

SOCIO-ECONOMIC REVIEW AND OUTLOOK 2012

FOREWORD

Limpopo Provincial Treasury is once more delighted to present another issue of Socio-Economic Review and Outlook (SERO). On annual basis the government allocate resources to different departments at all spheres of government. It is important to reflect on the impact that these resources had on the impact that the allocated resources had on the service delivery and well being of citizens of the country. The assessment assists government in determining how far they are from achieving the set objectives.

The review of the plans, policies and strategies will be based on achievements made and gaps that are still left. The review is based on observation of what is achieved and what is still lacking. The annual assessment will also assist in identifying bottlenecks wherever they exist for intervention to be made when needed. There is a close relationship between economic growth and government resource base that is essential for service delivery. It is for this reason that SERO assess both the Social and Economic impact.

It is evident in the report that in spite of global and national ,economic challenges experienced in the past years there is a lot of progress made in delivery of social services in South Africa and Limpopo. It will however be beneficial for the Province to explore Industries that are not yet functioning at maximum potential with the aim of increasing economic growth as well as employment levels.

As we come to the end of the Medium Term Strategic Framework period, the report will guide the strategic planners in the review of the objectives, identifying priorities of government, programmes and projects for the next Medium Term Strategic Framework cycle.



GAVIN PRATT

HEAD OF DEPARTMENT

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LIST OF ABBREVIATIONS

HIV	: Human Immunodeficiency Virus
AIDS	: Acquired Immunodeficiency Syndrome
GDP	: Gross Domestic Product
EU	: European Union
US	: United States
WEO	: World Economic Outlook
IMF	: International Monetary Fund
SARB	: South African Reserve Bank
FDI	: Foreign Direct Investments
UNCTAD	: United Nations Conference on Trade and Development
GVA	: Gross Value Added
MTBPS	: Medium Term Budget Policy Statement
LP	: Limpopo Province
SA	: South Africa

EXECUTIVE SUMMARY

On annual basis resources are allocated to departments in Limpopo Province based on socio economic situation that prevails in the province. Service delivery that will improve the quality of life is the main function of government .Service delivery is made possible by resources that are there .Economic growth is vital in making it possible for government to deliver services .Improving the lives of people is not only the function of government but the private sector has to play a role in this.

The Limpopo Socio-Economic Review 2011 provides a detailed analysis of socio-economic indicators of Limpopo and its district municipalities, which give indications of the status of the overall quality of life of the people of Limpopo. It will assist policy makers to identify progress made in services delivery and challenges that still exist. The overall aim of the Socio-Economic Review is to determine progress that government has already made in the delivery of social services in areas such as water services, housing, education, electricity and health. An assessment is also made of economic growth and development. Sectors that contribute to economic growth and those that have the potential to contribute are identified. Limpopo does not exist in isolation but relates with other provinces, the country and the rest of the world. What happens in other parts of the world affects South Africa, inclusive of Limpopo Province. It is for this reason that the Limpopo Socio-Economic Review and Outlook compares the performance of Limpopo with the whole country, and other provinces.

Issues to be discussed include the delivery of Social services in Limpopo in comparison with National, economic performance of South Africa and Limpopo for the period 2008 to 2011. The discussion starts by an analysis of the demographic profile of the province. Most of the data in this section will be derived from Census 2011. Understanding the characteristics and composition of the population is very important for the planners both in government and private sector. The economic review will start by discussing the economic performance of the world followed by South Africa then Limpopo. This becomes very imperative as what happens in the rest of the world affects Limpopo.

Chapter one: This chapter looks at demographics of Limpopo Province. Where data is available a comparison is made with the character and composition between 1996 and 2011.This will include a comparison of the population of Limpopo, South Africa and other provinces, gender distribution and race distribution. A comparison population growth between 1996 and 2011 will be made as well as the share of Limpopo population to National as well as the five Limpopo Districts. Even though Limpopo is the fifth most populous province its share to National has declined in 2011 as compared to 1996.

The province has also lost part of its population through migration to other provinces. Status of the social sector in the province is also analyzed. This will include health and education.

Chapter two: Meeting the basic needs of the population

Meeting the basic needs of the population is one of the key priorities of government. This chapter will discuss the level of delivery of basic services such as water, housing, electricity, refuse removal and sanitation. The majority of Limpopo households have access to piped water, but these are mostly located outside the dwelling or yard. Despite improvements in the provision of refuse removal services, most Limpopo households still make use of their own refuse dumps, likely due to a rural nature of the province. Provision of refuse removal by municipality at least once a week has almost doubled from 1996 to 2011.

Access to electricity has improved considerably in Limpopo, with associated declines in the use of paraffin and candles for lighting. The building of brick housing structures has also increased in 2011 as compared to 1998. The number of people using flush toilets is increasing while those without any form of sanitation is declining.

Chapter three: This chapter will start by assessing the world economy. The chapter will start by discussing economic and employment growth prospects of the European Union. Moving forward an assessment of economic growth prospects of United States of America and Africa will be made. There was a significant improvement in the US economy in 2012. Unemployment rate in the US has stabilized and is expected to continue to be moderate. A discussion will also be held on the mining sector, its contribution to economic growth in South Africa and the impact of the unstable labour force in the sector. The instability of labour in the mining sector had a negative impact on mining output and subsequently impacted on downgrading of the credit rating of South Africa. Subsequent to that there were speculations that investor confidence will decline. However results show that investor confidence in the previous years was lower than the first half of 2012.

The next part of the chapter will analyze South African economic outlook and will show economic forecast up to 2014, followed by economic review and outlook of Limpopo. The discussion will review the gross value added in Limpopo and the five districts, labour market and provincial inflation. The gross value added in Limpopo and the five districts show an improvement in 2011. There was also a recovery in investments in 2011. The improvement in gross value added and investments will have a positive contribution towards economic growth if it contributes towards employment. It is for this reason that unemployment levels in Limpopo is compared with other provinces for the four quarters of 2012. Limpopo shows that it has the second lowest unemployment rate in the last quarter of 2012. The last economic area that the chapter will assess is the trade position of Limpopo. The trade position will assess the Limpopo province imports and exports.

1. DEMOGRAPHICS

1.1. Introduction

This chapter contains a review of the demographic profile of Limpopo province and its constituent districts. This section gives a brief overview of, among others, the population of Limpopo (LP), its growth and its relation to the South African (SA) population; also its racial composition, age and gender distribution. Trends in fertility and life expectancy, migration as well as HIV/Aids in Limpopo province are also included. The information contained in this chapter is constructed with the view that it may aid policymakers, relevant stakeholders and laymen in understanding the social geography and demography of the Limpopo province.

