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Finance
MPUMALANGA PROVINCIAL GOVERNMENT



AN ANALYSIS OF POVERTY IN MPUMALANGA, 1996-2012

-
NOVEMBER 2013



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MPUMALANGA PROVINCIAL GOVERNMENT



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KEY FINDINGS

- For the Department of Finance to use a specific measurement of poverty it is required that it must be updated annually and be available on local municipal level.
- Only one measurement of poverty commonly used in South Africa, namely the minimum living levels, satisfies the two requirements raised above.
- Between 1996 and 2012, the number of people in poverty in South Africa increased from 17.1 million to 18.8 million, whereas the number of people in poverty in Mpumalanga was 1.5 million in both years.
- In 2012, Mpumalanga recorded the fourth lowest number of people in poverty among the provinces with KwaZulu-Natal (4.7 million) registering the largest number.
- In 2012, the number of people in poverty in Ehlanzeni (705 103) was the largest and in Gert Sibande (402 278) it was the smallest.
- In 2012, the number of people in poverty in Nkomazi (225 441) was the largest and in Emakhazeni (10 989) it was the smallest. Bushbuckridge recorded a 144 141 decrease in the number of people in poverty, whereas Mkhondo's number more than doubled.
- Over the 16-year period, the poverty rate in South Africa and Mpumalanga declined to 35.9 per cent and 36.9 per cent, respectively.
- In 2012, Mpumalanga recorded the fifth lowest/highest poverty rate and KwaZulu-Natal (45.7 per cent) the highest.
- In 2012, the poverty rate in Ehlanzeni (41.3 per cent) was the highest and that of Nkangala (30.6 per cent) the lowest.
- In 2012, the poverty rate of Mkhondo (63.3 per cent) was the highest and that of Emakhazeni (23.1 per cent) the lowest. The poverty rate of Mkhondo deteriorated by 16.4 percentage points and in Chief Albert Luthuli it improved by 21.4 percentage points.
- Over the 16-year period, the poverty gap in South Africa and Mpumalanga increased to R47.3 billion and R4.5 billion, respectively.
- Among the nine provinces, Mpumalanga's poverty gap was the fifth smallest with Northern Cape (R1.2 billion) claiming the smallest poverty gap.
- In 2012, the poverty gap in Ehlanzeni (R2.3 billion) was the largest and in Gert Sibande (R1.1 billion) it was the smallest.
- In 2012, the poverty gap in Bushbuckridge (R1.1 billion) was the largest and in Emakhazeni (R35 million) it was the smallest. The poverty gap widened the most in Mkhondo (286.6 per cent) and the least in Emakhazeni (120.2 per cent).

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1. INTRODUCTION

Poverty is an important and universal human problem. This is evident from its position on the world development agenda (Millennium Development Goals) as well as the national development agenda (National Development Plan). To ensure credible and effective action in addressing poverty, information on the poverty situation is required on a regular basis. Appropriate measures of poverty that are updated regularly are central to the policy development cycle when evidence-based decision-making is practised in setting poverty reduction strategies.

The purpose of this report is to provide an essential reference to policy makers in Mpumalanga by presenting various measurements of poverty and by analysing poverty in Mpumalanga according to the most appropriate measure of poverty. Data on poverty measurements was sourced from various data products by Statistics South Africa (Stats SA) as well as from IHS Global Insight.

2. MEASUREMENT OF POVERTY

The following are some indicators that can be applied to measure the level of poverty in a region. The list is not exhaustive but rather collates the various measures of poverty most commonly used in South Africa. Two decisive requirements of a poverty measure for use by the Mpumalanga Department of Finance are that it must be available on an annual basis and available from the national level down to the local municipal level.

2.1 Minimum living level

The minimum living level (MLL) is the minimum monthly income needed to sustain a household of various sizes. The precise MLL definition, given by UNISA's Bureau of Market Research (BMR) is; "The minimum financial requirements of members of a family if they are to maintain their health and have acceptable standards of hygiene and sufficient clothing for their needs." Alternatively it was defined as, "The MLL is the lowest sum possible on which a specific size of family can live in our existing social set up." The definition of income includes all income i.e. wages, grants, in kind gifts and subsistence consumption.

The important implication here is that poverty (like income) is measured on a household level, and not on an individual level. Therefore, although people earn income individually, that income is usually spent across all, or at least a number of, the income earners' fellow

household members. The last BMR sponsored report on MLL was published in 2004. In order to update the research to the present day a combination of consumer price index (CPI) factors and economies of scale factors similar to those found in the BMR reports are employed. According to IHS Global Insight calculations, the minimum monthly income level for a household of two in 2012 was R1 794 and R2 795 per month for a household of four (Table 1).

Table 1: Minimum monthly income levels for varying household sizes, 1996-2012

Year	Minimum living level per household size							
	1	2	3	4	5	6	7	8+
1996	R443	R544	R726	R903	R1 083	R1 277	R1 451	R1 770
1999	R586	R719	R948	R1 174	R1 402	R1 646	R1 865	R2 267
2004	R869	R1 069	R1 393	R1 709	R2 039	R2 387	R2 701	R3 239
2009	R1 253	R1 547	R1 993	R2 428	R2 888	R3 379	R3 815	R4 521
2012	R1 450	R1 794	R2 301	R2 795	R3 320	R3 884	R4 373	R5 170

Source: IHS Global Insight – ReX, October 2013

IHS Global Insight incorporates the MLL into its Regional eXplorer (ReX) poverty model to provide poverty indicators down to local municipal area, satisfying the geographic requirement. Because this measure of poverty is updated annually through IHS Global Insight's income model, it is preferred, by the Department of Finance, above other measures. Other provincial Departments of Finance as well as various research institutions also choose this measurement of poverty. The results obtained from applying the MLL to households in Mpumalanga, detailing poverty in the province, are presented in sections 3, 4 and 5 of this report.

