



*Building up knowledge
to break down Poverty*



Decent Standard of Living Index (DSLII) Project Meeting

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Cape Town

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Overview

- What is a Decent Standard of Living (DSL) threshold?
- How might a DSL measure be useful?
- How will the DSL and Decent Standard of Living Index (DSLII) be constructed?
- How could the DSL be updated?



What is a DSL threshold?

- First attempt in South Africa to quantify in monetary terms the resources required for a socially derived decent standard of living using the SPN approach
- Moves beyond a focus on resources needed for food (R531 per person per month in 2017 prices)
- Also moves beyond the lower bound and upper bound poverty lines (R758 and R1138 respectively per person per month in 2017 prices) (Stats SA, 2017: 8)
- The DSL would be expressed as RX per person per month



How might a DSL measure be useful?

- As an estimate of resources required for a socially derived decent standard of living it could be used as a benchmark (among others) for assessing adequacy of wages and social security levels
- A lens for scrutinising public and private provisioning
- A lens for scrutinising individual/family/household/area level provisioning
- An estimate that can be refined over time



How will the DSL and DSLI be constructed? 1/15

Summary

- Determine what comprises a decent standard of living
- Cost evaluation of a decent standard of living
 - Analysis of the relationship between possession of a decent standard of living (determined by possession of SPNs) and income, to determine DSL thresholds
 - Analysis of expenditure patterns of those at or around the DSL thresholds
- Reflect the expenditure analysis as an index: Developing the DSLI
- Social dialogues about the DSL and DSLI

How will the DSL and DSLI be constructed? 2/15

Determine what comprises a DSL

- Data sources:
 - The 48 IPSE focus groups about an acceptable standard of living
 - The 2006 South African Social Attitudes Survey to determine which items are socially perceived necessities (piloted in 2005)
 - The 2014/15 Living Conditions Survey to measure possession and lack of the SPNs



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How will the DSL and DSLI be constructed? 3/15

Determine what comprises a DSL

- The SASAS 2006 module attempted to represent the breadth of issues raised in focus groups and a range of probable 'basics' through to probable 'luxuries'.
- The module did not attempt to address issues of quantity and quality and made no assumption about the *provider* of the necessities
- The module had 50 definitional questions: 33 about possessions, 4 about activities, 8 about the neighbourhood, and 5 about relationships with friends and family.



How will the DSL and DSLI be constructed? 4/15

Determine what comprises a DSL

- In the SASAS 2006 module, 36 of the 50 items were defined as essential by more than half the population
- For the 36 items that were defined as essential by 50% or more of the population, the scale reliability coefficient (alpha) was calculated to be 0.9201
- The percentage of the population defining each of the 49 common items as essential in 2005 and 2006 correlated 0.96 (Spearman's rho)

How will the DSL and DSLI be constructed? 5/15

Determine what comprises a DSL

- Following discussions the following modifications have been made
 - In kind Income has been removed from Income Definition
 - Cases where all SPN *specific* questions were missing have been removed
 - Two new Scenarios are presented
 1. Where total Adult SPNS excludes Employment and Prescribed Medicines (30 SPNs)
 2. As 1 but where 66.66% is used as threshold for the SPNs (21 SPNs)

	% of All saying essential
Mains electricity in the house	92
Someone to look after you if you are very ill	91
A house that is strong enough to stand up to the weather e.g. rain, winds etc.	90
Clothing sufficient to keep you warm and dry	89
A place of worship (church/mosque/synagogue) in the local area	87
A fridge	86
Street lighting	85
Ability to pay or contribute to funerals/funeral insurance/burial society	82
Separate bedrooms for adults and children	82
Having an adult from the household at home at all times when children under ten from the household are at home	81
Having police on the streets in the local area	80
Tarred roads close to the house	80
Paid employment for people of working age	79
For parents or other carers to be able to buy complete school uniform for children without hardship	79
A flush toilet in the house	78
People who are sick are able to afford all medicines prescribed by their doctor	77
Someone to talk to if you are feeling upset or depressed	76



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How will the DSL and DSLI be constructed? 7/15

Determine what comprises a DSL

A striking level of agreement between groups
e.g. % defining each of the 50 items as
essential correlate highly:

- Women & men: 0.98
- Aged 16-24 & aged 25+: 0.97
- Aged 65+ & aged under 65: 0.95
- Equiv. hh income (R847 pcm): 0.92
- Urban & rural: 0.90



How will the DSL and DSLI be constructed? 8/15

Determine what comprises a DSL

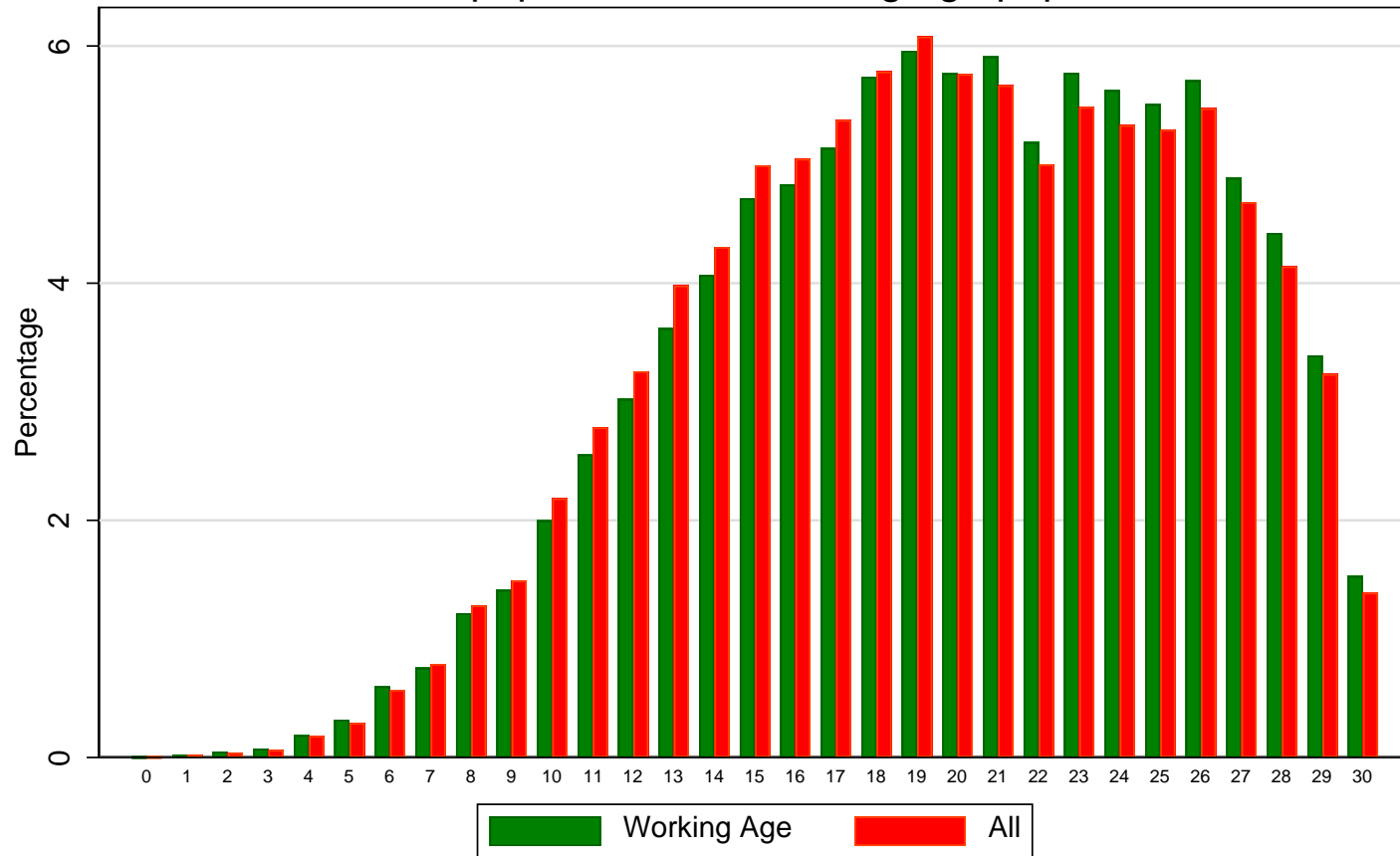
Patterns of possession of the SPNs (SASAS 2006)

