NORTHERN CAPE PROVINCIAL GOVERNMENT

SOCIO-ECONOMIC REVIEW AND OUTLOOK

2018

Northern Cape Provincial Treasury

Northern Cape Provincial Government

Provincial Treasury

Socio-Economic
Review and Outlook
2018

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Socio-Economic Review and Outlook 2018
The Northern Cape Socio-Economic Review and Outlook 2018 is compiled using the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

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Foreword

At the time of publishing the Northern CapeSocio-Economic Review and Outlook, growth in world output for 2017 is estimated at 3.7 percent. The higher projections are largely due to unexpected growth upswings in Europe and Asia. The faster pace of growth experienced in 2017 is expected to continue into 2018 and 2019, with global growth projected at 3.9 percent for both years. In 2018, Advanced Economies are projected to grow at 2.3 per cent and Emerging and Developing Economies are projected to grow at 4.9 per cent. This is according to the International Monetary Fund (IMF).

South Africa's economy is forecasted to grow at 1.5 per cent in 2018, following an estimated growth rate of 1 per cent in 2017. It is forecasted that growth will further pick up to 1.8 per cent in 2019 and 2.1 per cent in 2020. Inflation is forecasted to remain below 6 per cent between 2018 and 2020. On a national level, there was a slight increase in the unemployment rate from 26.5 to 26.7 per cent between the last quarter of 2016 and 2017. The provincial unemployment rate however decreased over this period from 32.0 per cent to 27.1 per cent. The number of employed people increased by 24 000 and the number of unemployed people decreased by 21 000. The largest number of jobs was created in Community and social services and Finance.

The socio-economic profile of the province is important as it provides the socio-economic profile of the province and informs decision makers of where the gaps are and where resources can be focussed.

MN Jack (MPL)

MEC for Finance, Economic Development and Tourism

Table of Contents

List of Figures

List of Tables

List of Acronyms

CDG	Care Dependency Grant
CSG	Child Support Grant
DG	Disability Grant
FCG	Foster Child Grant
GDP	Gross Domestic Product
GDPR	Gross Domestic Product by Region
GIA	Grant in Aid
HDI	Human Development Index
IMF	International Monetary Fund
L:E	Learner to educator (ratio)
L:S	Learner to school (ratio)
NC	Northern Cape
OAG	Old Age Grant
Q	Quarter
SA	South Africa
SARB	South African Reserve Bank
SASSA	South African Social Security Agency
Stats SA	Statistics South Africa
VIP	Ventilation Improved Pit
WVG	War Veteran's Grant

Executive Summary

The total number of people residing in the Northern Cape grew between 2016 and 2017. Children aged 0 to 4 years represented the largest share of the Northern Cape population, while those aged 70 to 74 years represented the smallest share. It is estimated that the average fertility rate will decline between 2016 and 2021 in comparison to previous periods in the Northern Cape. It is expected that the Northern Cape's positive net migration will continue to rise in the period from 2016 to 2021. On average, the provincial life expectancy is expected to slightly increase between 2011 to 2016 and 2016 to 2021.

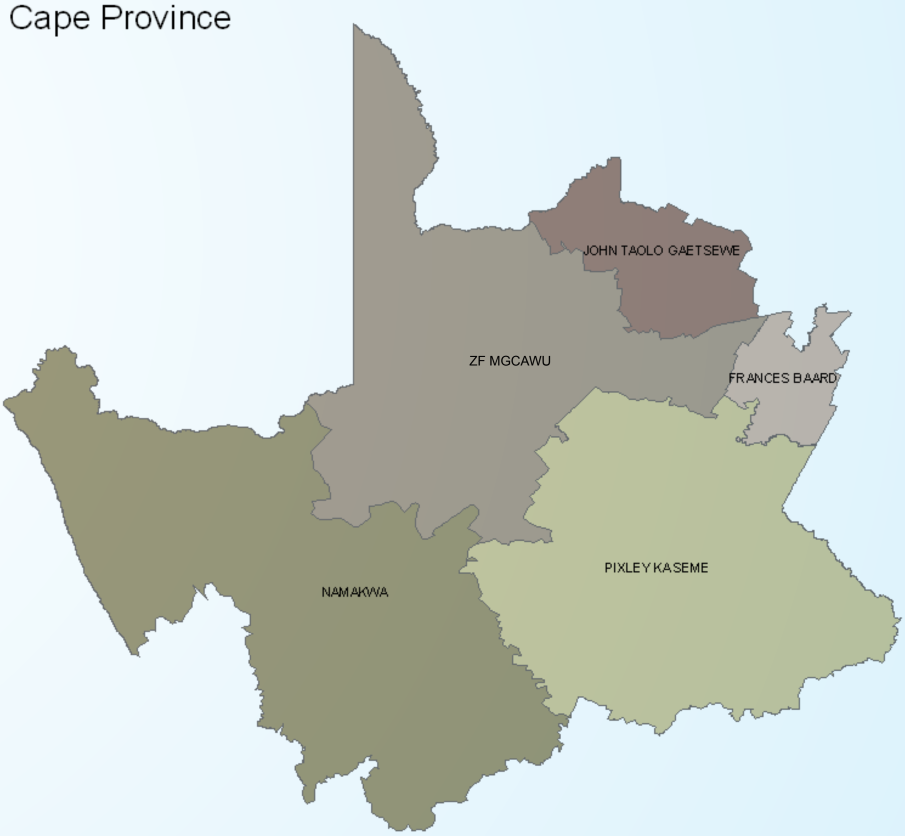
South Africa's growth rate is projected to increase slightly from 0.3 per cent in 2016 to 0.9 per cent in 2017. Nationally, the primary sector had a particularly difficult year of growth in 2016, with only one quarter of positive growth recorded in the agriculture, forestry and fishing industry and only negative growth in mining and quarrying. South Africa's inflation averaged 5.3 per centin 2017. The Northern Cape economy still made the smallest contribution to national GDP in 2016. The largest contributor to the provincial economy wasthe Frances Baard District Municipality. Community services and mining were the largest two industries in the province.

Nationally, the number of unemployed people declined and the unemployment rate declined between quarters3 and 4 of 2017. The Northern Cape unemployment ratewasin the middle (fifth) in the fourth quarter of 2017, compared to the other provinces. On a provincial level, year-on-year, the number of individuals of working ageincreased, the number of employed people increased and the number of unemployed people decreased. The largest employing industry was the community and social services industry, employing nearly a third of the employed people in the province in quarter 4 of 2017. The trade industry was the biggest informal employer in the Northern Cape in 2016. Between 2006 and 2016, there was a decline in the unemployment rates for Africans and Coloureds in the Northern Cape.

The poverty rate and poverty gap rate have both decreased between 2006 and 2016 in the Northern Cape, while the HDI increased by 0.10. The province recorded the lowest Gini coefficient in the country in 2016 at 0.59. In terms of access to education, the province recorded 291 490 Leaners, 9 300 educators and 574 schools. There has been a general improvement in the number households with accessto basic servicesbetween 2006 and 2016 and the number of grant recipients has increased in the province in 2017.

Provincial Economic Review and Outlook

Northern Cape Province



1 Demography

1.1 Introduction

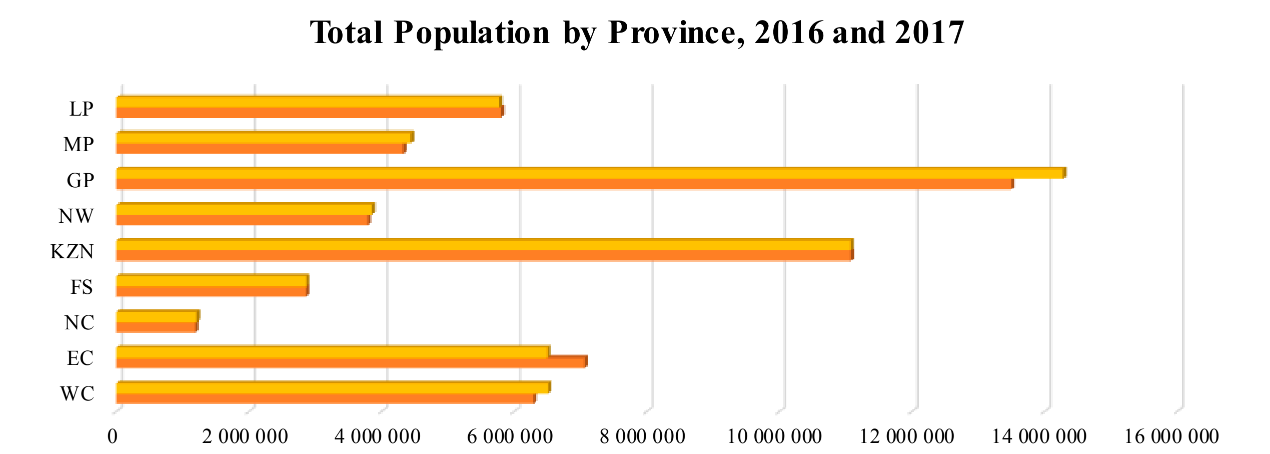
This chapter presents the demographic profile for the Northern Cape Province in comparison with South Africa and in some cases, with other provinces. Demography can be defined as the study of the size, structure, distribution, and composition of populations. The demographic analysis is crucial as it provides guidance to all spheres of government and society with planning in as far as service delivery is concerned.

1.2 Population Profile

1.2.1 Population

The following graph depicts the mid-year population estimates by province for 2016 and 2017.

Figure 1.1: Total Population by Province, 2016 and 2017



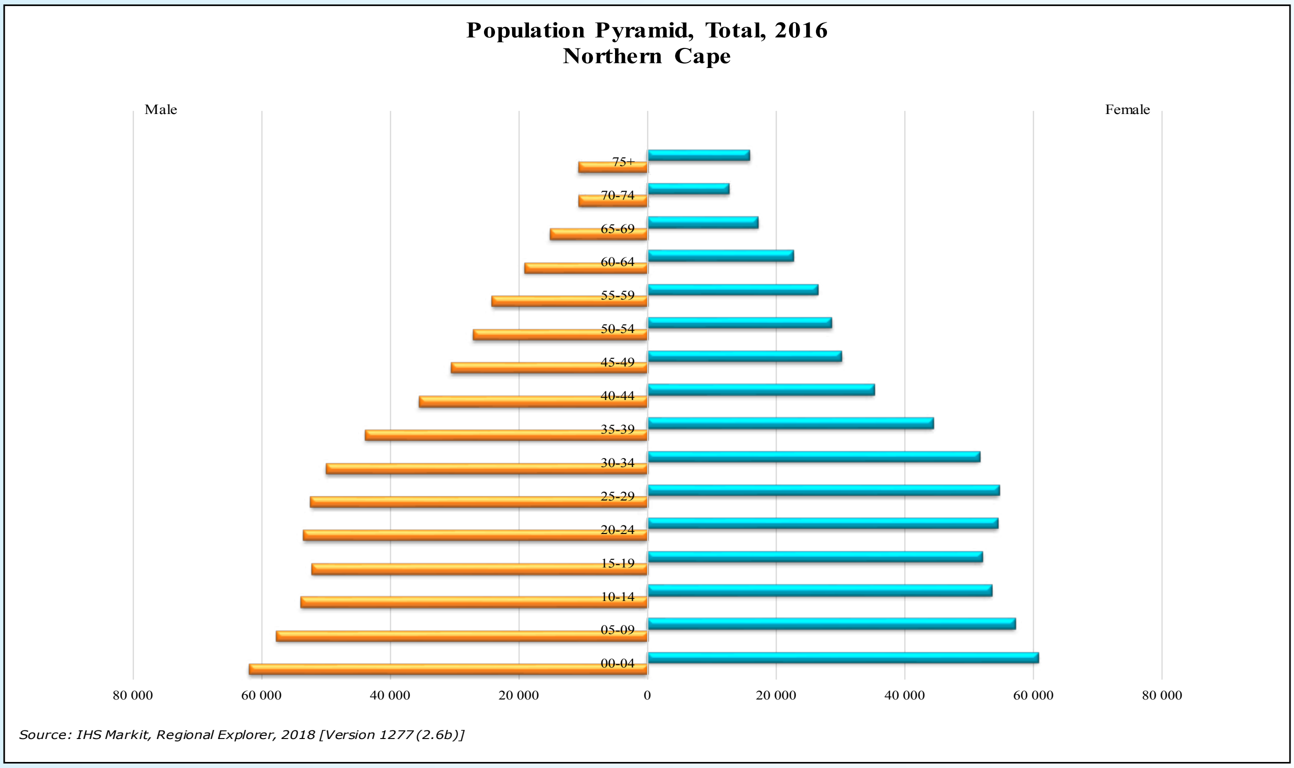
	WC	EC	NC	FS	KZN	NW	GP	MP	LP
2017	6 510 300	6 498 700	1 214 000	2 866 700	11 074 800	3 856 200	14 278 700	4 444 200	5 778 400
2016	6 293 200	7 061 700	1 191 700	2 861 600	11 079 700	3 790 600	13 498 200	4 328 300	5 803 900

