3. The Socio-economic Outlook

The major stimulus to the global recovery has been through fiscal policy interventions which were in response to the deep economic downturn which resulted in a recession in 2009. The global economic output is higher than previously projected in the October 2010 world economic outlook although the recovery is proceeding at different speeds in various countries. Due to the still-fragile nature of the recovery, fiscal policies need to remain supportive of economic activity in the medium term. The improved economic performance in South Africa is projected to increase tax revenue to the amount of R761 billion or 28.4 percent of GDP in the 2010/11 fiscal year. The national government expenditure is projected to increase for the current year which will put more pressure on its revenue base however this does not deter the government from focusing on its policy objectives as it execute the 2011/12 Medium Term Expenditure Framework (MTEF).

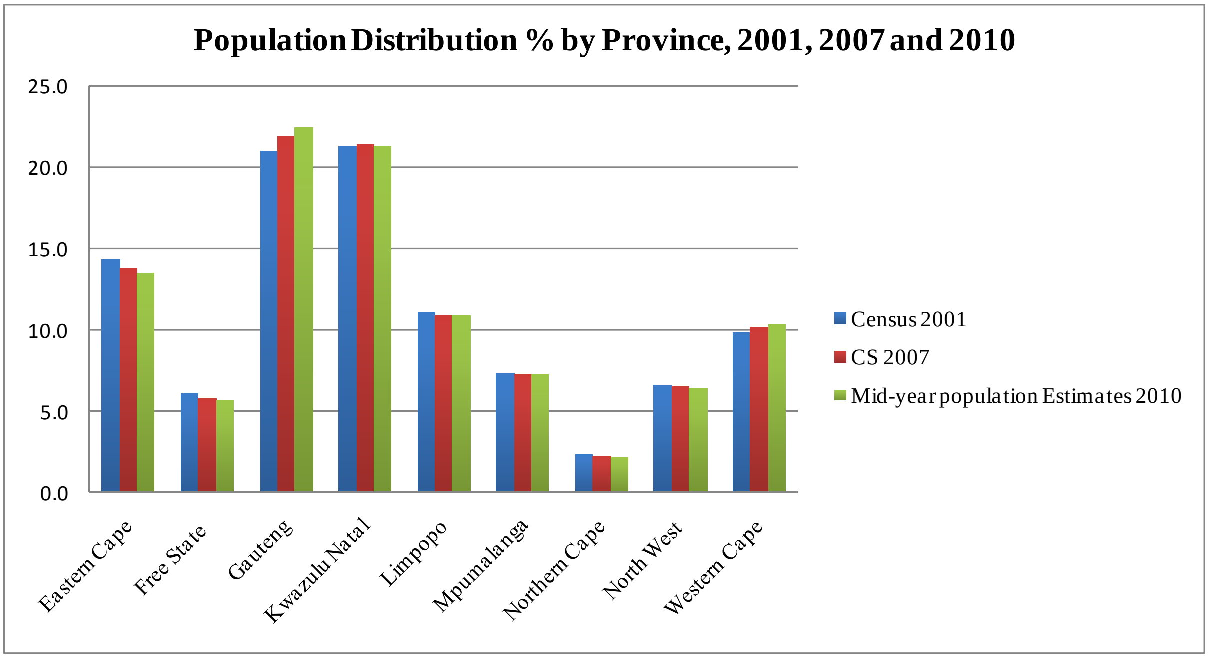
The provincial economic growth projections remain positive for 2010 and 2011/12 MTEF. The Northern Cape government continues to view fiscal policy as a pillar for its developmental agenda, with its resource envelope for the 2011/12 MTEF it remains resolute to service delivery with priority given to education, health, infrastructure development, job creation and crime prevention. The 2011/12 budget allocations are tabled in accordance with the provincial socio-economic conditions using various indicators covered under demography, economy, human development and access to basic services.