2.2 Average or mean per capita income and expenditure

Per capita income or expenditure is often used as a measure of the wealth of the population of a country, particularly in comparison to other countries or regions within a country. It is useful because it is widely known, easily calculated from readily available income or expenditure data as well as population estimates. The wealth of regions can also be compared.

In general, both the average per capita income and expenditure by household has been improving for citizens of Mpumalanga. For example, the average annual per capita expenditure of the poorest 20 per cent of households expressed in constant 2005-prices increased from R3 259 in 2008/09 to R3 735 in 2010/11. The average expenditure in Mpumalanga placed it fifth highest among the nine provinces.

The income and expenditure data was derived from the *Living Conditions Survey (LCS)* as well as the 5-yearly *Income and Expenditure Survey (IES)*. These two Stats SA products are only disaggregated, unfortunately, down to provincial level and not down to local municipal level. Stats SA developed a plan to integrate the LCS and IES into a single survey that would provide detailed income and expenditure data, however, it will only be done every three years and thus not satisfy the annual update requirement.

2.3 Poverty lines

The poverty line is the line drawn at a particular level of income or consumption. Households or 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. Cost of goods (i.e. food, clothing) and services (i.e. taxi fare, electricity) as well as consumption patterns are key drivers in the design of poverty lines.

The LCS conducted by Stats SA in 2008/09 established three poverty lines for use in South Africa. These three poverty lines can be defined as follows:

- Food poverty line = R305 (in March 2009 figures) per person per month. The food poverty line refers to the amount of money that an individual will need to consume the required energy intake.
- Lower-bound poverty line = R416 (in March 2009 figures) per person per month. This refers to the food poverty line (R305) plus the average amount derived from non-food items of households whose total expenditure is equal to the poverty line.
- Upper-bound poverty line = R577 (in March 2009 figures) per person per month. This refers to the food poverty line (R305) plus the average amount derived from non-food items of households whose total food expenditure is equal to the food poverty line.

Mpumalanga recorded the fourth highest food poverty rate of 32.1 per cent as well as the third highest lower-bound and upper-bound poverty rates. The lower-bound and upper-bound poverty rates were 47.6 per cent and 62.5 per cent, respectively. The LCS results are only available down to provincial level and do not satisfy the sub-regional requirement.

The LCS will only again be reproduced as a standalone product in 2015 or may even be combined with other surveys in a Continuous Population Survey (CPS) come 2016. Therefore, although the poverty lines may form the baseline for future studies on poverty this measure of poverty cannot satisfy the annual updates requirement.

The *General Household Survey* (GHS) conducted annually by Stats SA uses a household expenditure poverty line of R2 500 to establish whether a household is poor or not. According to this measurement, 56.6 per cent of households in South Africa were poor in 2012 compared with 65.5 per cent in Mpumalanga. Although the GHS is published annually and satisfies the annual update requirement, the R2 500 expenditure threshold is neither adjusted for household size nor for annual inflation. The GHS is further not suited as a poverty measure because data is not available on a sub-provincial level.

2.4 International poverty rates

Poverty within South Africa can be compared to other countries by using a US dollar-based poverty rate. US\$1.25¹ per day measured in 2005 prices has been proposed as the minimum amount required to meet one's basic daily nutritional needs. One significant Millennium Development Goal (MDG) of the World Bank is to halve the proportion of people whose income is less than US\$1.25 a day between 1990 and 2015.

For the purpose of comparing levels of poverty across countries, the World Bank uses estimates of consumption converted to US dollars using purchasing power parity (PPP) rates rather than nominal exchange rates. PPP rates are therefore the exchange rates that would result in a specified basket of goods costing the same in both countries.

In 2000, 17.0 per cent of South Africa's population lived on less than US\$1.25 per day and this was more than halved to 7.4 per cent in 2011. The more complex calculations of this measurement on a sub-regional level, added to the fact that the PPP basket is only updated every 5 years by means of the IES count against this as a measurement tool that can be updated annually up to local municipal level.

2.5 Ownership and asset indices

Studies measuring trends in poverty often use measures of people's income and expenditure because they are basic, comparable variables that make it straightforward to interpret and use in quantitative analysis. The analysis of assets and their accumulation is intended to complement such measures, by extending our understanding of the multi-dimensional character of poverty and the complexity of the processes underlying poverty reduction.

To form a more comprehensible understanding of welfare and wealth levels in Mpumalanga as well as shifts therein, the Economic Analysis Division of the Department of Finance

¹ Although the original MDG made use of US\$1 per day as its benchmark, the US\$1.25 a day poverty line measured in 2005 prices has replaced the US\$1 a day poverty line measured in 1993 prices.

recently completed a study themed *Measuring Welfare in Mpumalanga: Ownership & Access Indices - June 2013*. According to this report, welfare and wealth levels in Mpumalanga improved between 2001 and 2011. Among the nine provinces, the status of tenure index in Mpumalanga registered the second highest improvement. Mpumalanga position in ownership of household goods index improved from the third lowest province to fourth highest. Among the nine provinces, the household services index in Mpumalanga also registered the fifth largest improvement.

Although indices such as these can be constructed up to the local municipal level, it further requires that a comparable survey or census be conducted regularly. The next comparable census will, however, only be conducted in 2016 and therefore these indices cannot satisfy the critical poverty measurement requirement of annual updates.

2.6 Subjective poverty measurement

It is striking that, when the poor are asked to characterise what it means to be poor, they use phrases such as the following: isolation from the community, a lack of security, poor nutrition and poor educational opportunities². It is clear that being poor is not just a question of not having enough income or wealth – the well-being of the poor is determined by several other aspects of their lives. These insights are important if we are to gain a better understanding of poverty or make a difference in fighting poverty.

