

Southern Africa Labour and Development Research Unit



Poverty and Migration: Evidence from the Khayelitsha/Mitchells' Plain Area

by
Derek Yu and
Sibaam Nieftagodien

Recommended citation

Yu D and Nieftagodien S (2008) Poverty and Migration: Evidence from the Khaylitsha/Mitchell's Plain Area. A Southern Africa Labour and Development Research Unit Working Paper Number 11. Cape Town: SALDRU, University of Cape Town

ISBN: 978-0-9814031-2-0

© Southern Africa Labour and Development Research Unit, UCT, 2008

Working Papers can be downloaded in Adobe Acrobat format from www.saldru.uct.ac.za.
Printed copies of Working Papers are available for R15.00 each plus vat and postage charges.

Contact Details

Derek Yu

Email Addy: DerekY@sun.ac.za

Orders may be directed to:

The Administrative Officer, SALDRU, University of Cape Town, Private Bag, Rondebosch, 7701,
Tel: (021) 650 5696, Fax: (021) 650 5697, Email: brenda.adams@uct.ac.za

Poverty and Migration: Evidence from the Khayelitsha/Mitchells' Plain Area

Derek Yu and Sibaam Nieftagodien
Department of Economics, Stellenbosch University

1. Introduction

The consequences of misguided economic and social policies in the previous dispensation remain evident in the structure of poverty in South Africa. Enforced migration control, job reservation for whites and inadequate education and public services have all left their mark on the social and economic structure of the population. Migration and the pattern thereof play a significant role in explaining poverty in South Africa. This paper asks who the poor are, but with a focus that enables us both to utilise a new dataset (the Khayelitsha-Mitchells Plain survey) and to investigate the migration process which links the socio-economic situation of Khayelitsha (the destination of many migrants) to the source area, the Eastern Cape. A poverty profile is constructed of South Africa and also of the Eastern and Western Cape. Further analysis of household data for the Khayelitsha/Mitchells Plain area allows us to further explain the impact of migration on the structure of poverty.

Within this context we investigate persistent biases in patterns of poverty and differences in the socio-economic characteristics (such as race, location, employment status and access to services) of three poverty categories, the ultra-poor, moderately poor and non-poor.

2. Data and methodology

The October Household survey 2000 and linked Labour Force Survey 2000 (hereafter referred to as the LFS/IES2000) obtained from Statistics South Africa (hereafter referred to as SSA) are used at the national and provincial level, while the Khayelitsha/Mitchells Plain Survey (hereafter referred to as the KMPS) is used in the analysis of that area.

Documented difficulties with the LFS/IES2000 dataset (Van der Berg, Burger and Nieftagodien 2003) diminish the credibility of studies based on this dataset. To deal with this, we systematically drop observations where income and expenditure data differ by more than 30%, as well as a few cases where total food expenditure of zero was recorded. This reduces the sample by approximately 25%.

We employ the cumulative per capita expenditure distribution¹ to identify the poor. The term “ultra-poor” denotes the poorest 20%, whilst “moderate poor” refers to the second cumulative per capita expenditure quintile. The term “poor” is used to denote the aggregate of ultra-poor and moderate poor. Ultra-poor annual per capita expenditure ranges from R35 to R1515 per annum while per capita expenditure for the moderate poor ranges between R1515 and R2652 per annum. The remainder of the population is classified as “non-poor”.

A bivariate analysis is first conducted using selected variables. Poverty analysis for the Western Cape and Eastern Cape is done against a national background. Two ways of presenting poverty statistics are employed. ‘Poverty by a specified variable’ will denote the percentage of that variable within each poverty definition, for example, ‘poverty by race’ shows the percentage each race group contributes to total poverty. This differs from the ‘variable by poverty’ analysis whereby the percentage each poverty definition contributes to the total of that particular variable is analysed, for example, ‘race by poverty status’ shows what percentage of each group are ultra-poor, moderate poor and non-poor.

A similar analysis is also conducted using the KMPS, using the same or similar variables. A brief discussion of this dataset will be undertaken later in this report.

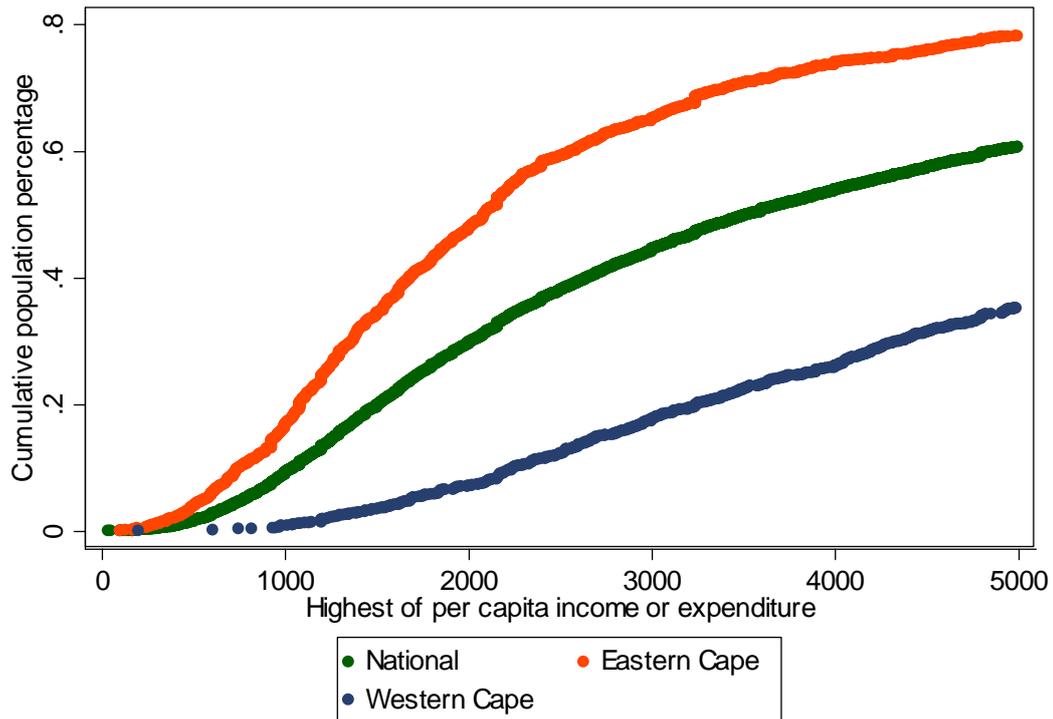
3. Poverty in Eastern and Western Cape in the South African context

Unequal income distribution is a well-known characteristic of the South African economy. Racial, gender, location and education biases are contributing factors to this reality. According to Simkins (2004), the Gini coefficient reached 0.669 in 2000, indicating a very high inequality in the distribution of income. Figure 1 confirms the severity of the inequality and shows that there is clear poverty dominance between these two provinces. The position of the cumulative density curve for the Eastern Cape relative to that of the Western Cape is a clear indication of the disparity in levels of inequality between these two provinces. Put another way, irrespective of where the poverty line is drawn (on the horizontal axis), the percentage of people in poverty that one can read off on the vertical axis for the Eastern Cape always lies above the percentage in poverty in the Western Cape. This is referred to as poverty dominance i.e. that irrespective of the poverty line selected, the conclusion regarding which province is the poorest would remain unchanged. Moreover, the graphs also tell us that whilst the Eastern Cape is much worse off than the national average, the Western Cape is much better off than the national average. Indeed, regardless of which dataset is used, these two provinces can be seen as lying on the opposite ends of the spectrum.

Figure 1

Cumulative distribution curve for South Africa: National, Eastern Cape and Western Cape, 2000

¹ While expenditure is preferred over income as the money metric measure (Ravallion 1992), given shortcomings of the data the highest of income or expenditure has been used as a proxy for annual per capita household expenditure.



Source: SSA, IES/LFS2000

The Eastern and Western Cape were specifically selected for the provincial analysis because stark contrasts exist between these provinces, even though they once formed part of the same province. The Eastern Cape is plagued by poverty while the Western Cape has the lowest incidence of poverty amongst all of the provinces (Figure 1). In the Western Cape less than 35% of households spend less than R5000 per annum compared to almost 80% of households in the Eastern Cape. Migration from the Eastern to the Western Cape can thus largely be seen as an attempt to escape poverty. The relationship between poverty and migration will be explored using the KMPS in a later section.

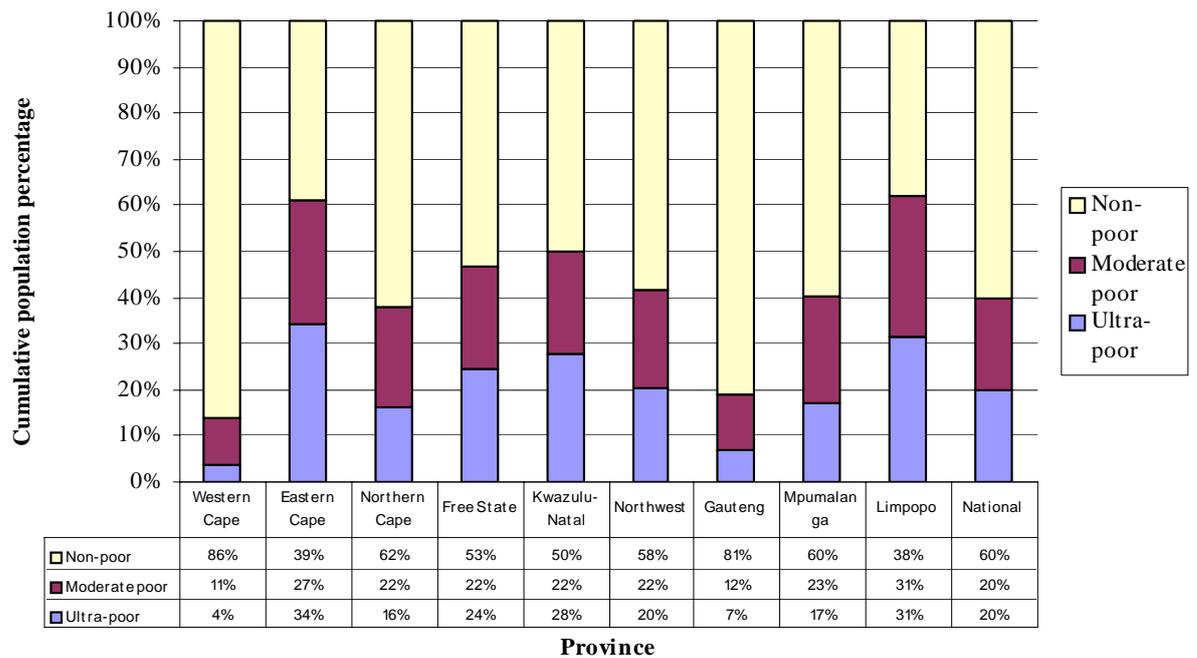
3.1. Comparing the provinces

Figure 2 presents a provincial poverty pattern that has remained largely the same as in the 1995 OHS/IES dataset.² The Eastern Cape, which houses 15% of the population, records the highest incidence of ultra-poverty (34%), followed by Limpopo (31%). Limpopo does, however, have slightly more overall poverty (ultra and moderate) than the Eastern Cape. The Western Cape, where about 11% of the population resides³, has the lowest incidence of poverty. While the Western Cape has an urbanised industrial centre and a productive agricultural sector where employment opportunities are available, the Eastern Cape is largely African, rural and female with an unskilled, unemployed population – characteristics which contribute to its status as the second poorest province.

Figure 2
Province by poverty status

² Woolard & Leibbrandt (2001)

³ See Appendix, Table 1



Source: SSA, IES/LFS2000

3.2. Race

Poverty patterns observed during the apartheid era and earlier post apartheid surveys are still evident in this dataset. Figure 3 indicates a significant majority of blacks amongst the ultra-poor and poor, while less than 1% of whites and Indians are poor nationally. A significant proportion of coloureds are also poor. Note that blacks are also the majority of the non-poor population⁴, while whites are by far still the most affluent race group. An analysis of affluence will not be entered into here.⁵

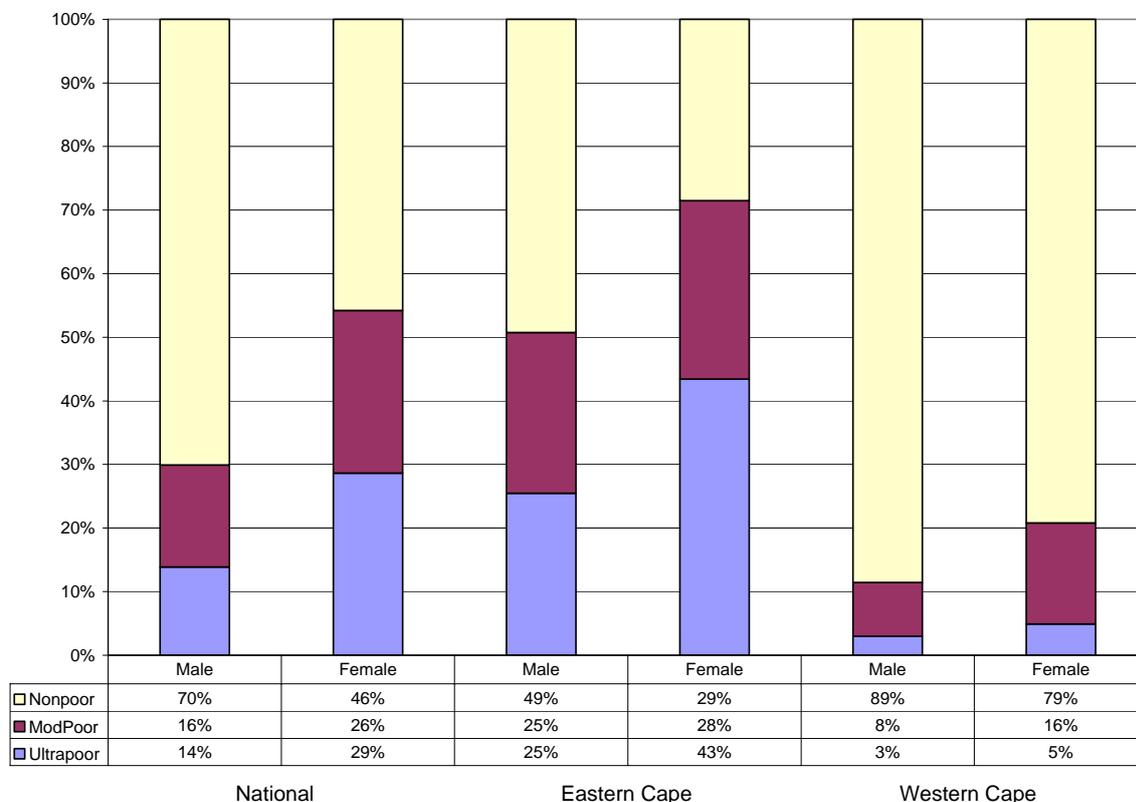
Figure 3
Race by poverty status and geographical description

⁴ See Table 3, Appendix

⁵ For an insight into affluence amongst blacks, refer to Burger, Van der Berg & Burger (2003).

persistent gender earnings inequality. Where the household head is unemployed, she has to rely on remittances, child support grants or gifts (Aliber 2003:480).

