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Southern African Social Policy Research Institute
Southern African Social Policy Research Insights

Income levels and Socially Perceived Necessities

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A Decent Living Level?

- The SPN study has shown that
 - people regard an acceptable standard of living in a multi-dimensional way and the ‘essentials’ go beyond mere subsistence
 - There are striking levels of agreement across different groups about what constitutes an acceptable standard of living
- BUT there was no attempt to translate the ‘acceptable’ standard of living described in the project into a cash equivalent – a decent living level.
- There are a number of ways to approach this:
 - Benchmarking the collection of indicators against income (variously defined) in a representative survey
 - Generating detailed consensual household budgets



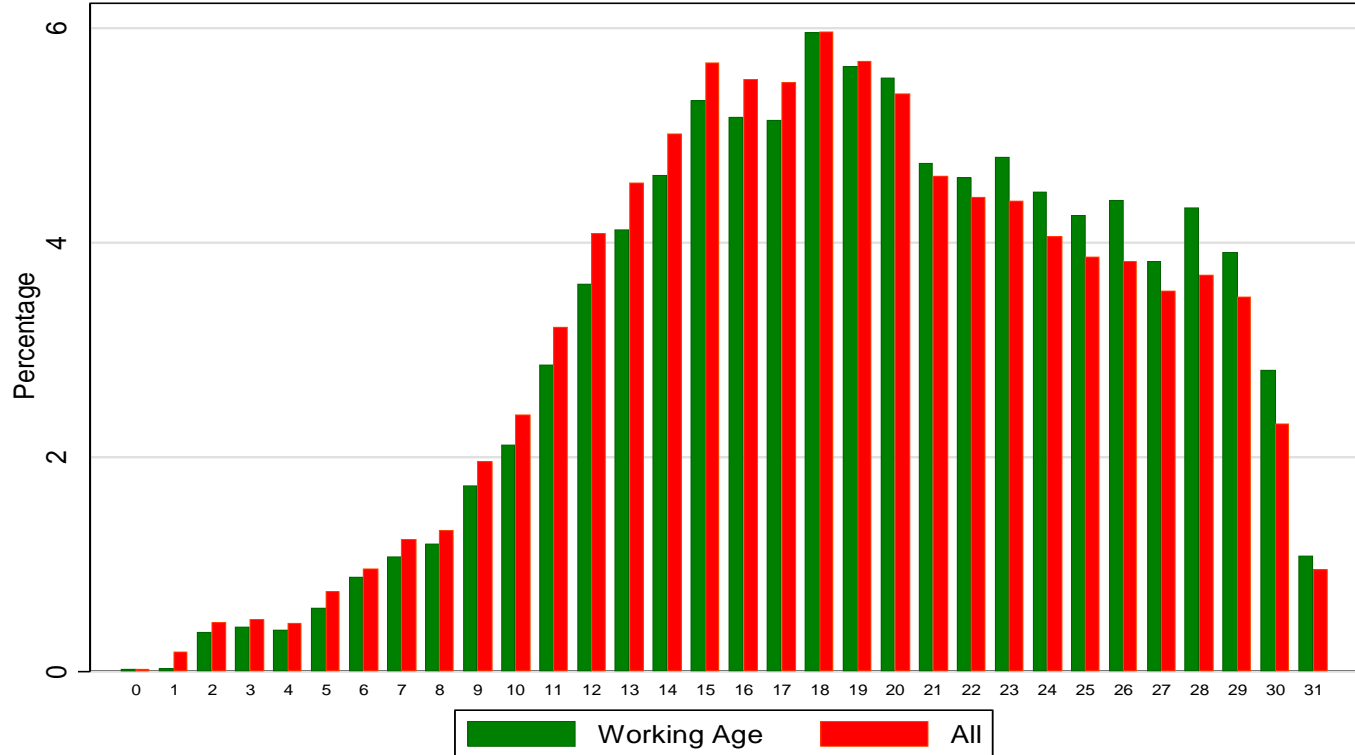
Methodology

- Proposition: if one were to examine the mean or median income levels of those who possessed the items it would be possible to estimate the income levels required to enjoy a democratically defined and therefore socially acceptable standard of living
- Statistics SA included all 36 SPNs in the 2008 Living Conditions Survey (LCS) (and have also included them in the forthcoming LCS update).
- The LCS has a much larger sample size (just over 25,000 households) than SASAS and contains many detailed questions about people's incomes.
- By upweighting the LCS incomes to 2014 using the CPI it was possible to explore the relationship between possession of the SPNs and income.



