

Earnings and Spending in South Africa, 2006–2011



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South Africa**



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Earnings and Spending in South Africa, 2006–2011

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Pali Lehohla, Statistician-General

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Chapter 1: Introduction

1.1 Background

Statistics South Africa (Stats SA) collects information from households in South Africa through censuses and surveys, in order to assess improvements and to identify gaps in socio-economic needs. Amongst several surveys conducted by Stats SA, the Income and Expenditure Survey (IES) and Living Conditions Survey (LCS) provide detailed information on households' living circumstances and their income and expenditure.

The first report of Earnings and Spending in South Africa was published in 2002, and focused mainly on the changes in household income and expenditure as measured by the IES 1995/96 and IES 2000/01. This report follows a similar format as the first one and covers the period from 2006 to 2011 using IES 2005/06, LCS 2008/09 and IES 2010/11 as sources of information.

Although there are minor differences between the three surveys in terms of questionnaire design, scope, and data collection methodology, particularly as pertaining to the length of survey periods, they collectively provide good time series data that can be used to study household income and expenditure patterns from 2006 to 2011. Taking inflation into account, figures from the IES 2005/06 and LCS 2008/09 have been adjusted to 2011 constant prices to make real comparisons.

The main focus in this report is on how households in South Africa earned and spent their income; as such, household income and household expenditure are discussed separately. In the income section, the report highlights the distribution of household income by different demographics (province, settlement type, household size, population group, etc.) together with their different sources. In the expenditure section, households are divided into expenditure quintiles to examine how much income households in each quintile spent and where they spent it on.

1.2 Objectives of the report

The Earnings and Spending Report forms part of the series of publications based on data collected through surveys and censuses published by Stats SA. The report has the following objectives:

- To examine changes in households income as measured by IES 2005/06, LCS 2008/09 and IES 2010/11;
- To highlight key findings relating to sources of income that households rely on;
- To examine changes in households' expenditure as measured by IES 2005/06, LCS 2008/09 and IES 2010/11; and
- To highlight key findings relating to what households spend their income on.

1.3 Scope of the report

This report outlines income and expenditure patterns of South African households using findings from IES 2005/06, LCS 2008/09 and IES 2010/11. The 2005/06 and 2008/09 findings on income and expenditure are adjusted to 2010/11 market values to form a basis of comparison with actual data collected in 2010/11.

1.4 Organisation and presentation of the report

Chapter 2 gives a detailed summary of household profiles in South Africa by different socio-economic and demographic characteristics from 2006 to 2011.

Chapter 3 gives a detailed comparison of households' income from 2006 to 2011. In addition, the chapter also examines the composition of sources of income that households were relying on from 2006 to 2011.

Chapter 4 gives a detailed comparison of households' expenditure in each expenditure quintile from 2006 to 2011. It also contains information on how households in each quintile spent their income and how their expenditure patterns have changed from 2006 to 2011.

Chapter 5 gives a summary of the main findings and draws some conclusions about income and expenditure patterns at household level.



Chapter 2: Profile of households in South Africa

South Africa is a diverse country and due to its nature it comes as no surprise that households are not evenly distributed across the regions of the country. Hence, in this section we look at profiles of households in South Africa by different socio-demographic indicators from 2006 to 2011, with the aim of highlighting significant changes that might have occurred in terms of distribution of households in the country during the period of study.

Table 1: Percentage distribution of households by province, 2006– 2011

Provinces	2006	2009	2011
	100,0%	100,0%	100,0%
Western Cape	10,2%	11,3%	10,9%
Eastern Cape	13,8%	12,8%	12,7%
Northern Cape	2,4%	2,2%	1,8%
Free State	7,2%	6,6%	6,0%
KwaZulu-Natal	17,8%	18,2%	18,2%
North West	7,3%	7,5%	7,6%
Gauteng	23,8%	24,9%	26,0%
Mpumalanga	7,1%	6,9%	6,5%
Limpopo	10,4%	9,6%	10,4%

The distribution of households by provinces as illustrated in Table 1 above shows that Gauteng accounted for more than a fifth (23,8%), followed by KwaZulu-Natal accounting for less than a fifth (17,8%) and Eastern Cape accounting for more than one out of every ten (13,8%) households in South Africa in 2006. The three provinces remained with the highest proportion of households in 2009. Northern Cape had the lowest proportions of households between 2006 and 2011 and it declined steadily throughout the same period. Eastern Cape, Northern Cape, Free State and Mpumalanga all showed a decline from 2006 to 2011 in terms of proportions of households that they accounted for. Limpopo and Western Cape showed fluctuations during the period of study.

Table 2: Percentage distribution of households by sex of household head, 2006–2011

Sex: Household head	2006	2009	2011
	100,0%	100,0%	100,0%
Male	61,1%	60,2%	60,6%
Female	38,9%	39,8%	39,4%

Table 2 above indicates that (more than 60,0%) of the households in South Africa were headed by males between 2006 and 2011. However, there was a slight decrease of households headed by males from 2006 to 2009, with females heading more than a third (39,8%) of households in 2009.

Table 3: Percentage distribution of households by population group of household head, 2006–2011

Population group: Household head	2006	2009	2011
	100,0%	100,0%	100,0%
Black African	76,8%	76,8%	76,6%
Coloured	7,8%	8,2%	8,5%
Indian/Asian	2,5%	2,5%	2,5%
White	12,8%	12,5%	12,4%
Unspecified	0,1%	0	0

Table 3 shows that black Africans headed a higher (above 76,0%) proportion of households in South Africa than any other population group from 2006 to 2011. Households headed by whites had the second largest proportion, accounting for more than one out of every ten (more than 12,0%) households in South Africa during the same period.

Furthermore, Table 3 shows little or no change in terms of household proportions that were headed by either coloureds or Indians/Asians from 2006 to 2011. Households headed by coloureds accounted for 7,8% and 8,5% of the total households in 2006 and 2011 respectively, while the proportion of households headed by Indians/Asians remained the same, accounting for only 2,5% of households in South Africa during the same period.

Table 4: Percentage distribution of households by settlement type, 2006–2011

Settlement type	2006	2009	2011
	100,0%	100,0%	100,0%
Urban	65,1%	67,9%	67,3%
Rural	34,9%	32,1%	32,7%

Table 4 illustrates that more than half (65,1%) of households in South Africa were found in urban areas in the period 2006 to 2011. Households in rural areas accounted for more than a third (34,9%) in 2006 before a decline to less than a third (less than 33,0%) in 2009 and 2011.

Table 5: Percentage distribution of households by household size in South Africa, 2006–2011

Household size	2006	2009	2011
	100,0%	100,0%	100,0%
1	19,2%	16,9%	17,6%
2	17,4%	17,8%	17,6%
3	15,4%	16,0%	15,2%
4	16,3%	16,4%	16,5%
5	11,2%	11,4%	11,9%
6	7,1%	7,8%	7,4%
7+	13,3%	13,7%	13,7%

Table 5 above shows that the majority of the households had less than five members from 2006 to 2011. In 2006, households with one member accounted for almost a fifth (19,2%) of the total households before they accounted for an even lesser proportion (less than 18,0%) in 2009 and 2011. The highest proportion (17,8%) of households in 2009 were of households with only two members before a slight decline which led to them accounting 17,6% of the total households in 2011. In 2011, the highest proportion (17,6%) of households were accounted for by households with one member and two members.

Table 6: Percentage distribution of households by educational attainment of household head, 2006–2011

Highest level of education: Household head	2006	2009	2011
	100,0%	100,0%	100,0%
No formal schooling	13,8%	10,8%	10,2%
Some primary education	19,3%	17,5%	17,6%
Primary education	7,3%	6,4%	6,2%
Some secondary education	31,5%	34,5%	34,5%
Matric education	16,7%	14,7%	16,5%
Higher education	11,2%	14,8%	14,4%
Unspecified	0,2%	1,3%	0,6%

According to Table 6 above, close to a third (31,5%) of the households were headed by individuals who had some secondary schooling followed by households headed by individuals with some primary education accounting for almost a fifth (19,3%) of the total households in 2006.

From 2009 to 2011, households headed by individuals with some secondary education accounted for more than a third (34,5%), which was the highest proportion. Individuals with primary education headed the smallest proportion (7,3%) of households in 2006 which still went down to (6,2%) in 2011.



Chapter 3: Detailed findings regarding household income

3.1 Introduction

Income is not evenly distributed across households in South Africa. This section aims to report on the income distribution in the country by socio-demographic variables: sex of household head, population group of household head, settlement type, province, educational attainment of household head and household size.

The other objective of this section is to break down income by sources to show the sources of income that typical South African households relied on from 2006 to 2011. Furthermore, this section looks at the distribution of each income source by socio-demographic indicators.

3.2 Average income

Figure 1: Average income in South Africa, 2006–2011

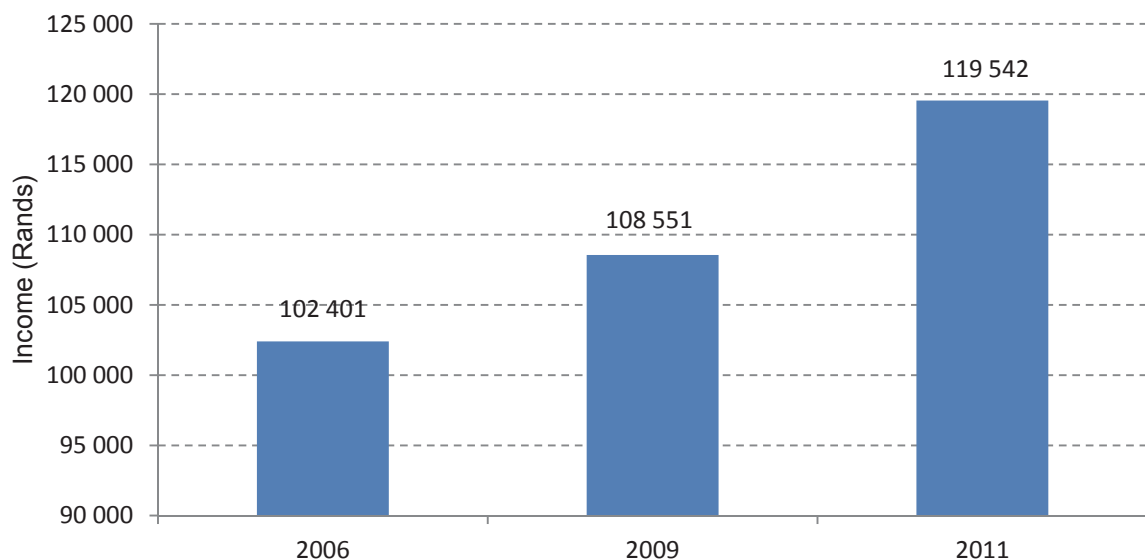


Figure 1 above shows that the average household income (average income) increased in real terms by (16,7%) from R102 401 in 2006 to R119 542 in 2011. This figure shows that the average income in South Africa has been increasing, even though this is at a slow pace over the years.

Figure 2: Average income by province, 2006–2011

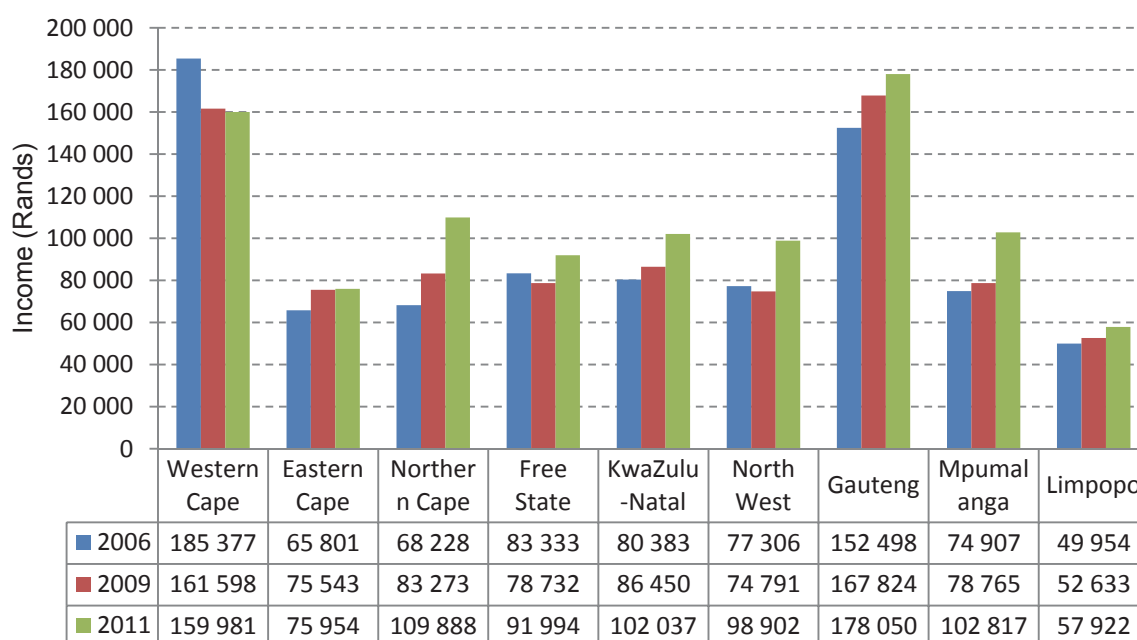
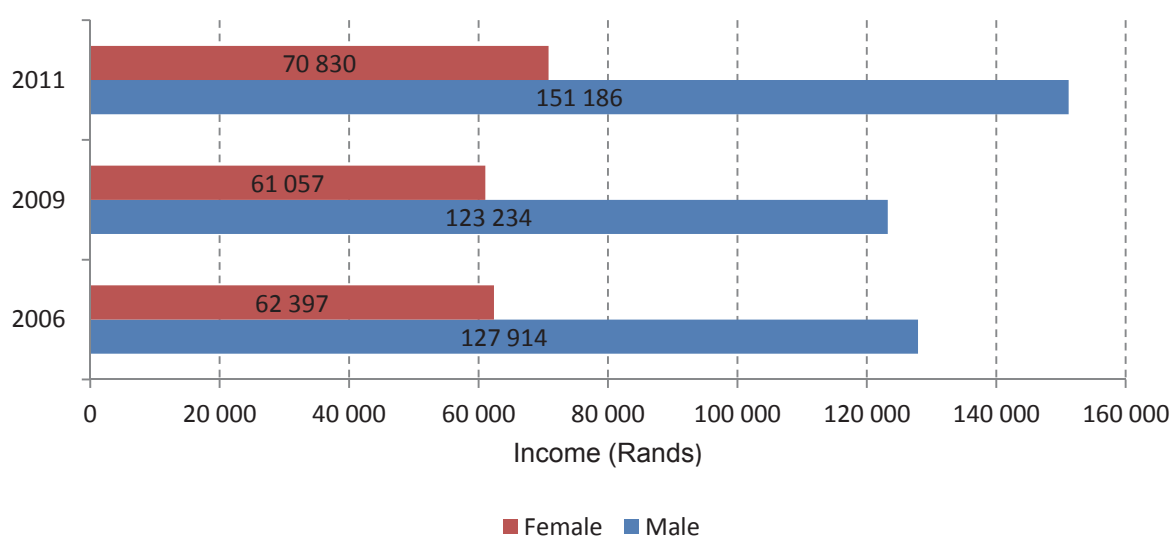


Figure 2 above indicates that in 2006, households in Western Cape had the highest average income (R185 377) followed by Gauteng (R152 498). The graph also shows that Western Cape is the only province that experienced an overall decline in average household income between 2009 (R161 824) and 2011 (R159 981). This resulted in households of Gauteng recording the highest average income in both 2009 and 2011, R167 824 and R178 050, respectively. Throughout the period of study (2006 to 2011), households from Limpopo had the lowest average income.