Figure 4
Gender of household head by poverty status



Source: SSA, IES/LFS2000

The table reveals that amongst female-headed households, overall poverty is far more severe in the Eastern Cape (71%) than in the Western Cape (21%) or even nationally (55%). While the population residing in female-headed households is significantly lower in the Western Cape (28%) than at the national level (41%) or in the Eastern Cape (50%), the incidence of poor residents in female-headed households remains higher than that of males.

3.4. Education level of the household head

Human capital theory suggests that increased levels of education lead to increased earnings and thus income (Psacharopoulos 1973). It is thus not surprising that household heads with incomplete primary school education are by far the majority of moderate poor and ultra-poor, although comprising only 44% of the population.

Figure 5 shows that poverty status systematically improves as one moves from households where the head has less education to those with more. This applies both nationally and in the two provinces of interest. However, there are again clear differences between the provinces, with poverty being more prevalent in the Eastern than the Western Cape for households of similar educational status. The Western Cape has a significantly lower incidence of poverty in all education level categories of household head compared to the national situation and particularly in comparison

employability of the household head, and hence relative poverty status, may be the result of several factors, such as education level and location. Higher education levels of household heads may contribute to the 69%⁷ employment rate of household heads in the Western Cape and resulting lower poverty rates in this province. This link between education and employment is observed in the Eastern Cape's substantially lower 42% employment rate.

The majority of the poor reside in households where the head is unemployed. This is the case for 65% of the ultra-poor and 59% of the moderate poor, compared to only 30% amongst the non-poor. However, in the Western Cape a larger percentage of ultra-poor reside in households in which the head is employed than at the national level. In the case of the Western Cape, employment thus does not guarantee an escape from poverty. This may be the result of low-wage employment for semi- or unskilled labour, especially in the agricultural sector, whilst unskilled workers may more often remain unemployed in the Eastern Cape. Higher unemployment rates and possibly lower wage rates in the Eastern Cape are contributing factors to the high poverty rates experienced in this province. The geographical spread of the population between rural and urban areas is also a contributing factor.

3.6. Age of the household head

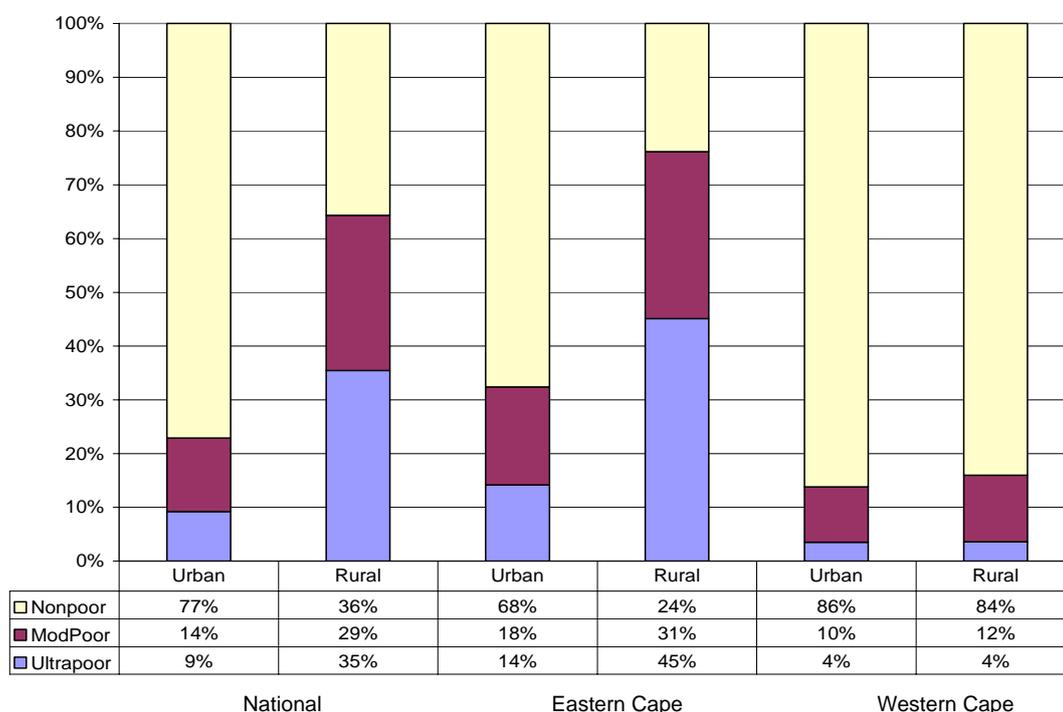
One would expect the age of the household head to play a role in determining the relative income generation ability and hence poverty status of the household. The table below points to the household head age 20-29 category as experiencing the highest incidence of non-poor households, closely followed by the 30-39 year olds. A selection effect may be operating here: household formation may be postponed where potential new household heads cannot obtain access to well-remunerated employment.

In Figure 6, the highest incidence of ultra-poverty occurs amongst female pensioner-headed households. A racial bias is observed as the majority of pensionable female household heads are black. In some multiple generation households the grandparent or even great-grandparent provides the only source of income in the form of the social old-age pension (Keller 2001). The only way in which such elderly can thus escape poverty is with an additional income source in the house, for example a child or grandchild who is employed (Aliber 2003:481).

Figure 6
Age of household head by household poverty status

⁷ See Appendix, Table 3

Figure 7
Location by poverty status



Source: SSA, IES/LFS2000

When analysing the share of poverty, 73% of ultra-poor and 60% of moderate poor reside in rural areas⁹. Poverty in rural areas can be explained by lack of employment opportunities in rural areas, limited access to arable land in the former homeland areas, and low rural wages, often in seasonal or low-paying jobs on commercial farms. In the Western Cape, only 11% of the population is rural compared with 41% nationally. The majority of the Western Cape rural population reside on productive commercial farms whose produce is also largely targeted at the international market.

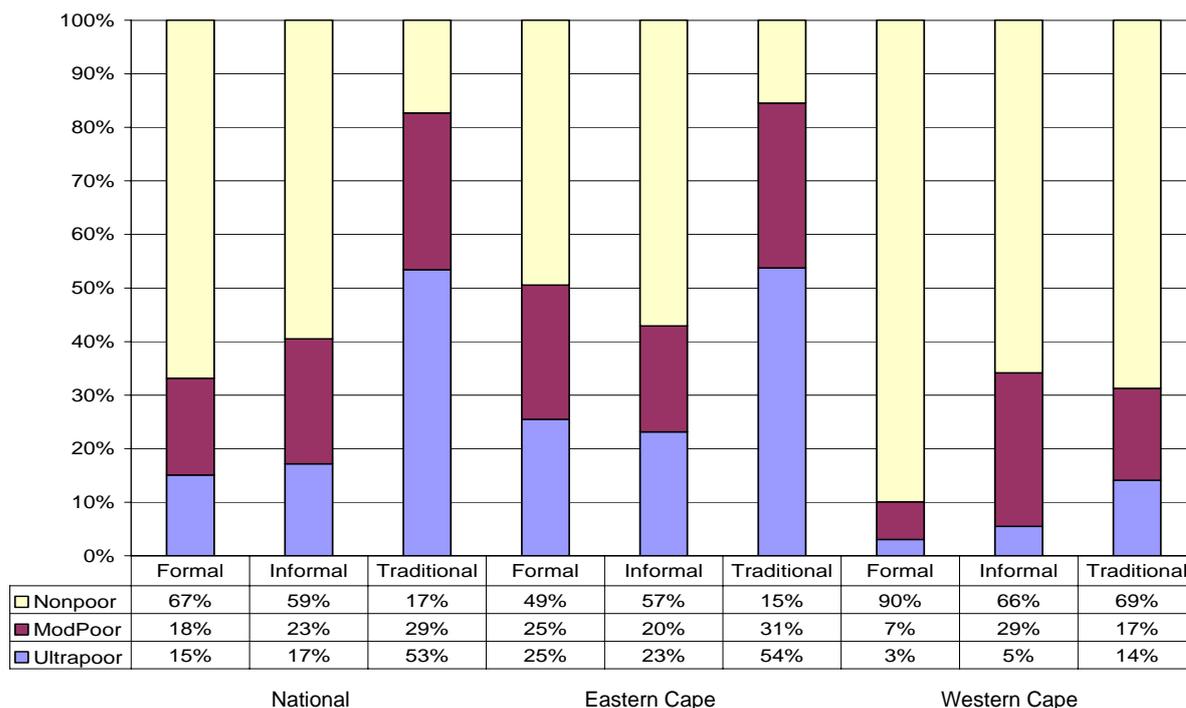
In contrast, approximately two thirds of the Eastern Capes population reside in rural areas, significantly higher than observed on a national level. Unlike the Western Cape, the rural population in the Eastern Cape is not dominated by commercial farming. Instead, it remains largely subsistence farming on land often situated in poor locations with limited infrastructure. Farming is thus largely for purposes of survival with cattle farming dominating.

Even within the relatively highly urbanised Western Cape, there are large differences in socio-economic status based on location type. A study by Oosthuizen & Nieuwoudt (2002) indicated that the incidence of poverty amongst the rural population in this province was much higher than in the metropolitan areas; with poverty rates in some of the rural districts double that of the Cape Metropolitan Area.

⁹ See Appendix, Table 2.

Turning to analysis of dwelling type, Figure 8 indicates better access to formal housing by the non-poor relative to the moderate poor and ultra-poor. Given the Eastern Cape's locational characteristics, the higher percentage of the population residing in traditional housing is not surprising, with a third of the population resident in traditional housing compared to 13% nationally. A higher rate of urbanisation and hence incidence of formal and informal housing is experienced in the Western Cape, with traditional housing only accounting for 1% of all housing.

Figure 8
Dwelling type by poverty status



Source: SSA, IES/LFS2000

3.8. Access to services

Access to basic services acts as a benchmark of economic and social development. An analysis of access to certain basic services thus allows an insight into relative development within poverty categories.

Access to grid electricity affords the usage of electrical appliances and luxury goods such as televisions, refrigerators, electric stoves and microwaves. It thus provides an essential entry point to an improved standard of living and comfortable lifestyle. A significantly larger percentage of non-poor South Africans (71%) have access to grid electricity relative to 38% of ultra-poor and 51% of moderate poor. In the Western Cape, a larger percentage of non-poor (86%) have access to grid electricity, but even amongst the moderate poor and ultra-poor, access is high (69% and 76% respectively). In the more rural Eastern Cape, aggregate access to grid electricity is available to only 43% of the population compared to 61% nationally.

The 2001 census uses different questions on access to water than the 1996 census does. Data from the more recent census suggests that water access is substantially lower than it appears to be in 1996, with access to water in the dwelling reported to be

even less common than access to flush toilets. However, this appears to be the result of difference in classification used between 1996 and 2001. This data is nevertheless reported in the tables on the presumption that cross-sectional data should at least give some idea of differentials within provinces and by poverty status.

As with access to safe drinking water, access to proper sanitation is required for good health outcomes. Only 19% of ultra-poor have access to a flush toilet compared with 71% of non-poor households. The situation improves marginally for the moderate poor, with 31% having flush toilets in their dwellings. In the Western Cape, the poor are comparatively well off: 81% of the ultra-poor and 84% of the moderate poor have access to a flush toilet, compared with 92% of non-poor. Unfortunately the situation deteriorates in the Eastern Cape. Only 9% of the ultra-poor and 16% of the moderate poor have access to a flush toilet, compared with 52% of non-poor. This is significantly lower than the national average, highlighting the poverty conditions in this province.

4. Poverty and migration: Evidence from the Khayelitsha/Mitchells Plain Survey

Having analysed the structure of poverty on a national and selected provincial level, we now extend our analysis to investigate the impact of migration on the structure of poverty.

The Khayelitsha/Mitchell's Plain (KMP) area, a large township in the Western Cape included in the Tygerberg substructure, encounters multi-dimensional poverty. It is characterized by a lack of adequate and affordable housing, poor education, poor health, unemployment, poverty and malnutrition. Despite high expectations about service development delivery in the area, people are reported to be disillusioned about the slow pace of implementation (Nqadini, 2000:3).

An initial analysis of the population migration pattern to KMP reveals that a significant proportion of recent migration originated in the Eastern Cape. This supports the hypothesis that migration is an attempt to escape poverty in the Eastern Cape. The structure of poverty in KMP may thus give an insight into the influence of migration on the poverty dynamic in this area. It should, however, be noted that there may be a selection problem, as low-income people are more likely to migrate to KMP, but those who are economically successful often move into other more settled middle class areas. This particularly applies to Khayelitsha.

Data from the KMP Survey 2000 obtained from SALDRU, Centre for Social Science Research, University of Cape Town, is used in this analysis. A brief discussion regarding this data is presented in section 4.1. Section 4.2 will present a brief profile of poverty in the Khayelitsha/Mitchell's Plain area, drawing on age, gender, race and education to aid in explaining who the poor are. The analysis is then extended, in Section 4.3, to explore the relationship between the migration status of the black population (the most common migrants, particularly amongst those from the Eastern Cape) and their economic status, with reference to their labour force participation, probability of being employed, and wage earnings. For this, the migrant population is categorized by gender and year of arrival in the area. The final subsection focuses on migration and poverty amongst the black population of the KMP area. Econometric analysis is used to explore the relationship between migration, employment and

economic activity using as further explanatory variables age group, education and household size.