The Context

Percentage possessing 0, 1, 2, 3.... to 31 SPNs for total population and working age population



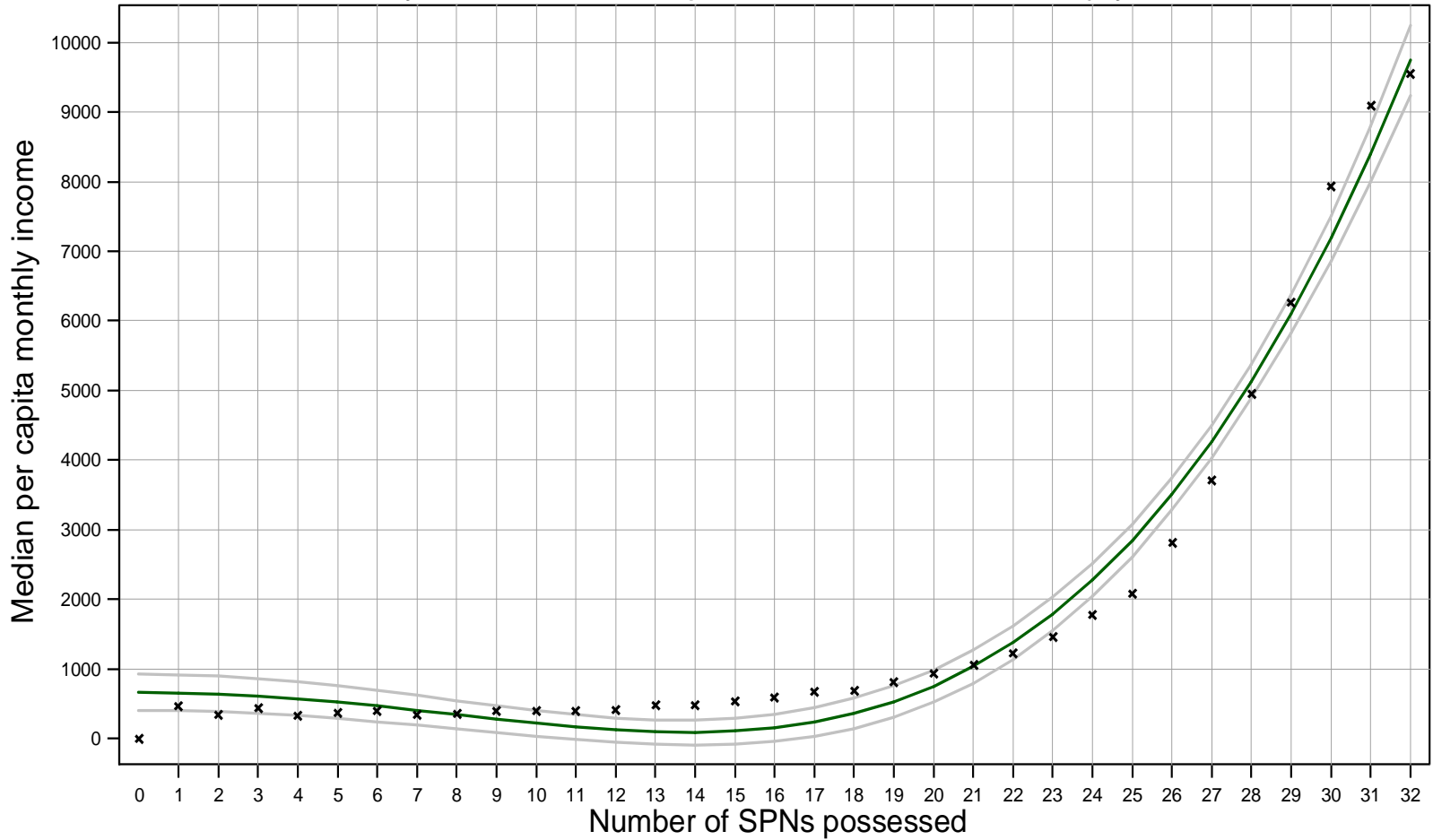


The Findings

- There is a clear relationship between per capita median income and number of SPNs possessed
- The following chart shows how the number of SPNs that are possessed increases as median per capita income increases. The mix of SPNs at each level might differ and this is considered later.
- It is not a linear relationship: the income curve slopes quite steeply around 25/26 SPNs.
- It is possible to fit a predictive model which is also shown on the chart (as a black line) together with the 95% confidence interval bounds (the two grey lines).