3.1 Demographic Profile

Demographic profile is beneficial in planning for resource allocation for the provision of services. The Northern Cape population has been estimated at 1,103 900 according to the 2010 mid-year population estimates which represents a 2.4 percentage share to the total national population. This section covers the demographic profile in terms of the province`s population size and distribution, distribution by age and gender as well as population size and distribution for district municipalities.

The section below represents the provinces distribution in percentages for the years 2001, 2007 and 2010.

Figure 3.1: Population Distribution % by Province, 2001, 2007 and 2010



Source: StatsSA, Census 2001, Community Survey 2007, Mid – year Population Estimates 2010

According to Figure 3.1 above the Gauteng province has the largest population size and has been leading for the years 2007 and 2010 while in 2001 Kwa-Zulu natal had the highest population size. The 2010 mid-year population estimates indicate that 22.4 percent of the population is in Gauteng province followed by 21.3 percent in Kwa-Zulu Natal, the Northern Cape recorded the least at 2.4 percent although it has the largest land area in the country. The Western Cape and the Gauteng province were the only provinces that showed a consistent growth in population size over the years.

Table 3.1.1 below shows the population size and percentage distribution of the district municipalities in the province as well as the percentage growth over the years 2007 and 2009

Table 3.1.1: Population Size and Distribution by Districts 2007-2009

	2007		2009		
Region	**Total Population**	**%**	**Total Population**	**%**	**% Growth**
John Taolo Gaetsewe District Municipality	207,440	18.7	209,892	18.6	0.58
Namakwa District Municipality	123,561	11.2	126,730	11.2	1.27
Pixley ka Seme District Municipality	178,942	16.2	181,530	16.1	0.72
Siyanda District Municipality	233,062	21.0	239,111	21.2	1.29
Frances Baard District Municipality	364,611	32.9	371,536	32.9	0.96
Total Northern Cape Population	**1,107,616**	**100**	**1,128,799**	**100**	**0.95**

Source: Global Insight 2011

According to the table above, Frances Baard had the largest population share at 32.9 percent while Namakwa district had the least share at 11.2 for both years. Frances Baard also has the highest population density of approximately 26.9 people per km^2. In terms of the population growth, Siyanda and Namakwa district municipalities recorded the highest growth rates at 1.29 and 1.27 percent respectively while John Taolo Gaetsewe district municipality experienced the lowest rate at 0.58 percent between 2007 and 2009. The significant population growth in Siyanda could be due to the economic development activities in Upington and the surrounding towns.

Table 3.1.2 below present the number of households in relation to the total provincial population and the average number of people per household for 2007 and 2009.