1.2. Population

An understanding of the demography of a country and its regions is a very important aspect of planning and resource allocation in any country. It helps the planners both in the public and private sector to understand different subsets within the population. The population together with its subsets is not rigid but ever changing, hence the need to review the population from time to time to ensure that plans are in a position to meet the needs of the population.

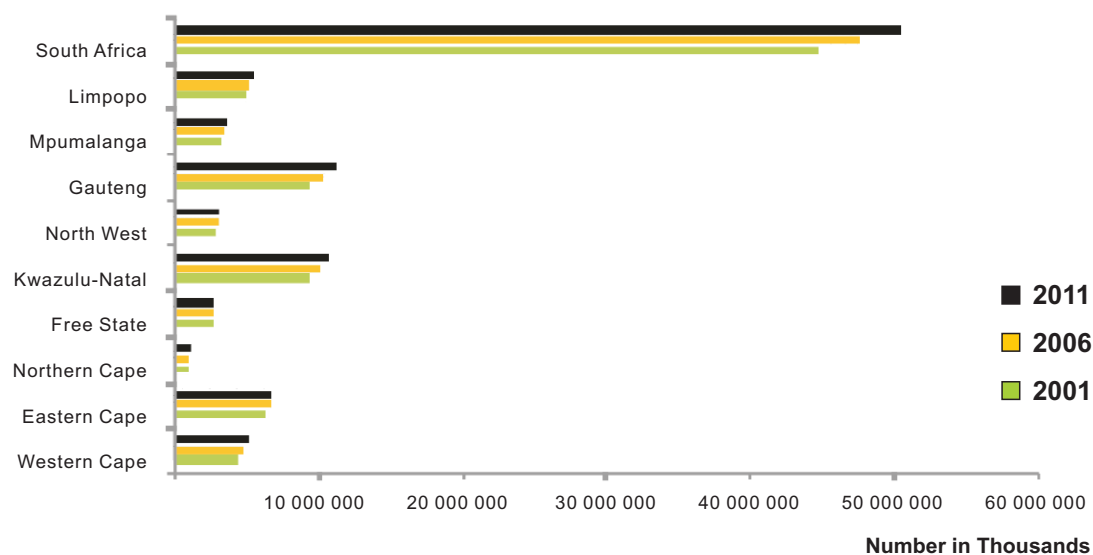
The role of Government is to plan and render social and economic services to its citizens such as economic growth plans, health, education, and social security. It becomes imperative for government to understand the different subsets of the population together with its spatial distribution so that their plans are geared towards meeting the needs of these subsets. Limpopo province constitutes around 10.2 per cent of the total area of South Africa, and comprises a combination of dense urban and rural areas.

Table 1 : Population per Province

	1996	2001	2011
Western Cape	3 956 875	4 524 335	5 822 734
Eastern Cape	6 147 244	6 278 651	6 562 053
Northern Cape	1 011 864	991 919	1 145 861
Free State	2 633 504	2 706 775	2 745 590
Kwazulu-Natal	8 572 302	9 584 129	10 267 300
North West	2 727 223	2 984 098	3 509 953
Gauteng	7 834 125	9 388 854	12 272 263
Mpumalanga	3 123 869	3 365 554	4 039 939
Limpopo	4 576 566	4 995 462	5 404 868
South Africa	40 583 573	44 819 778	51 770 560

Table 1 above shows that Limpopo is the fifth most populous province. It also accounts for 10.4 percent of South Africa's population. As indicated in South Africa's population was 40.6 million in 1996, grew to 44.8 million in 2001 and 51.8 million in 2011. Limpopo population has grown from 4.57 million in 1996 to 4.99 million in 2001, growth rate of 9.1 percent and growth rate of 8.2 percent from 2001 to 2011 to 5.4 million in 2011.

Figure 1: Population of South Africa per province and SA 2000 - 2011

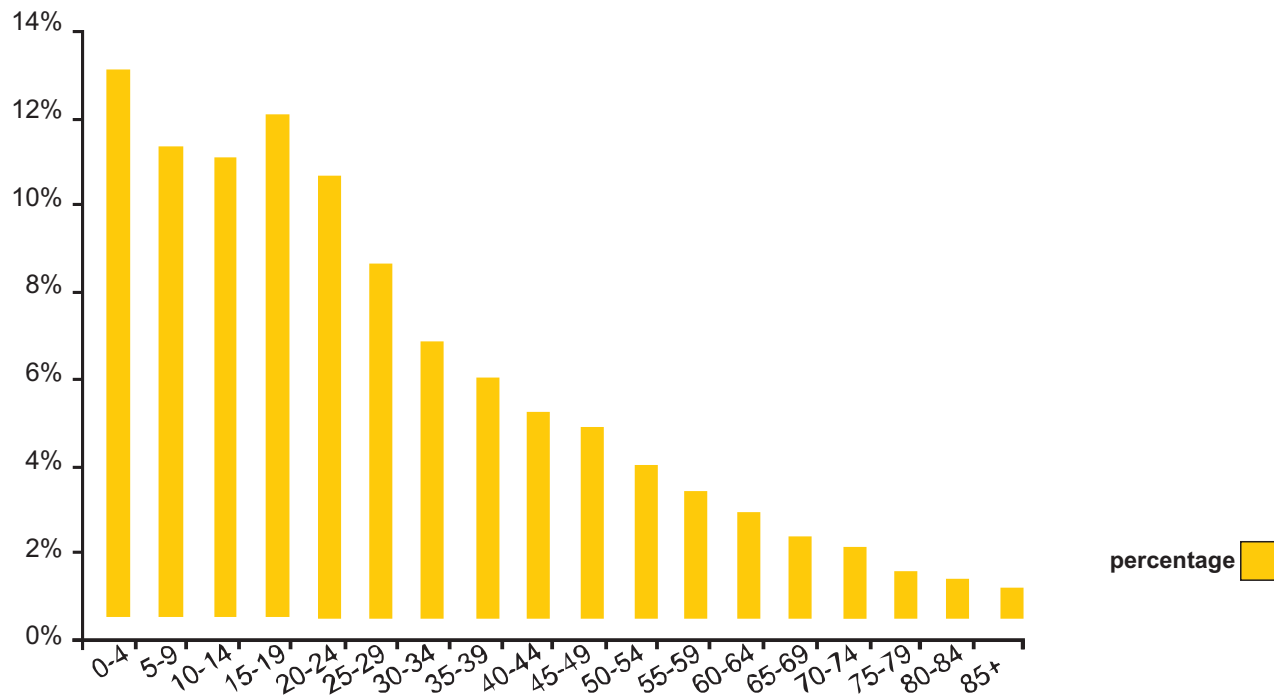


Source: Census (2011)

1.2.1. Proportion of Provincial Populations

In terms of the age structure of the Limpopo population (shown below in Figure 2), the working age population accounts for 58 percent, whilst a large proportion, 35 percent, comprises children aged 0 – 14 years. This part of population will need support from government in terms of medical facilities and education and social security for some. The aged (65+ years) account for 7 percent of Limpopo's population. The majority of this population gets support from government in terms of social grant. The government will have to set aside resources for these sets of the population.

