

SOCIO-ECONOMIC SITUATION AND CHALLENGES OF VICTOR KHANYE

JOB CREATION SUMMIT
AUGUST 2013
DELMAS



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MPUMALANGA PROVINCIAL GOVERNMENT



1 of 44 **MPUMALANGA**
A Pioneering Spirit

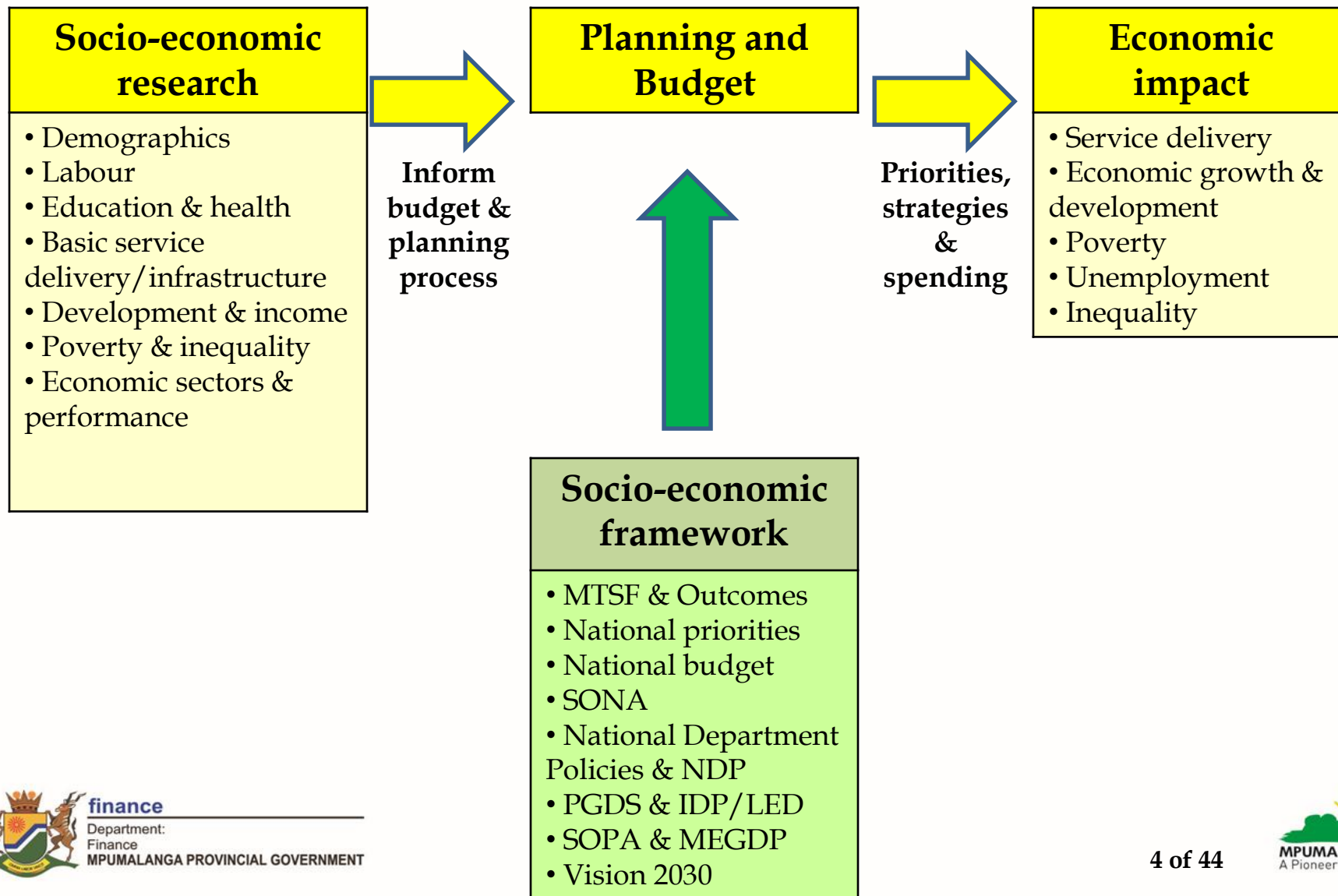
CONTENTS

- Purpose of the presentation
- Socio-economic analysis – research approach
- Socio-economic challenges of Mpumalanga
- Socio-economic profile/situation of Victor Khanye
- Challenges and recommendations

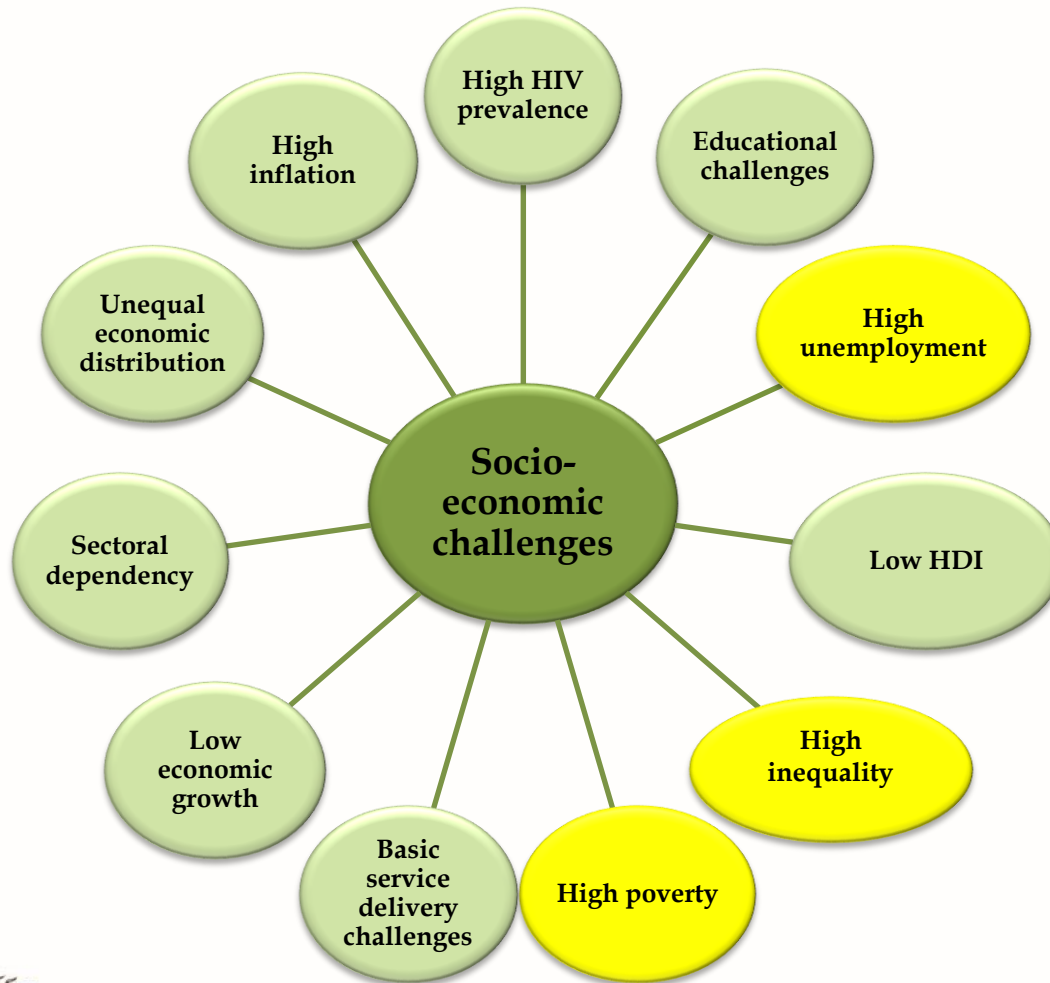
PURPOSE OF PRESENTATION

- To inform the House about the socio-economic situation and challenges of Victor Khanye for:
 - planning,
 - budget,
 - strategy &
 - intervention purposes
- “Dashboard approach”
- Socio-economic data challenges on municipal level!

SOCIO-ECONOMIC RESEARCH



SOCIO-ECONOMIC CHALLENGES OF MPUMALANGA



MEGDP

1. Reduce unemployment

2. Reduce inequality

3. Reduce poverty



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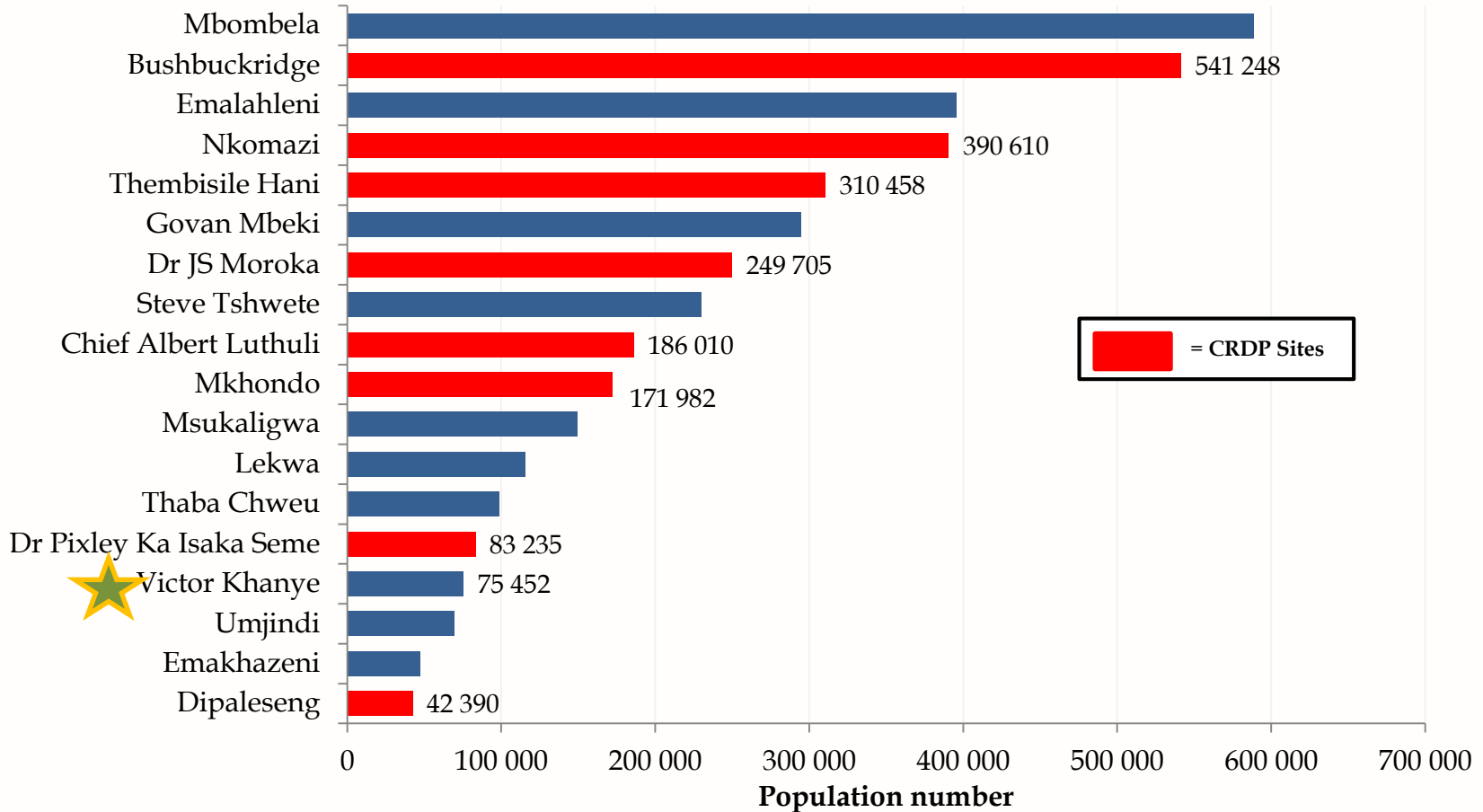
DEMOGRAPHIC INDICATORS

DEMOGRAPHIC INDICATORS	Stats SA Census 2001	Stats SA Census 2011	Share of Nkangala's figure 2011	Share of Mpumalanga's figure 2011	Ranking: highest (1) - lowest (18)
Population number	56 335	75 452	5.8%	1.9%	15
Number of households	13 428	20 548	5.8%	1.9%	14
Area size (km ²)		1 568	9.4%	2.0%	17
Population per km ²		32			

- According to Stats SA (2011 Census), 75 452 people were recorded in 2011 – 5.8% of Nkangala's population.
- Population grew by 33.9% between 2001 & 2011 while the annualised population growth rate was measured at 2.9%.
- Population in 2007 Community Survey was under-estimated at only 50 452.
- Females 51.4% and males 48.6% of the population – 82.3% Africans, 16.0% Whites, 1.1% Coloureds, 0.3% Asians and 0.3% Others.
- Youth/children up to 34 years, 72.8% of Victor Khanye's population.
- Number of households 20 548 (3.7 people per household) – 5.8% of Nkangala's households.
- Female headed households 30.2% and child headed (0-17 years) households 0.4 % in 2011.