For the first time Stats SA's LCS 2008/09 provided a rich source of information for the assessment of subjective poverty in South Africa. The survey captured information on a range of different domains such as: health satisfaction, standard of food consumption, standard of clothing and self-perceived wealth. According to the self-perceived poverty indicator of the LCS, 34.5 per cent of Mpumalanga's population perceived themselves as being poor compared with 39.5 per cent in South Africa. The self-perceived poverty of Mpumalanga's was the third lowest among the nine provinces.

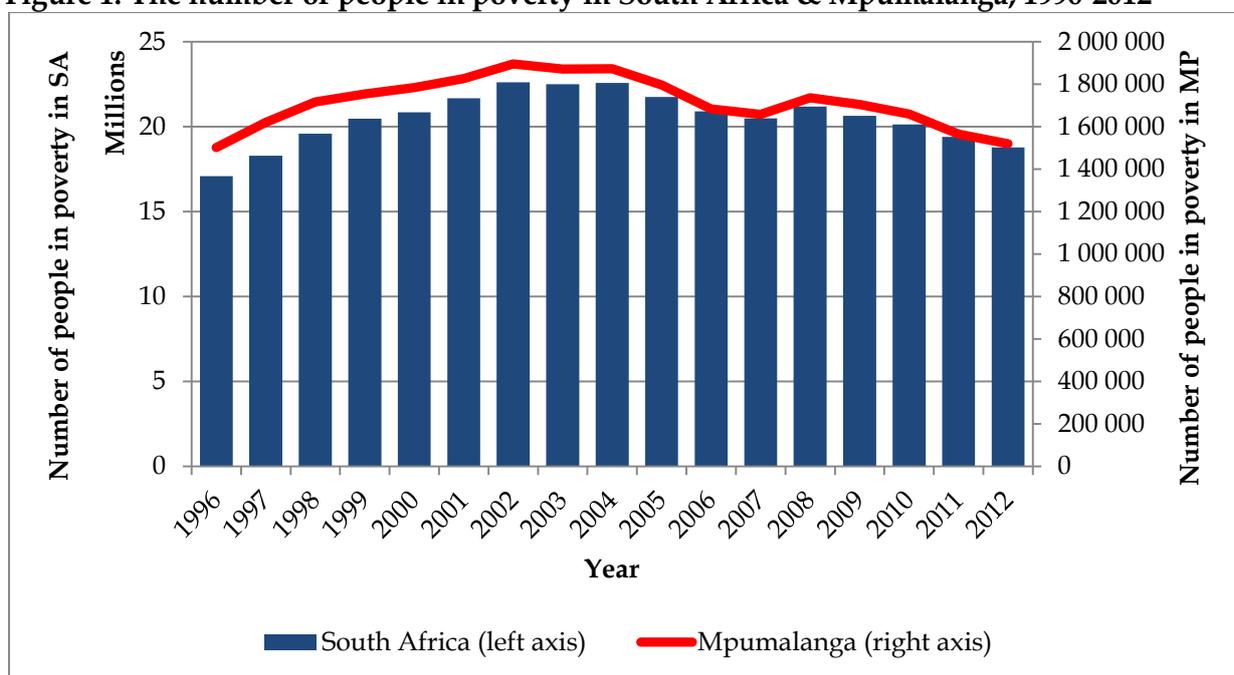
The LCS results are only available up to provincial level and do not satisfy the sub-regional requirement. There is uncertainty at Stats SA whether the LCS will be conducted as a standalone product in 2015 or whether it will be combined with other surveys in a CPS come 2016. Therefore, this measure of subjective poverty will not be updated annually in the near future.

² These are examples from the South African Participatory Poverty Assessment by May, J. (1998) *Poverty and Inequality in South Africa*.

3. ANALYSIS OF THE NUMBER OF PEOPLE IN POVERTY IN MPUMALANGA

The number of people in poverty is defined as the number of people living in households that have a combined household income, which is less than the poverty income as discussed in section 2.1. According to this indicator of poverty, the number of people in poverty in South Africa increased from 17.1 million in 1996 to 18.8 million in 2012. In 1996 and 2012, the number of people in poverty in Mpumalanga numbered in the order of 1.5 million. In 2002, both South Africa and Mpumalanga reached its respective largest number of people in poverty. Figure 1 depicts the changing number of people in poverty in South Africa and Mpumalanga between 1996 and 2012.

Figure 1: The number of people in poverty in South Africa & Mpumalanga, 1996-2012



Source: IHS Global Insight - ReX, October 2013

In 2012, Mpumalanga recorded the fourth lowest number of people in poverty among the provinces with KwaZulu-Natal (4.7 million) registering the largest number and Northern Cape (398 477), the smallest number. In 2012, the number of people in poverty in Mpumalanga was virtually level with the 1996 level. In Gauteng, the number of people in poverty more than doubled between 1996 and 2012, whereas Eastern Cape experienced a significant reduction in the number of people in poverty between 1996 and 2012. Table 2 displays the changing number of people in poverty in the nine provinces between 1996 and 2012.