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





What does this imply?

- Adults of working age with only 20 SPNs have a median per capita per month income of c. R 1 000.
- We know that on average there are 3.89 people in households
- Thus in the average household (3.89 people) possessing 20 SPNs the total income per month would be R 3 890
- These figures inflate rapidly as the numbers of SPNs increase.
- For example, adults of working age with 28 SPNs have a median per capita per month income of c. R 5 000 (a total household income of R19 000 pm for 3.89 people).



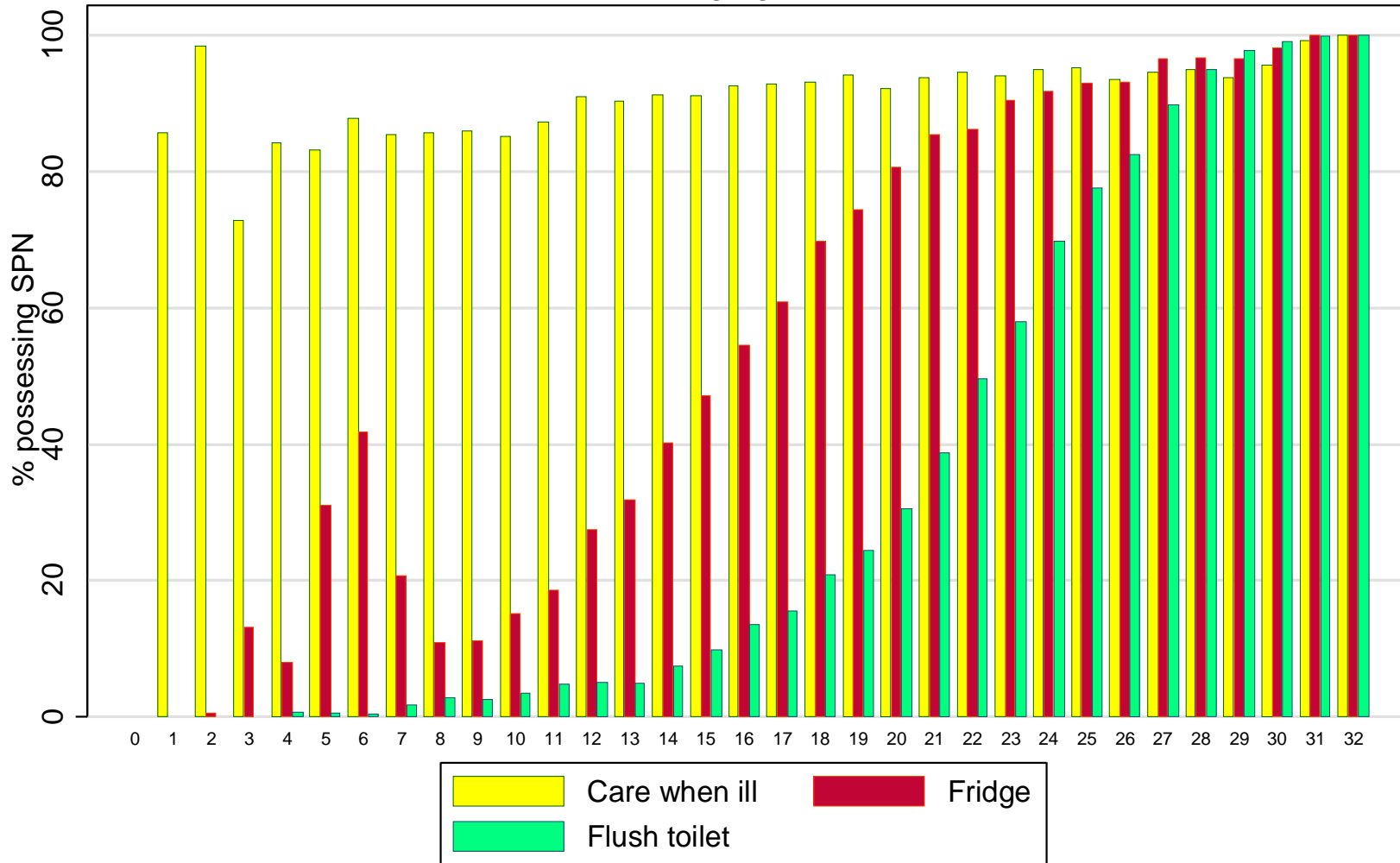
Which SPNs are associated with each level of possession?

