SPII
STUDIES IN POVERTY AND INEQUALITY INSTITUTE
Building up knowledge to break down Poverty

- Isobel Frye -

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TOWARDS A DECENT STANDARD OF LIVING

"Everyone has inherent dignity and the Right to have their dignity respected and protected"
Section 10, Constitution of South Africa.

"The State must respect, protect, promote and fulfil the rights in the Bill of Rights"
Section 7(2) Constitution of South Africa

FRIEDRICH EBERT STIFTUNG
South Africa Office

INTRODUCTION

The discussion regarding a decent standard of living in South Africa has received renewed impetus with the ratification in 2015 by the South African government of the UN International Covenant on Economic, Social and Cultural Rights, which former President Nelson Mandela signed at the UN in September 1994. The South African National Development Plan 2030 too makes specific reference to the attainment of a decent standard of living for all in South Africa as a central pillar to its vision. New research work is also currently advancing the question of what ordinary South Africans consider should constitute a decent standard of living for all.

Building on our past work in this regard, Studies in Poverty and Inequality Institute, in partnership with the Friedrich Ebert Stiftung, hosted a one day Social Dialogue on 10 November 2016 in Johannesburg to explore the new dynamics and thinking in this field. This built on SPII's institutional commitment towards encouraging government to adopt a formal roadmap that seeks to map out based on broad consultation, how a decent standard of living will be enjoyed by all by 2030.

> One of the strongest arguments that emerged from the social dialogue was the unbreakable nexus between the right to dignity, the attainment of a decent standard of living, and the Constitutional promise of social justice in South Africa.

This policy brief provides a synopsis of the most salient discussion through the four presentations that were delivered at the Social Dialogue, which will form the foundation for future national discussions and debates.

MAIN DISCUSSION POINTS:

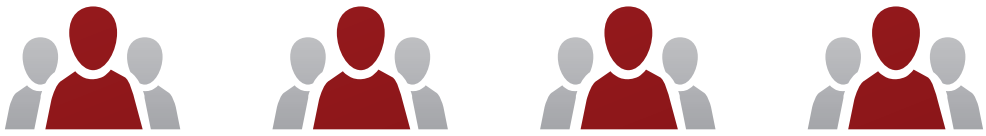
- The traditional narrative of absolute poverty and targeting the 'poorest of the poor' needs to be fundamentally subverted and replaced with a new thought- and policy-trajectory under a human rights framework.
- The fundamental human and Constitutional right to Dignity is denied by poor living standards. The majority of people experience a daily state of living that is far removed from the notion of a decent standard of living.
- Income and asset inequality in South Africa is still heavily racialized. White and Indian wealth has grown exponentially since 1994, indicating new drivers of inequality which compound historical Apartheid policy outcomes.
- Policy makers need to engage on a process of national consultation to understand what ordinary South Africans believe would constitute a decent standard of living. This should be adopted as an aspirational goal, to be achieved through progressive realisation of comprehensive and linked in policies across tiers and departments of government.
- A roadmap must be adopted with clear time frames and yardsticks that allow for regular monitoring and evaluation of the progressive realisation of this goal.
- The concept of a 'social floor' should not be confused with absolute minimum provision. The social floor should be seen as an initial guarantee of what no-one should be without, and the starting point for the progressive realisation of a decent standard of living.
- South Africa has Constitutional as well as international obligations under the ICESCR to realise this right for all in South Africa. There is a wealth of jurisprudence that can guide decision makers in adopting the best approach to such realisation.
- From a methodological perspective, there are a variety of methods that can be used to develop a national understanding of what constitutes a decent standard of living that can be adjusted for household type and location, including an adaption of the Minimum Income Standards approach.

1. CURRENT ANALYSIS OF LIVING STANDARDS IN SOUTH AFRICA:[1]

South Africa continues to be characterised by deep and growing inequalities[2]. The top income decile in South Africa enjoys 51% of total income, while the poorest 50% of South Africans enjoy just over 10% of income between them.

This has an historic basis of race, but these trajectories continue to grow. White, and to a lesser extent, Asian income, has grown exponentially since 1994. In addition, the expanded (i.e. including discouraged work seekers – unemployed people who have given up looking for work) unemployment rates in the first quarter of 2016 demonstrate how this continues to be exacerbated:

Unemployment by race, Q1 2016



Black African	Coloured	Indian/Asian	White
40,9%	**28%**	**16.6%**	**8.6%**

Race is a primary determinant of whether or not people are able to enjoy a decent standard of living.