POPULATION NUMBER

Population by Local Municipal Area, 2011



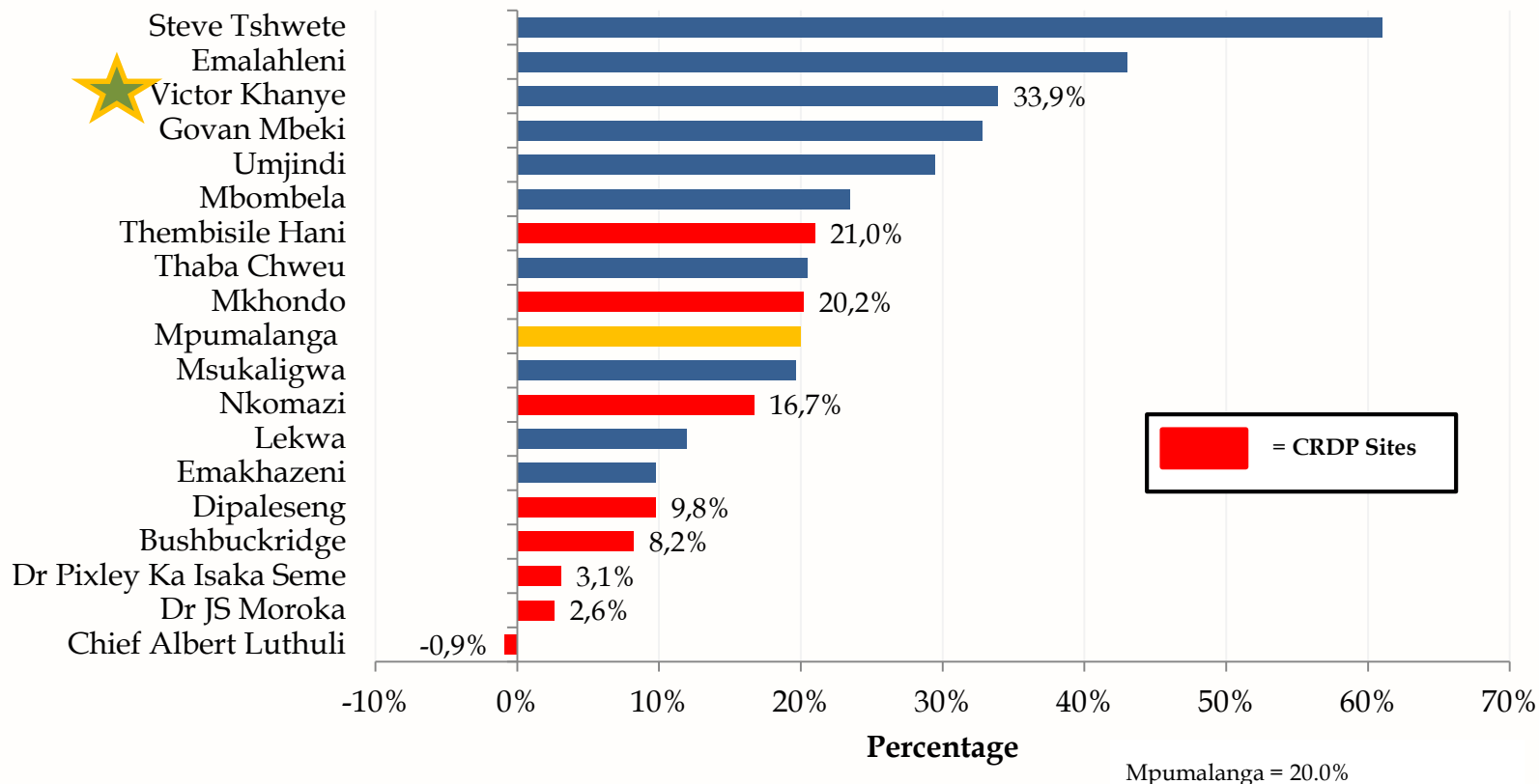
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POPULATION GROWTH RATE

Population growth rate between 2001 & 2011 by Local Municipal Area, 2011



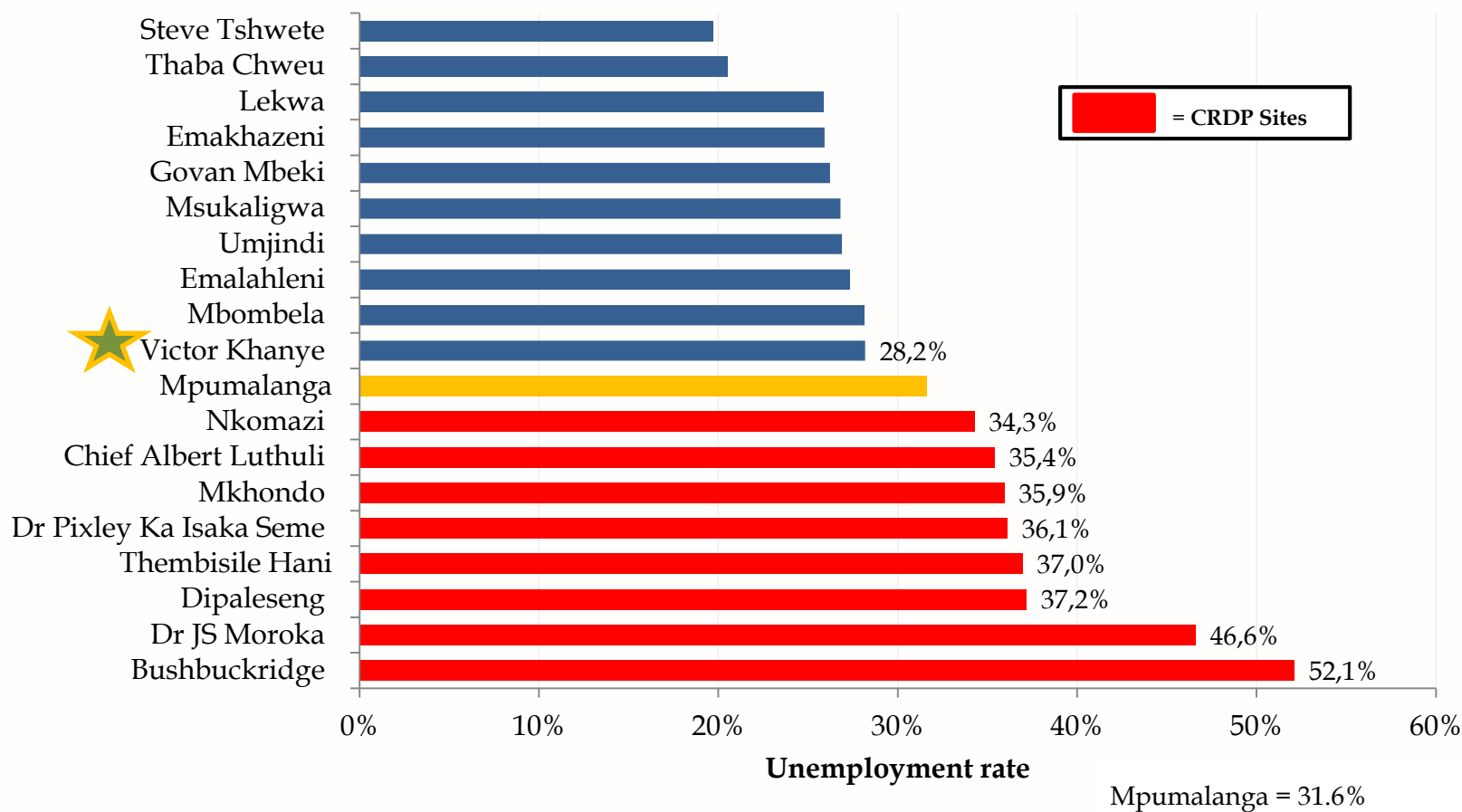
LABOUR INDICATORS

LABOUR INDICATORS	Census 2001	Census 2011	Share of Nkangala's figure 2011	Ranking: best (1) - worst (18)
Economically Active Population (EAP)/Labour Force	23 074	30 415		
Number of employed	13 266	21 843	6.1%	
Number of unemployed	9 808	8 573	5.6%	
Unemployment rate (%)	42.5%	28.2%		10

- Unemployment rate of 28.2% (strict definition) in 2011 – 8 573 unemployed as a percentage of the EAP of 30 415 – decreasing trend.
- Unemployment rate for females 37.9% and males 21.6% - youth unemployment rate of 35.8% in 2011.
- Employment number 6.1% of Nkangala's employed.
- Employment increased with 8 619 between 2001 & 2011!

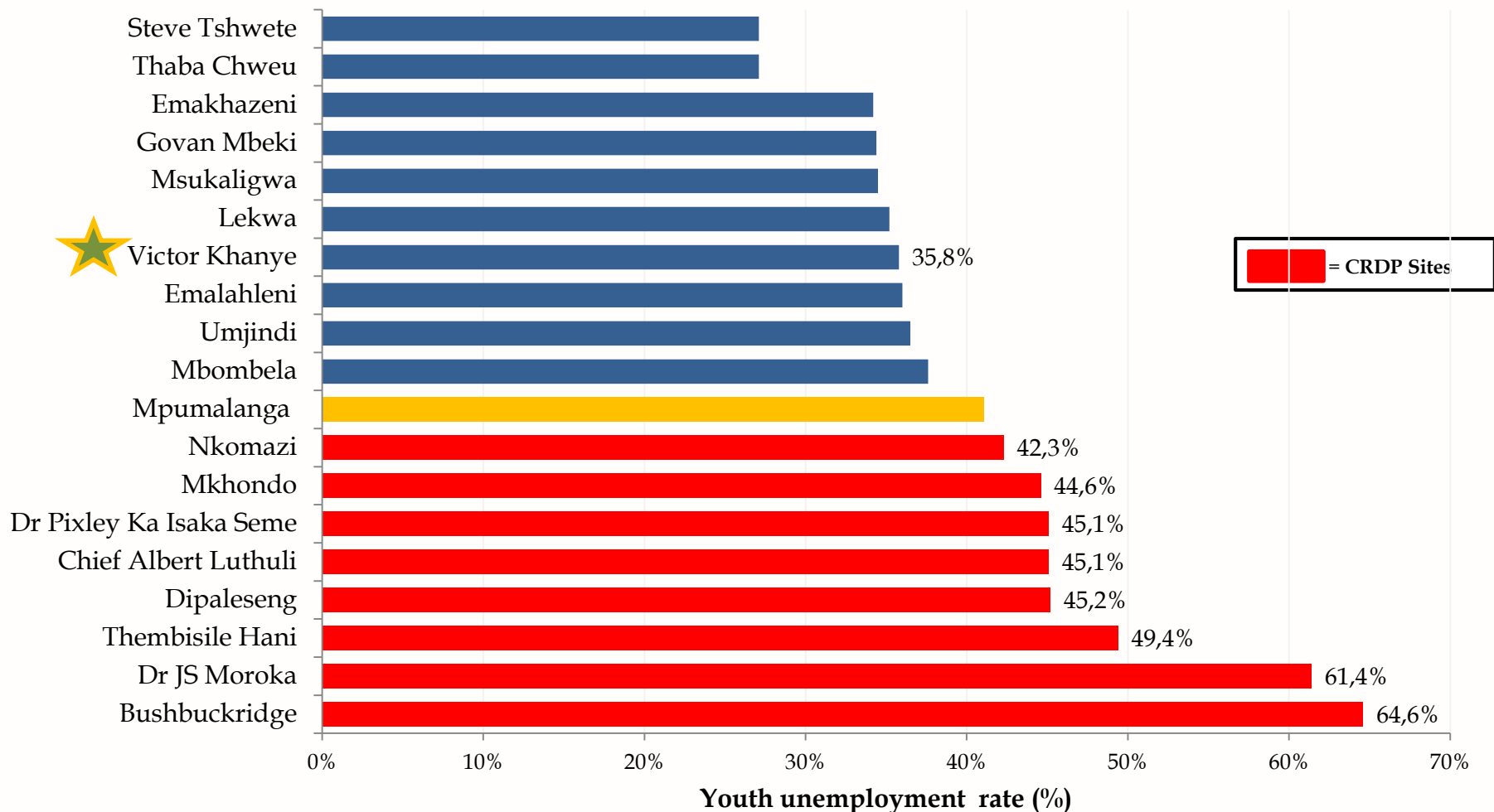
LABOUR - UNEMPLOYMENT RATE

Unemployment rate by Local Municipal Area, 2011



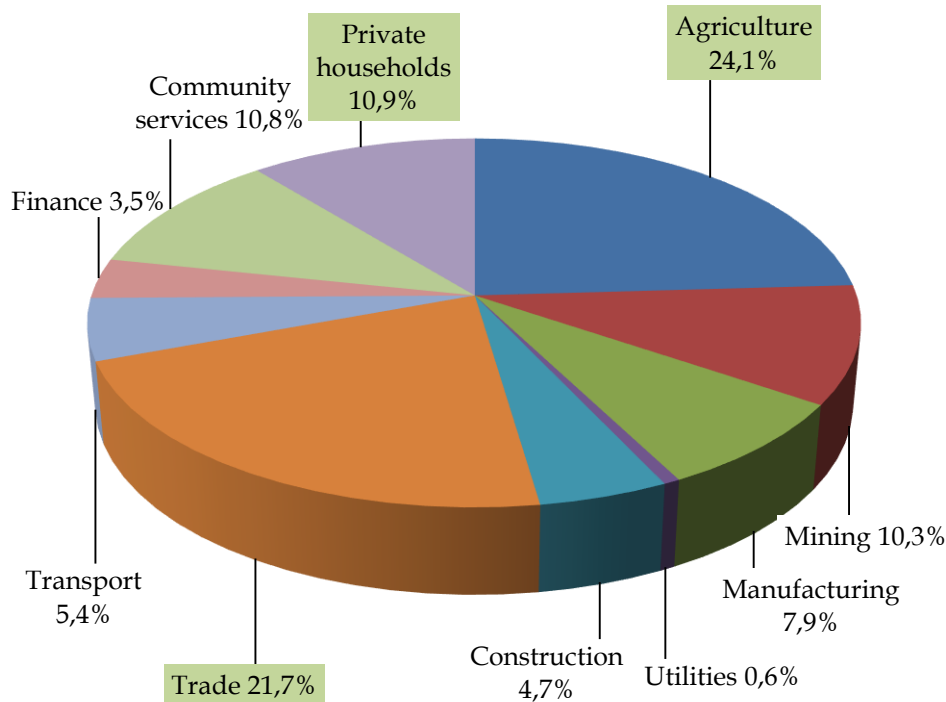
YOUTH UNEMPLOYMENT RATE

Youth unemployment rate by Local municipal area, 2011

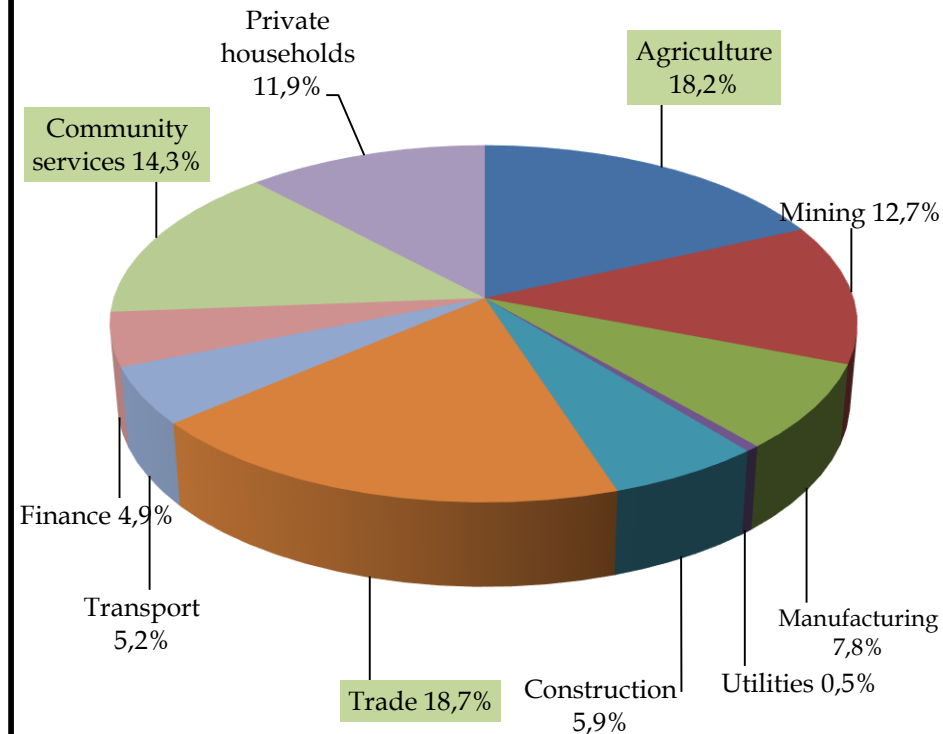


LABOUR INDICATORS (Sectoral employment)

2001



2011



- Leading industries in terms of employment – trade 18.7%, agriculture 18.2% and community services 14.3%.
- Decreasing role/share of agriculture & trade and increasing role/share of community services & mining as employer.

