Chapter 3

Is South Africa winning the war on poverty and inequality? What do the available statistics tell us?

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Abstract

The chapter examines three primary dimensions of social inequality in South Africa, namely, income inequality, poverty and human development, and access to services. We seek to ascertain whether the implementation of a diverse set of policy initiatives since the end of apartheid in 1994 has reduced social inequality. Data from a range of sources (from the objective to the subjective) are used for this analysis. Although many of these programmes have had a positive impact, the data clearly reveal that there remains considerable room for improvement, especially in the areas of job creation, poverty reduction and inequality. The chapter also points out some of the problems with existing measures of social inequality. A more holistic perspective with a stronger focus on subjective multi-dimensional indicators is needed to facilitate a deeper understanding of inequality in South Africa.

1 Introduction

The concept of social inequality consists of several closely-interrelated dimensions. In the South African context, three primary dimensions stand out, namely, income inequality, poverty and human development, and access to services. Twenty-three years (as at the end of 2017) after the political transition from apartheid and the implementation of diverse policy initiatives, social inequality continues to be a key challenge in South Africa.

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1.1 Income inequality in South Africa

The World Bank's Gini Index data ranks South Africa as the most unequal country in the world. South Africa's Gini Index increased from 0,64 in 1995 to 0,66 in 2005 and declined slightly to 0,62 in 2014.[1,2] Table 1 shows South Africa's ranking among its BRICS counterparts. The countries are ranked in ascending order, with countries at the top having the highest levels of income inequality.

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

BRICS Country	Gini Index	Global Rank	Reporting Year
South Africa	0,63	1	2014
Brazil	0,53	9	2017
China	0,39	70	2015
Russia	0,38	79	2015
India	0,36	98	2011

Source: World Bank[3]

Among the BRICS countries, South Africa has the highest income inequality index, while Brazil is second with a Gini Index of 0,53 and a global rank of 9. China, Russia and India follow far behind, although the latest data available for India was in 2011. In the Southern African Development Community (SADC) region, South Africa is closely followed by Namibia and Lesotho, which have Gini Indices of 0,59 and 0,54 respectively. According to available data from the World Bank, six of the ten most unequal countries in the world are in Africa. Considering the prolonged efforts to bring greater social equality to the region by governments and civil society, this fact should be of concern to us.

1 The Gini Coefficient (also Gini Index or Ratio) is a prominent measure of income inequality. It leverages a scale of 0 to 1 to derive the deviation from perfect income equality. A Gini Index of 0 implies perfect equality where there are no differences in household or individual incomes, while an index of 1 implies complete income disparity. In practice, the Gini Coefficient is likely to lie between 0,25 and 0,70. The World Bank is the main organisation that provides the Gini Index for a number of countries across the globe although it is indicated that there is some missing data as inequality measures are only available for 130 countries (World Bank 2014).

2 World Bank 'World Development Indicators – Gini Index' (2019), http://data.worldbank.org/indicator/SI.POV.GINI (accessed 10 June 2019).

3 As above.

Table 2: Income inequality (Gini Coefficient) ranking of SADC countries

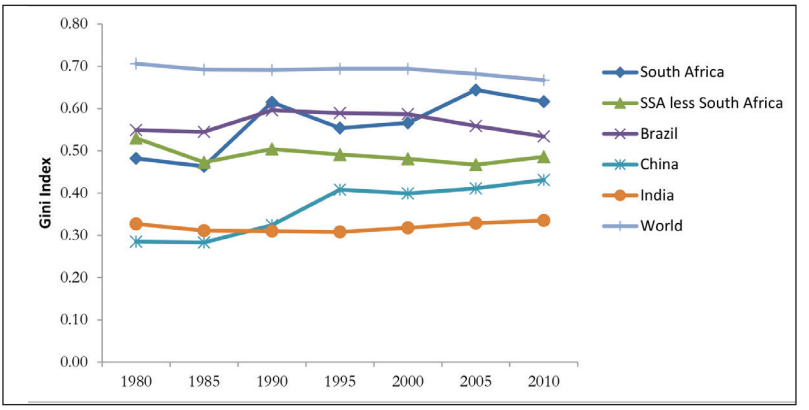
SADC Country	Gini Index	Rank	Reporting Year
Angola	0,43	45	2008
Botswana	0,53	10	2015
Comoros	0,45	31	2013
Congo, Dem. Rep.	0,42	47	2012
Eswatini	0,52	11	2009
Lesotho	0,54	6	2010
Madagascar	0,43	46	2012
Malawi	0,45	32	2016
Mauritius	0,36	97	2012
Mozambique	0,54	7	2014
Namibia	0,59	2	2015
Seychelles	0,47	24	2013
South Africa	0,63	1	2014
Tanzania	0,38	78	2011
Zambia	0,57	4	2015
Zimbabwe	0,43	41	2011

Source: World Bank[4]

Figure 1 details trends in the Gini Index for BRICS countries, sub-Saharan Africa and the world from 1980 to 2010. The index for South Africa shows the greatest variability over the period. South Africa's Gini Index peaks sharply from 1985 towards 1990, a period that saw an intensification of the struggle for independence marked by labour boycotts, mass action, international sanctions and a major disruption of economic activity. It then declines from 1990 towards 1995 as South Africa neared the end of the apartheid regime, and the country began to remove institutional barriers to employment, income and access to formal financial services for the previously-excluded majority.[5] While income inequality remained even in the other countries and regions from 1995 to 2005, the index for South Africa increased from 0,64 in 1995 to 0,69 in 2000. This was due to increases in income inequality in all racial groups between 1995 and 2005, with the largest increase recorded in the 'coloured' group, followed by the Asian group.[6]

4 As above.
5 MM Smal & S de Jager 'The monetary transmission mechanism in South Africa' (2001) *South African Reserve Bank Working Paper* WP/2001/16.
6 H Bhorat, S Goga & C van der Westhuizen 'Growth, poverty and inequality in the

Figure 1: Gini Index of selected countries and regions from 1980-2010



Source: Constructed from Edward and Sumner, 2013, Annex table A1, 417

Income inequality declined steadily in South Africa from 2005 to 2010 in line with similar declines in world inequality and inequality in Brazil, but contrary to slightly upwards trends in China, India and sub-Saharan Africa (excluding South Africa). It is argued that the decline in income inequality from 2005 towards 2010 was due to the cumulative impact of several government interventions implemented over time to bridge the gap between the rich and the poor in South Africa.