	All	Black African	Coloured	Indian/Asian	White
Average number of items defined as necessities (from list of 50 items)	32	31	30	33	34
Average number of socially perceived necessities possessed (from list of 36 items)	22	19	26	31	32

How will the DSL and DSLI be constructed? 9/15

Patterns of possession of SPNs (LCS 2014/15) (30)

Figure 1: Percentage possessing 0, 1, 2, 3.... to 30 SPNs for total population and working age population

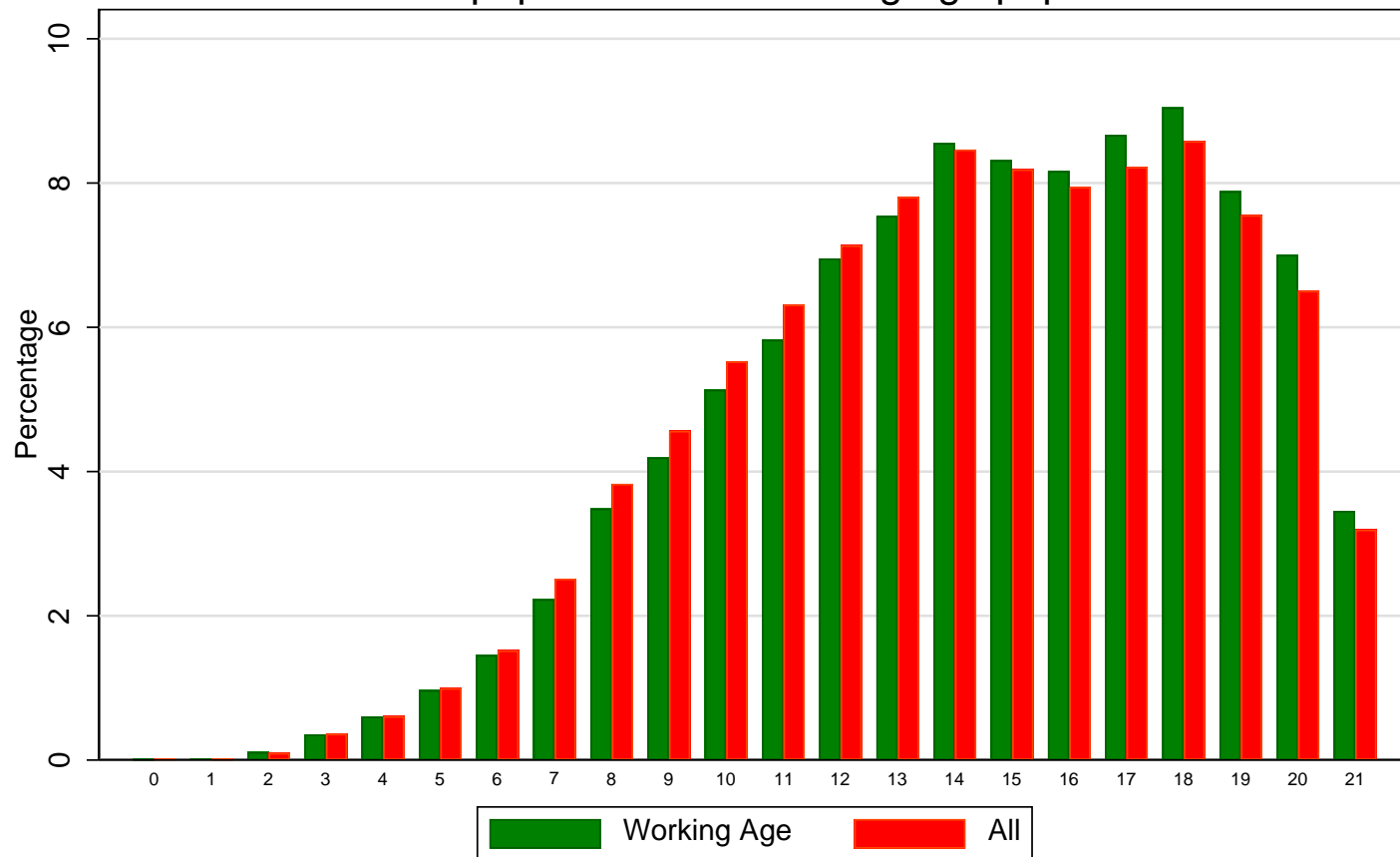


Source: LCS 2014/15

How will the DSL and DSLI be constructed? 10/15

Patterns of possession of SPNs (LCS 2014/15) (21)

