

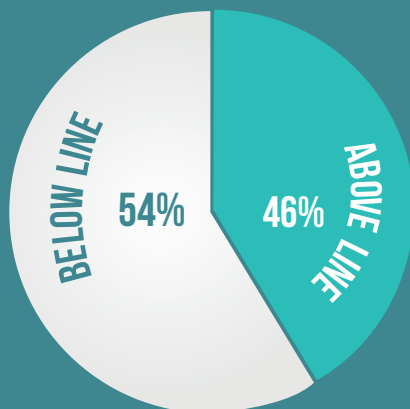


WORKING POOR AND POVERTY LINES

Amount wage worker needs to earn to bring their, and their dependents, out of poverty: a minimum of **R4,125 per month**

Number of full-time working poor in 2014: **5 448 263**

Percentage of full-time workers below and above the working-poor line:



The poverty line for an individual is **R1,319 per month**. A household of four lives in poverty if their income is less than **R5,276 per month**.

Source:

-Finn, 2015, *A National Minimum wage in the Context of the South African Labour Market*, National Minimum Wage Research Initiative, Working Paper Series, No. 1, University of the Witwatersrand.

All figures refer to "full-time" wage earners (working 35 hours or more hours per week), all in April 2015 rands, and assume they receive a certain level of income from grants and other sources.

THE WORKING POOR

Every day approximately five and half million workers across South Africa do arduous work in jobs that cannot keep them and their dependants out of poverty; these are the "working poor".

A "WORKING-POOR" LINE

Poverty lines measure how much an individual needs, in monetary terms, in order to just survive. There are, however, no previous estimates for what wage a worker needs to earn, on average and if nothing else changes, for her or him and his or her dependants to be brought up to the poverty line.

This is not a question easily answered, but **R4,125** is the carefully qualified answer our research provides.

Similarly, but slightly different, a new poverty line developed by the Southern Africa Labour and Development Research Unit (SALDRU) at UCT uses the internationally established Cost of Basic Needs approach in order to quantify, in money terms, the most basic food items and other necessities that a person needs to live. An income of less than this means they are sacrificing on the bare essentials to survive. They find that, in April 2015 rands, this amount is **R1,319 per person per month**.

But workers do not only support themselves, and wage income is not the only source of household income.

The National Income Dynamics Survey (NIDS, Wave 3) shows that, on average, earners living in poor households

support themselves and close to three others. This includes both people in their household and people living in other households to whom they send money. Some earners support many more than this: 10% of wage earners in poor households support themselves and four other people, 6% support five others, 4% support six others and some poor wage earners support up to ten dependents. By contrast, each earner in households which are not poor support only one other person on average.

The "poverty gap" tells us how far below the poverty line those households and earners are. By combining the average amount earners in those households currently earn with the average poverty gap you get an estimate of what wage-earners need to earn in order for them and their dependents not to be poor: **R4,125 per month**.

This does not take account of differences in household size, spending and job seeking behaviour or social grants eligibility. The Research Initiative does not advance this "working-poor" line as any form of recommendation for a national minimum wage. Rather, it is the first attempt to quantify a wage that, if nothing else changed, would lift millions of the working poor out of poverty.



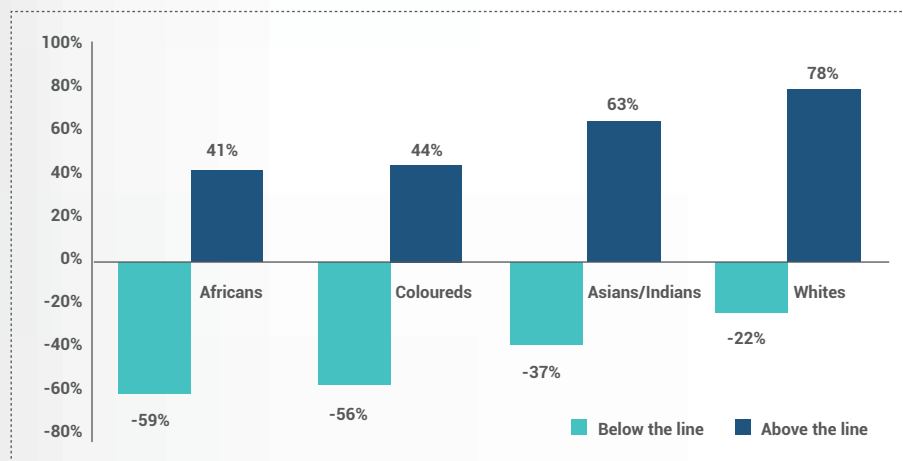
WHO ARE THE “WORKING POOR”?

Full-time workers below the working-poor line by industry

Industry	Number	Percentage
Agriculture	522 500	90%
Mining	72 459	23%
Manufacturing	649 746	49%
Utilities	28 719	31%
Construction	453 004	63%
Trade	1 113 021	60%
Transport	12 192	48%
Finance	701 17	47%
Services	945 417	39%
Domestic services	648 657	95%

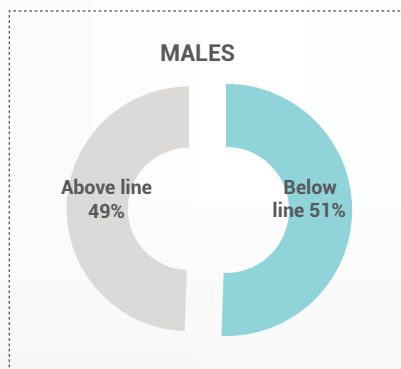
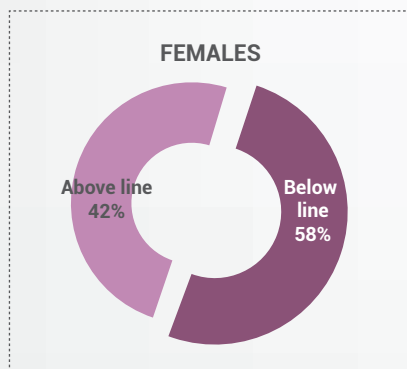
Unsurprisingly 95% of those employed in domestic services and 90% of those in agriculture earn less than R4,125 per month. These two sectors have, on average, the lowest wages and the highest number of low-wage workers, and the highest numbers of earners earning substantially below this line. About half of those employed in manufacturing and transport earn below the working-poor line. The industries with the lowest proportion of low-wage workers are mining and utilities, with 23% and 31%, respectively.

Full-time workers below and above the working-poor line by race



Also unsurprisingly, there is a disproportionate number of black African, Coloured and women workers below this line. The study reveals that 59% of African workers and 56% of Coloured workers earn below R4,125 a month, compared to 37% of Asian/Indian workers and 22% of white workers. Almost 51% of male workers are considered to be working poor, while the proportion of women is about 7% higher than this.

Full-time workers below and above the working-poor line by gender



These figures highlight the desperate straits in which many South African workers find themselves. They also raise questions over the nature of work in South Africa – should we be satisfied with a status quo in which 41% of workers, working at least 35 hours a week, cannot lift themselves and their dependents out of poverty?

All data here comes from the Labour Market Dynamics in South Africa 2014 dataset and can be found in Finn (2015). The sample is restricted to “full-time” employees, defined as working 35 hours or more a week, because the working poor line is a full-time wage.

