Chapter

5

An analysis of poverty in Emfuleni

Current status and trends

5.1   Introduction

Sustainability for the purpose of this thesis was defined as *the ability of a local economy to provide employment and income generating opportunities for the local population to such a degree that the extent of poverty is reduced over a period of time* (see Section 1.5). In this chapter, both the extent and depth of poverty in Emfuleni is measured. The methodology for the measurement of the extent and depth of poverty was discussed in Chapter 3. In addition, a profile of the poor in Emfuleni is constructed for the purpose of formulating strategies to alleviate poverty and thus enhance sustainability in the Emfuleni economy at a later stage in the thesis (see Chapter 9).

5.2   Measurement of poverty in Emfuleni

The headcount index

The simplest method of measuring poverty is to express the number of poor as a proportion of the population. This is called the *headcount index* (World Bank 1990:27). The headcount index is defined as the *fraction of the population below the poverty line* (Deaton 1994:122). The purpose of the headcount index is therefore to quantify the number of those individuals or households that fall below the poverty line.

The headcount index for Emfuleni for the year 2003 is 0.516: this implies that 51.6 percent of the households' income was below their respective poverty lines (Slabbert 2003). For 1999, this figure was 0.461 (Slabbert & Mokoena 1999), indicating an increase in the extent of poverty over the past 4 years.

No earlier data are available for Emfuleni as a whole, but for the Former Black Townships (FBTs) data are available for the years 1991, 1994 and 2000. In 1991 the headcount index for the FBTs was 0.30, for the year 1994 this was 0.42 (Slabbert 1997:54) and for the year 2000 it was 0.53 (Mokoena 2001). This means that in 1991 30% al all households in the FBTs were poor, compared to 53% in 2000. This is an increase of 77% over a 9 year period. As the population in the FBTs is much more than in the FWTs and rural areas combined (70% of the population lived in the FBTs in 1998 (Urban Econ 1998)), it can be assumed that this trend gives an indication for Emfuleni as a whole.

By calculating each household's poverty line (called the household's HSL) and comparing that with its own income, the distribution of households below (and above) their poverty lines can be determined. The results are listed in Table 5.1.

As discussed in Section 3.2.3 of this thesis, the Household Subsistence Level (HSL) only covers the basic items like food, clothing, rent, transport, fuel, lighting and cleaning materials. However, it is estimated that on average households spend two-thirds of their income on these basic items, while one-third is spent on other necessary items like, for instance, medicine and school fees. If this is included, one speaks of the Household Effective Level (HEL), which is one and a half times the HSL.

 Table 5.1 gives the distribution of households in different income/HSL categories for the entire sample population. Household incomes are expressed as a percentage of their specific HSL. If a household's income is greater than its HSL, the household falls in the income/HSL categories above 100 per cent. Rows A and B in Table 5.1 indicate the percentage of households earning an income below or equal to the HSL (i.e. households living in poverty). Row C indicates the percentage of households earning an income above the HSL, but below or equal to the HEL threshold. Rows D to I indicate the percentage of households earning an income above the HEL threshold. The Table also shows the distribution for all households. Table 5.1 illustrates that:

- The percentage of households receiving an income less than their respective HSLs (households living in poverty) is 51.6 (row B);

- The percentage of households receiving an income above their respective HSLs, but less than their HEL is 12.5 (row C); and

- The percentage of households receiving an income above the HEL-level is 37.9.

TABLE 5.1   PERCENTAGE OF HOUSEHOLDS IN DIFFERENT INCOME CATEGORIES EXPRESSED AS PERCENTAGE OF THEIR HSL: EMFULENI (2003)

	Household income as Percentage of the HSL	Percentage households	Cumulative percentage
A	0 – 50	23.8	23.8
B	51 – 100	27.8	51.6
C	101 – 150	12.5	64.1
D	151 – 200	11.2	75.3
E	201 – 300	10.2	85.5
F	301 – 400	4.8	90.3
G	401 – 500	3.3	93.6
H	501 – 600	4.1	97.7
I	601 +	2.3	100.0
	TOTAL	100.0	

- Source: Slabbert 2003.

Table 5.2 and Figure 5.1 show a more detailed analysis of households whose incomes were less than their specific HSL (poverty line).

The severity of the poverty problem depends on how the poor are distributed below the poverty line. Clustering of the poor just below the poverty line is less serious than a distribution where large numbers have incomes far below the poverty threshold. In Table 5.2 and Figure 5.1, the clustering of the poor is where the household income is between 30 and 60 per cent and between 70 and 90 per cent of its specific HSL.

In 2003, 17.7% of all poor households received incomes less than 30% of their HSLs, while in 1999 (Slabbert & Mokoena 1999), 26.3% of all poor households received incomes less than 30% of their HSLs. This indicates that some of the most severe poverty decreased in this period. The reason for this is most likely the allocation of additional grants by the government and a better payment of pensions.

TABLE 5.2   PERCENTAGE OF HOUSEHOLDS BELOW THEIR POVERTY LINES IN DIFFERENT INCOME CATEGORIES EXPRESSED AS PERCENTAGE OF THEIR HSL: EMFULENI (2003)

Household income as percentage of the HSL		Percentage households	Cumulative percentage
1	0 – 10	5.0	4.8
2	11 – 20	4.5	9.3
3	21 – 30	8.4	17.7
4	31 – 40	14.4	32.1
5	41 – 50	13.9	46.0
6	51 – 60	13.9	59.1
7	61 – 70	9.4	69.3
8	71 – 80	10.9	80.2
9	81 – 90	12.4	92.6
10	91 – 100	7.4	100.0
	TOTAL	100.0	

- Source: Slabbert 2003.