Figure 1: Percentage possessing 0, 1, 2, 3.... to 21 SPNs for total population and working age population

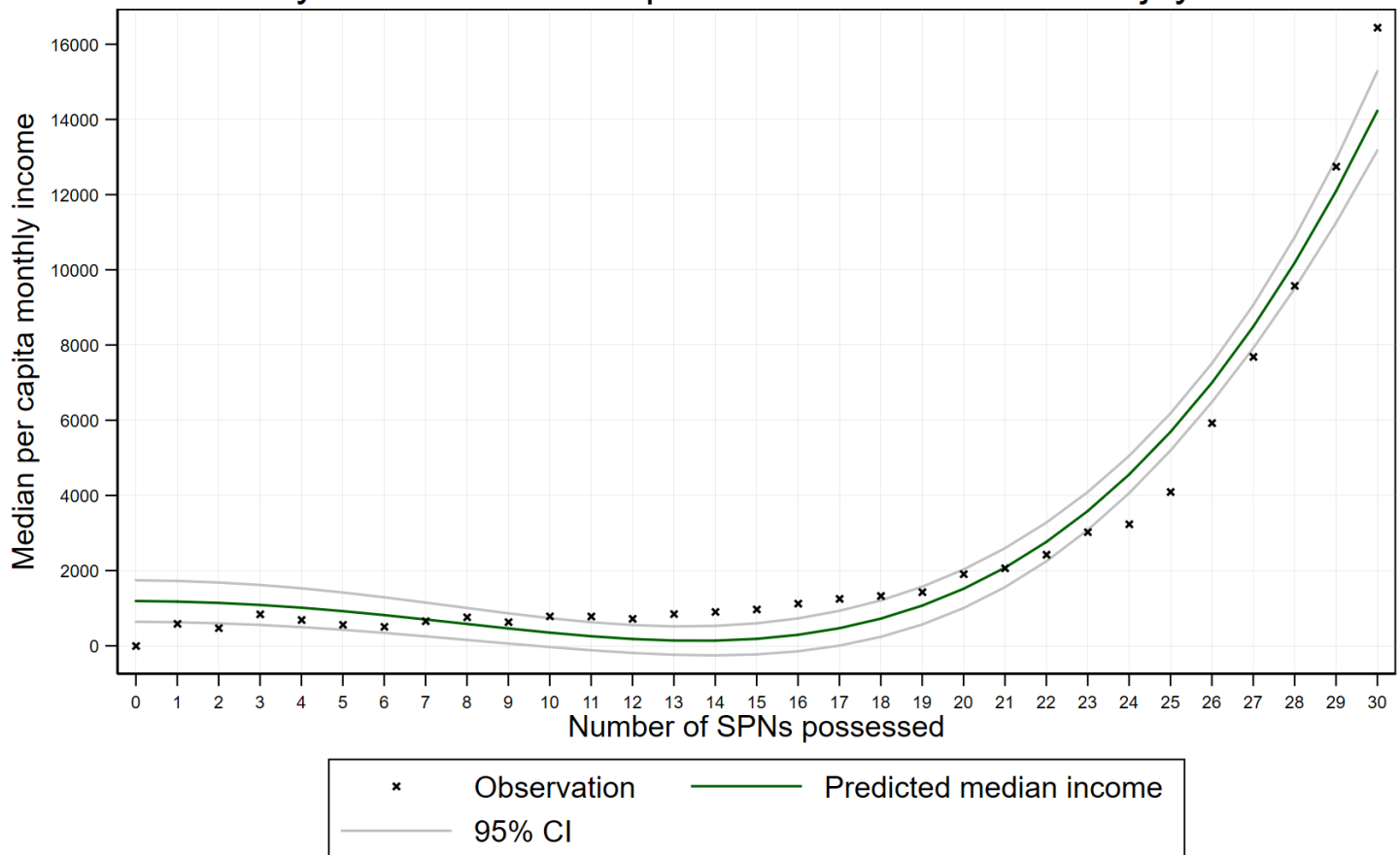


Source: LCS 2014/15

How will the DSL and DSLI be constructed? 11/15

Analyse relationship between possession of SPNs and income and select thresholds of adequacy (the DSL measure) (30)