Figure 3: Average income by sex of household head, 2006–2011



The average income for both male and female headed households increased between 2006 and 2011, albeit at differing pace and magnitude as shown in Figure 3. However, households headed by males recorded much higher average incomes (more than two times the average income of female-headed households) throughout the study period. Households headed by males had an increase in their average income by less than a fifth (18,2%), earning R151 186 in 2011 from R127 914 in 2006 on average. On the other hand, households headed by females had an increase of (13,5%) which brought their average income to R70 830 in 2011 from R62 397 in 2006.

Figure 4: Average income by population group of household head, 2006–2011

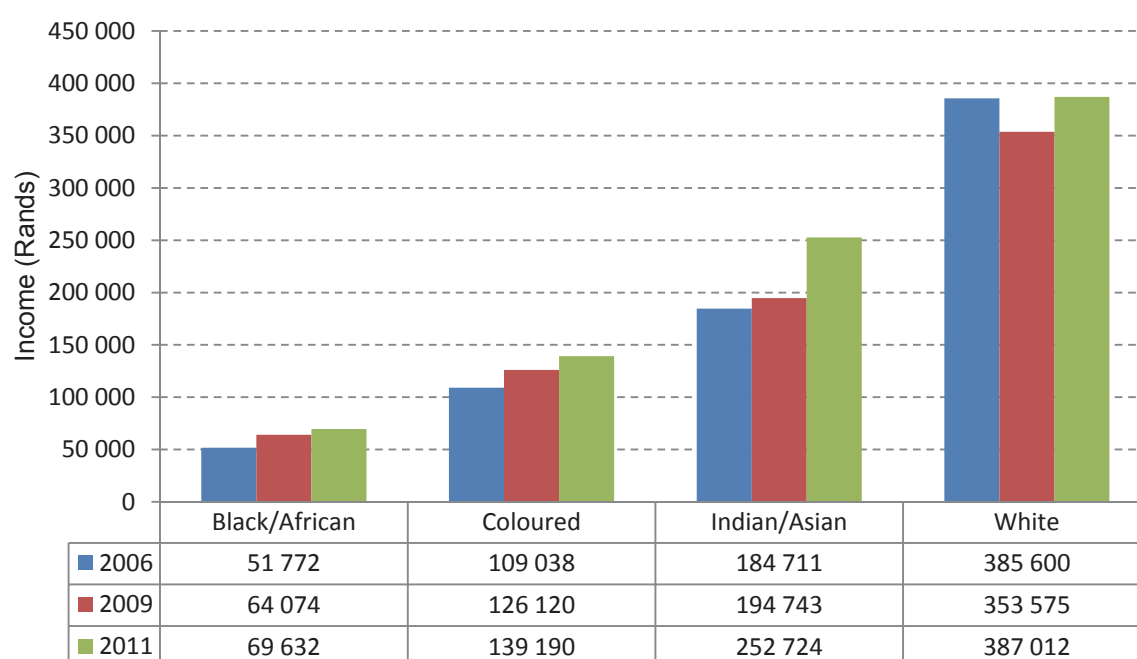
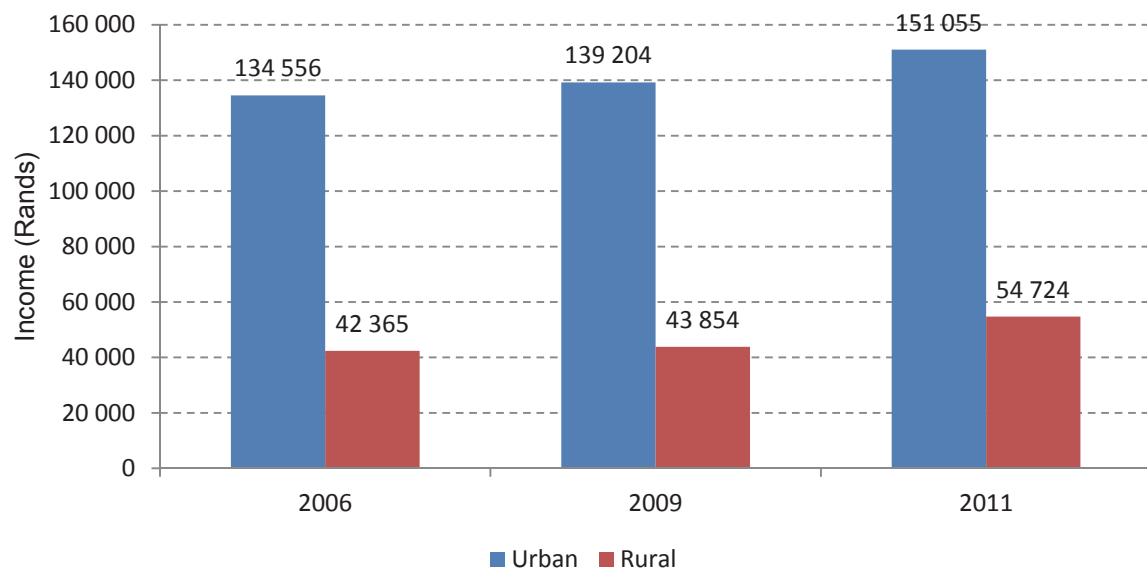


Figure 4 above shows that black African-headed households had the lowest average income, followed by coloured and Indian/Asian-headed households from 2006 to 2011. Furthermore, Figure 4 also shows that households headed by whites had the highest average income during the same period.

White-headed households experienced a decline in their average income from R385 600 in 2006 to R353 575 in 2009 which later increased to R387 012 in 2011. Although households headed by black Africans had the lowest average income as compared to other households, they experienced an increase of more than a third (34,5%) in their average income from R51 772 in 2006 to R69 632 in 2011.

Figure 5: Average income by settlement type, 2006–2011



From 2006 to 2011, Figure 5 shows that households in urban areas had the highest average income compared to households in rural areas. However, households in rural areas had an increase in their average income by more than a quarter (29,2%) from R42 365 earned in 2006 to R54 724 in 2011 whereas households in urban areas had an increase of (12,3%) from R134 556 earned in 2006 to R151 055 in 2011.

Figure 6: Average income by household size, 2006–2011

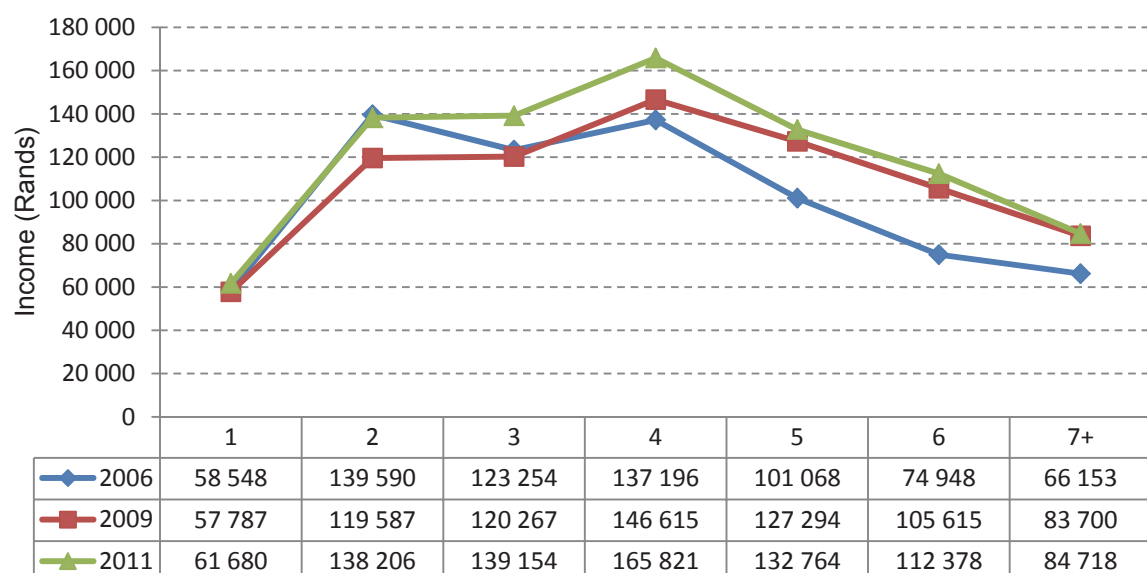


Figure 6 shows that one-member households had the lowest average income from 2006 to 2011, earning R61 680 in 2011 from R58 548 in 2006. In 2006, households with two members had the highest average income compared to other households, earning R139 590 on average. Households with four members had the highest average income in 2009 and 2011 earning R146 615 and R165 821, respectively. Households with more than six members had the second lowest average income, earning R84 718 in 2011 from R66 153 earned in 2006.

Figure 7: Average income by highest level of education of household head, 2006–2011

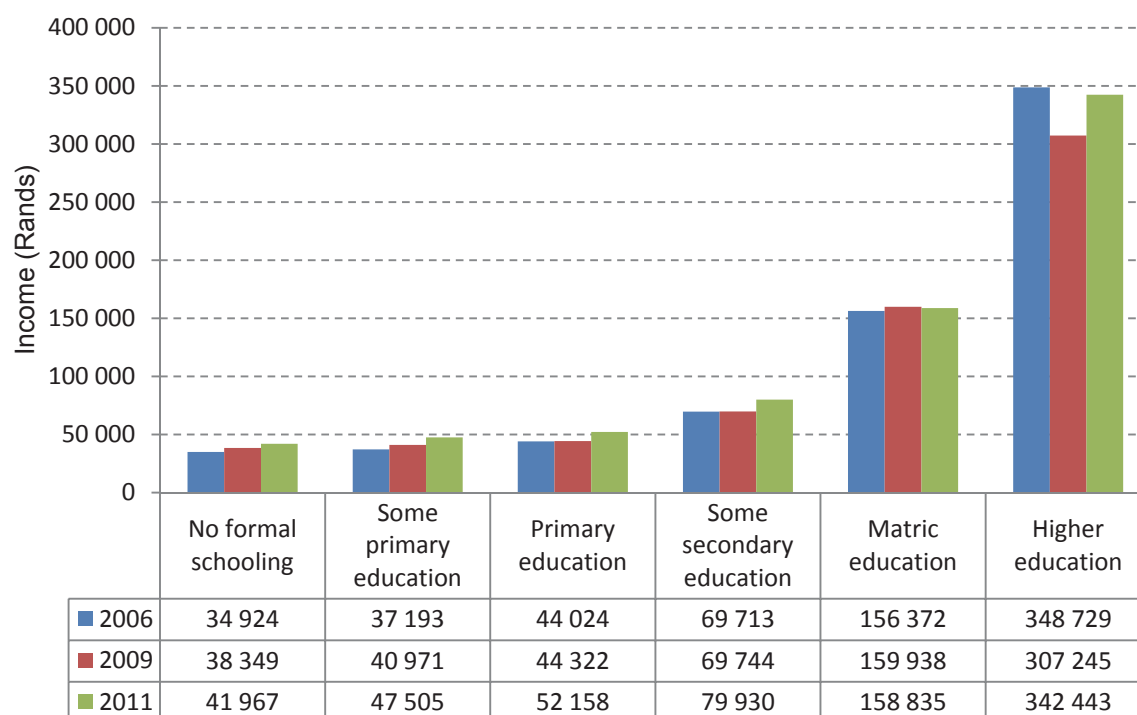


Figure 7 above shows a positive relationship between average household income and the level of education of household head during the period 2006 to 2011. Households headed by individuals with higher education had the highest average income, earning R348 729 in 2006 before a slight (1,8%) decline to R342 443 in 2011. Nevertheless, households headed by individuals with primary education had the highest average income increase of more than a quarter (27,7%) from R44 024 earned in 2006 to R52 158 earned in 2011, followed by households headed by individuals with no formal schooling with an increase of more than a fifth (20,2%) from R34 924 earned in 2006 to R41 967 earned in 2011.

3.3 Sources of income

One of the reasons why income is not evenly distributed amongst South African households is the fact that households rely on different sources of income to make up their overall income. Since overall household income comprises many sources, in this section we examine three main sources: income from salaries, wages and from businesses; income from social pensions; and other income.

3.3.1 Percentage distribution of household income by sources of income

Figure 8: Percentage distribution of household income by source of income, 2006–2011



As shown in Figure 8, income from salaries, wages and from businesses accounted for (72,0%) that was earned from 2006 to 2011. In 2006, other income accounted for less than a fifth (14,6%) of the total income before it increased to 22,4% in 2011. Less than one out of every ten rands (6,1%) of the total income in 2006 was earned from social pensions. In 2011, social pensions accounted for only 4,9% of total household income, marking a decline from the percentage share that they commanded in 2009 (6,0%) and 2006 (6,1%), respectively.

3.3.2 Percentage distribution of sources of income by socio-demographic indicators

Average incomes on their own do not describe how income is distributed within a particular group. In this section, we present the sources of income by selected socio-demographic indicators.

3.3.2.1 Income from salaries, wages and from businesses

Table 7: Percentage distribution of income from salaries, wages and from businesses by province, 2006–2011

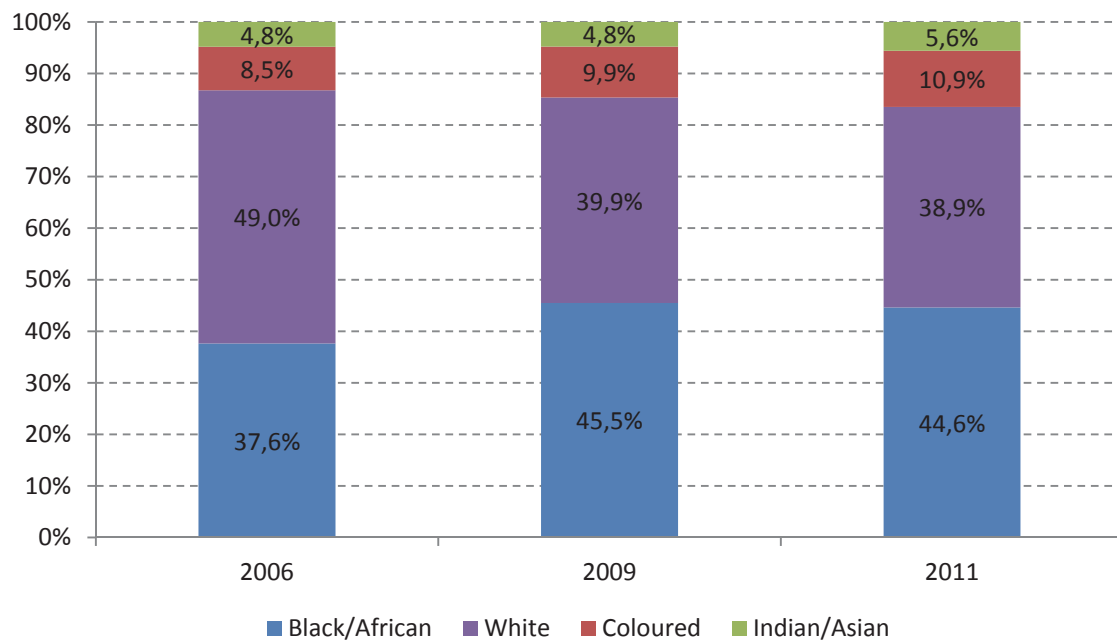
Province	2006	2009	2011
	100,0%	100,0%	100,0%
Western Cape	17,6%	15,9%	15,4%
Eastern Cape	8,0%	8,3%	7,1%
Northern Cape	1,6%	1,6%	1,7%
Free State	5,9%	4,5%	4,5%
KwaZulu-Natal	13,8%	14,3%	14,8%
North West	5,7%	5,1%	6,6%
Gauteng	37,8%	41,2%	39,6%
Mpumalanga	5,3%	5,0%	5,8%
Limpopo	4,4%	4,2%	4,5%

Table 7 above shows the percentage share that each province accounted for in total income from salaries, wages and businesses from 2006 to 2011. In 2006, households in Gauteng accounted for more than a third (37,8%) of income from salaries, wages and businesses followed by Western Cape (17,6%) and KwaZulu-Natal (13,8%). Households in other provinces accounted for (less than 10,0%) of total income from salaries, wages and businesses in 2006, with Northern Cape accounting for the lowest (1,6%) percentage share followed by Limpopo (4,4%) and Mpumalanga (5,3%).