Table 3.1.2: Northern Cape Population Profile and Number of Households

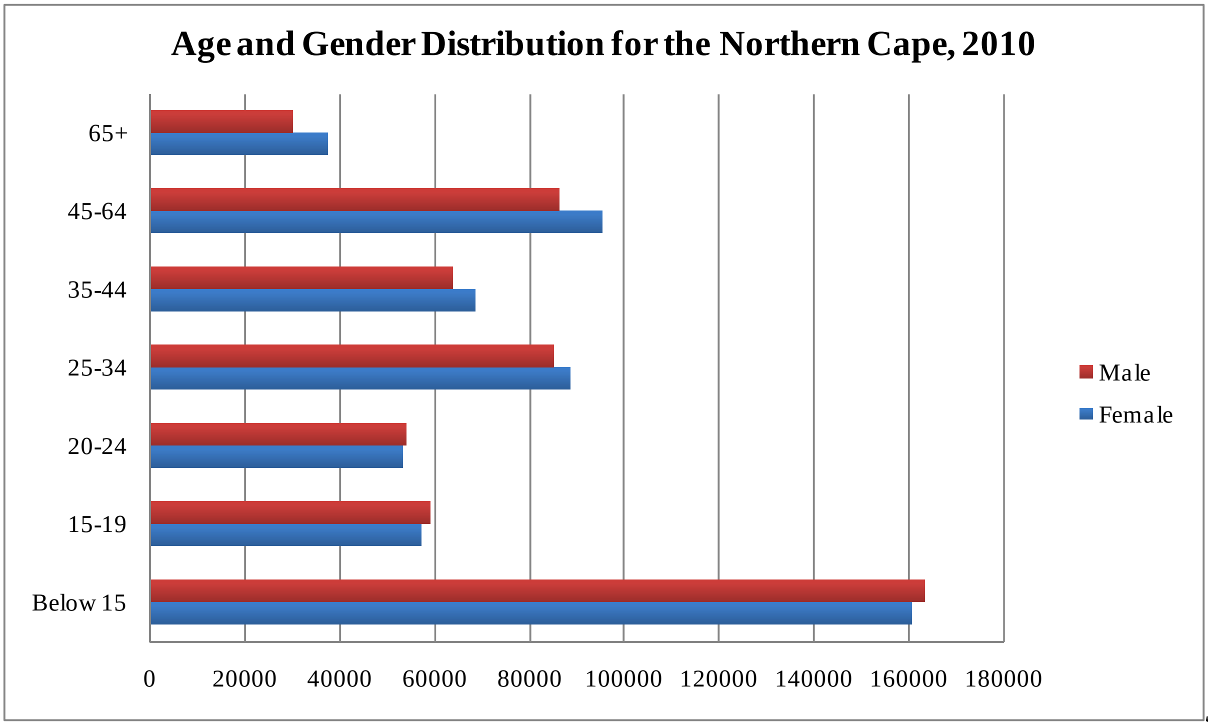
Year	Population	Number of Households	Average Number of People per HH
2007	1058060	264 653	4.0
2009	1128 799	293934	3.8

Source: Community Survey 2007 & Global Insight 2011

The number of households increased significantly from 264 653 in 2007 to 293 964 in 2009 while the average number of people per household has decreased from 4 to 3.8 during the same period. The increase in the number of households may be attributed to the increase in population size from 1 058 060 in 2007 to 1 128 799 in 2009 on the other end the decline in the average number of people could be as a result of the increase in number of houses built.

Figure 3.2 below shows the province`s age and gender distribution for the year 2010.

Figure 3.2: Age and Gender Distribution for the Northern Cape, 2010



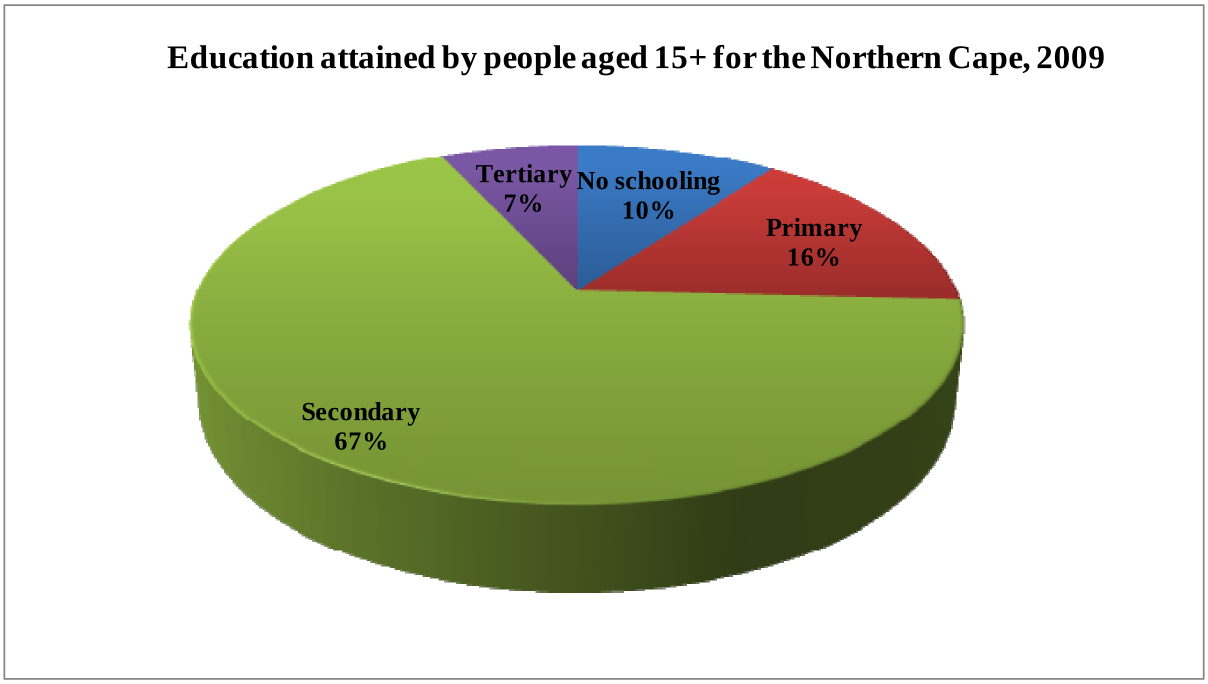
Source: Stats SA Mid-year estimates 2010

