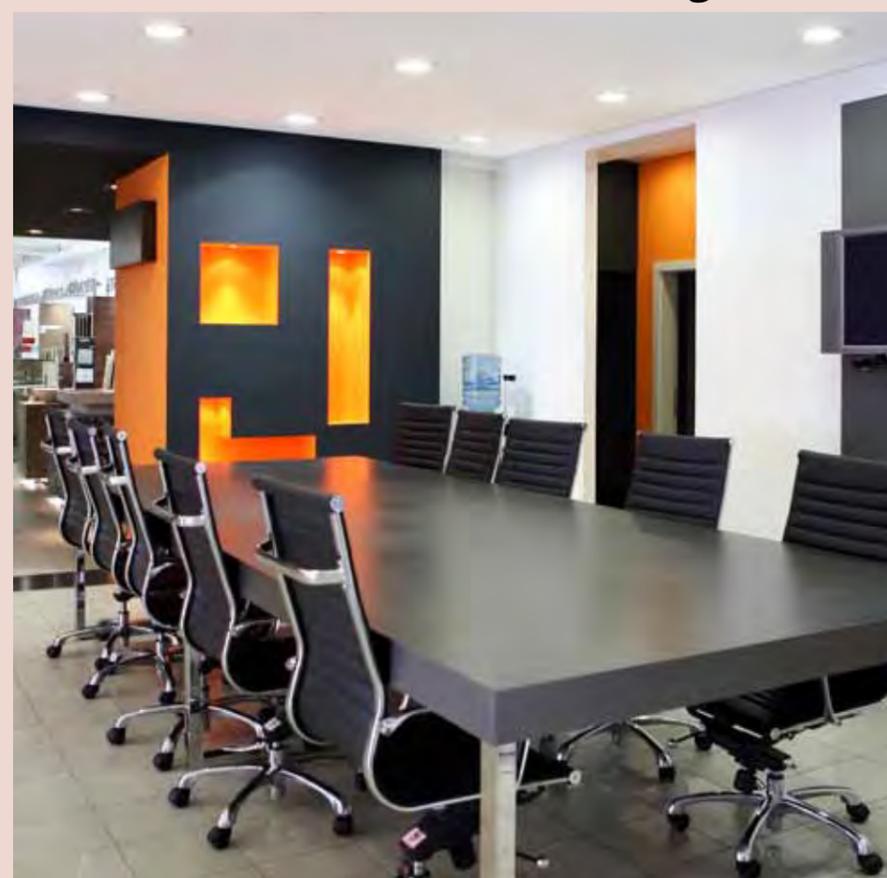
We trust that this process will encourage South Africans of all walks of life to have the boldness to embrace the aspirations that led to our transition, and to commit to ensuring that all, in national solidarity, can realize their essential rights to dignity and equality.

In this edition of SPII Talk, we include the first 'Talking Point' which sets out tricky issue around salaries in the social justice sector, which is based on a number of interviews that SPII conducted in the second half of 2012, and thereafter can be found the first of three papers that contain the findings of our Income and Expenditure survey undertaken in Evaton between 2011 and 2012.

*Finally, we use this opportunity to bid a sad farewell to Stephanie Brockerhoff who has been with us first as a senior researcher and then as a research manager since 2010. Thank you Stephanie for all that you did in terms of providing input and oversight of the research outputs, and in being a very supportive and fun colleague. We wish you well in your future endeavours.*



## Emerging Issues on the Social Justice Sector and Transformation Talking Point 1.



### Should Working For Civil Society Be A Charitable Vocation?

**W**hile salaries for entry level and support staff members in civil society organisations in general tend to be relatively higher than in the private sector, the more senior the post, the greater the discrepancies in pay levels between civil society and government and the private sector.

One of the critical questions that emerged from the recent interviews that SPII undertook with leaders of social justice organisations, was just that:

if you decide to work for a civil society organization, should it be assumed that you are prepared to work for a far lower salary than colleagues in government or in business?