FIGURE 5.1   POOR HOUSEHOLDS' INCOME AS PERCENTAGE OF THEIR HSL: EMFULENI (2003)
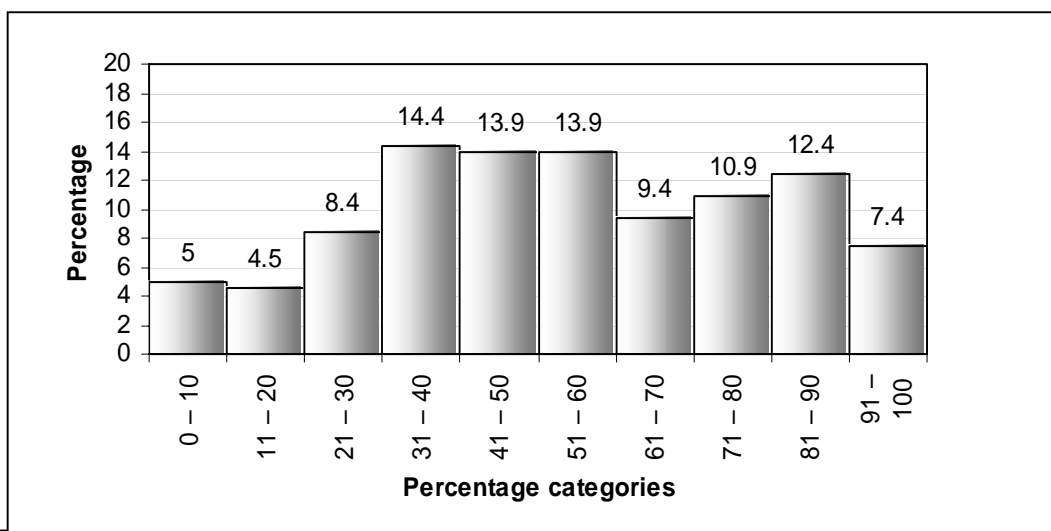
- Source: Slabbert 2003.

5.3   Measurement of the depth of poverty in Emfuleni

The poverty gap of poor households in Emfuleni

The headcount index alone is a limited measure of poverty. It does not take into account the degree of poverty. In order to capture the degree (or magnitude) of poverty, the poverty gap measure is used in conjunction with the headcount index. The poverty gap measures the average shortfall of the income of the poor from the poverty line.

The poverty gap index for Emfuleni was calculated at 0.460 (Slabbert 2003). This means that on average the poor households have an income shortage equal to 46.0 per cent of their specific poverty lines. For example: If a household's own poverty line is R1,000, and the total income of the household is only R540, then the income shortfall is R460 (a poverty gap ratio of 0.460). The poverty gap index has increased since 1999, when it was 0.414 (Slabbert & Mokoena 1999), which indicates an increase in the depth of poverty.

Table 5.3 shows the poverty gap calculated for the total population of Emfuleni. The number of households below their respective poverty lines is estimated at 100,414 for the year 2003. That is 51.6 per cent of all the households in Emfuleni. The combined monthly shortfall of income (poverty gap) of these households amounts to R80.23 million per month (R962.77 million per year). The average shortfall per poor household in Emfuleni amounts to R799 per month (R9,588 per year).

TABLE 5.3   POVERTY GAP ANALYSIS OF POOR HOUSEHOLDS IN EMFULENI (2003)

Number of poor households	100,414
Monthly poverty gap amount of poor households	R 80.23 million
Yearly poverty gap amount of poor households	R 962.77 million
Average poverty gap per household per month	R 799
Average poverty gap per household per year	R 9,588

- Source: Slabbert 2003.

5.4 Profile of the poor in Emfuleni

This section deals with the profile of poor households in Emfuleni. In Section 5.2, the headcount index rate was determined at 0.516 for the year 2003. The unemployment rate was determined at 54.1% for 2003 (Section 4.3). These rates show an increase over the rates for 1999 (Slabbert & Mokoena 1999), which showed a headcount index of 0.461, while the unemployment rate was calculated at 51.3%.

This section will profile the poor and the unemployed mostly based on two household surveys: One conducted in 2003 (Slabbert 2003) and one conducted in 2001 (Mokoena 2001b) among poor households in Emfuleni. The second sample represented households in Emfuleni that were identified as poor in the 1999 survey among households in the Vaal (Slabbert & Mokoena 1999). This section utilises a number of indicators to profile the poor in Emfuleni and they include: demographic indicators, literacy, employment, income and expenditure.

5.4.1   Demographic profile of the poor population

Average household size

Average household sizes are significant in poverty studies. The average size of a household in Emfuleni is 3.52 members for the year 2003 (Stats SA 2003a). The average size of households in the former black townships (FBT) is 3.62 (calculated from Stats SA 2003a). Slabbert, Coetzee & Levin (1995:10) estimated it at 5.5 in 1994. There appears to have been a decrease in this figure over the period 1994-2003. One of the reasons for this phenomenon may lie in the breaking-up of households as members moved out to shacks and to RDP houses. This can be seen in a larger number of 1 and 2 person households in the sample population (Slabbert 2003). Poor households in 2001 had an average size of 4.7 members and non-poor households had one of 4.3, with an average for all households of 4.5 members. The higher household size for poor households is also a contributing factor to poverty. Incomes tend to be overstretched in larger

households where there are more "mouths-to-feed" than in smaller households (Mokoena 2001a:71).

Members of poor households

This section describes the composition of the households in respect of members constituting such households in Emfuleni. Table 5.4 shows heads of households in Emfuleni.

TABLE 5.4   HEADS OF POOR HOUSEHOLDS, FBT (1999)

Head of household	% of Households: Former black townships
Father	72.1
Mother	24.8
Other	3.1
TOTAL	100.0

- Source: Slabbert & Mokoena 1999.

As the majority of the poor live in the former black townships (FBT), figures for the FBTs are more indicative for the poor than figures for Emfuleni as a whole. Table 5.4 indicates the heads of poor households. It shows that about 72.1% of poor households in the FBTs of Emfuleni were headed by a father. The percentage of households headed by mothers is 24.8%. Only a small percentage of households is headed by neither a mother nor a father.