According to figure 3.2 the majority of the population is younger than 15 and represents 29 percent of the total population. Overall there are more females than males although the younger age groups from 24 downwards is characterised by a high number of males. The trend begins to change in the age group 25 to 34 years old. The province has a dependency ratio of 55 percent which means that about 55 percent of the economically inactive population depends on the economically active.

3.2 Access to Services

The baseline information in the level of development and provision of basic services is also important in the allocation of resources. Figure 3.3 below shows education attained by people aged 15 and older for the Northern Cape Province for 2009.

Figure 3.3: Education attained by people aged 15+ for the Northern Cape Province, 2009



Source: Global Insight, 2011

The majority of people in the province have secondary education at 67 percent followed by primary education at 16 percent while the number of people with no schooling is 10 percent. The tertiary education level registered only 7 percent which could be attributed to among other things the nonexistence of fulltime institution of higher learning in the province.

Table 3.2.1 shows a notable progress has been made in terms of providing shelter to the people of the Northern Cape.

Table 3.2.1: Types of Dwelling in the Northern Cape, 2001 and 2009

Types of Dwelling	2001	2009
Formal	81.0	82.8
Informal	10.2	10.7
Traditional	5.2	4.1
Other dwelling type	3.6	2.4

Source: Global Insight, 2011

Apparent from the table, 82.8 percent of households were living in formal dwellings in 2009 as compared to 81.0 percent in 2001. Informal dwelling increased from 10.2 percent in 2001 to 10.7 percent in 2009. This marginal increase in informal dwellings may be attributed to rural urban migration or a decrease in the average number of persons per household. Traditional dwellings decreased from 5.2 percent in 2001 to 4.1 percent in 2009 and those classified as Other dwellings types decreased from 3.6 percent to 2.4 percent for the same years.

Table 3.2.2: Households with Access to Water in the Northern Cape, 2001 and 2009

	2001	2009
Piped Water	85.6	80.8
No Formal Water	3.8	5.6
Other	10.6	13.6

Source: Global Insight, 2011

According to table 3.2.2 above, the number of households with piped water declined from 85.6 percent in 2001 to 80.8 percent in 2009. Access to no formal water and other sources of water both increased from 3.8 and 10.6 percent in 2001 to 5.6 and 13.6 percent in 2009 respectively. This can be attributed to the increase in population size and an increase in the number of households over this period.

Below is a presentation of the number of households with access to toilet facilities in the Northern Cape for the period 2001 and 2009.

Table 3.2.3: Households with Access to Toilet Facilities in the Northern Cape, 2001 and 2009

Toilet Facilities	2001	2009
Flush toilet	62.4	72.4
Ventilation Improved Pit (VIP)	5.5	7.4
Pit toilet	10.1	11.5
Bucket system	9.9	2.3
No toilet	12.0	6.4

Source: Global Insight, 2011

Over this period the number of households with flush toilets increased substantially from 62.4 percent in 2001 to 72.4 percent in 2009 while households with No toilets decreased from 12.0 percent in 2001 to 6.4 percent in 2009. Household's usage of Ventilation Improved Pit (VIP) and Pit toilet increased from 5.5 and 10.1 percent in 2001 to 7.4 and 11.5 percent in 2009 respectively. Another notable decline is the bucket system which decreased from 9.9 percent in 2001 to 2.3 percent in 2009. These positive developments indicate that the province can achieve its Millennium Development Goals (MDGs) related to sanitation.

