SUBJECTIVE POVERTY IN SOUTH AFRICA

FINDINGS OF THE LIVING CONDITIONS SURVEY 2008/2009

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Statistics South Africa

De Bruyn Park Building, 170 Thabo Sehume (Andries) Street, Pretoria, 0002

Private Bag X44, Pretoria, 0001, South Africa

User information service: +27(12) 310 8600, Fax: +27(12) 310 8500

Main switchboard: +27(12) 310 8911, Fax: +27(12) 321 7381

Website: www.statssa.gov.za, Email: info@statssa.gov.za

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Findings of the Living Conditions Survey 2008/2009

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Pali Lehohla, Statistician-General

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For technical enquiries please contact:
Werner Ruch
Tel: (012) 337 6318
Email: wernerr@statssa.gov.za

Copies are obtainable from: Printing and Distribution, Statistics South Africa
Tel: (012) 310 8093
(012) 310 8251
(012) 310 8161
Fax: (012) 321 7381
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Preface

This report presents a selection of findings and tables based on the data that were collected by Stats SA through the Living Conditions Survey (LCS) 2008/2009 that was carried out during the period September 2008 to August 2009. It focuses on the subjective poverty profile of South Africans at national and provincial levels. The report was prepared with assistance from the School of Development Studies at the University of KwaZulu-Natal.

Cautionary note

Readers are cautioned to take the following into consideration:

- The survey was conducted during the period September 2008 to August 2009. Thus, data collection for the survey coincided with the global economic recession, which South Africa was not immune to. This may have had an impact on the survey results.

- The LCS 2008/2009 was the first survey designed to measure poverty in South Africa. Any comparisons with previous surveys of a similar nature should be done with caution. Users should consider the different methodologies used and how the questions were asked in different surveys. For example, comparing the Income and Expenditure Survey (IES) 2000, IES 2005/2006 and LCS 2008/2009 may be tricky because of the different methodologies of data collection used and the different ways in which some estimates were derived. The IES 2000 used a recall method when collecting information on household expenditure for all types of items, whereas IES 2005/2006 used a diary method when collecting information on household expenditure for frequently acquired items such as food, beverages, personal care items, etc.

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Introduction

At the centre of development strategies in South Africa, poverty alleviation features high on the list. At the top of the five developmental objectives outlined in the Medium Term Strategic Framework (MTSF) of 2010 is the goal of halving poverty and unemployment by 2014. Measurement of poverty levels, like the measurement of any other phenomenon such as unemployment, fertility, or mortality requires a standard definition to be applied over time to properly determine trends. A debate on the definition of poverty in South Africa has been a continuous one in which several approaches have emerged. Two of the main concepts at the core of the definition of poverty are objective and subjective poverty.

In the past, Statistics South Africa (Stats SA) has provided a variety of data sources, such as the 1996 and 2001 Censuses, the 2007 Community Survey and the 1995, 2000 and 2005/2006 Income & Expenditure surveys, to produce poverty reports and maps. Poverty researchers have also used the annual General Household Survey, as well as the biannual (until 2008) Labour Force Survey to produce poverty estimates. However, none of these sources were specifically designed to measure poverty or to assess progress towards poverty reduction.

In line with its strategic objective of providing relevant statistical information to meet user needs, Stats SA has embarked on the development and implementation of a new survey aimed at improving measurement in terms of life circumstances, service delivery and poverty in South Africa. This survey is called the Living Conditions Survey (LCS).

This report presents findings from the first LCS conducted by Stats SA. The survey was conducted between September 2008 and August 2009. The main aim of this survey is to provide data that will contribute to better understanding poverty in South Africa and to provide data for monitoring levels of poverty over time.

1.1 Objective poverty

Objective poverty is based on an expert derived definition of poverty, which allows an objective identifier of poverty that can be used to monitor progress over time. Through the use of this objective measure, government can determine whether or not poverty levels are decreasing over time and, in turn, whether targets (e.g. to halve poverty by 2014) are going to be met.

In deriving an objective measure of poverty from the LCS data, Stats SA has followed the absolute money-metric poverty line approach. The poverty lines were constructed as a combination of two parts: food and non-food components. The three key stages in this methodology were to establish the food basket, followed by an exercise to establish the cost of a minimum basket of food items and making allowance for the non-food expenses with clear assumptions for what to include and what to exclude. The last step entailed converting expenditure shares per capita into average number of grams per item per capita.

To obtain the lower and upper-bound poverty lines, the common variation of Ravillion's cost-of-basic-needs approach (1998) was followed. In this method, two different sets of non-food expenditure were obtained from two separate reference households and added to the food poverty line to yield two sets of poverty lines, the lower-bound and the upper-bound poverty lines.

In the first reference group, the non-food components of the poverty lines were obtained by taking the average non-food expenditure of households whose total expenditure was close to the food poverty line. Adding this non-food component to the food poverty line estimated the lower-bound poverty line. The choice of reference households for the lower poverty line was based on the assumption that households whose total expenditure is close to the food poverty line subsist on survival for food needs, therefore sacrifice fulfilment of basic food needs in order to meet their non-food needs. This implies that the non-food basic expenditure of such households represents minimum expenditure on the non-food basic needs. Therefore the reference households for the lower-bound poverty line were those whose total expenditure was close or equal to the R148 per capita per month (in 2000 prices). Within these households, the average non-food expenditure was estimated at R71 per capita per month (in 2000 prices). By adding the abovementioned non-food expenditure to the food poverty line of R148, the lower-bound poverty line was estimated at R219 per capita per month (in 2000 prices).

In the second reference group, the average non-food expenditure of households whose food expenditure was close to the food poverty line estimated the upper-bound poverty line. A key assumption behind the cost-of-basic-needs approach is that in cases where food expenditure is equivalent to the food line, households are considered able to meet basic food and non-food monetary needs. Therefore, by adding the non-food expenditure of such households to the food poverty line, an upper-bound poverty line was obtained. The reference households for the upper-bound poverty line were households with food expenditure equal or close to the food poverty line of R148 per capita per month. Average non-food expenditure of the households was estimated at R175 per capita per month (in 2000 prices). This value was added to the food poverty line to obtain the upper bound poverty line of R323 per capita per month (in 2000 prices).

The construction of the poverty lines yields period specific poverty lines. Cost of goods and services as well as their consumption patterns are key drivers in the design of absolute poverty lines. Goods and services are expected to change over time, though in different ways and at different rates. With time, changes in the cost of living affect purchasing power or value implied by poverty lines. To maintain integrity in the absolute poverty lines, two types of updates are required. These include adjustments by means of inflation index or construction of new lines. Statistics South Africa used changes in cost of living based on CPI series. Updates were performed annually. Based on this approach, the poverty lines for 2009 are as follows:

Food poverty line = R305

Lower-bound poverty line = R416

Upper-bound poverty line = R577

1.2 Subjective poverty

Subjective poverty, the subject of this report, is an individual's assessment of his or her own welfare, utility or happiness. It challenges the mainstream view that poverty is an objective, money-metric and uniformly applicable concept. Proponents of subjective poverty measures argue that by asking respondents themselves whether they are poor provides a 'direct lens' on well-being that could not otherwise be obtained from objective measures (Ravallion 2012).

The growing body of work (Kingdon & Knight 2006, 2007; Posel & Casale 2011) which has examined subjective poverty and well-being in South Africa has, to date, highlighted several key findings. Firstly, this work has suggested that, overall, there is a positive correlation between objective income poverty measures and subjective measures of well-being. Despite some overlap between these two types of measures, however, there are often a number of differences between objective and subjective indicators of poverty or well-being. For example, while income is a significant predictor of subjective well-being, there are a number of other variables that are also significantly correlated with subjective poverty and which are not necessarily associated with household income. Moreover, in comparing the correlates of objective and subjective poverty status, there are a number of variables which explain both, but the size and direction of their effects can often differ in important ways (Kingdon & Knight 2006).

Second, and in line with work on subjective poverty in other contexts, the South African literature demonstrates that there is a 'relative' component to subjective measures of well-being. In other words, an individual's perception of her or his well-being (or poverty status) is informed by the perceived well-being of others. Posel and Casale (2011), for example, find that subjective measures of relative standing have a stronger association with subjective well-being than do objective measures. Individuals and households that perceive that they are better off than those around them are, therefore, more likely to report greater subjective well-being than those who are relatively well off based on an objective measure of relative standing (e.g. position in the income distribution). Given the high levels of income inequality and the history of racial segregation in South Africa, it is therefore not surprising that perceptions of relative standing are likely to differ considerably depending on the reference group with which an individual compares her or his well-being.

In addition to perceptions of relative standing, a measure of subjective poverty is likely to be influenced by a number of different aspects from an individual's life (i.e. not just income). In other words, individuals may base their self-perceived poverty status on a number of factors which may, *inter alia*, include the following:

- Lack of access to services
- Lack of access to land
- Poor health
- Lack of income

- Lack of employment
- Lack of basic needs, such as food, housing and clothing

The LCS 2008/2009 provides a rich source of information for the assessment of subjective poverty in South Africa. The survey, for the first time, captures information on a range of different domains such as:

- Health satisfaction
- Standard of housing
- Standard of food consumption
- Standard of clothing
- Minimum income requirements
- Self-perceived wealth
- Relative economic standing

These domains have been used to measure well-being in a burgeoning literature on subjective poverty measurement (Ferrer-i-Carbonell & Van Praag 2001; Blaylock & Smallwood 1986; Ravallion 2012; Kingdon & Knight 2006, 2007).

Within this literature, several dominant approaches to the measurement of subjective poverty have emerged. The first, *perceived wealth*, consists of simply asking respondents to indicate whether or not they are poor. The second approach comprises of a question about the *minimum income requirement* that a household would need to 'make ends meet'. This type of question, often referred to as the Leyden approach, allows for measures of subjective well-being that provide a money-metric alternative to the objective poverty line since respondents can identify a perceived poverty threshold that is relevant within their particular context (Ravallion 2012). The third approach to subjective poverty measurement, the '*economic ladder*' method, requires respondents to consider a number of 'steps' which correspond to economic status in a particular reference area (e.g. community, city, province or country). The bottom step usually represents the poorest members of the reference area and the top step the wealthiest. The question then asks respondents to select the step which best represents their wealth or the wealth of their household (response options typically range from 1 to 6 or from 1 to 9).

A more recent approach to subjective poverty measurement is to derive a multi-dimensional indicator which incorporates a number of the domains outlined above. Rather than asking respondents whether or not they are poor or identifying the minimum level of required income, this approach asks whether or not specific consumption needs are being met (Pradhan & Ravallion 2000). In the empirical literature, these needs often correspond to key domains such as health, food, housing and clothing. The survey questions typically ask respondents to identify whether the respective needs across these domains are less than adequate, just adequate or more than adequate. Subjective poverty can then be measured for each domain or a multidimensional measure of subjective poverty can be constructed.

1.3 Background to poverty and the Living Conditions Survey

The Living Conditions Survey 2008/2009 aimed to provide, for the first time, data with which to measure poverty levels in South Africa in a number of different ways. The survey provides data that can be used for measuring poverty using objective, subjective and multidimensional measures, and covers a wide range of indicators such as household income, household expenditure, ownership of assets, minimum income, household's self-perceived poverty status, and access to facilities and services.

To date, Statistics South Africa has released two reports based on data from the LCS 2008/2009. These are:

1. The statistical release (*P0310*) on the living conditions of households in South Africa which covers areas such as household composition, distribution of households according to expenditure quintiles, households' expenditure on various expenditure items, etc. The report aims to provide a picture of the living circumstances of households in South Africa. This report was released on 15 September 2011.

2. The Poverty Profile: This report (*Poverty Profile of South Africa: Application of the poverty lines on the LCS 2008/2009*) describes the application of money-metric objective poverty lines to income and expenditure data from the LCS 2008/2009.

1.4 Objectives of the report

This report builds on the objective poverty profile released by Statistics South Africa. The main objectives of this report are:

- To estimate poverty rates in South Africa based on several widely used approaches to the measurement of subjective poverty.

- To compare poverty estimates based on subjective measures with those derived from objective (money-metric) measures.

- To provide a subjective poverty profile in terms of the percentage of poor individuals and households in relation to key characteristics such as sex and race, as well as province and settlement type.

1.5 Outline of the report

This report has seven sections. The remaining sections are organised as follows:

- Section 2 outlines the subjective poverty measures used in this report.
- Section 3 presents estimates of the extent of subjective poverty in South Africa.
- Section 4 provides a detailed subjective poverty profile for South Africa.
- Section 5 presents findings on subjective poverty and the living circumstances of households.
- Section 6 describes the results of a multidimensional subjective poverty profile for South Africa.
- Section 7 offers some broad conclusions regarding the use of subjective poverty measures based on the LCS data.

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Methods: subjective poverty measurement

2.1 Subjective poverty

This report makes use of three of the most widely used subjective poverty measures in order to estimate levels of subjective poverty in South Africa (see Table 1). These measures are constructed as follows:

1) In the LCS data, the self-perceived wealth question (SPWQ) asks respondents to identify the category which they consider to best describe their household. Response items are constructed in an ordinal scale ranging from 'very poor' to 'wealthy'. Those who responded 'poor' or 'very poor' are identified as 'poor' and all other categories are classified as 'non-poor'.

2) A subjective poverty line following the Leyden approach, named for its origin at Leyden University in the Netherlands in the 1970s (Van Praag and Frijters 1999; Ravallion 2012), is constructed through a minimum income question (MIQ) which asks respondents to select the smallest level of income with which their household could make ends meet. If reported per capita household consumption falls below this minimum income level then the household (and all individuals living in it) are identified as poor. The advantage to this method is that the extent, depth and severity of poverty can be estimated. For example, using the standard Foster-Greer-Thorbecke (FGT) set of poverty measures (Foster et al. 1984), the average distance of each household from its reported minimum income (as a proportion of this level of income) can be estimated (i.e. the depth of poverty).

3) A direct way to use the minimum income question available in the LCS is to ask respondents whether or not their household's actual level of income is above or below the minimum level reported in the previous question. In this way, respondents evaluate their own perception on whether they receive more than their reported minimum level (IEQ). In the LCS, the response items are presented in an ordinal scale ranging from 'much lower' to 'much higher'. Individuals are therefore identified as 'poor' if they live in a household in which income is described as 'lower' or 'much lower' than the minimum required income. All other responses are identified as 'non-poor'.

Table 1: Subjective poverty indicators available in the LCS 2008/2009

Subjective poverty indicator	Response items	Poverty cut-off
Self-perceived wealth question (SPWQ) *"Would you say your household is at present . . .*	1 =Wealthy 2 = Very comfortable 3 = Reasonably comfortable 4 = Just getting along 5 = Poor 6 = Very poor	5 = Poor 6 = Very poor
Minimum income question (MIQ) *"Which net household income per month in Rand would be the absolute minimum for your household? That is to say, that you would not be able to make ends meet if you earned less."*	Continuous	NA
Income evaluation question (IEQ) *"Is the total monthly income of your household higher, lower or more or less the same as this figure (i.e. the figure given in Q24.5)?"*	1 = Much higher 2 = Higher 3 = More or less the same 4 = Lower 5 = Much lower	4 = Lower 5 = Much lower
Economic ladder question (ELQ) *"Please imagine a 9-step ladder where on the bottom, the 1st step, stand the poorest people, and on the highest step, the 9th, stand the rich. On which step would you consider you and your household to be?"*	1–9	NA

The LCS also includes an economic ladder question (ELQ) in which respondents are asked to imagine a 9-step ladder in which the bottom and top steps represent the poorest and richest households, respectively. One of the problems with the ladder type question, however, is that it is not clear where to assign the cut-off point which would determine whether or not a household is poor. The other questions used to measure subjective poverty in this report have relatively intuitive responses which allow respondents to identify themselves as poor. Another difference with the ladder type question is that there has been some suggestion that it is more of an indicator of how well informed an individual is about the wealth of other individuals or households in her/his community or country (Pradhan & Ravallion 2000).

In other words, the ELQ measure differs from the other measures of subjective well-being in two important ways. Firstly, it does not directly ask respondents to identify themselves as poor or non-poor. Secondly, it asks respondents to compare themselves to a reference group and is therefore affected by how much the respondent knows about this reference group. Therefore, the ladder question is a measure of perceived relative standing rather than a measure of subjective poverty per se. Because of these differences with the other subjective poverty measures, estimates of subjective poverty based on the ELQ are not presented in the report, but the determinants of 'well-being' as measured by the ELQ are presented in a technical appendix (Annexure 1).