Table 5.5 indicates all the members of poor households. It shows that in poor households there are less fathers than mothers, concomitant to Slabbert (1997:94). The spread of sons and daughters for poor households is 42.7%, with slightly more sons than daughters.

TABLE 5.5   STATUS OF MEMBERS OF POOR HOUSEHOLDS (2003)

Status of household member	%
Father/Husband	11.3
Mother/Wife	16.5
Son	22.1
Daughter	20.6
Grandmother	2.0
Uncle	0.2
Other	27.3
TOTAL	100.0

- Source: Slabbert 2003.

Marital status of members in poor households

This section analyses the marital status of the poor. Table 5.6 shows that only 18.3% of the respondents for poor households answered "yes" with regard to the question on married status. In 2000, 19.2% of the respondents of poor households in the survey were married, compared to 36.6% of the non-poor (Mokoena 2001b). According to Mokoena (2001a:72), there is a higher proportion of divorced/widowed and separated members in poor households than in non-poor households. The same trend holds true for the "never married" category. This points to the fact that there is probably a high dependency level in poor households. It also means that the incidence of single-parent families is more prominent in poor households than in non-poor households.

TABLE 5.6   MARITAL STATUS OF MEMBERS OF POOR HOUSEHOLDS (2003)

Marital status	Percentage
Never married	66.4
Married	18.3
Divorced	1.4
Separated	4.1
Living together	2.9
Widow/Widower	6.9
TOTAL	100.0

- Source: Slabbert 2003.

Age and gender of poor household members

May (1995:4) contends that poverty in South Africa has a strong gender and age dimension, pointing out that over 45% of the poor in South Africa are children below 16 years of age. Table 5.7 and Figure 5.2 show the age distribution of the survey sample for the poor households (Slabbert 2003).

It is clear from the Table that children, teenagers and young adults are proportionally the highest group in poor households. In poor households, children and teenagers up to 24 years account for about 50.8% of the sample. That means more than half of the population falls in this category. According to Mokoena (2001a:73) in non-poor households there were 8.3% less persons in this age category than in poor households. The poor population falls therefore in younger age categories, compared to the non-poor. A larger percentage of the population in the age categories up to 24 years means that there are more non-earners in an average household, while a larger percentage in the age categories between 24 and 65 years means that there are potentially more earners in an average household.

TABLE 5.7   PERCENTAGE OF THE POOR POPULATION IN DIFFERENT AGE CATEGORIES (2003)

	Age	Percentage
1	0 – 4	8.1
2	5 – 9	9.8
3	10 – 14	11.3
4	15 – 19	10.9
5	20 - 24	10.7
6	25 – 29	8.8
7	30 - 34	7.7
8	35 - 39	4.9
9	40 - 44	6.0
10	45 - 49	4.4
11	50 - 54	4.9
12	55 - 59	3.6
13	60 - 64	3.1
14	65 - 69	1.7
15	70 - 74	1.5
16	75 +	2.6
	TOTAL	100.0

- Source: Slabbert 2003.

FIGURE 5.2   PERCENTAGE OF THE POOR POPULATION IN DIFFERENT AGE CATEGORIES (2003)
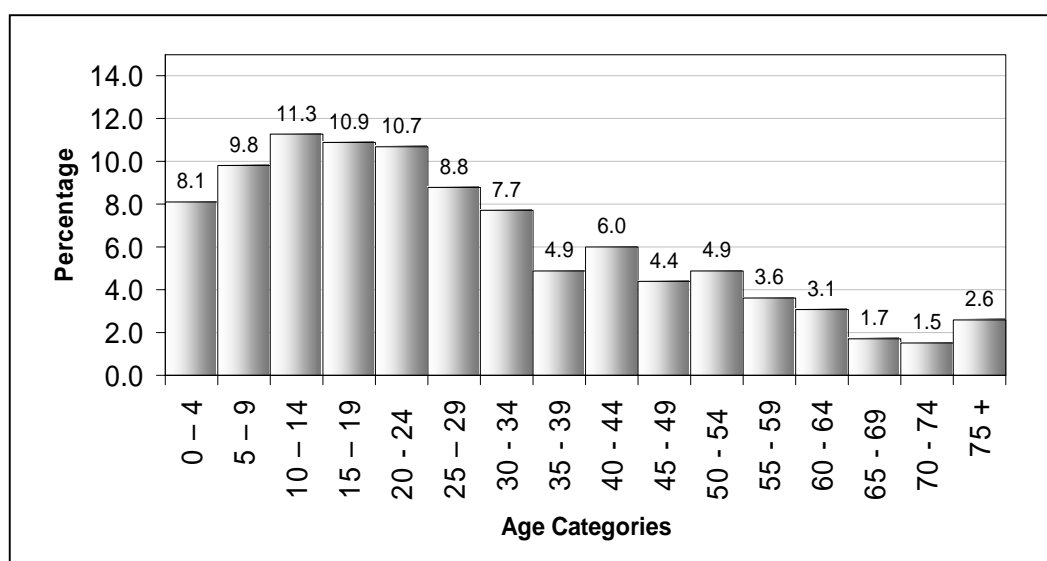
- Source: Slabbert 2003.

Age dependency (ages 0-14 and 65+) is also skewed towards the poor population: In 2001 were 32.6% of the persons in poor households in the ages 0-14 and 65+, compared to 28.4% in non-poor households (Mokoena 2001a:74). There is therefore a relatively high age dependency incidence in poor households. Slabbert (1997:97) refers to the age group 30-54 as the most productive age group. This age group represented 27.6% of the poor households in 2001, compared to 32.5% in non-poor households (Mokoena 2001a:74). *There is therefore a lower productive capacity in poor households.* These factors serve to perpetuate poverty in Emfuleni.