Table 3.2.4: Households with Access to Refuse Removal in the Northern Cape, 2001 and 2009

Toilet Facilities	2001	2009
Removed weekly by authority	68.7	76.2
Removed less often than weekly by authority	2.8	2.4
Removed by community members	2.1	1.7
Personal removal (own dump)	21.3	14.5
No refuse removal	5.0	5.2

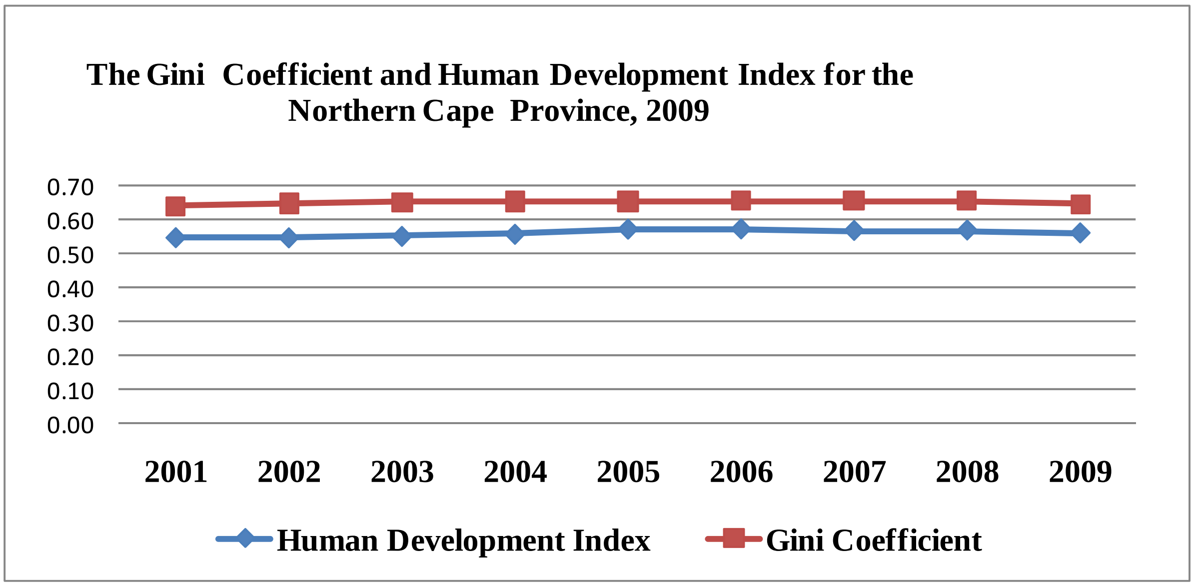
Source: Global Insight, 2011

Table 3.2.4 above, displays the number of households with access to refuse removal in the Northern Cape Province for the years 2001 and 2009. Refuse removed weekly by authority registered the highest increase from 68.7 percent in 20001 to 76.2 percent in 2009, while personal removal declined from 21.3 in 2001 to 14.5 in 2009. Despite a marginal increase in the number of households without access to refuse removal, overall there has been an improvement in the number of households with access to refuse removal in the province over this period.

3.3 Human development Index and Poverty Levels

The Human Development Index (HDI) and the Gini Coefficient will be used to gauge the levels of development and the extent of inequality in the province. The HDI ranges between 0 and 1 and by definition an HDI below 0.5 regarded as low development, between 0.5 and 0.8 as medium development and above 0.8 means that there is high development in that region. The Gini coefficient varies between 0 and 1, where 0 indicates perfect income equality and 1 complete income inequality. It is used to measure the distribution of wealth within the region.