4.1. Data and Methodology

The KMP Survey was launched to establish household demographic structure as well as adult labour market attachment amongst the black and coloured race groups resident in the area. Two Survey questionnaires were designed, one focusing on household demographics (household questionnaire) and the other on labour market activity (adult questionnaire). The survey covers the Mitchell's Plain Magisterial District, Khayelitsha, Guguletu and Langa townships. Of the possible 1486 enumerator areas¹⁰, 108 were eventually selected. Within each of these enumerator areas, 13 households were selected for the survey using the systematic sampling method with a random start. The sampling interval is thus equal to the total number of households in each enumerator area, divided by 13. The survey sample consists of 1174 households with household size ranging from 1 to 21. The household questionnaire thus represents 4984 individuals. Labour market activity data for 2644 adults was collected.

Before embarking on a poverty analysis of the area, it is necessary to briefly discuss the reliability of the income data. Skordis and Welch (2002) contend that the question regarding household income was not precise enough, as income respondents may not have given accurate figures on their total household income from a variety of sources (e.g., wage employment, self-employment, etc.). As an alternative, they aggregated the total personal income of each adult individual from the adult questionnaire, considering total income earned from both wage and non-wage employment (i.e., self-employment, casual work, etc.) These two items are in turn added up to become the total personal income from all work activities, to which income not related to work activities (e.g., pensions, rent, etc.) is added to obtain personal income from all sources for each adult. This is aggregated across all adult members of the household to form the total household income, from which the per capita income of the household is derived. Skordis and Welch (2002) argue that this data does indeed give more accurate figures on the personal incomes and household incomes of the population because those figures are higher and have more variation than the figures derived on Question 16 of the household questionnaire, which they argue underestimates household income inequality in the sample. Preliminary calculations provide support for their argument, and the adult questionnaire is thus utilised for income data. A more detailed account of the income data calculations is provided when examining the link between poverty and migration.

For consistency, the quintile range analysis followed in previous sections will follow throughout the paper. Definitions of poor, ultra-poor and moderately poor will thus be utilised as per previous sections of this paper.¹¹ Table 1 presents detail of monthly per capita household income in each quintile utilising data from the household questionnaire. It is evident that poverty does in fact characterise the economic

¹⁰ Enumerator areas as defined by SSA for the 1996 Population Census

¹¹ In the previous sections poverty is defined as ultra-poor, the poorest 20% of the population, as per capita household income up to R1515 per annum, moderate poor, the second poorest quintile, as per capita household income from R1516 to R2652. The combination, or poorest 40% of the population, is defined as poor. When disaggregating the annual per capita income ranges to a monthly range, a similar income distribution pattern is observed.

circumstance of the population in the area, with 60% of the population receiving less than R500 per capita per month. On the basis of household questionnaire data, per capita income ranges between R0 and R10 000, with a standard deviation of R799. However, using adult questionnaire data, the per capita income range increases significantly to between R0 and R57 200, and the standard deviation is much larger at R2504.

Table 1
Monthly Per Capita Income Level in Each Quintile: Minimum, Maximum and Mean, Rand, Household questionnaire

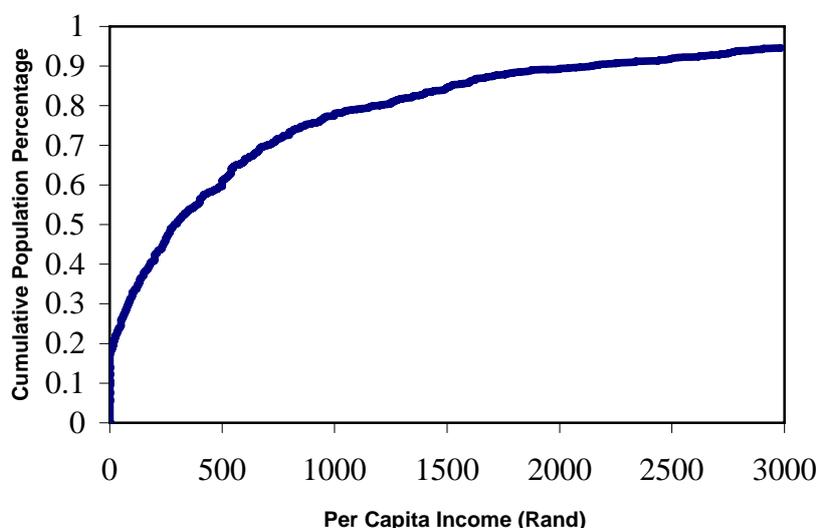
Quintile	Household questionnaire				Adult questionnaire			
	Min	Max	Mean	StdDev	Min	Max	Mean	StdDev
1	0	125	63	40	0	17	1	4
2	125	250	188	31	17	180	88	47
3	250	416	328	52	180	500	310	88
4	417	750	550	86	500	1 169	735	185
5	750	10 000	1 599	1 308	1 200	57 200	3 331	4 839
Total	0	10 000	546	799	0	57 200	896	2504

Source: SALDRU, KMPS

4.2. A brief overview of poverty in the KMP area

Although it has been well documented that the KMP area is characterised by large-scale poverty, there is considerable inequality within even this community. Figure 9 shows the income distribution in the form of a cumulative density curve. The curve is relatively steep for the scale chosen, indicating that relatively small changes in the chosen poverty line would lead to relatively large differences in the measured poverty headcount. 41 percent of the population fall below a per capita monthly income of R250 (R3 000 per annum) and 47 percent below R300 per month (R3 600 per annum).

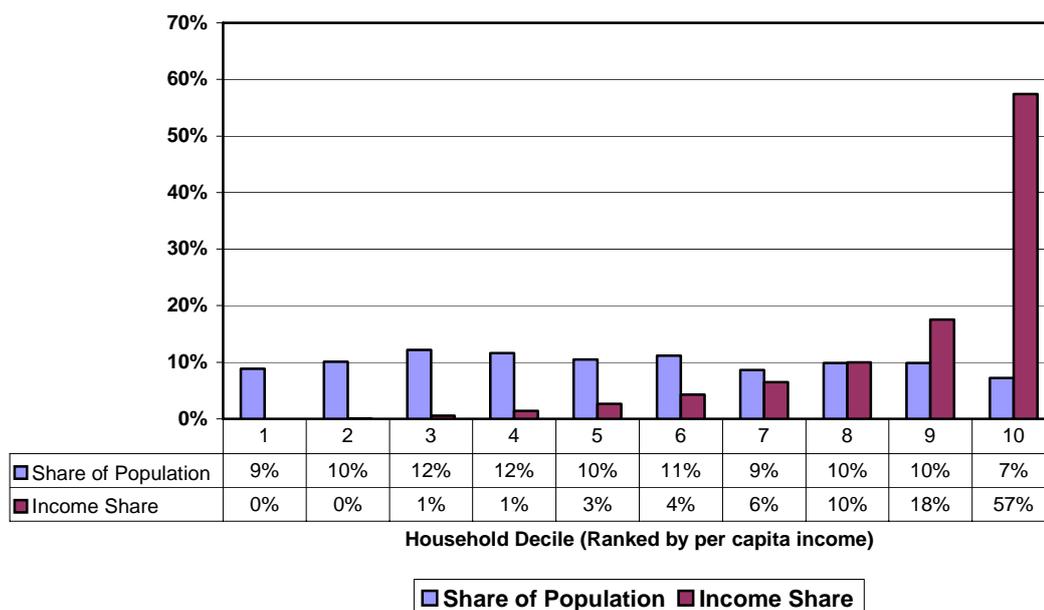
Figure 9
Cumulative income distribution, KMP area



Source: SALDRU, KMPS

An alternative manner of expressing the degree of inequality in the area is to examine the income shares of the deciles. The lowest 40% of the households (48% of the population, as poorer households tend to be larger) account for only 1% of total household income. At the other end of the spectrum, the top 20% of households (only 15% of the population) account for 75% of total household income. Disaggregating the data even further reveals that whilst the poorest decile of households represents less than 1% of total income, the richest decile accounts for 57% of income.

Figure 10
Household share of income, KMP area



Source: SALDRU, KMPS

Approximately 76% of the black population fall in the first four quintiles, indicating a race bias in poverty. The gender bias observed in the Western Cape as a whole is also evident in the KMP area, with 46% of female-headed households considered poor compared to 36% of male-headed households¹². In contrast, almost 25% of male-headed households fall in the richest quintile, while fewer than 15% of female households do. Male-headed households dominate all quintiles, but this male dominance increases with movement up the quintile ranges, from 51% in the second quintile to 75% in the richest quintile.

As expected, the richest quintile is dominated by smaller households, namely the 2 and 3 person households (23%). While the majority of 2 person households are found in the richest quintile (28%), single person households have the highest incidence of ultra-poverty (25%)¹³. Given that the majority of poor households are black, a racial dimension may also better explain the incidence of poverty amongst larger households. As expected, per capita household income amongst coloured headed households is higher for all household size categories (Table 2). For single

¹² See Appendix, Figure 2

¹³ See Appendix, Figure 4

person households, blacks have an average per capita monthly income of R1,419.09, while single coloured households record R3,201.72¹⁴.

Table 2
Average Monthly Per Capita Income in Each Household Size Category, by Race, Rand

Household Size Category	Black	Coloured	All Races
1 person	1 419	3 201	1 598
2 persons	1 308	1 888	1 424
3 persons	734	1 814	1 002
4 persons	392	1 175	699
5 persons	579	915	746
6 persons	467	671	549
7 persons	155	593	291
8 persons or more	226	453	313
Total	757	1,190	895

Source: SALDRU, KMPS

Table 3 confirms that the larger the household size, the poorer the household. As we move from the poorest to the richest quintile, average household size decreases, from 4.97 in quintile 1 to 3.16 in quintile 5. Note that although coloured households have a larger household size than blacks in each quintile there are higher earnings per household in each quintile in this group.

Table 3
Average Household Size in Each Quintile by Race, Number of Persons

Quintile	Average household size		
	Black	Coloured	All Races
1	4.59	7.00	4.97
2	4.72	5.58	4.88
3	3.86	5.29	4.16
4	2.68	4.45	3.40
5	2.40	3.70	3.16
Total	3.85	4.68	4.11

Source: SALDRU, KMPS

The most common housing types in the area are formal housing on a separate stand or shacks. As is to be expected, the percentage of households living in formal houses increases as income increases, but surprisingly even in the richest decile one quarter of households are in other housing types¹⁵. This is one indication that money metric measures alone are not always a full indication of living conditions, as other factors - in this case the lack of access to housing - may also play a role.

¹⁴ It should however be noted that, while per capita income is higher amongst coloured households for all household size categories, coloured households have a larger average household size for all income quintiles.

¹⁵ See Appendix, Table 7

Our focus turns next to labour market related characteristics of the household head. One would expect to find lower levels of poverty as the education of the household head increases. This pattern is not clearly observed in the data¹⁶ and may partly be attributed to the small number of household heads in some education categories. Considering the education level of household heads within each quintile, household heads with incomplete or complete secondary education represent the majority in all quintiles, even in the richer quintiles. Very few people in Khayelitsha/Mitchell’s Plain have post-school qualifications. More educated people from these areas may also be more prone to have moved out to other areas in greater Cape Town.

Turning our attention to the employment status of the household head, the link between poverty and unemployment is clearly observed in the table below, with households with employed¹⁷ heads concentrated in the richer three quintiles. Approximately 74% of households with employed heads are not poor, while 64%¹⁸ of the households with unemployed heads are considered poor.

Table 4
Employment Status of Household Head within Each Quintile

Employment Status	Quintile					Total
	1	2	3	4	5	
Employed	23%	43%	55%	58%	76%	51%
Unemployed	77%	57%	45%	42%	24%	49%
Total	100%	100%	100%	100%	100%	100%

Source: SALDRU, KMPS

The type of economic activity¹⁹ participated in is related to education level and also affects wage levels. Workers from poor households are employed mainly in mining and quarrying, in private sector service activities (mainly as domestic workers and restaurant workers), and in transport, storage and communication. Workers from richer households are working mainly in electricity, gas and water, wholesale and retail, and also in service activities in the private sector (but mainly in educational, financial, transport, banking and security services). Employed household members in the poorest quintile are mainly involved in manufacturing (in meat, clothing and steel sectors), construction and private sector service activities (mostly as domestic workers), while those in the richest quintile are engaged in manufacturing (mainly in clothing, food, alcohol, canned tins, linen and glassware sectors), service activities in the private sector (mainly in the areas of education, finance, transport, banking and security) and service activities in the government sector.

4.3. Patterns of Migration

Lured by the possibility of employment, a large proportion of the KMP area residents have migrated to this area in search of work opportunities. Approximately 84% of black adults were born outside Cape Town, the majority in Transkei, Ciskei and other

¹⁶ See Appendix, Figure 5

¹⁷ Broad definition of unemployment

¹⁸ See Appendix, Figure 6

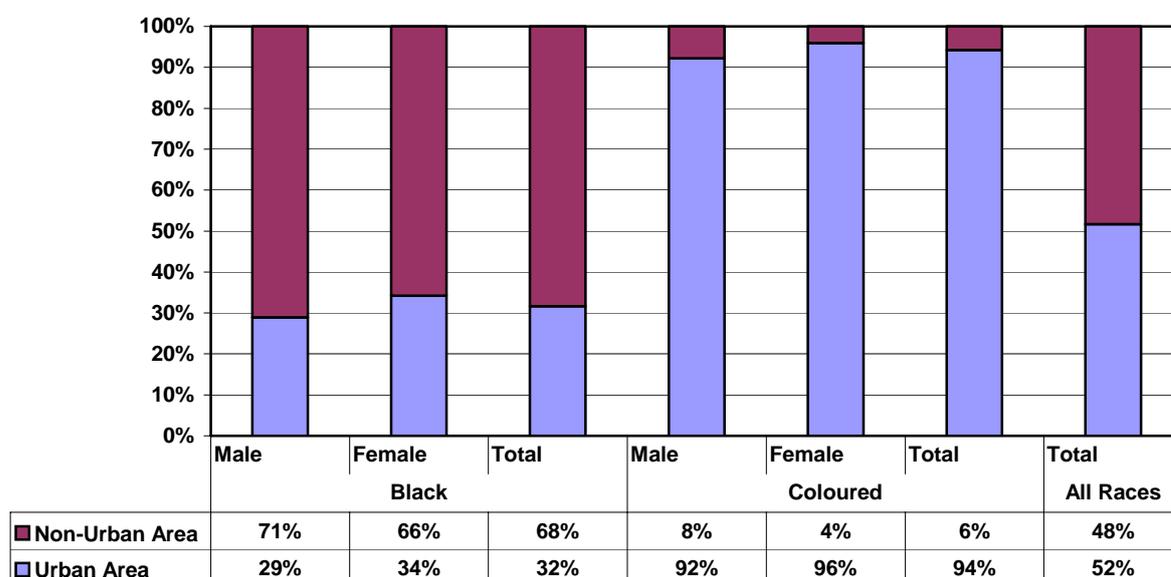
¹⁹ See Appendix, Table 5 and Table 6.

areas of Eastern Cape. In contrast, the majority of coloured adults (78%) were born in Cape Town, more specifically the Cape Flats (Klipfontein area) and CBD to Southern suburbs areas (which later became largely white under apartheid Group Areas legislation). Coloured adults who were born outside Cape Town were born in other areas in the Western Cape.