We have witnessed a steady redistribution away from the middle classes, predominantly to the upper income decile, with a slighter redistribution to the lowest three income deciles through social grants. The middle classes are acknowledged globally as being critical for advancing sustained economic growth. The structure of distribution in South Africa needs to be fundamentally changed through a combination of tools, including wage policy and tax burdens. The state however could play a greater role as a corrector of inequalities. In 2013, for instance, the private pension tax expenditure subsidy per capita of R19 642 compared favourably to a per capita allocation for the state Old Age Pension of R15 845.

These inequalities have eroded our social cohesion, the 'democratic dividend of hope', and are manifest in high levels of violent social crimes, protests that increasingly meet state force with force and destructive actions, and a loss of respect for the rule of law or social solidarity. Highly unequal societies globally are associated with limited social mobility. This profoundly affects people's hope for a 'better life'. Early nutritional deficits from malnutrition retard cognitive as well as healthy physical development, adding to the barrier in social mobility – the 'poverty trap'.

2. WHAT WOULD CONSTITUTE A DECENT STANDARD OF LIVING?[3]
LESSONS FROM THE UN COMMITTEE ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS.

The concept of a decent standard of living needs to be concretised in order to become a policy reality. Article 11(1) of the UN ICESCR guarantees to all the right to an 'adequate standard of living[4]'. Much work has already been done in this regard by the UN Committee on Economic Social and Cultural Rights (the CESCR), specifically though the Committee's general comments. The United Nations Declaration of Human Rights, the Convention on the Elimination of all Forms of Discrimination against Women, the Convention on the Rights of the Child and the Convention on the Rights of Persons with Disabilities recognise similar guarantees of an adequate standard of living.

ARTICLE 11(1) OF THE ICESCR READS AS FOLLOWS:

'The States Parties to the present Covenant recognise the right of everyone to an adequate standard of living for himself (sic) and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions'. (own emphasis)

[1] **This section draws from the opening** address of Acting Deputy Director General Brenton van Vrede of the Department of Social Development, and the closing address by Director General Vusi Madonsela of the Department of Justice and Constitutional Development.

[2] **Leibbrandt, M., et al. (2010),** "Trends in South African Income Distribution and Poverty since the Fall of Apartheid", OECD Social, Employment and Migration Working Papers, No. 101, OECD Publishing, Paris.

[3] **This section is based on the presentation** 'Legal Implications of the "Right to an adequate Standard of Living" (Article 11(1) of the ICESCR) by Dr Khulekani Moyo of the School of Law, University of the Witwatersrand.

[4] **Although our National Development Plan** refers inter alia to a 'decent' standard of living, we believe that this guidance on an 'adequate' standard of living is beneficial to this dialogue. It is also imperative to note that they do not refer to a 'basic' standard of living. Adequacy clearly exceeds any basic minimum standard.

South Africa is bound by the Constitution of South Africa to be guided by the jurisprudence of international legal instruments and international common law. The CESCR does recognise that the attainment of a universally enjoyed decent standard of living for some states will have to be progressively realised due to 'prevailing social, economic, cultural, climatic, ecological and other conditions'. The ICESCR therefore requires that, states commit the maximum of their available resources to attaining this as expeditiously as possible.

IN ESSENCE, THE CESCR'S GUIDANCE ON THE QUESTION OF AN ADEQUATE STANDARD OF LIVING INCLUDES:

- The right to an adequate standard of living is a nexus of a number of rights, rather than one discernible right, i.e. it is a composite right.
- Guidance is given specifically on the rights to food, housing and water. The Committee however has affirmed the necessity of realising equally the rights to Health, Education, Just and Favourable Conditions of Work, and the right to Work.

THE RIGHT TO ADEQUATE FOOD: GENERAL COMMENT 12

- The right to food and to inherent dignity are inseparable and without food you cannot fulfil other rights.
- Each state is obliged to ensure for everyone minimum essential food, which is sufficient, nutritionally adequate and safe, to ensure that they are free from hunger.

HOW DO WE FARE?[5]

A quarter of South African's regularly experience hunger and a further quarter are at risk of experiencing hunger. Stunting (low height for age due to prolonged malnutrition) increased from 21.6% to 26.5% of children between 1999 and 2012. One in five men and one in four women are overweight and obesity now accounts for 7% of all deaths in South Africa.[6]

THE RIGHT TO ADEQUATE HOUSING: GENERAL COMMENTS 4 AND 7

- This right is critical to the enjoyment of all social, economic and cultural rights.
- It should be seen as a guarantee of more than just a roof, but the right to live somewhere in security, peace and dignity.
- It must be affordable, have adequate services, be culturally adequate, and its location should provide access to employment, health services, schools and ECD centres, and other social facilities.