Figure 3.4: The Gini Coefficient and Human Development Index (HDI) for the Northern Cape Province, 2001-2009



Source; Global Insight, 2011

Figure 3.4 above presents the trend in HDI and the Gini Coefficient for the period 2001-2009. The province's HDI ranges between 0.55 and 0.57, displaying a pattern of semi development. According to figure 3.2 above the Northern Cape's Gini coefficients moved slowly overtime with an average of 0.65 depicting higher levels of inequality over the years under consideration.

The table 3.3.1 below presents the annual income distribution of households in the Northern Cape Province for the period 2001 and 2009.

Table 3.3.1: Annual Income Distribution for the Northern Cape Province, 2001 and 2009

Income Category	2001	2009	% Change
0 - 2 400	3973	1730	-9.87
2 400-12 000	53461	33082	-5.82
12 000-30 000	81156	60310	-3.64
30 000-54 000	47261	59822	2.99
54 000-96 000	24207	49933	9.47
96 000-192 000	21970	41732	8.35
192 000-360 000	12070	25338	9.71
360 000-600 000	4974	12502	12.21
600 000-120 0000	1451	7246	22.27
1 200 000-2 400 0000	227	1867	30.16
2 400 000+	32	373	36.07

Source: Global Insight, 2011

It is evident that households with absolutely no income and those earning less than R2 400 per annum declined from 3 973 in 2001 to 1 730 in 2009 with a percentage change of 9.9. The number of households earning between (R 2 400- R 12 000) and (R 12 000- R 30 000) both declined by 5.82 and 3.64 respectively over the period.

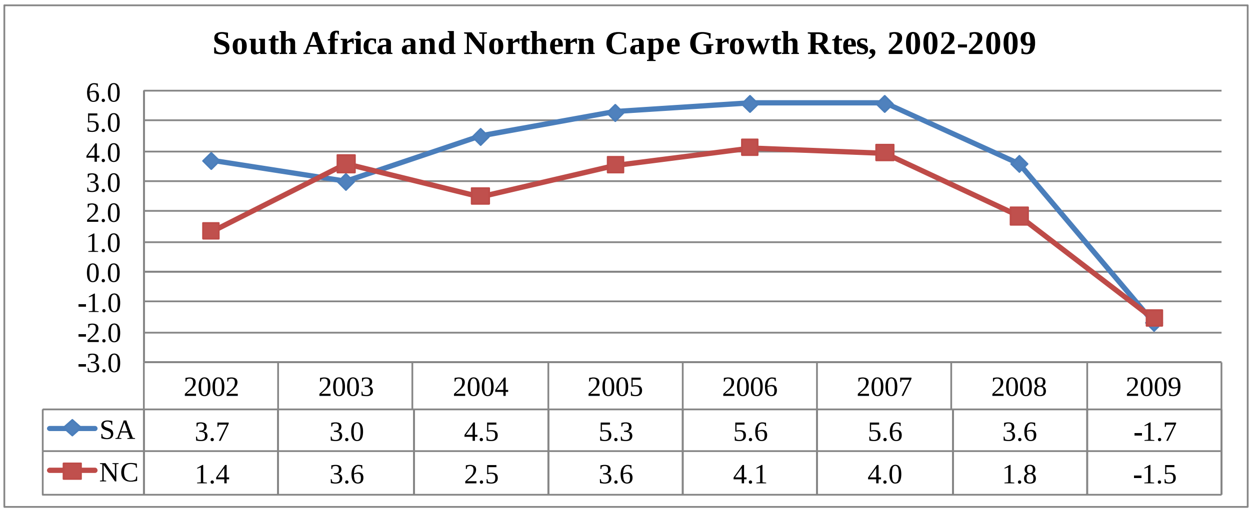
Although the annual income of most household's in different categories depicts an increase, the distribution of income within the province reflects considerable income inequality as most increases were experienced in high income categories from the income bracket (R 360 000 – 600 000) upwards. The highest percentage increase of 36.1 was recorded in the income category R2 400 000 and above.