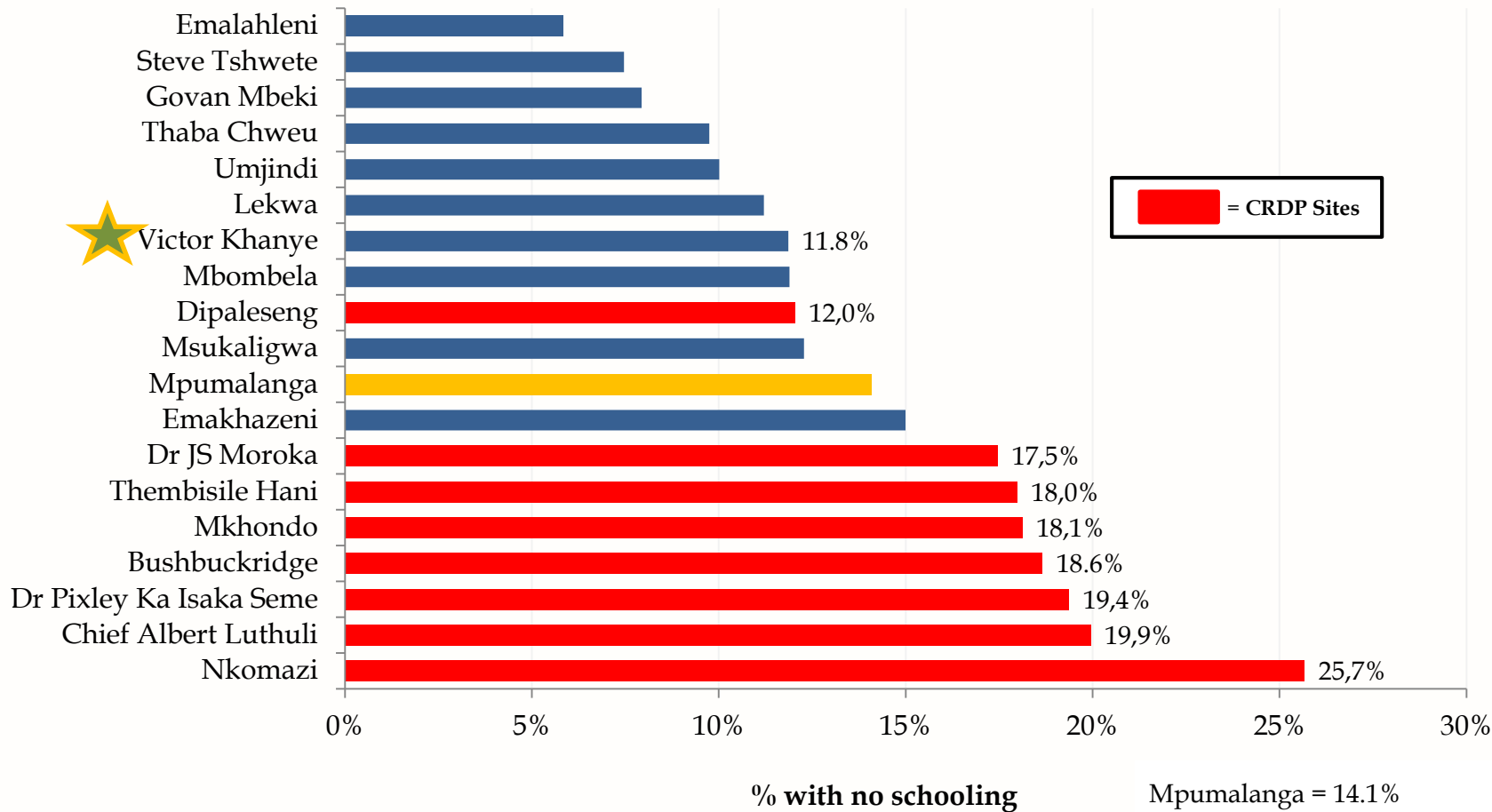
EDUCATION INDICATORS

EDUCATION INDICATORS	Trend 2001	Latest figure 2011	Better (+) or worse (-) than Nkangala	Better (+) or worse (-) than province	Ranking: best (1) – worst (18)
Number of people 20+ with no schooling	8 361	5 529			4
Population 20+ with no schooling (%)	25.9%	11.8%	(-) (11.5%)	(+) (14.1%)	7
Population 20+ with matric & higher (%)	18.7%	34.5%	(-) (39.7%)	(-) (38.7%)	10
Functional literacy rate (%)	56.0%	76.9%	(-) (79.0%)	(=) (76.9%)	8

- Citizens of 20+ with no schooling, 11.8% - 5 529 people (6.0% of Nkangala's figure).
- Population 20+ with matric & higher 34.5% - improving but lower than district and provincial averages.
- Functional literacy rate (15+ and grade 7+) – increasing but lower than district and equal to provincial averages.
- Matric pass rate 76.7% in 2012 – improving and ranked 5th - university/degree admission rate of 26.2% in 2012.

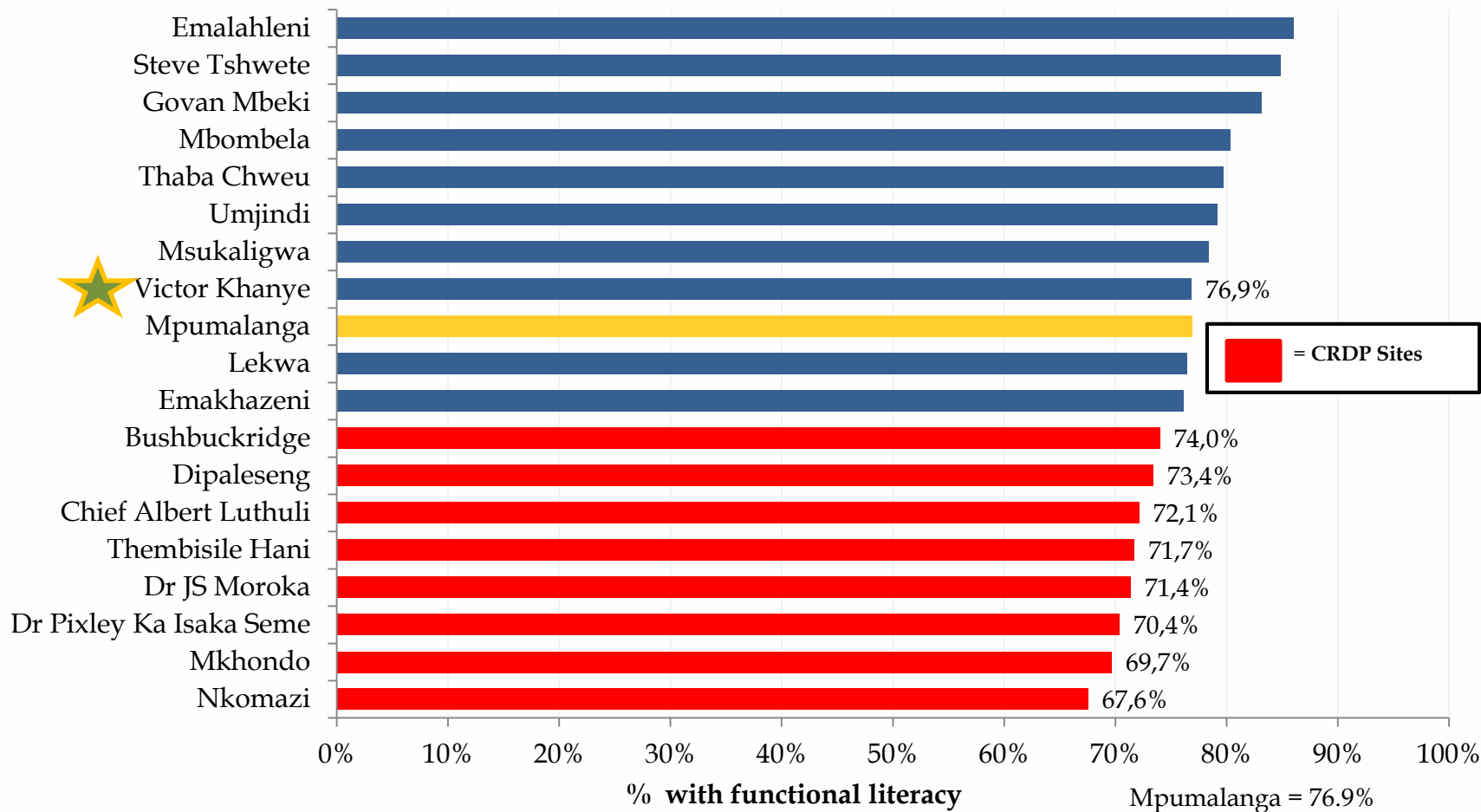
EDUCATION – NO SCHOOLING

% of people 20+ with no schooling by Local Municipal Area, 2011



EDUCATION – FUNCTIONAL LITERACY

Functional literacy rate (15 years+ with Grade 7+) by Local Municipal Area,
2011

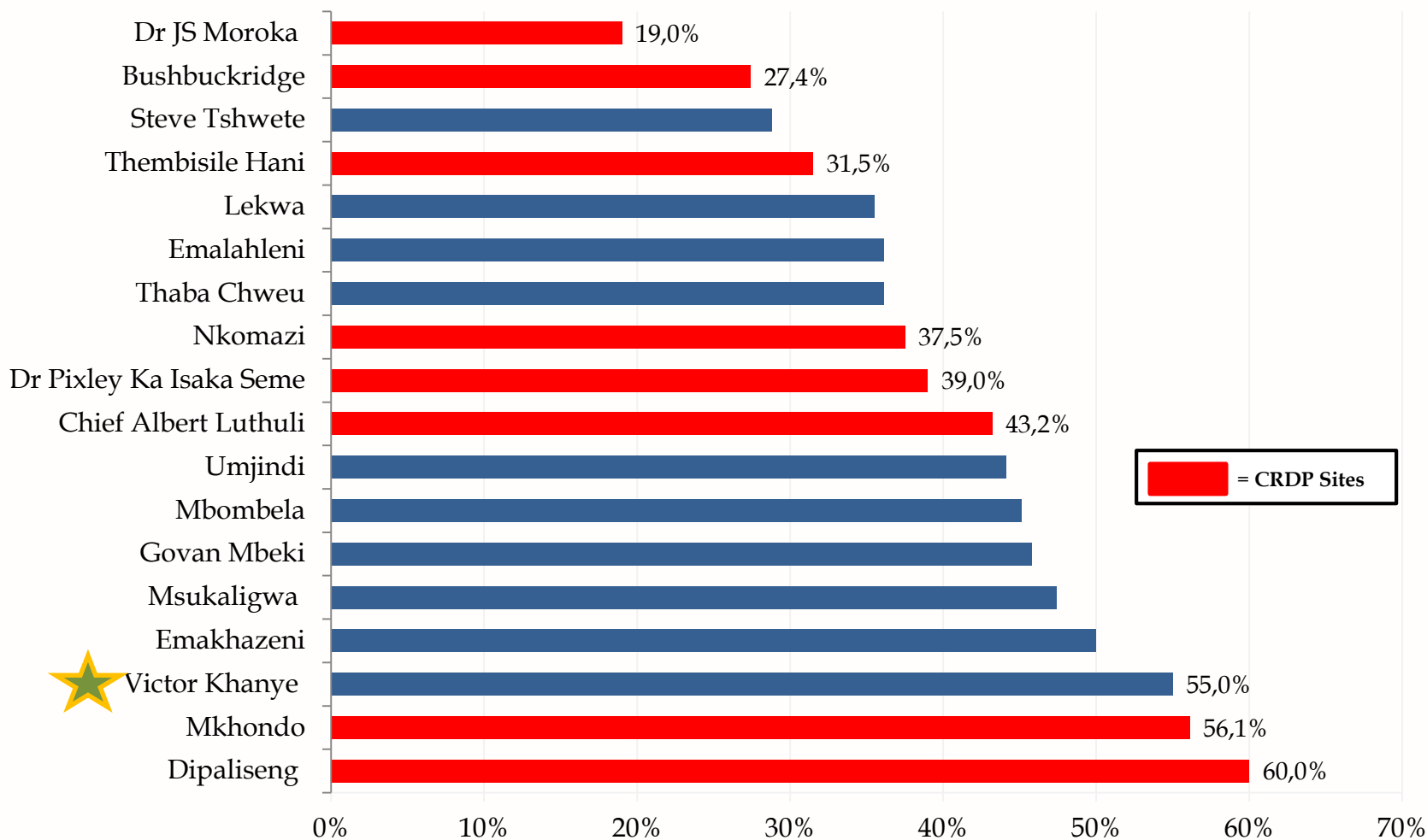


HEALTH INDICATORS

HEALTH INDICATORS	2009	2010	2011	Ranking: best (1) - worst (18)
HIV prevalence rate - survey (pregnant women attending antenatal clinic 15-49 years old)	30.0%	25.0%	55.0%	16
HIV prevalence rate - DHIS (excluding pregnant women)	44.2%	34.4%	23.0%	10
	2010	2011	2012	Ranking: best (1) - worst (18)
TB cases	485	499	428	3
PUBLIC HEALTH FACILITIES			2011	
Number of clinics			3	
Number of community health centres (CHC)			0	
Number of hospitals			1	

- HIV prevalence rate of pregnant women was 55% in 2011 – increasing trend and third highest in 2011 among the 18 municipal areas.
- HIV prevalence rate excluding pregnant women was 23.0% in 2011 - decreasing trend.
- TB cases – decreased & 3rd lowest in province.
- Clinics – 3 of Nkangala's 84 clinics.
- Community health centres - none of Nkangala's 19 CHCs.
- Hospitals – 1 of Nkangala's 8 hospitals.