Table 5.8 shows the percentage heads of poor households in different age categories along gender lines. It shows that the male household heads in poor households fall mainly within the most productive categories. Over 62% of male household heads in poor households fall within this category. The female-headed households seem to exhibit a much older mode. Over 49% of poor female households are near to or at retirement. There is therefore less likelihood of female household heads finding employment than there is for their male counterparts.

TABLE 5.8   PERCENTAGE AGE DISTRIBUTION OF HEADS OF POOR HOUSEHOLDS (2001)

Age Category	Male	Female
less than 20	0.7	1.6
21 - 30	12.1	9.5
31 - 40	31.4	17.5
41 - 50	30.7	22.2
51 - 60	12.1	22.2
61 +	12.9	27.0
TOTAL	100.0	100.0

- Source: Mokoena 2001b.

TABLE 5.9   DISTRIBUTION OF POOR POPULATION BY GENDER (2003)

Gender	Percentage
Male	46.8
Female	53.2
TOTAL	100.0

- Source: Slabbert 2003.

Table 5.9 shows the spread of the population between male and female for poor households. It is noteworthy that the number of females exceeds the number of males. The percentage males for South Africa as a whole was 47.8% in 2001 (52.2% for females), while for Gauteng the percentage males in 2001 was 50.3% (49.7% for females) (Stats SA 2003b:8). It can, therefore, be concluded that poverty in Emfuleni is slightly gender biased.

Literacy of the poor

This section evaluates literacy levels of the Emfuleni population by looking at the population of school-going age and the post-school population using the survey data gathered for this thesis (Slabbert 2003). Thomas *et al*. (2000:4) refer to flow variables and stock variables when reflecting on education, where flow variables refer to enrolment ratios for different levels of schooling and stock variables refer to attainment measured by average years of schooling. These factors are shown in the next two sections which deal with current enrolments and completed schooling in Emfuleni.

School-going population and children

Table 5.10 shows school enrolments in Emfuleni by the school-going population and children in the 2003 sample (Slabbert 2003). It shows that primary school enrolments (up to grade 7) account for the highest school enrolments. This figure is about 59.2 percent for the poor population. Senior Secondary (grades 10 to 12) enrolments account for 24.7%. Mokoena (2001a:75) concluded that in 2000 there was a fairly equitable spread in school enrolment for the poor and non-poor, except for the Senior Secondary level (Grade 10 to 12), where 23.8% of the poor were enrolled, but 32.5% of the non-poor.

TABLE 5.10   QUALIFICATIONS OF POOR PUPILS IN SCHOOL (2003)

Grade	Percentage
Up to Grade 3	29.9
Grade 4	8.3
Grade 5	6.8
Grade 6	6.8
Grade 7	7.4
Grade 8	9.2
Grade 9	7.1
Grade 10	11.0
Grade 11	10.1
Grade 12	3.6
TOTAL	100.0

- Source: Slabbert 2003.

Out of school population

According to Deaton (1999:6), years of education can serve as a measure of poverty, and comparing education across different groups can do much. Table 5.11 shows the educational levels of the post-school poor population in the survey (Slabbert 2003). The table shows that about 23.7% of the poor population had only attained Grade 7 or lower educational levels (compared to 22.4% for the poor and non-poor combined). Furthermore, about 89.4% of the poor population only had school educational levels up to Grade 12 (poor and non-poor combined: 83.5%).

TABLE 5.11   QUALIFICATIONS OF POST-SCHOOL POOR POPULATION
            (2003)

Grade	Percentage
up to Grade 3	5.0
Grade 4	3.5
Grade 5	4.4
Grade 6	4.0
Grade 7	6.8
Grade 8	15.8
Grade 9	4.6
Grade 10	14.1
Grade 11	14.3
Grade 12	16.9
Diploma	2.0
Degree	0.0
Post-graduate	0.2
Other	1.5
TOTAL	100.0

- Source: Slabbert 2003.

Only 2.2% had tertiary education with 0.2% having post-graduate studies
(compared to 8.8% and 0.9% respectively for the poor and non-poor
combined). It would seem that poverty therefore has an educational
dimension in Emfuleni. Oduro (1999:1-2) points out that in Sub-Saharan
Africa, part of the nature of poverty is that the poor have low educational
attainment. This appears to be true in the survey population.

5.4.2   Economic status of the poor population

Table 5.12 compares the employment status of the poor survey population in
order to build up the Emfuleni economic profile. May *et al.*(1995:4) state that
poverty in South Africa has a strong employment dimension, contending that
unemployment rates among the poor stand at 50%, compared to only 4%
among the more affluent 20%. Table 5.12 shows that in Emfuleni only 8.6%
of the poor are employed in the formal sector.

TABLE 5.12   ECONOMIC STATUS OF THE POOR POPULATION (2003)

Economic status	Percentage
Formally employed	**8.6**
Informally Employed	**3.8**
Unemployed	**31.8**
Economically non-active + children younger than 15 years	**55.8**
Total	**100.0**
Unemployment rate	**71.8**

- Source: Slabbert 2003.

The employed population in the formal and informal sector amounts to 12.4% of the poor (compared to 21.0% of poor and the non-poor combined). Poverty in Emfuleni does therefore have a strong employment dimension. 31.8% of the poor were unemployed in 2003 (compared to 24.8% for the poor and non-poor combined). Of the poor, 55.8% were also part of the dependent population (compared to 54.2% for the poor and non-poor combined). If the definition of dependency is taken (as in Sen 1997:165) as the ratio of dependent people to those having work (employed), then the problem becomes acute. This ratio for the poor is 7:1 while for the poor and non-poor combined it is 3:7. This means that within the poor population in Emfuleni, over 7 persons rely on the income of one person. It is also worth noting that the unemployment rate among the poor population is 71.8% (poor and non-poor combined: 54.1%). There is therefore a very strong correlation between poverty and unemployment in Emfuleni.