Figure 2 : Population Age distribution in Limpopo 2011

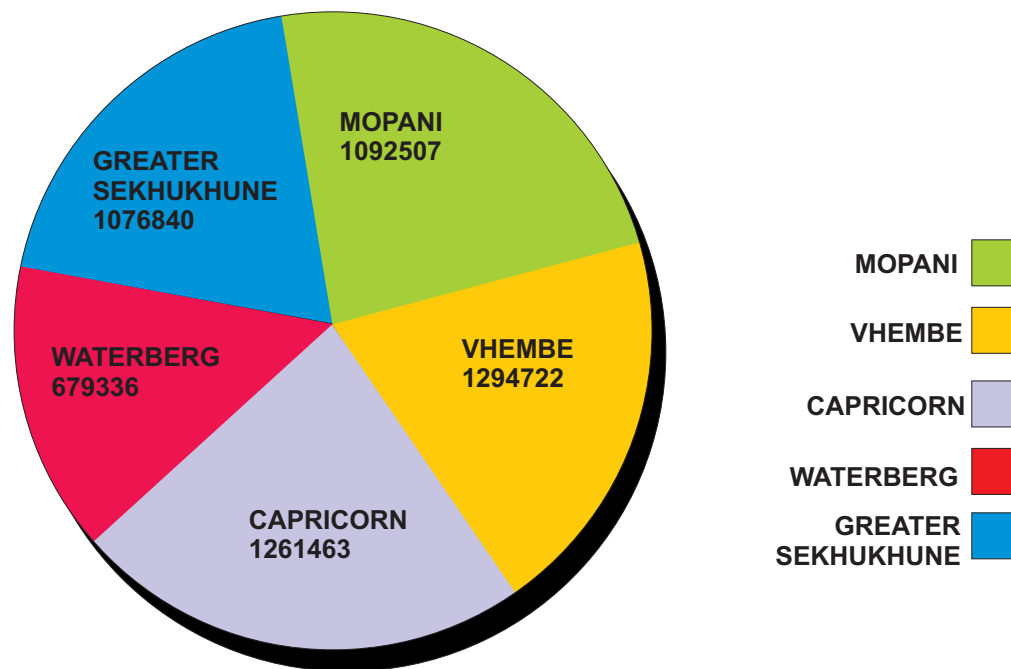


Source: Census (2011)

1.2.2. Population on District Municipal Level

Figure 3 reflects the distribution of the provinces 5.4 million people among its constituent districts. The most populous districts are Vhembe and Capricorn, together making up approximately half of the total population of Limpopo. Waterberg had the smallest population, accounting for 13 percent of the population of Limpopo

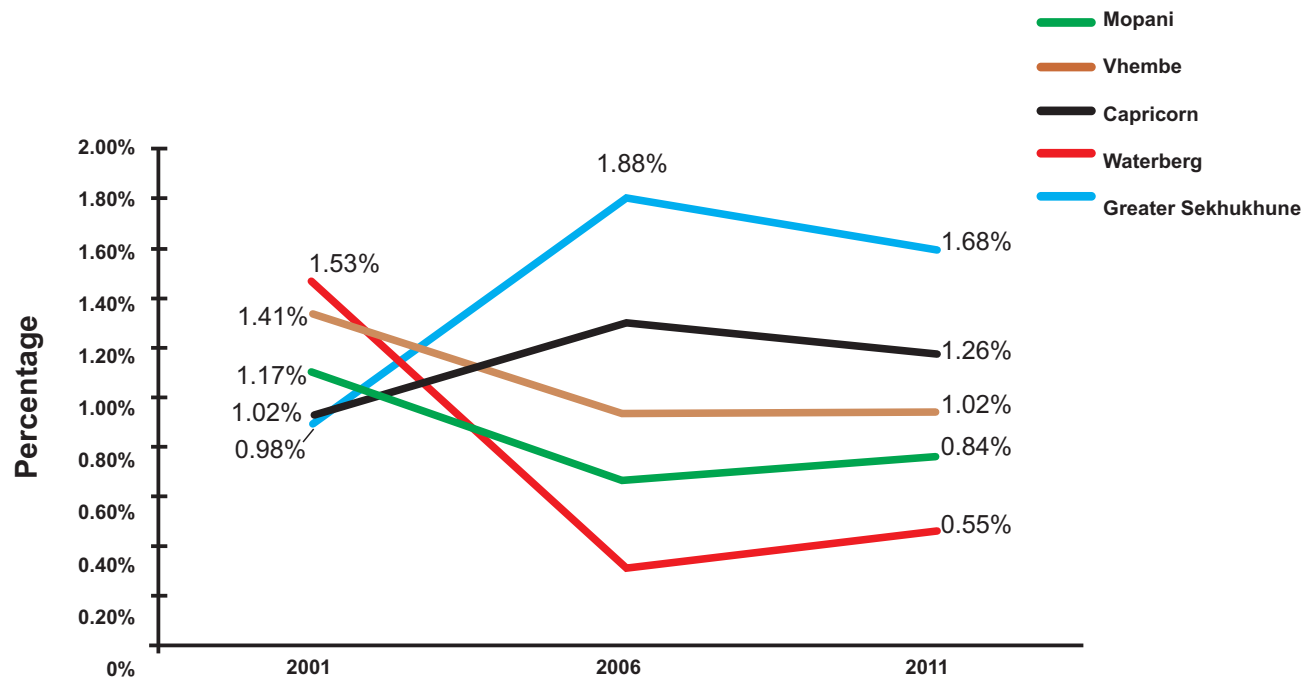
Figure 3 : Population by District, 2011



Source: Census (2011)

However, as indicated in Figure 4 , the Greater Sekhukhune population was the fastest growing between 2001 and 2006 but experienced a decline between 2006 and 2011 due to change in municipal boundaries demarcation. Capricorn and Greater Sekhukhune are the only ones that experienced growth in 2006 but declined in 2011. Mopani and Waterberg experienced a slight population increase in 2011.