1.1.1 Drivers of income inequality in South Africa

Income inequality in South Africa is driven by several factors. These include race, gender, access to job opportunities, and geographical location in the country.

Racial disparities in income persist. In 2008, Africans who accounted for 79 per cent of the population captured 44 per cent of income and 41 per cent of total expenditure. In comparison, whites who accounted for 9,2 per cent of the population captured 40,3 per cent of income and 40,9 per cent of total expenditure.[8] Deconstructing income deciles by race shows that Africans are spread evenly across the lower income deciles, while the other racial groups are concentrated around the upper income

post-apartheid South Africa: Exploring the interactions' unpublished paper prepared for the SANPAD Conference, The Poverty Challenge 2007, 26-29 June 2007, Elangeni Hotel, Durban, South Africa.

7 P Edward & A Sumner 'The geography of inequality: Where and how much has income distribution changed since 1990?' (2013) *Centre for Global Development Working Paper* 341.

8 S Sharma 'Rising inequality in South Africa: Drivers, trends and policy responses' Consultancy Africa Intelligence (2010), https://www.consultancyafrica.com (accessed 13 April 2017).

deciles. Approximately 60 per cent of Asians/Indians and 25 per cent of coloured people are in the top two income deciles, whereas the share of the white population in the top two income deciles is over 80 per cent. By 2010, the top decile of the population accounted for 58 per cent of the country's income, while the bottom decile accounted for only 0,5 per cent and the bottom half for less than 8 per cent of the country's income.[9] Table 3 shows shifts in income inequality by race from 1995 to 2017. Africans have the highest Gini Index, followed by the coloured, Asian and white groups, in that order. Additional studies using the Theil Index[10] confirm that inequality between different races, as opposed to 'within races', has been the main driver of income inequality in South Africa since 1995.[11]

Table 3: Shifts in inequality by race: Gini Coefficients for 1995-2013

Category	**1995**	**2005**	**2017**
African	0,55	0,61	0,59
Coloured	0,49	0,56	0,55
Asian	0,45	0,53	0,49
White	0,39	0,47	0,44
Total	0,64	0,66	0,63

Source: Statistics South Africa (1995 and 2005);[12] Global Insight (2018)[13]

This finding is contested by Hoogeveen and Ozler,[14] Bhorat, Leibbrandt and Woolard,[15] using census data of 1996/2001 and Statistics South Africa's Income and Expenditure Survey data for 1995/2000. They found that increasing intragroup inequality within the African group, as opposed to the coloured and Asian groups, was the main driver of inequality in South Africa. By 2005, inequality between races and within races constituted equal drivers of income inequality in South Africa.

Disparities in employment by race, gender and province. Unemployment

9 Smal and De Jager (n 5).
10 The Theil Index is an alternative measure of inequality that enables one to measure the contribution of 'within group' (intra-group) inequality on one hand and 'between group' (inter-group) inequality on the other hand to overall inequality.
11 H Bhorat et al 'Understanding contemporary household inequality in South Africa' in H Bhorat et al (eds) Fighting poverty: Labour markets and inequality in South Africa (2005).
12 Statistics South Africa Income and Expenditure Survey (1995, 2005) South Africa, http://www. www.statssa.gov.za (accessed 15 March 2017).
13 IHS Global Insight Southern Africa database, http://www.ihsglobalinsight.co.za/ (accessed 10 June 2018).
14 J Hoogeveen & B Özler 'Not separate, not equal: Poverty and inequality in post-apartheid South Africa' in H Bhorat & R Kanbur (eds) *Poverty and policy in post-apartheid South Africa* (2006) 487.
15 Bhorat et al (n 11).

in South Africa (by the narrow measure) has for a considerable period constantly hovered around 24 to 25 per cent. Table 4[16] depicts trends in unemployment by race and gender from 1996 to 2017. Twenty-three years after democracy, the unemployment rate is above 1996 levels. In 2017, more males were unemployed than in 1996 across all population groups, with the coloured population group experiencing the worst increase in unemployment. Unemployment among the coloured male population group increased by 9 per cent from 1996 to 2017, followed by the African male group (8 per cent), the white male group (3 per cent), and the Asian male group (0 per cent). In contrast, there has been no growth in unemployment among African and Asian female groups, respectively, between 1996 and 2017. The white and coloured groups have seen increases in female unemployment of 2 and 4 per cent respectively. These gender disparities in employment in different population groups drive disparities in household income due to the high positive correlation between household income and wage income. In addition, some households are headed by males and others by females across all the population groups, especially due to the migrant nature of South Africa's employment opportunities. In 2011, female-headed households earned less than 50 per cent of income earned by households headed by males.[17]

Besides racial underpinnings, sources of household income and labour market trends are also major drivers of income inequality in South Africa. Recent research disaggregates household income into four categories: wage income (including self-employment); capital income (dividends, interest, rental income and private pensions); social grants; and remittances. Wage income makes up 70 per cent of total income in South Africa for the higher income deciles, while government grants play a key role for the lower income deciles. Wage income also accounts for 85 per cent of social inequality in South Africa due to the high positive correlation (0,9) between wage income and household income. Capital income accrues only to the top income deciles, while private transfers have largely been crowded out by public transfers.[18] Disparities in employment also emerge across provinces. In the Western Cape where the majority of the coloured population group resides, the unemployment rate in 2017 was almost twice that of the 1996 level.