- It is important to get some sense of the order in which SPNs are possessed as income rises
- Are there particular SPNs associated with low levels of possession (and per capita income)?
- Do non-purchaseable items such as social capital items appear first?
- For different levels of possession 1, 2, 3 etc. It is possible to look at the mix of SPNs possessed

Percentage of people possessing SPN by number of SPNs possessed

3 examples

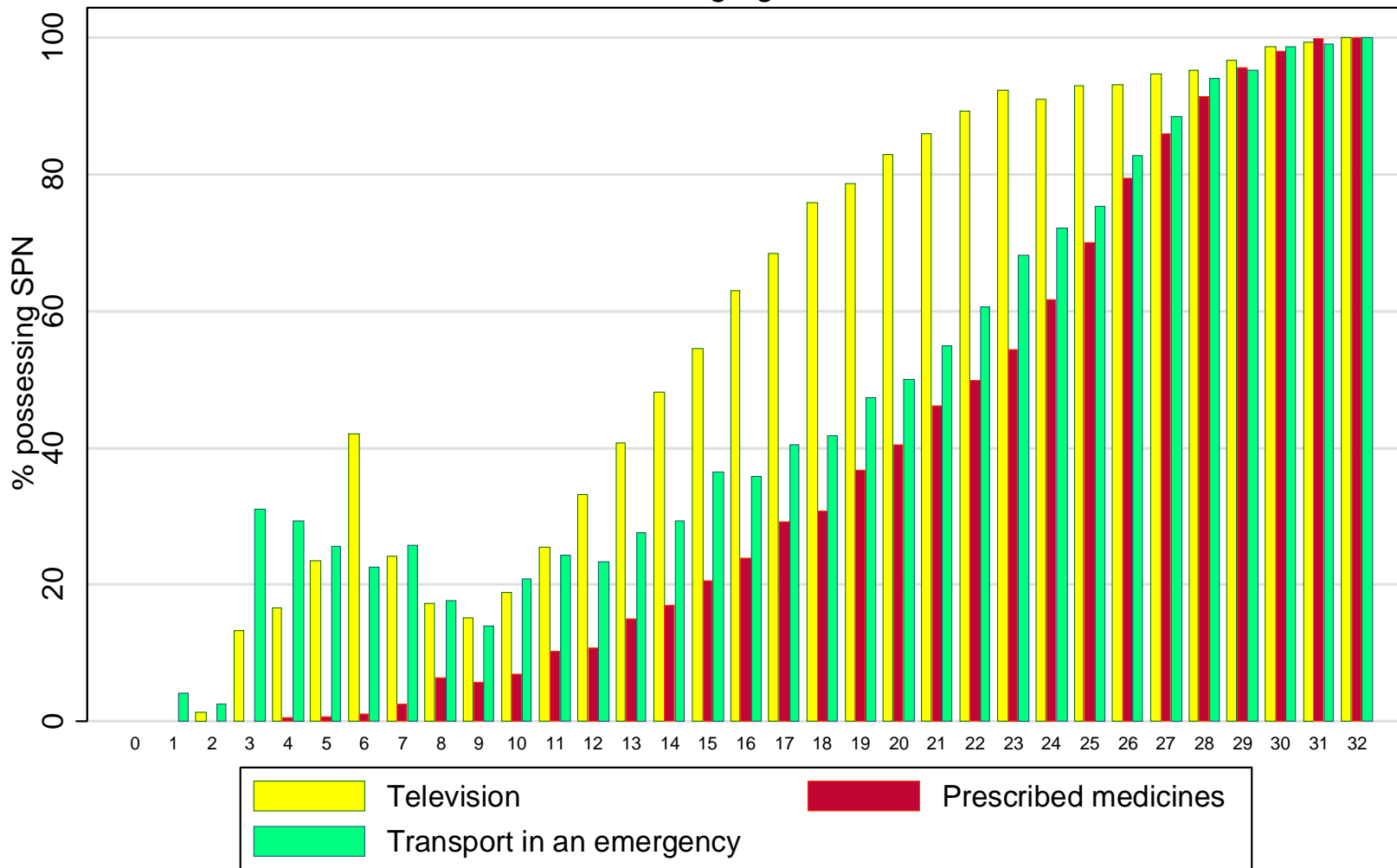
Working age adults



Percentage of people possessing SPN by number of SPNs possessed

3 examples

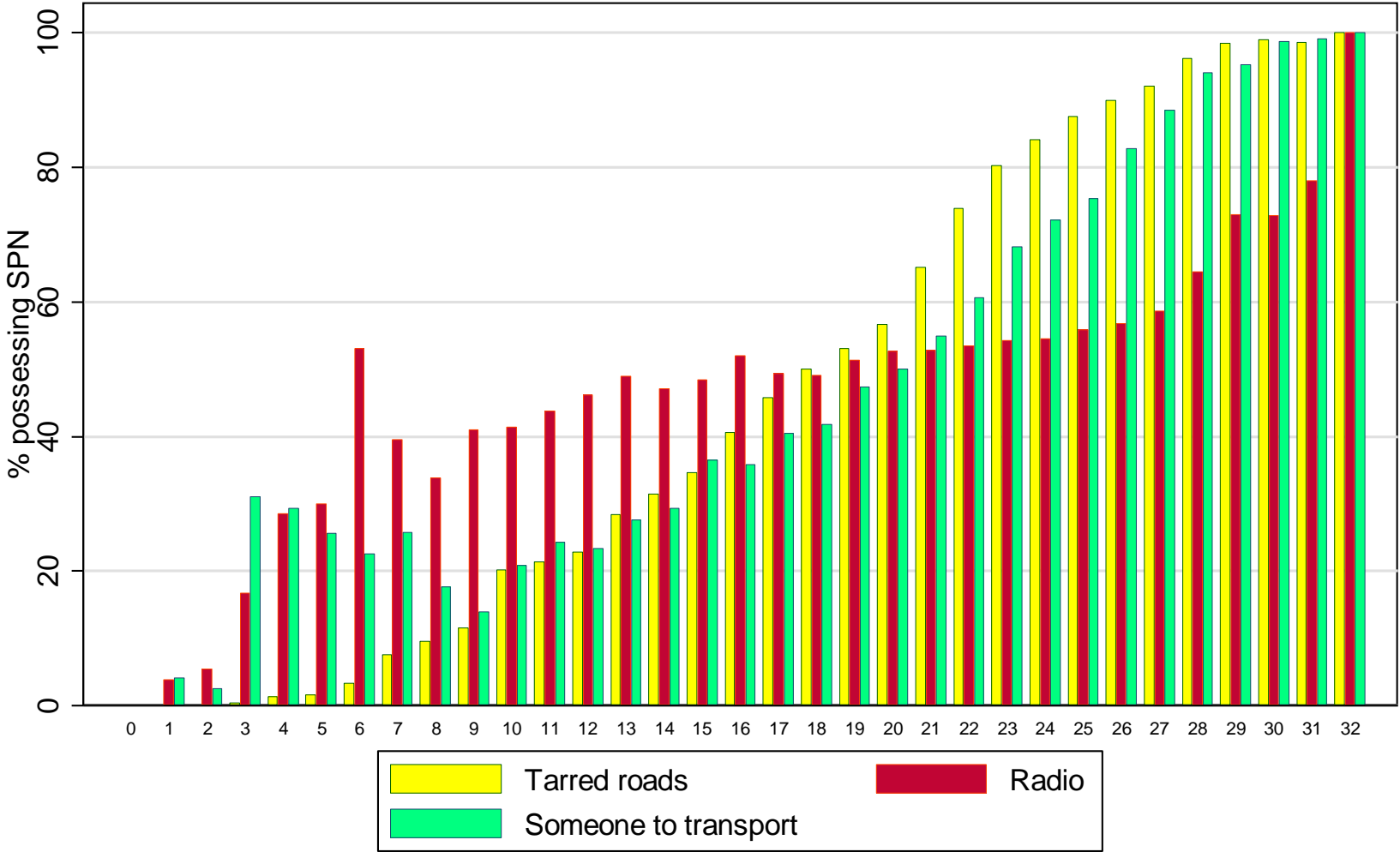
Working age adults



Percentage of people possessing SPN by number of SPNs possessed

3 Examples