When disaggregating the adult population by gender, we find that a greater proportion of black females (18%) than black males (13%) were born in Cape Town, due to greater immigration amongst black males. A slightly greater proportion of coloured males (80%) were born in Cape Town than coloured females (76%).

Looking at birthplace in terms of an urban/rural split, the majority of blacks not born in Cape Town were born in rural areas, whilst most coloured people not born in Cape Town were born in other urban areas.

Figure 11
Type of Area²⁰ of the Birthplace of the Adults, by Race and Gender, Percentage



Source: SALDRU, KMPS

4.3.1. When did they arrive?

Since the majority of the black population were born outside Cape Town and outside urban areas, it begs the question when they migrated to Cape Town. As a very small proportion of the coloured population were born outside Cape Town or other urban areas, coloured migrants will thus be excluded from the analysis in the subsequent sections.

In Table 5, older black males seem to have migrated to Cape Town earlier than the females. In the 65+ age group, 68% of the males migrated to Cape Town before 1969,

²⁰ Urban Area = Cape Town + Urban Areas Outside Cape Town

Non-Urban Area = Commercial Farm + Rural Areas + Outside Cape Town, type of area not known

while only 60% of the females did. The majority of migrants in the 50-64 age group also moved to Cape Town during this time.

Table 5

Year of Arrival in Cape Town, if not born in Cape Town, Black, by Gender, Percentage (%)

Black Male

Time of in-migration	Age Category						Total
	18-22	23-29	30-39	40-49	50-64	65+	
1900-1969	0%	0%	0%	4%	30%	68%	5%
1970-1979	0%	3%	4%	32%	27%	4%	10%
1980-1984	6%	3%	18%	20%	12%	0%	11%
1985-1989	8%	13%	30%	20%	13%	14%	18%
1990-1994	21%	27%	29%	16%	12%	5%	23%
1995-2000	65%	54%	19%	9%	7%	9%	34%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Black Female

Year Category	Age Category						Total
	18-22	23-29	30-39	40-49	50-64	65+	
1900-1969	0%	0%	1%	4%	20%	60%	4%
1970-1979	1%	2%	2%	29%	35%	11%	8%
1980-1984	5%	4%	16%	20%	3%	6%	10%
1985-1989	10%	16%	31%	20%	16%	4%	20%
1990-1994	14%	35%	32%	8%	11%	11%	24%
1995-2000	71%	44%	18%	20%	15%	9%	34%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SALDRU, KMPS

When examining intergenerational spatial mobility of the black population, we find that 48% of male and 52% of female's fathers were born in rural areas, and 38% and 35% of their mothers, respectively.

4.3.2. Classification of Four Migration Groups for Further Analysis

To further analyse the migration process of the black population it is necessary to classify the black adult population into the following four groups' dependant on their time of arrival:

- 1) **Established male** (i.e., black male adults who were born in Cape Town or migrated to Cape Town before 1990)
- 2) **Established female** (i.e., black female adults who were born in Cape Town or migrated to Cape Town before 1990)
- 3) **New male migrants** (i.e., black male adults who were born outside Cape Town but only migrated to Cape Town in 1995 – 2000)
- 4) **New female migrants** (i.e., black female adults who were born outside Cape Town but only migrated to Cape Town in 1995 – 2000)

The established population (Groups (1) and (2)) have long settled, while the migrants (Groups (3) and (4)) arrived in Cape Town less than 5 years ago (at the time of the survey) and require some time before they are fully integrated. The differences between these two groups will be explored in the following sections. Black adults who migrated to Cape Town in 1990-1994 will not be included in this analysis, as they cannot clearly be identified as either new migrants or established residents.

Table 6

Classification of the adults (excluding migrants who arrived in 1990-94)

	Percentage (%)
Established Male	30.8%
Established Female	33.9%
New Male Migrants	17.6%
New Female Migrants	17.8%
Total	100.0%

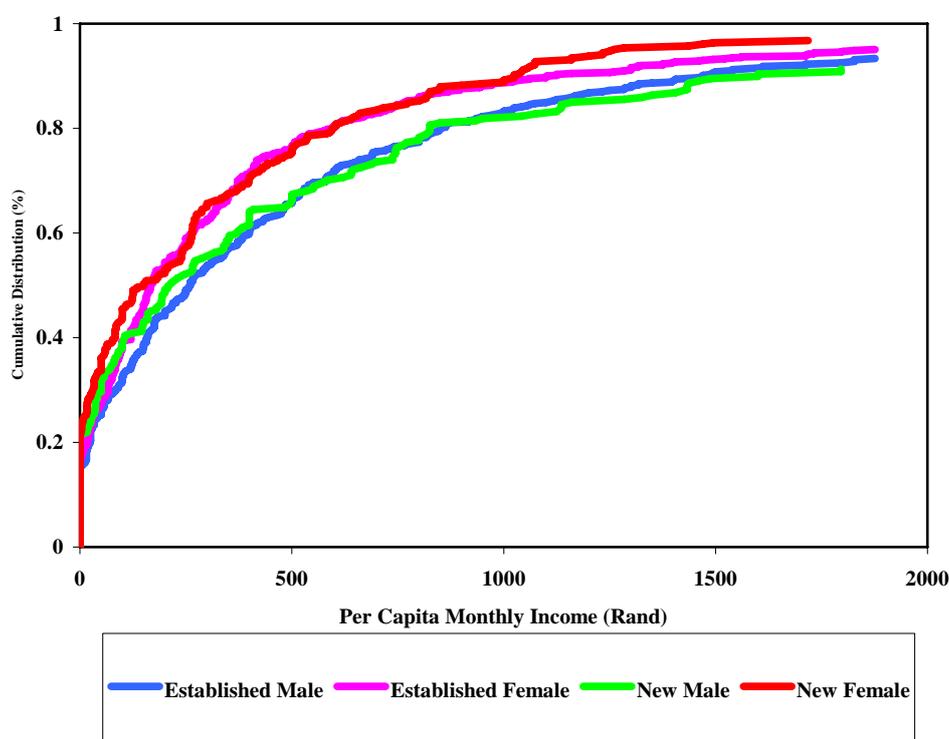
Source: SALDRU, KMPS

4.3.3. A Brief Profile of the Four Groups of Migrants

Figure 12 indicates that established males earn more than the three other groups do, as might be expected²¹. New female migrants are the poorest group with 78% residing in households with a per capita income below R500 per month. New male migrants seem to have settled into more comfortable conditions, as fewer than 65% reside in households with a per capita income below R500 per month. Approximately 60% of established males and 70% of established females reside in households with a monthly per capita income of R500 or more. For adults of the same gender, the cumulative density curves show stochastic poverty dominance of new migrants over settled residents. This is likely to be due to the role of social networks in job search. Established migrants are likely to have wider and more strongly established social networks in the survey region, allowing them better access to information about work opportunities. This is likely to be particularly important for the type of work – i.e. unskilled or semi-skilled – that the majority of migrants are eligible for given their education levels, since these types of positions are less likely to be advertised using the conventional media channels than more skilled positions are. There is little difference in the cumulative distributions of per capita incomes of migrant groups belonging to different genders.

²¹ See section 4.1 for a discussion on the measurement of income.

Figure 12
Cumulative distribution curve of earnings by migrant classification, adult questionnaire



Source: SALDRU, KMPS

Table 7 shows that new migrants are more educated than the established migrant population: a higher proportion of new migrants have completed their secondary education and some have even proceeded to tertiary education. Also, new female migrants are slightly more educated than their male counterparts, with 41% having at least completed secondary education compared with 31% of the male new migrants. This is at odds with the finding that new migrants – and particularly new female migrants – reside in poorer households than other migrants. The apparent paradox might be explained both by the role of social networks in job search (in which established migrants have a relative advantage) and in terms of South Africa's youth unemployment problem (see Mlatsheni & Rospabe 2002). The average age of new migrants to the KMP area is 28 years (over 70% of new migrants are younger than 30 years), compared with 41 years for established migrants.

Table 7
Migrant classification by Education level

Education level	Established Male	Established Female	New Male Migrants	New Female Migrants
Primary	45%	33%	31%	22%
Incomplete secondary	37%	46%	38%	40%
Complete secondary	9%	10%	22%	24%
Tertiary	9%	11%	9%	17%
Total	100%	100%	100%	100%

Source: SALDRU, KMPS

Employment rate differentials on the basis of migrant status and gender reveal the importance of these factors for income earning potential. Established migrants of both genders enjoy significantly higher employment rates than their new migrant counterparts. There is also evidence of a sharp gender bias, with new male migrants having a greater employment rate²² than both new female migrants and established females. Slightly more than half of the employed new female migrants are engaged in wage employment while 46% are self-employed, compared with more than 80% of the established employed male and new male migrants who are engaged in wage labour. A very high proportion of both established females and new female migrants are engaged in private sector service activities (mainly as domestic workers), which could explain their low earnings. Most males of both groups are employed in the construction sector, followed by the private services sector.

Table 8

Employment Status of the Four Groups, Percentage of Total (%)

Employment Status	Established Male	Established Female	New Male Migrants	New Female Migrants
Employed	54%	44%	42%	24%
Active-searching unemployed	20%	16%	37%	31%
Network-searching unemployed	6%	9%	3%	9%
Marginalized unemployed	9%	21%	9%	26%
Non-labour force participants	11%	10%	8%	10%
Total	100%	100%	100%	100%

Employment Activities	Established Male	Established Female	New Male Migrants	New Female Migrants
Wage-employment	81%	68%	81%	51%
Self-employment	11%	28%	8%	46%
Casual workers	8%	4%	11%	3%
Total Employed	100%	100%	100%	100%

Labour force participation rate	89%	90%	92%	90%
---------------------------------	-----	-----	-----	-----

Source: SALDRU, KMPS

New migrants tend to reside in small households (2-3 persons) while the established adults have a larger household size (average more than 4 people). More than 40% of established migrants reside in formal houses while approximately 60% of new migrants live in shacks. This may be linked to lower earning capacity amongst the new migrants.

²² Broad definition of unemployment

4.3.4. Poverty and Migration

The sub-section above has shown that income levels differ systematically by migrant status. Other personal characteristics that are frequently highlighted in poverty analyses in South Africa as being important for the determination of household welfare levels are the gender of the household head and his or her educational attainment. This subsection extends the above migrant analysis to more broadly highlight materially vulnerable households in the KMP area, focusing exclusively on the black population.

Using the per capita income of the entire black population, we divide the black population into five quintiles. Table 9 below shows the monthly per capita income level in each quintile, using data from the household questionnaire. On average, the per capita income ranges between R0 and R4000, with a standard deviation of R371.

Table 9

Monthly Per Capita Income Level by Quintile: Minimum, Maximum and Mean, Rand, Household questionnaire, Black households only

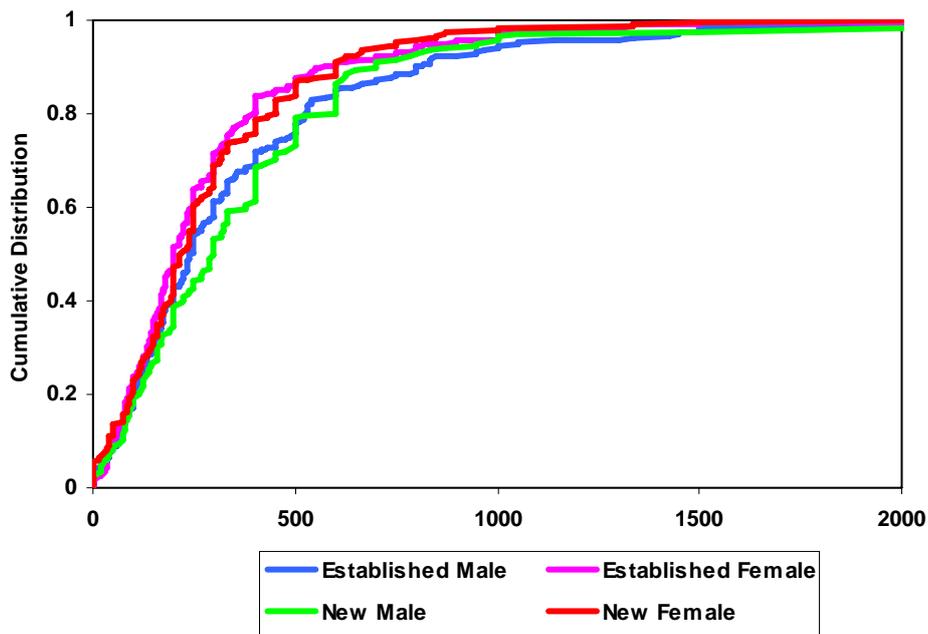
Quintile	Minimum	Maximum	Mean	Standard Deviation
1	0	100	49	31
2	100	186	140	26
3	186	300	234	29
4	300	500	371	55
5	500	4,000	861	524
Total	0	4 000	331	371

Source: SALDRU, KMPS

Figure 13 shows the cumulative per capita income distribution by migration status of the head of household, while Figure 14 shows the cumulative per capita income distribution by gender. Both graphs show that inequality is slightly more serious amongst the female population, regardless of migration status.