Source: Statistics South Africa, Mid-Year Population Estimates, 2016 and 2017

Although there has been an increase in Northern Cape's population by mid-2017 when compared to the same time in 2016, the province remains the smallest in terms of the population size, representing 2 per cent of the South African population. This is one of the elements contributing to the province getting the smallest share of the national fiscus. In contrast, Gauteng remained the province with the largest population, followed by KwaZulu-Natal, Eastern Cape and Western Cape. Six of the provinces, namely Western Cape, Northern Cape, Free State, North West, Gauteng and Mpumalanga, had an increase in their population sizes. The remaining three provinces had a decline. There are various factors contributing to a rise/decline in the population and they include fertility, mortality and economic opportunities.

The graph below is the population pyramid of the Northern Cape, depicting the total number of people in terms of gender and age in 2016.

Figure 1.2: Population Pyramid for Northern Cape, 2016

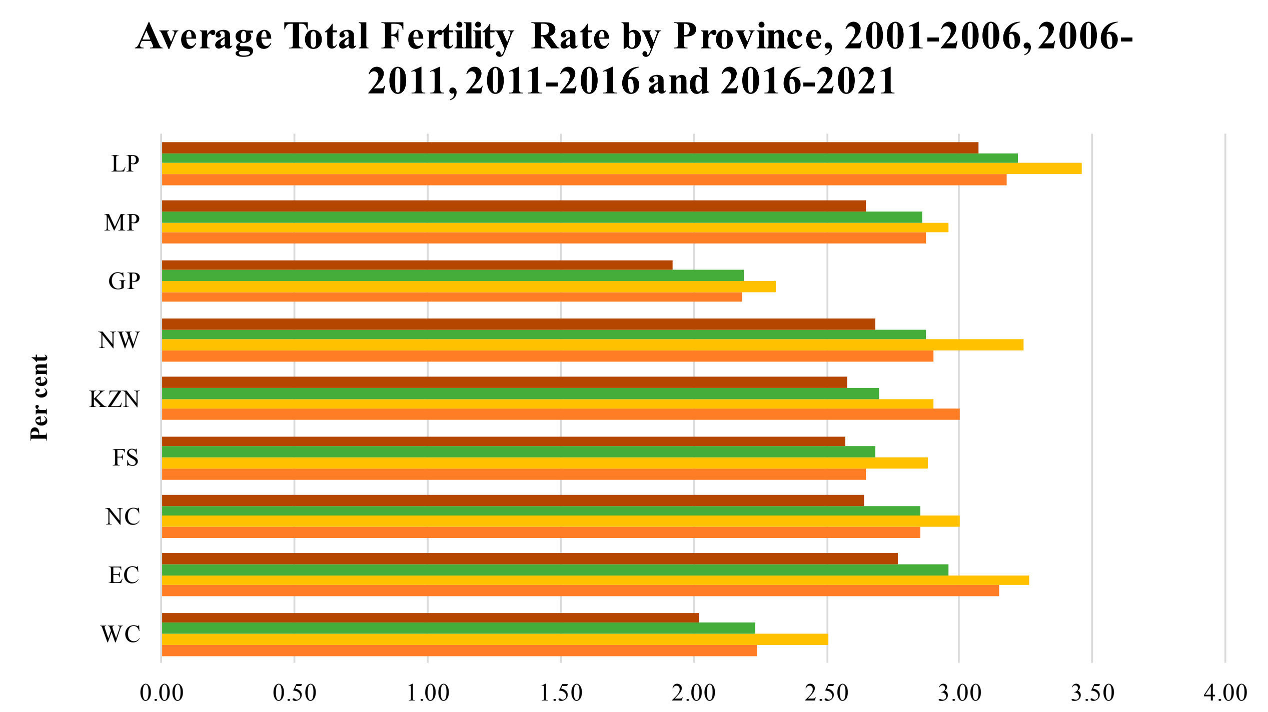


The age cohort 0 to 4 years constituted the largest proportion of the total population. This implies high birth rates in the province and thus indicates the need for the provincial government to properly manage/prioritise the budget relating to areas including early childhood development as well as mother and child healthcare. The age cohort that had the smallest population share was that of the people aged 70 to 74 years.

1.2.2 Fertility

Figure 1.3 below illustrates the average total fertility rate for each of the provinces in South Africa for the period of 2001 to 2021.

Figure 1.3: Average Total Fertility Rate by Province, 2001-2006, 2006-2011, 2011-2016 and 2016-2021



	WC	EC	NC	FS	KZN	NW	GP	MP	LP
2016-2021	2.02	2.77	2.64	2.57	2.58	2.68	1.92	2.65	3.07
2011-2016	2.23	2.96	2.85	2.68	2.70	2.87	2.19	2.86	3.22
2006-2011	2.51	3.26	3.00	2.88	2.90	3.24	2.31	2.96	3.46
2001-2006	2.24	3.15	2.85	2.65	3.00	2.90	2.18	2.87	3.18

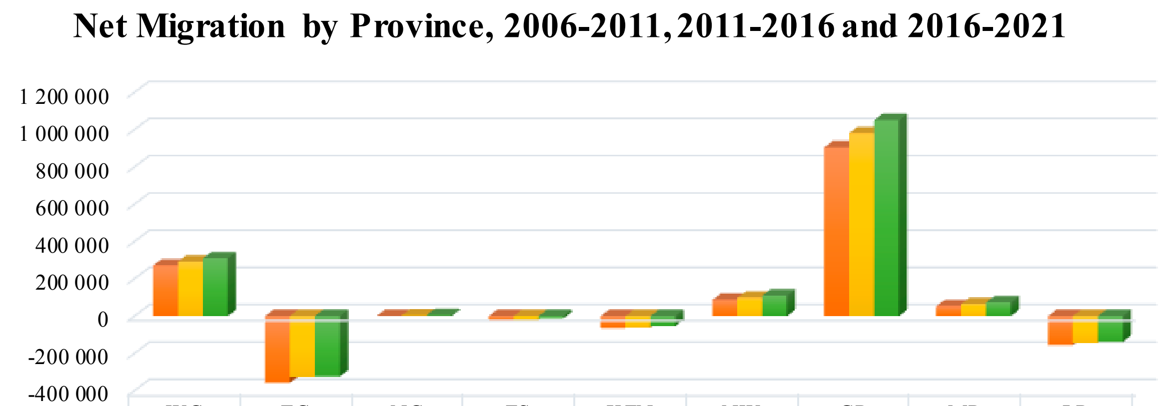
Source: Statistics South Africa, Mid-Year Population Estimates, 2017

KwaZulu-Natal is the only province that had a consistent decline in the average total fertility rate. For the period 2016 to 2021, Limpopo followed by Eastern Cape and North West had the highest fertility rates, while Gauteng had the lowest. There could be various factors responsible for a decrease in fertility rate, including awareness and improved utilisation of contraceptive methods as well as people's growth in terms of education levels and employment status.

1.2.3 Migration

Figure 1.4 portrays net migration for South African provinces including the Northern Cape for the period of 2006 to 2021.

Figure 1.4: Net Migration by Province, 2006-2011, 2011-2016 and 2016-2021



	WC	EC	NC	FS	KZN	NW	GP	MP	LP
2006-2011	272 069	-358 482	1 157	-29 247	-64 050	86 691	904 619	52 594	-155 884
2011-2016	292 372	-326 171	3 311	-20 913	-62 360	97 764	981 290	64 003	-143 767
2016-2021	309 729	-324 213	5 670	-12 860	-53 706	109 599	1 050 230	73 407	-138 606

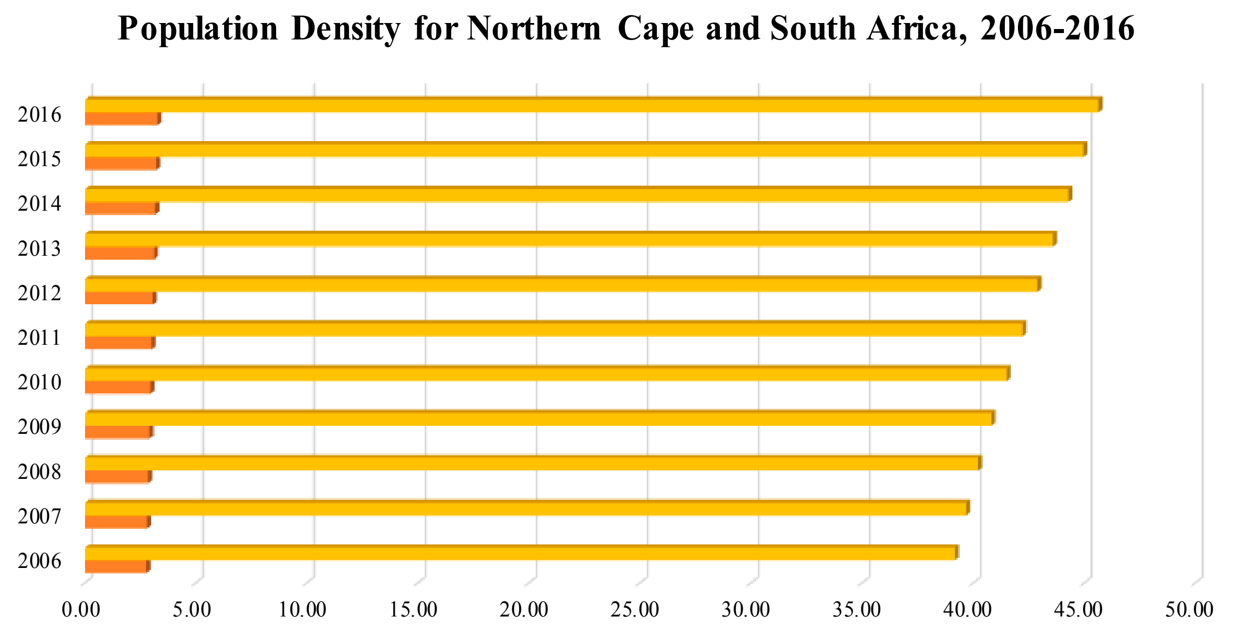
Source: Statistics South Africa, Mid-Year Population Estimates, 2017

The Western Cape, Northern Cape, North West, Gauteng and Mpumalanga were the provinces with positive net migration between 2006 and 2011, as well as between 2011 and 2016. It has also been estimated that this will be the case for the period from 2016 to 2021. Eastern Cape, Free State, Kwa-Zulu Natal and Limpopo had negative net migration, and this is expected to continue over the period from 2016 to 2021. Gauteng, the largest province in terms of the population size, remained in the first position amongst the provinces with positive net migration, implying that it had more people moving in rather than out of the province. It was followed by the Western Cape and North West.