16 IHS Global Insight (n 13).
17 As above.
18 Smal & De Jager (n 5).

Table 4: Unemployment rate by race and gender in SA (1996-2017)

Gender/Population Group (per cent)		**1996**	**2006**	**2017**
African	Male	21%	26%	29%
	Female	33%	36%	33%
	Total	26%	31%	31%
White	Male	3%	4%	6%
	Female	5%	5%	7%
	Total	4%	5%	7%
Coloured	Male	14%	18%	23%
	Female	19%	22%	23%
	Total	16%	20%	23%
Asian	Male	10%	11%	10%
	Female	15%	16%	15%
	Total	12%	13%	12%
Total	**Male**	**17%**	**22%**	**25%**
	Female	**26%**	**31%**	**29%**
	Total	**21%**	**26%**	**27%**

Source: IHS Global Insight Southern Africa[19]

With the exception of Limpopo, which experienced approximately a 6% decline in unemployment between 1996 and 2017, the rate of unemployment in all the remaining provinces in 2017 was above 1996 levels.

Table 5: Percentage Unemployment Rate across provinces (1996-2013)

Province	**1996**	**2006**	**2017**
Western Cape	11%	17%	21%
Eastern Cape	28%	28%	33%
Northern Cape	20%	31%	30%
Free State	18%	28%	34%
KwaZulu-Natal	23%	30%	24%
North-West	19%	26%	27%
Gauteng	19%	24%	29%

19 IHS Global Insight (n 13).

Mpumalanga	22%	28%	31%
Limpopo	26%	30%	20%

Source: IHS Global Insight Southern Africa [20]

It is clear that South Africa has not been winning the war on income inequality since political independence in 1994. From the perspectives of race, gender, geographical location or labour market trends, it clearly emerges that current levels of income inequality are above 1996 levels. This increasing trend in income inequality is driven by deep-seated persistent structural and institutional factors.

The Gini Index, the main measure of income inequality, does not capture the additional nuances in terms of underlying drivers of income inequality. The Gini Index has also come under severe criticism as an inaccurate measure of income inequality and as a basis for the ranking of countries. This is attributable to a number of reasons.

1.1.2 Limitations of the Gini Index

The measurement of income inequality using the Gini Index has a number of drawbacks. The first is the concept of 'income'. Income can be defined at the household level weighted by household size or different scales, or at individual level taking into consideration financial holdings or only wage earnings. Each of these gives a different measure of income and different levels of income inequality. Thus, differences in income concepts can lead to differences in measures of income, inequality and the ranking of countries. In addition, the Gini Index based on individual incomes is different from the Gini Index based on household incomes for the same country.[21] As a result, country rankings entail some subjectivity in use and interpretation. Income in the informal sector is also excluded from the measurement of income inequality using the Gini Index. In most developing countries, the informal sector accounts for almost 90 per cent of employment creation. In agro-based subsistence-driven economies, income could exist in different forms where money might not necessarily be the medium of exchange.[22]

Countries also have different income tax regimes: regressive, proportional and progressive, with some more redistributive than others. There are further differences in tax instruments, income tax brackets and tax rates, all of which determine differences in net household disposable

20 As above.
21 K Deininger & L Squire 'A new data set measuring income inequality' (1996) 10 *World Bank Economic Review* 565.
22 F Schneider et al 'New estimates for the shadow economies all over the world' (2010) 24 *International Economic Journal* 443.

income. These underlying differences in the determinants of household income are not captured by the Gini Index as a measure of income inequality and a basis for comparing income inequality between countries.

In addition, the Gini Index is a relative measure which fails to capture absolute differences in income. Research has also found that it is possible for the Gini Index of a country to rise due to increasing income inequality while the number of people living in absolute poverty is actually declining.[23, 24] Thus, although the level of income inequality has increased, the Gini Index fails to capture the fact that absolute levels of income have also increased. Similarly, the Gini Index could reflect a lower level of income inequality in a scenario where there is a decrease in all incomes in a given society. Furthermore, two countries could have different income distributions but the same Gini Index. In a country where the lowest 50 per cent have no income and the other 50 per cent have equal income, the Gini Index is 0,5. In another country where the lowest 75 per cent account for 25 per cent of the total income and the top 25 per cent have 75 per cent of the income the Gini Index will also be 0,5. Consequently, the Gini Index could be quite misleading as a basis for ranking the level of inequality between countries.[25]

The Gini Index also does not capture government transfers, benefits or other interventions aimed at bridging inequality between rich and poor. This is of particular relevance to an assessment of poverty in South Africa. Subsidised housing, health care, education and social grants for the aged, incapacitated and single mothers are interventions that subsidise household incomes, to some extent reducing income inequality.[26]

Statistically, the Gini Index is biased downwards especially for countries with small populations.[27] Small countries usually have less economic diversity and therefore lower Gini coefficients. Economic indices such as the Gini Index are calculated for a number of countries, based on which they are ranked, after which general inferences are drawn, thus presenting an incomplete picture of a particular country's 'global ranking'. These drawbacks render the Gini Index quite simplistic and controversial as a basis for measuring income inequality, ranking and comparing income inequality between countries.

23 This is because the Gini Index violates the Pareto improvement principle. The Pareto improvement principle explains that income inequality could increase with an increase in all incomes in a given society.

24 JW Mellor 'Dramatic poverty reduction in the Third World: Prospects and needed action' (1989) International Food Policy Research Institute18-20.

25 LG Bellù & P Liberati 'Inequality analysis – The Gini Index' (2006) Food and Agriculture Organization, United Nations.

26 Bhorat (n 11).

27 G Deltas 'The small-sample bias of the Gini Coefficient: Results and implications for empirical research' (2003) 85 *The Review of Economics and Statistics* 226.

2 Poverty and human development trends in South Africa

The second dimension of social inequality that stands out in South Africa relates to poverty and human development.