2.2 Multidimensional subjective poverty

Since poverty or well-being is likely a reflection of more than one domain in an individual's life (van Praag and Ferrer-i-Carbonell 2008), this report also explores a relatively new approach to measuring multidimensional subjective poverty. The questionnaire module used to measure domains in the LCS has been used to measure subjective poverty in other contexts (Pradhan & Ravallion 2000) and was originally intended to address some of the shortcomings of measures of subjective poverty which rely on reported levels of income (e.g. the MIQ approach). In identifying the poor, the method used in this report is partially based on a construction of multidimensional poverty proposed by Alkire and Foster (2011). In this method a deprivation cut-off is selected for each domain (e.g. food consumption) and then a poverty cut-off is selected such that an individual is poor based on the number of domains in which their household's consumption is inadequate. The domains measured in the LCS data include (Table 2):

a. food consumption

b. housing

c. clothing

d. health care

e. children's schooling

Table 2: LCS module used to construct a multidimensional subjective poverty measure

24.4	**Over the past month, was your household's standard of .....**	Less than adequate	Just adequate	More than adequate	NOT APPLICABLE
	a Food consumption	☐ 1	☐ 2	☐ 3	☐ 4
	b Housing	☐ 1	☐ 2	☐ 3	☐ 4
	c Clothing	☐ 1	☐ 2	☐ 3	☐ 4
	d Health care	☐ 1	☐ 2	☐ 3	☐ 4
	e Your children's schooling	☐ 1	☐ 2	☐ 3	☐ 4

The first step in selecting a deprivation cut-off point for each domain is relatively intuitive since respondents are able to choose a 'less than adequate' standard of food consumption, housing, clothing, health care and children's schooling. An individual is therefore identified as deprived within each domain if they live in a household in which the standard of living is described as 'less than adequate'.

In deriving an aggregate measure of multidimensional subjective poverty (MSP) there are several techniques proposed by Alkire and Foster (2011). The first is the *union* approach in which an individual would be identified as poor if her/his household is deprived in any one domain. Alternatively, the *intersection* method identifies an individual as poor only if she/he is poor in all domains. Yet another way to identify the poor is to establish a *dual cut-off* across the selected domains. This method is a compromise between the intersection and union approaches to identifying the poor and is intuitive in that any number of domains can be chosen as the poverty cut-off. If policy is particularly interested in the most deprived members of a population the cut-off would be higher since, as the cut-off increases (i.e. the closer it is to intersection) the poverty headcount decreases (Alkire & Foster, 2011). The union, intersection and dual cut-off methods with uniform weights are used to profile multidimensional subjective poverty in this report and a series of decomposition analyses are then used to estimate the contribution of each respective domain to the multidimensional poverty indicator.

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Comparisons of the extent, depth and severity of objective and subjective poverty in South Africa

3.1 Subjective poverty estimates for South Africa

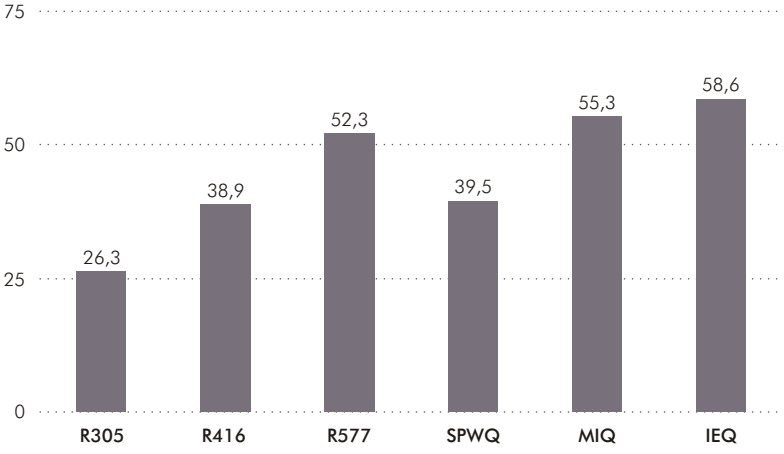
Table 3 presents poverty headcount rates based on the three objective national poverty lines, as presented in the *Poverty Profile*, as well as estimates using the three subjective poverty measures. The table indicates that headcount rates based on subjective poverty measures are generally higher than those based on objective poverty lines. The lowest subjective poverty rate, self-perceived subjective poverty (SPWQ), is similar to the headcount estimate based on the lower-bound objective poverty line (39,5% and 38,9%, respectively), but is still considerably higher than the food poverty headcount rate (26,3%). Moreover, according to the MIQ (55,3%) and IEQ (58,6%) poverty measures, more than half of South Africans are classified as poor. In other words, poverty appears to be even higher when it is measured as the perceived inability to earn enough income to 'make ends meet'. Figure 1 presents a visual representation of the headcount rates from Table 3 and clearly shows that subjective poverty measures, on the whole, are higher than the estimates based on the objective poverty lines derived by Statistics South Africa.

While the two poverty measures based on the minimum income question (MIQ and IEQ) are both higher than estimates based on the upper-bound objective measure, there are also differences between them. The MIQ measure of subjective poverty asks respondents to specify a minimum level of income for the household and then compares that income threshold with the reported level of total per capita household consumption (the same income measure used to estimate objective poverty headcounts). The result is that 55,3% of South Africans are identified as living in a poor household. The IEQ also uses the minimum level of income to estimate poverty rates, but the main difference is that it does not assume that the level of household consumption reported in the LCS is a perfect proxy for income (as perceived by respondents). As a result, the subjective poverty headcount rate is even higher (58,6%) when respondents are asked directly, whether their income is enough to make ends meet or not.

Table 3: Objective and subjective poverty estimates for individuals and households (headcounts)

Poverty line	Individuals	Households
Objective poverty		
Food poverty line (R305 per person per month)	26,3%	16,2%
Lower-bound poverty line (R416 per person per month)	38,9%	26,0%
Upper-bound poverty line (R577 per person per month)	52,3%	38,0%
Subjective poverty		
Self-perceived wealth question (SPWQ)	39,5%	37,7%
Minimum income question (MIQ)	55,3%	56,2%
Income evaluation question (IEQ)	58,6%	56,7%

Figure 1: Poverty headcount rates by poverty line used



Another important difference between poverty headcount rates based on objective and subjective measures is the comparison between individual and household poverty rates. According to the objective poverty rates, the percentage of households below the poverty line is much lower than the percentage of individuals because poverty is estimated at the household level and the conventional wisdom is that larger households tend to be poorer in South Africa. At the upper-bound objective poverty line, for example, 52,3% of individuals are poor but only 38% of households are below the poverty line. The difference in headcount rates between individuals and households is much smaller when subjective poverty measures are applied. Using the SPWQ measure, for example, 58,6% of individuals and 56,7% of households are identified as poor. Moreover, poverty headcount rates are actually marginally higher for households (56,2%) than for individuals (55,3%) according to the MIQ subjective measure. These findings would suggest that the higher poverty rates reported in larger households are possibly overestimated by objective poverty lines.

Further evidence that subjective poverty measures are identifying different households can be seen in a direct comparison of poverty status between subjective and objective indicators. Table 4 identifies the percentage of poor households according to each of the objective poverty lines that are also identified as poor by the subjective poverty lines. The results show that, as the objective poverty threshold increases, a smaller percentage of poor households are also poor according to the subjective measures. Among those households that are below the food poverty line (R305), for example, 66,3% are also identified as poor by the SPWQ measure, 67,1% by the MIQ, and 70,2% by the IEQ indicator. Most households below the upper-bound poverty line (R577) are also classified as poor by the subjective poverty measures, but the overlap is noticeably smaller than with the food poverty line. For example, 58,6% of households below the upper-bound poverty line are also poor according to the SPWQ indicator, and this increases to 67,9% when the IEQ measure is considered.

Table 4: Distribution of households by poverty status based on objective and subjective poverty measures

Subjective poverty measures	Food poverty line (R305 per person per month)	Lower-bound poverty line (R416 per person per month)	Upper-bound poverty line (R577 per person per month)
SPWQ	66,3	61,9	58,6
MIQ	67,1	65,7	63,8
IEQ	70,2	69,9	67,9

Table 5 compares the poverty status of households between the three subjective poverty measures and the upper-bound objective poverty line. For example, the overlap between the self-identified poverty status (SPWQ) and the objectively derived poverty status reveals that 59,2% of the households that perceived themselves as poor were also classified as poor according to the upper-bound poverty line. Of the households that identified themselves as poor according to the MIQ and IEQ classifications, only 43,2% and 45,8%, respectively, were also classified as poor according to the upper-bound poverty line. These results suggest two important conclusions. The first is that objective poverty status is a stronger predictor of poverty based on self-perceived wealth than poverty rates based on the minimum income question. Second, the subjective poverty measures not only identify a greater percentage of households as poor (compared to the objective poverty lines), but they also identify *different* households as being poor. As with subjective poverty studies from other contexts, it is likely that a poverty profile based on subjective poverty indicators will look different from an objective, money-metric poverty profile.

Table 5: Distribution of households by poverty status based on the upper-bound poverty line and the subjective poverty measures

Upper-bound poverty line (R577)	SPWQ		MIQ		IEQ	
	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor
Non-poor	40,8	74,6	56,8	68,4	54,2	71,7
Poor	59,2	25,4	43,2	31,6	45,8	28,3
Total	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**

The differences between objective and subjective poverty estimates can also be seen in aggregate measures of the depth and severity of poverty. While the poverty headcount rate simply denotes the percentage of the population living in poverty, the poverty gap (or the depth of poverty) refers to the average distance of the poor from the poverty line. The severity of poverty (or the poverty gap squared) is an indicator that takes account of extreme poverty by giving greater weight to those further from the poverty line (by squaring the proportional shortfall from the poverty line). Table 6 presents estimates of the full range of poverty measures described by the FGT series of poverty estimates (i.e. the headcount, depth and severity of poverty). Since the MIQ measure is the only subjective poverty metric which uses both a poverty threshold (the minimum income with which households can make ends meet) and reported consumption (total household expenditure), this is the most intuitive way to estimate the depth and severity of poverty using a subjective approach.

Table 6: FGT poverty estimates for objective and subjective poverty

Poverty line	Poverty headcount (%)	Poverty gap (%)	Severity of poverty
Food poverty line (R305) per capita per month	26,3	8,5	3,8
Lower-bound poverty line (R416) per capita per month	38,9	15,0	7,5
Upper-bound poverty line (R577) per capita per month	52,3	23,6	13,3
Minimum household monthly income per capita (MIQ)	55,3	25,8	15,4

As the results in the table above suggest, not only are subjective poverty headcount rates higher than objective rates, but the depth and severity of poverty are also greater. The average distance of poor households from their respective poverty lines (i.e. their minimum income) is 25,8% while the gap between poor households and the R577 upper-bound poverty line is 23,6%. Similarly, the indicator for the severity of poverty is 15,4 according to the MIQ measure and only 13,3 for the upper-bound objective poverty line. The extent, depth and severity of poverty are therefore, underestimated by the objective approach to poverty measurement relative to the perceived level of minimum income that households report.

3.2 Concluding remarks

Poverty headcount rates based on the perceived well-being of households are, on the whole, higher than those estimated from expert derived money-metric objective poverty lines. While there is a clear association between being objectively poor and being subjectively poor, the findings from this section have also shown that these two different approaches are identifying different households as being poor. Most (59,2%) of the households that identified themselves as either being poor or very poor, for example, also reported consumption below the R577 per capita household poverty line. However, 40% of these households perceived themselves as poor but were not living below the poverty line. Similarly, of the households below the upper-bound objective poverty line, 67,9% reported that their income was below the minimum level with which they could make ends meet. This leaves about 32% of all households identified as objectively poor that feel that they are able to make ends meet.

Since objective and subjective poverty indicators are, to some extent, identifying different households as being poor, the comparison of a poverty profile based on subjective indicators with an objective poverty profile is a useful exercise. The choice of which objective poverty line to use as the reference indicator for the subjective poverty profile is, however, an important decision. The subjective poverty profile presented in the next section makes use of the upper-bound (R577) objective poverty line as the comparison indicator for several reasons. Firstly, while poverty headcount rates based on the SPWQ subjective measure are closer to the estimates derived from the lower-bound (R416) poverty line, the two subjective indicators based on the minimum income question (the MIQ and IEQ measures) yield poverty headcount estimates which are far higher than those based on the lower-bound objective line. Secondly, as shown in Table 6, estimates of the extent, depth and severity of poverty based on the upper-bound objective poverty line are similar to those estimated from the minimum income question. Therefore, the upper-bound (R577) objective poverty line is a more comparable indicator with which to compare subjective poverty estimates and, in particular, the depth and severity of poverty. By choosing the upper-bound poverty line, the focus of the subjective poverty profile can therefore be on the different groups that are identified as poor rather than on the large aggregate differences between the depth and severity of poverty between objective and subjective poverty indicators.

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A subjective poverty profile for South Africa

4.1 Poverty estimates by province

Table 7 presents poverty headcount rates for each province according to the upper-bound objective poverty line (R577) as well as the three subjective poverty thresholds. According to the LCS 2008/2009 data, using the objective line, Limpopo was the poorest province (74,3%) in South Africa, followed by Eastern Cape (66,1%) and then Mpumalanga (62,5%). Western Cape and Gauteng had the lowest poverty rates, 30,6% and 29,0% respectively, compared to other provinces. Poverty headcount rates by province based on the self-perceived poverty indicator (SPWQ) show a slightly different pattern from that of the R577 poverty line. Eastern Cape was the poorest (53,5%), Limpopo (51%) the second poorest, followed by North West (47,0%). Western Cape and Gauteng remained the provinces with the lowest headcount rates with the percentage of individuals below the poverty line at 23,0% and 29,0%, respectively.

Table 7: Poverty headcount rates by province and poverty indicator

Province	Upper-bound poverty line (R577)	SPWQ	MIQ	IEQ
Limpopo	74,3	51,0	43,3	44,2
Eastern Cape	66,1	53,5	73,7	80,1
Mpumalanga	62,5	34,5	54,2	57,4
KwaZulu-Natal	60,2	42,0	55,7	67,7
Northern Cape	58,2	39,0	60,7	66,0
Free State	57,8	42,3	66,0	67,8
North West	56,9	47,0	57,2	66,3
Western Cape	30,6	23,0	37,8	31,5
Gauteng	29,0	29,0	54,3	51,6
RSA	**52,3**	**39,5**	**55,3**	**58,6**

The results change somewhat when the MIQ poverty line is applied. Poverty headcount rates based on the MIQ measure also identified Eastern Cape as the poorest province (73,7%); but Free State (66%) and Northern Cape (60,7%) were the second and third poorest provinces, respectively. One of the biggest changes in poverty headcount rates derived from the MIQ measure is that, while Western Cape still has the lowest level of poverty (37,8%), Limpopo now has the second lowest poverty headcount (43,3%). In other words, while Limpopo is, by far, the poorest province in terms of objective poverty, the subjective measure suggests that the province is doing relatively well in terms of poverty headcount rates. Results based on the IEQ measure, while higher than those based on the MIQ approach, generally yield a similar provincial ranking. Eastern Cape, for example, is identified as having the highest poverty rate (80,1%), and Free State the second highest poverty rate (67,8%). One difference, however, is that KwaZulu-Natal is now the third poorest province (67,7%). In terms of the provinces with the lowest poverty rates, Western Cape and Limpopo are again the two provinces with the lowest percentage of individuals living in poverty (31,5% and 44,2%, respectively).

Table 8 further demonstrates that the higher the poverty headcount rate of a province, the higher the poverty gap and the severity of poverty tend to be. In other words, the provinces in which a larger percentage of individuals are below the poverty line, the average distance of these poor individuals from the poverty threshold is also greater. As a result, the provincial rankings based on the depth and severity of poverty are similar to those based on poverty headcount rates. For example, Limpopo was again the poorest province based on the poverty gap from the upper-bound objective poverty line (38,8%), while Western Cape and Gauteng had the smallest poverty gaps (10,8% and 10,7%, respectively). The average distance from the MIQ poverty threshold was greatest in Eastern Cape (36,5%). Western Cape (13,6%) and Limpopo (18,4%) were the two provinces with the smallest poverty gaps, according to the subjective poverty estimates derived from the MIQ approach.

Table 8: Poverty indicators by province

	Upper-bound poverty line (R577)		Subjective poverty (MIQ)	
Province	**Poverty gap (%)**	**Severity of poverty**	**Poverty gap (%)**	**Severity of poverty**
Limpopo	38,8	23,6	18,4	10,5
Eastern Cape	31,1	18,0	36,5	22,5
Mpumalanga	29,1	16,7	26,8	16,2
KwaZulu-Natal	28,2	16,3	27,5	16,9
Northern Cape	24,9	13,4	27,9	16,4
Free State	24,3	12,8	32,0	19,1
North West	25,1	14,0	26,6	15,6
Western Cape	10,8	5,2	13,6	6,8
Gauteng	10,7	5,3	24,9	14,6
RSA	**23,6**	**13,3**	**25,8**	**15,4**

Table 9 indicates that the largest share of individuals (23,8%) living below the R577 poverty line was located in KwaZulu-Natal, followed by Eastern Cape (17,0%) and Limpopo (15,4%). Moreover, these provinces were overrepresented in their share of the poor, relative to the proportion of individuals that live there. Eastern Cape, for example, contains only 13,5% of the total population, but 17% of all poor South Africans. The self-perceived poverty indicator (SPWQ) also identified KwaZulu-Natal as containing the greatest percentage (22,1%) of poor individuals, followed by Eastern Cape (18,3%) and Gauteng (15,7%).