Furthermore, Table 7 shows that 41,2% of earnings from salaries, wages and business in 2009 was earned by households in Gauteng. Western Cape households accounted for the second largest percentage share (15,9%) followed by households in KwaZulu-Natal (14,3%). Households in other provinces were still accounting for (less than 10,0%) of income from salaries, wages and businesses in 2009.

In 2011, households in Gauteng were still accounting for the highest percentage share (39,6%) of income from salaries, wages and businesses followed by households in Western Cape (15,4%) and KwaZulu-Natal (14,8%). The least contributing households to income from salaries, wages and businesses were from Northern Cape (1,7%) followed by Free State (4,5%) and Limpopo (4,5%) in the same year.

Figure 9: Percentage distribution of income from salaries, wages and from businesses by population group of household head, 2006–2011



*Excluding cases with unspecified population group of household head

Figure 9 shows that about half (49,0%) of income from salaries, wages and businesses in 2006 was earned by households headed by whites while households headed by black Africans accounted for slightly more than a third (37,6%). Indian/Asian-headed households accounted for the lowest (4,8%) percentage share of income earned from salaries, wages and businesses followed by households headed by coloureds (8,5%).

From 2009 to 2011, households headed by black Africans accounted for the highest percentage share (more than 40,0%) of total earnings from salaries, wages and businesses followed by whites accounting for slightly below 40,0% . In 2009 and 2011, households headed by Indians/Asians were still accounting for the lowest percentage share in income earned from salaries, wages and businesses followed by households headed by coloureds.

Figure 10: Percentage distribution of income from salaries, wages and from businesses by sex of household head, 2006–2011

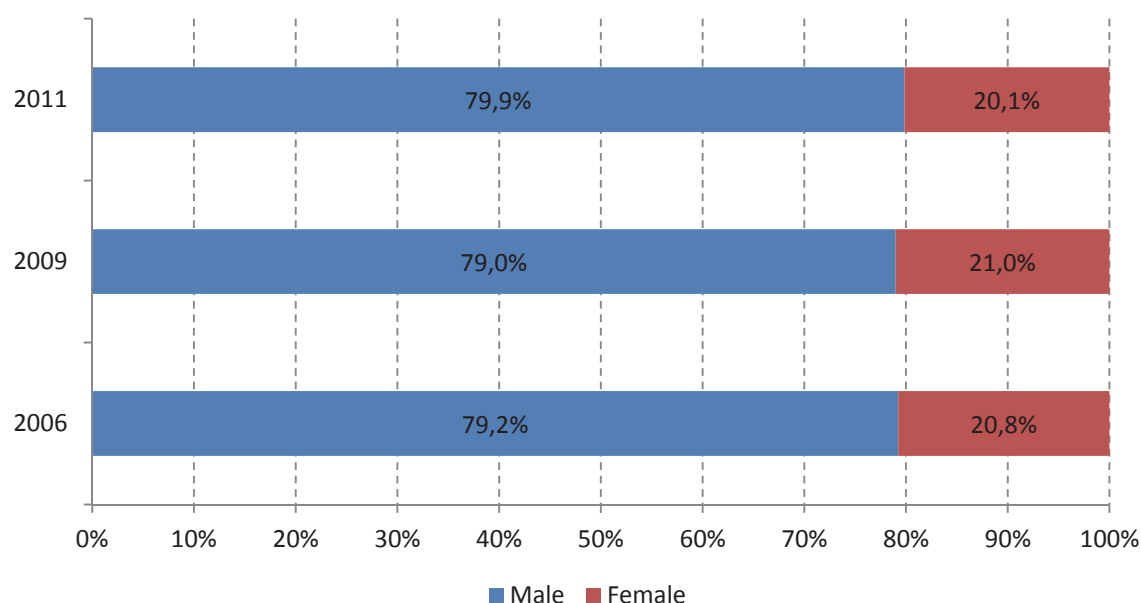


Figure 10 shows stark inequity in the distribution of income earned from salaries, wages and businesses according to sex of household head. The graph shows that throughout the period 2006 – 2011, households headed by males had commanded a significantly larger share (almost 80%) of total earnings from salaries, wages and businesses compared to their female counterparts.

Table 8: Income from salaries, wages and businesses by highest education of household head, 2006–2011

Highest level of education: Household head	2006	2009	2011
	100,0%	100,0%	100,0%
No formal schooling	2,9%	2,4%	2,3%
Some primary education	5,7%	5,3%	5,8%
Primary education	2,9%	2,3%	2,4%
Some secondary education	21,3%	21,8%	22,4%
Matric education	26,6%	22,6%	23,0%
Higher education	40,5%	44,4%	43,6%
Unspecified	0,10%	1,20%	0,40%

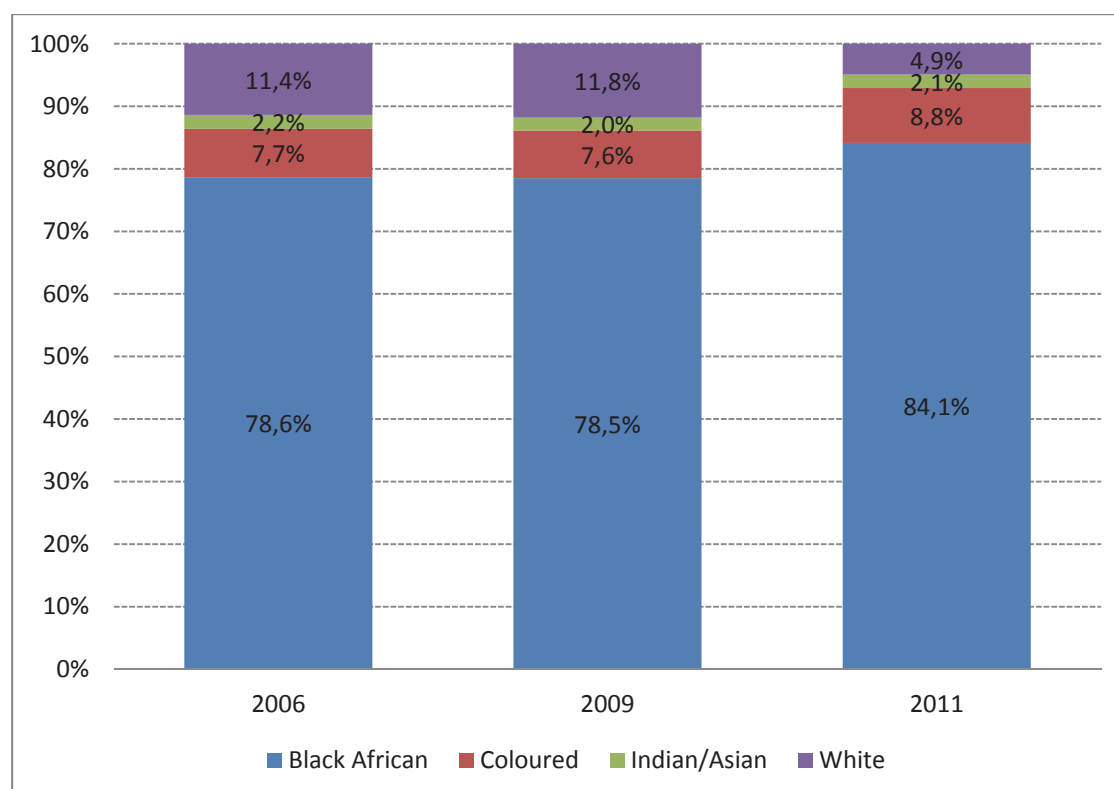
Table 8 portrays the percentage share of income from salaries, wages and businesses by highest level of education of household head. In 2006, more than four out of every ten (40,5%) rands earned as income from salaries, wages and businesses was accounted for by households headed by

individuals with higher education followed by households headed by individuals with matric education (26,6%) and some secondary education (21,3%).

According to Table 8, households headed by individuals with no formal schooling and those headed by people with primary school education accounted for the smallest percentage share of total income from salaries, wages and businesses between 2006 and 2011 followed by households headed by individuals with some primary education. In 2011, households headed by individuals with higher education accounted for more than four out of every ten (43,6%) rands earned as income from salaries, wages and businesses which is greater than what they accounted for in 2006.

3.3.2.2 Income from social pensions

Figure 11: Percentage distribution of social pensions by population group of household head, 2006–2011



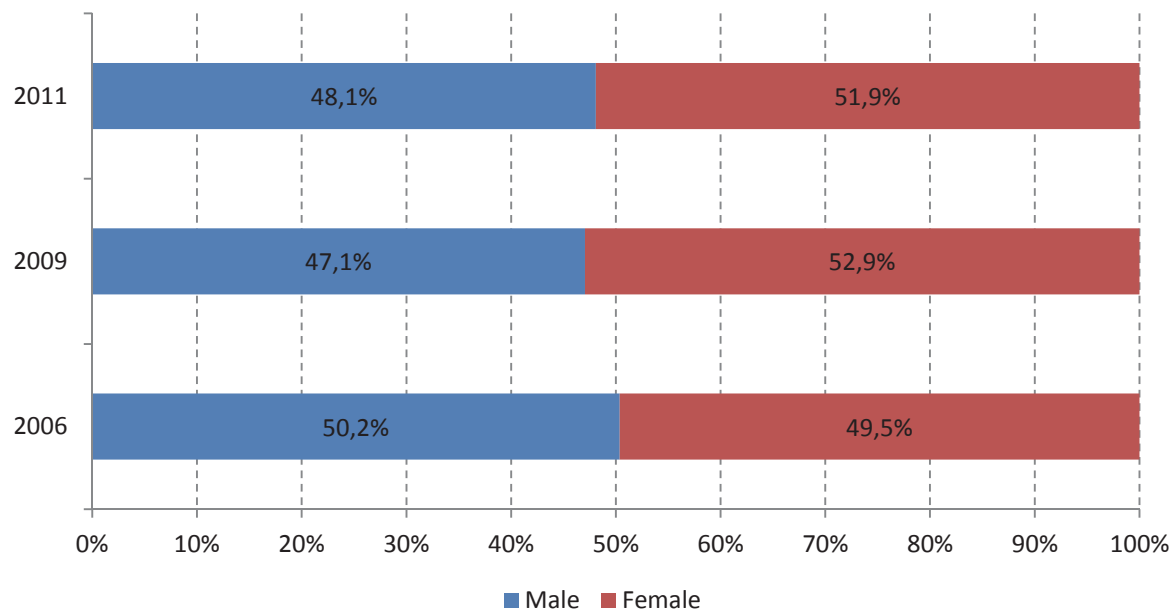
*Excluding unspecified cases of population group of household head in 2006

Looking at Figure 11, black African-headed households accounted for more than three quarters (78,6%) of income earned as social pensions in 2006, while the remaining percentage share was shared amongst white (11,4%), coloured (7,7%) and Indian/Asian- headed households (2,2%).

In 2009, the distribution of total income earned by households from social pensions remained more or less similar as the distribution that was observed in 2006, when disaggregated by population group of household head. However, there were significant shifts in the distribution of income from social pensions in 2011, when more than four out of every five rands (84,1%) of total earnings from

social pensions went to households headed by black Africans. The percentage share attributed to households that are headed by whites decreased from (11,8%) in 2009 to (4,9%) in 2011. Households headed by Indians/Asians accounted for the smallest percentage share (2,1%) of total income earned as social pensions in 2011 while households headed by coloureds accounted for 8,8% during the same year.

Figure 12: Percentage distribution of social pensions by sex of household head, 2006–2011



*Excluding unspecified cases of sex of household head in 2006

Figure 12 above shows that in 2006, households headed by males accounted for slightly more than half (50,2%) of income earned as social pensions. In 2009 and 2011, households headed by females accounted for a larger percentage share of income earned as social pensions compared to male-headed households; accounting for 52,9% and 51,9%, respectively.

Table 9: Percentage distribution of social pensions by household size, 2006–2011

Household size	2006	2009	2011
	100,0%	100,0%	100,0%
1	5,2%	5,7%	4,5%
2	13,4%	11,4%	8,8%
3	12,4%	12,7%	9,8%
4	13,1%	14,5%	13,6%
5	14,0%	13,4%	14,7%
6	10,6%	11,5%	12,6%
7+	31,3%	30,8%	36,0%

As illustrated in Table 9, households with more than six members accounted for the highest percentage share of income earned as social pensions from 2006 to 2011 whereas households with one member accounted for the lowest percentage share during the same period. In 2006, about a third (31,3%) of income earned as social pensions went to households with more than six members, while households with five members accounted for less than a fifth (14,0%), followed by households with two members (13,4%) and then four member-households (13,1%).

Still, in 2009 about (30,8%) of income earned as social pensions went to households with more than six members. Households with one member accounted for (5,7%) of earnings from social pensions, followed by households with two members (11,4%) and six members (11,5%) in 2009.

In 2011, households with four members accounted for (13,6%) of total income earned as social pensions. More than a fifth (23,1%) of income earned as social pensions was shared amongst households with one member (4,5%), two members (8,8%) and three members (9,8%) in 2011.

Table 10: Percentage distribution of social pensions by highest level of education of household head, 2006–2011

Highest level of education: Household head	2006	2009	2011
	100,0%	100,0%	100,0%
No formal schooling	28,4%	23,6%	24,4%
Some primary education	26,9%	25,5%	29,9%
Primary education	7,9%	7,4%	7,8%
Some secondary education	24,3%	26,3%	27,7%
Matric education	7,9%	7,6%	6,3%
Higher education	4,4%	7,4%	3,2%
Unspecified	0,2%	2,2%	0,8%

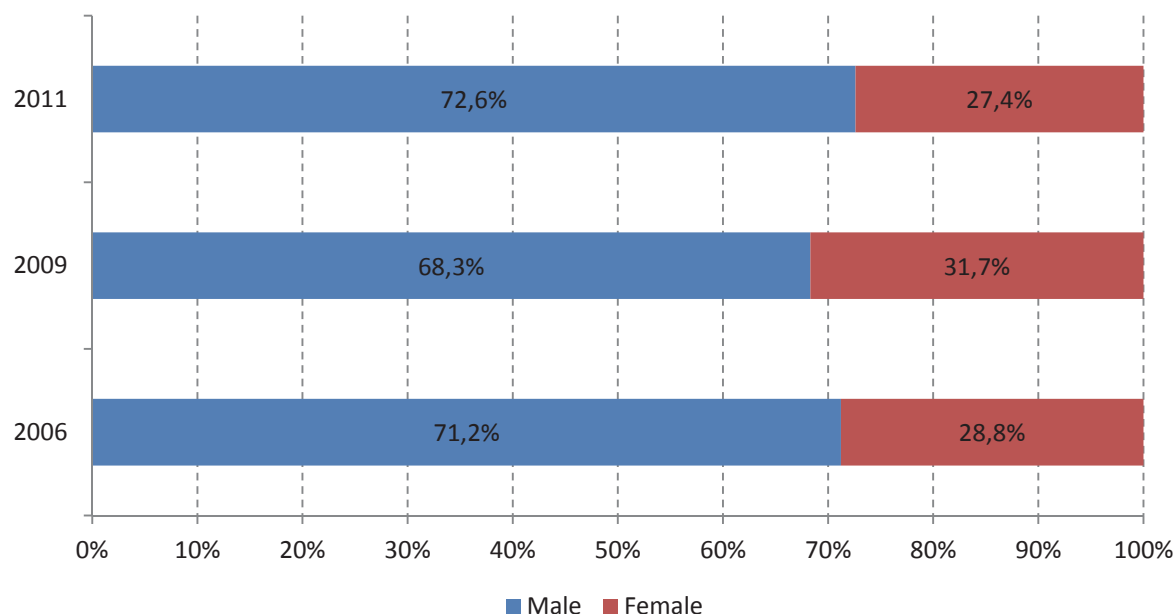
Table 10 above shows the percentage share of income earned as social pensions by highest level of education of household head. The table shows that in 2006 households headed by individuals with no formal schooling (28,4%) and some primary education (26,9%) collectively accounted for more than half (54,3%) of all income earned as social pension. Households headed by individuals with higher education accounted for the lowest percentage share (4,4%) of income earned as social pensions, followed by households headed by individuals with matric education (7,9%) and completed primary education (7,9%) in 2006.