Table 5.13 further analyses the economic status from a gender point of view. It shows that within the poor population, more males are employed in the formal sector than females. There are more females employed in the informal sector than males. More females fall in the economically non-active and children category than males, which is the same for the non-poor. Therefore, as the RDP (1995:4) concurs, poverty in South Africa (and in Emfuleni) has a strong gender dimension. Females seem to be more affected by poverty than males, because of the reasons outlined in the preceding pages.

TABLE 5.13   ECONOMIC STATUS AND GENDER OF THE POOR POPULATION

(2003)

Economic status	Female %	Male %	Total
Formally employed	43	57	100.0
Informally Employed	66	34	100.0
Unemployed	50	50	100.0
Economically non-active + children younger than 15 years	47	53	100.0

- Source: Slabbert 2003.

Employment by economic activity

Table 5.14 indicates the percentage of the poor population employed in each sector of the economy.

TABLE 5.14   EMPLOYMENT BY SECTOR FOR THE POOR (2003)

Economic sector	Percentage
Agriculture	2.7
Mining	0.0
Manufacturing	3.6
Electricity, Gas & Water	6.4
Construction	10.0
Trade	25.5
Transport	5.5
Financing	0.9
Services & Other	22.7
Not specified	22.7
TOTAL	100.0

- Source: Slabbert 2003.

The table shows that the most popular sectors for the working poor are in the construction, trade and services categories, as well as in the not-specified. This means that the poor are mostly construction workers, domestic workers, shop attendants and pavement vendors. Slabbert (1997:109) makes the point that most non-poor workers are in industries with organised labour and therefore tend to earn higher wages, while most poor workers are in non-unionised industries with subsequent lower wages. The other reason for the spread is that the poor are normally also unskilled and will therefore be found

in low-skill jobs whilst the skilled workers will be found in manufacturing, education and training due to the skill levels required (Slabbert 1997:110).

Table 5.15 shows the mean monthly wages of the employed for the Emfuleni population. If compared with Table 4.6 (remuneration figures for the poor and non-poor combined) it shows that for all sectors, the mean wages of the poor are much lower than for the non-poor. The mean monthly wage in construction for example, is only R817 for the poor, while it is R2,713 for the poor and non-poor combined.

Low wages are, *ceteris paribus*, a function of skill level and employment opportunities. These two are therefore contributing factors to poverty levels in Emfuleni.

TABLE 5.15   MEAN MONTHLY WAGE OF THE POOR EMPLOYED IN THE MAIN SECTORS OF THE ECONOMY (2000)

Economic sector	Rand
Agriculture	533
Mining, quarry	950
Manufacturing	1,100
Electricity, Gas & Water	960
Construction	817
Trade	967
Transport	523
Financing	-
Services	875
Not Specified	548
No information	637

- Source: Mokoena 2001a:80)

Sections of the households affected by poverty

Table 5.16 shows the impact of poverty on different household members. The table shows that in 2003, 51.6% of the households in Emfuleni and 54.8% of the population were classified as poor, compared to 42.8% and 45.3% respectively in 1999 (Slabbert & Mokoena 1999). A deeper analysis of this table shows the sections of the households most affected by poverty. Pre-

school children and school children seem to be the most vulnerable and affected household members.

Levin & Sofisa (1993:24) state that unemployment among the poor communities is a major cause of poverty. This is evident in the table hereafter which shows that 70.2% of the unemployed were poor and only 32.5% of the employed population were poor. The RDP office (1995:4) also affirmed that children were among the most affected by poverty. It stated that in 1995, over 45% of the poor were children below 16 years. The table shows that in 2003, 55.2% of pre-school children were growing up in poverty while 60.5% of children in school were living in poverty. In Emfuleni, as in South Africa in general, poverty has a strong age dimension.

TABLE 5.16   SECTIONS OF POOR HOUSEHOLDS AFFECTED BY POVERTY (2003)

Section of population	Percentage
Households	51.6
Population	54.8
Children in school	60.5
Pre-school children	55.2
Post-school adults	51.5
Economically non-active	56.3
Pensioners	50.9
Employed	32.5
Unemployed	70.2
Male population	54.6
Female population	54.9

- Source: Slabbert 2003.

5.4.3   Income and expenditure patterns of poor households

This section deals with the expenditure patterns of the poor sample population (Slabbert 2003). Table 5.17 shows the sources of income of an average poor household in Emfuleni.

TABLE 5.17   SOURCES OF INCOME FOR POOR HOUSEHOLDS (2003)

Type of income	Percentage
Formal	39.9
Informal	20.1
Other	40.0
TOTAL	100.0

- Source: Slabbert 2003.

Calculations from survey data (Slabbert & Mokoena 1999) show that in 1999, an average non-poor household's income from formal employment was about 18 times higher than for an average poor household. The total income of a poor household was on average about 7.2 times less than that of an average non-poor household. As previously indicated, a number of factors may account for this difference. Two of these factors are the low skill levels of the poor and the high rate of unemployment amongst the poor.

Of the wages of the poor and non-poor combined, 72.2% were earned in the formal sector (see Section 4.4.1) while only 39.9% of the poor earnings were in the formal sector. Of an average poor household's income, 40% is derived from other sources, compared to only 20.4% for the average (poor and non-poor combined) household. A poor household has therefore, on average, to rely more on an income stemming from non-employment related sources, like gifts, subsidies, pensions, grants, and the like. On average, a poor household in 1999 had R658 per month at its disposal, while a non-poor household on average had R4,764 per month.

Table 5.18 shows the percentage expenditure of poor households in Emfuleni on various items. It shows that food and cleaning materials is by far the highest expenditure item for the poor. These households spend 70.1% of their income on food and cleaning materials (compared to 32.1% for poor and non-poor households combined).