Figure 4 : Population Growth by District



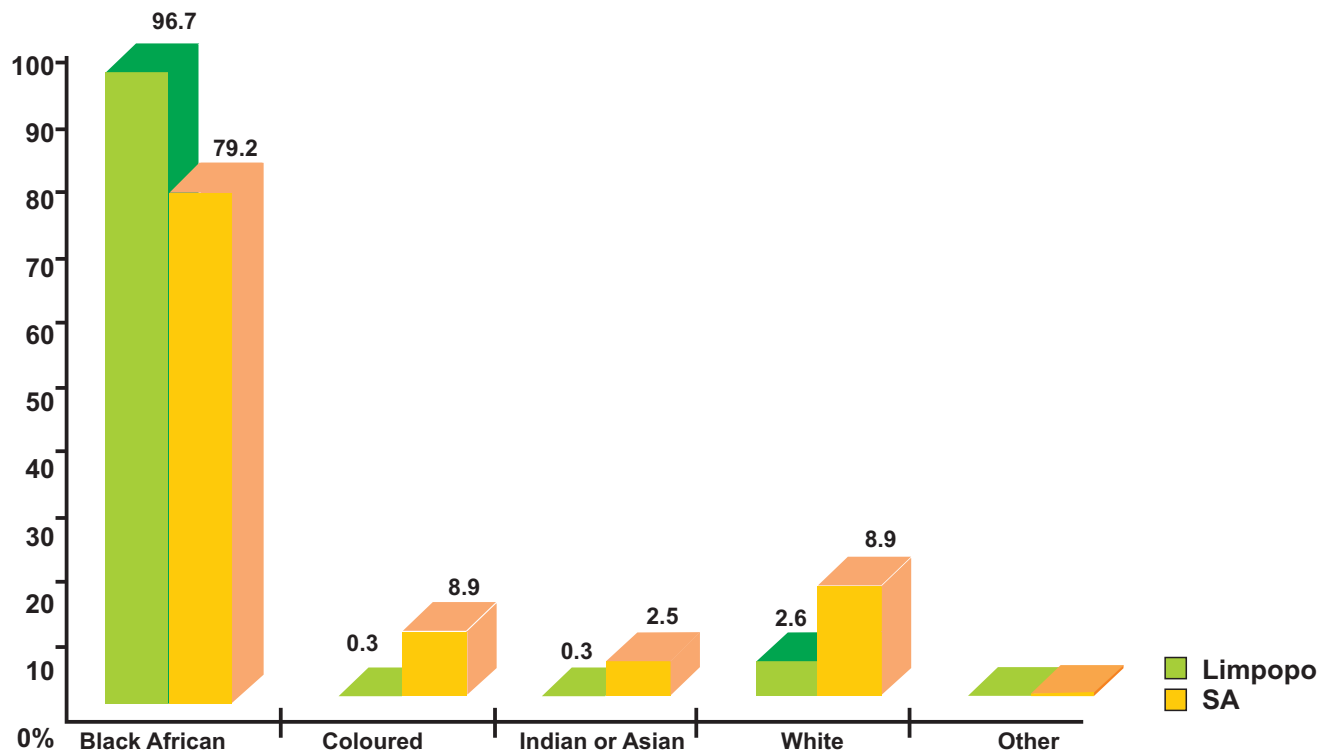
Source: Census (2011)

1.2.3. Race distribution

1.2.3.1. Race Distribution in National Context

The population group structure of Limpopo and South Africa depicted in shows that a considerable majority of its residents are Black African 96.7 per cent in Limpopo compared to 79.2 percent in South Africa. Whites comprise the second largest group at 2.6 per cent, with Coloured and Indian/Asian groupings forming 0.3 per cent each.

Figure 5 : Population Distribution by Race, 2011

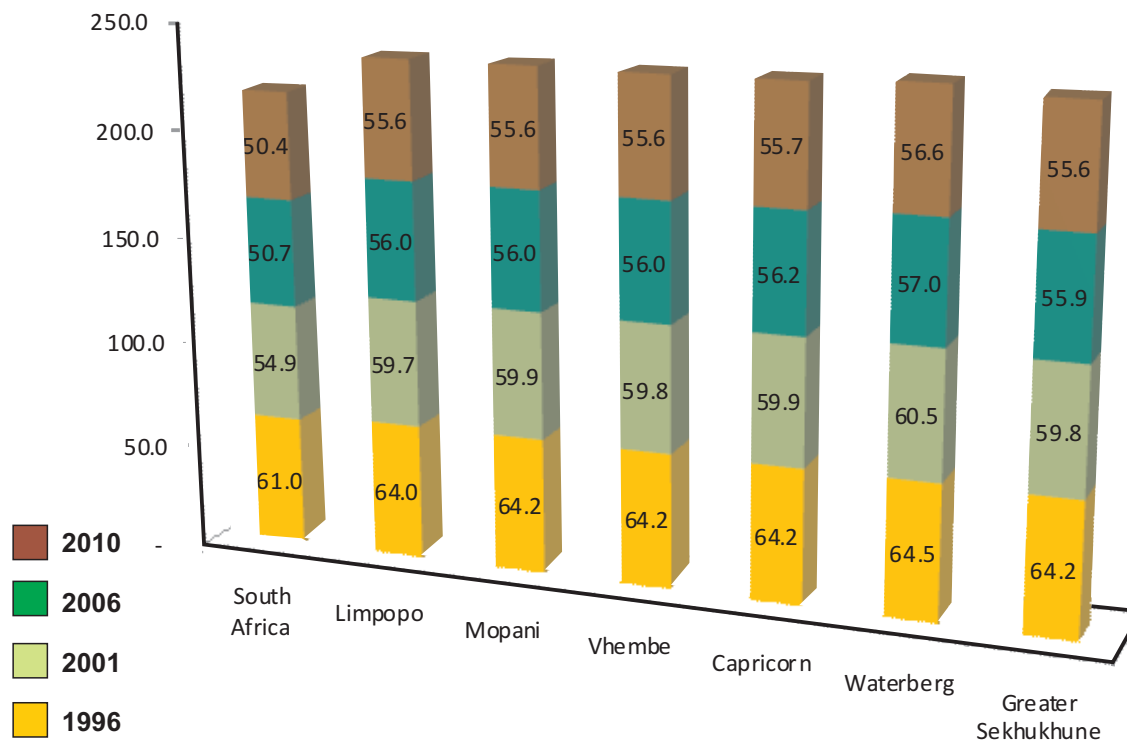


Source: Census (2011)

1.2.4. Life Expectancy

Life expectancy is the average number of years a newborn child would live if current mortality patterns were to stay the same. It is an estimated average based on amongst others observation of child mortality patterns. There are different policies that can be used to reduce the mortality rate and improve life expectancy. Figure 6 shows that life expectancy at birth was 64 years for Limpopo population in 1996, an average that was higher than that of National. From 1996 the expectancy has been on a decline both in Limpopo and South Africa. The expectancy declined to 50 years for South Africa in 2010 and Limpopo.