A number of respondents indicated that this was a tough question to address. Some spoke of the 'growing professionalisation' within the sector which required an ability to analyse the national budget and the forecasts for the three year budgetary increases, as well as to understand the jurisprudential implications of constitutional court judgments on socio-economic rights and be able to present these to a parliamentary portfolio committee as well as to the National Planning Commission. Other respondents had similar experiences of having to draw on

multi-disciplinarian skill sets, including management skills and financial know-how.

And yet given the premium that is placed on tertiary education and applied experience in South Africa, how is the potential resultant wage differential dealt with by organisations within the sector? One respondent expressed deep frustration about this issue. On average, his staff with tertiary education worked for about two years, and then moved on to more lucrative positions. That turn-around time he reflected was not sufficient for them to command the tasks of proposal writing and reporting, or to get to grips with the more nuanced aspects of their advocacy work. The result, he said, was that he was constantly having to perform the work of at least two full time positions, which reduced his own capacity to see the wood from the trees, to think innovatively or to find the time for the strategic monitoring and evaluation that he felt was absent from his organization, and, in general, led to high levels of frustration.

Yet many donors are extremely sensitive about salary wage bills, and some apologetically say that they can fund activities, but no salary costs or administrative contributions. One respondent said that she has had conversations with a number of donors over the years who have been very clear about their expectation that those who wish to work in civil society should anticipate earning a lot less than other sectors and see the difference as being their 'volunteer' dividend.

In a country that is dominated by extremely high income inequalities and unemployment rates, this is a difficult question to answer, and ultimately will lie in the discretion of the board and the donors of social justice organisations.

#### What do you think?

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# A Study of Households Deficits in Evaton Township: Household Expenditure Survey

Protests in Zamdela Township, Sasolburg

The Studies in Poverty and Inequality Institute (SPII) recently concluded a household expenditure survey at Evaton Township of 142 households conducted over a period of 12 months. The survey was undertaken in partnership with Statistics South Africa. The timing of concluding the study could not have come at a better time.

**W**hile the National Planning Commission recently published the National Development Plan for South Africa, while the results of the 2011 Census were released to the public last year, the SPII household survey

data offers insights for policy makers to understand what is happening at the micro, household level, which is vital information in the construction of successful policies, and all too often, this level of data does not exist. The household expenditure survey examined peri-urban communities' livelihoods, coping mechanisms and access to basic services. The survey further provided

an exploration of how peri-urban communities survive on a daily basis, the food items they purchase, average household size, their sources of income, their consumption patterns, and asset accumulation.

With South Africa entering its 19th year as a democratic country, various studies have highlighted continuing challenges faced by government in addressing a number of structural challenges that still confront previously disadvantaged communities. Evaton Township is one such community. One of the oldest townships in South Africa, established in 1904 as a settlement for gold mine workers in the Reef, Evaton is still marred by challenges development, high youth unemployment, limited access to basic services and crumbling infrastructure.



Scrap metal collector in Evaton Central

**However, the challenge with grants is that they are so spread out across the household that the real value of the grant gets diluted, especially in larger households where all the household members are dependent on one grant. Nevertheless, grants have been proven to provide a cushion against the increasing cost of living, and have been instrumental in preventing beneficiaries from sinking into deeper poverty**

This analysis will be the first of a series of modules<sup>2</sup> and focus groups analyses, which will be published in the three upcoming editions of SPII Talk. Module one (from which this analysis is taken) focused on household demographics and composition, income sources (including types of grants received by households), access to educational services, access to and cost of accessing low-cost housing, access to and cost of water and electricity, and access to and cost of healthcare facilities.

## Household Demographics and Composition

The 2010/11 National Income and Expenditure survey results released by Statistics South Africa indicated that 6 out of every 10 households in the country are male-headed. This is

consistent with the findings in the SPII household expenditure survey that demonstrates that 61.27% of the surveyed households were headed by males.

In terms of the average household size, it was found that the average household size in Evaton was 3.5 members per household, which was also consistent with the results of the 2010/11 Income and Expenditure survey, which indicated that an average household size in South Africa was 3.85.