More than three out of every four (75,4%) rands earned as social pensions in 2009 went to households headed by individuals with no formal schooling (23,6%), some primary education (25,5%) and some secondary education (26,3%). During 2009, households headed by individuals with higher education and primary education accounted for the smallest percentages (7,4%) in income earned as social pensions, followed by households headed by individual with matric education (7,6%).

According to Table 10, households headed by individuals with higher education accounted for the lowest (3,2%) percentage share in income earned as social pensions in 2011, followed by households headed by individuals with matric education (6,3%) whilst households headed by individuals with some primary education accounted for the highest (29,9%) percentage share, followed by households headed by individuals with some secondary education (27,7%). It is worth mentioning here that the percentage share of income from social grants that is attributable to households that are headed by people with primary school education is rather surprising. There is no clear explanation why this percentage share is lower than that of households headed by people with some secondary school and comparable to the share attributable to households headed by people with matric as their highest level of education.

3.2.2.3 Other income

Figure 13: Percentage distribution of other income by sex, 2006–2011



From Figure 13, more than seven out of every ten (71,2%) rands earned as income from other sources went to households headed by males in 2006. In 2009, while there was an increase in the percentage share (to 31,7%) of income from other sources accruing to female headed households, this share still remained far below the share commanded by male headed households, signifying the magnitude of income inequality by sex in the country. The highest (72,6%) percentage share that households headed by males accounted for in income from other sources was in 2011 when compared to percentage share that they accounted for in 2006 and 2009.



Chapter 4: Detailed findings regarding household expenditure

4.1 Introduction

As we have seen in Chapter 3 that income is not evenly distributed amongst South African households, so is household expenditure. In this section we look at the average household expenditure (average expenditure), highlighting significant changes from 2006 to 2011 by socio-demographic indicators. Furthermore, we look at the profile of expenditure quintiles and examine how much households in each quintile spent on average annually and what they spent their income on.

4.2 Average expenditure

Figure 14: Average expenditure in South Africa, 2006–2011

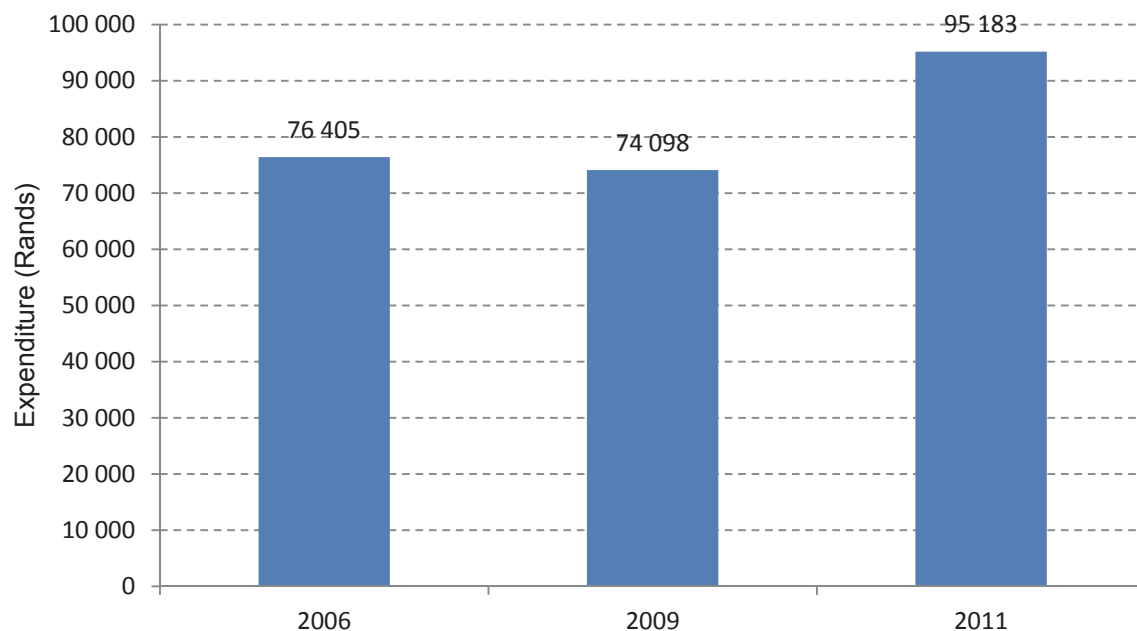


Figure 14 above shows that average expenditure increased over the years by almost a quarter (24,6%) from R76 405 in 2006 to R95 183 in 2011. However, it can be observed that there was a decrease by 3% on average expenditure in 2009 (from R76 405 spent in 2006 to R74 098), which can be partly attributed to the global economic crisis that was experienced in 2008 and 2009. From 2009 to 2011, there was an increase in average expenditure by more than a quarter (28,5%) which brought the average expenditure up to R95 183 in 2011.

Figure 15: Average expenditure by province, 2006–2011

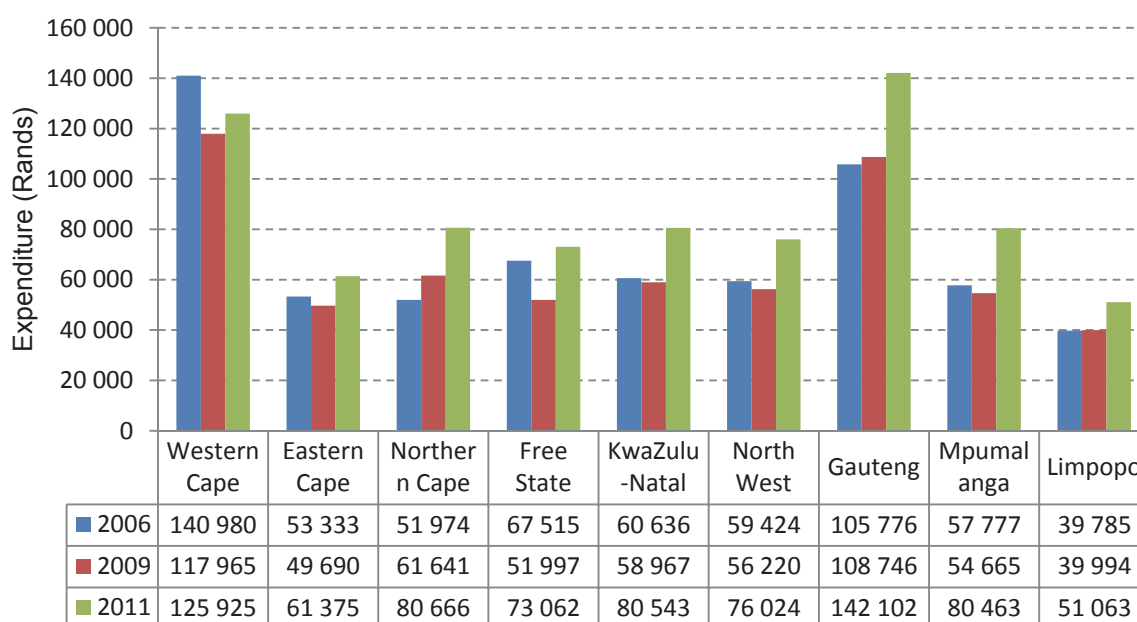
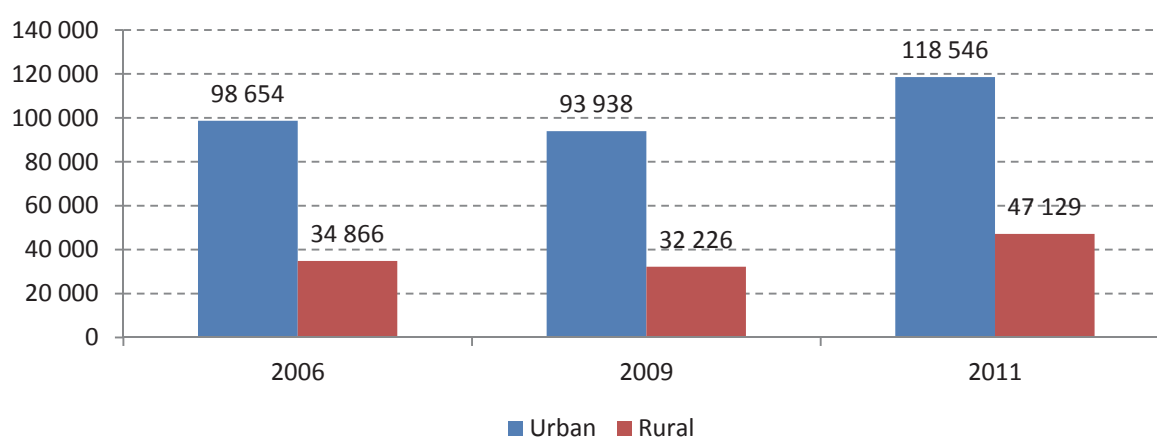


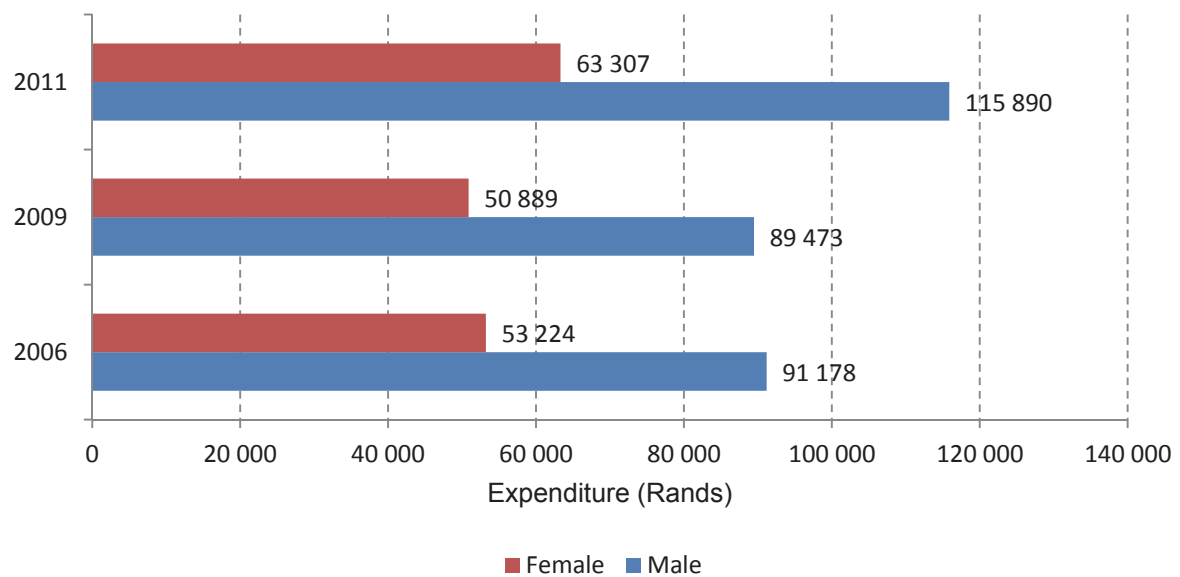
Figure 15 above depicts the same trend as Figure 14, when one looks at average expenditure across provinces during the study period.. All provinces, except Western Cape, experienced an increase in the average expenditure. Households in Western Cape experienced a decline of about (11%) which brought their average expenditure to R125 925 in 2011 from R140 980 in 2006. The biggest percentage increase in average expenditure occurred in Northern Cape, from R51 974 in 2006 to R80 666 in 2011 (a whopping 55,2% increase). Although Limpopo is the lowest spending province, households in Limpopo still experienced an increase in their spending by more than a quarter (28,3%) from R39 785 in 2006 to R51 063 in 2011.

Figure 16: Average expenditure by settlement type, 2006–2011



According to Figure 16 above, households in urban areas spend more than households in rural areas. Additionally, Figure 16 shows that while average expenditure increased in both rural and urban areas from 2006 to 2011, rural households experienced a significantly larger proportionate increase, increasing by more than a third (35,2%) of R34 866 spent in 2006 to R47 129 in 2011. On the other hand, households in urban areas had an increase of about 20,0% which saw them spending R118 546 in 2011 on average from R98 654 spent in 2006.

Figure 17: Average expenditure by sex of household head, 2006–2011



Households headed by males spent considerably more than (almost double) what households headed by females spent during the period 2006 to 2011, as shown in Figure 17. Ironically, during the same period the increase in average expenditure was much higher among households headed by males compared to their female headed counterparts, meaning that expenditure inequality between the two groups of households worsened. Average expenditure for male headed households increased by 27,1% from R91 178 in 2006 to R115 890 in 2011 while the corresponding increase among female headed households was by 18,9% from R53 224 in 2006 to R63 307 in 2011.

Figure 18: Average expenditure by population group of household head, 2006–2011

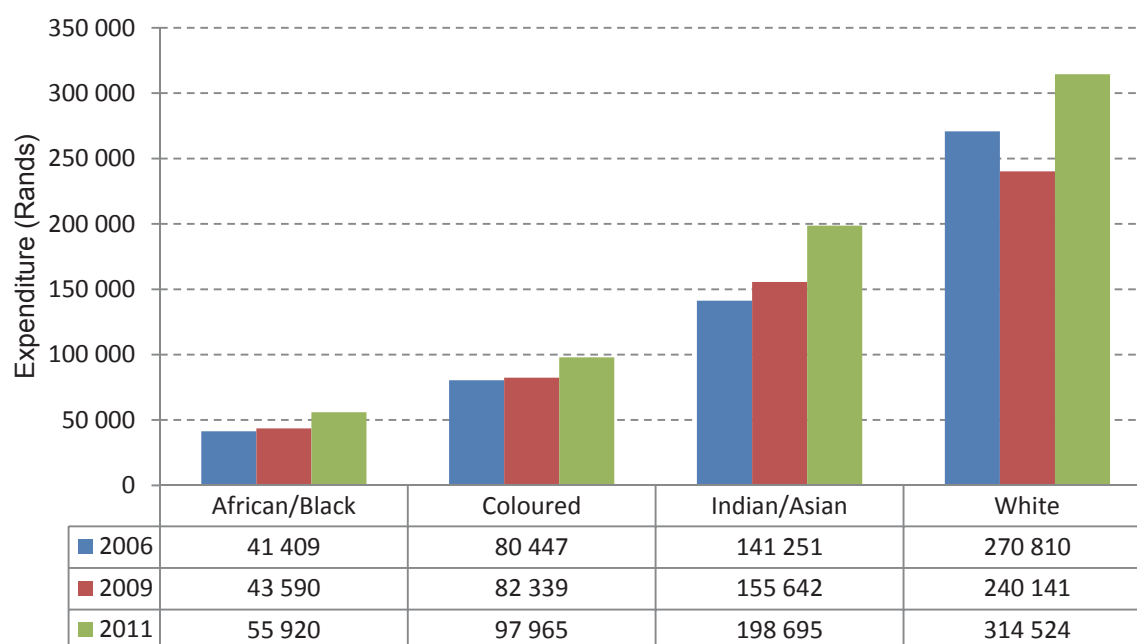


Figure 18 shows that average expenditure increased between 2006 and 2011 for all households irrespective of population group of household head. However, the graph also shows that households headed by whites had the highest average expenditure followed by households headed by Indians/Asians, coloureds and black Africans throughout the period of study.