3.4 Economic Indicators

3.4.1 Economic Growth (Gross Domestic Product)

The provincial and national economy both experienced a positive growth from 2002 to 2008. However, both economies endured a negative growth in 2009 as a result of the recession. Figure 3.5 below shows South Africa and the Northern Cape's growth rates between 2002 and 2009.

Figure 3.5: South Africa and Northern Cape Growth Rates, 2002-2009



	2002	2003	2004	2005	2006	2007	2008	2009
SA	3.7	3.0	4.5	5.3	5.6	5.6	3.6	-1.7
NC	1.4	3.6	2.5	3.6	4.1	4.0	1.8	-1.5

Source: Statistics South Africa, P0441 3rd Quarter 2010

The average growth rate for the national economy and Northern Cape Province was 3.7 and 2.4 respectively, between 2002 and 2009. Both economies performed best between 2006 and 2007, with growth rates ranging between 4.0 and 5.6 percent. The negative growth in mining and slow growth in the construction industry affected the performance of the provincial economy between 2007 and 2008 which lead to a decrease of 1.8 percent in 2008. The negative growth for the national and provincial economy in 2009 was inevitable as the country was also affected by the financial crisis.

The tertiary sector is the main contributor in the Northern Cape and without any structural adjustments the situation will remain the same. Table 3.4.1 below illustrates the three sectors in terms of contribution to the provincial economy from 2002 to 2009.

Table 3.4.1: Northern Cape's Sector Contribution, 2002-2009

Sectors	2002	2003	2004	2005	2006	2007	2008	2009
Primary sector	**34.6**	**33.3**	**32.1**	**30.4**	**31.6**	**32.8**	**35.6**	**33.5**
Agriculture, forestry and fishing	5.6	8.5	8.2	6.5	6.9	7.5	7.7	7.4
Mining and quarrying	28.9	24.8	23.9	23.8	24.7	25.3	27.9	26.1
Secondary sector	**6.5**	**6.6**	**6.8**	**6.4**	**6.4**	**5.7**	**6.8**	**6.9**
Manufacturing	3.4	3.5	3.3	3.3	2.9	2.2	3.0	2.2
Electricity, gas and water	1.9	2.0	2.2	1.9	2.1	2.0	2.1	2.8
Construction	1.2	1.1	1.3	1.2	1.4	1.5	1.7	1.9
Tertiary sector	**49.9**	**50.8**	**50.8**	**52.4**	**50.4**	**50.4**	**47.9**	**50.4**
Wholesale and retail trade	9.1	10.5	10.7	10.6	11.0	10.8	9.4	9.9
Transport, storage and communication	8.6	8.6	8.3	8.6	8.3	8.0	7.5	7.4
Finance, real estate and business services	11.9	10.9	12.2	12.2	12.8	13.2	12.3	12.6
Personal services	8.0	8.3	8.4	8.5	8.0	7.8	7.0	8.1
General government services	12.2	12.5	11.1	12.6	10.3	10.5	11.7	12.3
All industries at basic prices	**90.9**	**90.7**	**89.6**	**89.2**	**88.5**	**88.9**	**90.4**	**90.7**
Taxes less subsidies on products	9.1	9.3	10.4	10.8	11.5	11.1	9.6	9.3
GDPR at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Statistics South Africa, P0441 3rd Quarter 2010

The primary, secondary and tertiary sector averaged 33.0, 6.5 and 50.4 percent, respectively between the period 2002 and 2009. The mining and quarrying industry lead all the industries with an average contribution of 25.7 percent, while the construction industry was the least contributor at 1.4 percent.

3.4.2 Labour Analysis

The labour market recovered from high job losses experienced in 2009. In the first quarter (Q1) of 2010 around 286 000 people who were eligible to work were employed in the Northern Cape and 103 000 people were unemployed. However the number of people employed in the second quarter (Q2) decreased to 258 000 while those unemployed increased to 111 000. The labour market recovered in the third quarter (Q3) and fourth quarter (Q4) when the number of people employed increased to 276 000 and 278 000 respectively while number of work seekers who were unemployed decreased in these Quarters.