Even though Gauteng held the third largest share of the poor in South Africa, this was largely due to the large population of the province. Relative to its population share, Gauteng was actually underrepresented in terms of its share of the poor (i.e. the province contained 21,5% of the overall population but only 15,7% of the poor). This also explains, in part, why Gauteng had the

greatest share (21,2%) of the poor according to the MIQ subjective poverty measure. In this case, poverty shares are still slightly underrepresented, but the poverty and population shares are very close. Apart from this difference in poverty shares, the MIQ poverty measure also identified KwaZulu-Natal and Eastern Cape as having relatively large shares of the poor (20,9% and 17,9%, respectively).

Table 9: Percentage share of poverty by province and poverty indicator

Province	Upper-bound poverty line (R577)	SPWQ	MIQ	IEQ	RSA
Limpopo	15,4	14,1	8,5	8,2	10,8
Eastern Cape	17,0	18,3	17,9	18,6	13,5
Mpumalanga	8,8	6,4	7,2	7,2	7,4
KwaZulu-Natal	23,8	22,1	20,9	23,8	20,7
Northern Cape	2,6	2,3	2,5	2,6	2,3
Free State	6,5	6,4	7,0	6,9	5,9
North West	7,6	8,4	7,3	8,0	7,0
Western Cape	6,4	6,3	7,4	5,7	10,8
Gauteng	11,9	15,7	21,2	18,9	21,5
RSA	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**

When poverty was measured according to the IEQ approach, KwaZulu-Natal was again the province with the largest poverty share (23,8%). In addition, the IEQ-based poverty share for KwaZulu-Natal was the same as for the objective poverty measure. Overall, there were some differences between objective and subjective poverty indicators, but KwaZulu-Natal and Eastern Cape were identified as the two provinces with the largest poverty shares, relative to their shares of the total population, and this finding was largely consistent across the three subjective poverty estimates.

4.2 Poverty estimates by settlement type

Table 10 highlights the far greater likelihood of living in poverty for people living in tribal areas, according to the objective poverty measure. Nearly 80% of all individuals in these areas are living in households below the R577 poverty cut-off. The table also shows that, irrespective of the measure of poverty, the poverty headcount rate was lower in urban formal areas. For example, only 31,7% and 28,2% of those living in urban formal areas were poor, according to the objective upper-bound poverty line and the SPWQ approach, respectively. The poverty headcount rates for urban formal areas, however, are substantially higher based on estimates from the MIQ and IEQ subjective measures. The headcount rates were 53,7% and 52,2%, respectively (but these estimates were still below the national averages). At the same time, the MIQ and IEQ subjective poverty rates were lower than the objective poverty rates in all other settlement types. This finding suggests that many of the households that report living below their perceived minimum income levels (but not below the objective poverty line) are likely to be higher income households (since they live in formal urban areas).

In terms of the poverty profile, there are some differences in the risk of poverty between the subjective poverty measures. The MIQ measure identifies rural formal and urban informal areas as having the highest poverty rates (roughly 63,0% each) and tribal areas with a much lower risk of living in poverty (only 55,0%). The IEQ subjective poverty indicator, on the other hand, identifies urban informal areas as having the highest poverty rates and tribal areas as the second highest (66,8%). Rural formal areas actually have a poverty headcount rate (55,9%) that is lower than the national average of 58,6% according to the IEQ poverty line.

Table 10: Poverty headcount rates by settlement type and poverty indicator

Settlement type	Upper-bound poverty line (R577)	SPWQ	MIQ	IEQ
Urban formal	31,7	28,2	53,7	52,2
Urban informal	68,3	50,4	62,7	67,8
Tribal areas	79,1	53,6	55,0	66,8
Rural formal	63,9	48,5	63,0	55,9
RSA	**52,3**	**39,5**	**55,3**	**58,6**

In Table 11, estimates for the poverty gap and the severity of poverty are presented for both the objective upper-bound poverty line as well as the MIQ subjective poverty line. The table suggests that poor individuals in tribal areas have, by far, the greatest gap (39,7%) from the objective poverty line. In line with the differences between the subjective poverty headcount rates, however, the subjective poverty gap is greatest in urban informal areas (34,1%). In other words, poor individuals living in these areas are, on average, farthest below the level of income which they consider to be the minimum level of income with which they can survive. Accordingly, the indicator for the severity of poverty is also far higher for urban informal areas (22,2%) than for the country as a whole (15,3%).

The depth (29,1%) and severity (16,7%) of poverty are also relatively high in rural formal areas, particularly in comparison with the national average. One of the key differences between subjective and objective poverty indicators is, therefore, the substantially smaller poverty gap in tribal areas when the depth of poverty is measured in subjective terms. Objective poverty measures identify poor individuals in tribal areas as living the farthest below the poverty threshold while the subjective approach suggests that poor residents of urban informal areas are living deeper in poverty (and poor individuals in tribal areas are only marginally farther below the poverty threshold than the national average).

Table 11: Poverty indicators by settlement type

	Upper-bound poverty line (R577)		Subjective poverty (MIQ)	
Settlement type	**Poverty gap (%)**	**Severity of poverty**	**Poverty gap (%)**	**Severity of poverty**
Urban formal	12,2	6,3	24,0	13,8
Urban informal	30,2	16,7	34,1	22,2
Tribal areas	39,7	23,6	26,1	15,9
Rural formal	28,4	15,6	29,1	16,7
RSA	**23,6**	**13,3**	**25,8**	**15,3**

With respect to poverty shares by settlement type, Table 12 shows that, while only 33,6% of all South Africans live in a tribal area, 51,4% of the poor (according to the objective poverty indicator) live in this settlement type. According to the self-perceived poverty measure, tribal areas are also overrepresented in terms of their poverty share (45,7% of the poor). The MIQ and IEQ subjective measures suggest, however, that the largest share of the poor live in urban formal areas. This is largely due to the fact that over half of the total population (53,9%) lives in an urban formal area. Compared with the population share, the MIQ and IEQ estimates demonstrate that urban formal poverty shares are actually smaller than in the other settlement types.

Conversely, even though the MIQ and IEQ measures identify the poverty share of urban informal areas as only 9,5% and 9,7%, respectively, the population share of this settlement type is 8,4%. Urban informal areas are therefore overrepresented in terms of the percentage of poor individuals identified by these two measures of subjective poverty. The IEQ measure does, however, also identify tribal areas as containing a disproportionately high percentage of the poor. In fact, the MIQ subjective poverty measure is the only poverty indicator that does not demonstrate a poverty share that is higher than the population share for tribal areas.

Table 12: Percentage share of poverty by settlement type and poverty indicator

Settlement type	Upper-bound poverty line (R577)	SPWQ	MIQ	IEQ	RSA
Urban formal	32,7	38,5	52,4	47,9	53,9
Urban informal	10,9	10,7	9,5	9,7	8,4
Tribal areas	51,4	45,7	33,5	38,4	33,6
Rural formal	5,0	5,0	4,7	3,9	4,1
RSA	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**

4.3 Poverty estimates by the sex of the household head

The poverty risk for individuals (both male and female) living in female-headed households (64,7%) is far higher than for those in male-headed households (43,5%) according to the upper-bound objective poverty line (Table 13). The poverty differential between these two household types, however, differs considerably across the subjective poverty indicators. According to estimates of the SPWQ poverty headcount rates, for example, nearly half (47,2%) of those living in female-headed households are poor. Only 33,9% of individuals in male-headed households are poor according to the same indicator. According to the MIQ measure, however, the likelihood of being poor is actually slightly *lower* in female-headed households (54,2%) relative to male-headed households (56,0%). Once households are asked to evaluate their position relative to their minimum reported income (IEQ), the poverty differential between female- and male-headed households widens once again (i.e. 64,4% of individuals in female-headed households and only 54,5% of those in male-headed households are poor). On the whole, then, poverty rates are considerably higher for individuals in female-headed households than for those living in male-headed households according to most indicators (with the exception of the MIQ measure). The poverty differential, however, is greatest according to the upper-bound objective poverty line. The difference in poverty rates between these two broad household types is, therefore, smaller when subjective measures of poverty are applied (and female-headed households even carry a smaller poverty risk according to the MIQ measure).

Table 13: Poverty headcount rates by sex of the household head and poverty indicator

Sex of the head	Upper-bound poverty line (R577)	SPWQ	MIQ	IEQ
Male-headed	43,5	33,9	56,0	54,5
Female-headed	64,7	47,2	54,2	64,4
RSA	**52,3**	**39,5**	**55,3**	**58,6**

Conclusions regarding the differences in the depth and severity of poverty between females and males are changed substantially when the MIQ approach is used (Table 14). In line with the findings for the poverty headcounts, the average distance from the R577 poverty line is greater (30,0%) for individuals living in female-headed households compared with those in households with a male head (19,1%). In contrast, the MIQ measures of the poverty gap suggest that those in male-headed households (26,2%) are actually farther below their minimum income poverty lines compared with individuals living in female-headed households (25,3%). The MIQ measure shows that not only are a smaller percentage of individuals in female-headed households living below their minimum incomes, but that they are also more likely to be clustered closer to their minimum incomes (since the poverty gap is slightly smaller). This finding is also supported by the lower indicator for the severity of poverty in these households (15,0%) compared with poverty in households with a male head (15,6%). The depth and severity of (MIQ) subjective poverty therefore provide a different set of findings with regard to the 'gendered' nature of poverty in South Africa.

Table 14: Poverty indicators by sex of the household head

	Upper-bound poverty line (R577)		Subjective poverty (MIQ)	
Sex of the head	Poverty gap (%)	Severity of poverty	Poverty gap (%)	Severity of poverty
Male-headed	19,1	10,6	26,2	15,6
Female-headed	30,0	17,2	25,3	15,0
RSA	**23,6**	**13,3**	**25,8**	**15,4**

Since the poverty headcount rate is considerably higher for those living in female-headed households than for individuals in male-headed households according to the objective poverty line as well as two of the subjective poverty indicators (SPWQ and IEQ), living in a household with a female head carries a disproportionate risk of poverty (Table 15). The table shows, for example, that only 41,5% of South Africans live in a household with a female head but over half (51,3%) of individuals below the R577 poverty line are from a female-headed household. In line with the poverty headcount estimates, the poverty shares are slightly lower for female-headed households when subjective measures are applied even though these households are still over-represented relative to their population shares. For example, the poverty shares for individuals in female-headed households are 49,8% and 45,8% according to the SPWQ and IEQ indicators, respectively. Since the MIQ measure suggests a slightly smaller risk of poverty for female headship, it is not surprising that the poverty share of individuals from female-headed households (40,7%) is actually smaller than the population share for this household type.

Table 15: Percentage share of poverty by sex of the household head and poverty indicator

Sex of the head	Upper-bound poverty line (R577)	SPWQ	MIQ	IEQ	RSA
Male-headed	48,7	50,2	59,3	54,2	58,5
Female-headed	51,3	49,8	40,7	45,8	41,5
RSA	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**

4.4 Poverty estimates by population group

Black Africans, relative to the other population groups, report far higher levels of poverty according to objective indicators as well as across all three measures of subjective poverty (Table 16). One interesting finding, however, is that poverty headcount rates are considerably lower for black South Africans according to two of the subjective indicators. In particular, the headcount rate is only 46,8% (for black Africans) when respondents are asked to identify their own poverty status (SPWQ). Similarly, the minimum income question also identifies subjective poverty as considerably lower than objective poverty for this group. It is only according to the IEQ measure of poverty that the headcount rate (64,1%) is greater than the objective measure.

Table 16: Poverty headcount rates by population group and poverty indicator

Population group	Upper-bound poverty line (R577)	SPWQ	MIQ	IEQ
Black African	61,9	46,8	57,5	64,1
Coloured	32,9	20,0	48,2	44,4
Indian/Asian	7,3	8,6	50,7	45,3
White	1,2	3,5	44,0	28,6
RSA	**52,3**	**39,5**	**55,3**	**58,6**

Other population groups also see considerable differences in their poverty rates across the subjective poverty measures. The coloured population, for example, see a much lower poverty rate, according to the SPWQ measure (20%) compared with the MIQ (48,2%) and IEQ (44,4%) indicators. The biggest differences, however, can be seen in the subjective poverty estimates for white and Indian/Asian population groups. The objective poverty rates for these two population groups are only 1,2% and 7,3%, respectively. Self-perceived (SPWQ) rates are only slightly higher for these two groups, suggesting that there is some association between the upper-bound poverty indicator and self-perceived poverty. According to the MIQ measure, these rates increased to 50,7% for Indians/Asians and to 44% for whites. The results in Table 16, therefore, provide another clear indication that the minimum income approach to subjective poverty measurement yields very different results for sub-groups with relatively high levels of income poverty.

In Table 17, the poverty gaps and the indicator for the severity of poverty show that the MIQ measure yields very similar results (compared to the objective poverty measure) for black South Africans. The depth and severity of poverty, however, are far greater for Indian/Asian and white population groups, according the MIQ measure. Poor white South Africans, for example, are only, on average, 0,5% below the upper-bound objective poverty line. This same group, however, reports an average shortfall of 17,1% from their minimum income line. These results suggest that, not only are Indian/Asian and white population groups very unlikely to be living below the upper-bound objective poverty line, but those that are poor are living just below this line. However, these same two groups report living far below their reported minimum level of income.

Table 17: Poverty indicators by population group

	Upper-bound poverty line (R577)		Subjective poverty (MIQ)	
Population group	**Poverty gap (%)**	**Severity of poverty**	**Poverty gap (%)**	**Severity of poverty**
Black African	28,4	16,1	27,6	16,7
Coloured	11,9	5,7	19,3	10,3
Indian/Asian	1,4	0,4	22,5	13,0
White	0,5	0,2	17,1	8,9
RSA	**23,6**	**13,3**	**25,8**	**15,4**

The poverty shares by population group (Table 18) are relatively stable across both objective and subjective measures of poverty. Since black Africans have the largest share of the total population (79,3%) and since they are far more likely to be poor than the other population groups, it is not surprising that 93,8% of the poor (according to the objective poverty line) are black African. Similarly, 94,1% (SPWQ), 82,5% (MIQ), and 86,8% (IEQ) of the poor are black Africans, according to the subjective poverty indicators.

Table 18: Percentage share of poverty by population group and poverty indicator

Population group	Upper-bound poverty line (R577)	SPWQ	MIQ	IEQ	RSA
Black African	93,8	94,1	82,5	86,8	79,3
Coloured	5,7	4,6	7,9	6,8	9,0
Indian/Asian	0,4	0,6	2,4	2,0	2,6
White	0,2	0,8	7,3	4,4	9,2
RSA	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**

4.5 Household expenditure

In order to compare subjective poverty indicators with money-metric measures of well-being in greater detail, Table 19 presents estimates of average annual household expenditure according to both objective and subjective classifications of the poor. The table shows that, first and foremost, expenditure in households below the upper-bound objective poverty line is considerably lower than expenditure in households that are poor according to the subjective indicators. The average expenditure for objectively poor households is R23 266 per annum. Expenditure in households that perceive themselves to be poor is far higher. The SPWQ indicator yields the lowest poverty headcount rate of all the subjective indicators, yet average expenditure is R28 415 per annum in households that actually describe themselves as poor.

In line with the findings presented in previous sections, poverty indicators based on the minimum income question (i.e. MIQ and IEQ) appear to classify households that are relatively well-off (in objective terms) as subjectively poor. Average expenditure in households that report income below the minimum level with which they could make ends meet is R57 870 per annum. This is almost 150% higher than the expenditure levels reported by households below the objective upper-bound poverty line. Similarly, reported expenditure levels in households classified as poor according to the IEQ indicator (R48 545 per annum) are more than double the expenditure levels for households below the R577 poverty threshold.

In terms of a well-being profile based on annual average household expenditure, the findings are relatively consistent with those presented in the poverty profile. Annual expenditure in poor households is lowest in Limpopo, Free State, Mpumalanga and Eastern Cape, irrespective of which poverty indicator is applied. At the same time, expenditure levels are far higher in poor households in Gauteng and Western Cape. According to the MIQ indicator of subjective poverty, average household expenditure is R90 671 and R82 372 per annum in Western Cape and Gauteng, respectively. Findings related to the provincial rankings in the expenditure profile are therefore largely in line with the findings presented in the poverty profile.

One difference identified in the expenditure profile, however, is that differences between male- and female-headed households are actually greater according to the subjective poverty measures. While the poverty differential between these household types narrowed somewhat when the subjective indicators were used, male-headed households report far higher levels of annual expenditure than households with a female head across all classifications of subjective poverty. The average annual household expenditure for male-headed households below their reported minimum level of income is R68 202. The corresponding estimate for female-headed households (below their MIQ threshold) is only R40 922.