Figure 2: Median monthly per capita income by number of SPNs possessed or otherwise enjoyed

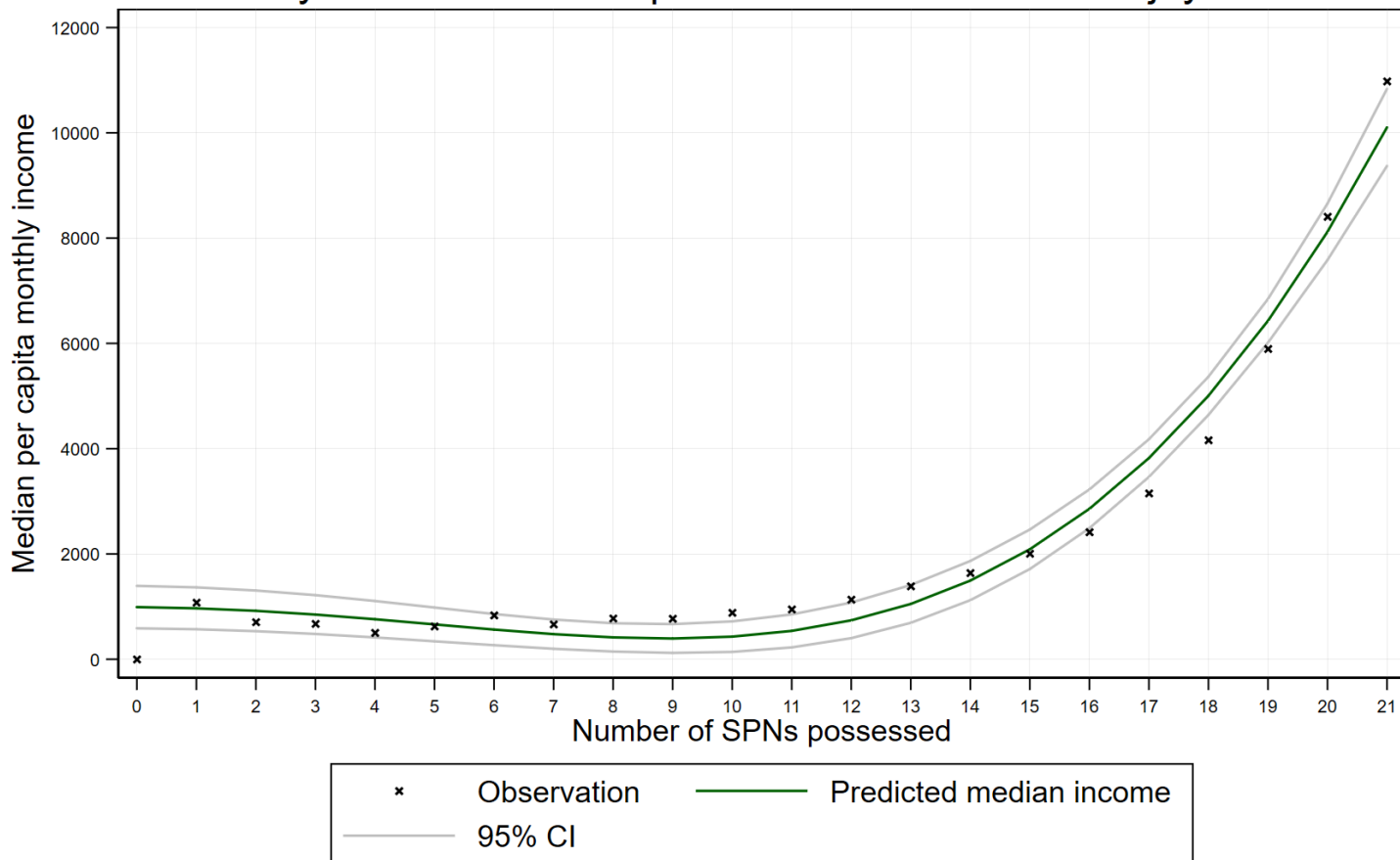


Source : LCS 2014 / 15 with incomes adjusted to April 2018

How will the DSL and DSLI be constructed? 12/15

Analyse relationship between possession of SPNs and income and select thresholds of adequacy (the DSL measure) (21)