2.1 South African Social Attitudes Survey: Perceptions of poverty

Any effort to measure poverty involves a definition of poverty and a classification as to what represents a poor quality of life. One possible measure of living standards, for instance, is the Human Development Index (HDI), a popular tool of policy makers and scholars. However, the HDI encompasses only three rather basic aspects of human welfare, making a value judgment of what constitutes human development. Moreover, although the HDI reflects a conceptualisation of the quality of life beyond simple income and expenditure, the construction of the index involves trade-offs, and some scholars question the choice of the HDI's three dimensions, namely, life expectancy at birth, education and per capita income.[28,29] Attempts to address these concerns have seen a number of alternatives to the HDI (such as the Multidimensional Poverty Index) proposed since 2000. As in the case of the HDI, these measures use amalgamations of objective, often-continuous variables (for instance, malnutrition and child mortality).

An alternative to such objective measures would be the use of subjective measures of poverty.

Despite Sen's arguments against the subjective view of poverty,[30] a subjective approach to poverty measurement has in recent years gained prominence. Researchers in South Africa have become increasingly aware of the fact that poverty cannot be reduced to finite numbers, and should rather be conceived of as a subjective reality. According to Kingdon and Knight,[31] an approach that examines the individual's own perception of deprivation is the best available guide to forming a definition of poverty. However, during the post-apartheid period, there has been a tendency among the media and officials to focus on poverty in 'money-metric' terms. Household surveys in South Africa have tended to collect objective data on household income, expenditure and assets in an effort to measure poverty, ignoring subjective indicators. Recent survey research, however,

28 S Anand & A Sen 'The income component of the Human Development Index' (2000) 1 *Journal of Human Development* 83.
29 G Ranis et al 'Human development: Beyond the Human Development Index' (2006) 7 *Journal of Human Development* 323.
30 A Sen 'A decade of human development' (2000) 1 *Journal of Human Development* 17.
31 GG Kingdon & J Knight 'Subjective well-being poverty versus income poverty and capabilities poverty?' (2006) 42 *Journal of Development Studies* 1199.

has provided new insights into subjective deprivation in South Africa.

As poverty is a reflection of multiple forms of deprivation in an individual's life, it is important to explore multidimensional subjective poverty measures. There is a 'relative' component to subjective measures of poverty.[32] The measure proposed by Alkire and Foster[33] involves identifying a subjective deprivation cut-off point for different domains of poverty. These domains are (i) food consumption; (ii) housing; (iii) clothing; (iv) health care; and (v) children's schooling. The method used by Alkire and Foster, therefore, asks whether respondents' households have less than adequate access to each domain. However, an individual's general perception of his or her well-being or economic status is informed by the perceived well-being of others.[34] For example, individuals may think that they are worse off than their reference group, and hence feel relatively deprived, even if they actually are better off.

Multidimensional subjective poverty indicators were introduced into the South African Social Attitudes Survey (SASAS)[35] questionnaire in 2007. Table 6 depicts the share of the group that identified deprivation in each of the six domains listed in the table. Cell percentages represent the proportion that reported deprivation by domain. Using this simple method, the contours of poverty and inequality between groups can be identified. In an early study of poverty, Klasen[36] identified the poor as predominately black Africans, women and those living outside formal urban areas. More than 23 years into democracy, similar patterns continue to be evident, with these groups more likely to identify deprivation than their counterparts, regardless of the domain under discussion. These groups are also more likely to experience multiple forms of subjective deprivation.

Trend analysis suggests that levels of subjective deprivation have declined between 2007 and 2017. The largest declines were noted among formal rural dwellers. In particular, the share of formal dwellers that reported deprivation in the food, clothing and health care domains fell by approximately one-fifth between 2007 and 2016. On the other hand, households in traditional authority areas witnessed an increase in their reported level of transport and health care deprivation. This trend is even more evident when rural female-headed households are examined.

32 M Pradhan & M Ravallion 'Measuring poverty using qualitative perceptions of consumption adequacy' (2000) 82 *Review of Economics and Statistics* 462.

33 S Alkire & J Foster 'Understandings and misunderstandings of multidimensional poverty measurement' (2011) 9 *Journal of Economic Inequality* 289.

34 Given the legacy of colonialism and apartheid, it is not surprising that perceptions of relative standing (eg position in the income distribution) are likely to differ considerably depending on the reference group with which an individual compares his or her well-being.

35 SASAS is a repeated cross-sectional instrument that has been conducted annually by the Human Sciences Research Council since 2003. Each round has a sample of about 3 000 adults (16 years and older) living in South Africa. The sample is then weighted to be nationally representative using mid-year population estimates issued by Statistics South Africa.

36 S Klasen 'Poverty, inequality and deprivation in South Africa: An analysis of the 1993 SALDRU survey' (1997) 41 *Social Indicators Research* 51.

Nonetheless, the deprivation gender gap appears in rural households to have shrunk over the period 2007 to 2017. In 2017 women identified on average fewer domains where they felt deprived than in 2007.

A decline in subjective deprivation among vulnerable groups in South Africa could indicate changing expectations among these groups. However, it is far more likely that such a decrease suggests the success of government programmes that have targeted these groups in this period. It can also be observed from Table 6 that in each subjective deprivation domain Africans generally experienced the highest level of deprivation across the survey period, followed by coloureds, Asians and whites, in that order. Households in urban informal areas have higher levels of deprivation in each subjective measure compared to households in urban formal areas, although deprivation levels declined across the survey period for both categories of households. The provinces depict a mixed picture illustrating disparities in quality of life depending on geographical location in South Africa. A more precise interpretation of the results may require further research into the underlying drivers of the trends we observe in the SASAS survey data. Consequently, SASAS is capturing cross-sectional data on multidimensional subjective poverty, providing a unique, long-term account of the pace, underlying drivers of poverty trends and direction of change in the country.