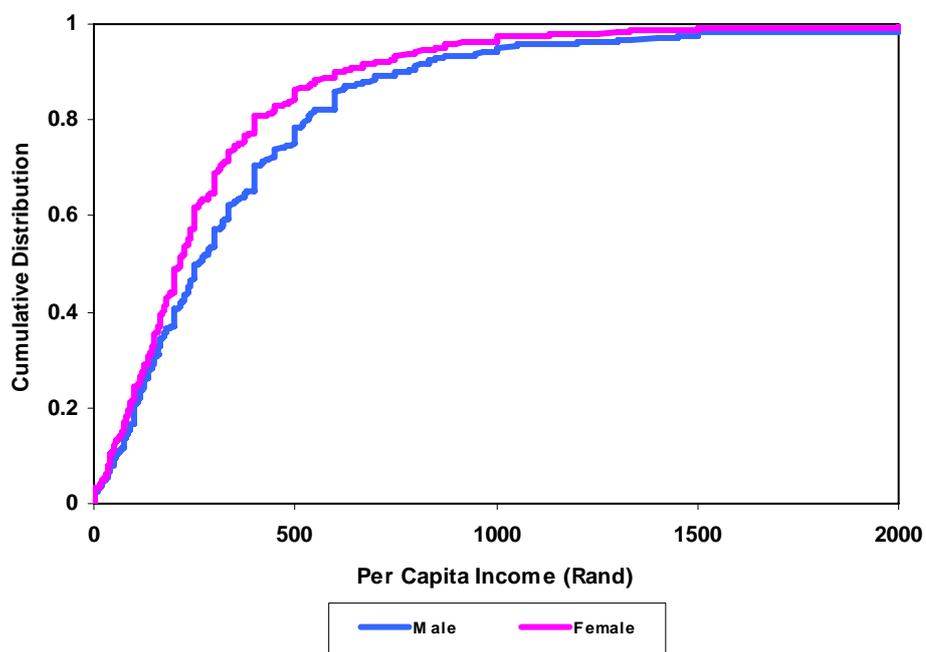
Figure 13

Cumulative Income Distribution, by Migration Status



Source: SALDRU, KMPS

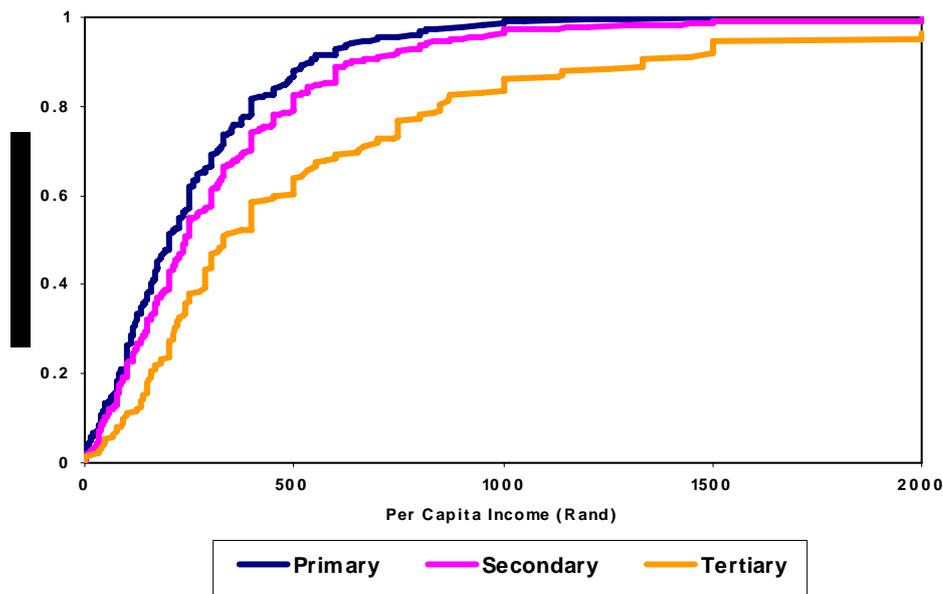
Figure 14
Cumulative Income Distribution, by Gender of Household Head



Source: SALDRU, KMPS

Figure 15 shows the cumulative income distribution by education category. The result shows that poverty becomes less serious as education level of the household head increases, as one might expect.

Figure 15
Cumulative Income Distribution, by Education Category of Household Head



Source: SALDRU, KMPS

Table 10 shows the monthly per capita income level in each black quintile, using data from the adult questionnaire. On average, the per capita income ranges between R0 and R57 200, with a standard deviation of R4 773. These figures are much greater than those using the data from the household questionnaire. Thus, these figures seem to support the first argument of Skordis and Welch (2002), i.e., the household income data from the household questionnaire is unable to show the variability of household income in the area.

Table 10

Monthly Per Capita Income Level in Each Quintile: Minimum, Maximum and Mean, Rand, Adult questionnaire, Black Adults only

Quintile	Minimum	Maximum	Mean	Standard Deviation
1	0.0	8.8	0.5	1.7
2	10.0	108.0	54.4	28.7
3	108.0	310.0	201.2	57.5
4	310.0	725.0	479.8	116.8
5	725.7	57200.0	2450.3	4773.3
Total	0.0	57200.0	2450.3	4773.3

Source: SALDRU, KMPS

Figures 7, 8 and 9 in the appendix show similar results as Figures 13, 14 and 15 respectively, but using the income data from the adult questionnaire. However, the former group of graphs seems to show that poverty is a more serious issue (see the arrows in Figures 7, 8 and 9) than it is in the latter. Thus, it appears that income data from the household questionnaire underestimates inequality in the KMP area (in line with the argument made by Skordis and Welch 2002).

In light of the above discussion, the household income data aggregated from the adult questionnaire will be used in the subsequent poverty analysis. The poverty line is set

at the 40th percentile for the entire black population. The FGT poverty indices will be calculated to determine poverty by migration status, gender, education level, household size, and employment status. A bivariate poverty analysis of migrants will then be conducted. The section will conclude with regression analysis of migrant workers' probability of labour participation, employment and economic activity.

4.3.5. Poverty Indices

Table 11 illustrates the poverty indices for the group in which we are most interested, migrants. Interestingly, the poverty indices of the established female population and male new migrants are quite similar, while established male migrants form the group that shows the least incidence, depth and severity of poverty.

Table 11
FGT Poverty Indices, by Migration Status for Black Adults

	Headcount ratio (P ₀)	Depth (P ₁)	Severity (P ₂)
<u>Migration Status</u>			
Established Male	0.33	0.25	0.22
Established Female	0.39	0.28	0.25
New Male Migrants	0.40	0.30	0.27
New Female Migrants	0.45	0.35	0.31

Source: SALDRU, KMPS

Table 12 presents indices by gender of household head, education level of household head and by household size. The results show clearly that poverty is greater amongst female headed households, households where the heads have less education.

As expected, households of 2 people have the lowest poverty indices. Poverty becomes more serious as household size increases, with the exception of households of 5-6 people. It is surprising to find a higher index value for single person households. This may however be attributed to new migrant households where the individual concerned has not as yet been able to find employment.

Table 12
FGT Poverty Indices, by Education level of household head and Household size, Black Adults

	Headcount ratio (P ₀)	Depth (P ₁)	Severity (P ₂)
<u>Gender</u>			
Male	0.37	0.28	0.24
Female	0.43	0.32	0.28
<u>Education Level</u>			
Primary	0.43	0.33	0.29
Secondary	0.39	0.29	0.26
Tertiary	0.26	0.19	0.17
<u>Household Size</u>			
1 person	0.34	0.26	0.24

2 persons	0.30	0.24	0.22
3 persons	0.37	0.30	0.27
4 persons	0.40	0.32	0.29
5-6 persons	0.37	0.27	0.23
7-8 persons	0.54	0.35	0.28
9 persons or more	0.53	0.37	0.32

Source: SALDRU, KMPS

4.3.6. Poverty by Employment Status and Economic Activity

Table 13 below shows the labour force participation rates of the economically active population (aged 18-65 in this case) by migration status and poverty. The purpose of this exercise is to analyse poor and affluent migrants separately to allow for further insights into their participation in the economy.

Table 13

Labour Force Participation Rates, Aged 18-65, by Migration Status: The Poorest 40% (Quintile 1 & 2) and the Richest 20% (Quintile 5)

	Poorest 40%	
	Labour Force Participation Rate (Broad)	Labour Force Participation Rate (Strict)
Established Male	86%	59%
Established Female	92%	54%
Male New Migrants	95%	79%
Female New Migrants	91%	53%

	Richest 20%	
	Labour Force Participation Rate (Broad)	Labour Force Participation Rate (Strict)
Established Male	95%	91%
Established Female	91%	73%
Male New Migrants	92%	78%
Female New Migrants	92%	50%

Source: SALDRU, KMPS

The table shows some interesting results. Among the richest 20% of the population, established males have a very high participation rate (91%). In the poorest 40% of population, the male new migrants have a very high participation rate, under the strict definition. Female new migrants have a very low participation rate (50%) under the strict definition. Note that under the broad definition, participation rates are roughly the same for all groups. This highlights the large number of discouraged work seekers amongst female new migrants, the group which faces the lowest probability of employment.

New male migrants experience a 68% (73%)²³ unemployment rate while new female migrants experience a 69% (82%) unemployment rate. Established male migrants

²³ Broad definition rates are in parenthesis.

record an unemployment rate of 57% (71%), while established females record a 43% (67%) unemployment rate. Amongst new migrants in the richest quintile, females also experience significantly higher unemployment rates (41% narrow, 68% broad) compared to males (20% narrow, 32% broad). Amongst established migrants, females also experience higher unemployment rates (15% narrow, 32% broad) than males (13% narrow, 16% broad). A regression analysis of the probability of employment will be used later to see whether being female lowers the probability of being employed.

The new migrant population who form part of the poorest 40% are mainly involved in labour-intensive private service activities including domestic work (24%), manufacturing (10%) and construction (17%). In contrast, new migrants in the richest quintile are also primarily employed in private service activities (23%, of whom 42% are domestic workers, but some work in the relatively well-paying knowledge-intensive fields of medicine, education, banking, etc.), in manufacturing (12%) and in construction (11%).

From the above discussion it is apparent that, where migrants are able to find employment, predominantly labour-intensive sectors that require very little formal education provide the job opportunities. This is in line with our earlier hypotheses regarding the importance of social networks for finding employment in less skilled jobs. Wage rates for this type of work are low, linking education and economic activity to the poverty experienced by these demographic groups. Where migrants are unemployed, we find that they have lower average education levels than those who are employed.

4.3.7. Econometric Analyses

In order to better understand the multivariate relationship between migrant status and their economic activity, regression analysis will be employed. A series of variables already used in the poverty analysis will be included.

The major variables included in the analysis are the following:

- 1 Age: the population is broken down into the following age categories:
 - Children below 10 years old
 - Children between 10 and 17 years old
 - The 18-25 age group (**the reference group**)
 - The 26-35 age group
 - The 36-45 age group
 - The 46-55 age group
 - The 56-65 age group
 - People above 65 years old
- 2 Education: three categories are classified:
 - **PRIMARY**: people with education year ranging from 0 year to 7 years. (Note that, if people dropped out before completing primary education but went on to pursue other courses and **completed** the course, their years of education are deemed to have increased by one year. For example, someone who dropped out after Grade 5 but completed a certificate course will be deemed to have completed $(5+1) = 6$ years of education).
 - **SECONDARY**: people with education ranging from 8 years to 12 years. (Again, the years of education of people with incomplete secondary

education who pursue and completed a training/certificate course is increased by 1 year. So, for example, if someone dropped out after Grade 8 but completed a certificate course, his education years will be $(8+1) = 9$ years)

- TERTIARY: people with education years between 13 and 15 years (For those people who **completed Matric** but went on to enrol for a certificate/diploma/degree course, their years of education will be 13, 14 and 15 years respectively).
- 3 Whether the individual is a new migrant or not (dummy)
- 4 Economic sector of employment
- Agriculture (**the reference group**)
 - Mining and quarrying
 - Manufacturing
 - Electricity, gas and water
 - Construction
 - Wholesale and retail
 - Catering and accommodation
 - Transport, storage and communication
 - Finance, real estate and business services
 - Other services in the private sector (note that most blacks working in this sector work as domestic workers)
 - Other services in the government sector

Logit regression is used to analyse the probability of the economically active black population (aged 18 to 65 in this case) participating in the labour force in Table 14.

Table 14 shows four equations modelling labour force participation: male and female, and for both the narrow definition of the labour force (i.e. excluding discouraged workers, i.e. those who desire employment but have stopped active searching) and the broad definition. It is notable that the logit regressions explain little about broad labour force participation amongst males, perhaps because almost all such males participate in the labour force²⁴. For participation using the narrow definition of unemployment, age dummies play a bigger role in labour force participation than they do for broad participation, as does migrant status: New migrants are more likely to be part of the narrowly defined labour force, i.e. are less likely not to participate or to be discouraged work seekers. For females, the situation is similar for broad labour force participation, but for narrow participation the model's performance improves somewhat. This may be due to the fact that there are more discouraged female work seekers. Note that only secondary education appears to be rewarded during job search, reflecting both South Africa's relatively skill-intensive economy and the large supply of workers with primary education or less. The negative coefficient on tertiary education for female participation probably derives from too small a sample; there are only 16 observations in this category.

The 26-35 age dummy variable is significant in all four equations, while the other age dummy variables are only significant under the strict definition of unemployment. The number of children aged below 10, the number of females aged 18-59 and the number of other people in household earning income at work are significant, but only

²⁴ See Table 8.

in the female regression under the strict definition. The higher the household income received from sources not related to work activities (old age pension, rent, etc.) is, the lower the probability of the individual participating in labour force for both genders. This is especially significant amongst the females.