Among the three districts in 2012, the number of people in poverty in Ehlanzeni (705 103) was the largest and in Gert Sibande (402 278), it was the smallest. Figure 2 depicts the

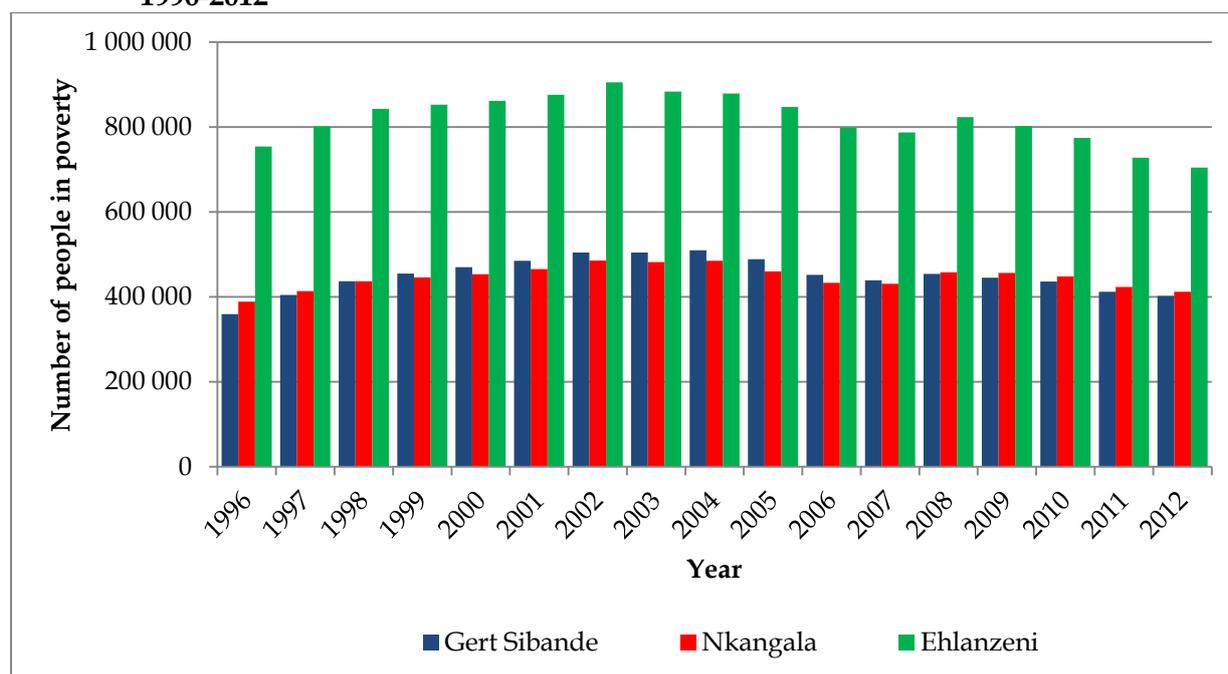
changing number of people in poverty of the three districts between 1996 and 2012. In 2002, both Ehlanzeni and Nkangala reached its largest number of people in poverty, whereas Gert Sibande recorded it two years later in 2004. Over the 16-year period under review, the number of people in poverty decreased by 49 000 in Ehlanzeni and increased by 42 700 in Gert Sibande and by 23 600 in Nkangala, respectively.

Table 2: The number of people in poverty by province, 1996-2012

Province	1996	1999	2004	2009	2012
Western Cape	749 598	1 132 359	1 518 967	1 595 068	1 564 405
Eastern Cape	3 466 953	3 836 284	3 803 060	3 302 714	2 806 412
Northern Cape	389 861	422 770	448 311	407 983	398 477
Free State	1 067 756	1 310 903	1 277 129	1 021 726	888 996
KwaZulu-Natal	4 298 903	5 134 392	5 574 459	5 114 028	4 729 241
North-West	1 274 230	1 553 603	1 741 081	1 620 851	1 466 038
Gauteng	1 567 077	2 437 972	3 363 467	3 308 176	3 200 521
Mpumalanga	1 502 571	1 754 224	1 874 318	1 704 904	1 519 639
Limpopo	2 783 827	2 891 948	2 973 818	2 567 595	2 203 838
Total	17 100 776	20 474 454	22 574 608	20 643 045	18 777 566

Source: IHS Global Insight – ReX, October 2013

Figure 2: The number of people in poverty by district municipal area in Mpumalanga, 1996-2012



Source: IHS Global Insight – ReX, October 2013

Among the 18 local municipal areas in 2012, the number of people in poverty in Nkomazi (225 441) was the largest and in Emakhazeni (10 989), it was the smallest. Table 3 depicts the changing number of people in poverty in the 18 local municipal areas between 1996 and 2012. Over the 16-year period under review, the number of people in poverty in Bushbuckridge decreased by 144 141 or some 39.8 per cent, which was the largest decrease

among the local municipal areas. Only four other local municipal areas registered a decrease over the period under review. Mkhondo's number of people in poverty more than doubled with 59 794 or 114.9 per cent more people in poverty in 2012 than in 1996.

Table 3: The number of people in poverty by local municipal area in Mpumalanga, 1996-2012

Local municipal area	1996	1999	2004	2009	2012
Emakhazeni	13 465	18 060	19 997	13 559	10 989
Dipaleseng	17 538	23 365	22 940	20 407	18 412
Umjindi	15 007	22 003	26 728	26 585	24 422
Victor Khanye	20 372	25 268	28 346	28 122	27 185
Thaba Chweu	21 170	34 305	44 508	31 486	27 366
Dr Pixley Ka Isaka Seme	37 060	45 825	47 973	36 814	30 375
Lekwa	27 274	41 003	51 192	44 461	39 428
Msukaligwa	37 803	56 558	68 893	61 396	56 823
Steve Tshwete	29 299	40 391	57 666	58 380	57 268
Govan Mbeki	63 885	88 425	106 693	84 549	70 886
Chief Albert Luthuli	123 984	121 915	113 851	91 842	74 538
Dr JS Moroka	150 551	147 708	127 274	110 015	88 629
Emalahleni	46 950	72 399	106 087	103 837	99 297
Mkhondo	52 023	77 901	98 270	105 827	111 816
Thembisile Hani	128 072	142 114	145 708	142 877	128 890
Mbombela	174 812	220 997	250 879	231 006	209 880
Bushbuckridge	362 134	341 130	285 080	263 856	217 993
Nkomazi	181 172	234 855	272 232	249 882	225 441
Total	1 502 571	1 754 224	1 874 318	1 704 904	1 519 639