Figure 2: Median monthly per capita income by number of SPNs possessed or otherwise enjoyed



How will the DSL and DSLI be constructed? 13/15

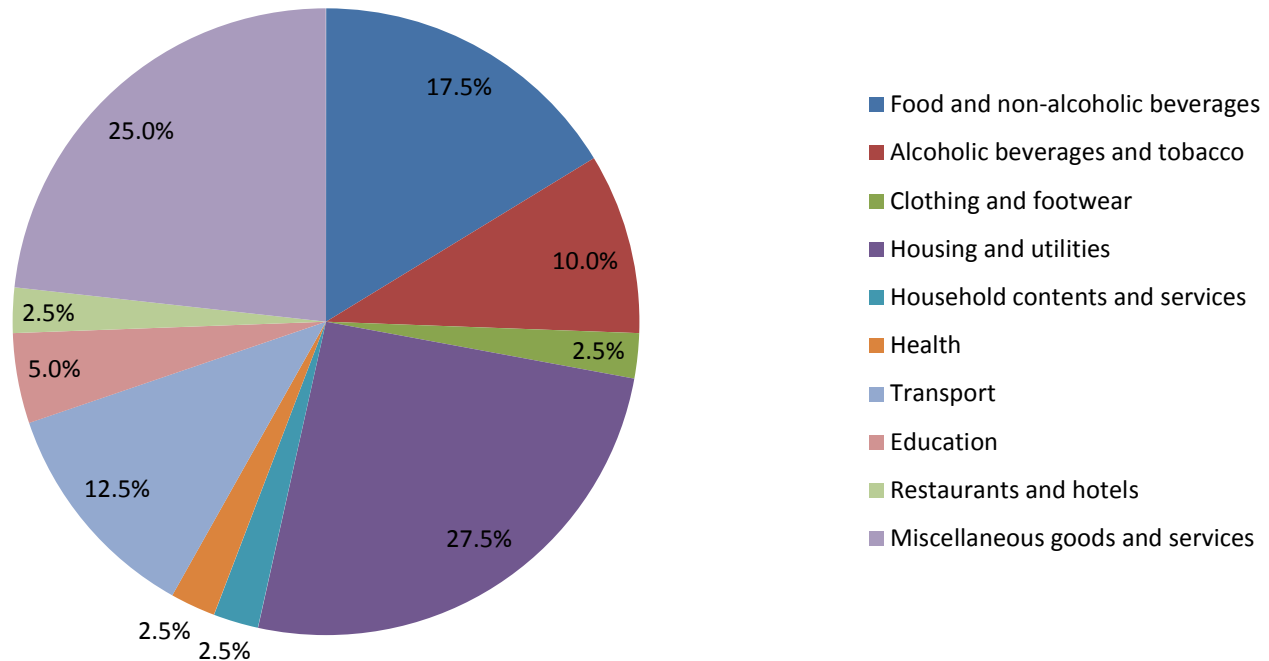
Analyse relationship between possession of SPNs and expenditure

- Analysis of expenditure patterns at different thresholds of adequacy will generate a set (or sets) of expenditure proportions, by expenditure category
- These proportions can be used in combination with StatsSA CPI component information to generate a CPI-style index for the DSL
- i.e. a DSLI



Context: Chart shows contributions to Feb 2018 CPI by expenditure category

Objective: Produce an equivalent profile for those at or around the DSL threshold(s) and inflate the components using the DSLI



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How will the DSL and DSLI be constructed? 15/15

Update the DSLI each year

- The **DSLI** could be updated each year using the relevant CPI component data.
- This will enable the DSL to be adjusted on an annual basis.



How often would the DSL need to be updated?

- Periodically the **DSL** could be *updated* using new survey data:
 - Refresh the socially perceived necessities (new module in SASAS, preceded by reality check focus groups)
 - Measure possession of the refreshed set of SPNs (LCS)
- Update the analysis of relationship between possession of SPNs, income and expenditure to generate a refreshed DSL
- Would only need to be undertaken every 5 or 10 years as the DSL can be updated for interim years using the DSLI.



Thank You



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