Table 14

Logit Regressions on the Probability of Participating in the Labour Market

Dependent Variable: Probability of Participating in the Labour Market								
Independent Variable	All Black Male (18-65 years old)				All Black Female (18-65 years old)			
	Expanded		Narrow		Expanded		Narrow	
	Coef.	Z-value	Coef.	Z-value	Coef.	Z-value	Coef.	Z-value
Primary	0.090	0.56	-0.067	-0.67	0.028	0.21	0.069	0.89
Secondary	0.002	0.01	0.084	1.00	0.188	1.61	0.235	4.40***
Tertiary	0.204	0.29	0.482	1.22	-0.591	-1.97*	-0.173	-1.04
26-35	2.215	2.33*	0.976	3.02**	2.316	3.48***	1.022	4.84***
36-45	0.320	0.49	1.160	3.01**	0.945	1.83	1.185	4.77***
46-55	0.220	0.31	1.194	2.88**	-0.290	-0.57	1.285	4.09***
56-65	0.970	0.79	1.109	1.71	-0.831	-1.44	1.176	2.84**
No. of children <10	0.315	1.08	0.243	1.70	-0.037	-0.23	-0.239	-3.05**
No. of children aged 10-17	0.173	0.75	-0.208	-1.84	-0.192	-1.43	0.038	0.51
No. of males aged 18-59	0.224	0.76	-0.066	-0.47	-0.193	-1.18	-0.026	-0.27
No. of females aged 18-59	-0.191	-0.81	-0.063	-0.47	-0.074	-0.45	0.246	2.80**
No. of adults over 60	-0.337	-0.64	-0.300	-1.02	0.019	0.05	-0.082	-0.42
No. of other people in household earning income at work	-0.361	-1.13	-0.124	-0.70	-0.056	-0.25	-0.484	-3.95***
Other household income not related to work activities	-0.001	-2.01*	-0.001	-1.45	-0.004	-2.99**	-0.002	-3.82***
Other household income not related to work activities squared	0.000	1.6	0.000	1.19	0.000	1.27	0.000	1.95*
New Migrants	0.989	1.37	1.044	3.06**	-0.464	-1.22	0.037	0.20
Constant	1.784	1.43	1.183	1.60	2.843	2.64	-1.020	-1.77

*** Significant at 0.001 level ** Significant at 0.01 level * Significant at 0.05 level

More interesting from the perspective of understanding migration is Table 15, which shows heckprobit regressions, conditional on participation²⁵. As the probability of being employed is first being influenced by the probability of adults participating in the labour market, the heckprobit regression is employed to explore the probability of being employed, conditional upon participation in the labour force in Table 15. Note that in all cases (but not significantly so in the case of the expanded definition for males), being a recent migrant reduces the probability of being employed, conditional on being part of the labour force.

Here we find that secondary education is important in determining the probability of being employed for females, but not for males. Apart from this regression, education does not seem to be important for the probability of employment. The age dummy variables are important in determining the probability of being employed, especially for females. In all cases, growing older is associated with an increased probability of employment, conditional on labour force participation.

As earnings from work activities are dependent on being employed, the employment regressions should be taken into consideration in running earnings regressions. Therefore, a Heckman two-step approach is used in the simple Mincerian earnings regressions in Table 16, controlling for sector of employment, and with an education spline, allowing for selection bias into employment. The insignificance of the inverse Mills Ratio (λ) in all four equations of interest shows that sample selection bias was not an issue and that estimating the regression without employing this procedure would not have compromised the results. Note that the dependent variable is the total earnings from work activities only (i.e., wage employment, self-employment, casual work, and second job). In other words, total earnings from non-work-related activities (i.e., pensions, rent, investment income, etc.) are excluded in the analysis.

Our main focus here, migration status, does not show any significant impact on male earnings, but for females there is weak evidence that new migrants earn less than their settled counterparts.

The regressions show that secondary education improves earnings of the employed in all four equations. The lack of significance of tertiary education is probably again due to the small number of people with tertiary education in the sample, as successful workers tend to move out of this area. Returns to education are not very high, but this may result from the relatively poor income data and the consequent weakness of the overall models, as well as the selection effect caused by out-migration by more successful workers. Years of experience are important in improving the earnings of the employed male, but are not significant for females.²⁶

²⁵ A heckprobit regression is used instead of a logit or probit to overcome possible sample selection bias. Applying a probit or logit simply to model employment without considering that those forming part of the labour force are themselves a selected sub-sample of the potential labour force from whom they may systematically differ would bias results.

²⁶ Potential years of experience is derived from age less number of education years less 7. Note that most of the blacks in the area only first attended Grade 1 at 7 years old, and therefore 7 (instead of 6) is used.

Table 15
 Heckprobit Regressions on the Probability of Being Employed, Conditional on Participation

Dependent Variable: Probability of Being Employed								
	Black Male Labour Force				Black Female Labour Force			
	Expanded		Narrow		Expanded		Narrow	
Independent Variable	Coef.	Z-value	Coef.	Z-value	Coef.	Z-value	Coef.	Z-value
Primary	-0.013	-0.28	0.021	0.42	0.001	0.02	-0.061	-0.80
Secondary	0.032	0.84	0.001	0.02	0.077	2.51**	-0.006	-0.13
Tertiary	0.077	0.54	0.018	0.12	0.099	1.06	0.166	1.30
26-35	0.658	4.31***	0.471	2.20*	0.493	4.05***	0.564	2.83**
36-45	0.853	4.63***	0.505	2.01*	0.907	6.4***	0.866	3.42***
46-55	0.836	4.11***	0.471	1.78	1.234	6.55***	0.958	3.01**
56-65	0.577	1.83	0.343	0.93	1.400	5.72***	1.121	2.88**
New Migrants	-0.195	-1.41	-0.462	-3.06**	-0.214	-1.91*	-0.444	-3.06**
Constant	-0.211	-0.66	0.258	0.69	-0.776	-2.40	0.602	1.01
Chi ²	1.04		1.36		6.48		1.38	
Prob. > Chi ²	0.308		0.244		0.011		0.240	

*** Significant at 0.001 level

** Significant at 0.01 level

* Significant at 0.05 level

Table 16
Earnings Equations, Heckman Two-Step Approach, Conditional on Employment.

Dependent Variable: $\text{Log}_{10}(\text{Total Income from Work Activities})$								
	Black Male Labour Force				Black Female Labour Force			
	Expanded		Narrow		Expanded		Narrow	
	Coef.	Z-value	Coef.	Z-value	Coef.	Z-value	Coef.	Z-value
Primary	-0.081	-1.27	-0.086	-1.37	0.084	1.19	0.023	0.32
Secondary	0.266	4.07***	0.275	4.66***	0.166	3.20***	0.150	3.04**
Tertiary	0.116	0.64	0.127	0.72	0.113	0.79	0.094	0.67
Mining	1.982	2.17*	1.977	2.17*				
Manufacturing	1.668	6.97***	1.666	6.96***	2.432	7.94***	2.423	7.93***
Electricity	1.685	2.84**	1.683	2.84**				
Construction	1.345	5.89***	1.339	5.87***	2.799	5.14***	2.802	5.18***
Wholesale	0.758	2.24*	0.757	2.23*	1.960	6.24***	1.955	6.29***
Catering	1.821	2.99**	1.834	3.02**	2.326	10.12***	2.322	10.12***
Transport	1.370	4.67***	1.366	4.66***	2.553	5.20***	2.565	5.26***
Finance	2.046	2.72**	2.037	2.71**	2.457	5.18***	2.431	5.13***
Service - Private Sector	1.598	6.53***	1.596	6.53***	1.899	12.84***	1.895	12.77***
Service - Public Sector	1.449	3.64***	1.444	3.63***	1.733	4.55***	1.741	4.58***
New Migrants	-0.118	-0.50	-0.100	-0.36	-0.387	-1.64 [#]	-0.450	-1.63 [#]
Potential years of Experience	0.087	2.05*	0.094	2.40*	0.032	1.02	0.025	0.81
Years of Experience Squared	-0.001	-1.82	-0.002	-2.07*	0.000	0.24	0.000	0.30
Constant	0.573	0.61	0.426	0.49	-1.720	-1.60	-0.824	-1.15
Lambda	-0.320	-0.48	-0.244	-0.32	0.917	1.69	0.903	1.44

*** Significant at 0.001 level

** Significant at 0.01 level

* Significant at 0.05 level

Significant at 0.1 level

Another indicator of an individual's economic situation is access to formal housing, which is often also accompanied by improved access to housing-related services, such as tap water, sanitation and (to a lesser extent) electricity. It is thus an important indicator of living standards. It would be instructive to know whether this measure of living standards is linked to migrant status. The earlier poverty analysis clearly showed that dwelling type varies with poverty status. Logit regression is used to confirm this in Table 17, but also to investigate the role of migrant status.

Table 17
Logit Regressions on the Probability of Living in Formal Housing

Dependent Variable: Probability of Living in Formal Housing				
Independent Variable	All Black Male		All Black Female	
	Coef.	Z-value	Coef.	Z-value
Primary	0.078	1.09	0.184	2.35*
Secondary	0.045	0.75	-0.004	-0.07
Tertiary	0.261	1.18	0.168	1.11
No. of children aged below 10	-0.540	-2.37*	-0.538	-3.01**
No. of children aged 10-17	-0.532	-2.39*	-0.444	-2.53**
26-35	0.032	0.13	-0.365	-1.85
36-45	0.059	0.21	0.211	0.97
46-55	0.468	1.57	0.015	0.05
56-65	-0.011	-0.02	0.326	0.93
No. of males aged 18-59	-0.353	-1.71	-0.494	-2.88**
No. of females aged 18-59	-0.302	-1.36	-0.460	-2.65**
Household Size	0.491	2.43*	0.493	3.12**
Per Capita Income	0.000	0.24	0.000	0.53
New Migrants	-0.599	-2.51**	-0.697	-3.59***
Constant	-1.845	-3.51	-1.841	-3.29

*** Significant at 0.001 level

** Significant at 0.01 level

*Significant at .05 level

The number of children in both age groups shown, household size and new migrants are the four significant variables in both regressions. The new migrant variable is large, negative and very significant to both the black male and particularly the black female model. Being a new migrant is thus negatively associated with access to formal housing, perhaps due to a combination of lower employment rates and weak links with better established, more affluent households in the region (just one suggested explanation). The education splines suggest that primary education has a positive bearing on probability of living in formal housing for black females.

6 Conclusion

The LFS/IES2000 data confirms that poverty is still found to be biased against blacks, females and those located in rural areas in South Africa. Provinces with high black rural population are therefore carrying the majority of the poor in South Africa. In an attempt to escape poverty, they may migrate to an urban hub where employment opportunities exist. Such is the nature of migration to the Khayelitsha/Mitchells Plain area over the last ten years, where the majority of back migrants have come from non-urban areas, more specifically the Eastern Cape.

We find the highest incidence of poverty in the KMP area amongst the defined new migrants who are under the age of 40 and female. In line with the national trend, poverty is still biased against females with new migrant females' earnings lower than that of their male and female established counterparts. With the exception of a positive effect on earnings amongst female migrants, education does not significantly contribute to the reduction in poverty incidence amongst the new migrants as they have higher education levels but also experience higher unemployment. A key explanatory factor may be the underdeveloped social networks. Where employment is found, the industry and skill level requirements of the work imply a relatively low wage.

It should be noted that, once economically successful, residents tend to move to areas with improved infrastructure and services. The KMP area may thus be seen as an initial entry point for migrants. Once the necessary social networks, experience and skill have been accumulated and economic status is improved, established (migrant) residents tend to move from this area.

References

- Aliber, M., 2001. *Study of Incidence and Nature of Chronic Poverty and Development Policy in South Africa: An Overview*. Programme for Land and Agrarian Studies, School of Government, University of Western Cape.
- Aliber, M. 2003. Chronic Poverty in South Africa: Incidence, causes and policies. *World Development* **31**(3): 473-490.
- Budlender, D., 1999. Patterns of Poverty in South Africa. *Development Southern Africa* **16**(2): 197-220.
- Lee, D. & Woolard, I. 2003. Women and unemployment. *South African Journal of Social and Economic Policy* **12**: 30-34.
- Leibbrandt, M. & Woolard, I. 1999. A comparison of poverty in South Africa's nine provinces. *Development Southern Africa* **16**(1): 37-54.
- Leibbrandt, M. & Woolard, I. 2001. The labour market and household income inequality in South Africa: Existing evidence and new panel data. *Journal of International Development* **13**: 671-689.
- Mlatsheni, C. & Rospabe, S. 2002. *Why is youth unemployment so high and unequally spread in South Africa?* DPRU Working Paper No. 02/65. Cape Town: Development Policy Research Unit, University of Cape Town.
- Nqadini, M. P., 2000. *Development Challenges in Khayelitsha: An Analysis of Related Issues*. Masters Degree Thesis, University of Stellenbosch.
- Oosthuizen, M.J. & Nieuwoudt, L. 2002. *A profile of the Western Cape Province of South Africa*. Stellenbosch Economic Working Papers No. 3/2002. Bureau for Economic Research and Department of Economics, University of Stellenbosch. [Available] online at: http://www.sun.ac.za/econ/w_paper_list.htm
- Psacharopoulos, G. 1973. *Returns to Education: An International Comparison*. Amsterdam: Elsevier.
- Ravallion, M. 1992. *Poverty comparisons: A guide to concepts and methodology*. Living Standards Measurement Study Working Paper No. 88. Washington: World Bank.
- SALDRU, 2003. *Khayelitsha/Mitchell's Plain Survey 2000: Survey Report and Baseline Information*. Saldru/Centre for Social Science Research, University of Cape Town, 2003.
- Schwabe, C. 2004. *Fact Sheet: Poverty in South Africa*. Human Sciences Research Council. [Online]. Available: <http://www.sarpn.org.za/documents/d0000990/index.php> : Retrieved 12 August 2005
- Simkins, C. 2004. *What happened to the distribution of income in South Africa between 1995 and 2001?* University of the Witwatersrand. [Online]. Available: <http://www.sarpn.org.za/documents/d0001062/index.php>: Retrieved 12 August 2005
- South African Institute of Race Relations. 2003. *South Africa Survey 2002/2003*. Johannesburg: South African Institute of Race Relations.
- Statistics South Africa. 2002. *Measuring Poverty in South Africa*. Pretoria: Statistics South Africa.
- Thirlwall, A. P., 1999. *Growth and Development*. 6th edition. London: MacMillan Press Ltd.
- Woolard, I. & Leibbrandt, M. *Measuring poverty in South Africa*. In Borhat, H., Leibbrandt, M., Maziya, M., Van der Berg, S. & Woolard, I. (Eds.) 2001. *Fighting Poverty: Labour markets and inequality in South Africa*. Cape Town: UCT Press. 41-73.