TABLE 5.18   AVERAGE MONTHLY EXPENDITURE OF POOR HOUSEHOLDS ON DIFFERENT ITEMS (2003)

Items	Percentage
Household rent/ bond	3.7
Water & electricity	4.2
Food & cleaning materials	70.1
Cigarettes & Beer	1.4
Transport	6.5
Clothing	1.9
School	2.1
Savings & investments	2.0
Gambling	0.3
Licences, rates and taxes	3.0
Telephone	0.9
Housekeeping services	0.2
Car repayments	0.0
Loans	0.4
Furniture	2.1
Other	1.2
TOTAL	100.0

- Source: Slabbert 2003.

When compared to Table 4.8, it shows that the percentage expenditure of the poor households on basic items (food, water and electricity, housing and clothing) adds up to 79.9%, compared to 50.8% for an average (poor and non-poor combined) household. When transport is added, these figures rise to 86.4% and 57.9% respectively. This means that 86.4% of the income of the poor households is spent just on survival items. The most telling figure is the figure for savings and investments. The poor households save or invest only 2.0% of their income, while the average (poor and non-poor combined) household saves and invest 6.6%. Savings and investments are indicative of levels of disposable incomes. According to Mokoena (2001a:82), the non-poor saved or invested 10.6% of their incomes in 1999.

5.4.4 Profile of the poor in relation to employment creation

Employment and unemployment

Table 5.19 depicts the employment status of the poor in Emfuleni. The table shows that 71.8% of the economically active poor population was unemployed, while 19.6% was formally and 8.6% informally employed.

TABLE 5.19   EMPLOYMENT STATUS OF THE POOR (2003)

	%
Formally employed	**19.6**
Informally employed	**8.6**
Unemployed	**71.8**
Total	**100.0**

- Source: Slabbert 2003.

Table 5.20 shows the period of unemployment for the unemployed in Emfuleni. The table shows that 40.6% were unemployed for more than 5 years. About 17.1% have been unemployed for 10 or more years. This serves to emphasise the problem of formal employment creation. Employment opportunities are not being created at a sufficient rate to absorb idle human resource capacity in Emfuleni.

TABLE 5.20   NUMBER OF YEARS UNEMPLOYED, POOR (2003)

Year categories	% of the unemployed	Cumulative %
0 – 1	**19.4**	**19.4**
2 – 3	**21.9**	**41.3**
4 – 5	**18.0**	**59.4**
6 – 7	**10.2**	**69.5**
8 – 9	**7.2**	**76.7**
10 – 11	**6.2**	**82.9**
12 – 13	**5.8**	**88.7**
14 – 15	**2.8**	**91.5**
16 – 17	**2.1**	**93.5**
18 – 19	**1.2**	**94.7**
20 +	**5.3**	**100.0**
TOTAL	**100.0**	

- Source: Slabbert 2003.

Number of years in Emfuleni

Table 5.21 shows the number of years that the unemployed poor respondents of the 2003 survey have stayed in Emfuleni. It shows that over 71.3% of the respondents have been staying in Emfuleni for over 25 years. Most of the respondents indicated that they were born in Emfuleni. Only 4% had moved into Emfuleni in the past 5 years, mostly from other areas within Gauteng.

TABLE 5.21   NUMBER OF YEARS IN EMFULENI, UNEMPLOYED POOR (2003)

Year categories	% of the unemployed	Cumulative %
0 - 5	4.0	4.0
6 - 10	4.0	8.0
11 - 15	4.5	12.5
16 - 20	4.0	16.4
21 - 25	12.2	28.7
26 +	71.3	100.0
TOTAL	100.0	

- Source: Slabbert 2003.

Table 5.22 traces the origin of the unemployed poor in Emfuleni. It shows that 67.4% of the respondents do not come from outside the Vaal area. (The Vaal area, also known as the Vaal Triangle, consists of Emfuleni in the southern part of Gauteng and Metsimaholo in the northern part of the Free State. Although separated by the provincial boundary, the two municipalities form one integrated economic entity.) The table also shows that over 73% of the respondents do not originate from outside Gauteng. Most of the respondents originating from outside Gauteng were from the Free State.

In the 1999 survey (Slabbert & Mokoena 1999), however, it was determined that only 47.7 per cent of the general population of the Vaal (poor and non-poor) were born in the Vaal area. The rest (52.3%) came from outside the Vaal. 46.4 per cent of the population had stayed less than 10 years in the Vaal. When comparing these data to those of the poor, it appears that relatively more of the poor are residents who were born in the Vaal. It therefore appears that those coming into Emfuleni from outside the Vaal get

the available jobs. A reason may be that those coming from outside are prepared to work for lower wages rather than being without a job at all - and therefore a smaller percentage of them are poor.

TABLE 5.22   PLACE OF ORIGIN BEFORE MOVING TO EMFULENI: UNEMPLOYED POOR (2001)

Area	% of the unemployed
Vaal Triangle Area	67.4
Gauteng Province	6.4
Free State	17.2
Other Province	6.9
Outside SA	2.1
Other	0.0
TOTAL	100.0

- Source: Mokoena 2001b.

The 2001 survey (Mokoena 2001b) also included a satisfaction survey of life in Emfuleni. Respondents were asked to state if they were satisfied with life in Emfuleni. Table 5.23 shows the responses to this question. It shows that 84.3% said that they were satisfied with life in Emfuleni, while 15.7% said they were not. This shows that even with the conditions of poverty and unemployment, most of the respondents still prefer to stay in Emfuleni.

TABLE 5.23   SATISFACTION SURVEY RESULTS ON LIFE IN EMFULENI: POOR (2001)

	Percentage Responses
Satisfied	84.3
Not satisfied	15.7
TOTAL	100.0

- Source: Mokoena 2001b.

Skills and aspirations

The 2001 survey (Mokoena 2001b) sought to determine the types of skills as well as the employment and business aspirations of the unemployed poor in Emfuleni. Table 5.24 shows the most frequently stated skills or experience

compared to the type of small businesses that respondents indicated they would start if they were to be given start-up capital.