1.2.4 Population Density

Figure 1.5 shows the population density for the Northern Cape and South Africa from 2006 to 2016.

Figure 1.5: Population Density for Northern Cape and South Africa, 2006-2016



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SA	39.16	39.67	40.21	40.81	41.50	42.20	42.89	43.59	44.28	44.95	45.63
NC	2.77	2.80	2.84	2.89	2.95	3.00	3.06	3.11	3.16	3.21	3.26

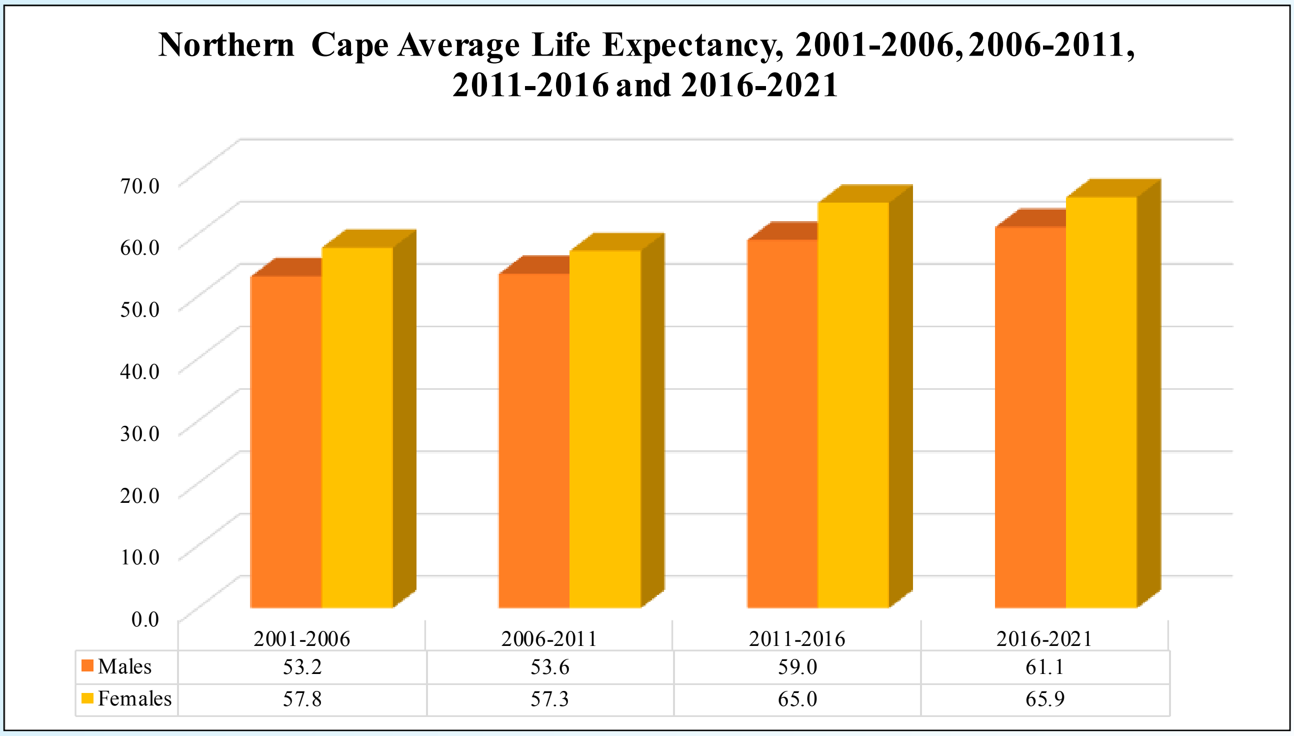
Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

Since 2006, the provincial population density has been slightly increasing from year to year, although it is very low in comparison to other provinces. This is expected as the Northern Cape has the smallest share of the national population, and it is the biggest province by land mass.

1.3 Life Expectancy

The provincial average life expectancy rate at birth for both males and females for the period of 2001 to 2021 is illustrated in the graph below.

Figure 1.6: Northern Cape Average Life Expectancy, 2001-2006, 2006-2011, 2011-2016 and 2016-2021



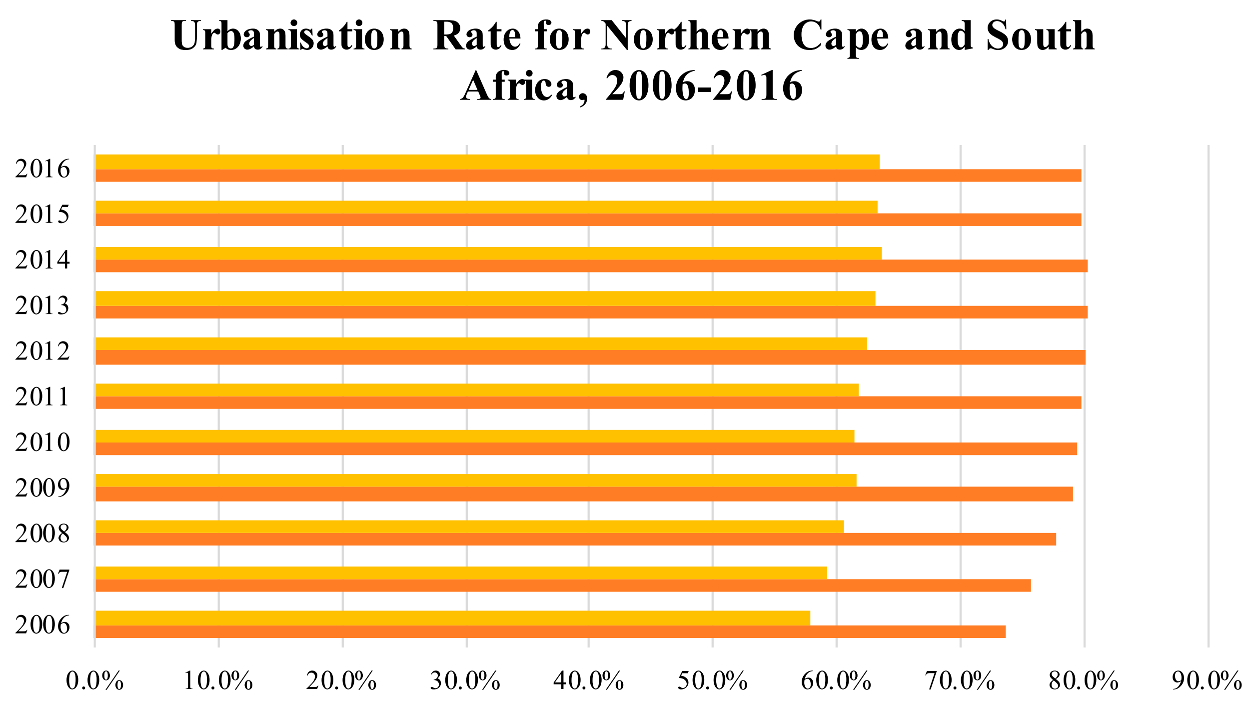
Source: Statistics South Africa, Mid-Year Population Estimates, 2017

On average, the Northern Cape had a slight increase in life expectancy for both males and females for the period 2001 to 2006 until 2011 to 2016. This is expected to carry on until 2016 to 2021. It should, however, be noted that the increase has not been constant for females as they experienced a slight drop in life expectancy between the periods of 2001 to 2006 and 2006 to 2011. \

1.4 Urbanisation

On the figure that follows, the Northern Cape's urbanisation rate is shown against that of South Africa for the period from 2006 to 2016.

Figure 1.7: Urbanisation Rate for Northern Cape and South Africa, 2006-2016



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SA	57.9%	59.3%	60.6%	61.5%	61.4%	61.8%	62.4%	63.2%	63.7%	63.4%	63.4%
NC	73.7%	75.8%	77.7%	79.1%	79.4%	79.7%	80.1%	80.3%	80.3%	79.8%	79.9%

Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

The provincial urbanisation rate has been rising since 2006, and the same is observed for the country, although it had lower rates in comparison to the Northern Cape. It should be noted, however, that by the end of 2016 the urbanisation rate for the province was estimated at 79.9 per cent, a slight decline from 80.3 per cent recorded in 2013 and 2014.

1.5 Conclusion

The total number of people residing in the Northern Cape grew between 2016 and 2017. Children aged 0 to 4 years represented the largest share of the Northern Cape population, while those aged 70 to 74 years represented the smallest share. It is estimated that the average fertility rate will decline between 2016 and 2021 in comparison to previous periods in the Northern Cape. It is expected that the Northern Cape's positive net migration will continue to rise in the period from 2016 to 2021. On average, the provincial life expectancy is expected to slightly increase between 2011 to 2016 and 2016 to 2021.

2 Economy

2.1 Introduction

Trends of past economic indicator performance and projections of future growth are key to making proactive fiscal and strategic decisions. This chapter will thus provide an analysis of the global economic outlook as well as national and provincial economic performance.

2.2 Global Economic Outlook

In Table 2.1 below an overview of the world economic outlook projections for 2016 to 2019 are provided.

Table 2.1: Overview of World Economic Outlook Projections, 2016-2019

Region/Country	Estimates		Projections	
	2016	2017	2018	2019
World Output	**3.2**	**3.7**	**3.9**	**3.9**
Advanced Economies	**1.7**	**2.3**	**2.3**	**2.2**
United States	1.5	2.3	2.7	2.5
Euro Area	1.8	2.4	2.2	2.0
Japan	0.9	1.8	1.2	0.9
United Kingdom	1.9	1.7	1.5	1.5
Emerging and Developing Economies	**4.4**	**4.7**	**4.9**	**5.0**
Commonwealth of Independent States	0.4	2.2	2.2	2.1
Russia	-0.2	1.8	1.7	1.5
Emerging and Developing Asia	6.4	6.5	6.5	6.6
China	6.7	6.8	6.6	6.4
India	7.1	6.7	7.4	7.8
Emerging and Developing Europe	3.2	5.2	4.0	3.8
Latin America and the Caribbean	-0.7	1.3	1.9	2.6
Brazil	-3.5	1.1	1.9	2.1
Sub-Saharan Africa	1.4	2.7	3.3	3.5
Nigeria	-1.6	0.8	2.1	1.9
South Africa	0.3	0.9	0.9	0.9

Per cent change

Source: IMF World Economic Outlook Update, January 2018

According to the IMF, growth in world output for 2017 is estimated at 3.7 percent, 0.1 percentage points higher than projected in October 2017. The higher projections are largely due to unexpected growth upswings in Europe and Asia. The faster pace of growth experienced in 2017 is expected to continue into 2018 and 2019, with global growth revised up to 3.9 per cent for both years. Sub-Saharan Africa is expected to gain substantial growth momentum over the two year outlook, while South Africa's growth rate is projected to increase slightly from 0.3 per cent in 2016 to 0.9 per cent in 2017 after which it is expected to remain unchanged at 0.9 per cent in 2018 and 2019.

2.3 National Economy

Table 2.2 shows the macro-economic review for South Africa from quarter 1 of 2016 to quarter 3 of 2017.