In spite of the declines in deprivation shares in most subjective measures of poverty since 2007, the levels in 2017 remain challenging. Figure 2 presents data on subjective multidimensional poverty from the 2018 SASAS round. The data presented indicate how South Africans self-assess their needs and suggest the general sense of deprivation felt by many in the country. The results show that in the 2018 round, approximately one-third of the adult public lived in a household that was deprived in terms of transport and housing as well as the amount of food available in the past month prior to the survey. More than half of the adult population resided in a household that identified one domain in which they felt deprived. About one-quarter reported living in a household that reported three or more forms of deprivation. One-twentieth of South Africans lived in a household that acknowledged deprivation in all five domains (that is, chronic or extreme poverty). It is possible to decompose the individual contribution of each domain in order to construct a composite indicator of subjective poverty, assigning weights to different domains of poverty showcased in Figure 2. This approach, however, was not explored here.

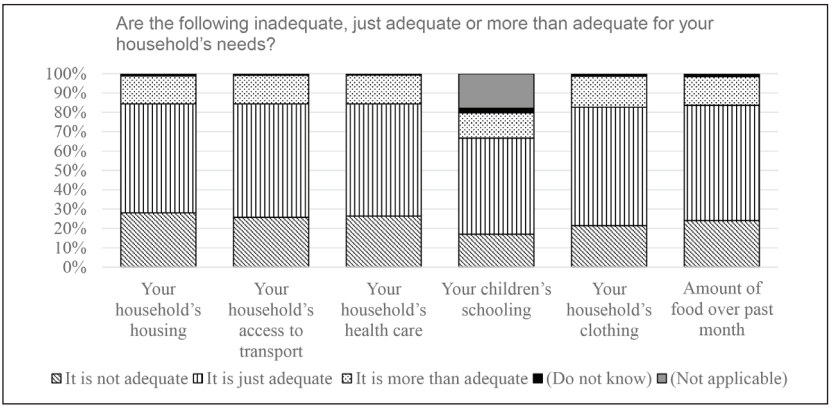
Table 6: Multidimensional subjective deprivation shares across subgroups

	Housing		Transport		Health care		Children's schooling		Clothing		Amount of food over the past month	
	2007	2017	2007	2017	2007	2017	2007	2017	2007	2017	2007	2017
Gender												
Male	37%	28%	27%	31%	27%	32%	16%	14%	31%	23%	32%	25%
Female	43%	32%	34%	31%	34%	29%	27%	20%	37%	29%	38%	27%
Race Group												
Black African	46%	34%	35%	34%	34%	34%	25%	19%	40%	29%	41%	29%
Coloured	32%	19%	23%	32%	24%	22%	16%	13%	21%	17%	23%	18%
Indian/Asian	25%	8%	19%	8%	22%	11%	17%	2%	22%	9%	17%	6%
White	9%	12%	7%	11%	11%	11%	4%	6%	8%	10%	8%	13%
Geographic Type												
Urban formal	33%	24%	24%	23%	24%	23%	17%	14%	26%	19%	23%	23%
Urban informal	56%	54%	40%	42%	40%	43%	32%	20%	47%	36%	52%	37%
Trad Auth Area	46%	37%	38%	46%	38%	43%	28%	23%	44%	39%	50%	29%
Rural formal	50%	37%	43%	39%	46%	24%	21%	18%	44%	23%	46%	24%
Provincial Residence												
Western Cape	27%	23%	19%	25%	19%	18%	16%	12%	20%	14%	20%	14%
Eastern Cape	57%	37%	49%	45%	50%	35%	43%	23%	54%	31%	60%	34%
Northern Cape	47%	34%	40%	46%	42%	30%	21%	11%	41%	25%	32%	35%
Free State	53%	19%	41%	21%	44%	22%	27%	11%	45%	18%	38%	19%
KwaZulu-Natal	36%	43%	30%	49%	28%	47%	19%	28%	33%	39%	34%	34%
North-West	33%	16%	30%	19%	27%	16%	21%	14%	34%	14%	31%	15%
Gauteng	36%	27%	24%	18%	26%	25%	15%	13%	27%	19%	21%	28%
Mpumalanga	47%	28%	28%	29%	26%	21%	25%	18%	44%	37%	62%	21%
Limpopo	37%	31%	26%	41%	25%	44%	12%	12%	27%	31%	30%	20%

Source: South African Social Attitudes Survey 2007; 2017[37]

37 South African Social Attitudes Survey 2007; 2017, www.hsrc.ac.za/sasas (accessed 10 June 2019).

Figure 2: Multidimensional subjective poverty in South Africa



Source: South African Social Attitudes Survey 2018[38]

2.2 Human development

South Africa's progress in human development has been mixed, with its overall index declining steadily from 1996 to 2013. Table 7 details trends in a few human development indicators from 1996 to 2013. In 2012/2013, life expectancy at birth for both male and female was below 1996 levels and much worse a decade after independence. Total life expectancy at birth depicts a similar trend, as does maternal mortality and net primary enrolment rate.

Table 7: South Africa: Millennium Development Goals (1996-2015)

MDG Indicator	**1996**	**2006**	**2015**
Human Development Index	0,69	0,64(2005)	0,69
Life expectancy at birth (female)	64	53	65,5
Life expectancy at birth(male)	58	50	58,5
Life expectancy at birth(total)	61	52	62
Under 5 mortality rate (per 1000 live births)	62	77	34
Maternity mortality rate(per 100000 live births)	140 (1995)	160 (2005)	138
Adult literacy rate (% of people 15 & over)	82	89 (2007)	94

38 South African Social Attitudes Survey 2018, http:// www.hsrc.ac.za/sasas (accessed 10 June 2018).

Net primary enrolment rate (%of age group)	95 (1995)	90	84
Urbanisation	55	60	64,8

Source: United Nations[39]

In contrast, the under five mortality rate (per 1 000 live births) and adult literacy rate (percentage of people 15 years and over) have seen significant improvement since 1996. Table 8 depicts trends in human development by population group. The growth rate of the African population group has remained rather consistent and tended to, on average, stay below 2 per cent per annum from 1996 to 2017. The African group is the least developed population group as depicted by the United Nations Human Development Indices. Its level of development has been below the national average since 1996 to date. The highest percentage of the population group living under the food poverty line is also attributable to the African population group – again above the national average. This group also registers the lowest level of urbanisation in South Africa. The coloured group follows next.