Although households headed by black Africans spent the least amount on average, in 2011 they experienced an increase in their spending by more than a third (35,0%) from R41 409 in 2006 to R55 920. This was the second biggest proportionate increase after Indian/Asian households who experienced an increase of two fifths (40,0%) in average spending during the same period. White-headed households experienced a decline in their expenditure in 2009, spending an average of R240 141 before an increase of almost a third (31,0%) to R314 524 in 2011.

Figure 19: Average expenditure by household size, 2006–2011

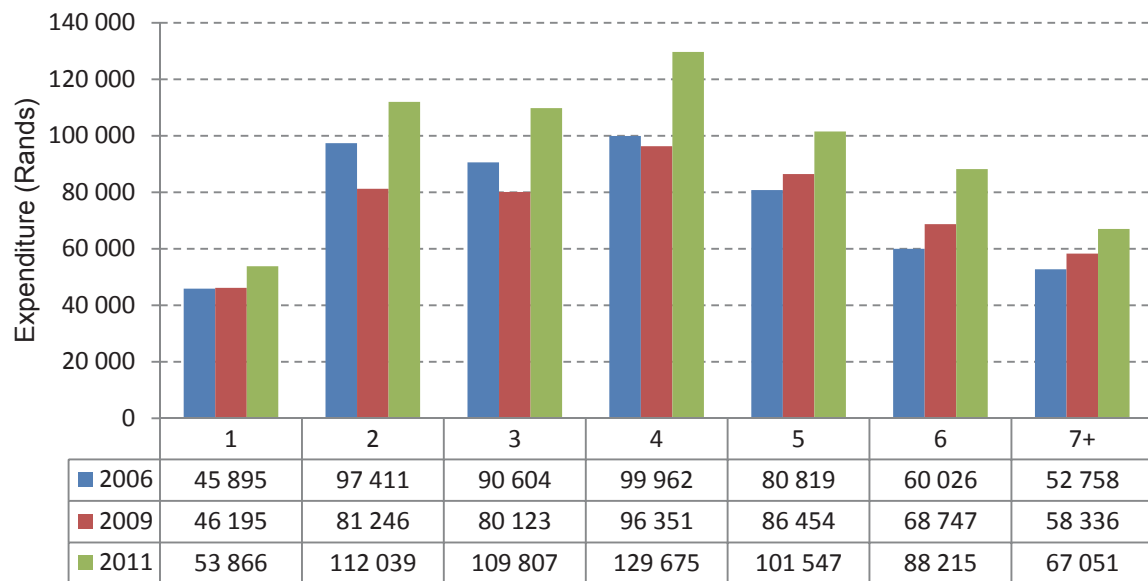


Figure 19 above shows that average expenditure increased in all households regardless of their household size from 2006 to 2011. As expected, households with a single member spent less on average than households with multiple members.

Households with one member spent R45 895 in 2006 on average before an increase of about 17,4% which brought their average expenditure to R53 866 in 2011. Households with four members spent R99 962 in 2006 before an increase of about 27% to R129 675 in 2011.

Figure 20: Average expenditure by highest level of education of household head, 2006–2011

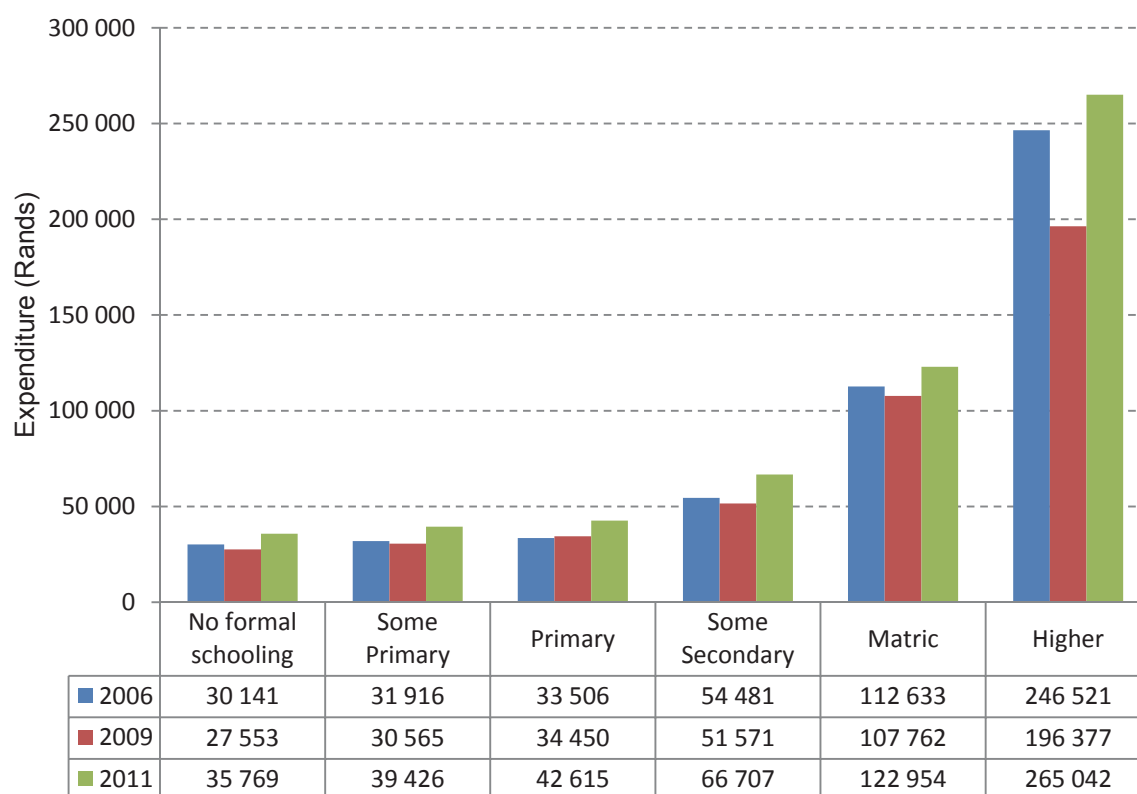


Figure 20 shows a positive relationship between average expenditure and the highest level of education of household head. Households headed by individuals with higher levels of educational attainment spent more than households headed by individuals with little or no formal schooling. Households headed by individuals with primary education experienced an increase in their expenditure throughout the study period, whereas households headed by people with other levels of education experienced a decline in their average expenditures in 2009.

4.3 Profile of quintiles

4.3.1 Construction of quintiles

In order to further the understanding of household expenditure patterns, households were divided into five subgroups (expenditure quintiles) according to per capita expenditure data. The quintiles were achieved by ranking households in an ascending order according to their per capita expenditure and then dividing the ranked households into five equal subgroups of households. The resulting subgroups were then labelled as follows: Quintile 1 – lowest per capita expenditure, Quintile 2 – low per capita expenditure, Quintile 3 – middle per capita expenditure, Quintile 4 – high per capita expenditure and Quintile 5 – highest per capita expenditure.

4.3.2 Household share

Table 11: Household share by quintiles per province, 2011

Province	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	South Africa
	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Western Cape	4,9%	8,5%	11,0%	13,2%	17,0%	10,9%
Eastern Cape	19,0%	15,5%	11,7%	9,8%	7,2%	12,7%
Northern Cape	1,9%	2,0%	1,5%	1,6%	1,7%	1,8%
Free State	5,0%	6,8%	7,2%	5,8%	5,2%	6,0%
KwaZulu-Natal	24,8%	20,0%	16,9%	16,2%	13,1%	18,2%
North West	8,9%	8,2%	8,0%	7,1%	5,7%	7,6%
Gauteng	11,1%	18,4%	26,7%	32,1%	41,5%	26,0%
Mpumalanga	7,0%	7,6%	6,8%	6,3%	4,9%	6,5%
Limpopo	17,5%	12,9%	10,2%	7,9%	3,7%	10,4%

The last column of Table 11 paints the picture that was shown in Table 1 above. It shows that, over a quarter (26,0%) of the total households that were counted in South Africa in 2011 were found in Gauteng and about a fifth (18,2%) were in KwaZulu-Natal. Table 11 also shows that the distribution of households across provinces differs considerably when considering expenditure quintiles. In Quintile 1, approximately a quarter (24,8%) of the households were found in KwaZulu-Natal followed by Eastern Cape, accounting for almost a fifth (19,0%) of the households in 2011. Provinces that were less represented in Quintile 1 were Northern Cape (1,9%), Western Cape (4,9%) and Free State (5,0%). In Quintile 2, the majority of the households were from KwaZulu-Natal (20,0%), Gauteng (18,4%) and Eastern Cape (15,5%). Quintile 3, Quintile 4 and Quintile 5 were dominated by households from Gauteng, followed by households from KwaZulu-Natal. In Quintile 5, the most notable household share was for Gauteng, accounting for more than two fifths (41,5%) of the households.

Table 12: Household share by quintiles per settlement type, 2011

Settlement	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	South Africa
	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Urban	40,8%	56,0%	67,7%	79,8%	92,0%	67,3%
Rural	59,2%	44,0%	32,3%	20,2%	8,0%	32,7%

According to Table 12, the majority of households (approximately three fifths —59,2%) in Quintile 1 were from rural areas in 2011. From Quintile 2 to Quintile 5, households from urban areas were in the majority in each quintile. More than nine out of every ten (92,0%) households in Quintile 5 were found in urban areas. This means that households that had the lowest per capita expenditure were living in rural areas whereas households with the highest per capita expenditure were living in urban areas.

Table 13: Household share by quintiles by sex of household head, 2011

Sex: Household head	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	South Africa
	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Male	44,9%	53,0%	61,7%	69,4%	74,1%	60,6%
Female	55,1%	47,0%	38,3%	30,6%	25,9%	39,4%

The majority (55,1%) of the households in Quintile 1 were headed by females in 2011 whereas male headed households accounted for the majority share of households in Quintiles 2 to 5 (Table 13). In the wealthiest quintile (Quintile 5) female headed households accounted for, just over a quarter (25,9%) of the total number of households.

Table 14: Household share by quintiles per population group of household head, 2011

Population group: Household head	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	South Africa
	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Black African	94,9%	91,6%	87,5%	74,7%	34,1%	76,6%
Coloured	4,8%	7,6%	9,8%	12,1%	8,1%	8,5%
Indian/Asian	0,1%	0,6%	1,4%	4,6%	6,1%	2,5%
White	0,1%	0,2%	1,3%	8,6%	51,7%	12,4%

Table 14 shows that (94,9%) households in Quintile 1 were headed by black Africans in 2011, with the remaining percentage shared amongst coloureds (4,8%), Indians/Asians (0,1%) and whites (0,1%). Black African households also dominated the composition of households in Quintiles 2 to 4 whilst white headed households were the majority in the composition of households in Quintile 5.

Table 15: Household share by quintiles per household size, 2011

Household size	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	South Africa
	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
1	2,7%	9,4%	20,4%	29,7%	25,5%	17,6%
2	7,2%	14,5%	19,4%	17,7%	29,3%	17,6%
3	9,7%	17,1%	16,5%	15,7%	17,2%	15,2%
4	15,1%	18,0%	15,3%	16,0%	17,9%	16,5%
5	15,7%	14,0%	12,2%	10,9%	6,8%	11,9%
6	12,9%	9,8%	6,8%	5,2%	2,4%	7,4%
7+	36,7%	17,1%	9,3%	4,9%	0,8%	13,7%
Average household size	5,8	4,3	3,5	3,0	2,6	3,8

The data in Table 15 show a negative relationship between average household size and socioeconomic status (expenditure Quintile) in 2011. Households in Quintile 1 had 5,8 members on average while household in Quintile 5 had 2,6 members on average. More than a third (36,7%) of the household in Quintile 1 had more than six members whilst households with two members accounted for the highest percentage (18,0%) in Quintile 2. In Quintile 3 and Quintile 4 households with one member had the highest percentage share, accounting for more than a fifth (20,4%) and more than a quarter (29,7%), respectively.

The majority (54,8%) of households in Quintile 5 had one member (25,5%) or two members (29,3%) while households with more than six members accounted for (0,8%).

Table 16: Household share by quintiles by highest level of education of household head, 2011

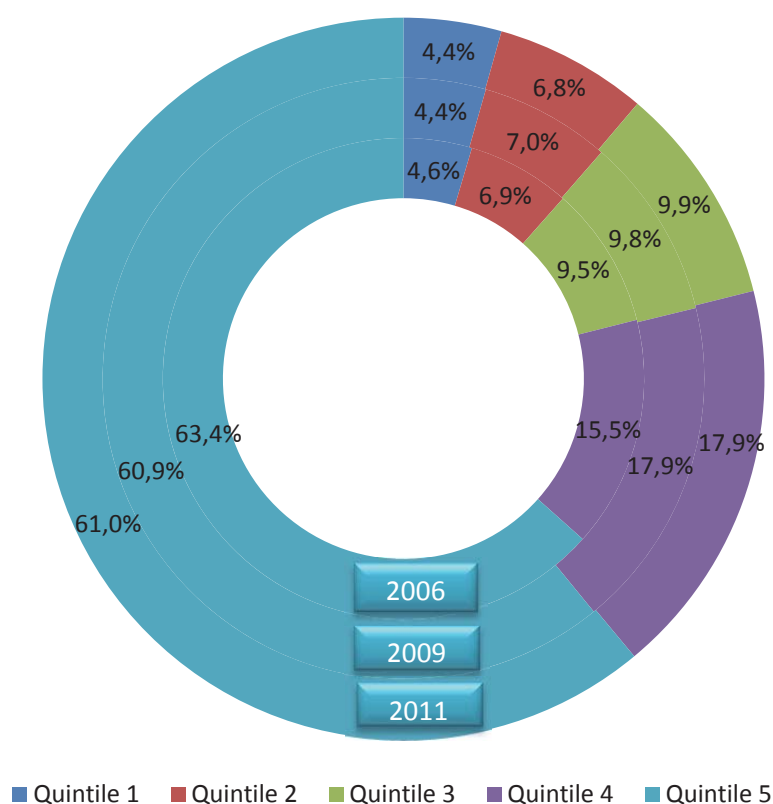
Highest level of education: Household head	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	South Africa
	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
No formal schooling	22,6%	14,7%	9,0%	3,9%	0,6%	10,2%
Some primary education	31,2%	24,9%	19,6%	10,3%	1,8%	17,6%
Primary education	9,1%	8,6%	8,0%	4,3%	1,0%	6,2%
Some secondary education	30,1%	39,2%	42,6%	40,8%	20,0%	34,5%
Matric education	5,2%	9,9%	15,4%	24,7%	27,3%	16,5%
Higher education	0,8%	1,9%	4,9%	15,7%	48,8%	14,4%

Of the households in Quintile 1, a little more than a fifth (22,6%) were headed by individuals with no formal schooling (Table 16). Less than one out of every hundred households (0,8%) in this Quintile were headed by individuals with higher education and (61,3%) households were headed by individuals with some primary education (31,2%) and individuals with some secondary education (30,1%).

Nearly four out of every ten (about 40%) households in Quintiles 2 to 4 were headed by individuals with some secondary education. In Quintile 5, close to half (48,8%) of the households were headed by individuals with higher education whilst (0,6%) households were headed by individuals with no formal education.