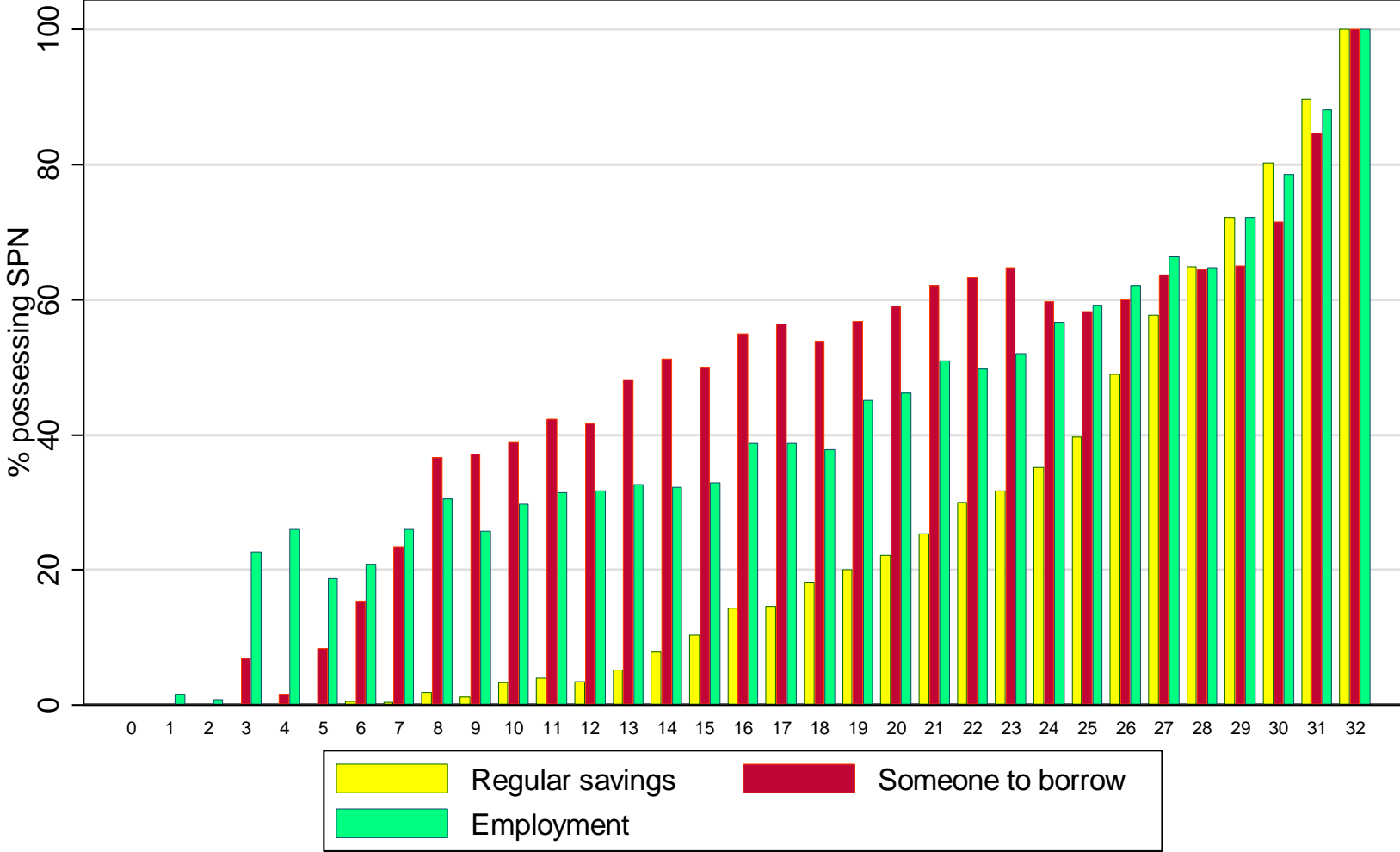
Aged 18 - 59 inclusive



Percentage of people possessing SPN by number of SPNs possessed

3 Examples

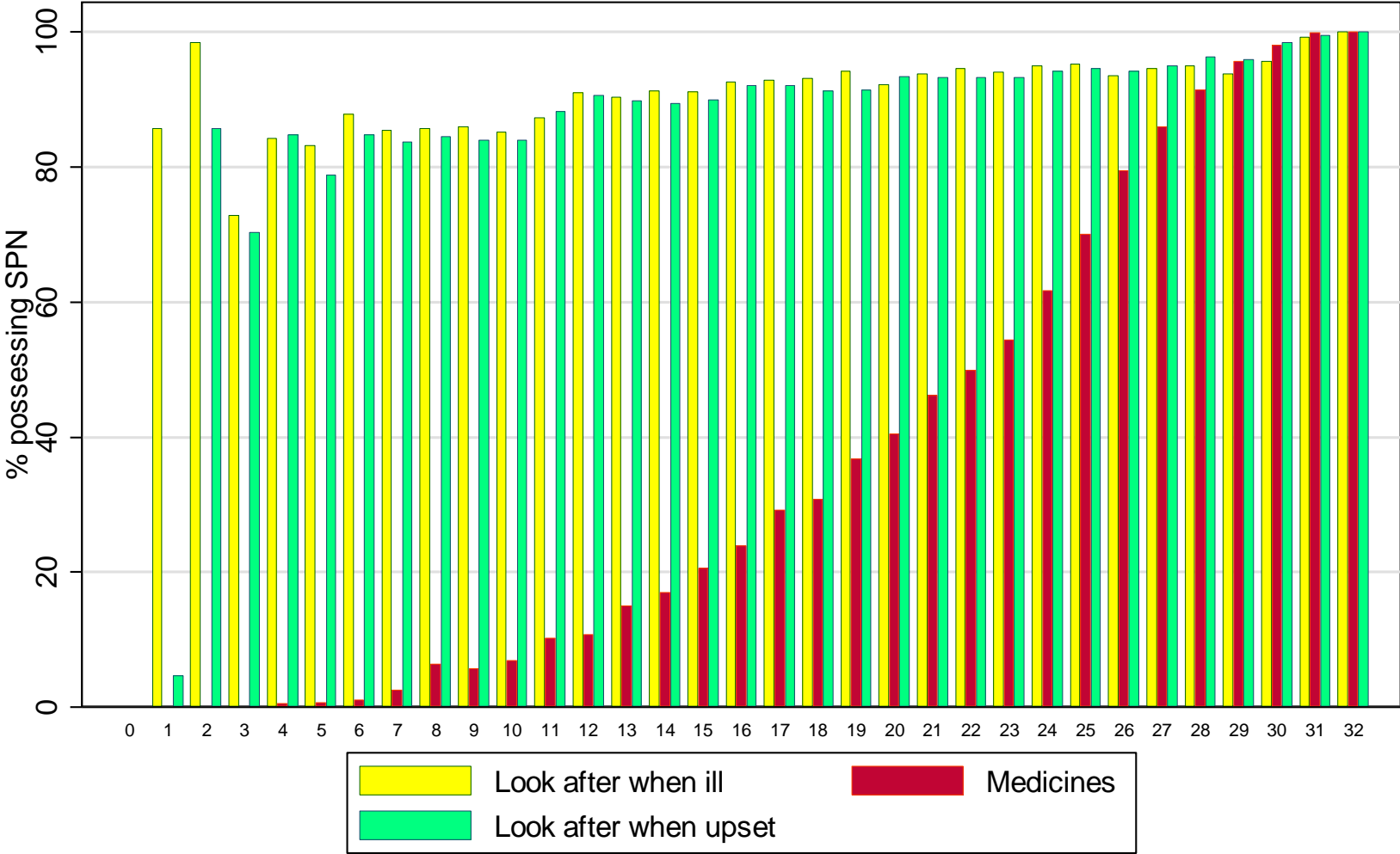
Aged 18 - 59 inclusive



Percentage of people possessing SPN by number of SPNs possessed

3 Examples

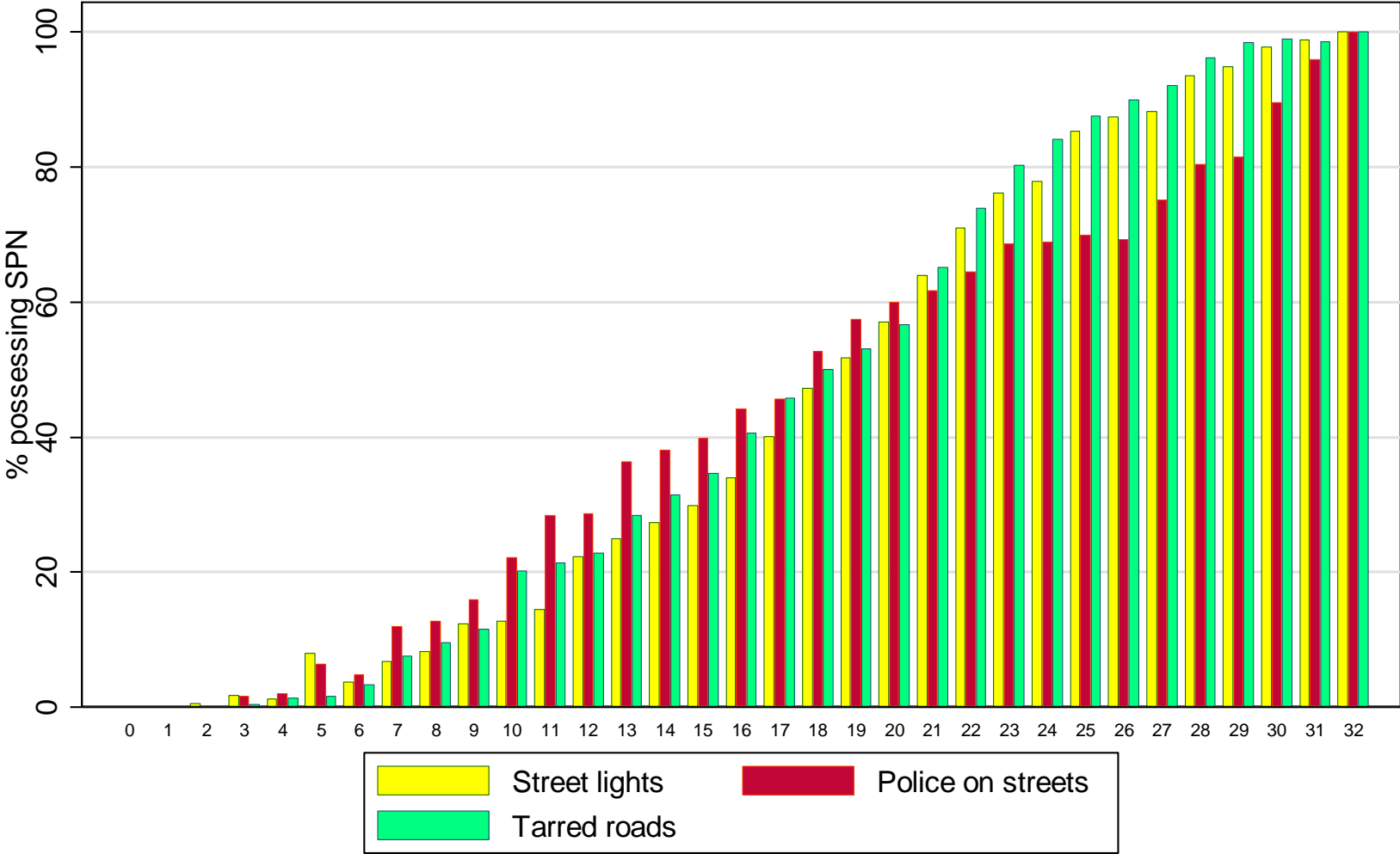
Aged 18 - 59 inclusive



Percentage of people possessing SPN by number of SPNs possessed

3 Examples

Aged 18 - 59 inclusive





When do most people of working age possess each SPN?

SPN (ordered by percentage saying essential, in descending order)	Number of SPNs possessed when 50% of people of working age possess the item
Mains electricity in the house	12
Someone to look after you if you are very ill	1