Figure 6: Limpopo life expectancy at birth



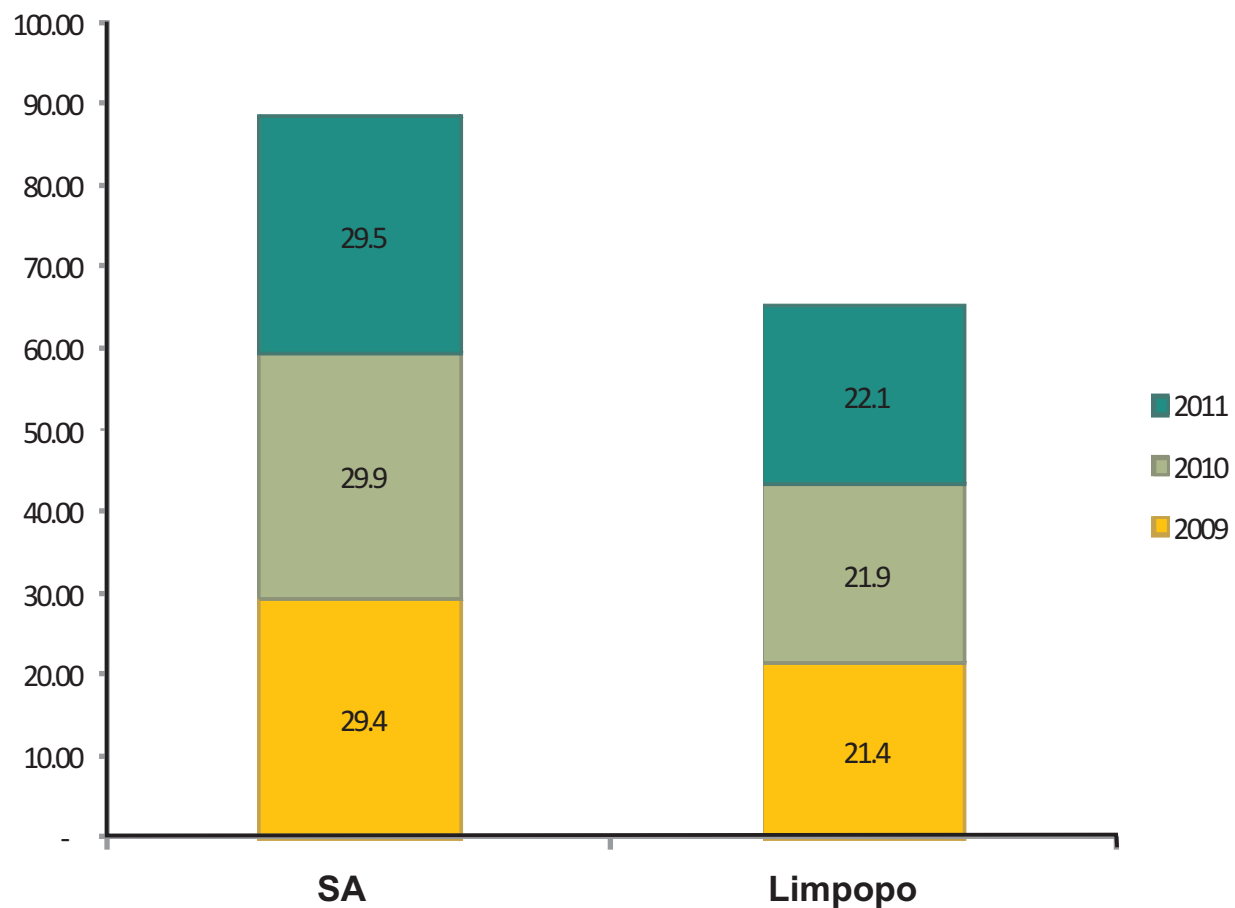
Source: Quantec Research (2012)

1.2.5. HIV Prevalence in National Context

Figure 7 shows the HIV prevalence in Limpopo as well as in South Africa from 2009 to 2011. Though HIV infections have accelerated over the period for both South Africa and Limpopo, the figure indicates that there is an increase in HIV infected individuals. There has been a steady increase nationally from 29.4 in 2009 to 29.5 in 2011. In Limpopo the increase is worrying as the infections grew from 21.4 to 22.1 over three years.

Figure 7 : HIV Prevalence Comparison

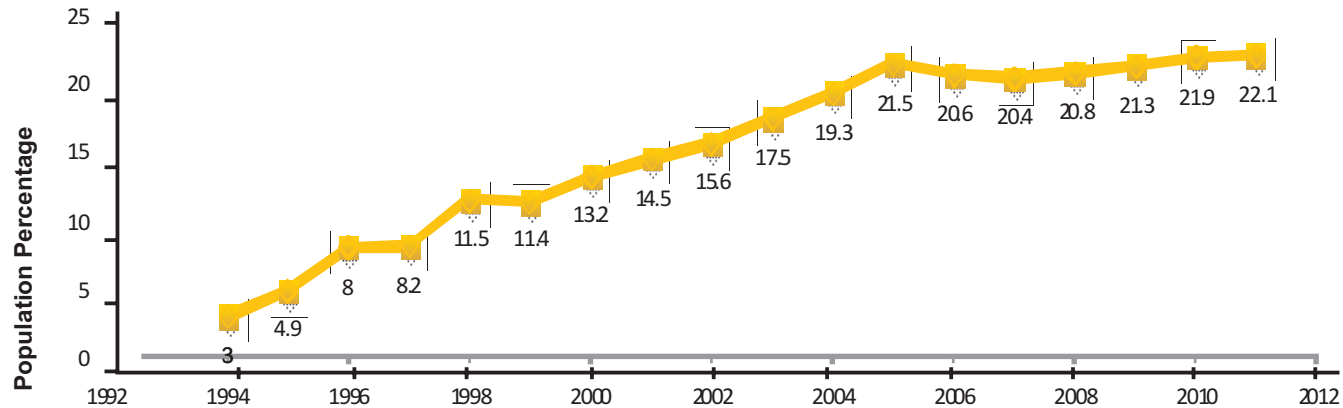
HIV Prevalence amongst Antenatal Woman 2009 - 2011, SA and Limpopo



Source: National Antenatal Sentinel HIV & Syphilis Prevalence Survey in South Africa (2011)

Even though the Limpopo prevalence is lower than the national average the growth is a concern as below shows that there was a decline between 2005 and 2007 but steady growth observed from 2008 and 2011 without any decline during that period.