4.4 Expenditure share by quintiles

Figure 21: Percentage share of total expenditure, 2006–2011



The results of the IES 2005/06 estimated the total household expenditure to be R700 billion which amounted to R952 billion when raised to 2011 current prices. Figure 21 above shows the percentage that each quintile contributed to the total household expenditure using 2011 current prices. Figure 21 shows that of the R952 billion that was spent in 2006, (63,4%) rands were spent by households in Quintile 5. Less than a fifth (15,5%) spent in 2006 were spent by households in Quintile 4 whereas (9,5%) were spent by households in Quintile 3. Just more than one out of every ten rands (11,5%) were spent by households either in Quintile 1 (4,6%) or Quintile 2 (6,9%).

In 2009, the LCS 2008/09 estimated that R932 billion was spent by households after taking inflation into account and raising the amount to 2011 current prices. Compared to what was spent in 2006, this was a decline in total household expenditure. However, households in Quintile 5 continued to account for (60,9%) of total expenditure in 2009, slightly less than what they accounted for in 2006. Figure 21 also shows that households in Quintile 4 accounted for less than a fifth (17,9%) spent in 2009 which is greater than what was spent in 2006. In 2009, Quintile 1 (4,4%), Quintile 2 (7,0%) and Quintile 3 (9,8%) were still accounting for relatively the same percentage as what they accounted for in 2006.

Households in Quintile 5 spent (61,0%) of the R1 250 billion that was spent in 2011. Households in Quintile 4 accounted for less than a fifth (17,9%) spent in 2011 while households in Quintile 3 accounted for 9,9%. Households in both Quintile 1 (4,4%) and Quintile 2 (6,8%) jointly accounted for (11,2%) of total spending in 2011

In general, Figure 21 shows that households in Quintile 5 accounted for the majority of the total household expenditure from 2006 to 2011, even though they experienced a slight decline in the percentage share of total household expenditure, while households in Quintile 4 had an increased percentage share in 2011 compared to what they accounted for in 2006. Households in Quintiles 1 to 3 remained stagnant in terms of percentage contribution to total expenditure from 2006 to 2011.

4.5 Average annual household expenditure by expenditure quintiles

Figure 22: Average annual household expenditure by quintiles, 2006–2011

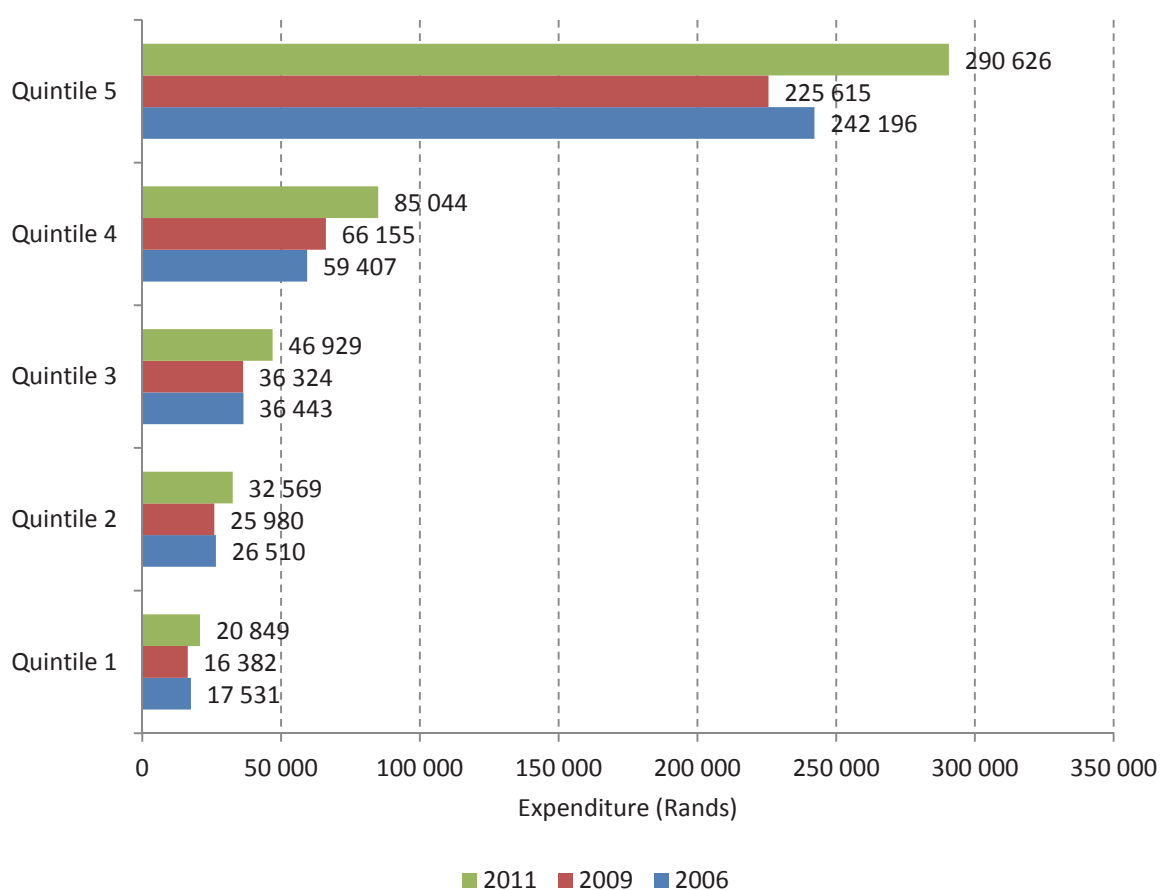


Figure 22 above shows average expenditure of households in each expenditure quintile from 2006 to 2011. The graph shows a general increase in average expenditure across all quintiles between 2006 and 2011. However, households in all other quintiles except households in Quintile 4, experienced a decline in their average expenditure between 2006 and 2009.

Households in Quintile 1 spent R17 531 on average in 2006 before they reduced their expenditure by (6,6%) rands, spending R16 382 in 2009. From 2009 to 2011, there was an increase of (27,3%) rands spent in 2009 to see households in Quintile 1 spending R20 849 on average in 2011. This means that households in Quintile 1 increased their spending by (18,9%) from 2006 to 2011.

Households in Quintile 2 on average spent R25 980 in 2009, marking a 2% decrease from the average expenditure of R26 510 in 2006. An increase of a quarter (25,4%) of what was spent in 2009 saw households in Quintile 2 spending R32 569 in 2011. From 2006 to 2011 households in Quintile 2 increased their average expenditure by more than a fifth (22,9%) of what was spent in 2006.

A slight (0,3%) decrease on average expenditure from 2006 to 2009 saw households in Quintile 3 spending R36 324 in 2009 from R36 443 in 2006. An increase of (29,2%) rands spent in 2009 saw households in Quintile 3 spending R46 929 on average in 2011. Compared to what households in Quintile 3 were spending in 2006, in 2011 they were spending roughly three out of every ten (28,8%) rands more.

As indicated earlier, households in Quintile 4 increased their average expenditure between 2006 and 2011 without it dropping in 2009. In 2009, households in Quintile 4 had increased their expenditure by (11,4%) rands that was spent in 2006, such that their average expenditure was R66 155. Households in Quintile 4 experienced an increase of more than two fifths (43,2%) in 2011, spending R85 044 on average from R59 407 in 2006.

By 2011, households in Quintile 5 spent a fifth (20,0%) more than R242 196 that was spent in 2006 to bring their average expenditure to R290 626. Households in Quintile 5 experienced a slight (6,8%) decline in their average expenditure in 2009, spending R225 615 from R242 196 spent in 2006.

4.6 Average expenditure by selected expenditure quintiles and demographic variables

From the previous sections in this chapter, we have seen that expenditure levels changed by expenditure quintile and demographic indicator from 2006 to 2011. In this section we look at average expenditure by selected quintiles, examining demographic groups that exhibited interesting expenditure patterns during the study period. Quintiles to look at are as follows:

Quintile 1 – The percentage share of total expenditure accounted for by households in this quintile remained stagnant and households in this quintile were the lowest spending households from 2006 to 2011.

Quintile 4 – The average expenditure of households in this quintile increased in 2009 whereas it declined for households in other quintiles. Consequently, the percentage share of total expenditure accounted for by households in this quintile increase throughout the period 2006 to 2011.

Quintile 5 – Throughout the study period (2006 to 2011), more than half of the total expenditure was attributable to households in this quintile. However, the actual percentage share that households in this quintile accounted for decreased somewhat across the three data points studied in this report.

4.6.1 Quintile 1

Table 17: Average expenditure in Quintile 1 by province, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R17 531	R16 382	R20 849	18,9%
Province				
Western Cape	R18 278	R17 204	R22 500	23,1%
Eastern Cape	R17 225	R16 751	R20 560	19,4%
Northern Cape	R17 093	R17 083	R19 041	11,4%
Free State	R15 178	R13 923	R19 013	25,3%
KwaZulu-Natal	R19 268	R18 260	R23 170	20,2%
North West	R15 765	R15 648	R19 517	23,8%
Gauteng	R17 420	R15 733	R18 427	5,8%
Mpumalanga	R16 726	R16 653	R22 128	32,3%
Limpopo	R17 238	R14 938	R19 837	15,1%

Table 17 shows that average expenditure of households in Quintile 1 increased by slightly less than a fifth (18,9%) from R17 531 spent in 2006 to R20 849 in 2011. Furthermore, Table 17 shows an increase in the average expenditure among households in Quintile 1 across all provinces during the study period.

Of the households in Quintile 1, households from Mpumalanga had the highest average expenditure increase of almost a third (32,3%), spending R22 128 in 2011 from R16 726 in 2006. Other households that had more than 20,0% increase in Quintile 1 were from Free State (25,3%), North West (23,8%), Western Cape (23,1%) and KwaZulu-Natal (20,2%).

The lowest increase (5,8%) in average expenditure among households in Quintile 1 was observed in Gauteng, increasing to R18 427 in 2011 from R17 420 in 2006. Northern Cape (11,4%), Limpopo (15,1%) and Eastern Cape (19,4%) all experienced increases of less than a fifth (20,0%) in their average expenditure.

Table 18: Average expenditure in Quintile 1 by settlement type, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R17 531	R16 382	R20 849	18,9%
Settlement				
Urban	R17 677	R16 150	R19 928	12,7%
Rural	R17 448	R16 531	R21 484	23,1%

Table 18 above shows that the average household expenditure in Quintile 1 increased across all settlement types from 2006 to 2011. Households in urban areas had an increase of (12,7%) from R 17 677 in 2006 to R19 928 in 2011 while households in rural areas had an increase of (23,1%) spending R21 484 in 2011 from R17 488 in 2006.

Table 19: Average expenditure in Quintile 1 by household head, 2006 – 2011

	2006	2009	2011	% change 2006–2011
South Africa	R17 531	R16 382	R20 849	18,9%
Sex: Household head				
Male	R17 285	R16 451	R20 217	17,0%
Female	R17 742	R16 325	R21 365	20,4%

From Table 19, it can be seen that average expenditure for households that are in Quintile 1 and headed by females increased by more than a fifth (20,4%) from R17 742 in 2006 to R21 365 in 2011. Their counterparts (male-headed households in Quintile 1), however, experienced 17,0% increase in average spending from R17 285 in 2006 to R20 217 in 2011.

Table 20: Average expenditure in Quintile 1 by population group of household head, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R17 531	R16 382	R20 849	18,9%
Population group: Household head				
Black African	R17 506	R16 247	R20 783	18,7%
Coloured	R18 127	R19 231	R22 122	22,0%
Indian/Asian	R14 890	R43 523	R17 074	14,7%
White	R11 675	R16 938	R24 163	107,0%

In Table 20 above, households headed by whites in Quintile 1 had spent R11 675 in 2006 before they doubled (increased by 107,0%) their average expenditure to R24 163 in 2011. Households headed by coloureds increased their average expenditure by more than a fifth (22,0%), spending R22 122 in 2011 from R18 127 in 2006. Households headed by black Africans, which are in the majority in Quintile 1, increased their average expenditure by close to a fifth (18,7%) in 2011, spending R20 783 from R17 506 spent in 2006. Indian/Asian-headed households had a slight (14,7%) increase in average expenditure, spending R17 074 in 2011 which is the lowest average expenditure compared to what households headed by other population groups spent in this quintile.

4.6.2 Quintile 4

Table 21: Average expenditure in Quintile 4 by province, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R59 407	R66 155	R 85 044	43,2%
Province				
Western Cape	R68 970	R80 071	R101 032	46,5%
Eastern Cape	R61 835	R57 811	R86 155	39,3%
Northern Cape	R56 007	R67 620	R84 305	50,5%
Free State	R52 458	R56 285	R81 633	55,6%
KwaZulu-Natal	R55 501	R66 952	R90 519	63,1%
North West	R54 934	R57 427	R74 945	36,4%
Gauteng	R61 624	R67 820	R81 808	32,8%
Mpumalanga	R58 023	R63 645	R76 654	32,1%
Limpopo	R57 032	R61 675	R77 194	35,4%

Looking at Table 21 above, we see that the average expenditure for South African households in Quintile 4 increased by (43,2%) from R59 407 in 2006 to R85 044 in 2011.

The trend is also the same when looking at provinces; we see an increase for all provinces although there was a drop in 2009 for households in Eastern Cape from R61 835 in 2006 to R57 811 in 2009 before an increase to R86 155 in 2011. Households from Western Cape had the highest average

expenditure when compared to households from the other provinces from 2006 to 2011, while households from North West had the lowest average expenditure in 2011.

Table 22: Average expenditure in Quintile 4 by settlement type, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R59 407	R66 155	R85 044	43,2%
Settlement				
Urban	R61 197	R70 183	R87 532	43,0%
Rural	R52 303	R48 034	R75 203	43,8%

In Quintile 4, households from all settlement types experienced an increase of more than four out of every ten (more than 40,0%) rands in their average expenditure from 2006 to 2011. However, households in the urban areas spent more than what households in rural areas spent, spending R61 197 in 2006 to R87 532 in 2011 whereas households in rural areas spent R52 303 in 2006 and R75 203 in 2011.

Table 23: Average expenditure in Quintile 4 by sex of household head, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R59 407	R66 155	R85 044	43,2%
Sex: Household head				
Male	R58 828	R68 419	R87 114	48,1%
Female	R60 788	R61 192	R80 349	32,2%

In line with the pattern that was observed earlier when looking at household expenditure patterns by sex of household head, Table 23 shows that male-headed households spent more than female-headed households from 2006 to 2011 in Quintile 4. However, in 2006 female-headed households spent more than their male counterparts, spending R60 788 while male-headed households were spending R58 828 on average.

Table 24: Average expenditure in Quintile 4 by population group of household head, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R59 407	R66 155	R85 044	43,2%
Population group: Household head				
Black African	R52 454	R57 721	R75 433	43,8%
Coloured	R79 480	R85 848	R105 043	32,2%
Indian/Asian	R82 560	R103 046	R119 647	44,9%
White	R88 316	R97 950	R122 040	38,2%

Expenditure by population group as shown in Table 24, indicates that white-headed households had the highest average expenditure, followed by Indian/Asian and coloured-headed households from 2006 to 2011 in Quintile 4. Households headed by black Africans had the lowest average expenditure in Quintile 4, but they had the second highest (43,8%) percentage change, spending R75 433 in 2011 from R52 454 in 2006.

4.6.3 Quintile 5

Table 25: Average expenditure in Quintile 5 by province, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R242 196	R225 615	R290 626	20,0%
Province				
Western Cape	R319 240	R248 025	R265 920	-16,7%
Eastern Cape	R201 233	R176 185	R228 348	13,5%
Northern Cape	R170 528	R199 983	R234 632	37,6%
Free State	R204 455	R161 598	R213 186	4,3%
KwaZulu-Natal	R211 058	R193 035	R287 340	36,1%
North West	R191 870	R198 351	R275 281	43,5%
Gauteng	R257 745	R252 760	R332 268	28,9%
Mpumalanga	R244 632	R210 698	R292 410	19,5%
Limpopo	R146 725	R212 779	R225 969	54,0%

As indicated earlier, Quintile 5 comprises households with the highest per capita expenditure levels compared to the other quintiles. Table 25 shows that the average expenditure for this quintile increased by a fifth (20,0%) from R242 196 in 2006 to R290 626 in 2011. However, in 2009 households in Quintile 5 experienced a slight decline from R242 196 in 2006 to R225 615.