The 2010/2011 IES demonstrates that black households had the second highest average household size of 3.98, compared to other racial groups (whites 2.86, Indian/Asians 3.76, and coloureds had the largest average household size at 4.06 members). In terms of the trends in average household size

and projections made by the National Planning Commission<sup>3</sup>, stabilising HIV/AIDS<sup>4</sup> infections and effective treatment has contributed to the increase in life expectancy and low-fertility rates.

### Household Income and Income Sources

Based on the findings from the StatsSA 2010/2011 Income and Expenditure Survey, 48.7% of black households fell in the bottom two income quintiles<sup>5</sup>. According to the findings, expenditure for 1 out of every 2 blacks in South African is less than R10 010 per annum. Only 8.8% of black South African households fell in the upper quintile (who spend more than R 44 949 per member per annum). In comparison, 49.4% of Asians/Indians fell in the upper quintile, whilst 83.5% of white families fell in the upper quintile. Findings from the Evaton household expenditure survey indicate that the bottom 40% of households earned on average R1, 323 per annum, whilst the middle 40% earned R7, 644.84 per annum and the top 20% had an average household income of R40, 412.44 per annum.

It is quite clear from these findings that there is a huge gap between the different income thresholds. The majority of South African households rely on wages and salaries as their main sources of income. However, there is also a large percentage of households that rely solely on social grants as their primary source of income. Findings from the Evaton household expenditure survey demonstrate that 47% of households indicated that their main income source was salaries and wages, and 36% of households indicated that they relied on social grants as their main income source and only 10% of the households said that they relied on profit from their small businesses as their only source of income.



Shack in Evaton Small Farms

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In terms of the breakdown of social grants received by households in SPII's Evaton survey, 55% of grant receiving families received a child support grant, 26% accessed an old age grant, 16% a disability grant and only 3% receive a foster care grant. Evidence has shown that social grants are not only used

for consumption purposes, but that they are also invested in a range of livelihood activities. One such activity involves recipients using the grant to engage in varying forms of informal trading to multiply the value of the grant thereby generating income as well as raising consumption directly.

the needs of the household. Therefore, many households turn to other forms of informal savings mechanisms, called stokvels and burial societies to supplement the grant income<sup>6</sup>. These informal savings are largely established in poor communities or in peri-urban communities' where households do not have access to formal savings institutions (banks and insurance companies). Furthermore, high interest rates charged by formal institutions make it difficult for poorer households to access credit. It is estimated that the contributions made to stokvels are valued at over R44 billion per annum, comprising 11.4 million members in all provinces, of which 67% are women<sup>7</sup>. What was quite significant from the Evaton household survey is that very few households belonged to a stokvel (14.08%) compared to the number of households that belonged to a burial society (40.85%).

Some of the reasons given by respondents in Evaton for not participating in stokvels are mentioned below (verbatim):

#### 1st Respondent:

"We do not encourage our wives to join Stokvels because in the past we would be contributing our monthly earnings to the stokvel with the expectation that at the end of the year we would either receive grocery bought by the stokvel or cash our savings from the stokvel, however, some stokvel members would be borrowing each other cash from the stokvel without consulting with other members and not paying back the money they borrowed. We would then end up not receiving anything from the savings and so I think it's pointless to join a stokvel and there's so much corruption involved."

Furthermore, grant recipients use the money partly to pay for some of the costs associated with looking for a job, i.e. transport, childcare etc. However, the challenge with grants is that they are so spread out across the household that the real value of the grant gets diluted, especially in larger households where all the household members are dependent on one grant. Nevertheless, grants have been proven to provide a cushion against the increasing cost of living, and have been instrumental in preventing beneficiaries from sinking into deeper poverty.

#### Saving Mechanisms: Stokvels and Burial Societies

In most instances current income sources are not sufficient to meet all

#### 2nd Respondent:

"Burial societies are much better though compared to Stokvels because at least there, there is order and less corruption. Burial societies are helpful when a family member who was a member of the burial society passes away as they help with providing a tent, a bus, coffin and catering for the deceased family and so I think they are better to put money there than in Stokvels."