Table 19: Average annual household expenditure among the poor by poverty indicator (in Rands)

	Upper-bound poverty line (R577)	SPWQ	MIQ	IEQ	Total
RSA	**23 266**	**28 415**	**57 870**	**48 545**	**71 910**
		Province			
Western Cape	26 429	36 353	90 671	67 584	113 662
Eastern Cape	23 442	25 910	46 901	43 232	49 345
Northern Cape	24 503	29 743	51 835	50 069	60 695
Free State	20 684	23 343	43 950	37 954	50 523
KwaZulu-Natal	25 624	29 748	48 860	42 972	58 122
North West	22 544	25 107	45 909	40 057	55 175
Gauteng	23 342	34 592	82 372	68 405	103 615
Mpumalanga	23 189	23 871	44 132	38 367	54 093
Limpopo	20 082	23 815	32 170	31 775	40 081
		Sex of the household head			
Male-headed	23 348	29 747	68 202	56 105	85 346
Female-headed	23 177	26 786	40 922	38 355	50 644
		Population group			
Black African	22 996	27 336	38 563	36 862	43 478
Coloured	27 164	34 298	66 556	60 400	80 786
Indian/Asian	40 475	52 107	121 831	117 332	147 851
White	22 885	78 911	206 580	178 389	225 874

Finally, the expenditure profile of population groups demonstrates the large difference between subjective poverty indicators (and particularly the MIQ and IEQ measures) and poverty estimates, based on objective poverty lines. Among whites living in households below the R577 poverty line, annual expenditure (R22 885) was slightly lower than the corresponding expenditure level for poor black Africans (R22 996). However, among households that are poor according the three subjective indicators, the expenditure levels for whites are far higher than for all other population groups. Using the most conservative subjective poverty measure (SPWQ), for example, annual household expenditure for black Africans is only R27 336 but for whites that live in self-perceived poor households, the expenditure level is almost three times higher (R78 911).

4.6 Concluding remarks

Subjective poverty indicators not only identify a greater percentage of the population as living in poverty (relative to objective measures), but they also provide a slightly different poverty profile for South Africa. While there are some differences with respect to provincial poverty rankings, Eastern Cape is largely identified as the poorest province across most poverty indicators. Some notable changes do occur, however, between settlement types and population groups. The objective poverty indicator identifies tribal areas as the poorest settlement type in South Africa, but the subjective poverty measures tend to find higher levels of poverty in urban informal areas. In particular, the MIQ and IEQ indicators suggest that a far greater percentage of individuals living in these areas are living below a level of income with which they can make ends meet.

Similarly, the minimum income measure changes poverty estimates by population group considerably. While the differences between objective and subjective poverty measures are relatively small for black Africans, estimates of subjective poverty are notably different for whites as well as Indians/Asians. The fact that the poverty headcount rate jumped from 1,2% to 44% among whites suggests that caution should be used when basing poverty indicators on perceived minimum income. The likely explanation is that individuals from different income groups have vastly different understandings of the terms 'minimum income' and 'make ends meet'. The expenditure profile provides further evidence that money-metric measures of well-being are different than subjective indicators. Reported annual household expenditure is far higher for individuals living in subjectively poor households compared with individuals living in households below the upper-bound objective poverty line. Moreover, when expenditure levels are disaggregated by population group and poverty indicator, the data show that some individuals are living in households that report living below their minimum income level, but also report very high levels of consumption.

On the whole, subjective poverty indicators yield estimates of the poverty rate that, while higher, are roughly in line with estimates from the upper-bound objective poverty line. The overlap between individuals and households that are below the objective poverty line and identify themselves as poor, however, is not a perfect fit. As the poverty and expenditure profiles have demonstrated, objective and subjective indicators are clearly identifying different individuals (and households) as being 'poor'. While income or objective poverty is correlated with subjective poverty, income is only one component of subjective well-being.

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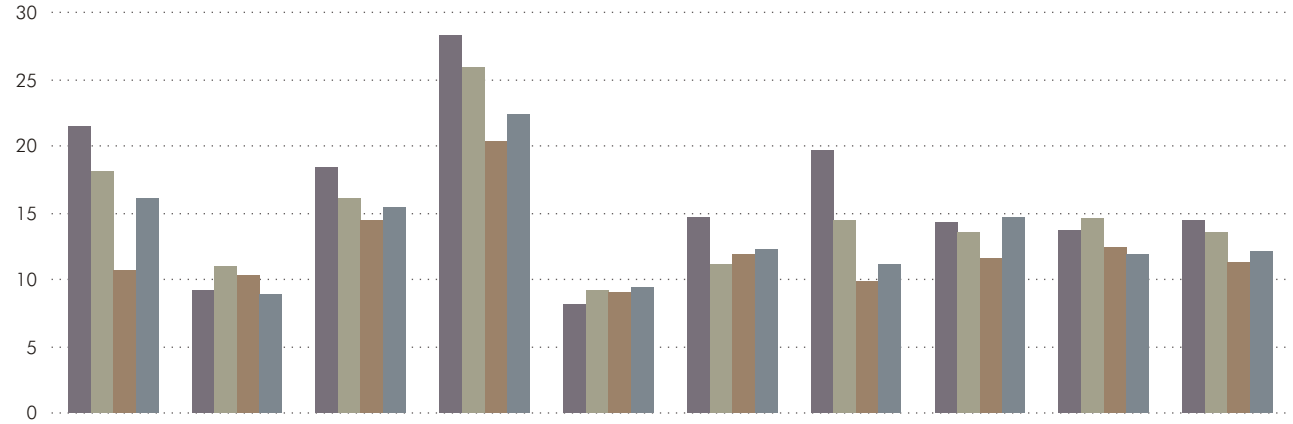
Key findings on the living circumstances of households and subjective poverty in South Africa

Since the previous sections of the report have shown that subjective poverty is likely to be driven by more than just a lack of income, this section now considers how the living standards of households that are subjectively poor differ from households that are objectively poor. In particular, the descriptive statistics presented in this section focus on access to basic services, health outcomes and food security.

5.1 Access to basic services

Figure 2: Proportion of households that received a government housing subsidy or RDP house at the time of the survey by province and poverty indicator



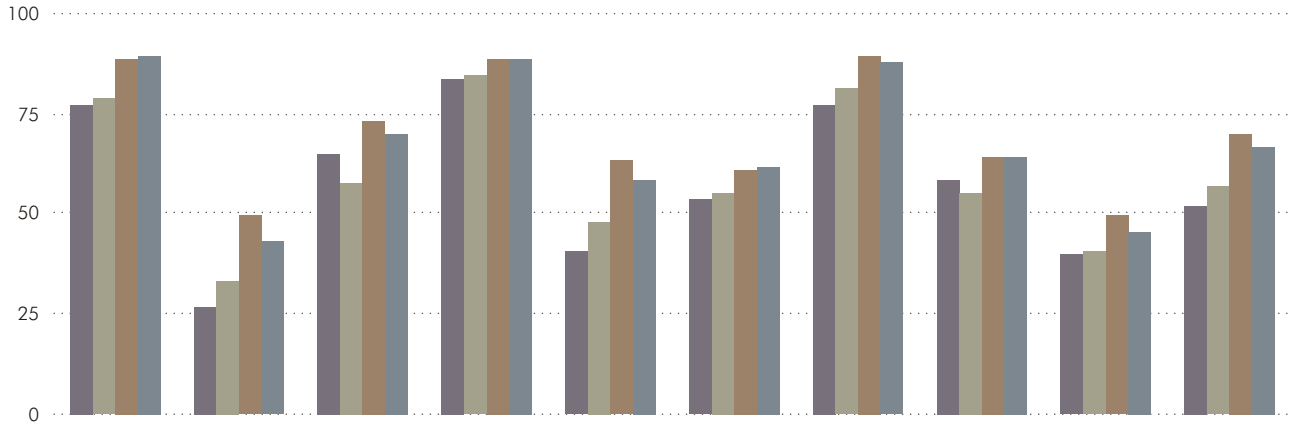
	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo	Total
R577	21,5	9,2	18,5	28,3	8,1	14,6	19,7	14,3	13,7	14,4
SPWQ	18,1	11,0	16,1	25,9	9,3	11,1	14,5	13,5	14,6	13,6
MIQ	10,7	10,3	14,5	20,4	9,1	12,0	9,9	11,6	12,4	11,3
IEQ	16,1	9,0	15,5	22,4	9,4	12,2	11,2	14,7	12,0	12,1

Improving access to quality housing is one of the key objectives of the South African government. Moreover, since subjective poverty is likely to be driven by more than a lack of income, it might be expected that a lack of adequate housing is one of the domains which might explain why some respondents are not living in a household below the objective poverty line, but still perceive that their household is poor. The data presented in Figure 2 provide some evidence to support this explanation. Of all households in South Africa that report consumption below the R577 poverty line, 14,4% received some type of government housing subsidy. The households that are identified as poor according to all three subjective poverty indicators, however, were less likely to

have received housing support. Only 13,6%, 11,3% and 12,1% of households identified as poor by the SPWQ, MIQ and IEQ indicators, respectively, reported receiving government housing support. There is some variation in access to housing subsidies by province but, on the whole, the provinces with the highest levels of both objective and subjective poverty rates tend to have the lowest levels of government support for housing among the poor (e.g. Eastern Cape and KwaZulu-Natal).

Conversely, households that are subjectively poor are actually more likely to have access to piped drinking water than households below the R577 poverty line (Figure 3). Just over half (51,9%) of households below the objective upper-bound poverty line have access to piped water. Access to piped water, however, is far greater for households that are poor according to the three subjective indicators. There are some exceptions among the provinces since households that perceive themselves to be poor (i.e. according to the SPWQ indicator) in Mpumalanga and Northern Cape are less likely to have piped drinking water than objectively poor households. In the rest of the provinces, however, households that are below the R577 have less access to piped water.

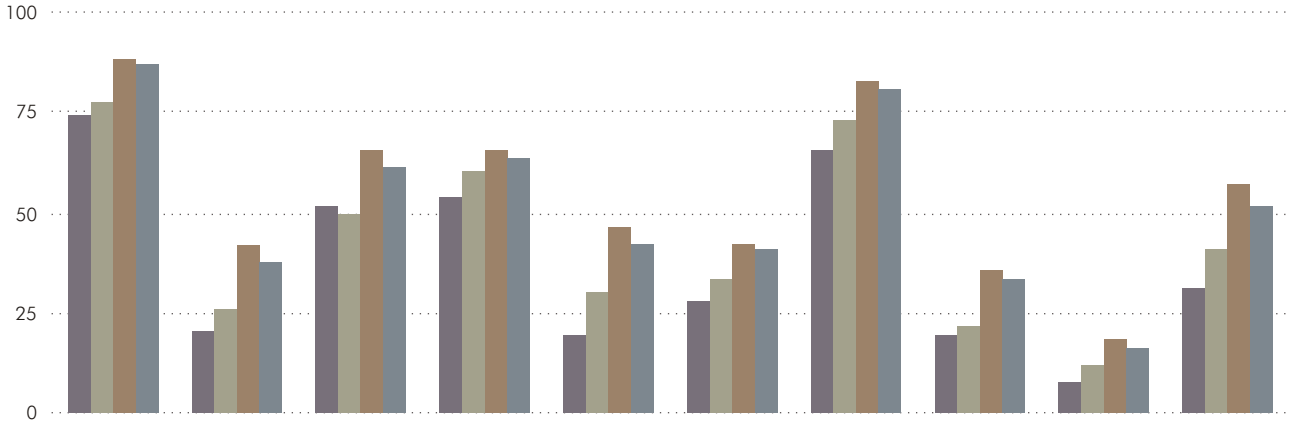
Figure 3: Proportion of households who had access to piped water inside the dwelling or on-site at the time of the survey by province and poverty indicator



	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo	Total
R577	77,1	27,1	65,1	83,5	40,7	53,7	77,3	58,1	39,8	51,9
SPWQ	78,6	32,8	57,3	84,6	47,4	55,0	81,3	54,9	40,2	56,6
MIQ	88,4	49,2	72,8	88,3	63,3	60,5	88,9	64,2	49,4	70,1
IEQ	89,0	42,9	69,6	88,6	58,6	61,7	87,5	63,7	45,6	66,3

Households that are subjectively poor are also far more likely to have access to flush toilets than households below the upper-bound objective poverty line (Figure 4). More than half of households identified as poor by the MIQ and IEQ indicators (56,9% and 52,2%, respectively) have flush toilets inside their dwelling or on-site. Only 31,6% of objectively poor households, however, have access to a flush toilet. This association between subjective poverty and better access (relative to objectively poor households) to a toilet holds across all provinces except Northern Cape. In this province, 65,1% of households below the R577 poverty line have access to a flush toilet while only 57,3% of the self-perceived poor households in the province have the same level of access. In general then, the objective, money-metric indicator of poverty is more closely associated with both a lack of piped drinking water and access to a flush toilet.

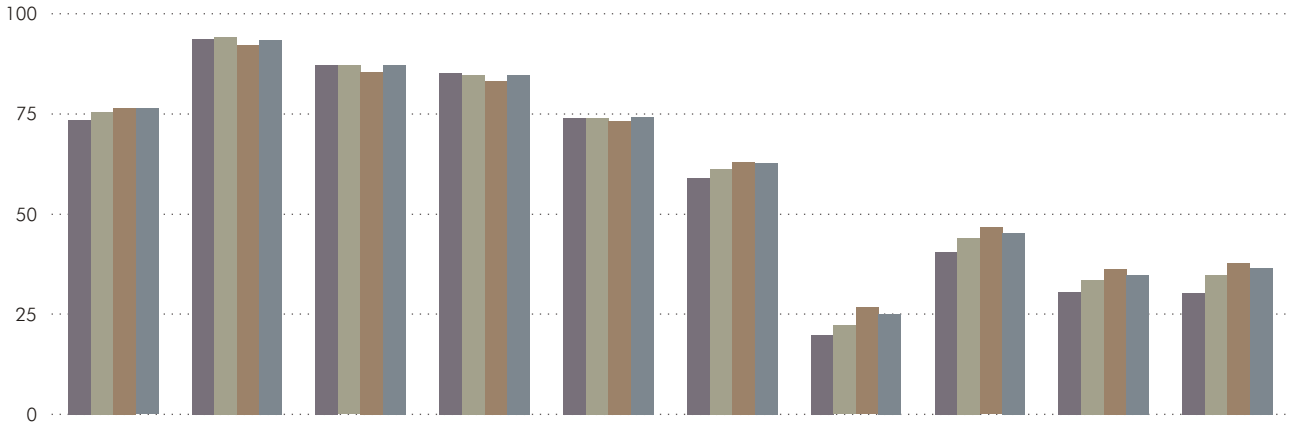
Figure 4: Proportion of poor households that had access to flush toilets inside the dwelling or on-site at the time of the survey by province and poverty indicator



	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo	Total
R577	74,4	20,1	51,8	54,0	19,4	28,0	65,9	20,0	7,8	31,6
SPWQ	77,6	26,4	49,3	59,9	30,0	33,0	72,9	21,1	11,7	40,7
MIQ	88,0	42,4	65,8	65,8	46,6	42,0	83,4	36,0	18,7	56,9
IEQ	87,6	37,4	61,7	63,7	42,1	40,8	81,0	33,7	16,7	52,2

Not only are households below the R577 poverty threshold less likely to have access to basic services such as piped water and flush toilets, but they are also less likely to be located within a short distance to other key amenities (Figure 5). Objectively poor households, for example, are less likely to live within two kilometres of a food market, health clinic, hospital, post office, welfare office or MPCC. There seems to be very little difference, however, in proximity to all three types of schools and to public transport. In other words, households that are below the R577 poverty line are no more or less likely to report living in close proximity to schools or public transport hubs relative to households that are subjectively poor. Moreover, the percentages of households that live within two kilometres of schools and public transport are very similar across all three indicators of subjective poverty. For example, 87,1% of households that are poor according to the SPWQ indicator and 87,3% that are poor under the IEQ measure live within two kilometres of a pre-primary school.