Table 2.2: Macro-Economic Review for South Africa, 2016 and 2017

Components	2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Final Household Consumption Expenditure	-1.5	1.2	2.2	2.2	-2.7	4.7	2.6
Final General Government Consumption Expenditure	1.5	2.8	1.9	0.3	-1.7	1.4	-0.5
Gross Fixed Capital Formation	-10.4	-2.8	-3.5	1.7	1.3	-2.0	4.3
Gross Domestic Expenditure	-3.6	-4.2	7.5	-1.9	1.3	2.6	0.7

Percentage change at seasonally adjusted annualised rates

Source: SARB Quartely Bulletin, December 2017

Growth in final household consumption peaked at 4.7 per cent in the second quarter of 2017, immediately after a contraction of -2.7 per cent in the first quarter. Growth in final general government consumption remained positive for the entire 2016, but was negative for the first and third quarters of 2017. Gross fixed capital formation has experienced negative growth for four out of the seven quarters in the period under review.

2.3.1 National Sector Growth Trends

The growth in the national GDP per sector from quarter 1 of 2016 to quarter 3 of 2017 is provided in Table 2.3 below.

Table 2.3: Growth in National GDP per Sector, 2016 and 2017

Sector	2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Agriculture, forestry and fishing	-4.8	-16.0	-5.2	2.4	11.4	31.8	19.6
Mining and quarrying	-11.3	-4.4	-0.1	-3.1	6.8	3.1	3.2
Manufacturing	-0.8	3.8	0.5	-0.7	-0.9	-2.0	-0.7
Electricity, gas and water	-5.6	-3.1	-2.1	-3.2	-1.6	0.5	-0.8
Construction	1.6	0.1	1.0	0.2	0.2	0.7	0.4
Wholesale, retail and motor trade; catering and accomodation	1.3	1.7	0.7	1.1	-1.0	-1.2	-0.9
Transport, storage and communication	-0.9	0.3	0.4	1.7	1.5	1.2	0.9
Finance, real estate and business services	2.2	2.0	1.7	1.8	0.9	1.1	1.0
General government services	1.2	1.1	1.1	2.2	0.7	0.0	-0.4
Personal services	1.0	1.1	1.5	1.1	0.8	1.1	1.5
Total value added at basic prices	**-0.4**	**0.4**	**0.7**	**0.8**	**1.0**	**1.3**	**0.8**
Taxes less subsidies on products	-2.5	-0.5	0.4	-0.2	0.9	1.6	0.6
GDP at market prices	**-0.6**	**0.3**	**0.7**	**0.7**	**1.0**	**1.3**	**0.8**

Constant 2010 prices

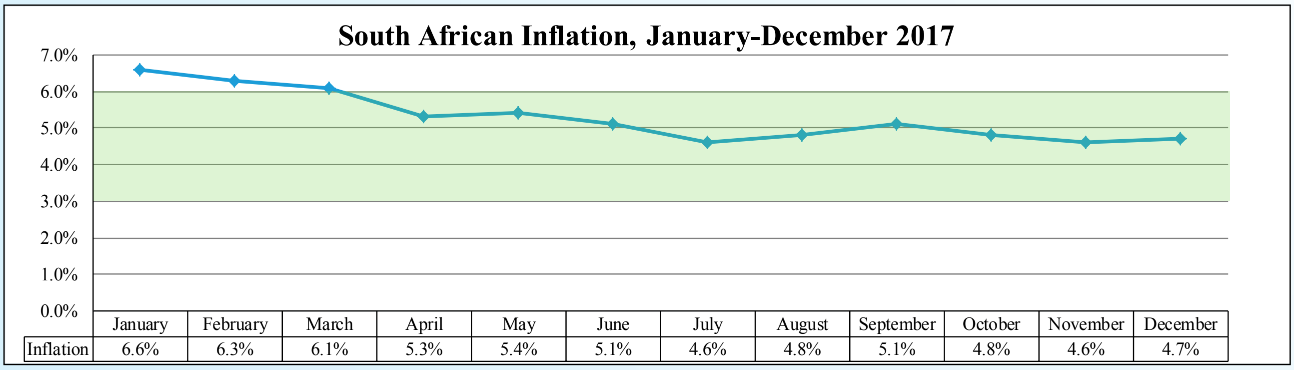
Source: Stats SA P0441 - Gross Domestic Product (GDP), 3rd Quarter 2017

The primary sector had a particularly difficult year of growth in 2016, with only one quarter of positive growth recorded in the agriculture, forestry and fishing industry and only negative growth in mining and quarrying. Both industries however recovered in 2017, showing positive growth in all of the three quarters analysed, with the agriculture, forestry and fishing industry achieving high growth rates above 10 per cent in each quarter. The electricity, gas and water industry has experienced negative growth for six out of the seven quarters over the 21-month period. The three industries that have enjoyed low, but consistently positive growth in the period under review are construction, finance, real estate and business services and personal services.

2.3.2 Inflation

The inflation rate of South African from January to December 2017 is shown in Figure 2.1 below.

Figure 2.1: South African Inflation, January-December 2017



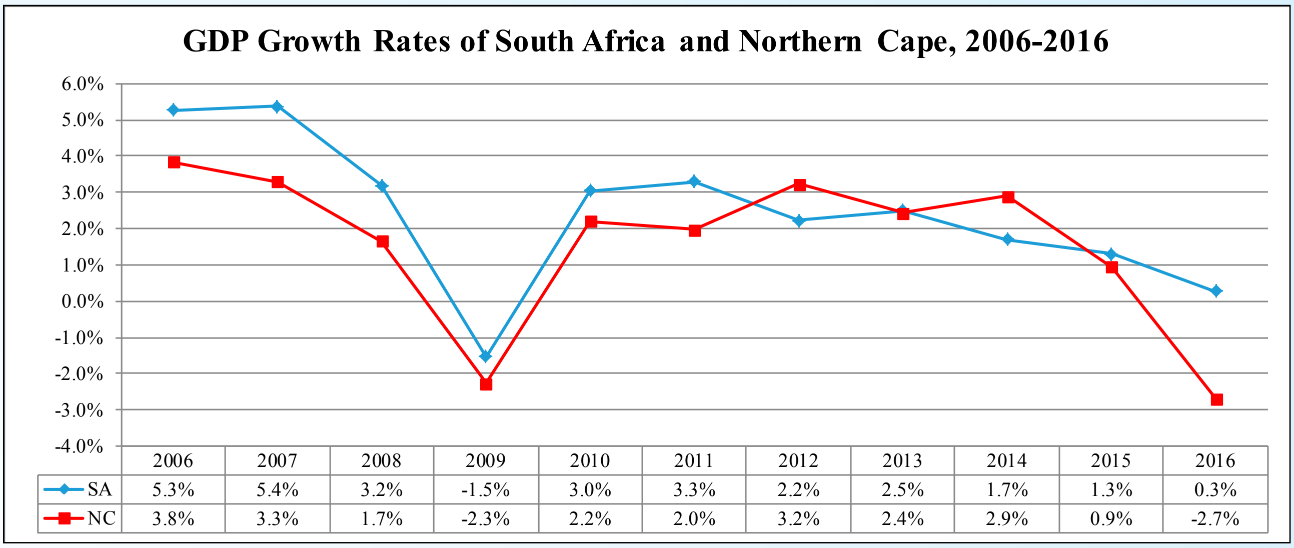
Source: Stats SA, P0141 – Consumer Price Index, January 2018

South Africa's level of inflation has for the last nine months of 2017 managed to remain within the South African Reserve Bank (SARB) target range of 3 to 6 per cent, while in the first quarter of the year inflation remained marginally above the 6 per cent upper limit. Average inflation for 2017 was 5.3 per cent.

2.4 Provincial Economy

Figure 2.2 below provides the gross domestic product (GDP) growth rates of South Africa and the Northern Cape for the period from 2006 to 2016.

Figure 2.2: GDP Growth Rates of South Africa and Northern Cape, 2006-2016



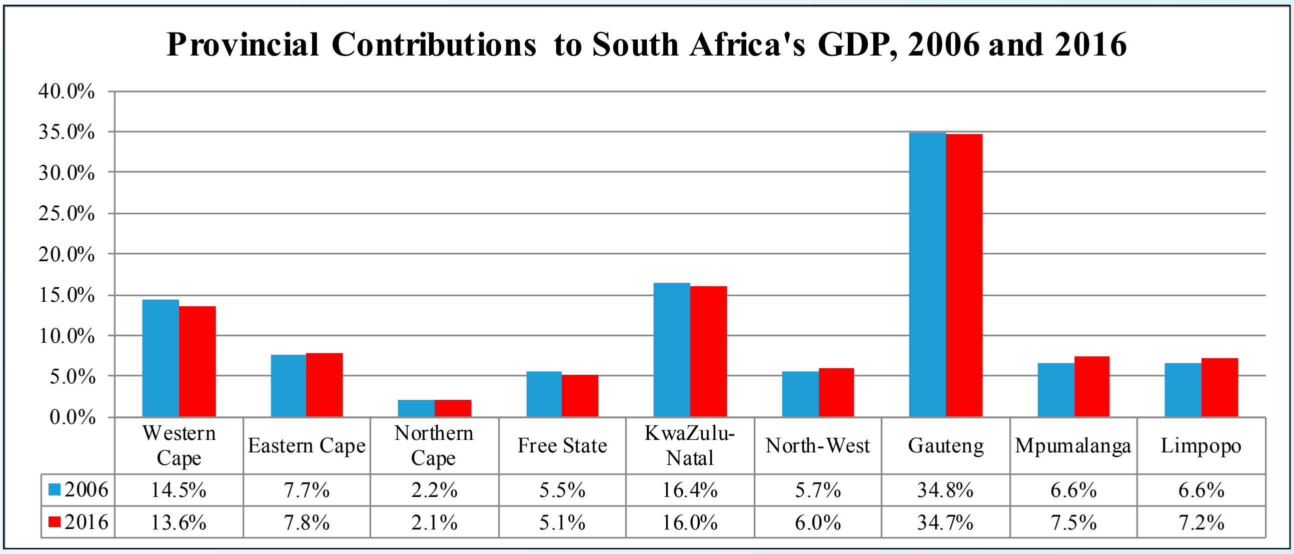
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SA	5.3%	5.4%	3.2%	-1.5%	3.0%	3.3%	2.2%	2.5%	1.7%	1.3%	0.3%
NC	3.8%	3.3%	1.7%	-2.3%	2.2%	2.0%	3.2%	2.4%	2.9%	0.9%	-2.7%

Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

After the financial crisis of 2008/09, the provincial economy's growth picked up in 2010, growing at 2.2 per cent and remained above 2.0 per cent until 2015 when it reached a marginal 0.9 per cent growth and then -2.7 per cent in 2016. The negative economic growth of the province in 2016 can be attributed to contractions in the agriculture, mining, electricity and transport industries.

Figure 2.3 below provides the contributions that all of the provinces made to the national GDP in 2006 and 2016. This provides context to the size of the Northern Cape economy when compared to the economies of the other provinces.