Figure 8 : HIV prevalence among prenatal women 1994-2011



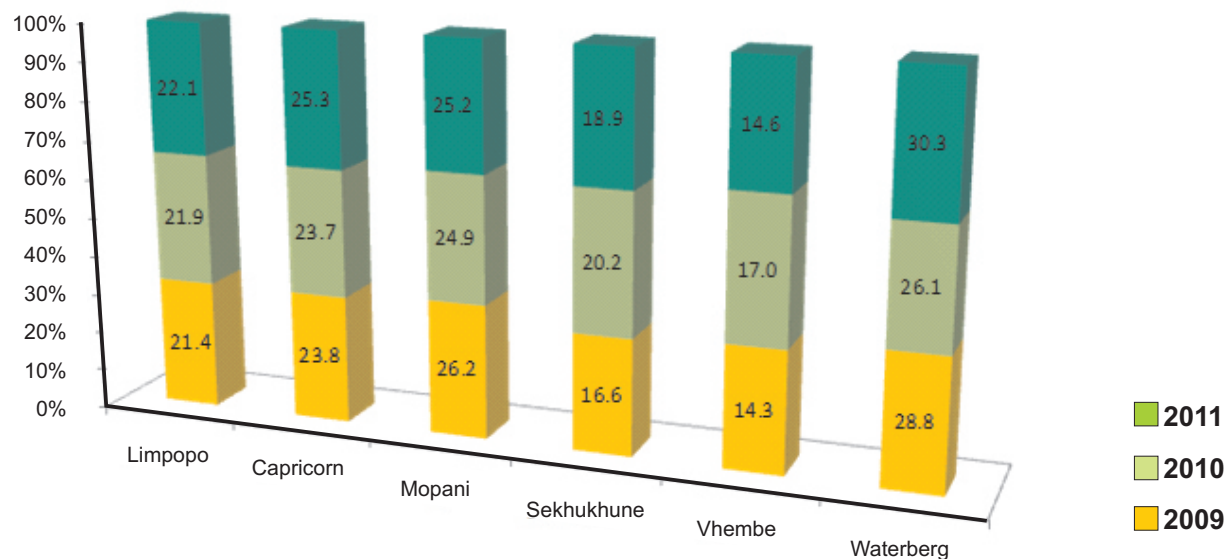
Source: National Antenatal Sentinel HIV & Syphilis Prevalence Survey in South Africa (2011)

1.2.5.1. HIV prevalence Limpopo and district municipality

Figure 9 below shows the HIV prevalence for Limpopo and district municipalities within the province. Of all the five districts Waterberg District municipality has recorded 30.2 percent in 2011, a high prevalence that is above both the national and provincial level. It has increased from 28.8 percent in 2009. The second highest is Mopani and Capricorn both at 25.1 percent each in 2011, they are also higher than the provincial level. Vhembe is the lowest of the five districts at 15.1 percent.

The department of Health in Limpopo will have to allocate more resources and special programmes in Waterberg to reduce the infections as there are a lot of economic activities going on in that district. If special programmes are not introduced in the district there is a risk of increase in infections that will affect economic activities planned for the district.

Figure 9 : HIV Prevalence per District 2009-2011



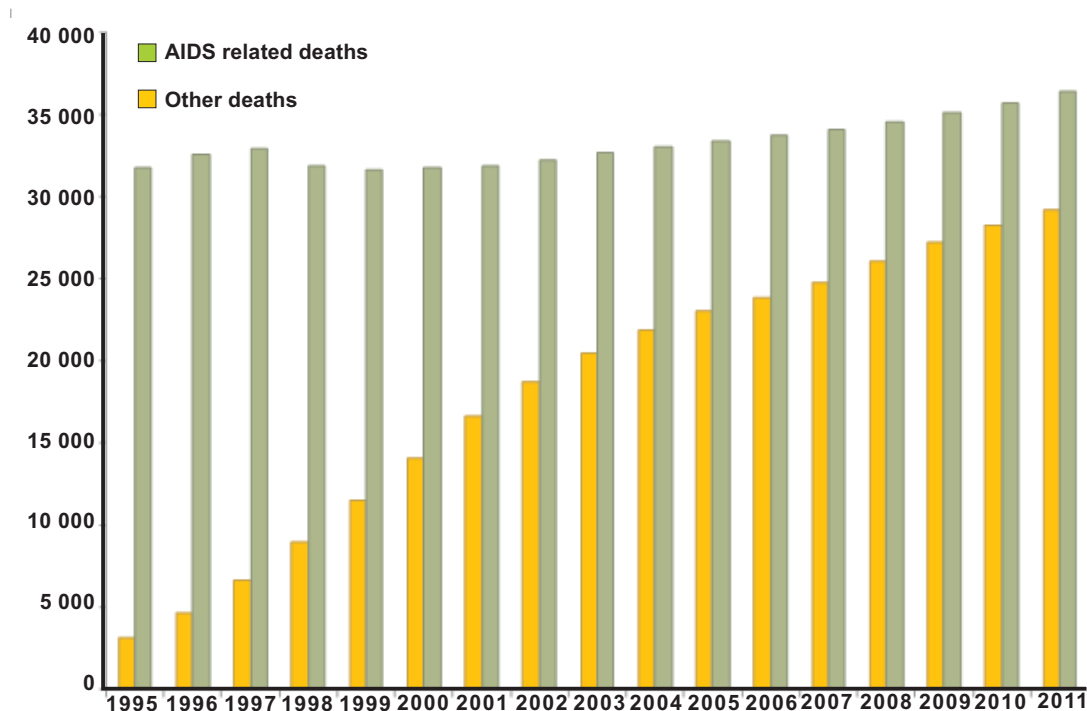
Source: National Antenatal Sentinel HIV & Syphilis

1.2.6. HIV/Aids Related Mortality

Figure 10 shows the rapid acceleration of registered Aids-related deaths between 1995 and 2011. The percentage of the Limpopo population that died from non-Aids-related deaths has followed a decreasing trend from 1999 but started increasing again in 2005. This may be attributed to an expansion of treatment methods and access to health facilities in the province.

The leveling off of deaths due to Aids-related illnesses in Figure 10 and the stabilization of the HIV-infected population in suggest that prevention and treatment efforts in Limpopo are having an effect on the epidemic, resulting in longer survival times for infected individuals.