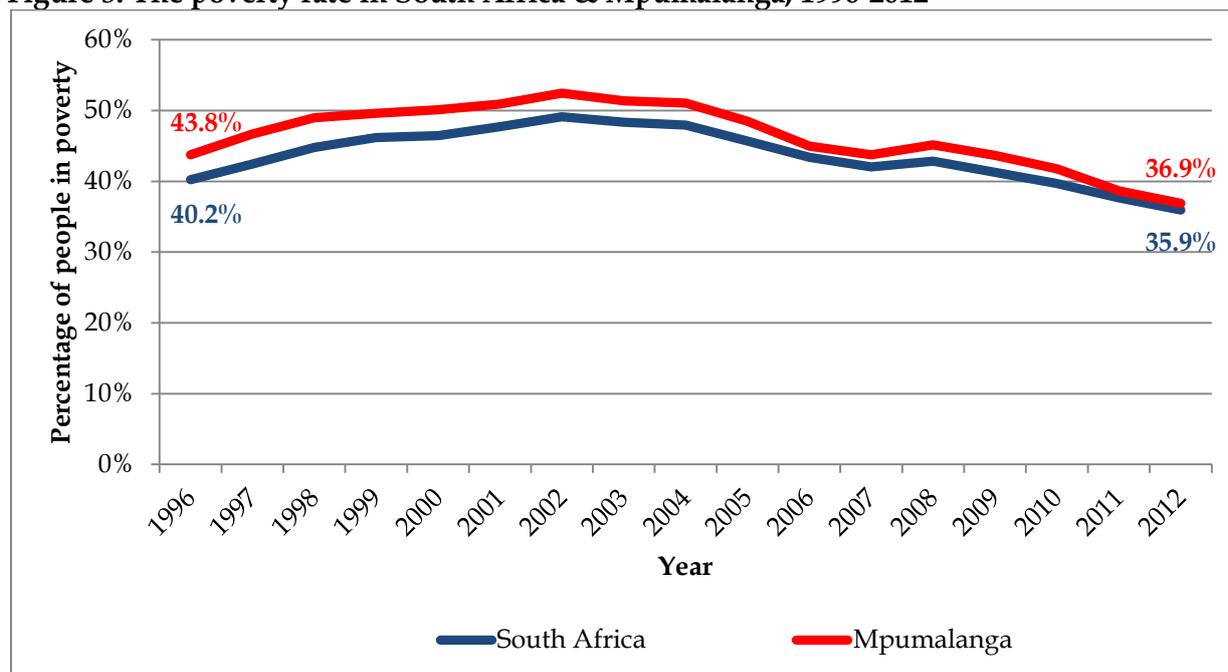
Source: IHS Global Insight - ReX, October 2013

4. ANALYSIS OF THE POVERTY RATE IN MPUMALANGA

The number of people in poverty divided by the total population is equal to the poverty rate. According to this indicator of poverty, the poverty rate in South Africa declined from 40.2 per cent in 1996 to 35.9 per cent in 2012. Between 1996 and 2012, the poverty rate in Mpumalanga declined from 43.8 per cent to 36.9 per cent. In 2002, both South Africa and Mpumalanga reached its respective highest poverty rate. Figure 3 depicts the changing poverty rate in South Africa and Mpumalanga between 1996 and 2012.

Among the provinces in 2012, Mpumalanga recorded the fifth lowest poverty rate with KwaZulu-Natal (45.7 per cent) registering the highest poverty rate and Gauteng (25.8 per cent), the lowest rate. In 2012, the poverty rate in Mpumalanga was 6.9 percentage points lower than in 1996, the third largest decline among the provinces. Between 1996 and 2012, Limpopo's poverty rate declined by 16.7 percentage points, which was the largest improvement among the nine provinces. Western Cape (8.2 percentage points) registered the largest poverty rate increase over the period under review. Table 4 displays the changing poverty rates in the nine provinces between 1996 and 2012.