TABLE 5.24   SKILLS POSSESSED AND DESIRED SMALL BUSINESS OPPORTUNITIES: UNEMPLOYED POOR (2001)

Skill and business type	Desired Business %	Skill possessed %
Tuck shop	19.5	0.0
Catering	12.8	4.0
Selling	12.8	5.0
Sewing	8.8	17.5
Fruit & vegetables	8.8	0.0
Bakery	6.2	8.5
Tavern	4.9	0.0
Carpentry	6.2	8.0
Hairdressing	3.5	7.0
Knitting	3.1	7.5
Hair salon	3.1	0.0
Welding	2.7	7.5
Building construction	3.5	0.5
Butchery	2.2	0.0
Farming	1.3	1.5
Cooking	0.4	16.0
Gardening	0.0	17.0
TOTAL	100.0	100.0

- Source: Mokoena 2001b.

The table shows that by far most respondents indicated that they would like to start a tuck shop business, even though none have had experience in this regard. A considerable number of respondents have sewing skills (17.5%) but only 8.8% are interested in opening businesses related to sewing. When Tuck shop, Catering, Selling and Fruit & Vegetables are combined (all related to direct selling), they add up to 54% of all businesses desired. The percentage of people with skills in these categories adds up to only 9%. It therefore appears that there is a mismatch of skills and desired businesses. There appears to be very low interest in agriculture-related enterprises. This may point to a need for a change of focus (vision) of what people believe is viable,

to areas that are actually viable. This may also be an indicator of a need for training.

In a formal setting, the 2001 survey (Mokoena 2001b) sought to establish which sectors people had been involved in before and which sectors they would like to find employment in. Table 5.25 shows these results.

TABLE 5.25   FORMAL SECTORS OF EMPLOYMENT FOR THE UNEMPLOYED POOR (2001)

| Sector of employment	Original sector %	Desired sector %
Agriculture	8.8	5.6
Mining	1.8	4.9
Manufacturing	2.7	4.9
Electricity, Gas & Water	0.9	7.4
Construction	6.2	6.8
Trade	13.3	21.6
Transport	5.3	8.6
Financing	0.0	1.9
Services	0.9	19.8
Other, not defined	14.2	18.5
Unemployed before	46.0	-
TOTAL	100.0	100.0

- Source: Mokoena 2001b.

The table shows that although only 13.3% of the respondents had been involved in the Trade sector, 21.6% would like to be involved in this sector. Services is also a category that a number of respondents indicated they would like to be employed in. These categories are low-wage categories with high business volatility and labour turnover. The percentage of respondents who have worked in the agricultural sector before is higher than that of those who desire employment in this sector. There appears to be a low interest in the agricultural sector as a source of employment. This correlates with Table 5.24, where only very few indicated they would like to be involved in gardening or farming. There are even fewer respondents who would like to be involved in manufacturing than in agriculture.

The foregoing table also shows that over 46% of respondents have been unemployed for a long period or that they have actually never worked in the formal sector (see "Unemployed before"). This implies that strategies aimed at employment creation need to take this lack of experience into account.

A further analysis of the desired fields of employment is shown in Figure 5.3 below. Based on the survey conducted in 2001 (Mokoena 2001b), the numbers of unemployed poor persons with different skills and the desired fields of activities in Emfuleni's FBTs were estimated for 2003.

FIGURE 5.3   NUMBERS OF UNEMPLOYED POOR: SKILLS (2003)
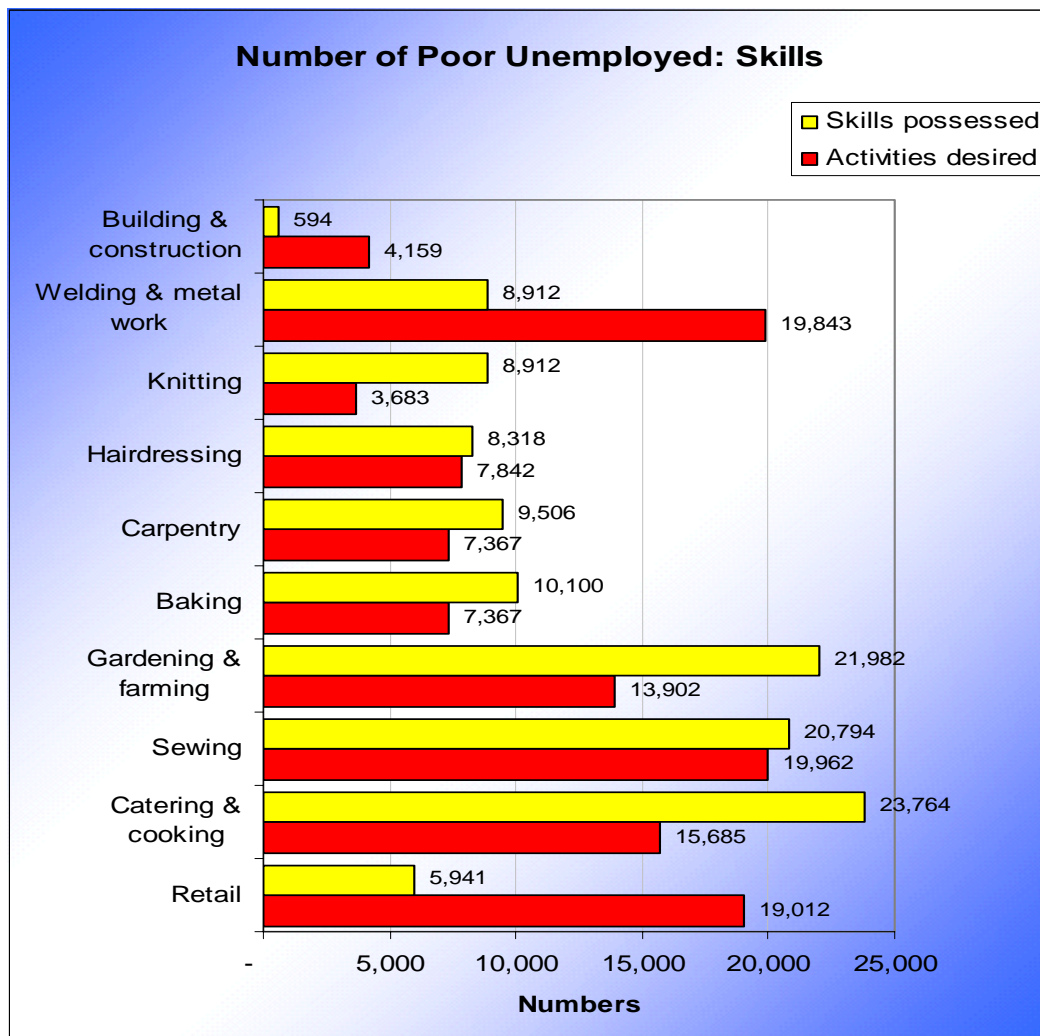
- Source: Mokoena 2001b, Slabbert 2003.