Figure 10 : HIV related mortality in Limpopo 1995-2011



Source : Quantec Research (2012)

HIV/Aids continues to adversely affect the competitiveness of industry in Limpopo province in terms of labour supply, as deaths occur predominantly among productive workers, as well as raising costs of production.

The effect on households is, however, more profound. The prevalence of HIV affects expenditure patterns for households, diverting income earmarked for necessities towards medical expenses for the infected individuals or, in the case of death, funeral and burial costs. The inability to maintain work due to ill health has significant implications for the incomes of HIV infected individuals and their dependents. Additionally, the occurrence of Aids-related deaths among working age individuals further raises dependency levels, especially if the deceased has children who need to be taken care of.

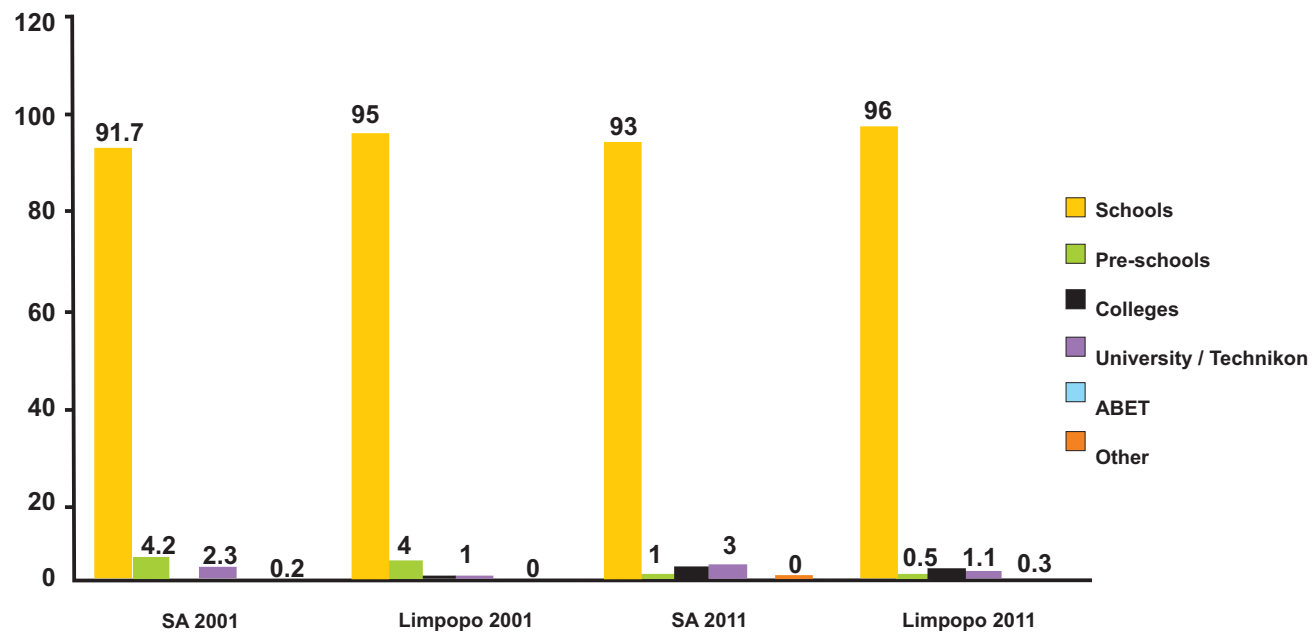
The negative effect of HIV/Aids from both supply and demand perspectives threatens the inflow of investment, hindering the success of the local economy. There have been efforts to mitigate the impact of HIV/Aids, from government, organized business and civil society alike. These include peer education programmes, condom distribution, voluntary counseling and testing (VCT) facilities, and treatment.

Policies that encourage investment in human capital in fields where skills are scarce also aid in mitigating the social and economic impact of the HIV/Aids epidemic by increasing, for example, the supply of doctors to treat patients, and personnel that offer education on the epidemic.

1.3. Education

Education is one of the key contributors to economic growth and development. It is important for South Africa inclusive of Limpopo province to have people with necessary skills to achieve the development plans that are to be implemented at each sphere of government below indicates the percentage of people aged 5- 24 years that have gone through institutions of learning between 2001 and 2011 in Limpopo and South Africa. In 2001 an average of 95 percent of people between 5 and 24 years have attended primary and secondary schools , the percentage is higher than the national average of 91.7 percent .The percentage increased to 96 percent in 2011. The decline in the percentage of children attending preschool is due to the fact that grade 0 was incorporated into the primary school system.

Figure 11 : Percentage of persons aged 5-24 attending educational Institutions in SA and Limpopo 2001-2011