Figure 3: The poverty rate in South Africa & Mpumalanga, 1996-2012



Source: IHS Global Insight – ReX, October 2013

Table 4: The poverty rate by province, 1996-2012

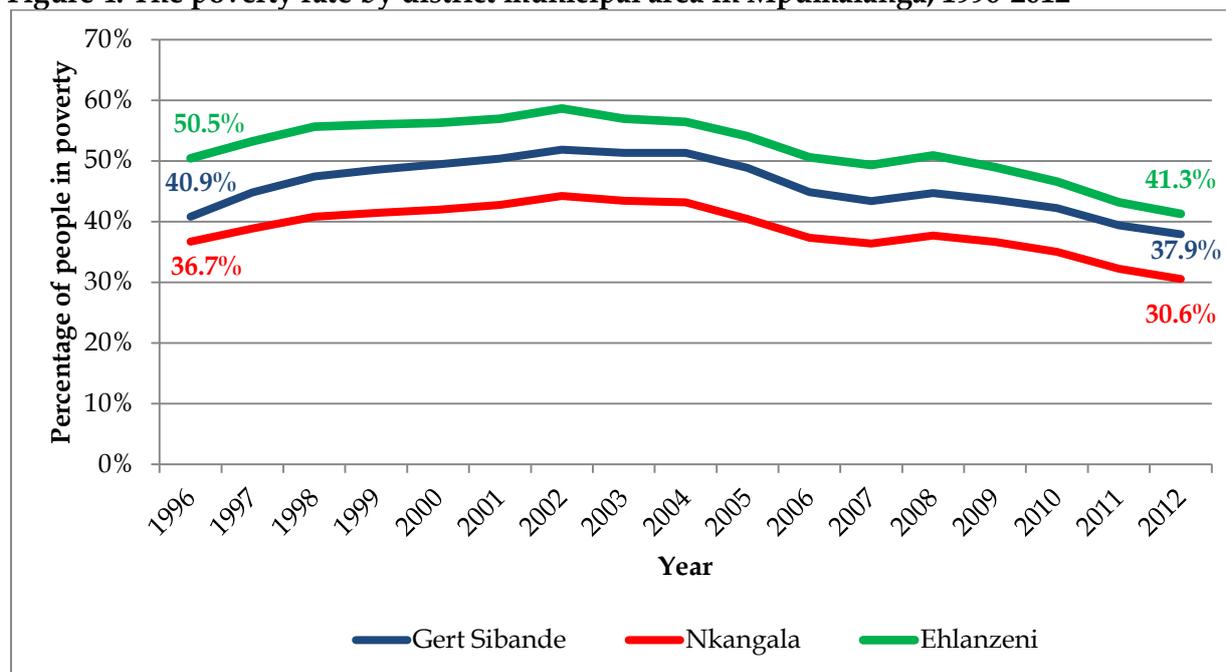
Province	1996	1999	2004	2009	2012
Western Cape	18.7%	26.1%	30.7%	29.0%	26.9%
Eastern Cape	54.3%	59.4%	58.6%	50.5%	42.2%
Northern Cape	38.9%	41.5%	43.5%	37.9%	35.4%
Free State	38.7%	47.3%	46.7%	37.2%	32.0%
KwaZulu-Natal	48.2%	55.1%	57.1%	50.6%	45.7%
North-West	43.5%	51.7%	55.1%	48.0%	41.2%
Gauteng	19.2%	27.5%	33.5%	29.0%	25.8%
Mpumalanga	43.8%	49.6%	51.0%	43.7%	36.9%
Limpopo	57.1%	57.7%	56.7%	47.7%	40.4%

Source: IHS Global Insight – ReX, October 2013

Among the three districts in 2012, the poverty rate in Ehlanzeni (41.3 per cent) was the highest and in Nkangala (30.6 per cent), it was the lowest. All three districts registered its highest poverty rate in 2002. Figure 4 depicts the changing poverty rate of the three districts between 1996 and 2012. Over the 16-year period under review, the poverty rate declined in all three districts with Ehlanzeni recording the largest decline of 9.2 percentage points.

Among the 18 local municipal areas in 2012, the poverty rate of Mkhondo (63.3 per cent) was the highest and that of Emakhazeni (23.1 per cent), was the lowest. Table 5 depicts the changing poverty rates of the 18 local municipal areas between 1996 and 2012. Over the 16-year period under review, the poverty rate of Mkhondo deteriorated by 16.4 percentage points, which was the largest increase among the local municipal areas. The largest poverty rate improvement over the period under review was in Chief Albert Luthuli (21.4 percentage points).

Figure 4: The poverty rate by district municipal area in Mpumalanga, 1996-2012



Source: IHS Global Insight – ReX, October 2013

Table 5: The poverty rate by local municipal area in Mpumalanga, 1996-2012

Local municipal area	1996	1999	2004	2009	2012
Emakhazeni	33.3%	40.5%	41.8%	28.8%	23.1%
Govan Mbeki	27.9%	35.2%	38.9%	29.6%	23.4%
Steve Tshwete	19.7%	26.8%	34.5%	28.0%	23.6%
Emalahleni	18.0%	25.4%	32.7%	27.9%	24.1%
Thaba Chweu	29.3%	41.2%	47.4%	32.7%	27.2%
Lekwa	27.1%	37.9%	44.8%	38.8%	33.5%
Victor Khanye	35.0%	42.5%	45.0%	39.4%	34.7%
Mbombela	37.7%	44.8%	47.4%	40.9%	35.1%
Dr JS Moroka	53.3%	55.6%	52.2%	44.4%	35.3%
Umjindi	28.4%	39.0%	44.0%	41.0%	35.6%
Dr Pixley Ka Isaka Seme	48.2%	54.9%	54.7%	43.9%	36.4%
Msukaligwa	31.9%	43.9%	49.2%	42.2%	37.3%
Bushbuckridge	60.1%	61.7%	57.0%	49.9%	40.1%
Chief Albert Luthuli	61.7%	60.9%	58.8%	49.0%	40.3%
Thembisile Hani	47.9%	52.7%	52.8%	47.7%	40.8%
Dipaleseng	40.9%	55.5%	56.1%	48.8%	42.9%
Nkomazi	59.9%	69.8%	73.1%	65.1%	56.9%
Mkhondo	46.9%	63.2%	69.4%	65.4%	63.3%