Households from Limpopo had the lowest average expenditure in 2006 but it increased by more than half (54,0%) from 2006 to 2011, spending R146 725 and R225 969 respectively. In 2006 households in Western Cape spent R319 240 which later declined by less than a fifth (16,7%) to R265 920 in 2011.

Table 26: Average expenditure in Quintile 5 by settlement type, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R242 196	R225 615	R290 626	20,0%
Settlement				
Urban	R248 452	R228 254	R293 673	18,2%
Rural	R177 151	R185 878	R255 575	44,3%

Table 26 shows a general increase in average expenditure for households in Quintile 5 cutting across all settlement types between 2006 and 2011. The biggest improvement observed in the data is that of households in rural areas with an increase of more than four out of every ten (44,3%) rands , spending R255 575 in 2011 from R177 151 in 2006.

Table 27: Average expenditure in Quintile 5 by sex of household head, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R242 196	R225 615	R290 626	20,0%
Sex: Household head				
Male	R255 838	R242 142	R319 739	25,0%
Female	R199 602	R177 713	R207 445	3,9%

In Quintile 5 as shown in Table 27, households headed by males had the highest average expenditure compared to households headed by females throughout the study period. In 2006 households headed by males spent R255 838 on average before an increase by a quarter (25,0%) which brought their expenditure to R319 739 in 2011. On the other hand, households headed by females had the lowest average expenditure (3,9%) which increased slowly from R199 602 in 2006 to R207 445 in 2011.

Table 28: Average expenditure in Quintile 5 by population group of household head, 2006–2011

	2006	2009	2011	% change 2006–2011
South Africa	R242 196	R225 615	R290 626	20,0%
Population group: Household head				
Black African	R144 017	R160 301	R202 279	40,5%
Coloured	R212 737	R199 799	R238 079	11,9%
Indian/Asian	R259 971	R255 275	R306 187	17,8%
White	R305 237	R269 057	R355 264	16,4%

According to Table 28 above, from 2006 to 2011 household headed by whites had the highest average expenditure compared to other households headed by individuals of other population groups. Households headed by black Africans, on the other hand, had the lowest average expenditure.

4.7 Expenditure maingroups, 2006–2011

In the previous sections, we looked at how much households were spending from 2006 to 2011. In this section we examine what households were spending their income on. Furthermore, we look at expenditure quintiles to see how much households in each quintile spent of their income. Items that households bought are grouped into the following five expenditure maingroups:

- Transport and communication;
- Health, education, recreation and culture;
- Housing, services, furnishings, equipment and maintenance;
- Food and clothing; and
- Other expenditure.

4.7.1 Main expenditure group

Figure 23: Percentage share of total expenditure by expenditure maingroups, 2006–2011

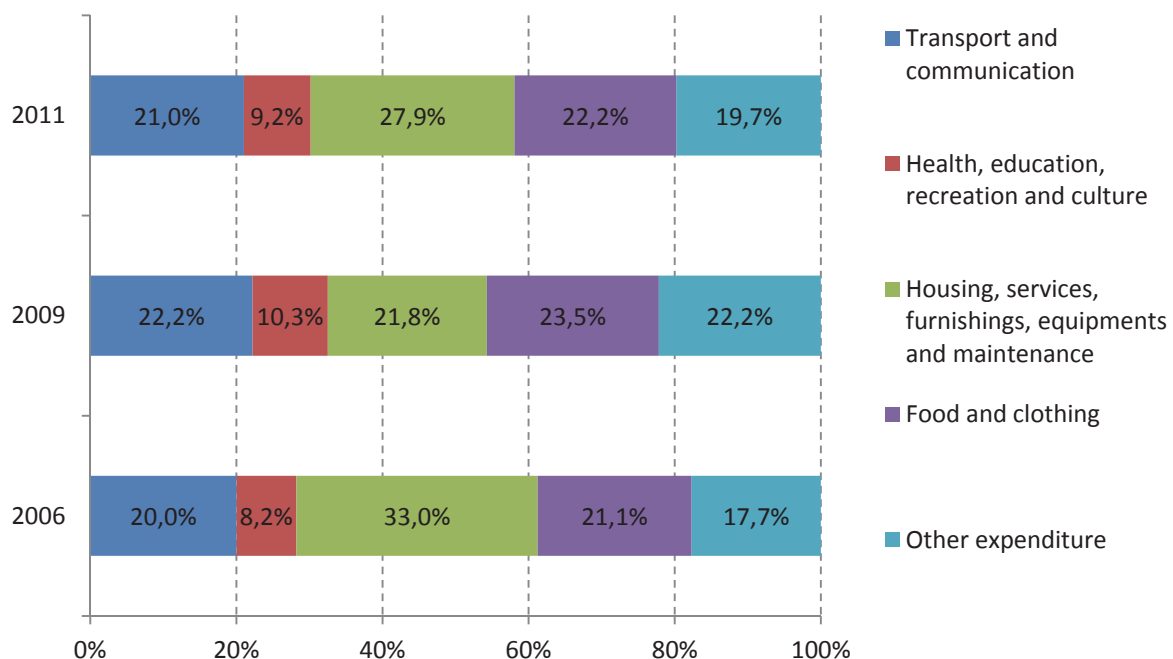


Figure 23 above shows that in 2006 South African households spent about a third (33,0%) of their total expenditure on housing, services, furnishings, equipment and maintenance. Expenditure on food and clothing accounted for more than a fifth (21,1%), followed by transport and communication that accounted for a fifth (20,0%) of the total expenditure in 2006. During 2006 households spent (8,2%) on health, education, recreation and culture. The remaining percentage was spent on other expenditure and it accounted for less than a fifth (17,7%) of the total expenditure.

In 2009, households reduced their spending on housing, services, furnishings, equipment and maintenance, spending more than a fifth (21,8%). During the time of the global economic crisis, households increased the percentage share of food and clothing to about a quarter (23,5%) of their total expenditure. Expenditure on transport and communication and other expenditure accounted for more than a fifth (22,2%) each in the total expenditure. Health, education, recreation and culture had the lowest percentage share in the total expenditure, accounting for slightly (10,3%) which is higher than the percentage share that it accounted for in 2006.

More than a quarter (27,9%) of the total expenditure in 2011 was spent on housing, services, furnishings, equipment and maintenance as depicted in Figure 23. In 2011, households in South Africa had reduced their expenditure on food and clothing compared to what they spent in 2009, accounting for (22,2%) of the total expenditure. Expenditure on transport and communication accounted for relatively the same percentage share in the total expending, accounting for (21,0%) in 2011. Of the total expenditure in 2011, approximately a fifth (19,7%) was spent on other expenditure.

4.7.2 Main expenditure group: Quintile 1

Figure 24: Percentage share of total expenditure by expenditure maingroup in Quintile 1, 2006–2011

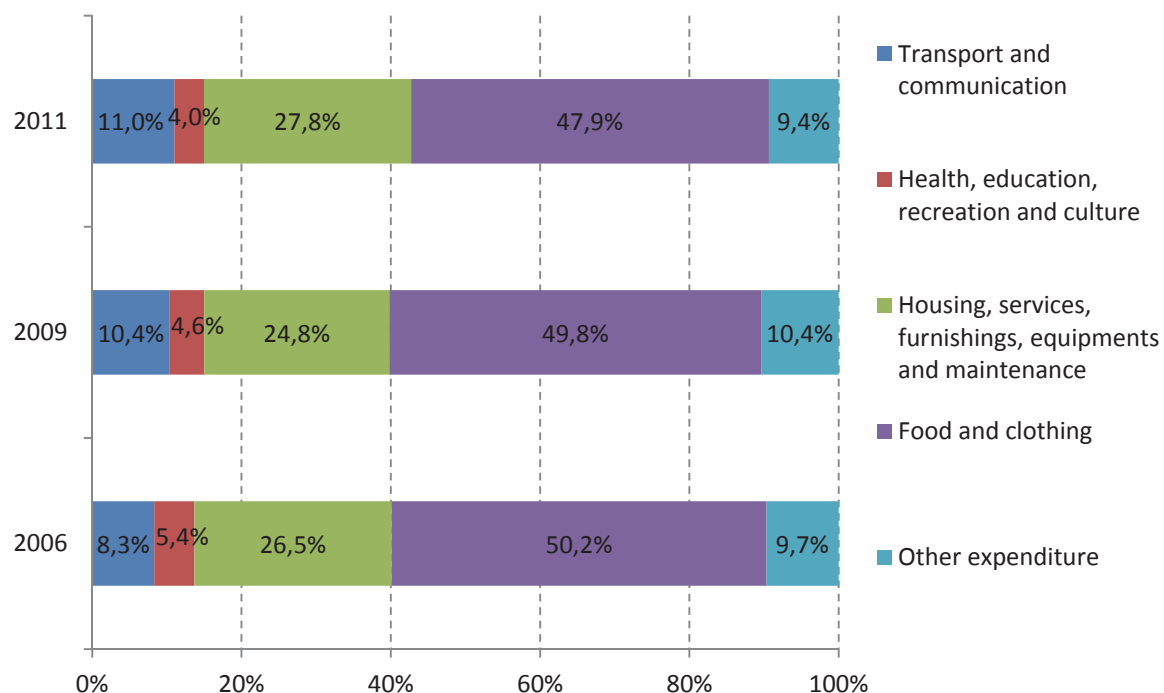


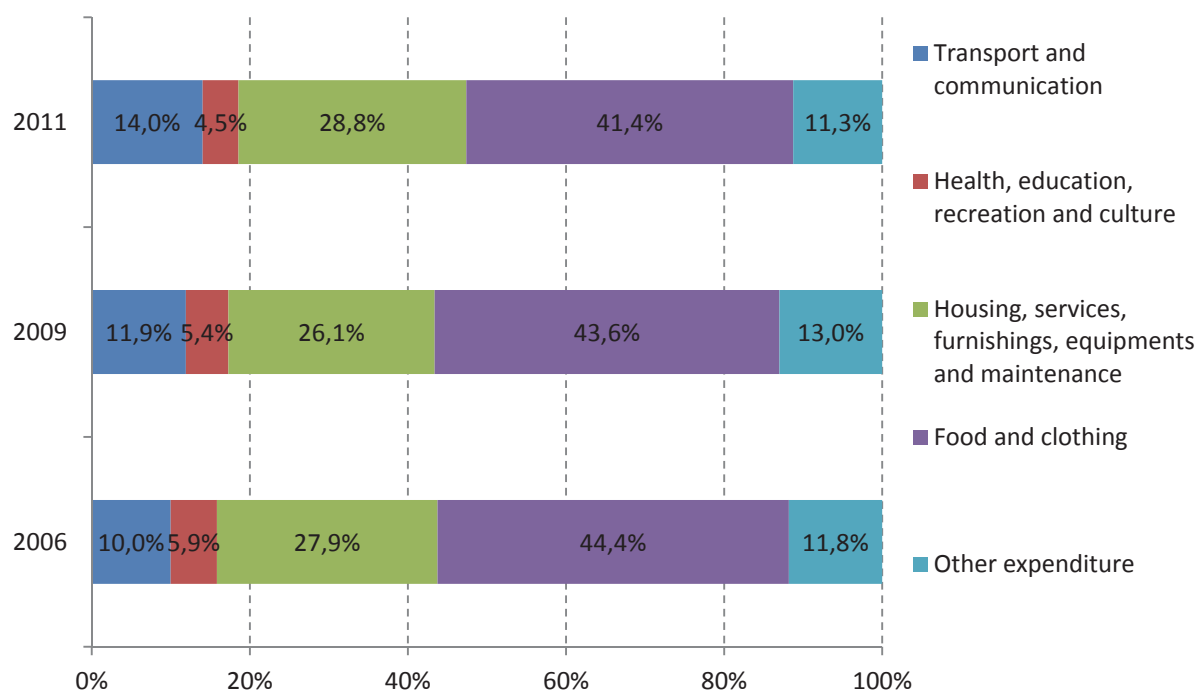
Figure 24 above shows the proportion that each expenditure maingroup accounted for in the total expenditure for households in Quintile 1 from 2006 to 2011. The data show that more than half (50,2%) of the total expenditure was spent on food and clothing in 2006. Housing, services, furnishings, equipment and maintenance, on the other hand, accounted for about a quarter (26,5%) of the total expenditure and the remainder spread between other expenditure (9,7%), transport and communication (8,3%) and health, education, recreation and culture (5,4%).

About half (49,8%) of the total expenditure of households in Quintile 1 was spent on food and clothing followed by housing, services, furnishings, equipment and maintenance accounting for about a quarter (24,8%) in 2009. More than one out of every ten (10,4%) rands in 2009 was spent on transport and communication; this shows that the percentage share that this expenditure maingroup accounted for had increased compared to what it was in 2006. Health, education, recreation and culture accounted for the lowest (4,6%) percentage share in the total expenditure of households in Quintile 1, followed by other expenditure accounting for (10,4%) in 2009.

According to Figure 24, food and clothing accounted for a major percentage share (47,9%) in 2011. About three out of every ten (27,8%) rands spent in 2011 was spent on housing, services, furnishings, equipment and maintenance while more than one out of every ten (11,0%) rands was spent on transport and communication. Still in 2011, health, education, recreation and culture accounted for less than one out of every ten (4,0%) rands which is a decline in the percentage share that it accounted for in 2006 and 2009.

4.7.3 Main expenditure group: Quintile 2

Figure 25: Percentage share of total expenditure by expenditure maingroups in Quintile 2, 2006–2011



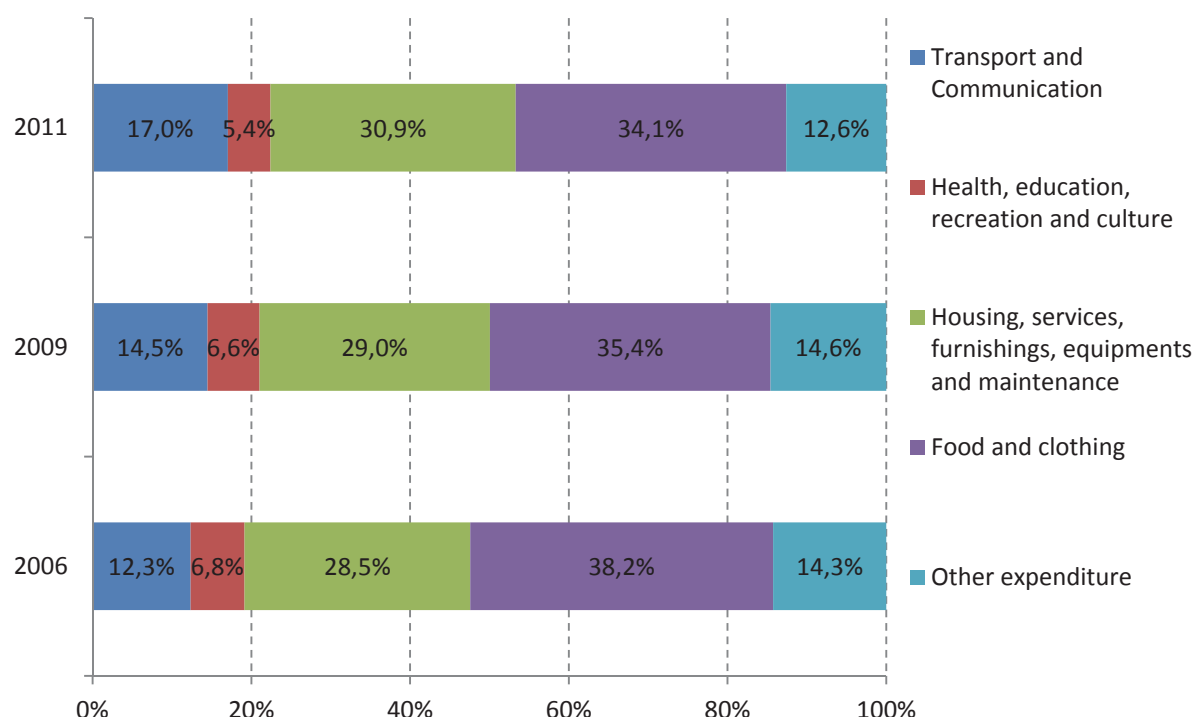
More than two fifths (44,4%) of the total expenditure in 2006 was spent on food and clothing by households in Quintile 2 as shown in Figure 25 above. Furthermore, Figure 25 shows that more than a quarter (27,9%) of the total expenditure went to housing, services, furnishings, equipment and maintenance. Households in Quintile 2 spent (10,0%) in 2006 on transport and communication whilst (5,9%) was spent on health, education, recreation and culture. The remaining percentage share in 2006 went to other expenditure, accounting for (11,8%).