World Bank, 1995. *Key Indicators of Poverty in South Africa*. Office of Reconstruction and Development Programme/World Bank, Pretoria.

Appendix

Table 1
Poverty by province

Province	Ultra-poor	Moderate poor	Non-poor	Total
Western Cape	2%	6%	15%	11%
Eastern Cape	27%	21%	10%	15%
Northern Cape	1%	1%	1%	1%
Free State	7%	7%	5%	6%
Kwazulu-Natal	28%	22%	17%	20%
Northwest	7%	7%	6%	6%
Gauteng	8%	14%	32%	24%
Mpumalanga	6%	8%	7%	7%
Limpopo	15%	14%	6%	9%
Total	100%	100%	100%	100%

Table 2
National statistics

	Poverty status by Variable				Variable by Poverty status			
	Ultra-poor	Moderate poor	Non-poor	Total	Ultra-poor	Moderate poor	Non-poor	Total
Black	97	94	69	80	24	24	52	100%
Coloured	2	5	13	9	5	11	83	100%
White	0	0	14	8	0	1	99	100%
Male	41	47	68	59	14	16	70	100%
Female	59	53	32	41	29	26	46	100%
Incomplete Primary	71	63	28	44	33	29	39	100%
Incompl Secondary	26	32	43	37	14	17	69	100%
Complete Secondary	2	3	15	10	3	6	91	100%
Tertiary	1	2	15	9	3	5	92	100%
Unemployed	65	59	30	43	30	27	42	100%
20-29yrs	5	6	9	8	12	16	73	100%
30-39yrs	16	15	26	22	15	14	71	100%
40-49yrs	23	20	26	24	19	16	65	100%
50+	24	22	22	22	22	20	58	100%
Female pension	24	22	10	15	32	30	38	100%
Male pension	9	13	7	9	20	31	49	100%
Urban	27	40	75	59	9	14	7	100%
Rural	73	60	25	41	35	29	36	100%
Formal housing	56	67	84	75	15	18	67	100%
Informal housing	10	14	12	12	17	23	59	100%
Grid electricity	38	51	71	61	13	17	71	100%
Piped water in house	8	15	53	37	5	8	87	100%
Piped water on site	23	31	27	27	17	23	60	100%
Flush toilet	19	31	71	53	7	12	81	100%
Car ownership	1	2	29	18	1	3	97	100%
Landline telephone	94	87	60	72	26	24	50	100%
								100%
Total	100%	100%	100%		20%	20%	60%	100%

Table 3
Poverty status by Variable: Eastern and Western Cape

	Eastern Cape				Western Cape			
	Ultra-poor	Moderate poor	Non-poor	Total	Ultra-poor	Moderate poor	Non-poor	Total
Black	98	94	76	88	49	49	20	24
Coloured	2	6	13	7	51	50	61	59
White	0	0	10	4	50	1	18	16
Male	37	47	63	50	61	58	74	72
Female	63	53	37	50	39	42	26	28
Incomplete Primary	70	61	31	52	59	53	25	29
Incompl Secondary	28	34	43	35	37	41	44	44
Complete Secondary	2	4	11	6	2	2	14	13
Tertiary	0	1	15	6	2	4	16	14
Unemployed	73	66	37	57	52	53	28	31
20-29yrs	5	6	8	6	4	8	8	8
30-39yrs	13	13	20	16	17	17	28	27
40-49yrs	21	16	26	22	41	28	28	29
50+	24	19	23	22	30	30	23	24
Female pension	28	27	13	22	3	8	7	7
Male pension	8	18	10	12	5	10	6	6
Rural	86	77	44	66	11	13	11	11
Formal housing	44	57	77	60	72	56	88	84
Informal housing	5	5	10	7	23	42	11	15
Grid electricity	24	73	64	43	76	69	86	84
Piped water in house	3	10	41	20	52	42	79	74
Piped water on site	8	14	19	14	33	38	14	17
Flush toilet	9	16	52	27	81	84	92	91
Car ownership	0	1	22	9	3	1	38	33
Landline telephone	96	90	69	83	20	28	58	54
Total	100%	100%	100%		100%	100%	100%	

Table 4

Variable by Poverty status: Eastern and Western Cape

	Eastern Cape			Western Cape			Total
	Ultra-poor	Moderate poor	Non-poor	Ultra-poor	Moderate poor	Non-poor	
Black	38	28	33	7	21	72	100%
Coloured	10	22	68	3	9	88	100%
White	0	0	100	0	1	9	100%
Male	25	25	49	3	8	89	100%
Female	43	28	29	5	16	79	100%
Incomplete Primary	46	31	23	7	19	74	100%
Incomplete Secondary	27	26	47	3	10	87	100%
Complete Secondary	9	18	73	1	2	98	100%
Tertiary	2	5	93	1	3	96	100%
Unemployed	44	31	25	6	18	76	100%
20-29yrs	28	24	48	2	11	88	100%
30-39yrs	28	23	49	2	7	91	100%
40-49yrs	34	20	46	5	10	85	100%
50+	37	22	40	5	13	82	100%
Female pension	44	33	24	2	12	86	100%
Male pension	24	42	34	3	16	81	100%
Urban	14	18	68	4	10	86	100%
Rural	45	31	24	4	12	84	100%
Formal housing	25	25	49	3	7	90	100%
Informal housing	23	20	57	5	27	66	100%
Grid electricity	19	23	58	14	19	69	100%
Piped water in house	6	14	80	2	6	92	100%
Piped water on site	19	28	83	7	23	71	100%
Piped water other	46	30	24	6	25	69	100%
Flush toilet	11	16	73	3	10	87	100%
Car ownership	0	3	97	0	0	99	100%
Landline telephone	39	29	32	6	16	77	100%
Total	34	27	39	4	11	86	100%

Table 5
Wage Employment Activities of Adult Population by Poverty Status of Households, Percentage (%)

Quintile	Agriculture, fishing, forestry	Mining & quarrying	Manufacturing	Electricity gas, water	Construction	Wholesale/ Retail	Catering & accommodation
1	14.6%	43.3%	5.7%	0.0%	10.3%	6.8%	12.3%
2	10.6%	56.7%	15.0%	8.4%	32.1%	13.7%	20.8%
3	25.2%	0.0%	17.0%	12.1%	31.0%	16.2%	7.2%
4	24.5%	0.0%	22.0%	43.4%	11.8%	25.7%	30.7%
5	25.1%	0.0%	40.4%	36.1%	14.8%	37.6%	29.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Quintile	Transport, storage & communication	Finance, real estate & business services	Other services - private sector	Other services - government sector	Government (National)	Government (Provincial)	Government (Local)
1	0.0%	0.0%	14.2%	3.1%	0.0%	40.8%	0.0%
2	25.0%	8.2%	21.8%	10.1%	0.0%	0.0%	0.0%
3	24.3%	15.6%	22.8%	8.2%	56.7%	0.0%	74.0%
4	43.2%	33.6%	15.0%	25.5%	43.3%	35.9%	26.0%
5	7.6%	42.6%	26.2%	53.2%	0.0%	23.3%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SALDRU, KMPS

Table 6
Wage Employment Activities of the Adult Population in Each Household Quintile,
Percentage (%)

Sector	Quintile					Total
	1	2	3	4	5	
Agriculture, fishing, forestry	9.7%	3.5%	7.0%	6.4%	4.9%	5.8%
Mining & quarrying	1.9%	1.2%	0.0%	0.0%	0.0%	0.4%
Manufacturing	13.6%	17.7%	17.3%	20.8%	28.3%	21.1%
Electricity						
gas, water	0.0%	1.1%	1.4%	4.7%	2.9%	2.4%
Construction	13.4%	20.5%	17.0%	6.1%	5.6%	11.4%
Wholesale/ Retail	4.2%	4.2%	4.3%	6.3%	6.8%	5.5%
Catering & accommodation	6.0%	5.0%	1.5%	5.9%	4.1%	4.3%
Transport, storage & communication	0.0%	7.3%	6.1%	10.1%	1.3%	5.2%
Finance, real estate & business services	0.0%	1.1%	1.7%	3.4%	3.2%	2.3%
Other services - private sector	36.5%	27.6%	24.8%	15.2%	19.6%	22.6%
Other services - government sector	2.6%	4.3%	3.0%	8.6%	13.3%	7.5%
Government (National)	0.0%	0.0%	1.9%	1.4%	0.0%	0.7%
Government (Provincial)	3.5%	0.0%	0.0%	1.2%	0.6%	0.8%
Government (Local)	0.0%	0.0%	5.7%	1.9%	0.0%	1.6%
Other	8.6%	4.2%	7.4%	8.0%	7.9%	7.2%
I don't know	0.0%	2.3%	1.0%	0.0%	1.6%	1.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

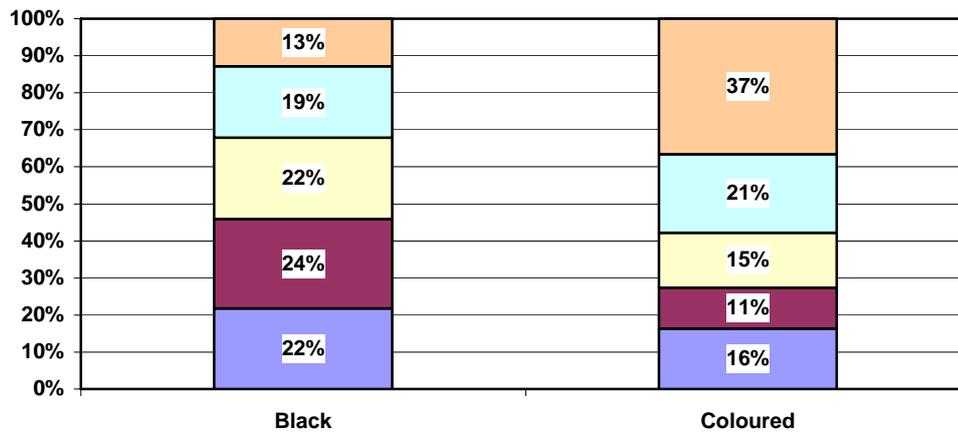
Source: SALDRU, KMPS

Table 7
Dwelling Type in Each Quintile, Percentage (%)

Dwelling type	Quintile					Total
	1	2	3	4	5	
Formal Housing	47.0%	47.7%	55.6%	65.1%	74.5%	58.1%
Other	53.0%	52.3%	44.4%	34.9%	25.5%	41.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