Source: IHS Global Insight – ReX, October 2013

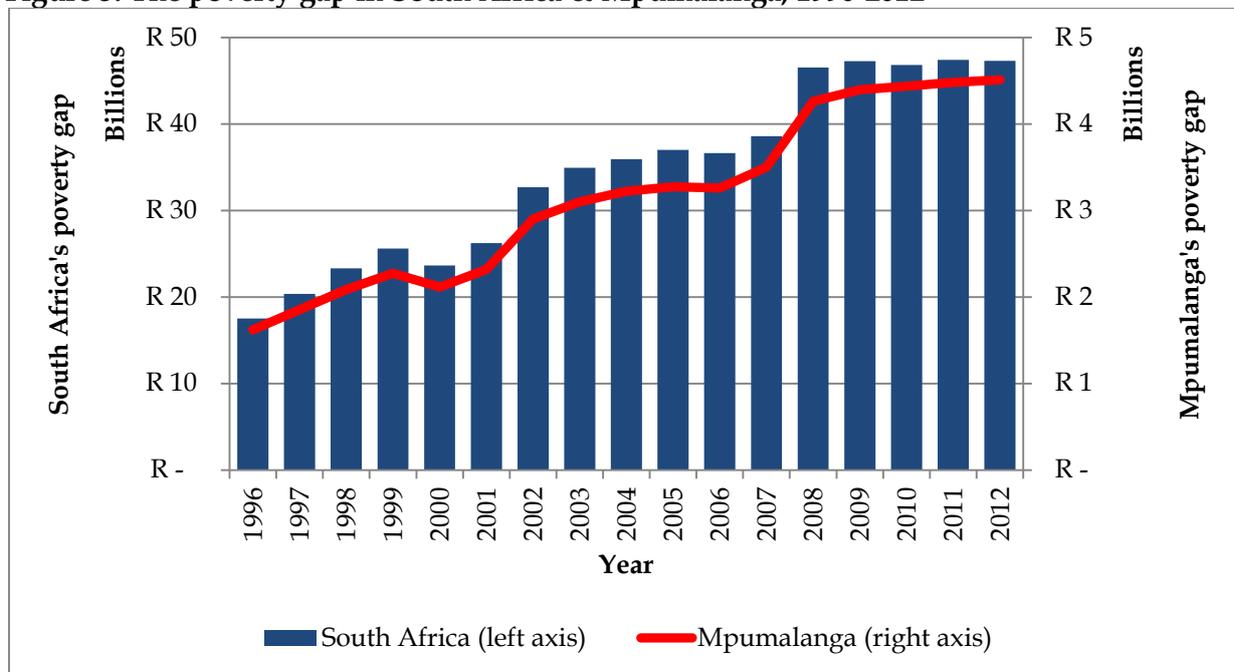
5. ANALYSIS OF THE POVERTY GAP IN MPUMALANGA

An important shortcoming of the number of people in poverty and the poverty rate is that it does not give any indication of the depth of poverty. In other words, it does not indicate how far poor households are below the poverty income level. Here, the poverty gap proves useful in that it measures the difference between each poor household's income and the

poverty line. The poverty gap is therefore, theoretically, equivalent to the total value by which the incomes of poor households need to be raised each year to bring all households up to the poverty line and consequently out of poverty. It must be noted, that poverty gap data is provided in nominal values and not in constant prices.

According to this indicator of poverty, the poverty gap in South Africa increased (deteriorated) from R17.5 billion in 1996 to R47.3 billion in 2012. Similarly, the poverty gap in Mpumalanga deteriorated from R1.6 billion in 1996 to R4.5 billion in 2012. Among the nine provinces, Mpumalanga’s poverty gap was the fifth smallest with Northern Cape (R1.2 billion) claiming the smallest poverty gap and KwaZulu-Natal (R9.8 billion) the largest. Figure 5 depicts South Africa and Mpumalanga’s rising poverty gap between 1996 and 2012.

Figure 5: The poverty gap in South Africa & Mpumalanga, 1996-2012



Source: IHS Global Insight - ReX, October 2013

Over the 16-year period under review, the poverty gap in Mpumalanga increased by approximately R2.9 billion. In absolute percentage terms, the national poverty gap widened by 170.0 per cent and Mpumalanga’s poverty gap widened by 178.0 per cent between 1996 and 2012. Among the nine provinces, Mpumalanga’s poverty gap increased the fourth slowest with KwaZulu-Natal (142.6 per cent) recording the slowest increase and Gauteng (220.5 per cent), the fastest. Table 6 portrays the rising poverty gaps of the nine provinces between 1996 and 2012.

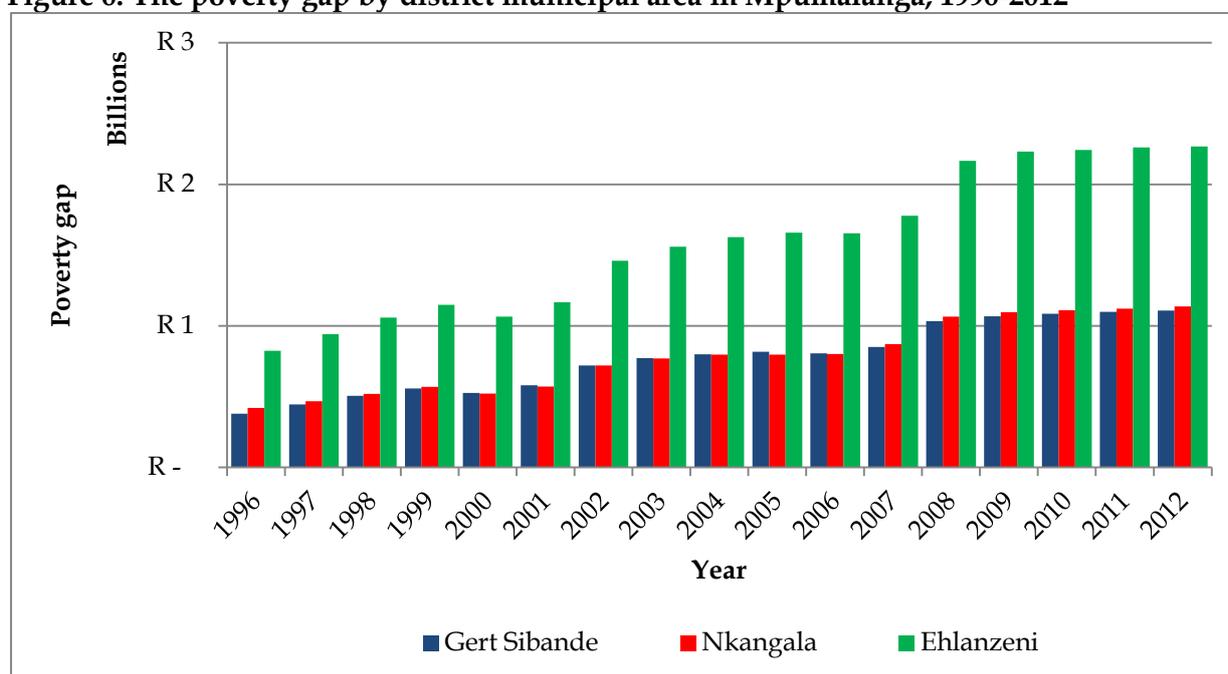
Table 6: The poverty gap by province, 1996-2012