HEALTH - HIV PREVALENCE RATE

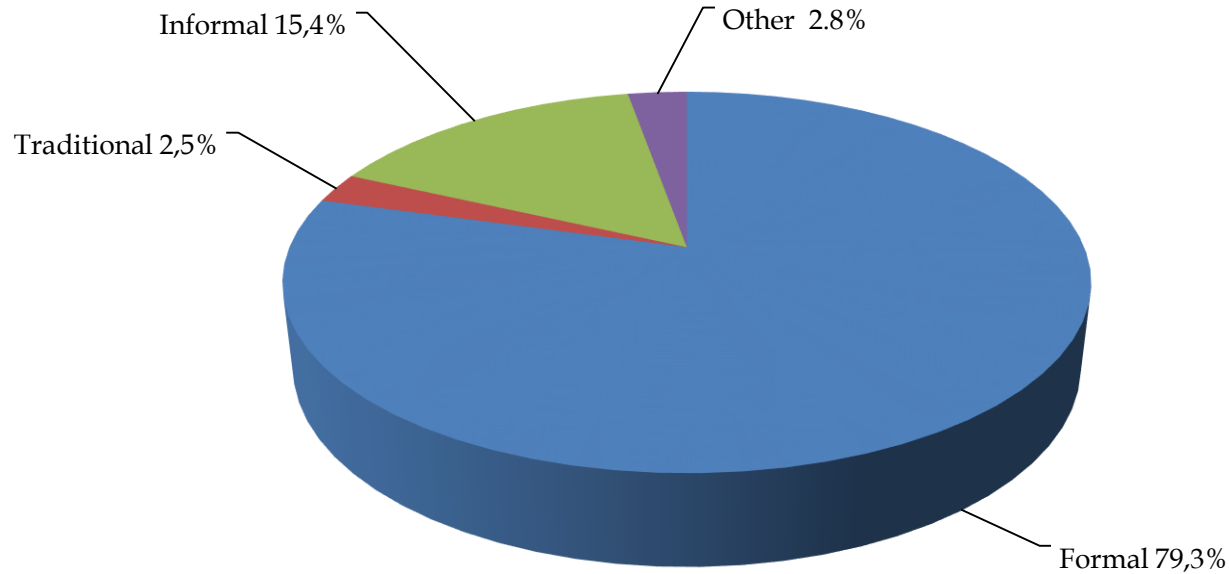


BASIC SERVICE DELIVERY/ INFRASTRUCTURE INDICATORS

BASIC SERVICE INFRASTRUCTURE INDICATORS	Trend 2001	Latest figure 2011	Better (+) or worse (-) than Nkangala	Better (+) or worse (-) than province	Ranking: best (1) - worst (18)
% of households in informal dwellings	29.2%	15.4%	(-) (13.8%)	(-) (10.9%)	13
% of households with no toilets or with bucket system	11.8%	5.7%	(-) (3.8%)	(+) (7.2%)	10
% of households with connection to(tap) piped water: on site & off site	93.6%	95.7%	(+) (92.7%)	(+) (87.4%)	4
% of households with electricity for lighting	65.0%	84.9%	(-) (85.7%)	(-) (86.4%)	10
% of households with weekly municipal refuse removal	62.3%	73.7%	(+) (48.3%)	(+) (44.1%)	5

- Households with connections to piped water: on site & off site, weekly municipal refuse removal levels better than district and provincial levels and relatively high rankings.
- Households with informal dwellings, electricity for lighting lower/worse than district and provincial levels.
- In general improving indicators.
- Victor Khanye ranked fourth in Blue Drop Report.
- Ranked 17th in Green Drop report – critical state of all aspects of waste water services.

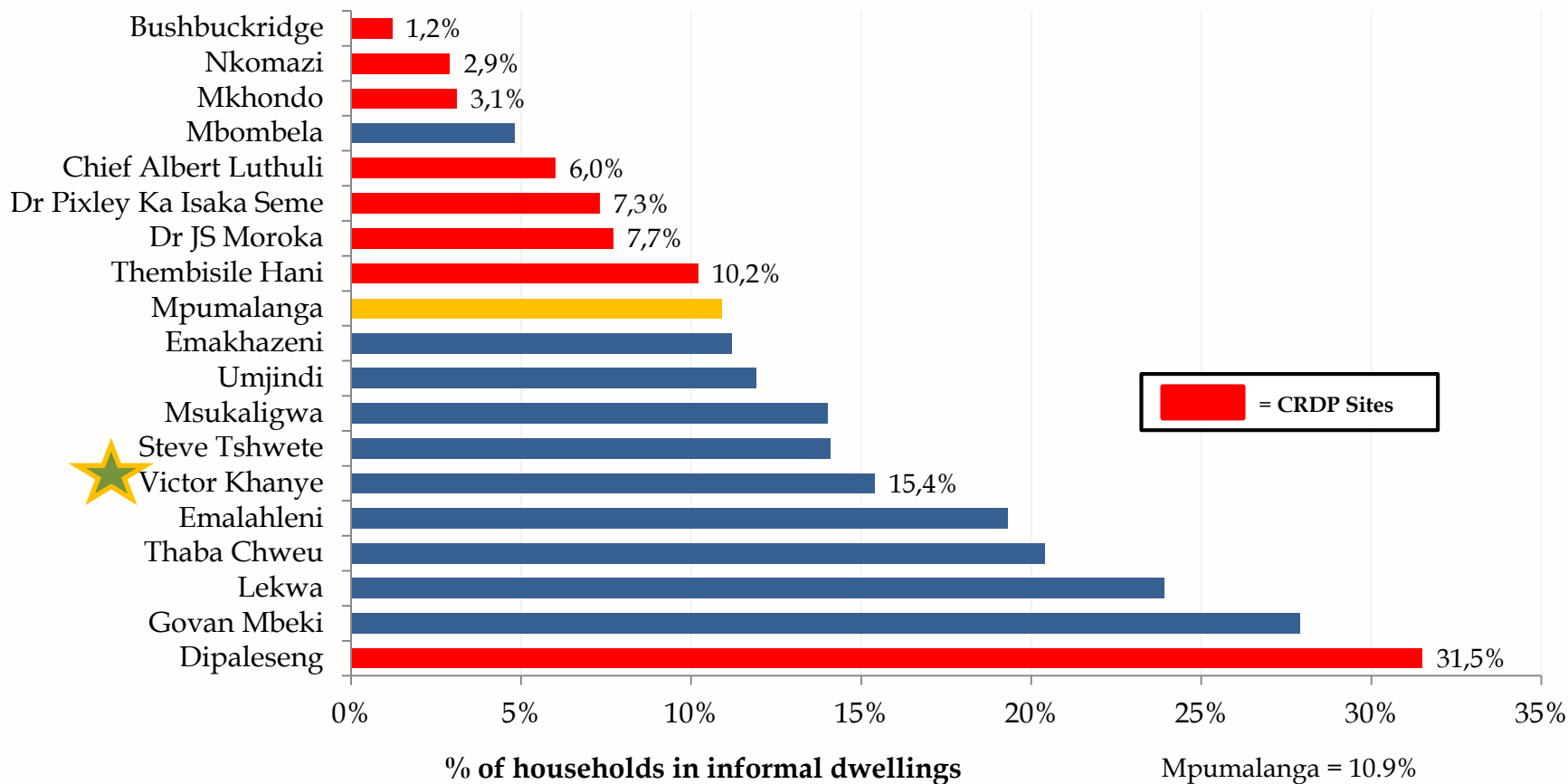
HOUSING - 2011



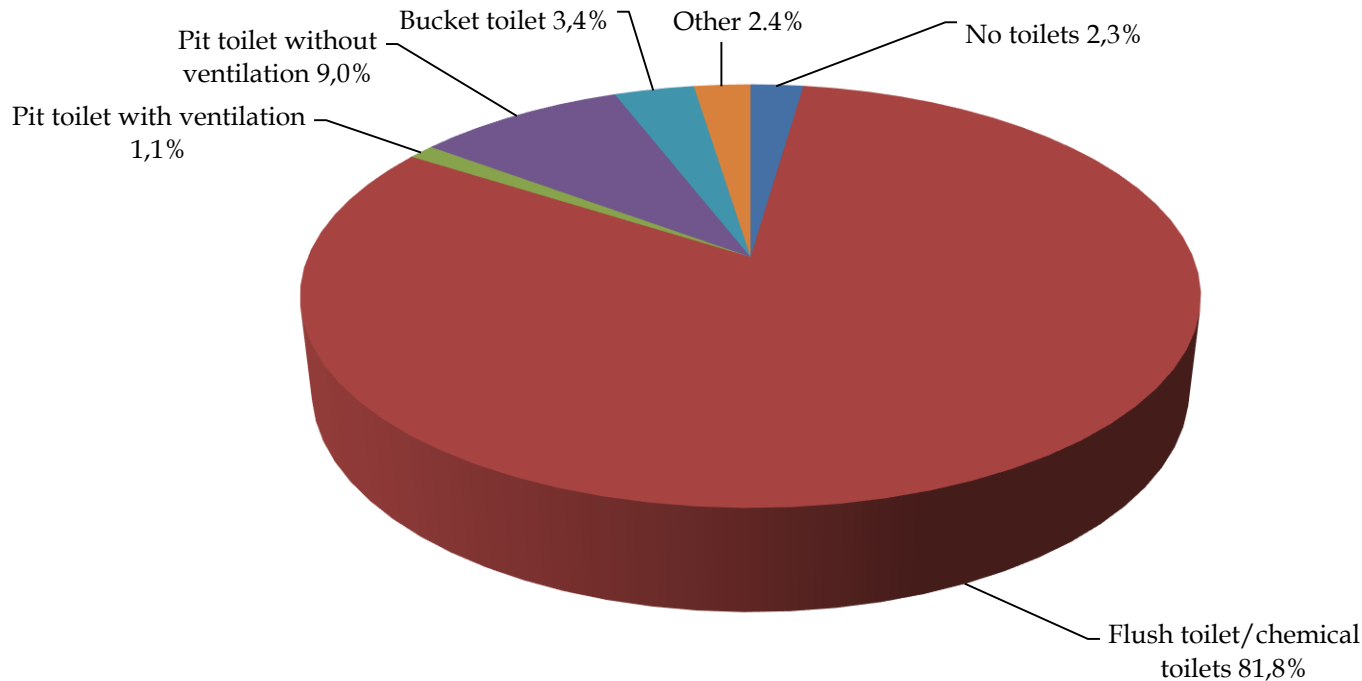
- Formal housing 79.3% - 16 291 households in Victor Khanye.
- Traditional housing 2.5% - 521 households.
- Informal housing 15.4% - 3 158 households.

BASIC SERVICE DELIVERY - HOUSING

% of households in informal dwellings, 2011



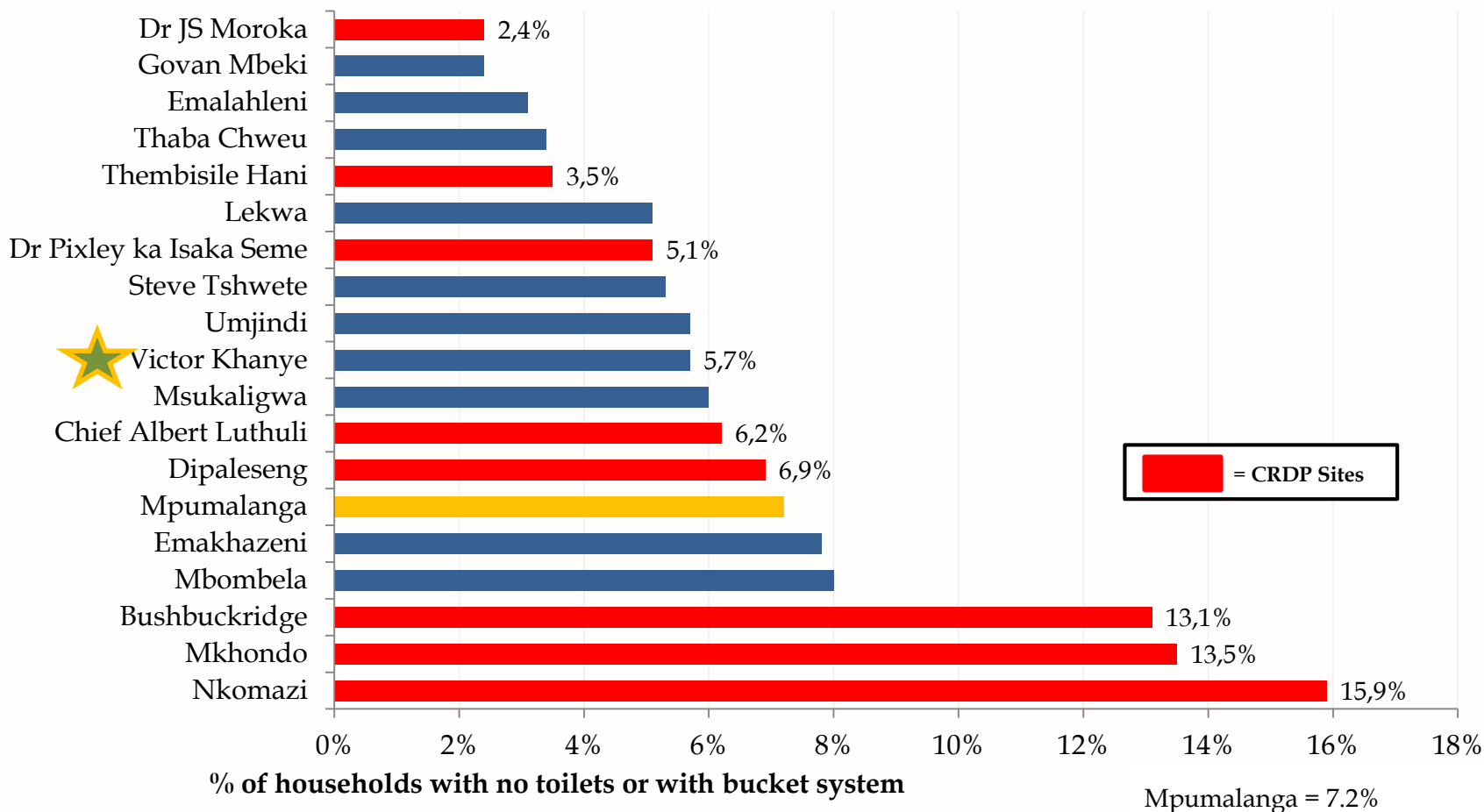
SANITATION - 2011



- Flush/chemical toilets 81.8% - 16 806 households.
- Pit latrines 2 072 – pit toilets with ventilation 1.1% - 232 households & pit latrines without ventilation 9.0% - 1 840 households.
- No toilets 2.3% - 465 households.