Table 8: Poverty and human development indicators by population group in SA (1996-2017)

		1996	**2006**	**2017**
Population Growth Rate (%)	African	1,6%	1,4%	1,7%
	White	-0,3%	-0,4%	-0,3%
	Coloured	1,7%	1,3%	1,2%
	Asian	1,2%	1,4%	1,1%
	Total	1,4%	1,2%	1,5%
Human Development Index	African	45,7	45,6	59,1
	White	86,2	87,4	91,4
	Coloured	56,7	59,0	68,0
	Asian	72,7	74,2	80,7
	Total	55,2	54,6	65,3
Poverty Indicators (% living below food line)	African	41,8%	32,8%	33,4%
	White	0,2%	0,2%	0,3%
	Coloured	21,2%	14,4%	13,5%
	Asian	0,3%	2,0%	1,8%
	Total	34,4%	27,2%	28,2%

39 United Nations Development Programme Human Development Report (2013) 'The Rise of South: Human Progress in a Diverse World' UNDP, New York, USA.

Urbanisation (% pop)	African	46,0%	49,2%	56,8%
	White	91,9%	91,5%	94,2%
	Coloured	86,5%	87,8%	93,4%
	Asian	96,6%	97,9%	99,0%
	Total	55,9%	57,9%	64,0%

Source: IHS Global Insight Southern Africa[40]

The white, coloured and Asian groups are highly urbanised, significantly above the national average. Compared to the African and coloured groups, the white and Asian population groups register much lower levels of population growth and relatively much higher levels of human development. The white population group has registered a negative population growth since 1996. As at end of 2017, this group had the highest level of development, the lowest level of poverty (less than 1 per cent of the national average) and the highest level of urbanisation. Disturbingly, the percentage of the Asian population living under food poverty line has increased fivefold between 1996 and 2017. These disparities in the quality of life reflect the underlying trends in unemployment by population group and income distribution deciles in South Africa detailed in earlier parts above.

3 Access to services

South Africa continues to experience social agitation involving demands for better service delivery to households. Such agitation, sometimes violent, is evident across all provinces. However, an analysis of service provision over time shows significant improvement in access to services as well as dynamic challenges due to population growth, rural-urban migration and immigration to South Africa from neighbouring African states.

Table 9: Trends in access to different types of services

There has been a steady increase in the use of flush toilets and improved ventilated pit toilets from 1996 to 2017. This has translated into a decline in the number of people using pit toilets, the bucket system and those with no toilet facilities.

40 IHS Global Insight Southern Africa database, http://www.ihsglobalinsight.co.za/ (accessed 10 June 2019).

Table 9.1: Access to different types of toilet facility (00'000)

Type of toilet	**1996**	**2006**	**2017**
Flush toilet	49,4	75,9	105,6
	(54%)	(59%)	(66%)
Ventilated Improved Pit toilet	2,6	10,4	23,0
	(3%)	(8%)	(14%)
Pit toilet	23,0	27,7	24,0
	(25%)	(21%)	(15%)
Bucket System	3,6	2,8	3,0
	(4%)	(2%)	(2%)
No toilet	13,0	12,8	5,0
	(14%)	(10%)	(3%)
Total	**91,6**	**129,6**	**160,6**

Note: Percentage of the national total in parenthesis.
Source: IHS Global Insight Southern Africa[41]

Access to water has been consistently extended to households across South Africa. Table 9.2 shows significant increases in the number of people with access to water inside their dwellings, in their yards or 200 metres away from their houses. This has translated into a significant decline in the number of people who have access to water more than 200 meters away from their dwellings, although the number is still higher than in 1996. This could be attributed to migration and population growth. The number of people with no access to formal piped water has also increased steadily over the period.

Table 9.2: Access to water (00'000)

	1996	**2006**	**2017**
Piped water inside dwelling	37,7	53,3	75,2
	(41%)	(41%)	(47%)
Piped water in yard	19,3	40,4	47,4
	(21%)	(31%)	(30%)
Communal piped water (200m from dwelling)	10,0	11,3	16,5
	(11%)	(9%)	(10%)
Communal piped water (<200m from dwelling)	6,7	8,6	8,8
	(7%)	(7%)	(5%)

41 South African Social Attitudes Survey (n 38).

No formal piped water	17,8	16,1	12,7
	(19%)	(12%)	(8%)
Total	**91,6**	**129,6**	**160,6**

Note: Percentage of the national total in parenthesis.
Source: IHS Global Insight Southern Africa[42]

Table 9.3: Households with no electrical connections (00'000)

	1996	**2006**	**2017**
Western Cape	1,2	1,0	0,5
	(12%)	(7%)	(3%)
Eastern Cape	7,7	6,0	2,6
	(61%)	(38%)	(14%)
Northern Cape	0,6	0,3	0,3
	(27%)	(12%)	(8%)
Free State	2,1	1,1	0,7
	(33%)	(13%)	(7%)
KwaZulu-Natal	7,1	6,6	3,2
	(42%)	(27%)	(12%)
North-West	2,8	1,6	1,2
	(44%)	(18%)	(11%)
Gauteng	3,7	4,9	4,5
	(17%)	(15%)	(10%)
Mpumalanga	2,5	1,6	1,2
	(37%)	(17%)	(10%)
Limpopo	4,7	2,8	0,9
	(53%)	(22%)	(6%)

Note: Percentage of the provincial total in parenthesis.
Source: IHS Global Insight Southern Africa[43]

A nationwide extension of the electricity grid has seen increases in the number of households connected to the national grid across all provinces. As at end of 2017, only 9 per cent of households across all nine provinces in South Africa did not have access to electricity. The percentage of households with access to refuse removal has increased over the period, albeit marginally in most provinces.