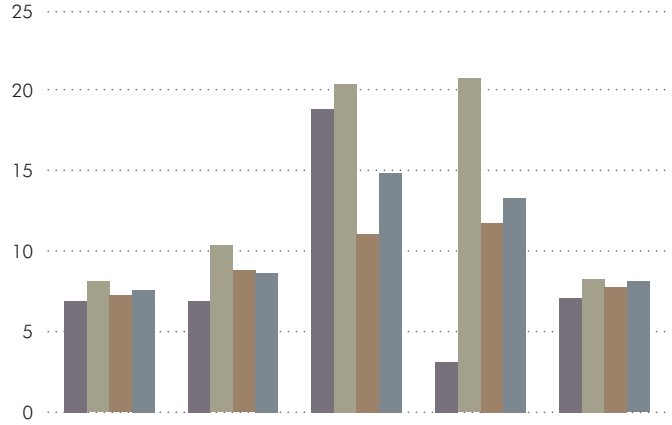
Figure 5: Proportion of households living within a 2 km radius of selected facilities at the time of the survey by type of facility and poverty indicator



	Food market	Public transport	Pre-primary/ Pre-school centre	Primary school	Secondary school	Clinic/ community health centre	Hospital	Post office or post office agent	Welfare office	MPCC
R577	73,5	93,6	87,2	85,2	74,1	58,9	19,9	40,6	30,5	30,3
SPWQ	75,6	94,4	87,1	84,8	73,9	61,2	22,2	44,1	33,5	34,9
MIQ	76,5	92,3	85,5	83,3	73,2	63,1	26,7	46,7	36,3	37,8
IEQ	76,4	93,5	87,3	84,7	74,2	62,8	25,1	45,4	34,7	36,5

The statistics presented in Figure 6 suggest that there is some type of association between health status and subjective well-being. Individuals living in households that are classified as poor according to the self-perceived indicator (SPWQ) are more likely to suffer from a chronic illness. The last set of bars in the figure show, for example, that 8,3% of South Africans living in self-perceived poor households report a chronic illness. Only 7,0% of individuals living in a household below the R577 poverty line suffer from a chronic illness. There are some considerable differences, however, by population group. The association between chronic illness and subjective poverty status is far stronger among whites (and, to a lesser extent, Indians/Asians). Only 3,0% of whites living in households that are objectively poor report a chronic illness. The risk of illness increases almost seven-fold for this group when they live in a household that is poor, according to the SPWQ indicator (20% of these individuals suffer from a chronic illness). While the positive association between chronic illness and subjective poverty is strongest among whites, subjective poverty carries a higher risk of chronic illness across all population groups. Moreover, the SPWQ indicator seems to have a stronger association with chronic illness than the MIQ and IEQ indicators.

Figure 6: Percentage of the population that suffered from chronic illness at the time of the survey by population group and poverty indicator

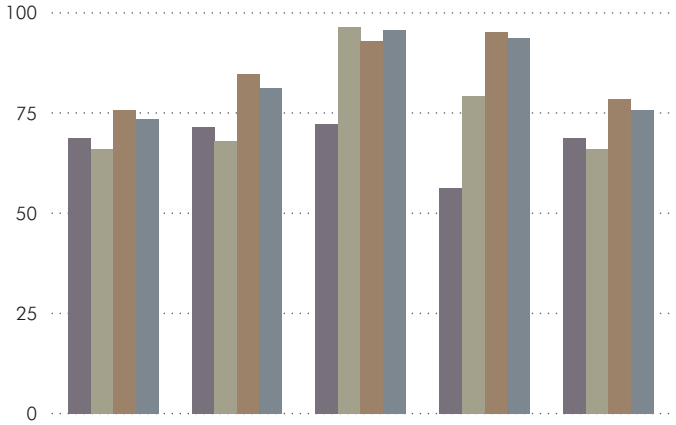


	African	Coloured	Indian	White	Total
R577	6,9	6,9	18,8	3,0	7,0
SPWQ	8,0	10,4	20,5	20,7	8,3
MIQ	7,2	8,8	11,1	11,7	7,7
IEQ	7,5	8,6	14,8	13,3	8,0

The descriptive statistics in Figure 7 suggest that there is some relationship between subjective poverty and food security. Households that are below their perceived minimum income level are more likely than households below the R577 poverty line to report that household members (both adults and children) never go hungry. About 78,6% and 75,6% of poor households according to the MIQ and IEQ indicators, respectively, report that household members never go hungry. A considerably smaller percentage (68,9%) of households below the upper-bound objective poverty line, however, reports the same level of food security.

Nevertheless, there is a notable difference between the self-perceived (SPWQ) poverty indicator and the minimum income measures (MIQ and IEQ). Only 66,2% of households that are poor according to the self-perceived definition report that household members never go hungry. Among black African households, the self-perceived poverty indicator is also associated with poorer food security. However, among whites and Indians/Asians (and coloureds, to a lesser extent) there is a much clearer association between living below the R577 poverty line and a lack of food security. For these two population groups, households that are poor according to the three subjective poverty indicators are far more likely to report that household members never go hungry.

Figure 7: Percentage of households in which a member of the household 'never goes hungry' by population group and poverty indicator



	African	Coloured	Indian	White	Total
R577	68,7	71,5	72,5	56,2	68,9
SPWQ	65,7	67,9	96,9	79,1	66,2
MIQ	75,8	84,9	93,2	95,0	78,6
IEQ	73,4	81,4	95,7	93,6	75,6

5.2 Concluding remarks

The data presented in this section have shown that the living conditions of individuals and households that are poor according to the subjective indicators differ in some ways compared to those that are objectively poor. Somewhat surprisingly, access to important basic services, such as piped drinking water and flush toilets seems to be better for households that perceive themselves to be poor (relative to households that are below the upper-bound objective poverty line). Similarly, these households are also more likely to live in closer proximity to facilities such as clinics, hospitals, markets, welfare offices and other public amenities. Thus, these descriptive findings would suggest that poorer access to these types of services and facilities is not one of the reasons that households would identify themselves as poor. However, individuals that are living in subjectively poor households are less likely to receive government-housing support and are more likely to report suffering from a chronic illness. This finding might suggest, then, that housing[1] and health are two of the domains which constitute important components of whether an individual might perceive themselves or their household as poor.

[1] Less access to RDP housing and other housing subsidies for households that are poor according to the MIQ and IEQ measures, however, is also explained by the fact that many of these households do not qualify for housing support due to their relatively higher earnings.

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Findings on multidimensional subjective poverty in South Africa

6.1 A multidimensional subjective poverty profile

This section now examines a set of domains in order to derive an indicator of multidimensional subjective poverty. Descriptive statistics for the five domains that are included in the multidimensional measure are presented in Table 20. The findings in the table show that the highest level of deprivation in any single domain is housing. In other words, 29,9% of South Africans live in a household in which the standard of housing is reported as less than adequate. The extent of deprivation in the food and clothing domains are both 28,4% and the standard of health is less than adequate for 23,0% of the population. Interestingly, the level of food deprivation (28,4%) corresponds fairly closely with the poverty headcount rate at the objective food poverty line (26,3%). So a slightly greater percentage of individuals are 'food poor' according to the subjective approach (relative to the objective poverty line). The lowest level of deprivation is seen, by far, in the domain for children's schooling. Only 14% of South Africans live in a household in which the standard of their children's schooling is less than adequate. The low level of deprivation in this domain, however, is partly the result of the fact that 18,2% of individuals live in a household without children.

Table 20: Perceived adequacy of standard of living

	Perceived adequacy				
Domain	Less than adequate	Just adequate	More than adequate	Not applicable	Total
Food	28,4%	60,6%	10,9%	-	100,0
Housing	29,9%	58,0%	11,3%	0,9%	100,0
Clothing	28,4%	60,9%	10,4%	0,4%	100,0
Health Care	23,0%	65,1%	11,0%	0,9%	100,0
Children's schooling	13,9%	57,3%	10,6%	18,2%	100,0

Rather than identifying poverty or deprivation in any one domain, however, the full set of domains in Table 20 can be used to construct a relatively intuitive indicator of multidimensional subjective poverty. If poverty is defined, for example, as deprivation in at least one domain, then the union measure of multidimensional poverty yields an upper-bound estimate of poverty rates. This approach, applied to the LCS data, shows that 45,9% of South Africans live in a household that is deprived in at least one of the five domains (Table 21). The overall poverty headcount rate is therefore somewhat lower compared with the upper-bound objective poverty line. In terms of provincial poverty rankings, the union measure changes the poverty profile only slightly (relative to the upper-bound objective poverty line). Eastern Cape (55,1%) has the highest level of multidimensional subjective poverty, followed closely by Limpopo (53,9%) and then North West (49,2%).

Table 21: Multidimensional subjective poverty (MSP) headcount rates by province (%)

Province	Upper-bound poverty line (R577)	MSP (union)	MSP (intersection)	MSP (cut-off: domain deprivation > 3)
Limpopo	74,3	53,9	7,9	17,5
Eastern Cape	66,2	55,1	11,5	22,1
Mpumalanga	62,6	41,3	11,4	19,8
KwaZulu-Natal	60,3	47,9	9,0	18,5
Northern Cape	58,5	38,5	8,0	15,0
Free State	57,9	46,2	5,1	13,6
North West	56,9	49,2	9,1	18,7
Western Cape	30,7	39,2	6,0	15,3
Gauteng	29,1	38,8	6,2	14,4
RSA	**52,3**	**45,9**	**8,2**	**17,4**

A more conservative estimate of multidimensional subject poverty is derived from the intersection cut-off approach where an individual is only identified as poor if she/he lives in a household that is deprived in all five domains. Just over 8% of all individuals live in a household that is poor according to the intersection approach. While the intersection measure yields far lower estimates of the poverty headcount rate compared with both the objective poverty measure and the other subjective poverty indicators, it is a potentially useful policy tool since it offers a direct lens for identifying the most deprived households (i.e. those that are poor in all five domains). In terms of provincial poverty rankings following the intersection approach, Eastern Cape (11,5%) has the highest poverty headcount. Mpumalanga (11,4%) also has a relatively high rate compared with the other provinces, and North West has the third highest multi-dimensional subjective poverty headcount rate.

In the last column of Table 21, the dual cut-off approach is applied and the number of domains is specified as three. In other words, an individual is identified as poor if she/he lives in a household that is deprived in more than three domains. While any number between zero and five could have been selected, three denotes a plausible midpoint between the non-poor (i.e. not poor in any domain) and the poorest (i.e. poor in all five domains) households. The data in the table show that 17,4% of South Africans live in a household that is deprived in more than three of the five domains. Once again, provincial rankings are robust to the specification of the poverty threshold (the cut-off) since Eastern Cape (22,1%) is again the poorest province, followed by Mpumalanga (19,8%) and North West (18,7%). The provincial poverty rankings are, therefore, relatively stable across the different specifications of the poverty cut-off. Eastern Cape, for example, is consistently identified as the poorest province in terms of multidimensional subjective poverty, irrespective of the poverty cut-off.

Table 22 again presents estimates of the three measures of multidimensional subjective poverty and examines key differences by the sex of the household head, settlement type and population group. Beginning with sex of the household head, the table suggests that the multidimensional measures generally show a smaller absolute difference in poverty rates between female- and male-headed households compared with the objective poverty indicator. According to the union measure, for example, the poverty differential is roughly ten percentage points since 41,7% of those in female-headed households and 51,9% of individuals in households with a male head are poor. If the intersection cut-off is applied, there is also a higher poverty headcount rate for those in female-headed households (10,4%) compared with male-headed households (6,6%), If three domains is selected as the poverty cut-off point, the poverty differential is roughly four percentage points (i.e. 16,9% of those in households with a female head and 12,5% of individuals from male-headed households).

The poverty risks associated with different settlement types do, however, seem to differ across the differenct approaches to selecting the cut-off point. The highest poverty headcount according to the upper-bound objective poverty indicator is in tribal areas where 79,8% of individuals are poor. According to the union measure of multidimensional subjective poverty, however, the greatest poverty risk is found in urban informal areas (64,6%). Once the cut-off point increases (i.e. to intersection and three), the risk of poverty is higher in tribal areas once again. The difference in poverty headcount rates between tribal areas and urban informal areas are very marginal according to these to measures though. If poverty is defined as deprivation in all five domains, then 10,8% of individuals in urban informal areas are poor compared with 11,1% in tribal areas.

While the poverty risks for black South Africans are far higher than for any other population group, irrespective of the measure of poverty, there are some interesting differences across the different cut-off points for multidimensional subjective poverty. The union cut-off identifies a smaller poverty headcount rate for black Africans (52,3%) compared with the upper-bound objective poverty line (61,9%). For all other population groups, the headcount rate is actually higher according to the union approach. Among white South Africans, for example, the poverty headcount increases from only 1,2% at the upper-bound poverty line to 9,3% using the union cut-off. So, for this group, an objective money-metric poverty threshold would seem to underestimate poverty compared with deprivation in any one of the five domains measured in the LCS. The union indicator is also far higher for Indians/Asians (21,6%) compared with the objective poverty measure (only 7,1%). For this group, the dual cut-off approach with a specification of three domains is the multidimensional indicator of poverty (7,5%) which appears to be closest to the upper-bound objective indicator (7,1%).

Table 22: Multidimensional subjective poverty headcount rates by selected characteristics

	Upper-bound poverty line (R577)	MSP (union)	MSP (intersection)	MSP (cut-off: domain deprivation > 3)
		Poverty headcount (%)		
		Sex of the head		
Male-headed	43,5	41,7	6,6	12,5
Female-headed	64,7	51,9	10,4	16,9
		Settlement type		
Urban formal	31,8	36,9	6,1	14,0
Urban informal	68,3	64,6	10,8	21,1
Tribal areas	79,8	55,5	11,1	22,2
Rural formal	64,0	46,9	7,4	14,4
		Population group		
Black African	61,9	52,3	9,6	19,6
Coloured	32,9	34,8	5,5	13,1
Indian/Asian	7,1	21,6	1,9	7,5
White	1,2	9,3	0,9	4,8
RSA	**52,3**	**45,9**	**8,2**	**17,4**

6.2 Decomposition of multidimensional subjective poverty indicators

The indicators of multidimensional subjective poverty presented in this section have given equal weight to each of the five domains. Deprivation in clothing, for example, is assumed to be just as important as deprivation in the domains of health or food. In reality, it is unlikely that each of the five domains are exactly the same in terms of their relative importance to respondents or to their correlation with an indicator of well-being (either objective or subjective). The problem of how to assign weights to different domains of multidimensional poverty is well established in the literature. On the one hand, assigning equal weight to each domain makes the empirical task of estimating poverty indicators somewhat easier, but it relies on the fairly crude assumption that different domains are of equal 'importance'. On the other hand, assigning different weights to each domain of a multidimensional indicator sidesteps this conceptual limitation, but makes the implementation of a multidimensional indicator more complicated (and possibly less intuitive) and the determination of weights still relies, to a certain extent, on fairly arbitrary assumptions about the determinants of well-being.

There are several ways to deal with the problem of uniform weights identified in the literature. Perhaps one of the most common approaches is to regress a measure of well-being (e.g. objective or subjective poverty) against the individual domains that comprise a multidimensional indicator while also controlling for a number of other independent variables. The coefficients from such a model are then used to derive weights for each respective domain. One of the problems with this approach is that the coefficents estimated for each domain depend on the specification of the well-being equation. There are, therefore, a number of other assumptions which replace the assumption of uniform weights and which also affect the measure of multidimensional poverty.

Rather than estimate a series of different weights for the five domains of multidimensional subjective poverty measured in the LCS data, this section now presents a simple decomposition of the contribution of each domain to the overall multidimensional indicator. This approach retains the equal weighting across the domains but it identifies which domains are the most important to the overall indicator. Such an exercise is useful in two ways. First, it identifies which domain is driving multidimensional subjective poverty and how this differs across subgroups and second, information that is important for policy-makers can be derived by selecting a poverty cut-off (e.g. union or intersection) in order to direct attention towards a particular group of the poor (e.g. the poorest) and then the multidimensional indicator can be decomposed further to highlight the particular domains in which this group is the most deprived.

An application of this approach is used to decompose the relative contribution of the five domains to the intersection measure of multidimensional subjective poverty in Table 23. The data in the table are organised into two columns. The first presents the share of each domain with respect to the total number of non-deprived domains reported by the population. Of all the domains in which individuals *are not deprived*, the standard of food is slightly underrepresented since it comprises only 19% of all adequate domains. The standard of health care and children's schooling are the two domains that have the highest shares (20,5% and 22,9%, respectively) of

non-deprived domains. In other words, a greater percentage of individuals are living in households with an adequate standard of health care and children's schooling compared with the other domains.

The total share of each domain among the non-deprived domains, however, does not say anything about how the standard of living in these domains is distributed among households and individuals. Thus, the total share cannot necessarily identify how each of the domains contributes toward a reduction in multidimensional subjective poverty. The percentages in the second column in the table address this by identifying the contribution of each respective domain to the reduction of multidimensional subjective poverty, relative to the other domains, after controlling for how the non-deprived domains are distributed among the population.

The relative contribution of each domain (second column in Table 23) therefore, identifies children's schooling as having the largest effect (26,3%) on the reduction of the multidimensional indicator of poverty (compared to what it would have been without the respective domains). So among individuals living in the poorest households, the adequate standard of children's schooling makes the largest contribution to keeping households above the intersection cut-off point, followed by health care (20,5%). However, since a large percentage of individuals live in households in which there are no children attending school (18,2%), this large contribution of the quality of schooling is potentially misleading, particularly from a policy perspective. The next two columns in Table 23 therefore present estimates of the decomposition which exclude the domain of children's schooling. The result is that the standard of health care becomes the most important domain in reducing multidimensional subjective poverty. This is the domain with the largest share of non-deprived domains (26,5%) and it contributes 28,7% of the reduction in the multidimensional poverty indicator. The standard of housing and clothing, on the other hand, are the two domains which contribute the least (relative to the other domains) in reducing multidimensional subjective poverty (23,5% and 23,4%, respectively). The overall multidimensional subjective headcount rate would therefore be lower if the standard of housing and clothing, in particular, were improved.