BASIC SERVICE DELIVERY- SANITATION

% of households with no toilets or with bucket system, 2011



Mpumalanga = 7.2%

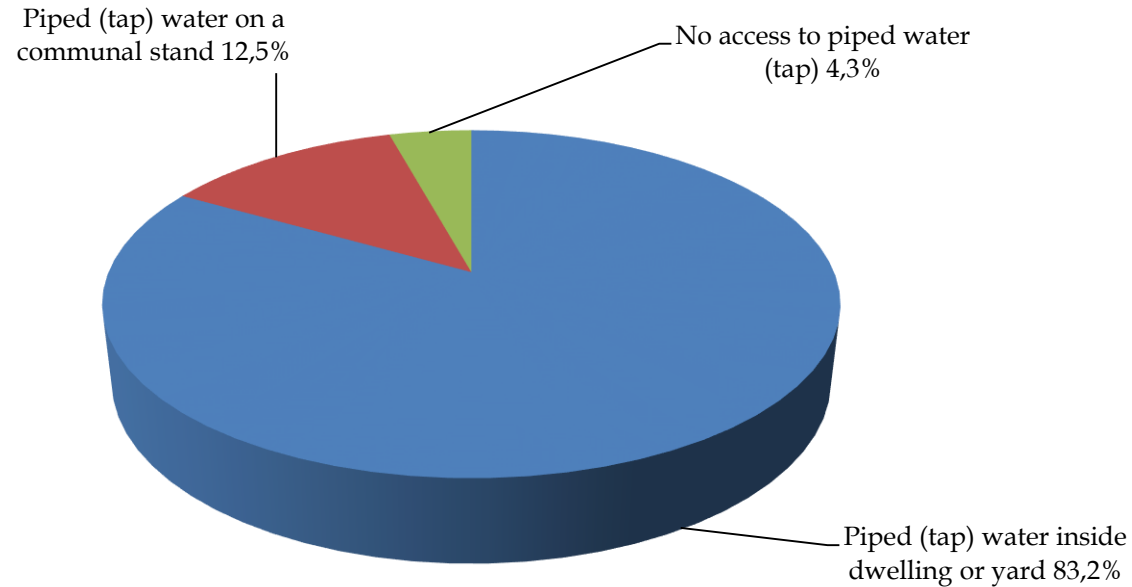


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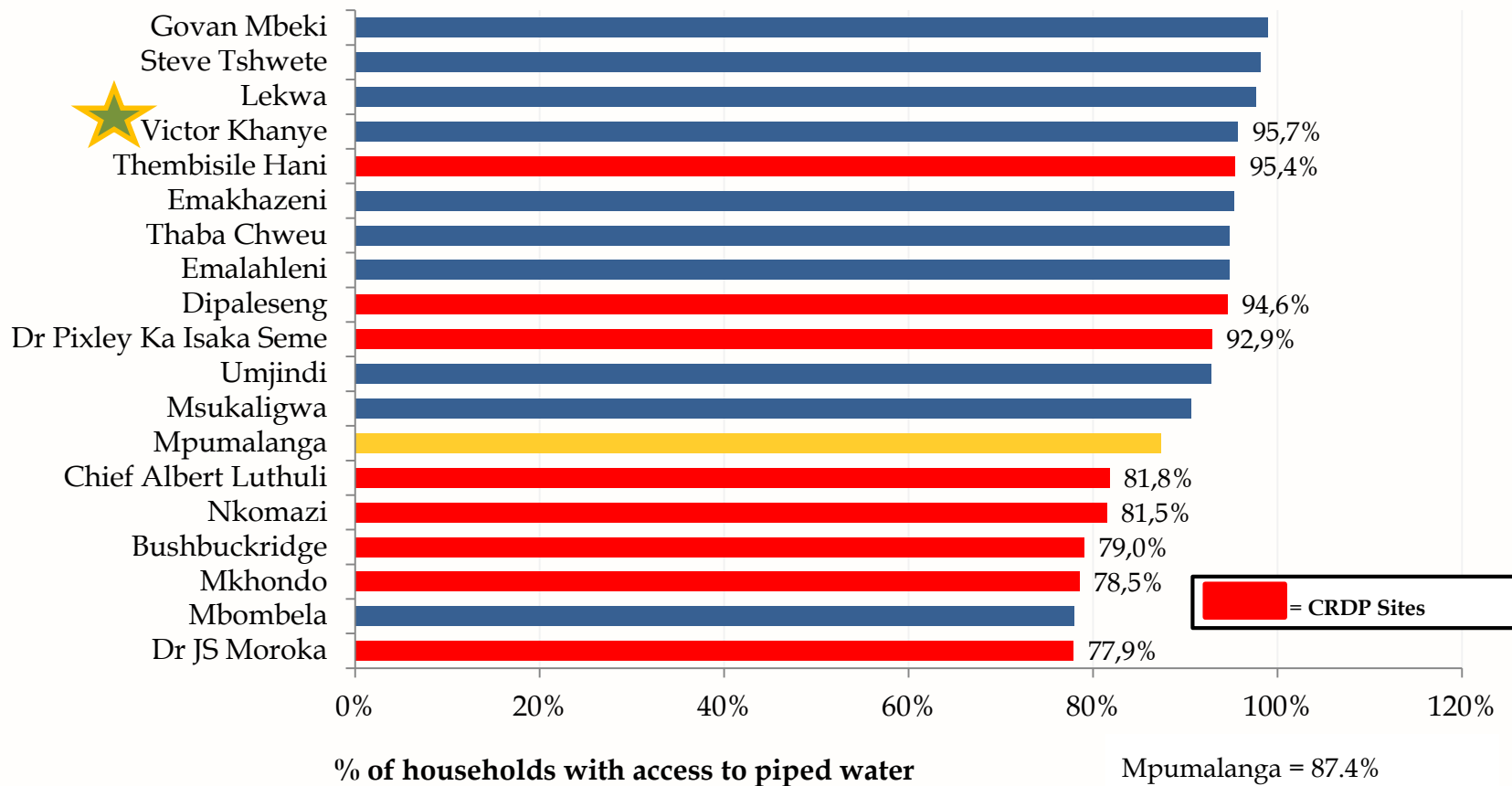
PIPED WATER - 2011



- Piped water in a dwelling or yard 83.2% - 17 100 households.
- Piped water on a communal stand 12.5% - 2 565 households.
- No access to piped water 4.3% - 882 households.

BASIC SERVICE DELIVERY - WATER

% of households with access to piped (tap) water in dwelling, on-site or off-site, 2011



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BLUE DROP PERFORMANCE

MUNICIPAL AREA	2010	2011	2012	Ranking: best (1) - worst (18)
Steve Tshwete	92.2	96.5	97.5	1
Dr JS Moroka	95.7	84.4	92.4	2
Mbombela	80.9	74.9	87.6	3
Victor Khanye		18.2	80.0	4
Emakhazeni	71.2	83.7	79.8	5
Thembisile Hani	37.8	27.7	78.3	6
Govan Mbeki	78.9	77.5	77.5	7
Umjindi	52.5	60.5	75.5	8
Dr Pixley Ka Isaka Seme		46.9	40.4	9
Dipaleseng		6.8	40.4	10
Emalahleni	29.7	46.9	37.5	11
Lekwa	19.5	10.4	34.4	12
Bushbuckridge	8.4	29.8	30.8	13
Msukaligwa		10.5	21.2	14
Thaba Chweu	45.1	59.4	19.0	15
Chief Albert Luthuli	8.2	9.7	18.4	16
Nkomazi	17.5	59.4	17.2	17
Mkhondo	28.6	5.0	11.3	18



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GREEN DROP PERFORMANCE

Risk profile and log by municipal area

MUNICIPAL AREA	2011	2012	Ranking: best (1) – worst (18)
Thaba Chweu	45.2%	23.9%	1
Steve Tshwete	54.9%	44.2%	2
Mbombela	48.5%	46.6%	3
Lekwa	88.9%	54.0%	4
Chief Albert Luthuli	87.0%	56.5%	5
Emakhazeni	68.9%	62.4%	6
Thembisile Hani	64.8%	62.8%	7
Dr JS Moroka	61.6%	70.2%	8
Umjindi	69.6%	72.7%	9
Dr Pixley Ka Isaka Seme	78.9%	72.9%	10
Msukaligwa	90.7%	73.1%	11
Bushbuckridge	83.3%	73.5%	12
Emalahleni	72.5%	78.4%	13
Govan Mbeki	68.4%	83.2%	14
Mkhondo	91.7%	88.2%	15
Dipaleseng	72.2%	92.7%	16
Victor Khanye	94.4%	94.0%	17
Nkomazi	74.4%	96.5%	18



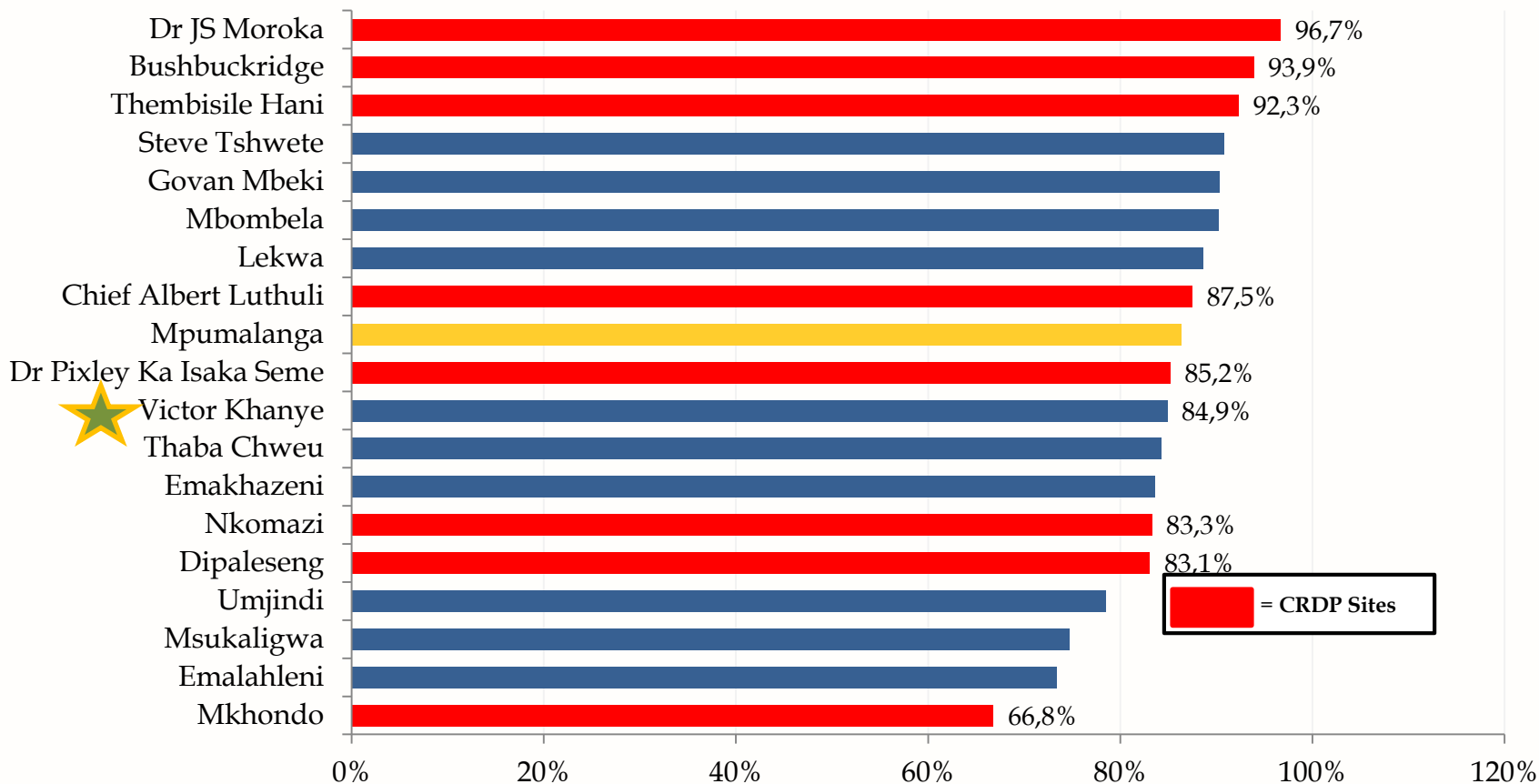
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BASIC SERVICE DELIVERY - ELECTRICITY