Figure 2.3: Provincial Contributions to South Africa's GDP, 2006 and 2016



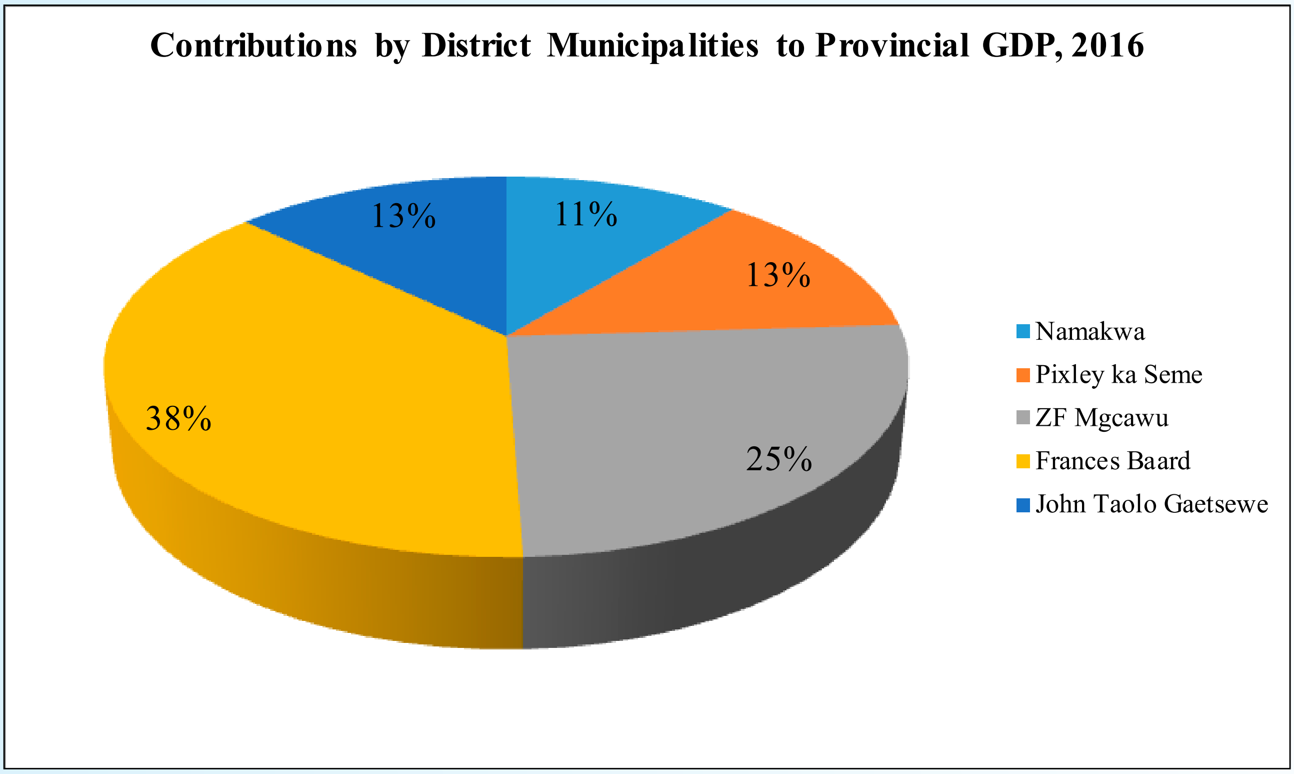
	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North-West	Gauteng	Mpumalanga	Limpopo
2006	14.5%	7.7%	2.2%	5.5%	16.4%	5.7%	34.8%	6.6%	6.6%
2016	13.6%	7.8%	2.1%	5.1%	16.0%	6.0%	34.7%	7.5%	7.2%

Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

The Northern Cape was still the smallest contributor to national GDP in 2016, contributing 2.1 per cent. Gauteng made the largest contribution to national GDP both in 2006 (34.8 per cent) and 2016 (34.7per cent), which is slightly more than twice the contribution of KwaZulu-Natal; the province closest to Gauteng in terms of contributions to national GDP. This is also more than a third of national production.

Figure 2.4 illustrates the contributions that the district municipalities made to the GDP of the province.

Figure2.4: Contributions by District Municipalities to Provincial GDP, 2016



Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

The Frances Baard District Municipality contributed the largest share towards the GDP of the province in 2016 at 38 per cent. The second biggest contributor was ZF Mgcawu at 25 per cent. Namakwa contributed the least to the provincial economy, with a contribution of 11 per cent.

2.4.1 Sector Contributions

Table 2.4 below shows the provincial sectoral growth and contributions to the GDP for 2015 and 2016.

Table 2.4: Provincial Sectoral Growth and Contributions to GDP, 2015 and 2016

Sector	Gowth Rate		Contributions to GDP	
	2015	2016	2015	2016
Primary sector	**0.0%**	**-8.1%**	**27.8%**	**25.6%**
Agriculture	0.7%	-6.2%	7.6%	8.2%
Mining	-0.2%	-8.5%	20.2%	17.5%
Secondary sector	**0.7%**	**-0.3%**	**10.8%**	**11.1%**
Manufacturing	0.1%	1.3%	3.4%	3.5%
Electricity	-0.2%	-2.7%	4.5%	4.6%
Construction	2.5%	0.3%	2.9%	3.0%
Tertiary sector	**1.7%**	**0.6%**	**61.4%**	**63.3%**
Trade	0.4%	0.0%	12.4%	13.2%
Transport	1.1%	-0.3%	13.0%	13.3%
Finance	3.7%	1.4%	14.0%	14.3%
Community services	1.5%	0.8%	22.0%	22.5%

Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

The largest two industries in the province were community services and mining. The significant negative growth rates in both mining and agriculture in 2016 led to a negative growth rate of -8.1 per cent in the primary sector. There was a decline in the growth rate of the secondary sector that became negative in 2016, which can be explained by the negative growth in the electricity industry. With a slight growth of 0.6 per cent in the tertiary sector in 2016, it was the only one of the three sectors achieving positive growth in that year. The only industries recording positive growth in 2016 were manufacturing, construction, finance and community services. Negative growth in output in mining in both 2015 and 2016 highlights the need for the province to diversify the economy and venture into other industries. As the province has high levels of output in the primary sector, the secondary sector can be important for the province because of the potential it holds for job creation through the beneficiation of primary sector outputs.

2.5 Conclusion

South Africa's growth rate is projected to increase slightly from 0.3 per cent in 2016 to 0.9 per cent in 2017. Nationally, the primary sector had a particularly difficult year of growth in 2016, with only one quarter of positive growth recorded in the agriculture, forestry and fishing industry and only negative growth in mining and quarrying. South Africa's inflation averaged 5.3 per cent in 2017. The Northern Cape economy still made the smallest contribution to national GDP in 2016. The largest contributor to the provincial economy was the Frances Baard District Municipality. Community services and mining were the largest two industries in the province.

3 Labour

3.1 Introduction

The challenge of high unemployment continues to be one of the biggest hurdles for the South African government. It is essential that more of the South African population becomes employed as employment alleviates poverty, improves living standards and increases the tax base. Employment also reduces the pressure on the fiscus by decreasing the number of people dependent on social assistance from government. This chapter provides an analysis of the status of the labour market at a national and provincial level.

3.2 National Labour Characteristics

Table 3.1 below contains the South African labour market status for quarter 4 of 2016 and quarters 3 and 4 of 2017.

Table 3.1: Labour Market Status for South Africa, 2016 Q4, 2017 Q3 and 2017 Q4

Labour market	2016 Q4	2017 Q3	2017 Q4	Qtr-to-qtr change	Year-on-year change
	('000)	('000)	('000)	('000)	('000)
Population aged 15-64 years	36 905	37 373	37 525	152	621
Labour force	21 849	22 402	22 051	-351	202
Employed	16 069	16 192	16 171	-21	102
Unemployed	5 781	6 210	5 880	-330	99
Not economically active	15 055	14 971	15 474	503	419
Discouraged work-seekers	2 292	2 436	2 538	103	246
Other	12 763	12 536	12 936	400	173
Rates	(%)	(%)	(%)	(Percentage point)	(Percentage point)
Unemployment rate	26.5	27.7	26.7	-1.0	0.2
Absorption rate	43.5	43.3	43.1	-0.2	-0.4
Labour force participation rate	59.2	59.9	58.8	-1.1	-0.4

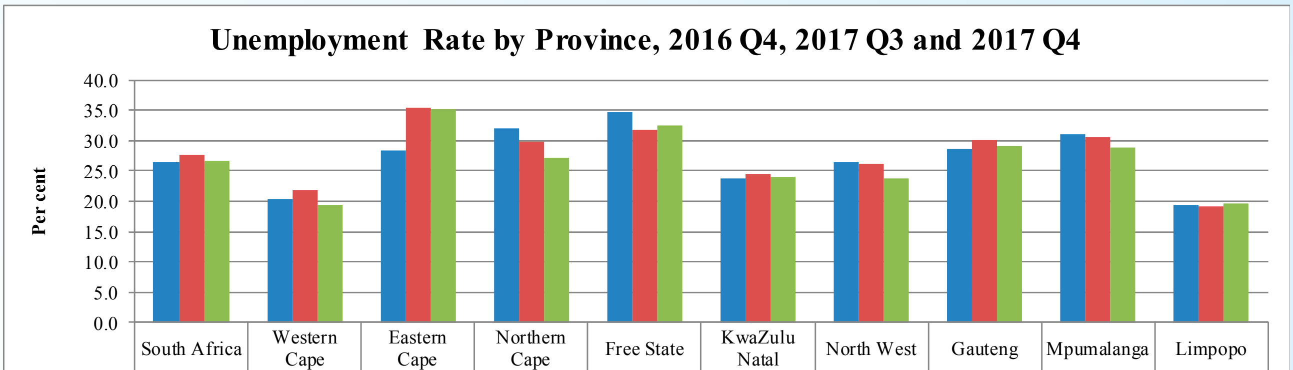
Due to rounding, numbers do not necessarily add up to totals.

Source: Stats SA P0211 - QLFS Q4 2017

Between the last two quarters of 2017, the working age population increased by 152 000 individuals, while the labour force decreased by 351 000. There was an increase of 103 000 in the number of discouraged work seekers and the number of unemployed declined by 330 000. The unemployment rate declined by 1.0 percentage points. Year-on-year changes between the fourth quarter of 2016 and the fourth quarter of 2017 show an increase of 0.2 percentage points in the unemployment rate, a 0.4 percentage points decrease in the absorption rate and a 0.4 percentage points decrease in the labour force participation rate.

Figure 3.1 below illustrates the unemployment rate by province for quarter 4 of 2016 and quarters 3 and 4 of 2017. This provides insight of how the unemployment rate of the province compares to that of the other provinces.

Figure 3.1: Unemployment Rate by Province, 2016 Q4, 2017 Q3 and 2017 Q4



	South Africa	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu Natal	North West	Gauteng	Mpumalanga	Limpopo
2016 Q4	26.5	20.5	28.4	32.0	34.7	23.9	26.5	28.6	31.0	19.3
2017 Q3	27.7	21.9	35.5	29.9	31.8	24.6	26.2	30.2	30.7	19.1
2017 Q4	26.7	19.5	35.1	27.1	32.6	24.1	23.9	29.1	28.9	19.6

Source: Stats SA P0211 - QLFS Q4 2017

An inter-provincial analysis of the level of unemployment in quarter 3 of 2016 and quarters 3 and 4 of 2017 shows that in two of the three quarters Limpopo had the lowest unemployment rate. These low unemployment rates were recorded in quarter 4 of 2016 (19.3 per cent) and quarter 3 of 2017 (19.1 per cent). The province with the lowest unemployment rate in quarter 4 of 2017 was the Western Cape at 19.5 per cent. The Western Cape also had the second lowest unemployment rate in the two quarters in which Limpopo had the lowest. Unemployment in quarters 3 and 4 of 2017 was highest in the Eastern Cape at 35.5 and 35.1 per cent respectively. The Northern Cape's unemployment rate was the second highest in the fourth quarter of 2016 at 32.0 per cent, after that of the Free State, and was in the middle (fifth) in the fourth quarter of 2017 at 27.1 per cent, which was only slightly higher than the national unemployment rate of 26.7 per cent.

Table 3.2 below shows the number of workers employed by each industry in South Africa in quarter 4 of 2016 and quarters 3 and 4 of 2017.