HOW DO WE FARE?

Almost 15% of South African's live in informal dwellings with poor access to water, sanitation and with little protection from the elements. On average, house prices are 2 – 4 times higher than median income earners can afford, while the number of new bonds issued annually in metropolitan areas by the major banks has halved since 2008.[7]

THE RIGHT TO ADEQUATE WATER: GENERAL COMMENT 15

- This right is one of the most fundamental conditions for survival.
- Sufficient water of adequate quality must be available and physically and economically accessible to everyone.
- Adequate sanitation that is safe and physically accessible is also necessary for the enjoyment of the right to privacy, dignity and health.

HOW DO WE FARE?

15% of South African's do not have access to piped water consistent with the minimum national (RDP) standard. A quarter of South African households do not have access to a flush toilet, and 5% of the population still rely on the 'bucket system'. Millions more rely on shared sanitation facilities, which are often unsafe. Of those surveyed by Statistics South Africa, 20% reported that their shared toilet was full and / or blocked and 10% reported that the facility was not maintained by the state.[8]

OTHER RELATED RIGHTS RECOGNISED BY THE COMMITTEE AS BUILDING TOWARDS AN ADEQUATE STANDARD OF LIVING INCLUDE:

- Right to Health
- Right to Education
- Right to Just and Favourable Conditions of Work
- The Right to Work

[5] **The South African snap shots are** derived from various research reports issued under SPII's Socio-Economic Rights Progressive Realisation Monitoring Project, which can be found at www.spii.org.za.

[6] **McLaren, Moyo, Jeffery** 'The right to food in South Africa' (2015) Studies in Poverty and Inequality Institute, Working Paper 9. Available at: www.spii.org.za/wp-content/uploads/2015/07/SPII-Working-Paper-11-The-Right-to-Food-in-South-Africa-2015.pdf.

3. SO WHERE DO WE STAND IN TERMS OF ORDINARY PEOPLE ACCESSING A DECENT STANDARD OF LIVING?[9]

In South Africa, standards of living are intrinsically influenced by household sizes, the numbers of employed and un- or under-employed persons and the decency of wages earned, income from other sources such as social grants and the levels of these grants, the value of allocated social wage benefits and transfers, and household debt levels.

According to our own calculations from Statistics South Africa surveys[10], the average number of people supported by a single employed Black African person is 3,9, while that for a White South African, is 2,3 persons. This indicates the large difference in dilution of the application of household support. This racial differentiation is further illustrated by a comparison of the median monthly earning by population group. According to the StatsSA Labour Market Dynamics Survey of 2015, the median monthly earnings for Black South Africans is R2 900, while for White South Africans is R12 000.

Dividing this income by the dependency ratio:

White South Africans

R 5 217 per month

VS

R 744 per month

Black South Africans

R744 is below the upper-bound poverty line of R1 077 per person per month.

In other words, race remains a primary determinant of whether or not people are able to afford a decent standard of living in South Africa.

The Pietermaritzburg Agency for Community Social Action (PACSA) has developed a minimum household nutritional food basket, together with the assistance of expert nutritionists and low income women[11]. In 2016, this food basket, for a family of 5, was costed on a monthly basis at R3 027.47. PACSA has also calculated further minimum household essentials to the total of R3 483,34 per month, which is a total of R6 510.81 per household per month.

It is clear thus that there is a huge deficit for many millions of South Africans, specifically black African households, which currently prevent them from being able to enjoy a decent standard of living.

Coping mechanisms for households unable to afford their basic essentials include both the use of increasingly hostile micro loans with illegally high interest rates. This results in a debt crisis for many households. In addition, given the fixed nature of most of the monthly expenditures of households, the one expenditure that is reduced is food, which in turn leads to a further disinvestment in human well-being and development.

[7] **Dawson & McLaren** 'Monitoring the right of access to adequate housing in South Africa' (2014) Studies in Poverty and Inequality Institute, Working Paper 8. Available at: http://spii.org.za/wp-content/uploads/2014/09/Working-Paper-8_Monitoring-the-right-to-adequate-housing-in-SA.pdf.

[8] **Motsoeneng** 'Monitoring and Evaluating the Progressive Realisation of the Right to Water and Sanitation' (2016) Studies in Poverty and Inequality Institute, Working Paper 12. Available at: www.spii.org.za/index.php/the-right-to-water-sanitation.

[9] **This section is drawn from the** presentation delivered by PACSA – the Pietermaritzburg Agency for Community Social Action to 10 November 2016 Social Dialogue.