Province	R'million				
	1996	1999	2004	2009	2012
Western Cape	619	945	1 383	1 852	1 888
Eastern Cape	3 792	5 376	7 510	9 723	9 781
Northern Cape	395	589	857	1 187	1 185
Free State	982	1 454	2 106	2 807	2 893
KwaZulu-Natal	4 042	5 929	8 376	10 196	9 808
North-West	1 257	1 902	2 710	3 790	3 919
Gauteng	1 836	2 887	3 969	5 528	5 883
Mpumalanga	1 624	2 277	3 225	4 397	4 513
Limpopo	2 980	4 260	5 807	7 806	7 443
Total	17 527	25 618	35 942	47 285	47 314

Source: IHS Global Insight - ReX, October 2013

Among the three districts in 2012, the poverty gap in Ehlanzeni (R2.3 billion) was the largest and in Gert Sibande (R1.1 billion), it was the smallest. Figure 6 depicts the rising poverty gap of the three districts between 1996 and 2012. Over the 16-year period under review, the poverty gap increased by R1.4 billion in Ehlanzeni, R721 million in Gert Sibande and R701 million in Nkangala. In absolute percentage terms, Gert Sibande's poverty gap widened by 191.7 per cent, 175.5 per cent in Ehlanzeni and 170.5 per cent in Nkangala.

Figure 6: The poverty gap by district municipal area in Mpumalanga, 1996-2012



Source: IHS Global Insight - ReX, October 2013

Among the 18 local municipal areas in 2012, the poverty gap in Bushbuckridge (R1.1 billion) was the largest and in Emakhazeni (R35 million), it was the smallest. Table 7 depicts the rising poverty gap of the 18 local municipal areas between 1996 and 2012. Over the 16-year period under review, the poverty gap in Bushbuckridge increased by R687 million, which

was the largest increase among the local municipal areas. In percentage terms, the poverty gap widened the most in Mkhondo (286.6 per cent) and the least in Emakhazeni (120.2 per cent).

Table 7: The poverty gap by local municipal area in Mpumalanga, 1996-2012

Local municipal area	R'million				
	1996	1999	2004	2009	2012
Emakhazeni	16	22	30	36	35
Umjindi	13	20	28	42	44
Dipaleseng	22	34	49	67	68
Thaba Chweu	27	41	59	73	74
Victor Khanye	24	37	52	75	78
Lekwa	30	47	70	97	98
Dr Pixley Ka Isaka Seme	42	61	88	114	113
Steve Tshwete	35	50	76	106	114
Msukaligwa	44	68	99	134	137
Govan Mbeki	60	95	133	160	169
Emalahleni	57	89	128	167	172
Mkhondo	49	80	118	173	189
Chief Albert Luthuli	133	173	243	324	333
Thembisile Hani	141	182	240	339	346
Dr JS Moroka	147	191	272	376	392
Mbombela	189	253	353	484	508
Nkomazi	190	283	407	555	556
Bushbuckridge	404	552	778	1 078	1 086
Total	1 624	2 277	3 225	4 397	4 513

Source: IHS Global Insight - ReX, October 2013

6. CONCLUSION

For the Department of Finance, MLL is the most appropriate measure of poverty in South Africa because it satisfies the requirements of regular, annual updates and disaggregation down to local municipal level. At least three indicators of poverty can be derived from MLL to supply much needed information on the poverty situation in the province.

The number of people living in households that have a combined household income lower than the poverty income is an important indicator when measuring the success of poverty reduction strategies. In 2012, the number of people in poverty in South Africa was substantially higher than in 1996. The number of people in poverty in Mpumalanga was virtually the same in 2012 than it was in 1996. This can lead to a preliminary conclusion that poverty reduction strategies were more successful in Mpumalanga than in some other provinces. There is, however, disparity within the provincial results with two districts and 12 of the local municipal areas recording higher numbers of people in poverty in 2012 than in 1996. An in-depth impact assessment of poverty reduction strategies is beyond the scope

of this report, but should shed light on the reasons for the divergent reactions within the province.

The poverty rate is another indicator that is central to the development and measurement of poverty alleviation policies. The number of people in poverty divided by the total population in both South Africa and Mpumalanga declined between 1996 and 2012. In Mpumalanga, the poverty rate declined faster than in South Africa and six other provinces. Seven local municipal areas within the province, however, registered higher poverty rates in 2012 than in 1996, thus indicating that poverty alleviation strategies do not benefit all equally. Identifying the socio-economic factors that distort the benefits was beyond the scope of this study but further research should be enlightening for future policy developments.

Although Mpumalanga's number of people in poverty was virtually the same in 2012 than in 1996, the nominal value of the poverty gap shows that those in poverty were deeper in poverty in 2012 than in 1996. Therefore, poverty alleviation policies apparently arrested the increase in poverty numbers but not the severity of poverty. In 2012, the poor in the three districts and the 18 local municipal areas were deeper in poverty than was the case in 1996. Future policy developments must respond not only to reduce the number of people in poverty, but also to alleviate the severity of poverty in Mpumalanga.

The provision of social grants and the increase thereof was responsible for some improvement in the poverty rate and poverty numbers. Research confirm the positive impact of social grants in socio-economically distressed communities. Job creation, however, is the single most important factor that impacts positively on poverty alleviation. Interventions that focus on attracting investment as well as building and developing the capabilities of the workforce should prove, in the end, more beneficial to poverty alleviation than social grants.

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