% of households with electricity for lighting, 2011

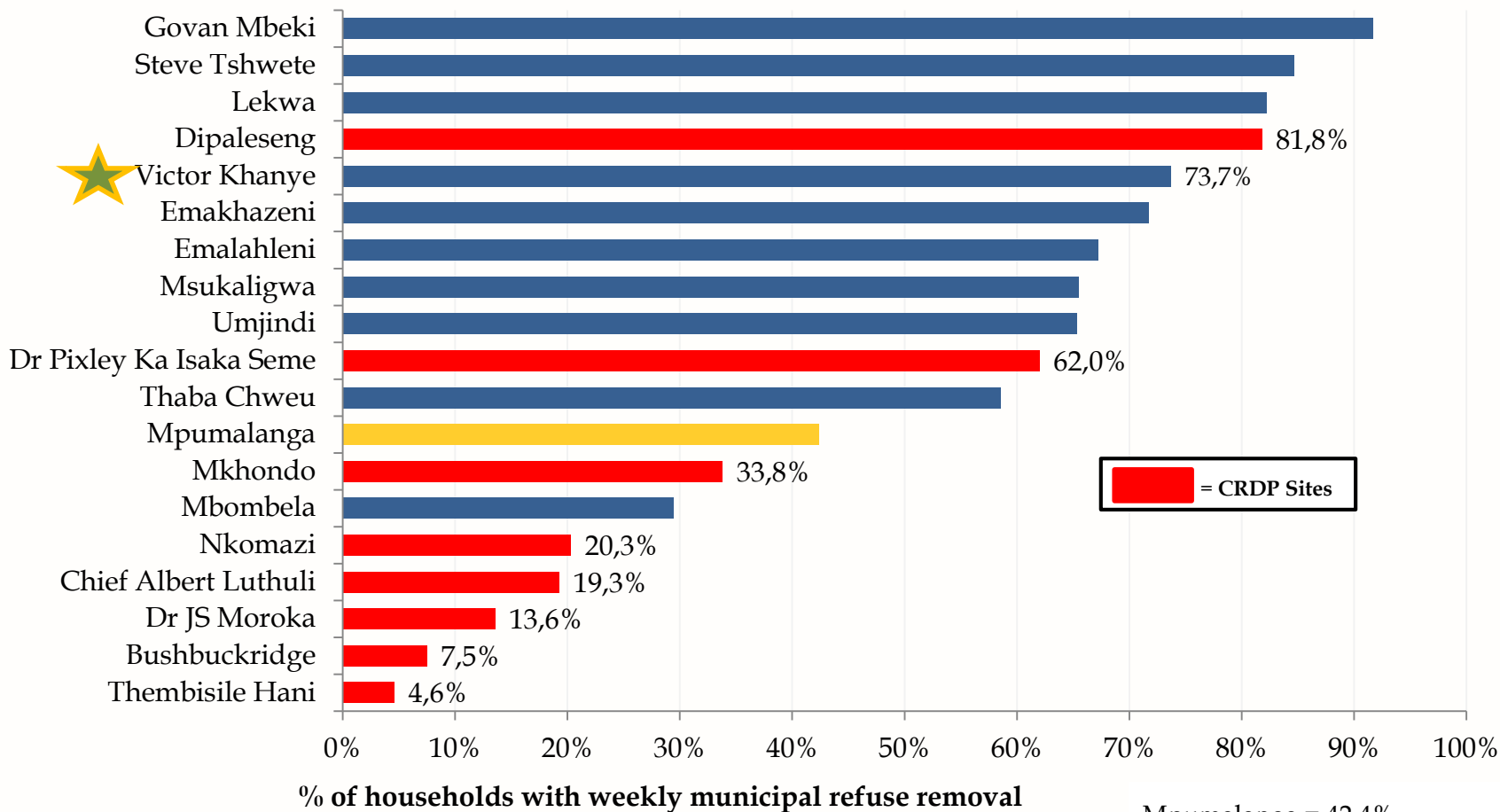


% of households with electricity for lighting

Mpumalanga = 86.4%

BASIC SERVICE DELIVERY - REFUSE REMOVAL

% of households with weekly municipal refuse removal, 2011



Mpumalanga = 42.4%



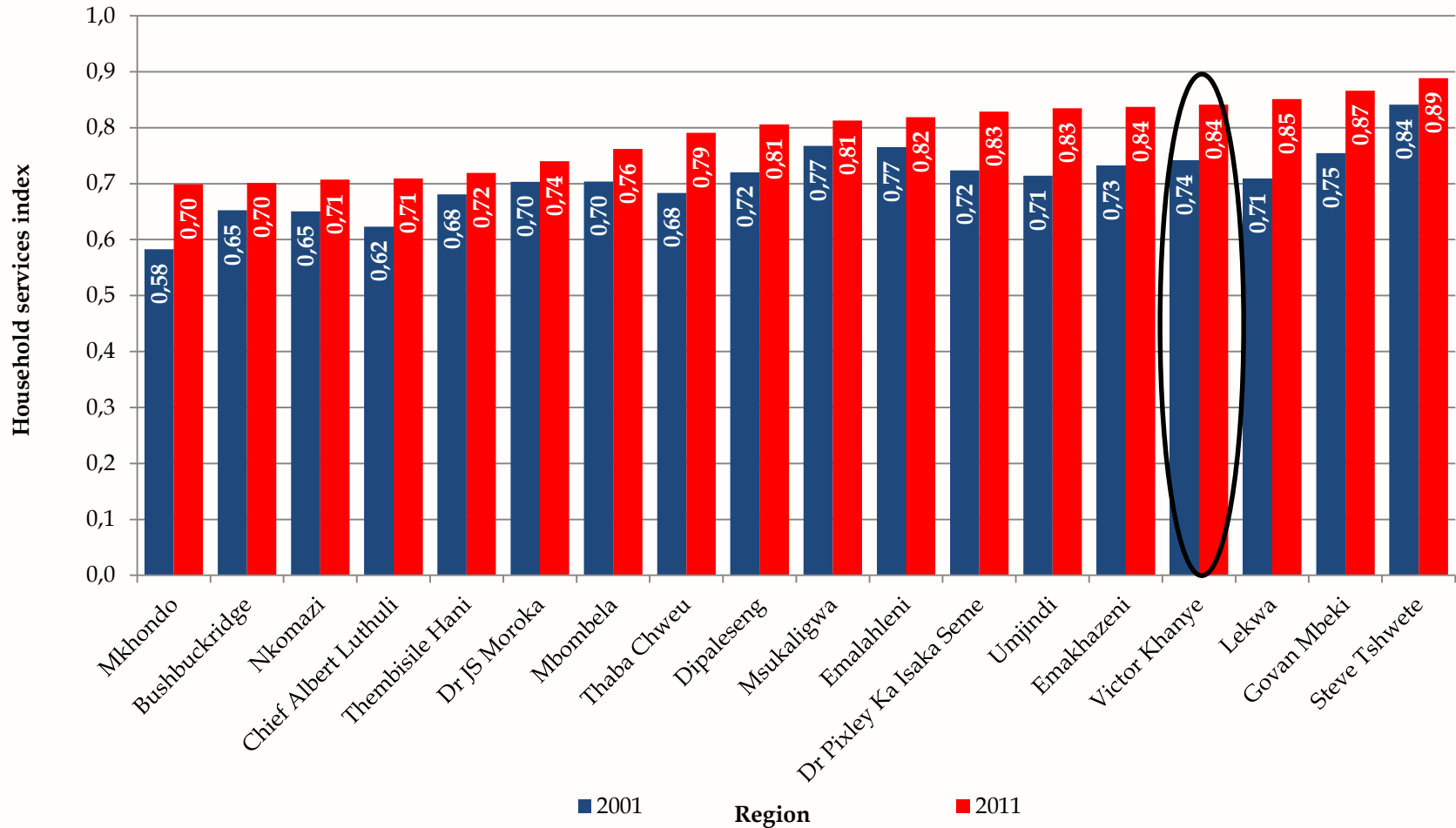
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BASIC SERVICE DELIVERY

Household Services Index by Local municipal area, 2001 - 2011



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HUMAN DEVELOPMENT INDEX

	2001	2007	2011	Ranking: best (1) - worst (18)
Emalahleni	0.61	0.63	0.70	1
Steve Tshwete	0.62	0.63	0.69	2
Govan Mbeki	0.59	0.62	0.68	3
Thaba Chweu	0.52	0.57	0.64	4
Umjindi	0.53	0.56	0.64	5
Mbombela	0.52	0.55	0.64	6
Emakhazeni	0.51	0.56	0.63	7
Lekwa	0.52	0.54	0.62	8
Msukaligwa	0.51	0.54	0.61	9
Victor Khanye	0.52	0.53	0.61	10
Dr JS Moroka	0.46	0.50	0.60	11
Thembisile Hani	0.45	0.49	0.58	12
Dipaleseng	0.46	0.49	0.57	13
Dr Pixley Ka Isaka Seme	0.46	0.49	0.57	14
Bushbuckridge	0.43	0.48	0.57	15
Chief Albert Luthuli	0.43	0.47	0.56	16
Mkhondo	0.43	0.44	0.53	17
Nkomazi	0.39	0.42	0.52	18

AVERAGE HOUSEHOLD INCOME

MUNICIPAL AREA	2001	2011	Ranking: highest (1) - lowest (18)
Steve Tshwete	R55 369	R134 026	1
Govan Mbeki	R47 983	R125 480	2
Emalahleni	R51 130	R120 492	3
Mbombela	R37 779	R92 663	4
Lekwa	R38 113	R88 440	5
Thaba Chweu	R35 795	R82 534	6
Msukaligwa	R31 461	R82 167	7
Umjindi	R35 244	R81 864	8
Victor Khanye	R35 281	R80 239	9
Emakhazeni	R36 170	R72 310	10
Dr Pixley Ka Isaka Seme	R23 399	R64 990	11
Dipaleseng	R19 454	R61 492	12
Mkhondo	R26 935	R53 398	13
Chief Albert Luthuli	R22 832	R48 790	14
Thembisile Hani	R18 229	R45 864	15
Nkomazi	R19 195	R45 731	16
Dr JS Moroka	R17 328	R40 421	17
Bushbuckridge	R17 041	R36 569	18

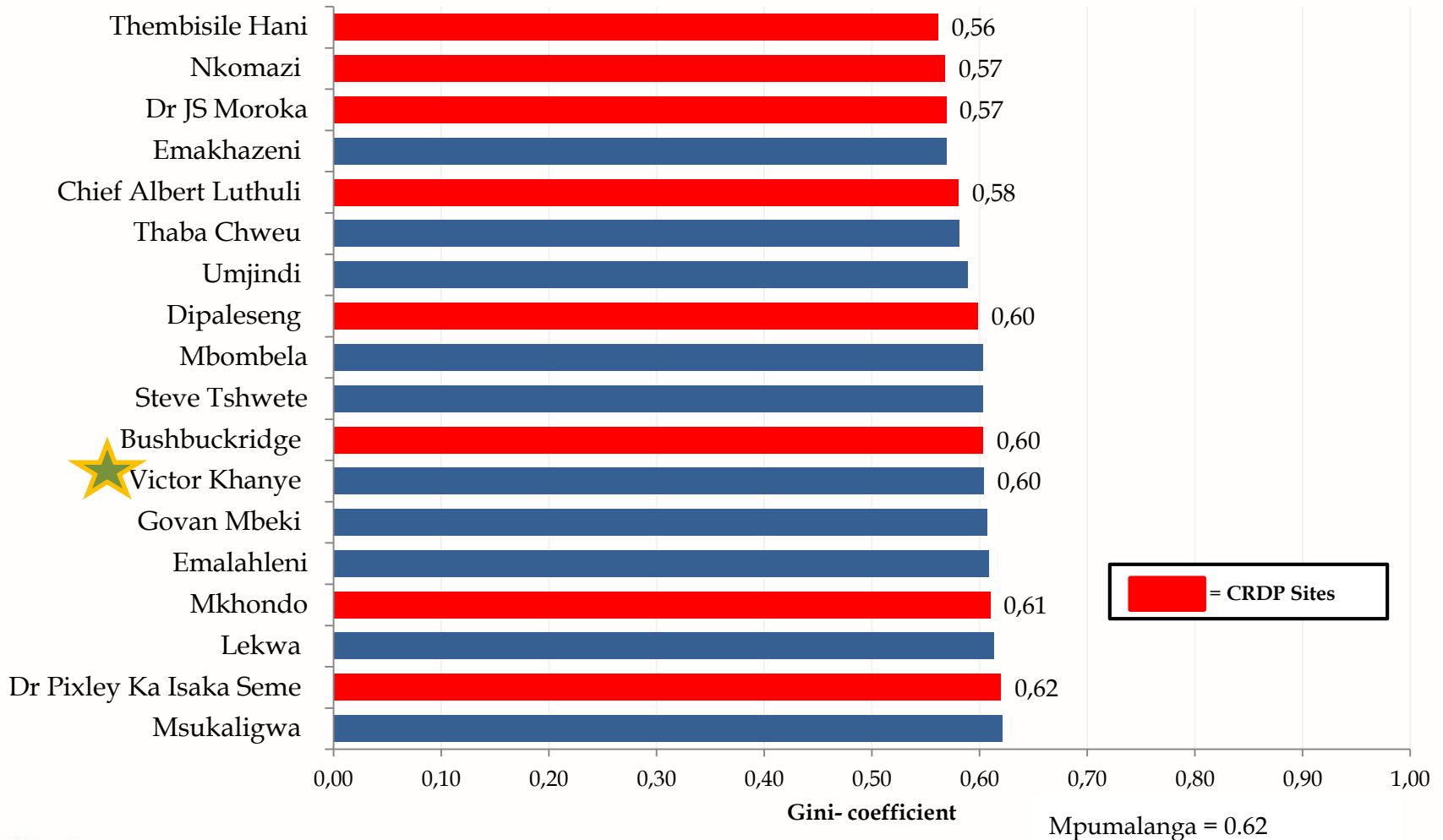
INEQUALITY AND POVERTY

INDICATORS	Trend		Latest figure 2011	Better (+) or worse (-) than Nkangala	Better (+) or worse (-) than province	Ranking: best (1) – worst (18)
	2001	2007				
Gini-coefficient (0 best to 1 worst)	0.68	0.64	0.60	(+) (0.61)	(+) (0.62)	12
Poverty rate	42.9%	40.5%	37.7%	(-) (33.1%)	(+) (39.4%)	8
Number of people in poverty	25 896	27 246	28 640			4
Poverty gap (R million)	R37	R59	R79			4