There are an estimated 8,912 persons currently with skills in metal work and welding. There are also 19,843 poor unemployed persons who would like to be involved in metal work and welding activities. There are an estimated 21,982 persons with skills in gardening/farming; 20,794 in sewing; 23,746 in catering. The figure shows that the majority of unemployed poor has skills related to catering and cooking, gardening and farming, and sewing. However, the majority of people would like to be engaged in sewing, welding and metal work and retail trade.

Table 5.26 shows the minimum salaries that the unemployed indicated would attract them into employment. It shows that almost 61.7% of the respondents would accept R1500 per month and less. This figure rises to almost 81% when this minimum is raised to R2000. A percentage of 6.3 indicated salaries exceeding R3000 as minimum. In 2001 (Mokoena 2001b), only 50% of the unemployed poor were willing to work for a monthly wage of less than R1,500. It appears that an increasing level of poverty makes people willing to accept employment for lower wages.

TABLE 5.26   DESIRED MINIMUM SALARY EXPECTED BY THE UNEMPLOYED POOR (2003)

Salary Categories	% of the unemployed	Cumulative %
0 - 500	2.3	2.3
501 - 1000	31.4	33.7
1001 - 1500	28.1	61.7
1501 - 2000	19.1	80.9
2001 - 2500	5.6	86.5
2501 - 3000	7.3	93.7
3000 +	6.3	100.0
TOTAL	100.0	

- Source: Slabbert 2003.

5.5   Summary and conclusion

This chapter gave a profile of the poor in Emfuleni. The most important facts elicited and highlighted in this chapter were the following:

- 51.6% percent of all households and 53.6% of the total population in Emfuleni live in poverty, with an average shortfall of 46.0% (i.e. on average a poor household receives only 54.0% of the income needed to be on its poverty line).

- The average household size for the poor is 3.62 persons, compared to 3.52 persons for the non-poor.

- Poor households have a smaller percentage of fathers than mothers, and, on the whole, single parent families are more prominent for the poor.

- The poor fall into younger age categories than the non-poor. 55.2% of pre-school children and 60.5% of all school children are in poor households.

- The males in male-headed households are mostly in the productive age categories (30-50 years), while almost 50% of the females in female-headed households are close to or of retirement age, indicating that there is less likelihood for female household heads to find employment than there is for male household heads.

- On the whole, the poor have less schooling and qualifications than the non-poor.

- The employed poor are in most cases employed in the construction, trade, services and other sectors – i.e. they are mostly construction workers, domestic workers, shop attendants, and the like.

- In the formal sector, the poor earn much less than the non-poor on

average. The average household income for the poor is R658 p.m., while it is R4,764 p.m. for the non-poor households (1999-figures).

- The poor spend 86.4% of their income on survival items like food, water and electricity, housing, clothing and transport, and save only 2.0% on average (compared to 10.6% of the non-poor).

- 12.4% of the poor population is employed, while 21.0% of the total Emfuleni population is employed. 31.8% of the poor are unemployed (24.8% of the total population). The dependent population (economically non-active plus children younger than 15) makes up 55.8% of the poor and 54.2% of the total population.

- The unemployment rate for the poor is 71.8%, and for the total population 54.1%.

- The dependency ratio for the poor is 7.1, while it is only 3.7 for the total population.

- Just over 40% of the poor have been unemployed for more than 5 years and 17.1% have been unemployed for 10 or more years.

Almost 52% of the total population of the Vaal was born outside the Vaal, whereas only 32.6% of the unemployed poor population in Emfuleni was born outside the Vaal. It appears that a greater percentage of those stemming from outside the region get jobs compared to those born in the region. The reason may be that those from 'outside' are prepared to work for lower wages. The minimum wages that the poor unemployed are prepared to accept for employment appears to be high (for a wage of R1,000 per month, only 33.7% of the unemployed poor are prepared to take up employment*.) It should be noted that at a monthly wage of R800 for all unemployed poor, the poverty rate could be reduced from 51.6% to 15%.*

There seems to be a mismatch between skills and desired businesses and jobs. For instance, direct selling (tuck shops, catering, selling of fruit and

vegetables) forms 54% of the desired businesses, while only 9% of the respondents have skills in trade.

The skills that the poor unemployed have are mostly in trade and agriculture. In spite of this, it appears that there is not much interest in agriculture, but much more interest for the occupations in the services sector and trade. Previously 28.5% of the unemployed poor were employed in the agricultural sector (including gardening). Significantly, only 11.7% of the poor unemployed desire to be employed in this sector.

The agricultural sector was identified as one of the key sectors for employment creation aimed especially at the poor. To make a success of this type of initiative, more than just the provision of agricultural land will be required. First of all, the benefits of, for example, involvement in the agricultural sector should be demonstrated to the poor unemployed. In addition, proper training and a 'change of mind' will be required.