Formal institutions such as banks and insurance companies have started to establish low account products with low bank fees and interest rates for stokvels and burial societies. They also encourage established stokvels and burial societies to use these bank accounts as opposed to depositing contributions into a chosen member's individual account as the former is perceived to be a much more safer and viable option. A number of authorised signatories are then given access the savings. According to a report by African Response (May 2012), reveals that Nedbank has the highest number stokvel accounts 22.0%, followed by ABSA 13.0%, FNB 12.0%, Standard Bank 11.0% and Post Bank 11.0%. There is a need for formal banking institutions to educate communities and provide incentives to encourage stokvels and burial societies in saving their monies through banks, rather than in someone's house which leads to misuse of savings or theft.

#### Access to Education and Health Facilities

The post 1994 government passed a number of laws to help transform the South African educational landscape from the apartheid education system to a more inclusive and

equitable system. Key amongst these transformative frameworks was the South African Schools Act of 1996. Based on the 2011 General Household Survey (GHS)<sup>8</sup>, 35% of South African children between the ages of 0-4 years old attended an Early Childhood Development Centre in 2011. Based on the same findings 35.9% of children 5 years and older attended an educational institution. Furthermore, the number of children who attend no-fee schools increased from 0.7% in 2002 of public school attendees to 55.6% in 2011.

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**Nationally, almost two-thirds of learners between the ages of 7 and 24 who drop out of school before completing matric cited lack of funds as the main reason for not attending school**  
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Findings from the SPII household expenditure survey of Evaton Township show that the percentage of learners enrolled in private primary and secondary was only 0.21% and 0.41% respectively. It was found that 93.33% of the school-going children in public primary and public secondary schools attended a no-fee school. The percentage of learners benefiting from the school feeding scheme was higher in primary schools (93.55%) than in secondary schools (83.67%) and pre-schools (21.05%).

Findings from the 2011 GHS indicate that there is an increasing number of learners who drop out mid-way through their secondary schooling primarily because of lack of funds for attending an educational institution. Nationally, almost two-thirds of learners between the ages of 7 and 24 who drop out of school before completing matric cited lack of funds as the main reason for not attending school. In Evaton however, the majority learners do in

fact complete primary and secondary schooling, the challenge comes post-secondary schooling as most households do not have the required funds or alternative opportunities to pay for tertiary education.

### Access to Healthcare Facilities

According to the 2011 GHS, 24.3% of respondents would prefer to first consult with a private doctor before going to a public clinic or hospital. From Evaton case studies drawn from the SPII household expenditure survey, people preferred accessing either a community clinic or public hospital outside of Evaton Township, even though that increased their access costs. Amongst the main reasons cited were lack of medication and the long queues at local and mobile clinics. Respondents stated that they would prefer going to Chris Hani Baragwanath Hospital in Soweto, provided they had enough funds to use public transport to travel to Soweto.

There is therefore a need to improve the quality of healthcare in the community and other peri-urban communities experiencing similar challenges to Evaton Township. The accessibility of mobile clinics (which are currently only available once a week in Evaton West) should be expanded so that they are available more than twice a week and open during hours that would enable employed people to access the clinics after working hours.

### Employment Opportunities

Historically, Evaton residents used to depend on the nearby gold mines in Fochville, Westonaria, Carletonville, and formerly state owned ISCOR in Vanderbijlpark. However, with the closure of these mines and a number of retrenchments that took place in the mining sector in the late 1990s together with the privatisation of ISCOR, a majority of the working age population depends now work in factories in Johannesburg or have part-time jobs in Johannesburg.



Youth gambling in Evaton Central

### As one respondent from the Evaton survey pointed out:

“I have four children and do not have any access to a grant, I travel between Evaton and Sandton every morning to do jobs such as painting and I get paid between R50.00-R100.00 per day. I spend R20.00 to travel to Johannesburg and have to catch a taxi to Sandton which costs R9.00<sup>10</sup> one way. Still when I come back from Sandton I have to purchase few necessities that we are short off in the household.”