[10] **StatsSA QLFS Q2, 2016;** Mid Year Population Estimates, 2016; GHS 2015 and 2016.

[11] **This data and the annual PACSA** Food Reports are available on www.pacsa.org.za.

4. CAN WE REACH CONSENSUS ON A DECENT STANDARD OF LIVING IN SUCH AN UNEQUAL SOCIETY?[12]

A question that is raised frequently when the imperative for a national debate around a decent standing of living is put forward is: given the very high levels of inequality in South Africa, which translates into diverse lived realities, is it really possible to have national consensus on what constitutes a decent standard of living?

A methodology has been employed in a number of developed and developing countries for this purpose called the "Minimum Income Standards" approach. The "MIS" approach involves a process that engages a wide range of ordinary people through focus groups. Questions that are discussed in these groups include:

1. **What do you think is an essential item for a decent and included standard of living?**
2. **How much of that item do you think is required for:**
    - *a.* A pension couple in an urban area?
    - *b.* A pension couple in a rural area?
    - c. A single mother with one, two, three etc. children in an urban area?
    - d. A single mother with one, two, three children in a rural area?

In both of these stages, there has to be consensus within each focus group as to what is necessary, and how much is necessary. This is seen as in internal check. A further check is held later on in the process in which this information is provided to other focus groups to see if there is general agreement about the necessary items and budgets.

- Then, other people in focus groups are convened to ask them to cost up what they think, from the expenses that they are familiar with, what these goods and services cost.

- This information is then costed up into very clear budgets for the different household types to show what it would cost.

Picture taken by Neil Palmer (CIAT) commons.wikimedia.org/wiki/File:2DU_Kenya_86_(5367322642).jpg

[12] **This section draws from the presentation** 'Early findings from a pilot to test the "Minimum Income Standards" approach in South Africa ' to Social Dialogue, 10 November 2016 by Dr Zembe- Mkabile and Ms Byaruhanga.

These household budgets can then be used to advocate for a higher living or minimum wage, or social grants and other aspects of the social wage. This is, in other words, a tried and tested approach to gathering comprehensive information in South Africa about what is viewed as being a decent standard of living.

SPII, SASPRI and the Labour Research Services (LRS) have developed a methodology to adapt this approach to South African realities, and are very keen to implement this. In the interim, the pilot project that SASPRI did with Loughborough University in the UK (a comparative pilot project between South Africa and Mexico), was a much scaled down initiative, limited to the living aspects of communication, the standards for a living area, and the standards for a sleeping area.

THE PRE-PILOT FOCUS GROUPS:

- 7 focus groups were held in July and August 2016 in English and isiXhosa
- Focus groups were held in: Gugulethu – a township, Claremont, a formal urban suburb, Peddie former homeland area, and Observatory – a formal urban suburb
- 67 people aged 18 to 59 took part
- 61% of participants were female
- 25% of participants only had primary education, 25% had tertiary education
- 39% of participants were employed and 27% unemployed

THE EMERGENT FINDINGS SHOW THAT:

- Despite the diversity of the groups and the high levels of inequality in South Africa, the methodology did work!
- The focus groups were able to reach a high level of consensus about what constitutes decent standards in relation to the three aspects, namely communication, a living area and a sleeping area.

TAKING THE DECENT STANDARD OF LIVING DEBATE INTO THE FUTURE:

RESEARCH: To find the necessary resources to undertake a full national MIS engagement process.

MEDIA: Engage radio, print and social media to generate greater debate on the topic and to begin a national discussion across the country.

ENGAGEMENT: Engage with the National Planning Commission and other decision makers on the legal imperative and the practical feasibility of developing an aspirational roadmap to progressively realise the right to a decent standard of living for all in South Africa.

POLICY IMPLICATIONS:

- This work will need a strong central co-ordination of multi-departmental, multiple spheres of government and multi-stakeholder engagement. Where should this co-ordination be situated, with the necessary political strength to underwrite success?
- In tackling inequality and freeing up resources for a redistributive policy agenda, a thorough review of fiscal policy with a deliberate aim of redistribution needs to be undertaken, including the role of Capital Gains Tax and Estate Duty in providing for a reduction in taxation of the assets of the wealthy.
- Social security, as a state regulator of income distribution, needs to be embraced as an investment, and not just viewed as an expense on the fiscus.

SPII
STUDIES IN POVERTY AND INEQUALITY INSTITUTE

31 Quinn Street, Newtown
Johannesburg
South Africa
2000

Phone: +27 (0)11 833 0161
Fax: +27 (0)11 832 3085
www.spii.org.za

For a complete list of SPII's partners, please visit **www.spii.org.za**