Table 3.2: Employment by Industry for South Africa, 2016 Q4, 2017 Q3 and 2017 Q4

Industry	2016 Q4 ('000)	2017 Q3 ('000)	2017 Q4 ('000)
Agriculture	919	810	849
Mining	421	446	411
Manufacturing	1 727	1 749	1 791
Utilities	131	153	149
Construction	1 483	1 365	1 390
Trade	3 222	3 286	3 240
Transport	961	988	1 001
Finance	2 329	2 463	2 373
Community and social services	3 571	3 616	3 691
Private households	1 299	1 313	1 270

Source: Stats SA P0211 - QLFS Q4 2017

The community and social services and the trade industries were consistently the two largest employers in the South African labour market. In the fourth quarter of 2017, the community and social services industry employed 3.691 million people and the trade industry employed 3.240 million people. The manufacturing industry has shown growth in employment in the three quarters, employing 1.727 million people in quarter 4 of 2016, 1.749 million people in the third quarter of 2017 and 1.791 million people in the fourth quarter of 2017. Year-on-year the number of people employed in agriculture has declined by 70 000 between quarter 4 of 2016 and quarter 4 of 2017.

In Table 3.3 below the number of discouraged work-seekers as well as the absorption and labour force participation rates are provided for all of the provinces for quarter 4 of 2017.

Table 3.3: Discouraged Work-Seekers, Absorption Rate and Labour Force Participation Rate per Province, 2017 Q4

Province	Discouraged work-seekers ('000)	Absorption rate (%)	Labour force participation rate (%)
Western Cape	56	55.3	68.7
Eastern Cape	326	33.0	50.9
Northern Cape	65	40.7	55.9
Free State	89	42.6	63.2
KwaZulu-Natal	719	36.2	47.6
North West	285	39.4	51.8
Gauteng	383	49.6	70.0
Mpumalanga	236	43.2	60.7
Limpopo	379	38.3	47.6
South Africa	**2 538**	**43.1**	**58.8**

Due to rounding, numbers do not necessarily add up to totals.

Source: Stats SA P0211 - QLFS Q4 2017

The number of discouraged work-seekers was the largest in KwaZulu-Natal at 719 000 individuals and second highest in Gauteng at 383 000. The absorption rate was highest in the Western Cape at 55.3 per cent and lowest in the Eastern Cape at 33.0 per cent. The labour force participation rate was lowest in KwaZulu-Natal and Limpopo at 47.6 per cent.

3.3 Provincial Labour Characteristics

3.3.1 Labour Status

The labour market status of the Northern Cape for quarter 3 of 2016 and quarter 3 and 4 of 2017 is shown in Table 3.4 below.

Table 3.4: Labour Market Status for Northern Cape, 2016 Q4, 2017 Q3 and 2017 Q4

Labour market	2016 Q4	2017 Q3	2017 Q4	Qtr-to-qtr change	Year-on-year change
	('000)	('000)	('000)	('000)	('000)
Population aged 15-64 years	780	787	790	2	9
Labour force	438	438	441	3	3
Employed	298	307	321	15	24
Unemployed	140	131	120	-11	-21
Not economically active	342	350	349	-1	7
Discouraged work-seekers	56	72	65	-7	9
Other	286	278	283	5	-3
Rates	(%)	(%)	(%)	(Percentage point)	(Percentage point)
Unemployment rate	32.0	29.9	27.1	-2.8	-4.9
Absorption rate	38.2	39.0	40.7	1.7	2.5
Labour force participation rate	56.2	55.6	55.9	0.3	-0.3

Due to rounding, numbers do not necessarily add up to totals.

Source: StatsSA QLFS P0211 Q4 2017

Year-on-year between quarter 4 of 2016 and 2017, the number of individuals of working age (15 to 64) increased by 9 000, the number of employed people increased by 24 000 and the number of unemployed people decreased by 21 000. This led to a decrease in the unemployment rate of 4.9 percentage points. Discouraged work-seekers increased on a year-on-year basis from 56 000 individuals to 65 000 in quarter 4 of 2017. The absorption rate increased by 2.5 percentage points between the fourth quarters of 2016 and 2017.On a quarterly basis between quarters 3 and 4 of 2017, the number of employed individuals increased by 15 000 and the unemployed decreased by 11 000.

3.3.2 Employment

Table 3.5 below is a breakdown of the number of people employed in each industry in the Northern Cape for quarter 3 of 2016 and quarters 3 and 4 of 2017.

Table 3.5: Employment by Industry for Northern Cape, 2016 Q4, 2017 Q3 and 2017 Q4

	2016 Q4		2017 Q3		2017 Q4	
	Number ('000)	% Share	Number ('000)	% Share	Number ('000)	% Share
Agriculture	53	17.7	39	12.5	55	17.1
Mining	24	8.1	33	10.6	25	7.7
Manufacturing	15	5.0	9	3.0	9	2.7
Utilities	1	0.3	5	1.7	3	1.0
Construction	22	7.5	21	6.7	26	7.9
Trade	44	14.9	45	14.8	45	13.9
Transport	15	5.0	9	2.8	12	3.7
Finance	16	5.5	22	7.2	26	8.0
Community and social services	85	28.4	97	31.6	100	31.2
Private Households	23	7.6	28	9.1	22	6.9
Total	**298**	**100.0**	**307**	**100.0**	**321**	**100.0**

Due to rounding, numbers do not necessarily add up to totals.

Source: Stats SA P0211 - QLFS Q4 2017

The largest employing industry was the community and social services industry, employing nearly a third of the employed people in the province at a share of 31.2 per cent in quarter 4 of 2017. This industry employed 85 000, 97 000 and 100 000 people respectively in the quarters reviewed above. Agriculture was the second largest employer at 17.1 per cent in quarter 4 of 2017. This industry is however at risk of external factors such as natural disasters. Although there is a lot of potential for manufacturing to create jobs through beneficiating the products of the primary sector in the province, it was still one of the smallest employers.

3.3.2.1 Informal Employment

Table 3.6 below shows the informal employment in the Northern Cape by industry for 2006 and 2016.

Table 3.6: Informal Employment by Industry for Northern Cape, 2006 and 2016

Industry	2006		2016	
	Number	% Share	Number	% Share
Manufacturing	1 788	8.6	3 100	8.5
Construction	2 410	11.6	7 013	19.1
Trade	9 818	47.3	13 157	35.9
Transport	1 503	7.2	2 427	6.6
Finance	1 336	6.4	2 046	5.6
Community services	3 903	18.8	8 889	24.3
Total	**20 757**	**100.0**	**36 632**	**100.0**

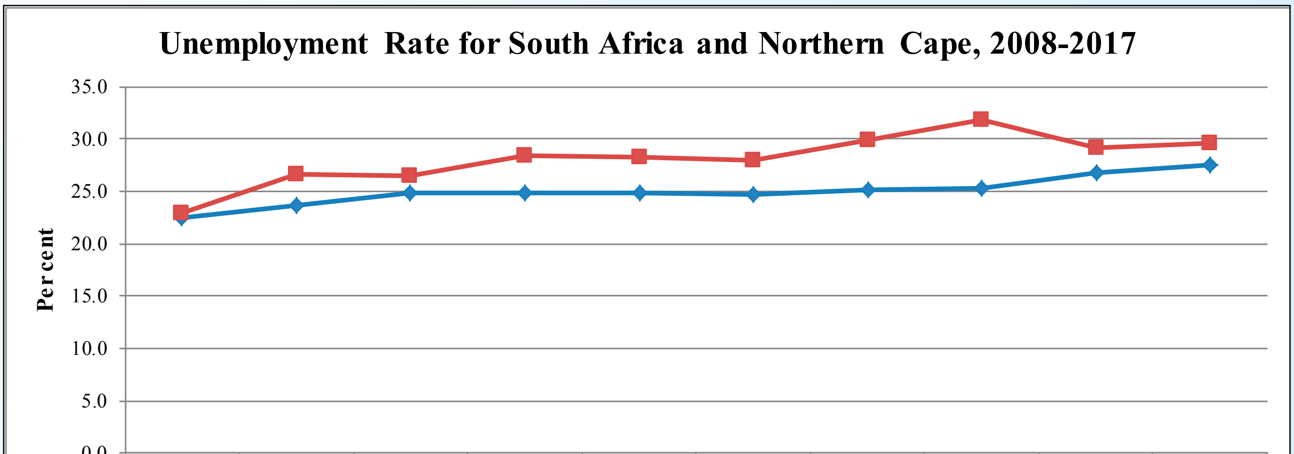
Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

The trade industry was the biggest informal employer in the Northern Cape, which employed 9 818 people in 2006 and 13 157 people in 2016. This is a proportion of 47.3 and 35.9 per cent respectively. Community services and construction were the only two industries that increased their share of informal employment between the two years. Construction informally employed 11.6 per cent of the informally employed in 2006 and 19.1 per cent in 2016; whereas community services increased its share from 18.8 per cent in 2006 to 24.3 per cent in 2016.

3.3.3 Unemployment

Figure 3.2 below shows the unemployment rate for South Africa and the Northern Cape between 2008 and 2017.

Figure 3.2: Unemployment Rate for South Africa and Northern Cape, 2008-2017



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
SA	22.5	23.7	24.9	24.8	24.9	24.7	25.1	25.4	26.7	27.5
NC	22.9	26.6	26.5	28.5	28.3	27.9	29.9	31.9	29.2	29.6

Source: Stats SA P0211 - QLFS Q4 2017 (QLFS trends, four quarters averaged)

For the entire period under review, unemployment in the Northern Cape was higher than the unemployment rate in South Africa. Unemployment peaked in the Northern Cape in 2015 at 31.9 per cent and was lowest at 22.9 per cent in 2008, just before the global economic slowdown.

Unemployment by race and gender in the Northern Cape is summarized in Table 3.7 below, comparing 2006 with 2016.

Table 3.7: Unemployement Rate by Race and Gender for Northern Cape, 2006 and 2016

Race	2006			2016		
	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)
African	30.0	42.8	35.5	27.3	37.5	31.6
White	4.5	7.5	5.7	5.5	8.8	6.8
Coloured	29.6	39.3	33.9	30.5	36.6	33.1
Asian	15.7	22.8	17.8	24.7	40.6	28.5
Total	**26.5**	**37.0**	**31.0**	**26.6**	**34.8**	**30.0**

Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

Between the two years under review, white males continued to have the lowest unemployment rate, however the rate has increased from 4.5 per cent in 2006 to 5.5 per cent in 2016. In 2006, African males had the highest male unemployment rate at 30.0 per cent, while Coloured males had the highest unemployment rate in 2016 at 30.5 per cent. African female unemployment declined notably in the years under review from 42.8 per cent in 2006 to 37.5 per cent in 2016, with an overall decline in the unemployment rate for Africans in the Northern Cape from 35.5 to 31.6 per cent. The Coloured unemployment rate declined slightly from 33.9 per cent in 2006 to 33.1 per cent in 2016, with Coloured males experiencing increased unemployment and Coloured females experiencing a decrease. In general, females had a higher unemployment rate than males in the province.

3.4 Conclusion

Nationally, the number of unemployed people declined and the unemployment rate declined between quarters 3 and 4 of 2017. The Northern Cape unemployment rate was in the middle (fifth) in the fourth quarter of 2017, compared to the other provinces.

On a provincial level, year-on-year, the number of individuals of working age increased, the number of employed people increased and the number of unemployed people decreased. The largest employing industry was the community and social services industry, employing nearly a third of the employed people in the province in quarter 4 of 2017. The trade industry was the biggest informal employer in the Northern Cape in 2016. Between 2006 and 2016, there was a decline in the unemployment rates for Africans and Coloureds in the Northern Cape.

4 Human Development

4.1 Introduction

This chapter provides an analysis of the characteristics of human development in the Northern Cape. It gives insight into provincial poverty indicators, levels of development, income distribution, and delivery of basic services as well as social assistance.