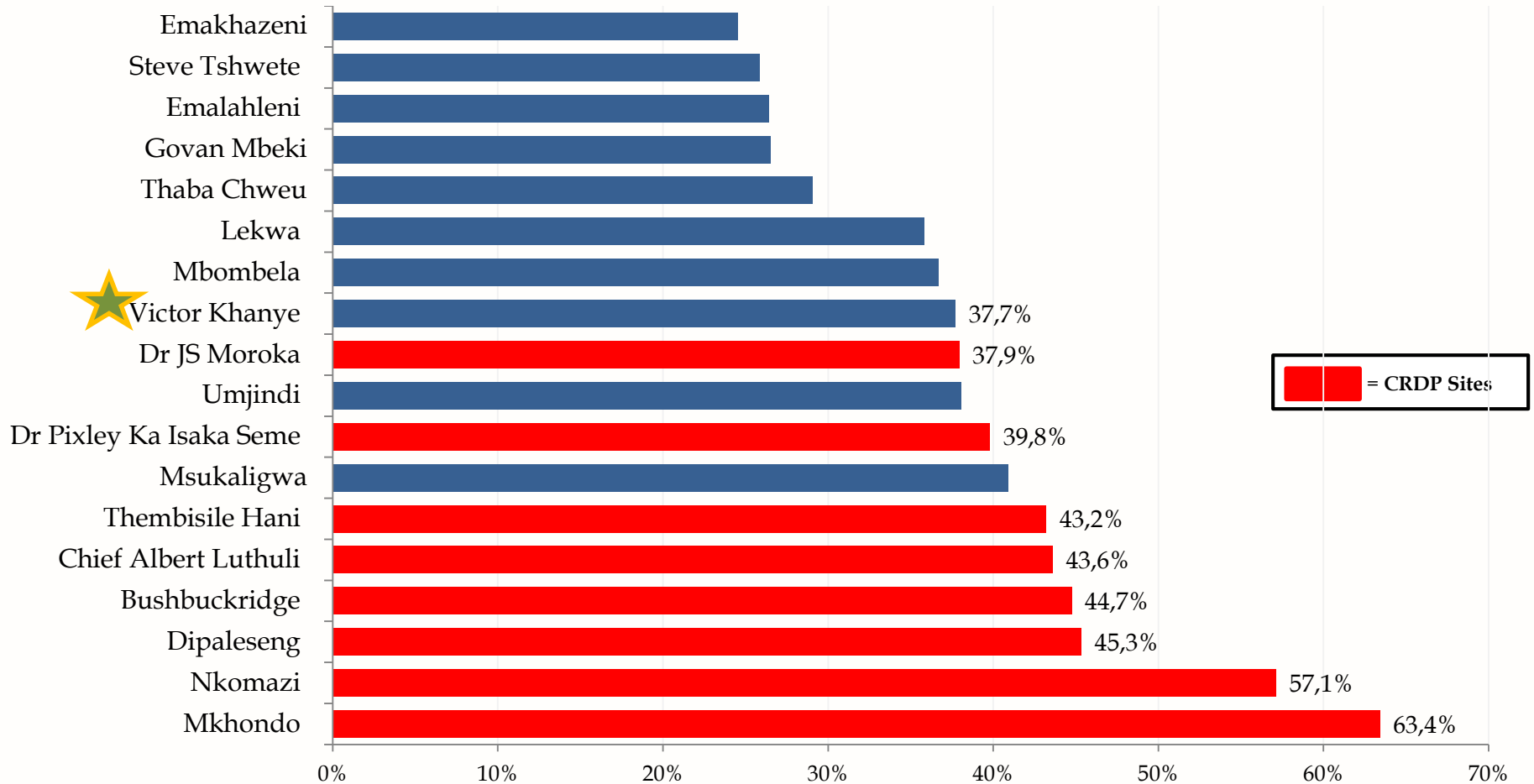
- Gini-coefficient at 0.60 - improving but ranked 12 in the province.
- Poverty rate of 37.7% - 28 640 poor people (6.6% of Nkangala's poor) – decreasing trend.
- Poverty gap (an indicator of how far poor households are below the poverty line) at R79 million – increasing trend.

INCOME INEQUALITY

Gini-coefficient by Local Municipal Area, 2011



POVERTY RATE



Mpumalanga = 39.4%

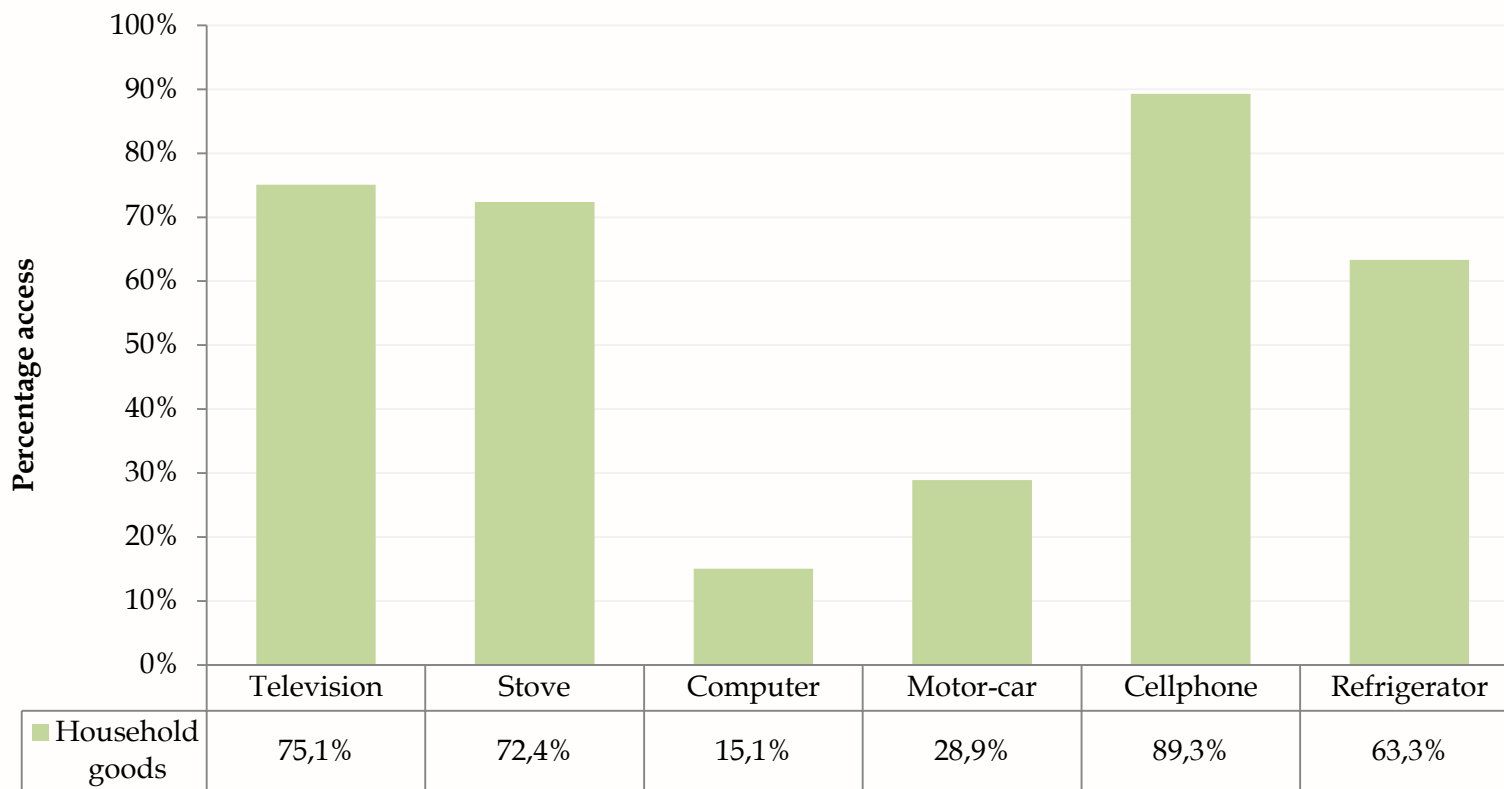


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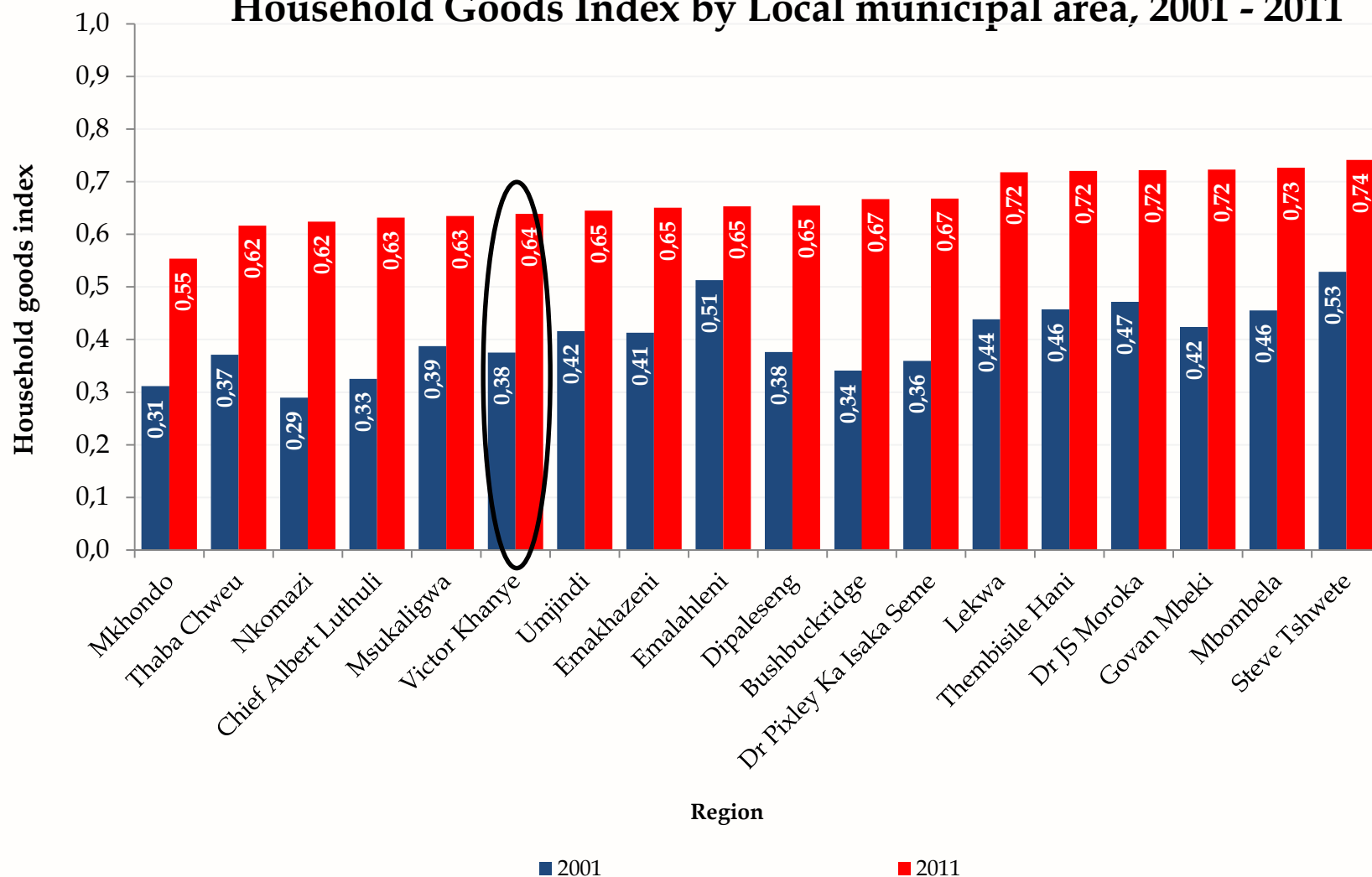
HOUSEHOLD GOODS - 2011



Household goods

HOUSEHOLD GOODS INDEX

Household Goods Index by Local municipal area, 2001 - 2011



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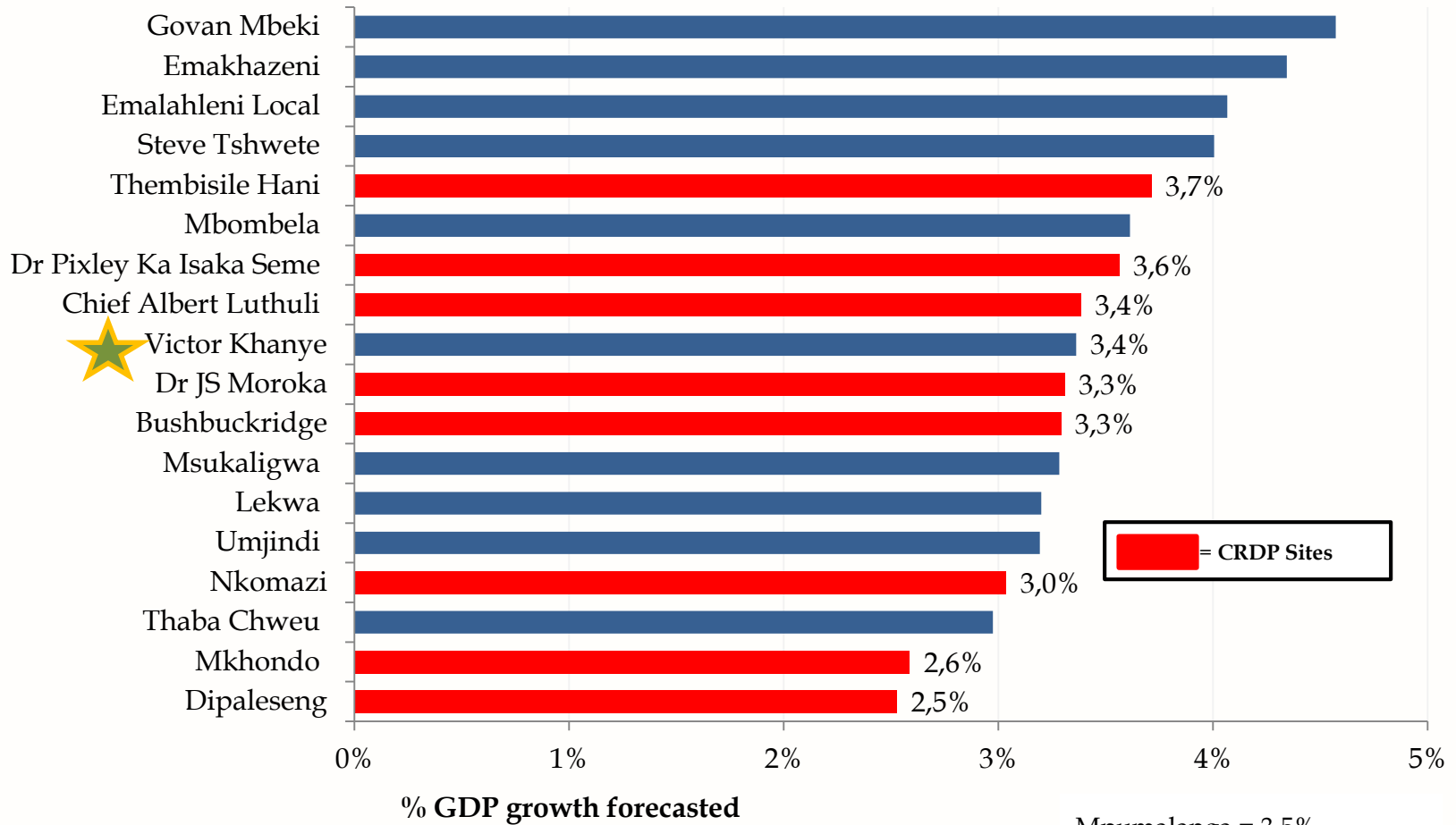
ECONOMIC INDICATORS