Table 23: Relative contribution to poverty reduction by domain

	Including children's schooling		Excluding children's schooling	
Domain	Share	Relative contribution	Share	Relative contribution
Food	19,0%	18,1%	24,6%	24,4%
Housing	18,6%	17,6%	24,1%	23,5%
Clothing	19,0%	17,5%	24,7%	23,4%
Health care	20,5%	20,5%	26,5%	28,7%
Children's schooling	22,9%	26,3%	-	-
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**

Source:Calculations from the LCS using the DASP module developed by Araar and Duclos (2007)

Table 24 demonstrates the usefulness of this decomposition technique for policy making by repeating the same decomposition (excluding the domain for children's schooling) for each of the different settlement types. The results highlight some interesting differences between the settlement types reported in the LCS. The two area types with the highest rates of multidimensional subjective poverty (urban informal and tribal areas), for example, exhibit some important differences. In urban informal areas, the adequacy of housing contributes the least (20,5%) to reducing poverty rates followed by clothing (22,3%). The relative contribution of the standard of health care (31,8%), on the other hand, is far higher than in the other settlement types as well as the national average (28,7%). The relative contributions to reducing multidimensional poverty are somewhat different in tribal areas. In this settlement type, the smallest contribution is from the clothing domain (22,7%) and then housing (23,1%).

Table 24: Relative contribution to poverty reduction by settlement type

	Urban Formal	Urban Informal	Tribal Area	Rural Formal
Food	24,7%	25,4%	23,8%	24,8%
Housing	24,2%	20,5%	23,1%	23,6%
Clothing	23,9%	22,3%	22,7%	23,1%
Health care	27,3%	31,8%	30,3%	28,6%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**

Source:Calculations from the LCS using the DASP module developed by Araar and Duclos (2007)

The policy implications of these findings are several-fold. Firstly, the standard of housing should be a priority for improving the living conditions of the poorest households in South Africa. The domain of housing contributes relatively little (compared with the other domains) in preventing households from being identified as poor according to the intersection method. Individuals and households living in urban informal areas, in particular, are more likely to be deprived in terms of their standard of housing and this contributes the most to their status as multidimensionally poor. Secondly, the standard of health care in all area types, and in urban informal areas and tribal areas in particular, is an indication that, compared with the other domains, the level of health care is perceived to be adequate.

6.3 Concluding remarks

Defining subjective poverty in terms of deprivation across a number of different domains contributes to the measurement of subjective poverty in South Africa in several ways. Firstly, the set of domains identified in the LCS (i.e. food, housing, clothing, health care and children's schooling) yield an estimate of a multidimensional subjective poverty headcount rate which is broadly consistent with the estimates derived from the objective and subjective poverty lines presented throughout the report. In other words, if poverty is defined as deprivation in any one of these domains, then the poverty headcount rate of 45,9% is lower than the upper-bound poverty rate (52,3%) but higher than both the lower-bound objective poverty estimate (38,9%) and the poverty rate based on the self-perceived subjective indicator (39,5%).

Secondly, while the multidimensional indicator attaches equal weight to each of the domains and is therefore limited in terms of its conceptual underpinnings, it is possible to decompose the individual contributions of each domain to the overall indicator. The tables in this section provided several examples of how this type of analysis can be used to identify how subgroups of the population are deprived relative to others. In the example that was presented in this section, the decomposition identified important differences in deprivation by settlement types among the poorest households in South Africa (i.e. those that are deprived in all five domains). From a policy perspective, the ability to identify key groups in terms of their level of deprivation and to identify ways in which they are deprived, highlights the usefulness of the multidimensional subjective poverty approach described in this section.

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Conclusion

A range of subjective poverty indicators has highlighted important findings relating to the nature and extent of poverty in South Africa. The results presented in this report have demonstrated that, first and foremost, subjective poverty indicators yield higher poverty rates than those estimated from Statistics South Africa's three objective national poverty lines. The self-perceived indicator (SPWQ), which directly asks respondents whether their household is poor, results in the lowest *subjective* poverty estimate and is closely in line with the poverty rate based on the lower-bound (R416) objective poverty headcount rate. According to this indicator, 39,5% of South Africans live in a poor household and this is far higher than the percentage of the population living below the objective food poverty line (R305). Moreover, the two subjective headcount estimates derived from the Leyden approach (MIQ and IEQ) where respondents are asked about the minimum level of income with which their household can make ends meet, are far higher than all of the poverty rates based on objective poverty lines. Individuals and households are therefore more likely to be identified as poor based on their perceived well-being compared with being classified as poor based on an expert derived money-metric poverty cut-off.

A direct comparison between subjective and objective poverty measures suggests that there is a strong association between these two approaches in identifying the poor. In other words, many individuals live in households that are both subjectively poor and exist on income below one or more of the objective poverty thresholds. However, as identified throughout the report, the association is not exhaustive and subjective poverty measures identify different individuals and households as being poor. In turn, the subjective poverty profile demonstrated that the three different subjective indicators do, to some extent, offer a different picture of the characteristics of the poor in South Africa. Perhaps one of the main differences highlighted in the poverty profile was the differences between the self-perceived indicator (SPWQ) and the indicators based on the minimum income question (MIQ) and IEQ. In particular, the profiles by settlement type, sex of the household head and population group change considerably depending on the definition of subjective poverty.

Tribal areas are identified as the poorest settlement types, according to both the upper-bound objective line and the self-perceived poverty indicator but the MIQ and IEQ measures both suggest that poverty rates are higher in urban informal areas. While the overall poverty rate for the MIQ indicator is very similar to the headcount rate based on the R577 poverty line (55,3% and 52,3%, respectively), the MIQ measure suggests that tribal areas have relatively low levels of poverty compared with urban informal and rural formal settlement types. The spatial profile of poverty changes yet again, however, when respondents are asked to compare their perceived income with their minimum income directly (IEQ). Using the income evaluation approach, there is very little difference between poverty rates in urban informal and tribal areas (67,8% and 66,8%, respectively).

The biggest difference between the objective and subjective poverty profiles can be seen in the risk of poverty across population groups. Among black Africans, the headcount rate based on the upper-bound objective poverty line is similar to the rates derived from the minimum income question (MIQ) and IEQ. For the other three population groups, poverty rates are far higher

when they are based on the Leyden approach. This finding underscores the point that, while overall headcount estimates based on the minimum income measure are largely in line with estimates from the objective poverty approach, caution should be exercised in making claims about poverty in South Africa, using the minimum income question. The expenditure profile supported this finding by demonstrating that many households that identify themselves as living below a minimum level of income are, in objective terms, relatively well off.

It is not necessarily surprising that the measures of subjective well-being differ significantly by population group in South Africa. The literature on subjective poverty and well-being highlights the strong effect of relative standing on subjective poverty (Ferrer-i-Carbonell 2005). In the South African context, it is therefore likely that individual perceptions of well-being (including minimum income) are closely associated with other individuals with similar racial, cultural and educational characteristics. The LCS data suggest that 'minimum income', for example, is largely interpreted as the level of income that a household requires in order to maintain the lifestyle to which it has become accustomed. Due to South Africa's history of racial segregation and the persistent levels of high income inequality, the difference between objective poverty indicators and subjective indicators based on the Leyden approach become most obvious in comparisons across populations groups (and between female- and male-headed households). In other words, whites are still relatively wealthier than the other population groups in South Africa; and when asked to identify a minimum level of income, many of these households compare their needs based on a reference group which is far less likely to be living below any of the objective poverty lines.

The implication of this finding is that, in the South African context, the Leyden approach identifies many relatively wealthy households as being subjectively poor and is therefore, an approach to subjective poverty measurement that should be considered very carefully. The MIQ indicator is particularly misleading because aggregate poverty statistics derived from the minimum income question are so closely in line with estimates from the upper-bound poverty line. Overall, poverty statistics based on the MIQ indicator therefore mark important differences within subgroups of the population. Perhaps a wider conclusion from the results from the minimum income question is that this approach may yield very different results in other countries with high levels of inequality.

Finally, the last part of this report identified a way to construct a relatively intuitive multidimensional subjective poverty indicator which aggregates information on the perceived standard of living in a number of key domains. The multidimensional indicator yields a poverty headcount rate which is slightly lower than both the upper-bound objective poverty headcount and the MIQ headcount rate. The poverty profile based on this indicator produces similar results to the self-perceived poverty profile in many respects, but it identifies urban informal areas as having the highest levels of poverty. An added advantage of the indicator is that it can be easily adjusted to focus more directly on the most deprived households and the effect of each domain on the overall indicator can be isolated with a number of readily available decomposition techniques.

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Annexure 1

Table 25: The correlates of well-being for South Africans by poverty status and well-being indicator

	I	II	III	IV	V	VI
	R577 (Logit)	SPWQ (Logit)	MIQ (Logit)	IEQ (Logit)	ELQ (Ordered Probit)	MSP (Ordered Probit)
Age	-0,005***	0,005***	0,006***	0,003*	-0,001*	0,003***
	(0,002)	(0,001)	(0,001)	(0,002)	(0,001)	(0,001)
Age squared	-0,001	-0,001***	-0,001***	-0,001***	0,001***	-0,001***
	(0,000)	(0,000)	(0,000)	(0,000)	(0,000)	(0,000)
Hhsize	0,324***	-0,078***	-0,099***	0,002	0,107***	-0,019***
	(0,008)	(0,006)	(0,006)	(0,006)	(0,003)	(0,003)
#Children	0,132***	-0,001	-0,037***	-0,018**	-0,021***	0,009*
	(0,012)	(0,009)	(0,009)	(0,009)	(0,005)	(0,005)
#Employed	-0,401***	-0,127***	0,089***	-0,143***	0,014***	-0,045***
	(0,01193)	(0,011)	(0,009)	(0,011)	(0,005)	(0,005)
Dwelling owned	-0,178***	-0,373***	-0,029	-0,063**	-0,056***	-0,212***
	(0,029)	(0,026)	(0,025)	(0 ,027)	(0,012)	(0,014)
Proportion of males	-0,155***	0,279***	0,238***	-0,125***	-0,029*	0,121***
	(0,042)	(0,040)	(0,037)	(0,038)	(0,017)	(0,020)
Illness in past month	-0,279***	0,215***	-0,025	0,069**	-0,085***	0,124***
	(0,032)	(0,030)	(0,030)	(0,031)	(0,013)	(0,015)
Victim of crime	-0,233***	0,229***	0,004	0,221***	-0,064**	0,159***
	(0,065)	(0,063)	(0,056)	(0,056)	(0,027)	(0,030)
Coloured	-0,710***	-0,947***	0,189***	-0,059	0,119***	-0,309***
	(0,042)	(0,042)	(0,036)	(0,037)	(0,016)	(0,021)
Indian/ Asian	-1,781***	-0,989***	0,204***	-0,232***	0,174***	-0,223***
	(0,148)	(0,099)	(0,075)	(0,084)	(0,027)	(0,045)
White	-3,092***	-1,246***	0,310***	-0,479***	0,158***	-0,420***
	(0,127)	(0,089)	(0,048)	(0,051)	(0,017)	(0,043)
Urban formal	-1,097***	0,051**	0,216***	0,048**	-0,051***	0,026**
	(0,024)	(0,023)	(0,021)	(0,022)	(0,011)	(0,012)

Table 25: The correlates of well-being for South Africans by poverty status and well-being indicator (concluded)

	I	II	III	IV	V	VI
	R577 (Logit)	SPWQ (Logit)	MIQ (Logit)	IEQ (Logit)	ELQ (Ordered Probit)	MSP (Ordered Probit)
Log of income	-	-0,938***	-0,702***	-0,374***	0,410***	-0,444***
		(0,016)	(0,015)	(0,015)	(0,007)	(0,008)
_cons	0,832***	6,533***	4,220***	2,302***	-	-
	(0,0602)	(0,112)	(0,104)	(0,103)		
N	**97479**	**95766**	**97479**	**95543**	**97479**	**94072**

Notes: The data are weighted. Standard errors in parentheses. * p<0.10 ** p<0.05 *** p<0.01; Hhsize =household size; #Children = number of children below age 16 in the household; #Employed = number of employed in the household; Dwelling owned = dummy variable denoting whether main dwelling is owned by a household member; Proportion of males = proportion of household members who are male; Illness in last month = dummy variable denoting whether the individual has been ill in the past month; Victim of crime = dummy variable denoting whether any member of the household has been the victim of a violent crime in the past year; coloured, Indian/Asian and white race dummies (base category is black African); Urban formal = dummy variable denoting residence in an urban formal area (all other settlement types form the reference category); Log income = log of total per capita household consumption. The models also include provincial controls as well as a set of variables measuring the highest level of education attained by the head of the household (not shown in the table). The level of education attained by the head has the expected outcome- i.e. that each additional year of education has a stronger negative correlation with the risk of poverty than the previous level.

Discussion of the models

The six regressions presented in Table 25 yield data for between 94 072 and 97 479 individuals after observations with missing values for key variables are dropped. The first four regressions (columns I–IV) estimate logit models for the likelihood that an individual is living in poverty according to the objective upper-bound poverty line and the three subjective indicators of poverty, respectively. The coefficients presented in these first four regressions denote the natural logarithm of the odds ratio of being poor.

In the fifth column of Table 25, an ordered probit model is estimated to identify the correlates of the response to the economic ladder question (ELQ). The dependent variable is an ordinal scale ranging from one to nine. The coefficients therefore represent the correlates of a higher response to the ELQ such that a positive significant coefficient denotes an association with a higher score on the ELQ. The last column in the table (VI) estimates the correlates of the number of domains (from the multidimensional subjective poverty indicator) in which an individual/household is

deprived. The dependent variable in this regression ranges from zero to five. A positive and significant coefficient therefore denotes a positive association with a greater number of domains in which the individual's household has an inadequate standard of living.

In the first regression (I) living in a household below the R577 poverty line is significantly predicted by living in a larger household and, in particular, in a household with a greater number of children. Some of the other key factors which have the expected significant association with the risk of poverty include: the number of employed members of the household; whether an individual lives in a dwelling owned by a member of the household; the proportion of householders who are male; race (black Africans are significantly more likely to be poor); and settlement type (individuals and households in urban formal areas are far less likely to be poor).

In comparing the correlates of objective poverty with the determinants of the subjective poverty indicators (II), there are several variables which exhibit very different associations with subjective poverty status. In the second column (SPWQ poverty), for example, larger households actually have a significantly smaller likelihood of being subjectively poor and there is no effect for the number of children in the household. Living in a dwelling that is owned by a household member has a stronger protective effect on subjective poverty (according to the SPWQ indicator) than it does for objective poverty. Interestingly, a higher proportion of male household members is actually associated with a higher risk of subjective poverty in contrast to the protective effect that it offers for objective poverty. The signs on the coefficients for having been ill in the past month and living with the victim of a crime are different from the objective poverty regression. In other words illness and crime are associated with a lower risk of objective poverty but a higher risk of subjective poverty after controlling for other factors. The effect of race is unchanged in that black Africans face a higher risk of both objective and subjective poverty. Settlement type, however, has an opposing effect on subjective poverty. Living in an urban formal area has a strong protective effect on the risk of income poverty, but it is significantly and positively associated with the risk of subjective poverty after controlling for other factors. Part of this change may, however, be explained by the effect of income. The last variable in the regression is log of per capita household income and there is a strong negative association between income and self-perceived subjective poverty. After controlling for a number of variables, income, it would seem, is still an important determinant of the risk of living in a household that is subjectively poor.

Based on the descriptive statistics presented throughout the report, the correlates of living in a household which reports income below its perceived minimum income level (III) are different from the predictors of objective poverty (I) and self-perceived subjective poverty (II). Demographic characteristics such as age, household size, and the number of children in the household have effects that are somewhat similar to the SPWQ model. The number of employed householders, however, has a significant and positive association with living in a household that is poor according to the MIQ indicator. At the same time, ownership of the dwelling, illness and crime are not significant factors at all. While income is again significantly and negatively associated with the risk of poverty in the MIQ model, the coefficient on settlement type suggests that the effect of living in an urban formal area is much greater relative to the SPWQ model. Perhaps the

biggest difference between the MIQ model and the two previous regressions, however, is the effect of race. After controlling for all other factors in the model (including province and education which are included but not listed in the table), black Africans are actually significantly ***less*** likely to be poor according to the MIQ indicator. This finding highlights that the MIQ question identifies different individuals and households as being poor compared with the objective and self-perceived indicators.

The dependent variables in the last two columns (V and VI) are different in structure (i.e. they are ordinal variables) from the logit models. In the ELQ regression, a higher value for the dependent variable denotes a greater degree of well-being (or relative standing). However, a higher value for the MSP dependent variable indicates a greater level of deprivation. It is not surprising, therefore, that both the size and direction of the coefficients are different for these models. The perception of relative standing (V) increases with household size, the number of employed household members and with the level of household income. Some of the key factors which are marginally associated with a lower perception of relative standing (i.e. a lower score on the economic ladder) include: the proportion of male householders, ownership of the dwelling, recent illness, crime and living in an urban formal area. Not surprisingly, race is a strong and significant predictor of relative standing. black Africans are significantly less likely to report a higher level of relative standing in the economic ladder question relative to all other race groups even after controlling for the other independent variables.