Table 4.1: Poverty Indicators by Province, 2006 and 2016

Provinces	2006				2016			
	Total Population	No. of People in Poverty	% of People in Poverty	Poverty Gap Rate	Total Population	No. of People in Poverty	% of People in Poverty	Poverty Gap Rate
Western Cape	5 171 340	1 978 215	38.3%	28.4%	6 371 375	2 537 055	39.8%	27.5%
Eastern Cape	6 452 140	4 509 959	69.9%	32.7%	7 006 876	4 508 801	64.3%	31.0%
Northern Cape	**1 031 740**	**545 559**	**52.9%**	**30.6%**	**1 214 471**	**587 854**	**48.4%**	**28.3%**
Free State	2 705 593	1 549 133	57.3%	30.9%	2 860 383	1 596 986	55.8%	29.4%
KwaZulu- Natal	9 914 493	6 378 051	64.3%	32.4%	11 005 209	6 758 874	61.4%	31.3%
North-West	3 219 337	1 939 814	60.3%	31.3%	3 787 843	2 069 784	54.6%	29.6%
Gauteng	10 348 748	4 162 005	40.2%	29.6%	13 427 665	5 710 499	42.5%	28.8%
Mpumalanga	3 717 099	2 350 966	63.2%	31.8%	4 303 879	2 513 809	58.4%	30.5%
Limpopo	5 262 777	3 774 780	71.7%	32.5%	5 747 232	3 702 111	64.4%	30.5%
South Africa	**47 823 267**	**27 188 483**	**56.9%**	**31.5%**	**55 724 934**	**29 985 773**	**53.8%**	**30.0%**

Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

4.2 Poverty

Table 4.1 below shows the poverty indicators by province for 2006 and 2016.

The poverty gap rate has decreased in South Africa from 31.5 per cent in 2006 to 30.0 per cent in 2016. In the Northern Cape, the rate has decreased by 2.3 percentage points, from 30.6 per cent in 2006 to 28.3 per cent in 2016. The percentage of people in poverty in the Northern Cape has decreased from 52.9 per cent in 2006 to 48.4 per cent in 2016.

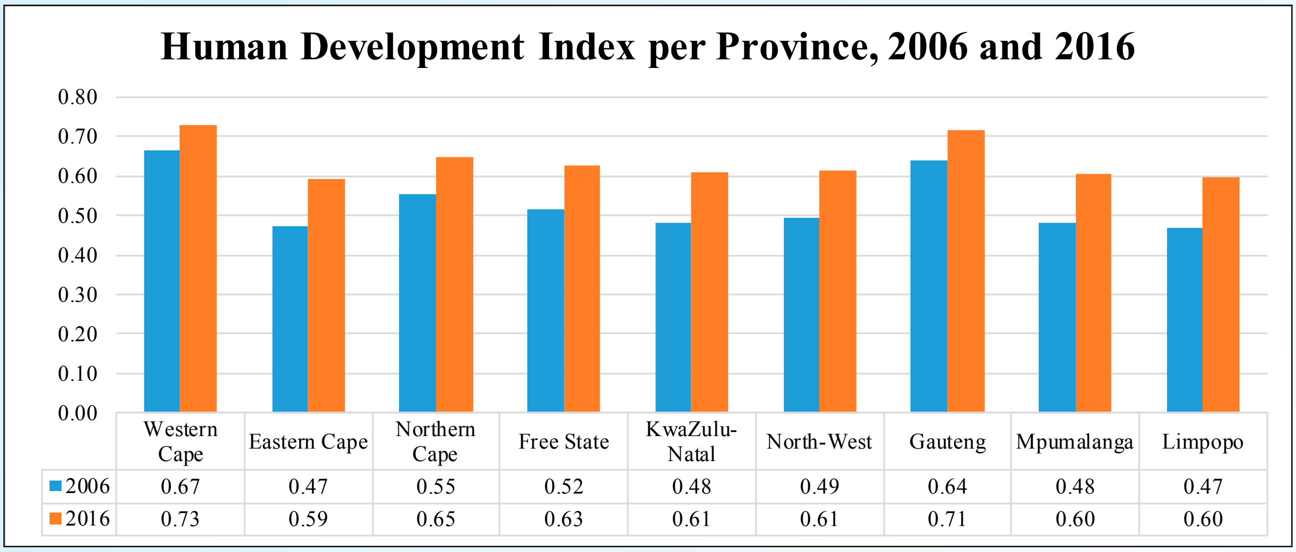
4.3 Development Indicators

There are three indicators used in this analysis to measure the development of the province, namely the Human Development Index (HDI), Gini coefficient and income distribution.

4.3.1 Human Development Index

Figure 4.1 below provides the HDI per province for 2006 and 2016.

Figure 4.1: Human Development Index per Province, 2006 and 2016



	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North-West	Gauteng	Mpumalanga	Limpopo
2006	0.67	0.47	0.55	0.52	0.48	0.49	0.64	0.48	0.47
2016	0.73	0.59	0.65	0.63	0.61	0.61	0.71	0.60	0.60

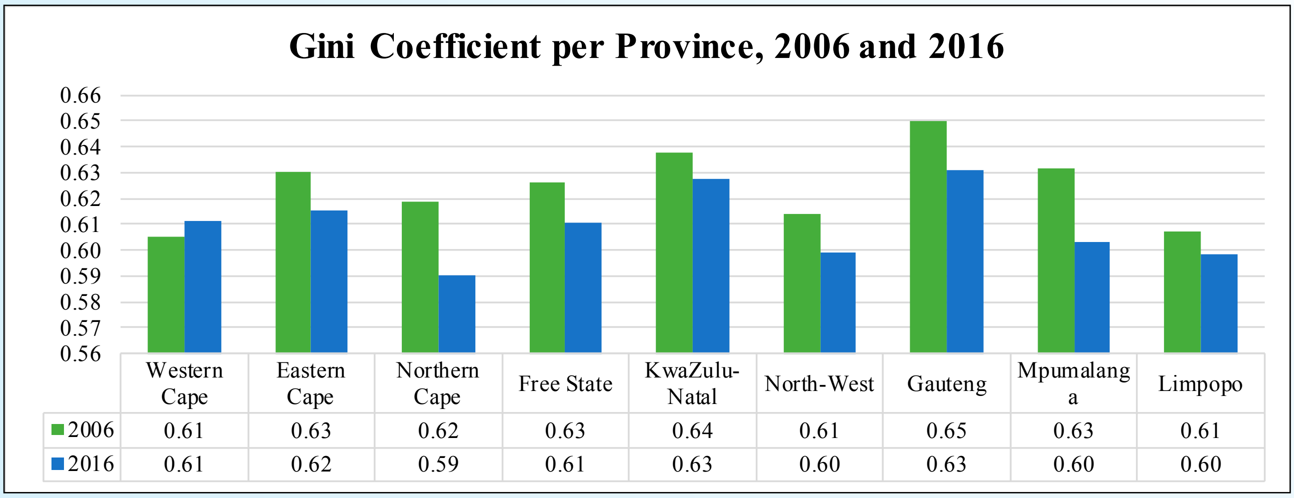
Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

HDI has improved in all provinces and is above 0.5. With regards to the Northern Cape, the HDI was 0.55 in 2006 increasing to 0.65 in 2016. This indicates that development is happening and the lives of the people are improving. Overall, in 2016 all provinces were semi-developed.

4.3.2 Income Distribution

Figure 4.2 below illustrates the Gini coefficient for all provinces in South Africa for 2006 and 2016.

Figure 4.2: Gini Coefficient per Province, 2006 and 2016



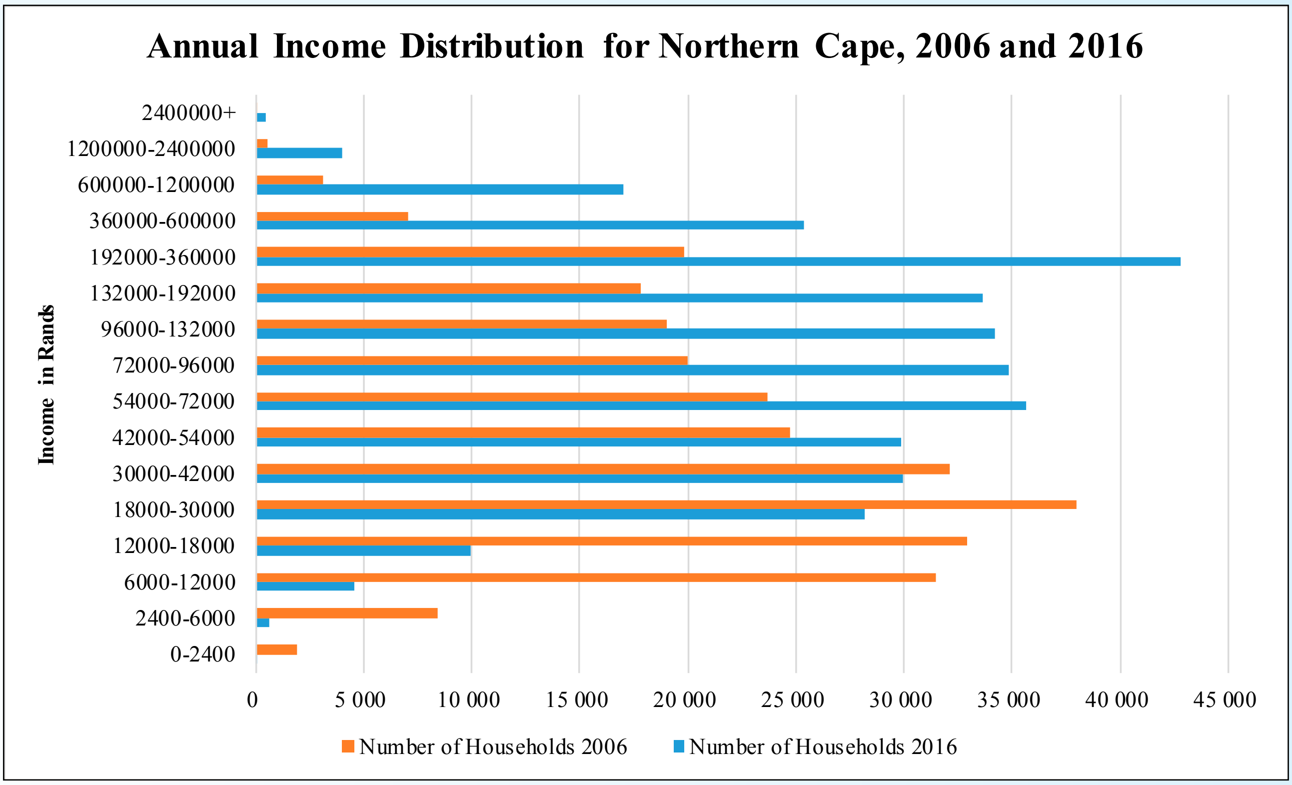
	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North-West	Gauteng	Mpumalang a	Limpopo
2006	0.61	0.63	0.62	0.63	0.64	0.61	0.65	0.63	0.61
2016	0.61	0.62	0.59	0.61	0.63	0.60	0.63	0.60	0.60

Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

The Gini coefficient remained above 0.5 across all provinces, which shows that inequality remained high in the country. The Northern Cape recorded the lowest Gini coefficient in the country in 2016 at 0.59; this is a 0.03 decrease from 0.62 in 2006.

Figure 4.3 below illustrates the annual income distribution for Northern Cape in 2006 and 2016.

Figure 4.3: Annual Income Distribution for Northern Cape, 2006 and 2016



Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

The largest number of households were in the income bracket of R192 000 to R360 000 per annum in 2016. In 2006, the largest number of households were in the income bracket of R18 000 to R30 000 per annum. The number of households in the province earning between R0 to R2400 per annum decreased between 2006 and 2016, while in the highest bracket of R2 400 000+ per annum, increased.

4.4 Access to Services

4.4.1 Education

Table 4.2 below present the number of learners, educators and schools in the province in 2016. It also shows the learner to educator (L:E) and learner to school (L:S) ratios.