ECONOMIC INDICATORS	Trend 1996-2011	Forecast 2011-2016	Better (+) or worse (-) than Nkangala	Better (+) or worse (-) than province	Ranking: best (1) - worst (18)
GDP growth (%)	2.0%	3.4%	(-) (4.0%)	(-) (3.5%)	9
	Trend		Latest figure		Ranking: best (1) - worst (18)
	2001	2007	2011		
Contribution to Mpumalanga GVA (%)	2.0%	1.7%	1.7%		12

- Expected to record a GDP growth of 3.4% per annum over the period 2011-2016 – lower than district and province – historic growth rate in the period 1996-2011 relatively low at 2.0% per annum.
- Agriculture, transport, community services, finance and mining should contribute the most to Victor Khanye's economic growth in the period 2011-2016.
- GVA in 2011 – R3.4 billion at current prices and R1.9 billion at constant 2005 prices.

GDP GROWTH

Forecasted GDP growth by Local Municipal Area, 2011-2016



Mpumalanga = 3.5%



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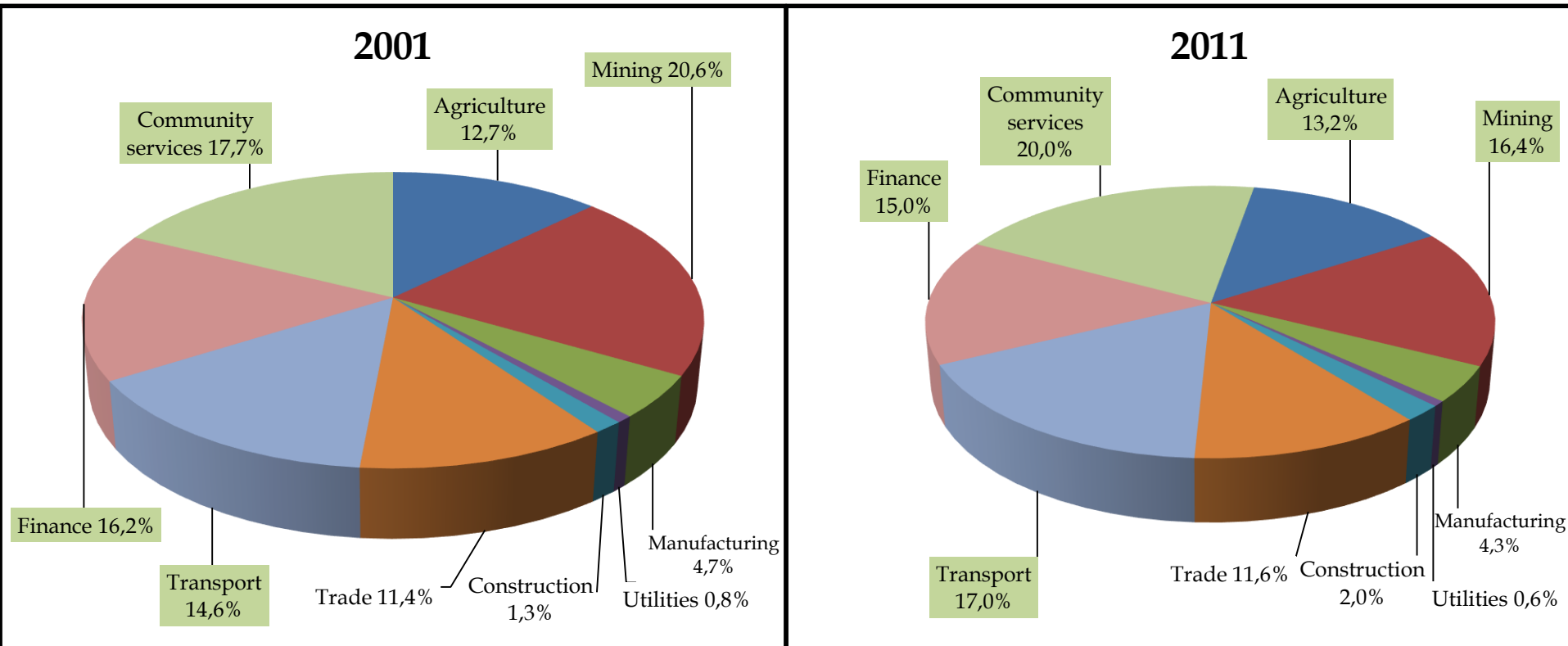
ECONOMIC INDICATORS

Contribution by Local Municipal Areas to Nkangala's industries (GVA constant 2005 prices)

INDUSTRY	Victor Khanye	Emalahleni	Steve Tshwete	Emakhazeni	Thembisile Hani	Dr JS Moroka	Nkangala
Agriculture	30.8%	13.0%	42.8%	6.8%	2.0%	4.6%	100.0%
Mining	2.4%	52.8%	40.6%	3.3%	0.8%	0.0%	100.0%
Manufacturing	1.4%	19.0%	74.9%	1.7%	2.4%	0.6%	100.0%
Utilities	0.3%	74.1%	20.9%	1.2%	1.9%	1.7%	100.0%
Construction	4.4%	52.5%	27.7%	3.9%	6.7%	4.8%	100.0%
Trade	5.8%	46.1%	26.0%	3.2%	14.7%	4.3%	100.0%
Transport	8.5%	48.3%	25.9%	9.9%	4.8%	2.6%	100.0%
Finance	5.1%	48.9%	39.6%	2.3%	2.3%	1.9%	100.0%
Community services	6.6%	34.5%	26.1%	3.6%	14.9%	14.3%	100.0%
Total	4.5%	45.2%	38.7%	3.5%	4.9%	3.2%	100.0%

- Contribution to Nkangala economy only 4.5% - relatively small economy.
- Agriculture contributing 30.8% to the district's agriculture industry – other contributions relatively small.

ECONOMIC INDICATORS



- Leading industries in terms of contribution to Victor Khanye economy – community services (20.0%), transport (17.0%), mining (16.4%), finance (15%) and agriculture (13.2%).

TOURISM INDICATORS

TOURISM INDICATORS	Trend		Latest 2011	Percentage share of Nkangala	Percentage share of Mpumalanga	Ranking: highest (1) – lowest (18)
	2001	2007				
Number of tourist trips	20 407	49 105	118 031	9.7%	3.4%	10
Bednights	132 481	198 895	535 137	9.7%	3.4%	10
Total spent R million (current prices)	R30	R86	R253.8	6.9%	2.2%	12
Total spent as a % of GDP (current prices)	2.0%	3.4%	6.9%			7

- Number of tourist trips increasing – 9.7% of Nkangala and 3.4% of the provincial total.
- Total spent R253.8 million in 2011 – increasing trend.
- Total tourism spent equal to 6.9% of municipal area's GDP- increasing percentage share of GDP since 2001.

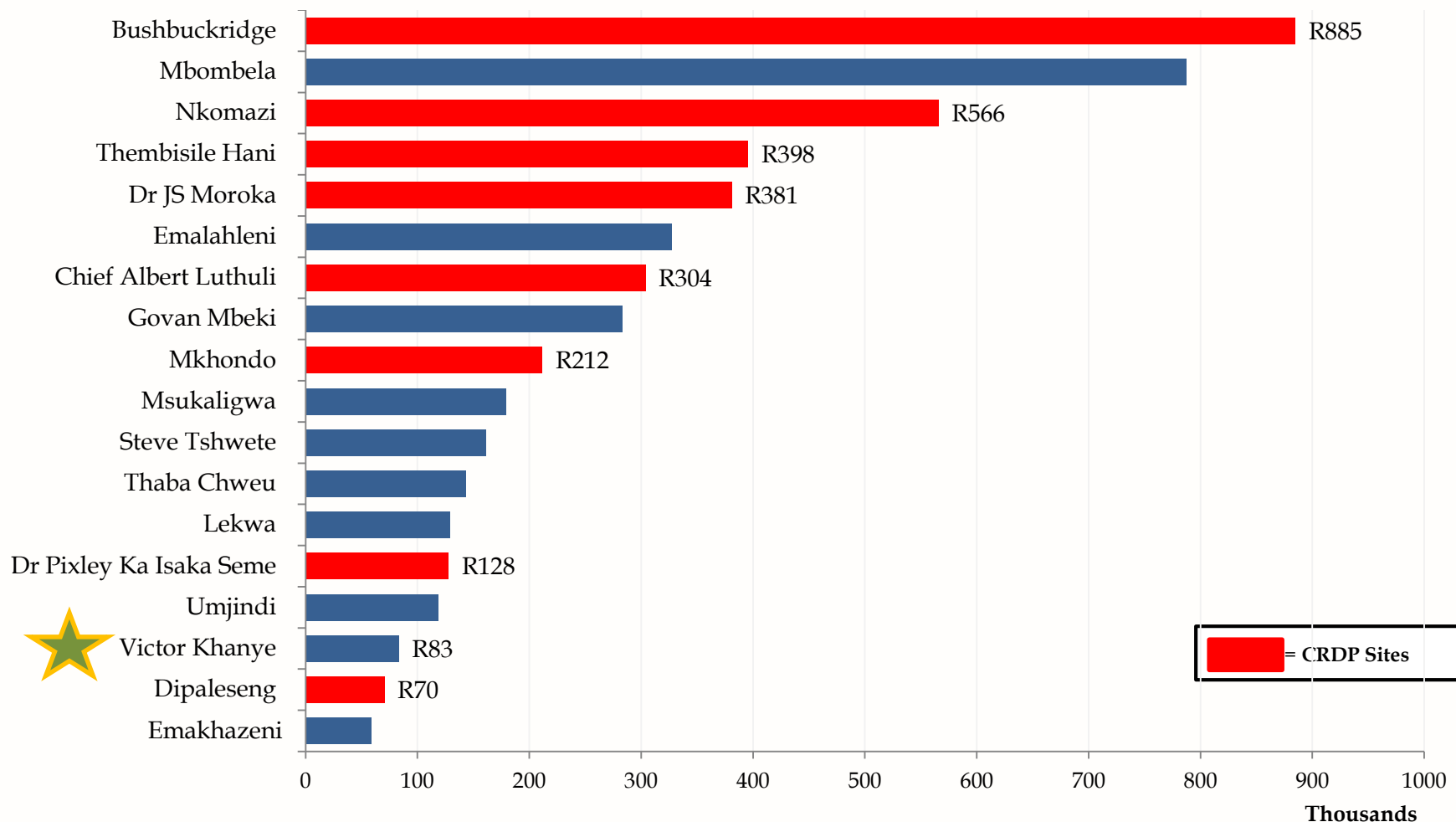
NATIONAL & PROVINCIAL GRANTS & EXPENDITURE

TYPE OF ALLOCATION	2011/2012 (R million)	2012/2013 (R million)	2013/2014 (R million)	% of allocations to all local municipalities in Nkangala	% of allocations to all local municipalities in Mpumalanga	Ranking: highest (1) - lowest (18)
Total allocation	R90.6	R112.7	R83.3	5.9%	1.6%	16

- Decreasing total allocation – 1.6% of total allocations to local municipalities in Mpumalanga & third lowest in province.
- MPG total expenditure (especially CoE) in VKLM increased from R210 million in 2009/10 to R295 million in 2012/13 according to NT's Vulindlela database – R1 billion in total over the relevant period.
- MPG infrastructure expenditure in VKLM between 2009/10 to 2012/13 just more than R70 million according to the IRM database of NT.
- **Remark:** Victor Khanye Local Municipality (VKLM) obtained an unqualified audit opinion in both 2011/12 and 2012/13 – received a clean audit opinion in 2010/11.

TOTAL ALLOCATIONS

DORA budget allocations to Mpumalanga municipalities in 2013/14



CHALLENGES & RECOMMENDATIONS

Challenge	Recommendation
1. High proportion of population aged 0-34 years (children/youth) and relatively high unemployment rate	Resources must be channelled to youth development – importance of skills development & creation of jobs Importance of a job creation strategy targeting youth, women & people with disabilities
2. Educational challenges – relatively low university/degree admission rate	Improving the level of education Importance of interventions to improve the quality of grade 12 certificate & employability of matrics
3. Basic service delivery challenges – especially in terms of informal dwellings	Faster roll-out of basic services and municipal infrastructure
4a. Relatively high poverty number & rate 4b. Very high HIV prevalence rate!	Importance of poverty strategy – emphasis on job creation – impact positively on reduction of poverty Interventions to reduce high HIV prevalence rate
5. Relatively low contribution to Mpumalanga GVA and low growth rate	Importance of attracting new businesses through an investment strategy & active Business/LED forum
6. High dependence/reliance on community services (government)	Identification of key industries/sectors/projects to drive the economy sustainably into the future – role of tourism, manufacturing, trade, transport, agriculture etc (role/impact of Kusile, cargo airport etc?)
7. Reduce unemployment, poverty and inequality (MEGDP & NDP)	Effective and efficient government spending making an impact on the triple challenges
8. Budget must be in line with and respond to IDP & socio-economic challenges	Municipality must work closely with COGTA, Finance and other role-players – IDP Manager & CFO working closely