In 2009, expenditure maingroups accounted for more or less the same percentage share as what they accounted for in 2006. Food and clothing still accounted for more than two fifths (43,6%) of the total expenditure whilst housing, services, furnishings, equipments and maintenance accounted for more than a quarter (26,1%), followed by other expenditure (13,0%), transport and communication (11,9%) and health, education, recreation and culture (5,4%).

Food and clothing accounted for more than two fifths (41,4%) of the total expenditure in 2011, which was a decline compared to the percentage share that households in Quintile 2 accounted for in this expenditure maingroup in 2006 and 2009. More than a quarter (28,8%) of the total expenditure by households in Quintile 2 was spent on housing, services, furnishings, equipment and maintenance in 2011 as shown in Figure 25. Transport and communication accounted for (14,0%) of the total expenditure in 2011, followed by other expenditure (11,3%) and health, education, recreation and culture (4,5%).

4.7.4 Main expenditure group: Quintile 3

Figure 26: Percentage share of total expenditure by expenditure maingroups in Quintile 3, 2006–2011



In 2006, households in Quintile 3 spent (38,2%) of their total expenditure on food and clothing. According to Figure 26, housing, services, furnishings, equipment and maintenance accounted for more than a quarter (28,5%) of these households' overall spending in 2006. Health, education, recreation and culture had the lowest percentage share in the total expenditure, accounting for (6,8%) followed by transport and communication (12,3%) and other expenditure (14,3%) in 2006.

More than a third (35,4%) of the total expenditure in 2009 was spent on food and clothing as shown in Figure 26. Households in Quintile 3 spent (29,0%) in housing, services, furnishings, equipment and maintenance in 2009. The remaining percentage had to be shared amongst transport and communication (14,5%), health, education, recreation and culture (6,6%) and other expenditure (14,6%).

Figure 26 above also shows that in 2011, food and clothing accounted for more than a third (34,1%) of the total expenditure in Quintile 3. Housing, services, furnishings, equipment and maintenance accounted for (30,9%) in the total expenditure, making this expenditure maingroup the second highest in terms of percentage share in the total expenditure. In 2011, transport and communication accounted for more percentage share compared to what households in Quintile 3 accounted for in this expenditure maingroup in 2006 and 2009; accounting for less than a fifth (17,0%) of the total expenditure. Health, education, recreation and culture accounted for the lowest percentage share in 2011, accounting for (5,4%) followed by other expenditure accounting for (12,6%) of the total expenditure.

4.7.5 Main expenditure group: Quintile 4

Figure 27: Percentage share of total expenditure by expenditure maingroups in Quintile 4, 2006–2011



According to Figure 27 above, housing, services, furnishings, equipment and maintenance accounted for the highest percentage share in 2006, accounting for almost a third (32,1%) of the total expenditure in Quintile 4. Still in the same year, food and clothing accounted for (27,3%). Transport and communication accounted for less than a fifth (15,4%) in 2006 whilst the remaining percentage share had to be shared amongst other expenditure (17,2%) and health, education, recreation and culture (8,0%).

Figure 27 also shows that approximately a third (33,0%) of the total expenditure by households in Quintile 4 went to housing, services, furnishings, equipment and maintenance in 2009. Almost a fifth (24,6%) of the total expenditure was accounted for by the food and clothing expenditure maingroup. Health, education, recreation and culture accounted for the lowest percentage share, accounting for (8,5%) of the total expenditure followed by transport and communication (16,1%) and other expenditure (17,8%).

In 2011, (7,3%) of the total expenditure went to health, education, recreation and culture. Almost a fifth (18,6%) of the total expenditure in Quintile 4 as shown in Figure 27, went to transport and communication while less than a fifth (16,0%) went to other expenditure. Food and clothing accounted for about a fifth (22,5%) of the total expenditure in Quintile 4 while more than a third (35,7%) went to housing, services, furnishings, equipment and communication.

4.7.6 Main expenditure group: Quintile 5

Figure 28: Percentage share of total expenditure by main groups in Quintile 5, 2006–2011



In 2006, more than a third (35,0%) of the total expenditure of households in Quintile 5 went to housing, services, furnishings, equipment and maintenance as shown in Figure 28 above. Transport and communication accounted for almost a quarter (24,3%) of the total expenditure in 2006. About a fifth (19,6%) of the total expenditure in 2006 went to other expenditure while food and clothing accounted for nearly one out of every ten (12,3%) rands. Additionally, Figure 28 shows that health, education, recreation and culture accounted for (8,9%) in the total expenditure in 2006.

Health, education, recreation and culture and other expenditure had a slight increase in their percentage share in 2009 compared to what they accounted for in 2006; accounting for (10,0%) and more than a fifth (21,4%) of the total expenditure, respectively. In 2009, more than a third (34,9%) of the total expenditure in Quintile 5 went to housing, services, furnishings, equipment and maintenance while more than a fifth (22,1%) went to transport and communication. Food and clothing accounted for (11,6%) which is less than what it accounted for in the total expenditure in 2006.

Less than one out of every ten (7,9%) rands spent in 2011 by households in Quintile 5 went to health, education, recreation and culture. Figure 28 above shows that (10,0%) went to food and clothing in 2011. Transport and communication accounted for more than a fifth (22,2%) of the total expenditure in 2011 while other expenditure accounted for less than a fifth (19,7%). Housing, services, furnishings, equipment and maintenance accounted for the largest share in 2011, accounting for (40,2%) of the total expenditure in Quintile 5 in 2011.

4.7.7 Food and non-alcoholic beverages

In the previous sections, we have seen the disparities between households in Quintile 1 and households in Quintile 5 in terms of their spending patterns. In this section we look at food and non-alcoholic beverages to compare how much households in Quintile 1 and Quintile 5 spent in this expenditure group between 2006 and 2011.

4.7.7.1 Food and non-alcoholic beverages: Quintile 1

Table 29: Average expenditure on food and non-alcoholic beverages in Quintile 1 by food group, 2006-2011.

Items	2006		2009		2011	
	Average	% share	Average	% share	Average	% share
Beverages	R297	4,2%	R265	4,0%	R349	4,6%
Dairy products and eggs	R503	7,0%	R425	6,4%	R544	7,1%
Fish, meat, poultry and their products	R1 537	21,5%	R1 204	18,1%	R1 651	21,6%
Fruits and vegetables	R1 008	14,1%	R799	12,0%	R973	12,7%
Grain products	R2 500	35,0%	R2 844	42,9%	R2 748	35,9%
Miscellaneous	R991	13,9%	R728	11,0%	R1 007	13,2%
Oil and fats	R302	4,2%	R367	5,5%	R376	4,9%
Total	R7 138	100,0%	R6 632	100,0%	R7 647	100,0%

Table 29 above shows the average household expenditure and corresponding proportionate share of expenditure on food and non-alcoholic beverages among household of Quintile 1 from 2006 to 2011. Overall, households in Quintile 1 spent an average of R7 138 on food and non-alcoholic beverages in 2006 and this figure decreased to R6 632 in 2009. In 2011, households in Quintile 1 spent R7 647 on food and non-alcoholic beverages which shows an increase from what was spent in 2006 and 2009.

In 2006, more than a third (35,0%) of what was spent on food and non-alcoholic beverages went to grain products and it amounted to R2 500 on average followed by fish, meat, poultry and their products, accounting for more than a fifth (21,5%) which amounted to R1 537 on average. During the same year, beverages (4,2%) and oil and fats (4,2%) accounted for the lowest percentage shares of what was spent on food and non-alcoholic beverages, followed by dairy products (7,0%), miscellaneous (13,9%) and fruits and vegetables (14,1%).

During the time of global economic crisis (2008/09), households in Quintile 1 reduced their expenditure on all items that fall in food and non-alcoholic beverages to compensate for grain products and oil and fats. Grain products accounted for more than four out of every ten (42,9%)

lands that was spent in 2009 on food and non-alcoholic beverages whilst oil and fats accounted for 5,5%. The lowest average expenditure on food and non-alcoholic beverages in 2009 went to beverages (R265) followed by oil and fats (R367), dairy products (R425) and miscellaneous (R728).

More than a third (35,9%) of what was spent in 2011 on food and non-alcoholic beverages went to grain products which amounted to R2 748 on average, followed by fish, meat, poultry and their products accounting for more than a fifth (21,6%).

Table 29 further shows that in the lowest average expenditure of households in Quintile 1 was again on beverages (R349), followed by oil and fats (R376), dairy products (R544) and fruits and vegetables (R973) in 2011.

4.7.7.2 Food and non-alcoholic beverages: Quintile 5

Table 30: Percentage distribution and average of household expenditure in Quintile 1 for items in food and non-alcoholic beverages

Items	2006		2009		2011	
	Average	% share	Average	% share	Average	% share
Beverages	R1 943	9,1%	R1 550	9,2%	R1 750	9,3%
Dairy products and eggs	R2 265	10,6%	R2 125	12,6%	R2 140	11,3%
Fish, meat, poultry and their products	R6 153	28,8%	R4 866	28,9%	R5 597	29,7%
Fruits and vegetables	R2 629	12,3%	R2 265	13,4%	R2 568	13,6%
Grain products	R2 532	11,8%	R3 842	22,8%	R2 772	14,7%
Miscellaneous	R5 337	25,0%	R1 600	9,5%	R3 472	18,4%
Oil and fats	R509	2,4%	R614	3,6%	R566	3,0%
Total	R21 368	100,0%	R16 861	100,0%	R18 864	100,0%

Table 30 above shows the percentage distribution and average expenditure of households in Quintile 5 from 2006 to 2011 for food and non-alcoholic beverages. It depicts the picture that households in Quintile 5 reduced their average expenditure on food and non-alcoholic beverages from R21 368 in 2006 to R18 864 in 2011.

More than half of what was spent in 2006 on food and non-alcoholic beverages by households in Quintile 5 went to fish, meat, poultry and their products (28,8%) and miscellaneous items (25,0%), spending R6 153 and R5 337 on average respectively. Oil and fats accounted for the lowest (2,4%) percentage of what was spent in 2006 by households in Quintile 5 followed by beverages (9,1%), dairy products (10,6%) and grain products (11,8%).

Grain products had the second highest percentage share accounting for more than a fifth (22,8%) of what was spent in 2009, which amounted to R3 842 on average. Fish, meat, poultry and their products were still accounting for the highest (28,9%) percentage share whilst oil and fats were still accounting for the lowest (3,6%) percentage share.

Almost three out of every ten (29,7%) rands spent on food in 2011 by households in Quintile 5 (approximately R5 600) went to fish, meat, poultry and their products. On average, households in Quintile 5 spent R3 472 on miscellaneous items which accounted for less than a fifth (18,4%) in food and non-alcoholic beverages in 2011. Oil and fats remained with the lowest average expenditure, with households in Quintile 5 spending R566 followed by beverages (R1 750). Dairy products, fruits and vegetables and grain products accounted for (more than 10,0%) each.



Chapter 5: Summary and conclusion

Summary

The Earnings and spending report has demonstrated that income distribution in South Africa is highly unequal. The observed inequality was reflected through the household expenditure patterns observed in the period 2006 to 2011.

Average income and expenditure inequalities

Household income and expenditure were unevenly distributed in in South Africa during the period 2006 to 2011. This inequality manifested itself by way of huge: provincial differentials; racial differentials; and differentials by sex of household head and by settlement type, etc.

- Average annual income and expenditure in South Africa, increased by 16,7% and 24,6% respectively. This trend is true for all population groups, both sexes and all settlement types, etc.
- Western Cape and Gauteng reported the highest average income and expenditure while Limpopo had the lowest.
- Male-headed households had higher average income and expenditure compared to female-headed households.
- White-headed households earned and spent more than households headed by other population groups. Black African-headed households reported the lowest average income and expenditure levels.
- Rural households experienced relatively more increases in their average income and expenditure than their urban counterparts but this is largely because they started off from a low base in 2006. Therefore, they remained the lowest earners and spenders compared urban households even in 2011.

Sources of income

Income from salaries, wages and from businesses accounted for more than seven out of every ten rands (more than 70,0%) in the total income earned from 2006 to 2011. During the same period, income from social pensions accounted for the lowest percentage share followed by income from other sources.

Key findings relating to items on which households spent their income in the period 2006-2011?

Percentage share of expenditure main groups to total expenditure

- Housing, services, furnishings, equipment and maintenance accounted for almost a third (33,0%) in 2006 and in 2011 it accounted for more than a fifth (27,9%) of the total expenditure in South Africa.
- Food and clothing accounted for more than a fifth (20,0%) of the total expenditure from 2006 to 2011.
- Transport and communication also accounted for more than a fifth (20,0%) of the total expenditure throughout the years.
- Expenditure on health, education, recreation and culture accounted for the smallest percentage share in the total expenditure, accounting for one out of every ten (10,0%) rands from 2006 to 2011.
- Other expenditure accounted for more than a fifth of the total expenditure in 2009 and in 2006, whereas in 2011 it accounted for a fifth (20,0%).

Contribution of expenditure main groups to the total expenditure in various quintiles

- Households in Quintile 1 spent almost half of their total expenditure on food and clothing from 2006 to 2011; housing, services, furnishings, equipment and maintenance accounted for almost a fifth (25,0%) of the total expenditure throughout the years.
- Households in Quintile 2 and Quintile 3 spent the majority of their total expenditure on food and clothing while health, education, recreation and culture accounted for the lowest percentage share from 2006 from 2011.
- In Quintile 4, households spent the majority of their total expenditure on housing, services, furnishings, equipment and maintenance followed by food and clothing from 2006 to 2011. Health, education, recreation and culture accounted for the lowest percentage share throughout the period of study.
- Food and clothing only accounted for more than one out of every ten (10,0%) rands in the total expenditure of households in Quintile 5 from 2006 to 2011. On the other hand, households in Quintile 5 spent more than a third (33,3%) of their total expenditure on housing, services, furnishings, equipment and maintenance throughout the years.

Conclusion

The effects of past apartheid policies are evident when examining existing disparities in income and expenditure patterns in South Africa. Black Africans generally, and non-urban African women and men in particular are the poorest groups in the country. However, the democratic government has put policies and programmes in place to reverse the injustices; these policies and programmes are making an impact in terms of income of the disadvantaged groups although the impact is very small. With the country moving towards inclusive development as outlined in the National Development Plan and in the Sustainable Development Goals which the country has committed to track, analyses such as one presented in this report is necessary to show progress that is made over time.