42 As above.
43 As above.

Table 9.4: No access to waste removal (00'000)

	1996	**2006**	**2017**
Western Cape		1,4	1,9
	(13%)	(10%)	(10%)
Eastern Cape	7,9	9,7	10,1
	(64%)	(62%)	(54%)
Northern Cape	0,8	0,7	1,0
	(34%)	(26%)	(30%)
Free State	2,4	2,2	2,0
	(36%)	(28%)	(23%)
KwaZulu-Natal	9,2	11,6	12,8
	(54%)	(48%)	(46%)
North-West	4,1	4,9	4,7
	(64%)	(57%)	(42%)
Gauteng	3,0	4,1	4,4
	(14%)	(12%)	(10%)
Mpumalanga	4,2	5,4	6,8
	(62%)	(56%)	(56%)
Limpopo	7,7	10,7	11,9
	(87%)	(84%)	(76%)

Source: IHS Global Insight Southern Africa[44]

4 Addressing social inequality in South Africa

South Africa has implemented several programmes aimed at mitigating social inequality in all its forms.

4.1 Addressing income inequality in South Africa

Post-apartheid South Africa has extended the reach and depth of its social protection schemes aimed at improving the distribution of the gains from growth. Beneficiaries of South Africa's social assistance programmes increased from 2,7 million to approximately 16 million in 2013, consisting of the aged (2,9 million), child support grants (11,3 million) and the disabled (1,1 million) and others. Social grants serve as the main source of income especially for many poor and low-income households.

44 As above.

Table 10: Poverty rate and poverty gap 1993 to 2013

	Poverty Line (nominal rand)	Poverty Rate without social grants	Poverty Rate with social grants	Poverty gap reduction as % of GNI
1993				
Food	88,71	0,41	0,33	0,95%
Lower	131,27	0,5	0,45	1,29%
Upper	193,61	0,6	0,57	1,59%
2013				
Food	336,18	0,43	0,25	1,48%
Lower	497,45	0,5	0,38	1,99%
Upper	733,69	0,58	0,52	2,44%

Source: Statistics South Africa.[45].

Social grants reduced poverty by 45 per cent for the lower poverty line from 1993 to 2013. As per the food poverty measure, poverty levels declined from 33 per cent in 1993 to 25 per cent in 2013. Recent research by Stats SA shows that in 2017, 20 per cent of South African households have severe inadequate access to food. In terms of cost to the budget, social assistance in South Africa amounts to R120 billion representing 3,4 percent of gross domestic product (GDP). Social insurance schemes have also been reformed by establishing an unemployment insurance fund (UIF) which now covers previously-excluded groups such as domestic workers, seasonal farm workers and other categories.

South Africa has implemented another transfer system that requires recipients to meet certain human capital development conditions. The conditional cash transfer (CCT) system is aimed at reducing poverty and inequality as well as developing the next generation. The criteria to qualify as a recipient includes enrolling children into schools, ensuring regular medical checks and the necessary vaccinations. Thus, CCTs addressed multiple policy challenges, such as poverty and education or poverty and health.[46] Research has revealed that CCT programmes have also been highly successful in countries such as Brazil.

In recognition of the fact that labour market developments are located at the heart of income inequality in South Africa, other schemes have targeted employment creation. These include the Expanded Public Works Programme (EPWP) launched in 2004, which provides temporary work to the unemployed, most of whom are either unskilled or low-skilled.[47] The

45 Statistics South Africa Statistical Release: National Poverty Lines 2018.
46 Smal & De Jager (n 5).
47 As above.

EPWP also entailed education and skills development with the objective of assisting beneficiaries to improve their skill set, rendering them more employable after leaving the programme. The EPWP exceeded its target of creating 1 million jobs by 600 000 work opportunities as at the end of 2009. By 2013 it had created three million work opportunities.[48]

Criticism of the EPWP is that it focuses on the short average duration of jobs (four months) and a brief skills development phase (8-12 days).[49] It has produced low-skilled labour and cannot serve as a means of providing long-term employment in response to South Africa's unemployment crisis. This has increased calls for industrialisation as a means of creating long-term employment and value-adding labour market capacity development in South Africa.

Indeed, a primary objective of successive South African governments since the onset of democracy has been to create jobs in order to reduce poverty and income inequality. Several programmes have also aimed at ensuring high and sustainable economic growth, an equitable distribution of the gains from growth, and bridging the gap between rich and poor through social safety nets and more efficient service delivery. They include the Reconstruction and Development (RDP) programmes of the early 1990s; the land reform strategy aimed at redistributing land to deprived households; the Growth, Employment and Redistribution (GEAR) strategy in 1996; the Accelerated and Shared Growth Initiative for South Africa (ASGISA) in 2005; the National Industrial Policy Framework from which emerged the Industrial Policy Action Plan (IPAP) in 2007; the New Growth Path (NGP) in 2010; and in 2011 the National Development Plan (NDP) 2030, South Africa's long-term socio-economic development roadmap.

The aim of these programmes has been to undertake specific growth-enhancing projects and effectively redistribute the gains from growth once achieved. While, for instance, the Broad-Based Black Economic Empowerment (BBBEE) programme has seen the emergence of a growing black middle class, it has also contributed to deepening intra-race inequality within the African group, aggravating income inequality as a whole. As at 2008, 59 per cent of income inequality in South Africa was driven mainly by differences within races, and 41 per cent by differences between races.[50] A more recent development in 2018 is the introduction of a minimum wage policy aimed at ensuring that the lowest-paid earn some form of living wages that can meet their basic expenditure needs. However, the official rate of ZAR 20 per hour has been met with significant contention and resistance by organised labour and civil society organisations that still deem this level of wages as 'slave' wages, not adequately reflective of the

48 *SA News* (2014) 'EPWP a success story'.
49 A McCord 'The expanded public works programme' Conference: 'Overcoming Unemployment. Giving effect to the Right to Work Campaign' (2006) District Six Museum 12-15 June 2006.
50 Smal & De Jager (n 5).

poverty level and challenges working households face in South Africa.