Table 4.2: Number of Learners, Educators and Schools for Northern Cape, 2016

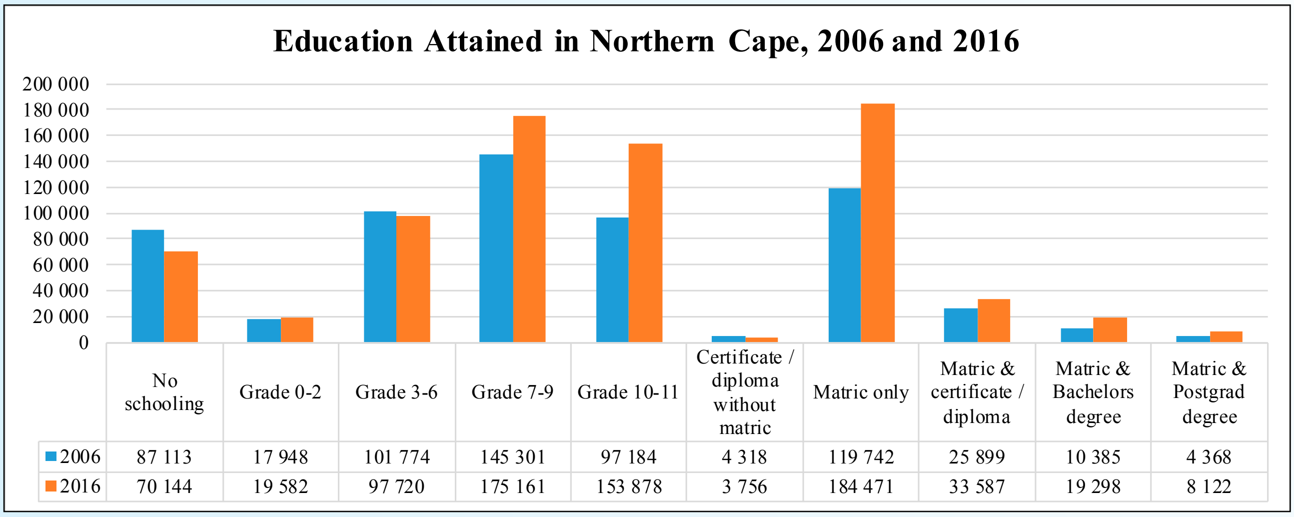
Type of School	Learners	Educators	Schools	L:E Ratio	L:S Ratio
Private	4 080	295	30	13.8	136
Public	287 410	9 005	544	31.9	528
Provincial Total	**291 490**	**9 300**	**574**	**31.3**	**508**

Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

The province recorded 291 490 learners, 9 300 educators and 574 schools in 2016. It can be noted that the majority of learners attend public schools, with a total number of 287 410 learners enrolled in 544 schools with 9 005 educators. This resulted in higher L:E and L:S ratios of 31.9 and 528 respectively.

Figure 4.4 below shows the level of education attained in Northern Cape between 2006 and 2016.

Figure 4.4: Education Attained in Northern Cape, 2006 and 2016



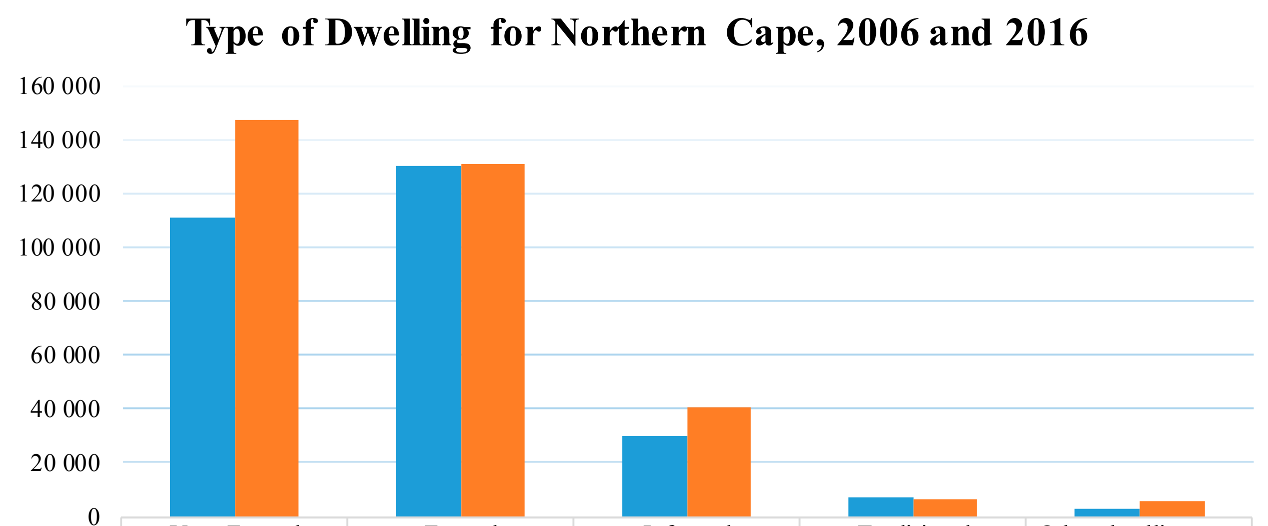
Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

During the period under review, the number of people in the province with only matric has increased from 119 742 in 2006 to 184 471 in 2016. There was also an increase in grade 0-2, Grade 7-9, Grade 10-11, Matric and Certificate/Diploma, Matric and bachelor's degree as well as matric and post graduate degree. The number of people with no schooling in the province has decreased from 87 113 in 2006 to 70 144 in 2016.

4.4.2 Housing

Figure 4.5 shows the number of households by dwelling type for the Northern Cape for 2006 and 2016.

Figure 4.5: Type of Dwelling for Northern Cape, 2006 and 2016



	Very Formal	Formal	Informal	Traditional	Other dwelling type
2006	111 080	130 065	29 907	6 991	2 762
2016	147 198	130 962	40 745	6 679	5 496

Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

It can be noted that there was an increase in the number of households living in very formal dwellings from 111 080 to 147 198. There was also an increase in households living in formal dwellings from 130 065 to 130 962. Households living in informal dwellings and other dwelling types have also increased during the period under review. Traditional is the only dwelling type that had a decrease in the number of households from 6 991 in 2006 to 6 679 in 2016.

4.5 Access to Basic Services

Table 4.3 below shows the number of households with or without access to basic services in the Northern Cape for 2006 and 2016.

Table 4.3: Number of Households With or Without Access to Basic Services for Northern Cape, 2006 and 2016

Access to Sanitation	2006	2016
Flush toilet	201 585	233 988
Ventilation Improved Pit (VIP)	20 815	32 584
Pit toilet	16 495	32 754
Bucket system	17 868	11 831
No toilet	24 042	19 924
Access to Water		
Piped water inside dwelling	134 784	156 660
Piped water in yard	106 706	106 589
Communal piped water: less than 200m from dwelling (At RDP-level)	15 617	39 953
Communal piped water: more than 200m from dwelling (Below RDP)	11 353	15 141
No formal piped water	12 345	12 737
Access to Electricity		
Electricity for lighting only	33 817	15 423
Electricity for lighting and other purposes	201 805	284 006
Not using electricity	45 182	31 652
Access to Refuse Removal		
Removed weekly by authority	200 802	221 695
Removed less often than weekly by authority	5 688	7 541
Removed by community members	7 286	10 525
Personal removal (own dump)	53 501	77 249
No refuse removal	13 528	14 071

Source: IHS Markit, 2018 [Regional eXplorer Version 1277 (2.6b)]

The number of households that have access to flush toilets, VIP and pit toilets have increased over the period under review. The province continued with its rollout of the bucket eradication programme as the number of household with the bucket system and those that have no toilet has also decreased between 2006 and 2016.

Households with access to piped water inside dwelling and communal piped water have increased between 2006 and 2016, whereas those with piped water in the yard have slightly decreased. It is worth noting that there was an increase in households with no formal piped water.

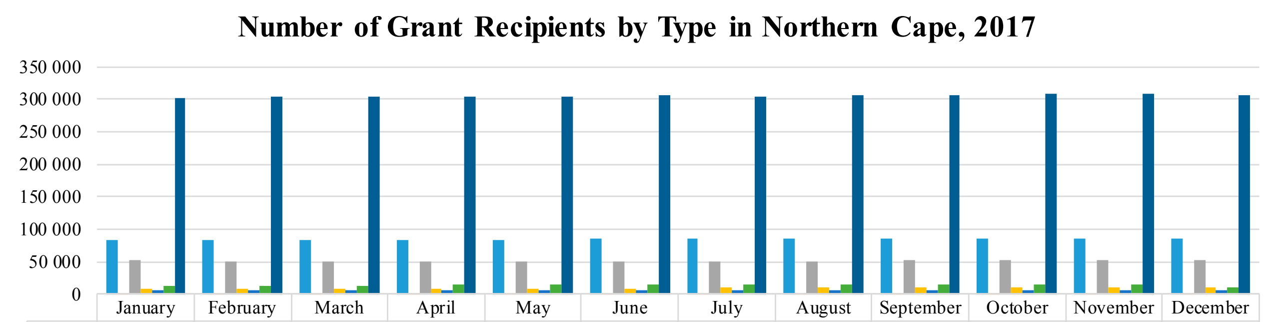
The number of households that are using electricity for lighting and other purposes has increased from 201 805 in 2006 to 284 006 in 2016, while those who are using electricity for lighting only has decreased from 33 817 in 2006 to 15 423 in 2016. It can be noted as well that households that are not using electricity has decreased from 45 182 to 31 652. This is an indication that more people have access to electricity.

The number of households that have access to refuse removal has increased between 2006 and 2016, while there was also a slight increase of 543 households that do not have access to refuse removal during the same period.

4.6 Social Grants

Figure 4.6 below shows the number of grant recipients by type of grant in the Northern Cape for 2017. The grant types are Old Age Grant (OAG), War Veteran's Grant (WVG), Disability Grant (DG), Grant in Aid (GIA), Child Support Grant (CSG), Foster Care Grant (FCG) and Care Dependency Grant (CDG).

Figure 4.6: Number of Grant Recipients by Type in Northern Cape, 2017



	January	February	March	April	May	June	July	August	September	October	November	December
OAG	83 503	83 730	83 914	84 162	84 411	84 672	84 884	84 998	85 213	85 492	85 650	85 677
WVG	5	5	4	4	4	4	4	4	4	4	4	3
DG	51 857	50 914	50 386	49 956	50 259	50 383	50 705	50 994	51 400	51 696	52 340	52 149
GIA	8 548	8 628	8 761	8 910	9 114	9 295	9 551	9 664	9 863	10 175	10 404	10 521
CDG	5 956	5 990	5 987	5 969	5 946	5 966	5 999	5 999	5 996	6 017	6 030	6 015
FCG	12 352	13 164	13 657	13 800	13 919	14 014	14 108	14 240	14 277	14 357	14 401	11 409
CSG	301 992	303 445	303 199	303 794	303 269	305 267	304 804	305 533	306 138	307 417	308 519	307 026

Source: SASSA Statistical Reports, 2017

As at the end of December 2017, CSG had the largest number of grant recipients at 307 026, followed by OAG at 85 677. The number of people receiving WVG has decreased from 5 in January to 3 in December. This grant had the smallest number of beneficiaries.

4.7 Conclusion

The poverty rate and poverty gap rate have both decreased between 2006 and 2016 in the Northern Cape, while the HDI increased by 0.10. The province recorded the lowest Gini coefficient in the country in 2016 at 0.59. In terms of access to education, the province recorded 291 490 Leaners, 9 300 educators and 574 schools. There has been a general improvement in the number households with access to basic services between 2006 and 2016 and the number of grant recipients has increased in the province in 2017.

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