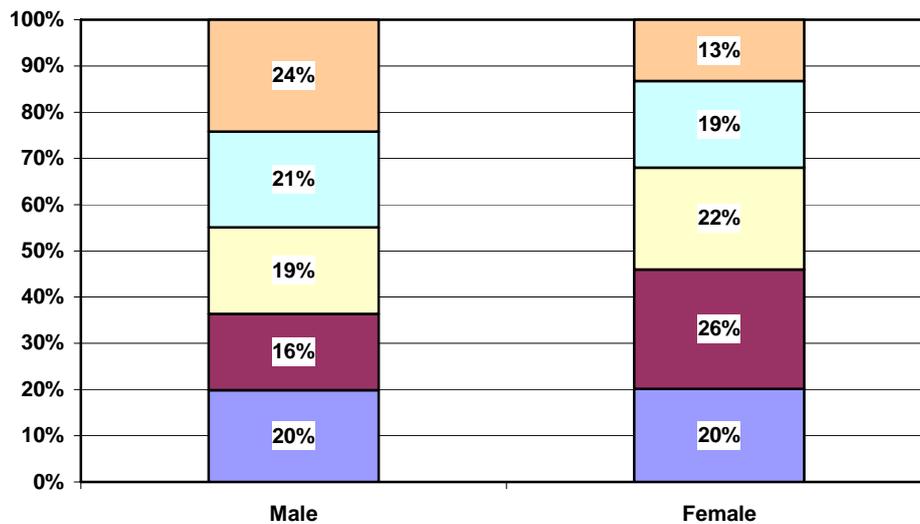
Source: SALDRU, KMPS

Figure 1
Race of Household Head by Quintile, KMP area



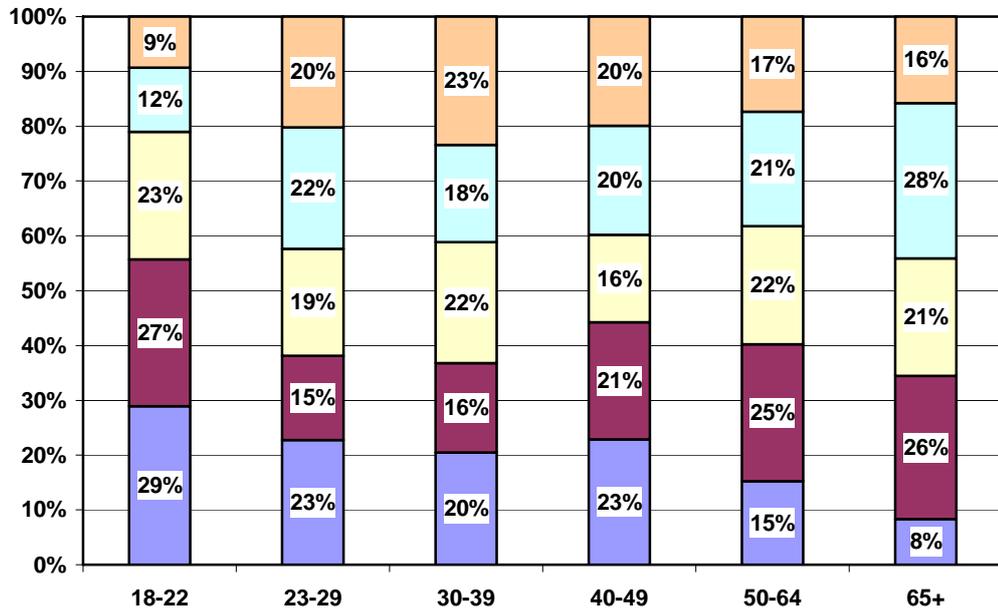
Source: SALDRU, KMPS

Figure 2
Gender of Household Head by Quintile, KMP area



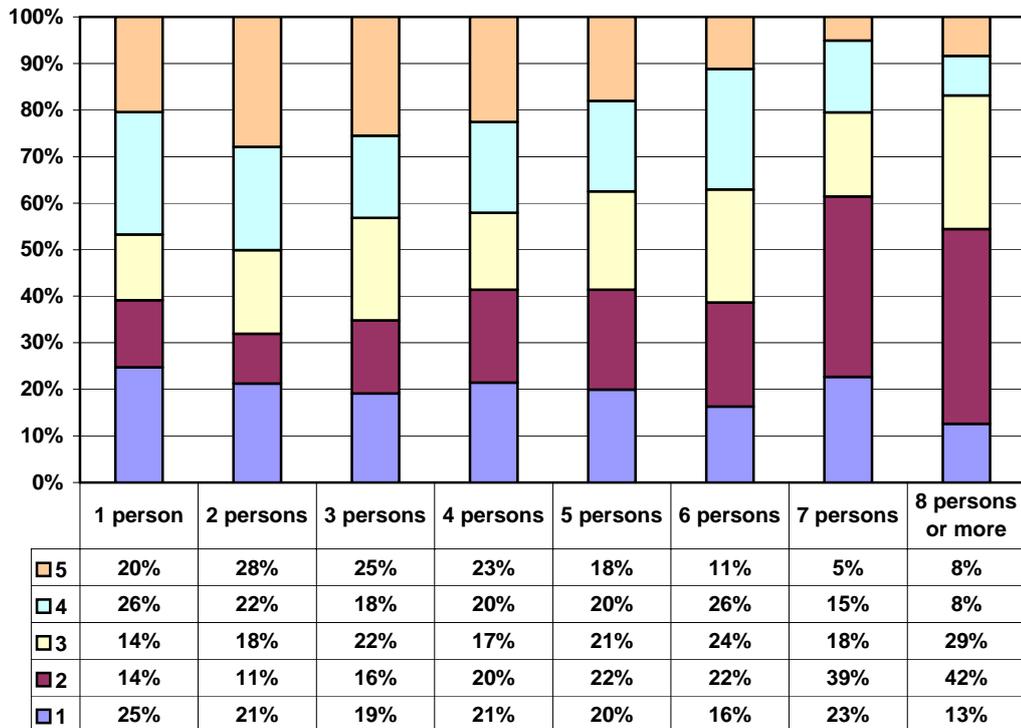
Source: SALDRU, KMPS

Figure 3
Age Category of Household Head by Quintile



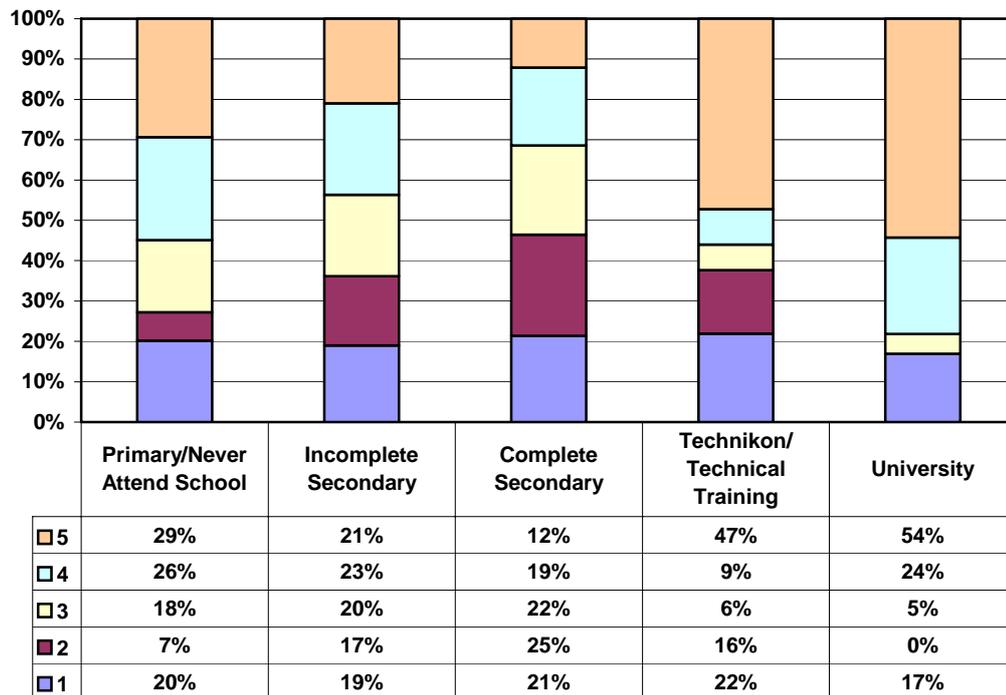
Source: SALDRU, KMPS

Figure 4
Household Size by Quintile



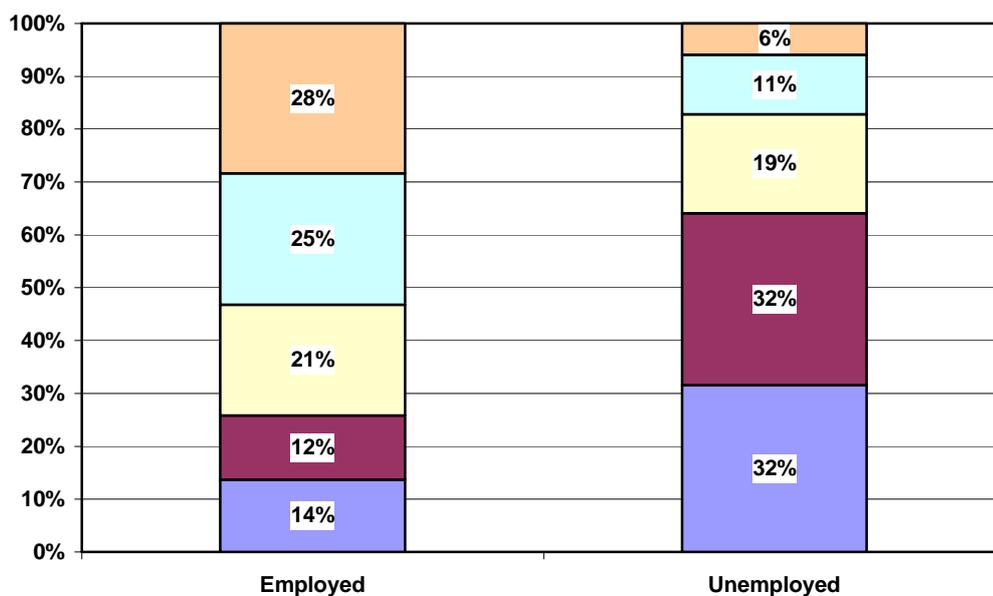
Source: SALDRU, KMPS

Figure 5
Educational Level of Household Head by Quintile



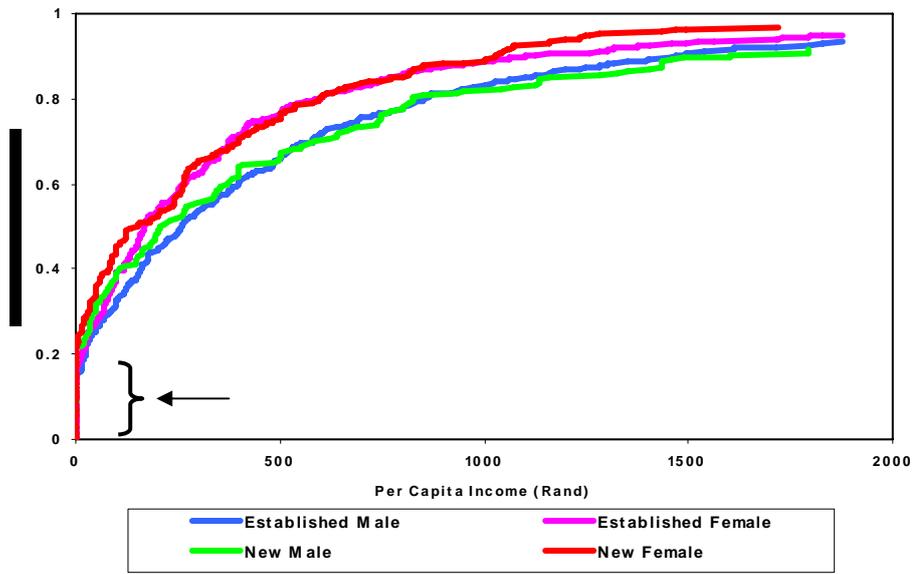
Source: SALDRU, KMPS

Figure 6
Employment Status of Household Head by Poverty Status



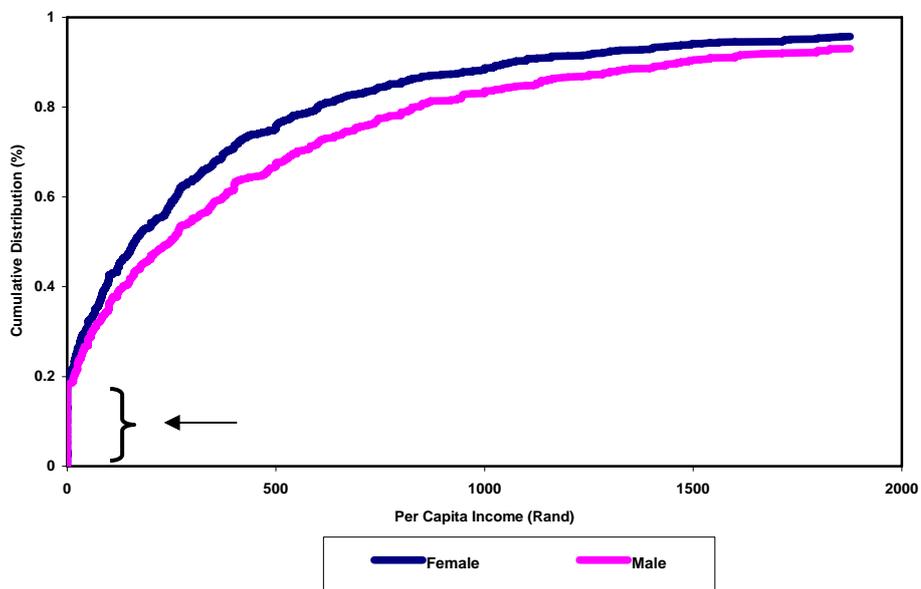
Source: SALDRU, KMPS

Figure 7
Cumulative Income Distribution, by Migration Status



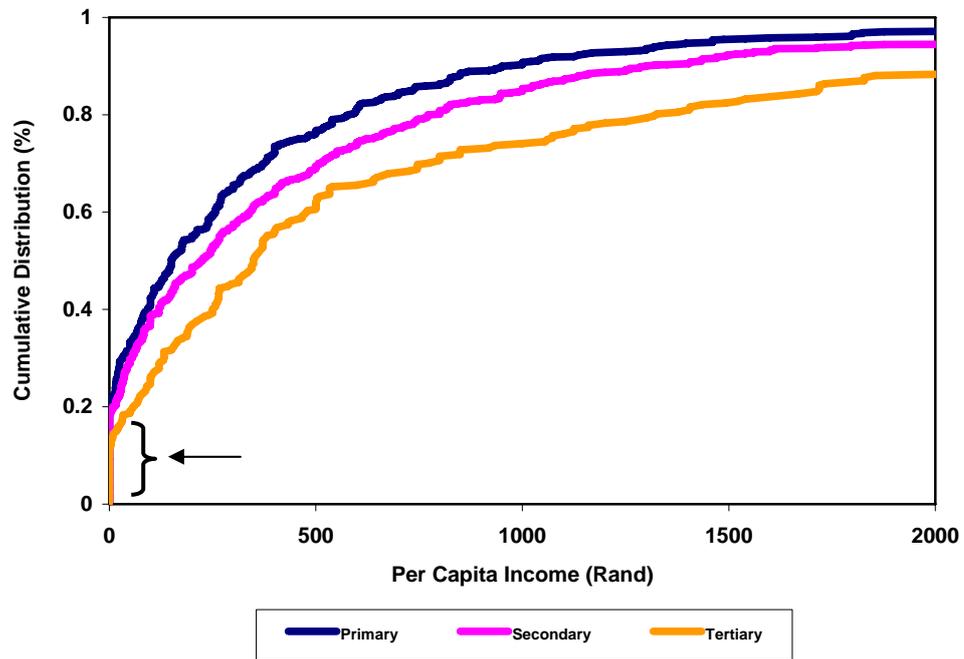
Source: SALDRU, KMPS

Figure 8
Cumulative Income Distribution, by Gender



Source: SALDRU, KMPS

Figure 9
Cumulative Income Distribution, by Education Category



Source: SALDRU, KMPS

The Southern Africa Labour and Development Research Unit

The Southern Africa Labour and Development Research Unit (SALDRU) conducts research directed at improving the well-being of South Africa's poor. It was established in 1975. Over the next two decades the unit's research played a central role in documenting the human costs of apartheid. Key projects from this period included the Farm Labour Conference (1976), the Economics of Health Care Conference (1978), and the Second Carnegie Enquiry into Poverty and Development in South Africa (1983-86). At the urging of the African National Congress, from 1992-1994 SALDRU and the World Bank coordinated the Project for Statistics on Living Standards and Development (PSLSD). This project provide baseline data for the implementation of post-apartheid socio-economic policies through South Africa's first non-racial national sample survey.

In the post-apartheid period, SALDRU has continued to gather data and conduct research directed at informing and assessing anti-poverty policy. In line with its historical contribution, SALDRU's researchers continue to conduct research detailing changing patterns of well-being in South Africa and assessing the impact of government policy on the poor. Current research work falls into the following research themes: post-apartheid poverty; employment and migration dynamics; family support structures in an era of rapid social change; public works and public infrastructure programmes, financial strategies of the poor; common property resources and the poor. Key survey projects include the Langeberg Integrated Family Survey (1999), the Khayelitsha/Mitchell's Plain Survey (2000), the ongoing Cape Area Panel Study (2001-) and the Financial Diaries Project.

Southern Africa Labour and Development Research Unit
School of Economics
University of Cape Town
Private Bag, Rondebosch, 7701
Cape Town, South Africa

Tel: +27 (0) 21 650 5696
Fax: +27 (0) 21 650 5697

Email: brenda.adams@uct.ac.za
Web: www.saldru.uct.ac.za