4.2 Addressing human development challenges

A large number of initiatives have been implemented in the areas of education, health and rural development, largely in line with achieving set targets under the Millennium Development Goals (MDGs) to which South Africa is a signatory. Significantly, favourable outcomes can be observed, but are beyond the scope of this chapter.

4.3 Addressing service delivery

Likewise, as detailed above, significant achievements have been made in increasing access to water, sanitation, electricity and refuse removal. Nevertheless, several challenges remain in achieving 100 per cent access to services in South Africa, which have been attributed to rapid rural-urban migration; the density of informal settlements; difficulties in installing bulk infrastructure in remote areas; a decline in the functionality of municipal infrastructure due to poor maintenance; and a shortage of licensed land fill sites to receive refuse removed. In addition, access does not always mean actual enjoyment of all of these services beyond free basic minimum allowances.

5 Conclusion and summary of findings

This chapter has considered the concept of social inequality in South Africa from three dominant perspectives within the South African concept, namely, income inequality; poverty and human development; and access to services. Although South Africa's 'war' on social inequality is being undertaken on several fronts, some difficulties remain due to persistent structural and institutional challenges driving disparities and social stratification in South Africa. These disparities transcend race and income measures, to include access to employment opportunities, education, quality health care and necessities such as electricity, water and sanitation. The uneven distribution of the gains from growth also means that the quality of life and availability of income earning opportunities are further driven by geographical location and inherited and persistent spatial disparities. Consequently, South Africa remains the most unequal country in the world in terms of income, obviously worse than its BRICS counterparts. By virtue of South Africa's unique political history, income inequality is further influenced by racial and gender dynamics, which further drive multidimensional inequality in its different forms. Income inequality trends have not really improved over the past decades since independence, and has actually worsened in some provinces in South Africa since 1996. Income inequality by race two and a half decades after

political independence depicts that Africans still have the highest Gini Index followed by the coloured, Asian and white populations, in that order. Further research shows that inequality between races as well as within races are equal drivers of income inequality in South Africa, with the African population group having the most severe inequality within race. Male-headed households earn more than female-headed households, depicting the impact of gender inequality.

With respect to poverty and human development, there is an increasing need to adopt a multidimensional approach to capture the subjective multiple forms of deprivation that depict poverty in the South African and developing country context, for that matter. In this regard, research has shown that the individual's own sense of deprivation should be the best guide to defining what poverty is and how it should be measured. Consequently, the South African Social Attitudes Survey, conducted by the Human Science Research Council on perceptions to poverty, uses some subjective poverty indicators such as access to housing, transport, health care, schooling, clothing, and the amount of food in the past month. The results of the 2018 round show that many of the adult population were deprived in terms of food security, quality of housing and access to transportation. More than half of the adult population indicated that they were deprived in one of the six domains. Three or more of the domains were identified by one-quarter of the adult population as areas in which they were deprived. One-fifth suffered from chronic or extreme poverty in which they identified themselves as households deprived in all six domains targeted in this study. In terms of human development, South Africa's overall index has declined below 1996 levels, although with a mixed picture. While there have been declines below 1996 levels in life expectancy (overall, male and female) and net primary school enrolment rate (percentage of age group), there have been improvements in other human development indices. For instance, infant and maternal mortality levels have also improved while efforts to bring HIV infections under control are still ongoing. Inter-race comparisons also indicate that the African group have the highest population growth rate, the lowest human development index, the highest percentage of people living with food poverty and the lowest level of urbanisation. The African group is closely followed by the coloured population group. The white and Asian groups register higher levels of human development, lower levels of poverty, and a lower and sometimes negative population growth. These racial differences in the quality of life mirror the underlying patterns in unemployment by population group and income distribution in South Africa.

Access to basic services has seen significant improvements across all races due to interventions by government. There has been an increased use in flush toilets and improved ventilated pit toilets leading to huge declines in households using pit toilet and bucket systems. Households with access to water, electrical connections and refuse removal have more than tripled compared to 1996 levels.

Several policy and programme interventions have been implemented by government to mitigate social inequality in South Africa. Social protection schemes have been implemented to bridge the gap in the quality of life between rich and poor post-independence. Beneficiaries include the aged, child support grants and the disabled. For many poor households this is either the main source of income or a key component of total household income. In addition to addressing income inequality, social grants have helped to reduce poverty significantly from 1993 to date by approximately 45 per cent. Additional interventions have targeted high and sustainable economic growth, improved education and skills development, equitable distributions of the gains of growth, social safety nets and more efficient service delivery. These include the Expanded Public Works Programme (EPWP) launched in 2004, to provide temporary work to the unemployed, most of whom are either unskilled or low-skilled, and develop their capacity to make them more employable. Others are the Reconstruction and Development (RDP) programmes of the early 1990s; the land reform strategy aimed at redistributing land to deprived households; the Growth, Employment and Redistribution (GEAR) strategy in 1996; the Accelerated and Shared Growth Initiative for South Africa (ASGISA) in 2005; the National Industrial Policy Framework from which emerged the Industrial Policy Action Plan (IPAP) in 2007; the New Growth Path (NGP) in 2010; and in 2011 the National Development Plan (NDP) 2030, South Africa's long-term socio-economic development roadmap. While each of these programmes has made some level of impact, the statistics clearly reveal that there is much more room for improvement, especially in the areas of job creation, poverty reduction and inequality. However, this is not entirely attributable to a failure in government interventions to address social inequality. Some of the indices used to measure progress made, such as the Gini Index, for example, do not capture the positive impact of government interventions on social inequality. A more holistic perspective to measuring inequality with a stronger focus on subjective multi-dimensional indicators might characterise South Africa differently.

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