EXPERTS SEMINAR

TRENDS IN SOUTH AFRICAN INCOME DISTRIBUTION AND POVERTY SINCE THE FALL OF APARTHEID

4th of March 2010

University of Cape Town

Bremner Building, Middle Campus
Mafeje Room

Private Bag, Rondebosch, 7700
South Africa
BACKGROUND

In the context of the OECD’s increased cooperation and enhanced engagement with the Republic of South Africa, the OECD Social Policy Division has been undertaking a study of the patterns and trends of income inequality and poverty since the fall of Apartheid. To that aim, a background report has been commissioned and prepared by Murray Leibbrandt, Ingrid Woolard, Arden Finn and Jonathan Argent, according to guidelines and a structure provided by the OECD.

The report which has been published as OECD Social, Employment and Migration Working Paper in January 2010\(^1\) analyses in detail changes in both poverty and inequality since the fall of apartheid, and the potential drivers of such developments. It shows that South Africa’s high aggregate level of income inequality increased between 1993 and 2008. The same is true of inequality within each of South Africa’s four major racial groups. Income poverty has fallen slightly in the aggregate but it persists at acute levels for the African and Coloured population groups. Poverty in urban areas has increased. On the other hand, there have been continuous improvements in non-monetary well-being – for example, access to piped water, electricity and formal housing – over the entire post-apartheid period up to 2008.

Many of the findings from the report are important from a policy perspective. First, intra-African inequality and poverty trends increasingly dominate aggregate inequality and poverty in South Africa. Race-based redistribution may therefore become less effective over time relative to policies addressing increasing inequality within each racial group and especially within the African group. Second, rising inequality within the labour market – due both to rising unemployment and rising earnings inequality – lies behind the increased levels of aggregate inequality. These labour market trends have prevented work from playing a more positive role in poverty alleviation. Third, social assistance grants (mainly the child support grant, the disability grant and the old-age pension) alter the levels of inequality only marginally but have been crucial in reducing poverty among the poorest households. Finally, there is still a large number of families that are ineligible for grants because of the lack of appropriate documents.

The aim of the experts’ seminar is to discuss, examine and validate the findings of this report and to discuss policy implications. The seminar will bring together South African researchers and government representatives along with OECD experts.

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<th>Time</th>
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<tr>
<td>09:30-10:00</td>
<td>Introduction and opening remarks</td>
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<tr>
<td></td>
<td>Jo Beall, Deputy Vice-Chancellor, University of Cape Town</td>
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<td>Monika Queisser, Head of Social Policy Division, OECD</td>
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<td>10:00-11:00</td>
<td>SESSION ONE: Inequality and poverty – the evidence</td>
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<td>Chair: Haroon Bhorat (UCT, DPRU)</td>
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<td>Michael Förster (OECD): Experiences from OECD research of member and non-member countries:</td>
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<td>• Growing inequalities in “rich” OECD countries: trends and drivers</td>
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<td>• The redistributive role of tax/transfer policies</td>
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<td>• Initial evidence from selected emerging economies: Brazil, China, India. How does South Africa compare?</td>
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<td>Discussion: Questions and Answers</td>
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<td>11:00-11:30</td>
<td>Coffee break</td>
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<td>11:30-13:00</td>
<td>Chair: Michael Förster (OECD)</td>
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<td>• Key results of the empirical investigation: high and persisting income poverty and inequality</td>
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<td>• The development of “access poverty”: more ground for optimism</td>
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<td>• The changing structure of poverty in South Africa</td>
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<td>• Key drivers of income inequality</td>
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<td>Discussant: Servaas van der Berg (Stellenbosch University)</td>
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<td>Discussion: Questions and Answers</td>
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<td>13:00-14:30</td>
<td>Lunch Break</td>
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AGENDA

OECD Experts Seminar at University of Cape Town
Trends in South African income distribution and poverty since the fall of Apartheid

4 March 2010
## SESSION TWO: Inequality and poverty – how did policies react and evolve?

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<tr>
<td>14:30-16:00</td>
<td><strong>Chair:</strong> Wiseman Magasela (Department of Social Development)</td>
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<td></td>
<td>Ingrid Woolard (UCT, SALDRU): <em>The role of labour market and social policies in reducing poverty and inequality in South Africa</em></td>
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<td>- Unemployment compensation and Public Works Programme: efficient instruments for poverty alleviation and job creation?</td>
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<td>- Child grants and social pensions: a greater impact on education and health behaviours than on immediate poverty reduction?</td>
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<td>- Overall redistributive effects of the South African social, labour and fiscal policy system</td>
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<td><strong>Discussant:</strong> Michael Noble (Centre for the Analysis of South African Social Policy, University of Oxford)</td>
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<td><strong>Discussion:</strong> Questions and Answers</td>
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<td>16:00-16:30</td>
<td>Coffee break</td>
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## SESSION THREE: Inequality and poverty – policy options and policy needs for the future

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<td>16:30 – 18:00</td>
<td><strong>Chair:</strong> Alan Hirsch (The Presidency)</td>
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<td><strong>Roundtable:</strong> Adequacy and targeting during the post-crisis years and beyond</td>
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|         | **Participants:**  
|         | - Andrew Donaldson (National Treasury)  
|         | - Selwyn Jehoma (Department of Social Development)  
|         | - Les Kettledas (Department of Labour) (invited)  
|         | - Percy Moleke (The Presidency)  
|         | - Busani Ngcaweni (Private Office of the Deputy President)  
|         | - Monika Queisser (OECD) |
|         | **Discussion:** Questions and Answers |
LIST OF PARTICIPANTS

Miriam ALTMAN  
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