Low-Cost House in Evaton West

### Recommendations and Conclusion

With the national government having made progress in providing for provision and access to basic services, the SPII household survey demonstrates that there are still more studies needed to understand household dynamics from the currently conducted surveys by the national government (Statistics South Africa). There is therefore a need to further investigate studies such as the Income and Expenditure survey to provide household analysis to include amongst others, coping mechanisms and daily survival schemes adopted by households. This will further enhance policy priorities and policy decisions based on bottom-up approach in developing national policies.

- Evidence also demonstrates that there is a need to increase the formalisation of access to financial services and to provide incentives (such as low-interest products) to informal savings mechanisms which will lead to a multiplier effect in encouraging low income communities to increase their savings and generate investment in these saving mechanisms.
- Furthermore, the evidence from the SPII household survey also demonstrates that development finance institutions should provide support and market incentives for informal small medium enterprises to survive beyond being survivalist to being more sustainable business that could generate profits and become more sustainable.
- Spatial development of low cost houses, as demonstrated in this

survey, has a direct impact in disadvantaging job-seekers and those employed in economic hubs as they spend more travelling between to and from work on a daily basis, thereby taking away much needed income which could be used for other purposes in the household. **S**

<sup>2</sup> The household expenditure survey questionnaire was divided into four modules; Module 1: household composition and particulars (household demographics, income sources, types of grants received by households, access to stokvels and burial societies, types of grants received by households, access to and expenditure on health and access to employment opportunities), Module 2: Information regarding dwelling services (access to low-cost housing and expenditure on housing services, condition and state of walls and roofs, access to water, electricity and sanitation), Area of purchase of goods for households (expenditure on food items and other household essentials)

<sup>3</sup> National Planning Commission. 2012. National Development Plan of 2030. Available Online at: [www.npc.gov.za](http://www.npc.gov.za)

<sup>4</sup> HIV/AIDS infection rates: the increase in the number of HIV infected individuals taking anti-retroviral has led to a 6 year increase in life expectancy since 2005, from 54 years in 2005 to 60 in 2011.

<sup>5</sup> Ibid.

<sup>6</sup> Stokvels are a form of group savings providing mutual and financial well-being as well as social and entertainment needs

<sup>7</sup> This is according to work done by BSK Marketing on stokvels in South Africa. The document is available Online at: [http://www.uj.ac.za/EN/Facilities/management/departments/CSBD/Documents/Stokvel%20Workshop%20-%20July%202012%20\(3\).pdf](http://www.uj.ac.za/EN/Facilities/management/departments/CSBD/Documents/Stokvel%20Workshop%20-%20July%202012%20(3).pdf)

<sup>8</sup> Statistics South Africa. 2011. General Household Survey 2011. Available Online at: <http://www.statssa.gov.za/Publications/P0318/P0318April2012.pdf>

<sup>9</sup> Chris Hani Baragwanath Hospital is approximately 40 kms north of Evaton and a taxi fare is R20.00 per trip one way.

<sup>10</sup> This amount was cited before the June 2012 increase in taxi fares, nationally.



# SPII

# Matters

## FORTHCOMING EVENTS

Please contact Fortunate Mabuza at SPII should you wish to have any information about any of the following announcements.

- ▶ **12 March 2013:** A Developmental State to Address the Injustice if Inequality. Seminar jointly hosted with OXFAM GB. 12 March 2013, Senate Room, 2nd Floor Senate House, Wits University.

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- ▶ **April 2013.** Launch of South African Social Security Policy: A critical review. Working Paper Five, SPII.

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- ▶ **April 2013.** High Level Dissemination Workshop with the South African Human Rights Commission: Indicators for Measuring the Progressive Realisation of Socio-Economic Rights. Social Security and Health Care. Johannesburg.

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- ▶ **April 2013.** Towards a SADC BIG. Regional Conference co-hosted with KASA, Johannesburg.

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*Building up knowledge to break down Poverty*