Finally, the last column (VI) identifies the correlates of multidimensional subjective poverty. The effects of household size and the number of children are only marginal, but the number of employed household members and ownership of the dwelling are significantly and negatively associated with a higher number of deprived domains. Individuals living in households with a greater proportion of males, a recent illness and an experience of crime are significantly more likely to perceive deprivation in a greater number of domains. Once again, higher levels of income offer a protective effect against deprivation in a larger number of domains and, after controlling for all other factors, black Africans are far more likely to experience a greater level of multidimensional subjective poverty.

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Annexure 2

Methods and technical notes

1. Introduction

Poverty is a key development problem in social, economic and political terms. In post-apartheid South Africa, fighting the legacy of poverty and under-development has always been a central theme of government. This commitment to push back the frontiers of poverty was reiterated in the ANC's 2009 Election Manifesto and has become the cornerstone shaping the policies of the current government. The demand for regular, quality poverty data to inform government's planning and actions is extremely high. These data are especially critical in light of the creation of the new planning ministry within the Presidency which needs this information to properly direct and align all government departments in a concerted effort to achieve the desired victory against poverty in South Africa.

Beyond this governmental need for poverty data, it is crucial to note that South Africa participates in many international comparison programmes related to the country's development profile. Official multi-dimensional poverty statistics are an essential component of the country's profile and is required to inform reporting on the country's progress towards meeting the Millennium Development Goals, economic investment decisions, development assistance, and peer-review processes such as the African Peer-review Mechanism.

The absence of official statistics on the poverty profile of the country has created a serious data gap that prevents proper measurement of poverty trends, as well as the ability to monitor the impact of government's programmes and policies aimed at addressing issues around poverty reduction. Despite improvements in the availability of official socio-economic statistics, primarily provided by household surveys such as the annual General Household Survey, the Income and Expenditure Survey conducted every 5 years, Census data from 1996 and 2001 and the Community Survey from 2007, no single data source provides comprehensive information on poverty and living conditions in South Africa.

Given that international and local definitions of poverty are increasingly expressed in multi-dimensional terms, it was necessary that a multi-topic poverty survey be implemented to capture such multi-dimensionality. Many of the current Stats SA surveys do not meet this requirement as described below:

- *Quarterly Labour Force Survey* – The QLFS is designed exclusively for labour force measurement at a certain point in time; however, for poverty studies one requires employment information over a longer period of time to get a better understanding and measurement of livelihoods.

- *General Household Survey* – The GHS is a very useful survey instrument; however, its current design does not allow for comprehensive poverty analysis, mainly due to its lack of money

metric data, as well as other important poverty topics such as anthropometrics and subjective poverty measurement.

- *Census and the Community Survey* – The scale and design of both operations provide the most important baseline data on population characteristics, their geographical distribution and community level data for poverty analysis. However, it collects no consumption data and very limited income information necessary for comprehensive poverty analysis.

- *Income and Expenditure Survey* – The design of the IES is to provide data for the consumer price index; therefore, it limits the survey's ability to inform detailed poverty statistics other than that of money metric poverty measurement.

Thus, in line with Statistics South Africa's mandate to provide relevant statistical information to meet user needs, a process was set in place in 2007 to develop and implement a purpose-driven and user-guided multi-topic poverty survey, known as the Living Conditions Survey. This survey will contribute the necessary data in the fight against poverty. The LCS has been designed to collect data on a range of issues including income/consumption, assets, access to services, perceived well-being and health status as well as biometric data concerning height and weight.

2. The instruments of data collection

The Living Conditions Survey 2008/2009 used four data collection instruments, namely the household questionnaire, the weekly diary, the summary questionnaire and the survey assessment questionnaire.

2.1 Household questionnaire

The household questionnaire was a booklet of questions. The questions were administered to respondents during the course of the survey month. There were seven modules in this questionnaire with twenty-seven subsections. The first module dealt with establishing the composition and structure of the household, as well as capturing particulars of all household members. The second module collected information on health, disability, education, and employment. The third module dealt with welfare, assets, and information on dwellings and services. Modules four and five collected information on the different categories of consumption expenditure (including housing, clothing, furniture, appliances, transport, computer and telecommunication equipment, etc.), as well as information on subsistence and living circumstances. The sixth module dealt with savings, investments, debt, remittances, and income. The seventh and last module collected anthropometric measurements (height, weight and waist) for all household members.

2.2 Weekly diaries

This is a booklet that was left with the responding household to track all acquisitions made by the household during the survey month. The household (after being trained by the interviewer) was responsible for recording all their daily acquisitions as well as information about where they purchased the item (source) and the purpose of the item. A household completed a different diary for each of the four weeks of the survey month.

2.3 Summary questionnaire

This is a booklet of questions that was for the sole use of the interviewer. The instrument had two primary functions. Firstly, it served as a code list for interviewers when assigning codes for the classification of individual consumption according to purpose (COICOP) to reported items recorded in the weekly diary and secondly, it helped to summarise the household's total consumption expenditure on a weekly basis to allow the interviewers to better understand the household's acquisition patterns to ensure accuracy and completeness of the diary.

2.4 Survey assessment questionnaire

This is a booklet of questions that was administered to households after the survey month was complete by either the district survey coordinator or provincial quality monitor. In addition to serving as a control questionnaire to verify information collected by the interviewers, the instrument was designed to evaluate data collection processes and perceptions of the respondent about Stats SA and the survey itself.

3. How the LCS 2008/2009 was conducted

A household was in a sample for a period of six weeks. The instruments outlined above were administered in stages at different visits during the six weeks of data collection. A module was administered in the beginning of each week. The seventh module (on anthropometrics) was administered when it was convenient for household members. A detailed list of activities conducted each week is shown in Table 26.

Table 26: Data collection activities by week

Week 0 *(Week before the survey month)*	**Weeks 1 to 4** *(The survey month)*	**Week 5** *(Week after the survey month)*
- Hand-over by publicity team - Establish rapport with household - Train household on diary completion - Conduct interview 1 - Make appointments for anthropometric measurements	- Drop weekly diaries to be completed by household - Conduct interviews 2/3/4/5 - Collect completed diaries for weeks 1/2/3 - Verify completed diaries for weeks 1/2/3 - Conduct anthropometric measurements (Module 7) - Codification by means of the summary questionnaire	- Conduct interview 6 - Collect and verify completed diary for week 4 - Codification by means of the summary questionnaire

4. Time span

Data collection for the Living Conditions Survey 2008/2009 was conducted over a period of one year between September 2008 and August 2009.

5. Response details

From the 31 473 dwelling units sampled across South Africa, 32 809 households were identified. Out of these, there was a sample realisation of 25 075 households.

Table 27 below shows the response details for the LCS 2008/2009.

Table 27: Response details for the LCS 2008/2009

Province	Response rate (%)
RSA	**88,0**
Western Cape	85,2
Eastern Cape	94,2
Northern Cape	90,4
Free State	95,9
KwaZulu-Natal	84,8
North West	89,3
Gauteng	79,7
Mpumalanga	88,5
Limpopo	94,9

6. Data

Data organisation

Data collected from the LCS 2008/2009 had to be reorganised to make sense to the user and to facilitate further analysis. Information was collected on various expenditure items, both for the survey month and for the eleven months prior to the survey. This information had to be combined to give an estimated annual figure. The process of doing this is referred to as annualisation. It enables us to have a single annual figure of expenditure per expenditure item.

Since the survey took place over a period of twelve months, between September 2008 and August 2009, it was necessary to benchmark the reported expenditure to March 2009 which was midway into the survey year. Therefore, expenditure that took place before the end of February 2009, i.e. before March 2009, was inflated to March 2009 prices; and expenditure that took place after March 2009 was deflated back to March 2009 prices using CPI data.

Editing and imputations

There are two types of non-response, namely unit non-response and item non-response. Unit non-response is dealt with during weighting, which is discussed in the next section of this report. To deal with item non-response, imputations had to be carried out on the data at different levels. It is important to note though, that when dealing with LCS 2008/2009 data, careful interpretation of data items is essential. A zero entry would not necessarily translate into a non-response or a missing item as it could well mean that simply no purchase was made. Therefore, clear guidelines had to be followed to identify cases of item non-response. It was only in cases where item non-response was identified without doubt that imputation was done.

Imputations on the LCS data were done at two levels:

- Imputing for missing diaries; and
- Imputing for item non-response.

Imputing for missing diaries

A household was required to complete four weekly diaries and a household questionnaire for a period of a month. Some households, for various reasons such as fatigue, moving from a selected dwelling unit to another, etc. did not complete all four weeks' diaries. It was decided that a household needed to have completed at least two weeks' diaries to be included in the final dataset. Households with less than two weeks' diaries completed were disqualified and were treated as non-response. The same was done with households that had only diaries but no main questionnaire. These too were treated as non-response.

Missing diaries for households with two or three weeks' diaries were imputed. This was done as follows:

If a household had diary information for two weeks, a donor household was randomly selected from a group of households with similar characteristics to donate information for the two missing diaries.

Similarly, if a household had diary information for three weeks, a donor household was randomly selected from a group of households with similar characteristics to donate information for the missing diary.

The characteristics used to match households for imputations were province, type of area, type of dwelling, household size, expenditure patterns of the available diary information, access to facilities and services.

Imputing for item non-response

Imputations were done for missing data on imputed rent, expenditure on rent for a rented dwelling unit and for dwelling units that were occupied rent-free, value of a dwelling unit, and individual income. Most of the data items that required imputation were related to housing, and standard procedures used for estimation of housing services had to be used.

There are three different methods which are commonly used to measure housing services from owner-occupied dwelling units, and these include the following:

- interest on loans and mortgage bonds;
- imputed rent for owner occupied dwelling units as estimated by respondents; and
- percentage of the value of the house as an estimate of the rental value of the dwelling unit.

Interest on loans and mortgage bonds data collected were poor, and so were data on imputed rent for owner-occupied dwelling units. Therefore, a decision was taken to use a percentage of the value of a house as an estimate for the annual rent of a dwelling unit. It was agreed that 6,32% of the value of the house be used to estimate annual rent in this instance. The decision was based on a desktop research done by the LCS team on rental yields of owner occupied dwelling units during the time of the survey.

Imputations for individual income were done in cases of persons within a household who reported that they had a source of income, but did not report a value of income. Imputations were done for each source of income as reported by respondents. Imputation rates for income ranged from less than 0,1% to 3,2%.

Other variables that were imputed for were DSTV (4,9%), electricity (11,8%), rent (0,9%), cellphone calls (18,3%), fuel (4,9%), Internet (1,8%), landline calls (3,1%); and public transport (17,1%).

Basically, imputations were carried out for missing items according to the following general procedure:

Households with similar characteristics as the ones with missing data regarding a particular item were identified. Variables such as province, settlement type, type of dwelling unit, number of rooms, household size and access to services and facilities were used to match households. The average amount for a particular item as calculated from households of similar characteristics was then used to impute the missing data.

Treatment of special items

Expenditure in-kind refers to items that have been acquired by a household without paying for them. It is important to note that if a household receives an item from another household it is a transaction that is seen as consumption expenditure as well as income for the receiving household. For the giving household, it is regarded as a transfer to another household and not part of consumption expenditure. For LCS 2008/2009, these were measured from the receiving household, i.e. income in-kind received.

Expenditure in-kind is not included in total household consumption expenditure as it has no market price. Nevertheless, expenditure in-kind was measured and can be used for analysis purposes.

The following categories of expenditure are excluded when identifying goods and services to be included in the total household consumption expenditure:

1. All items which are considered to be investments because they add value to a dwelling unit such as improvements, additions and alterations; services for improvements, additions and alterations; security structures; building materials not for maintenance and repair; labour and material for improvements, additions and alterations; and life insurance on mortgage bonds.

2. All items which are considered to be income in-kind such as free water; free sanitation; free electricity; estimated value of private use of a company car or similar vehicle; value of discounted fares for educational purposes; and medical aid contributions by employer – households do not spend money on these items.

3. All items identified as: interest on mortgage bonds; subsidy on payment of mortgage; capital payments (including deposit); and other payments such as transfer duty, transfer costs and registration of mortgage bond. A decision was taken to rather use imputed rent. Annual imputed rent was estimated at 6,32% of the actual value of the dwelling unit.

4. Items like seed, fertilizer, feed, livestock, services (e.g. ploughing, veterinary – not for pets), processing (e.g. grinding, milling and slaughtering) and other items from own production – as they are input costs. Instead, products from own production were included in the basket of goods and services.

5. All in-cash maintenance of family and/or remittances to family members and dependants living elsewhere (including alimony/palimony paid to ex-wife/ex-husband and children); gifts to persons who are not members of the household (excluding gifts in-kind); gifts to persons who are not members of the household (excluding cash gifts); tribal cash levies (not for housing); and tribal levies in-kind (not for housing) – such expenditure is measured from the receiving households since households would have acquired these items for the sole purpose of giving them away to other households.

6. All panelbeating repairs paid for by the insurance company or other party, and other repair work paid for by the insurance company or other party – these are already accounted for elsewhere, e.g. amount paid for car insurance.

The funds available to a household (from income, past savings and borrowing) are also committed to a range of non-consumption items, including various forms of saving, investment and the repayment of principal and interest on various forms of borrowing. These uses of a household's funds, while of interest to many users in their own right, are not central to the income and consumption expenditure focus of the LCS. While Stats SA will make data on non-consumption commitments available, users should treat them cautiously, as the concepts involved are complex and not easy for households to report reliably.

7. Limitations of the survey

Although the LCS collects extensive information on household income and expenditure (similar to the content of the Income and Expenditure Survey), the LCS is not intended to be a data source for the reweighting of the CPI basket of goods and services. Nevertheless, given the nature of the information collected, it could be used by CPI for research purposes and for measuring expenditure and spending trends in the years between Income and Expenditure Surveys.

Additionally, the LCS cannot be used to derive an unemployment rate for the country. Although employment data are collected in the LCS, the survey methodology is completely different to the QLFS; thus, results regarding employment cannot be compared between the two surveys.

Lastly, the LCS sample has been designed to provide estimates at national and provincial levels. Thus, no estimates at a municipal or district level can be generated using the LCS data.

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Annexure 3

1. Technical notes

1.1 Conceptualising poverty

Although poverty is widely accepted as being an undesirable manifestation of poor living conditions, the definition and measurement of poverty remains the subject of international debate. In a review of more than 40 national poverty studies undertaken in developing and transitional economies, May (2001) found that (a mix of) three approaches were commonly used when trying to operationalise poverty definitions:

- Poverty conceptualised as the inability to attain a minimum standard of living reflected by a quantifiable and absolute indicator applied to a constant threshold such as a minimum income line that separates the poor from the non-poor. By necessity, measurement is quantitative relying upon surveys of income and consumption, most often collected by national statistical agencies.

- Poverty conceptualised as being the lack of resources with which to attain the type of diet or life-style that is socially acceptable. This approach places emphasis on a relative indicator which would vary according to the standards of the society being measured, and may also take into account distributional issues. A minimum amount may be used, but this is adjusted to take into account changing needs, preferences and national standards of living. Measurement is usually quantitative, although frequently subjective or qualitative approaches may play a role in setting definitions and standards. National statistics agencies are usually responsible for the quantitative data collection, often supported by health, housing, social development and education ministries. National and international NGOs often provide analysis of qualitative data.

- Poverty conceptualised as being constrained choices, unfulfilled capabilities and exclusion. Measurement is recognised as being complex, yet there is no generally accepted approach being used although institutions such as the UNDP have begun to explore alternative methodologies. Qualitative and participatory research techniques frequently play a central role, yet there is no agreed approach to determining a measurable threshold. Due to the on-going debate over concepts, measurement and interpretation, these data are more likely to be collected and analysed by research institutions including universities and international agencies.

All of these approaches have merits, with the first being the easiest to calculate and to interpret, while the last tries to draw out the complex links between economic growth, social structure and human well-being. Rather than seeing these as competing methodologies, it is accepted that the different approaches reflect the recognition that poverty is a multidimensional concept and that different approaches will be required to measure and analyse each different dimension.

In support of this, a recent World Bank publication synthesising the results of participatory research from numerous countries identifies five dimensions of poverty that are commonly reported when poor people are asked to analyse their own situation:

- 'poverty proper', which refers to the lack of adequate income or assets to generate income;
- physical weakness due to under-nutrition, sickness or disability;
- physical or social isolation and exclusion due to peripheral location, lack of access to goods and services, ignorance or illiteracy;
- vulnerability to crisis and the risk of becoming even poorer; and
- powerlessness within existing social, economic, political and cultural structures, including that arising from discrimination and prejudice (Chambers 1988, World Bank 2001).