A house that is strong enough to stand up to the weather e.g. rain, winds etc.	12
Clothing sufficient to keep you warm and dry	10
A place of worship (church/mosque/synagogue) in the local area	8
A fridge	16
Street lighting	19
Ability to pay or contribute to funerals/funeral insurance/burial society	15
Having police on the streets in the local area	18
Tarred roads close to the house	18
Paid employment for people of working age	23
A flush toilet in the house	23
People who are sick are able to afford all medicines prescribed by their doctor	23
Someone to talk to if you are feeling upset or depressed	2
A neighbourhood without rubbish/refuse/garbage in the streets	23
A large supermarket in the local area	20
A radio	19
Someone to transport you in a vehicle if you needed to travel in an emergency	20
A fence or wall around the property	15
Being able to visit friends and family in hospital or other institutions	8
Regular savings for emergencies	27
Television/ TV	15
A neighbourhood without smoke or smog in the air	22
Someone to lend you money in an emergency	16
A cell phone	6
Meat or fish or vegetarian equivalent every day	18
A bath or shower in the house	23
Burglar bars in the house	23
Special meal at Christmas or equivalent festival	12
Some new (not second-hand or handed-down) clothes	15
A sofa/lounge suite	19
A garden	27



Next Steps (A wish list)

- Further analysis of the 2008 LCS
- Repeat Analysis on 2014 LCS when published
- Update the definition of SPNs using SASAS 2016
- Embark on a parallel project to construct detailed household budgets which reflect an acceptable standard of living



Conclusion

- The SPN project demonstrates there is a high level of agreement across the country about what comprises an acceptable standard of living or decent living level
- The population don't set their sights unreasonably high but simply seek a decent standard of living commensurate with what is needed for full participation in society
- There is a clear relationship between income and possession of the SPNs
- Only a small proportion of the population enjoys a standard of living which is regarded as acceptable by the majority
- This is yet another indication of unsustainable inequality