Table 3.4.2: Northern Cape Labour Status, 2010 Q1-Q4

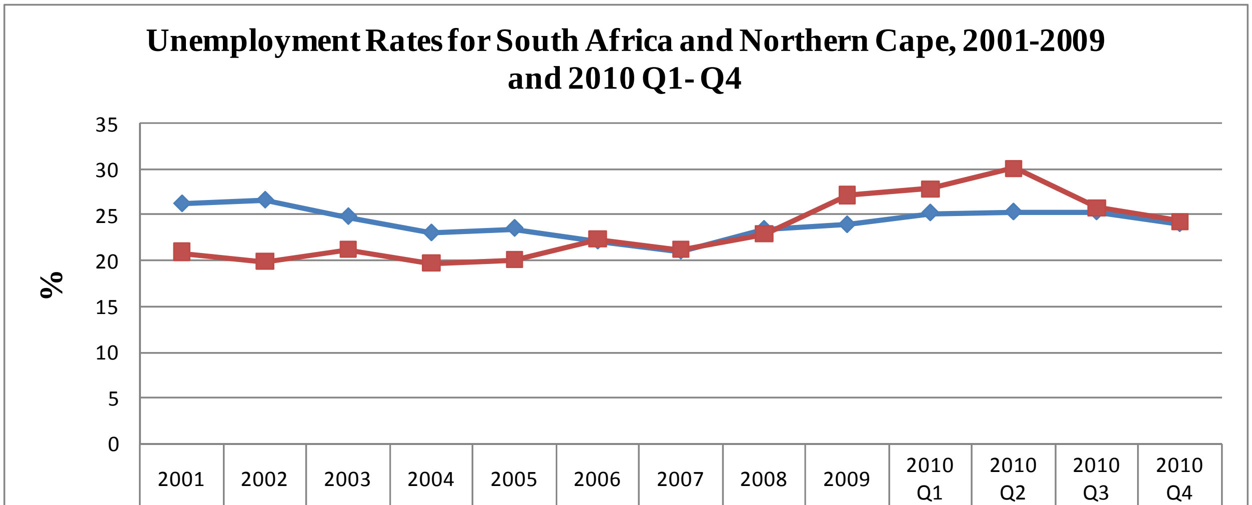
Labour Maket	Q1	Q2	Q3	Q4
Employed	268	258	276	278
Unemployed	103	111	96	89
Economically Active	**371**	**369**	**372**	**367**
Labour Activity				
Economically Active	371	369	372	367
Not Ecomically Active	339	342	341	343
Population 15-64 yrs	**710**	**711**	**713**	**710**

Source: StatsSA, QLFS 2010

The number of the economically active population decreased from 371 000 in Q1 to 367 000 in Q4 of 2010 while the number those who were not economically active increased from 339 000 in Q1 to 343 000 in Q4. The total number of the working age population between 15 and 64 years was 710 000 in Q1 and remained the same in Q4 of 2010.

Unemployment rate for both South Africa and the Northern Cape is analysed below in figure 3.6.

Figure 3.6: Unemployment Rates for South Africa and Northern Cape, 2001-2010 Q3



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 Q1	2010 Q2	2010 Q3	2010 Q4
RSA	26.2	26.6	24.8	23	23.5	22.1	21	23.4	23.9	25.2	25.3	25.3	24
NC	20.9	19.8	21.2	19.7	20	22.3	21.2	22.9	27.2	27.8	30.1	25.8	24.3

Source: StatsSA, QLFS, 2010

Unemployment rate for South Africa (RSA) and Northern Cape (NC) averaged 23.8 and 21.7 percent respectively for the 2001-2009 period. South Africa recorded the highest unemployment rate of 26.6 percent in 2002 while NC had a high rate of 27.2 percent in 2009. Unemployment rate at national level averaged around 25 percent between Q1 and Q4 in 2010 while the NC experienced the highest rate amongst provinces in Q2 at 30.1 percent, before decreasing to 24.3 percent in Q4.