Prominent poverty analyst, Michael Lipton, suggests that a consensus has emerged on the definition and measurement of poverty, the components of which include:

- A recognition that for policy purposes, poverty may be defined as private consumption that falls below some absolute minimum amount;

- A recognition that low levels of capabilities (such as literacy and life expectancy) are major components of poverty, but that these are best measured separately rather than amalgamated with consumption measures; and finally; and

- Recognition that the lack of consumption is better measured than lack of income (Lipton 1997).

Thus, analyses that require quantification or a numeric measurement will tend to prefer a 'money-metric' and absolute approach to the measurement of poverty as a means of operationalising poverty comparisons. As Lipton proposes, this accepts that money is commonly, but not always, the means of indirectly translating inputs into human development. Money is seen as the means of purchasing some of the direct means to well-being, such as food, clothing and shelter, and a threshold amount can be estimated that serves as a poverty line separating the poor from the non-poor. Analyses that look at other dimensions of poverty and are concerned with issues of causation and consequence are less concerned with money-metric measurement. These will make use of indicators that more directly measure shortfalls in living standards such as health status, educational attainment or access to services, indirect measures such as perceptions of social status or safety, or indicators that are believed to be proxy measures of more complex aspects of poverty, such as social exclusion or powerlessness. Such analyses may also use qualitative or participatory methodologies in combination with more quantitative approaches.

For an official statistics agency, an approach to the monitoring of poverty trends would be comprehensive if data were collected on:

- consumption, measured by household expenditure on food and non-food items;
- selected direct indicators of living conditions; and
- selected proxy measures that take account of other dimensions of poverty deemed to be policy priorities in that society.

1.2 Sample

The sampling frame for the LCS was obtained from Statistics South Africa's Master Sample (MS) based on the 2001 Population Census enumeration areas.

The scope of the Master Sample is national coverage of all households in South Africa and the target population consists of all qualifying persons and households in the country. The MS focuses on private dwelling units, workers' hostels, residential hotels, nurses' and doctors' quarters, but excludes patients in hospitals or clinics, guests in hotels and guest houses, prisoners in prisons, scholars and students in school or student hostels and the aged in old-age homes. In summary, it has been designed to cover all households living in private dwelling units and workers living in workers' quarters in the country.

The MS consists of 3 080 primary sampling units (PSUs) made up of enumeration areas (EAs). The PSU coverage comprises all settlement types, including urban formal, urban informal, rural formal and tribal areas. For the LCS, 3 065 PSUs were sampled from the MS and roughly ten dwelling units (DUs) were sampled on average per PSU. In the case of multiple households, all households in the DU were included.

The sample was evenly split into four rotations (quarters) with national representativity in each rotation. Each rotation (consisting of a sample for three months) was then evenly split into monthly samples. Ultimately, the sample was evenly spread over the 12 survey periods (one month each).

1.3 Coverage

The LCS 2008/2009 included all domestic households, holiday homes and all households in workers' residences, such as mining hostels and dormitories for workers. It did not include institutions such as hospitals, prisons, old-age homes, student hostels and dormitories for scholars. Also excluded for the sample were boarding houses, hotels, lodges and guest houses.

1.4 Data collection

There are three main approaches used to collect data on household consumption expenditure, namely the acquisition, the payment and the consumption approaches. All three methods were used at some stage during data collection for LCS 2008/2009.

The *acquisition approach* entails taking into account the total value of goods and services acquired (not necessarily consumed but for household consumption purposes) during a given period, whether or not they are paid for during the period of collection. This is the general approach that was followed by the LCS 2008/2009 for most of the items. Information on non-durable, semi-durable and durable items is collected using the acquisition approach.

The *payment approach* takes into account the total payment made for all goods and services in a given period, whether or not they were delivered. This approach is followed when collecting data of expenditure on services such as education, health, insurance, etc.

The *consumption approach* takes into account the total value of all goods and services consumed or used during a given period. This approach is used when collecting information on own production.

1.5 Comparability

Often when new surveys are conducted, there are issues of comparability. These arise when there are common variables across surveys and the results of those common variables differ considerably. This is usually due to differences in methodologies used in collecting information on those variables.

Most of the questions in the LCS 2008/2009 are common throughout other surveys in the organisation, such as the General Household Survey (GHS), the Quarterly Labour Force Survey (QLFS) and the Income and Expenditure Survey (IES). However, although the questions are similar across these surveys, the data collection methodologies used vary. As mentioned earlier, the LCS survey design is similar to the methodology adopted for the IES 2005/2006; nevertheless, there are some changes in collection methods. The table below highlights comparisons in methodology between the IES 2000, IES 2005/2006 and LCS 2008/2009 on money-metric variables.

Table 28: Comparisons between the IES 2000, 2005/2006 and LCS 2008/2009

Survey	IES 2000	IES 2005/2006	LCS 2008/2009
Non-durable items			
Data collection approach	Payment	Acquisition	Acquisition
Data collection method	Recall	Diary	Diary & recall
Semi-durable and durable items			
Data collection approach	Payment	Acquisition	Acquisition & payment
Data collection method	Recall	Diary & recall	Diary & recall
Services			
Data collection approach	Payment	Payment	Payment
Data collection method	Recall	Diary & recall	Diary & recall
Own production			
Data collection approach	Consumption	Consumption	Consumption
Data collection method	Recall	Diary	Diary

The IES 2000 used the recall method to collect information on non-durable, semi-durable and durable items and services. A conscious decision was made to add questions in the household questionnaire that would address this problem. It was noticed that a change in methodology resulted in significant differences between the IES 2000 and IES 2005/2006 results. Therefore, for the LCS 2008/2009, a form designed to collect household acquisitions on semi-durable and durable items using the payment approach is included in the household questionnaire. Similarly, a form designed to collect major food items using the recall method is included in the LCS household questionnaire. While this seems to be a lot of information to collect from respondents, it must be remembered that the information is collected over a period of six weeks. It is not all collected during one visit.

These additional questions will also allow for comparisons within the survey for example, comparing results on total expenditure on durable items using the payment method with total expenditure of durable items using the acquisition method. Additionally, comparisons on food expenditure using the diary method versus food expenditure using the recall method can be made. This will provide a better understanding of the biases brought by different methodologies used.

1.6 Data processing

Data processing refers to a class of computer programs that organise and manipulate usually large volumes of numeric data. Data processing involved the processing of completed instruments, i.e. diaries, household questionnaires and the summary questionnaires. Information received from these instruments collected during fieldwork was converted into data represented by numbers or characters. The main method used for this conversion was scanning. All information contained in damaged instruments that could not be scanned was identified and transcribed onto clean instruments in order to be scanned.

High-level processes

In general, the high-level processes covered the following activities.

Boxes containing instruments per PSU were received from the nine Stats SA Provincial Offices and checked into Stores at the Data Processing Centre of Stats SA on the data processing management database that was designed for this purpose. All instruments in each PSU box were checked to ensure that:

- they belonged to the correct PSU box; and
- they were not damaged.

For purposes of tracking the instruments, ensuring no instruments got lost and quality assurance during the data processing processes, the content of each PSU box was manually-captured (key-from-paper entry) and stored in the data processing management database. All instruments were then prepared for capturing. Thereafter, the data were captured and converted into electronic format through scanning. To ensure quality electronic data, the data were verified as well as edited and checked for consistency according to the predetermined editing rules. The Classification of Individual Consumption According to Purpose (COICOP) codes that were assigned to items acquired by the field staff were checked to enhance quality. Finally, the data were prepared for final output based on the tabulation plan.

Data processing management system and database

A data processing management system and database were developed to assist in managing and tracking each PSU box and the instruments contained in each box, and to ensure all instruments are processed during each data processing process.

At each data processing process, the PSU box number was scanned and the PSU box was checked into the relevant data processing process on the data processing management database. An instrument list per PSU box was printed and utilised during the relevant process. On

completion of a data processing process, the PSU box was checked out and back into Stores. At any given point during data processing, information was available on progress as well as where a PSU box and instruments could be found.

At the end an account of all sampled dwelling units was prepared and information balanced with information contained in the data processing management database, as well as final electronic edit database.

Coding of acquired items

Coding is the process of assigning numerical values to responses to facilitate data capturing and processing in general. The code list for acquired items was based on the United Nations Classification of Individual Consumption According to Purpose (COICOP). Codes were assigned to expenditure items, listed in the diaries, by field staff. During data processing, all assigned codes were checked and improved when necessary to ensure and enhance quality.

1.7 Data editing

The electronic transferred data were checked and edited according to the predetermined editing rules for fields contained in each instrument.

Most of the editing rules were categorised into structural edits looking at the relationships between different record types, the basic processing rules that remove false positive reading or noise, the logical editing that determine the inconsistency between fields of the same statistical unit and the inferential edits that search for similarities across the domain. An edit specification document and editing systems were developed by a team of Stats SA subject matter specialists and programmers.

1.8 Weighting the LCS 2008/2009

There were two sets of weights generated for the LCS 2008/2009 dataset, namely the person weights and household weights.

Person weighting

Sample weights for the collected data are constructed in such a way that the responses could be properly expanded to represent the entire civilian population of South Africa. The weights are the results of calculations involving several factors such as design weights adjustments, non-response adjustments and calibrations process.

Non-response adjustment

Eligible households in the sampled dwelling units can be divided into two response categories: respondents and non-respondents. Weight adjustment is applied to account for the non-respondents (refusals, non-contacts, etc.) and imputation is used for all item non-responses (e.g. blanks within completed questionnaires).

Final weights

The final weights are constructed using regression estimation to calibrate to the known population totals at national level. Estimated population totals are supplied to Methodology by the Demography division. These estimates are classified by 5-year age group, sex and population group. Provincially, the estimates are classified by broad age group in order to facilitate the calibration process. The calibration process is done by using software called StatMx. The calibrated weights are constructed such that all persons in a particular household would have the same final weight. This weighting scheme is called integrated weighting.

Estimation

The final survey weights are used to obtain the estimates for various domains of interest at national and provincial level. Due to limitations to the sample design, estimates at lower levels will not be able to yield reliable results.

Household weighting

The benchmarks for the number of households were generated using the household headship method as follows:

The headship rate specific for sex and age at time t, $h_{i,j,t}$ is expressed by the following formula:

$$h_{i,j,t} = \frac{H_{i,j,y}}{P_{i,j,t}}$$

Where $P_{i,j,t}$ is the mid-year population by sex i, age j and at time t and

$H_{i,j,t}$ is the number of heads of households by sex i, age j and at time t

Calculations were based on the age groups 0–34, 35–39, 40–64, 65+.

The main methodological problem in the headship rate method of projections is how to estimate accurately future levels of headship rates for sex and age. The basic assumptions about the future trends of the rate may be classified within the following four categories:

(a) Constant rate method;

(b) Extrapolative method by using annual average rates or by applying a simple mathematical formula on the basis of past trends;

(c) Regression method by using either cross-sectional or sub-national data on headship rates on the one hand, and economic and social indicators on the other; and

(d) Normative approach in the government's housing policy in accordance with its social and economic development programmes.

Headships were available for Census 1996, Census 2001 and the Community Survey 2007, and it was decided to follow the approach indicated in (b) above. For our analysis, data from the 2003 LFS (March), the 2005 LFS (March) and the QLFS for the first quarter 2009 were also included.

For most of the datasets we had six data points to work with, but the 2003 and 2005 LFS data for the 65+ age group were not available.

For each age group, and males and females separately, we fitted a line to the available points. Where necessary, outliers were excluded from the analysis. The regression line obtained was then used for interpolation and the estimated March 2009 data point was obtained for the LCS 2008/2009.

Suppose that for year t+x (x years for the base) the population projections by age and sex have already been prepared and the sex-age rates have been estimated (interpolated as indicated above), then the number of households for year t+x can be obtained by the following equation:

$$\sum_i \sum_j H_{i,j,t+x} = \sum_i \sum_j P_{i,j,t+x} h_{i,j,t+x}$$

The number of households was in the first place estimated for the four population groups separately to obtain the total households in South Africa in the given age groups. For the provinces, we did not include population group as the mid-year estimates are not projected in that way, but estimated the number of households in every province and age group. The provincial data were adjusted in each age group to add to the total estimates (obtained from population group estimates). These adjustments were very small.

The weights were then derived based on the benchmarks generated using the method described above.

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Annexure 4

Concepts and definitions

Acquisition approach – An approach taking into account the total value of goods and services actually acquired during a given period, whether fully paid for or not during the period.

Anthropometrics – Use of body measurements, such as height and weight, to determine a person's nutritional status.

Classification of individual consumption according to purpose (COICOP) – International system of classification of goods and services based on individual consumption by purpose.

Consumer price index (CPI) – The CPI can be described as a series of numbers showing how the average price level of goods and services brought by a typical consumer or household changes over time. The main purpose of the CPI is to measure changes in the price level of consumer goods and services.

Consumption approach – An approach that takes into account the total value of all goods and services consumed (or used) during a given period.

Consumption expenditure – Expenditure on goods and services acquired, and privately used by household members, including imputed values for items produced and consumed by the household itself.

Diary – A record with discrete entries arranged by date reporting on what has happened over the course of a defined period of time. With regards to the LCS, diaries recorded all acquisitions, including the value of those acquisitions, made by the household over the period of a week.

Durable goods – Household items that last for a long time, such as kitchen appliances, computers, radios and televisions, cars and furniture, usually acquired once in several years.

Dwelling unit (DU) – Structure or part of a structure or group of structures occupied or meant to be occupied by one or more than one household.

Enumeration area (EA) – The smallest geographical unit (piece of land) into which the country is divided for census or survey purposes.

Farm – An area of land, together with its buildings, concerned with the growing of crops or the raising of animals.

Gift – An item received by the household from people who are not members of the household or items given away by members of the household to non-members, without compensation.

Gini coefficient – The Gini coefficient is the ratio of the area between the 45-degree line and the Lorenz curve and the area of the entire triangle. As the coefficient approaches zero, the distribution of income or consumption approaches absolute equality and absolute inequality if it approaches 1.

Household (HH) – A group of persons who live together and provide themselves jointly with food and/or other essentials for living, or a single person who lives alone.

Household head – The main decision-maker, or the person who owns or rents the dwelling, or the person who is the main breadwinner.

Household income – All receipts by all members of a household, in cash and in kind, in exchange for employment, or in return for capital investment, or receipts obtained from other sources such as social grants, pension, etc.

Income (individual) – All money received from salary, wages or own business; plus money benefits from employer, such as contributions to medical aid and pension funds; plus all money from other sources, such as additional work activities, remittances from family members living elsewhere, state pension or grant, other pensions or grants, income from investments, etc.

Income in-kind / Expenditure in-kind – This refers to items acquired by the household without paying for them, e.g. bursaries, subsidies from employer, free medical services, private use of a company car or similar vehicle, value of discounted fares for educational purposes, grants from schools and other educational institutions, excluding gifts and maintenance from other household members.

Master Sample (MS) – A sample drawn from a population for use on a number of future occasions, so as to avoid ad hoc sampling on each occasion.

Non-durable goods – Household items that do not last long, for example food, and personal care items. Households acquire these items on a daily, weekly or monthly basis.

Own production – Own production is the activity of producing goods that the household can consume or sell in order to supplement the household income. Many households – especially low-income households – need to grow food items such as vegetables, mealies, etc., or keep chickens or livestock to consume and/or sell so that they can provide more adequately for themselves.

Poverty gap – This provides the mean distance of the poor from the poverty line.

Poverty headcount – This is the share of the population whose income or consumption is below the poverty line, that is, the share of the population that cannot meet its basic needs.

Poverty line – Line drawn at a particular level of income or consumption, households/individuals whose incomes fall below a given level of the poverty line or whose consumption level is valued at less than the value of the poverty line are classified as poor.

Poverty severity – This takes into account not only the distance separating the poor from the poverty line (the poverty gap), but also the inequality among the poor. That is, a higher weight is placed on those households/individuals who are further away from the poverty line.

Primary sampling unit (PSU) – Geographical area comprising one or more enumeration areas of the same type (and therefore not necessarily contiguous) that together have at least 100 dwelling units.

Rural – Farms and traditional areas characterised by low population densities, low levels of economic activity and low levels of infrastructure.

Sample – Part of the population on which information can be obtained to infer about the whole population of units of interest.

Settlement type – Settlement type refers to the characteristic of an area according to settlement characteristics.

Semi-durable goods – Items that last longer than non-durable goods but still need replacing more often than durable goods. Example: clothing, shoes, material for clothing.

Subjective poverty – Considers that people's perception of what constitutes the minimum necessary household budget is the best standard of comparison for actual incomes and expenditures.

Tribal area – Communally owned land under the jurisdiction of a traditional leader.

Urban – Formal cities and towns characterised by higher population densities, high levels of economic activities and high levels of infrastructure.

Vacant dwelling – Dwelling that is uninhabited, i.e. no one lives there.

Visitor (household) – Person visiting or staying with a household who is not a usual member of the household, that is, does not stay in the household four nights a week on average.

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