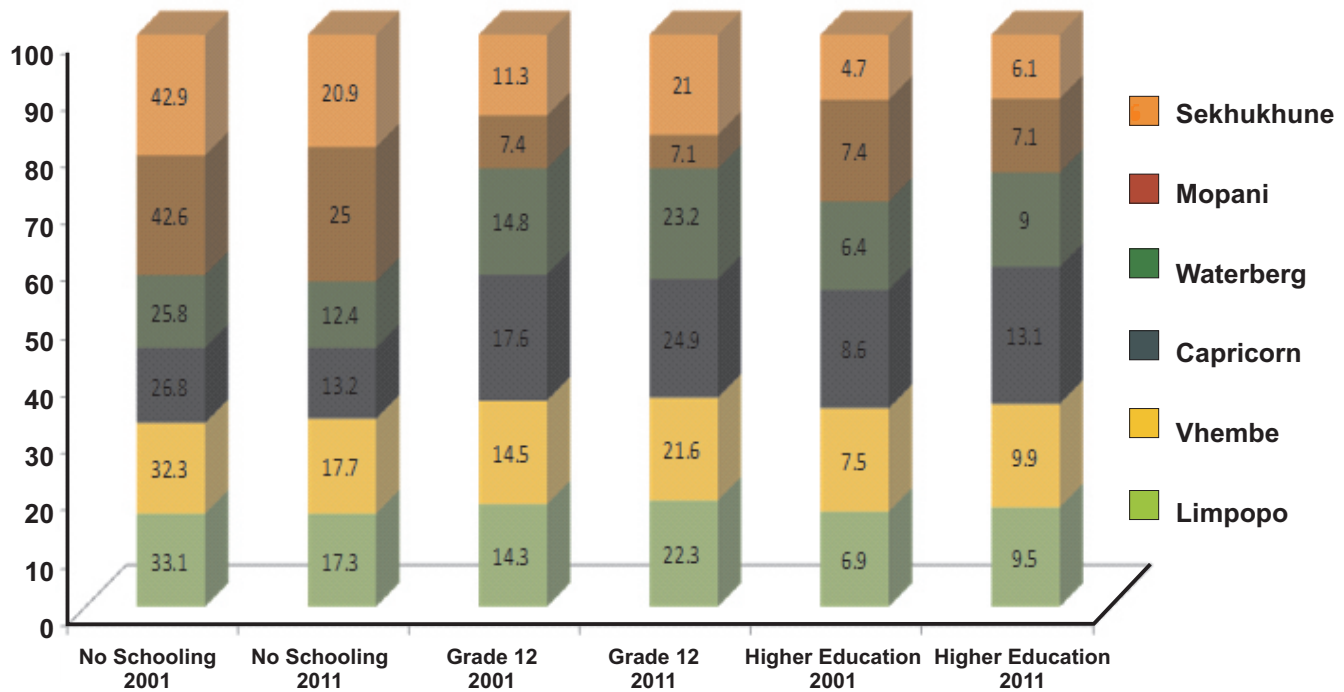


Source : Census (2011)

As outlined in Figure 12 the literacy levels has improved in Limpopo during the period 2001 to 2011. This is observed by the decline in the number of people who did not have any schooling from 33.1 percent in 2001 to 17.3 in 2011. The decline is observed in all the districts. In 2011 the number is still high in Mopani. It will be necessary for the department of education to set aside resources and have programs that will focus on closing the gap in the region as it is the only one that is more than 20 percent followed by Sekhukhune.

It must not be the responsibility of government alone to deal with this challenge but private sector must also partner with government. In the two regions there are mining activities that are taking place ,it will therefore be necessary for the mining houses and other private sector business entities in these regions to partner with government to deal with the challenge as they will also benefit if people are literate. The number of people who have gone up to grade 12 has also increased throughout the province. A slight decline is recorded in Mopani. Access to higher education that includes Further Education and Training institutions has improved in Limpopo and the four districts. A decline was recorded in Mopani from 7.4 percent in 2001 to 7.1 percent in 2011.

Figure 12 : Levels of education in Limpopo and districts 2001-2011

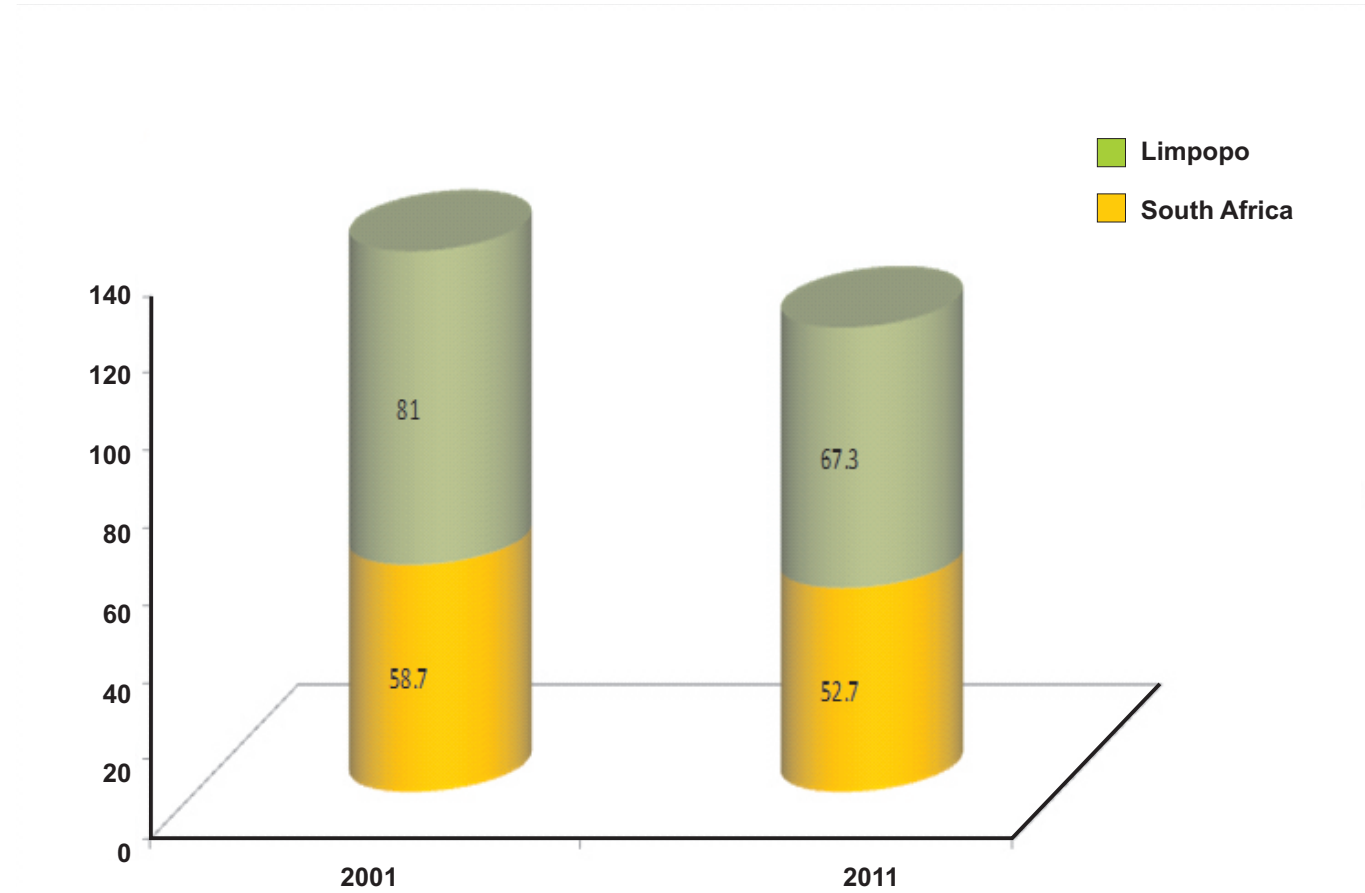


Source: Census (2011)

1.4. Dependency ratio

The dependency ratio is indicative of the number of people dependent on those working, and can be divided into aged dependency and child dependency. As shown in figure 13 below the dependency ratio for Limpopo is sizeably higher than for South Africa. This means, generally, that working age individuals in Limpopo carry a larger burden to support the economically inactive than the average South African. The burden has eased both in Limpopo and South Africa as it has reduced between 2001 and 2011.

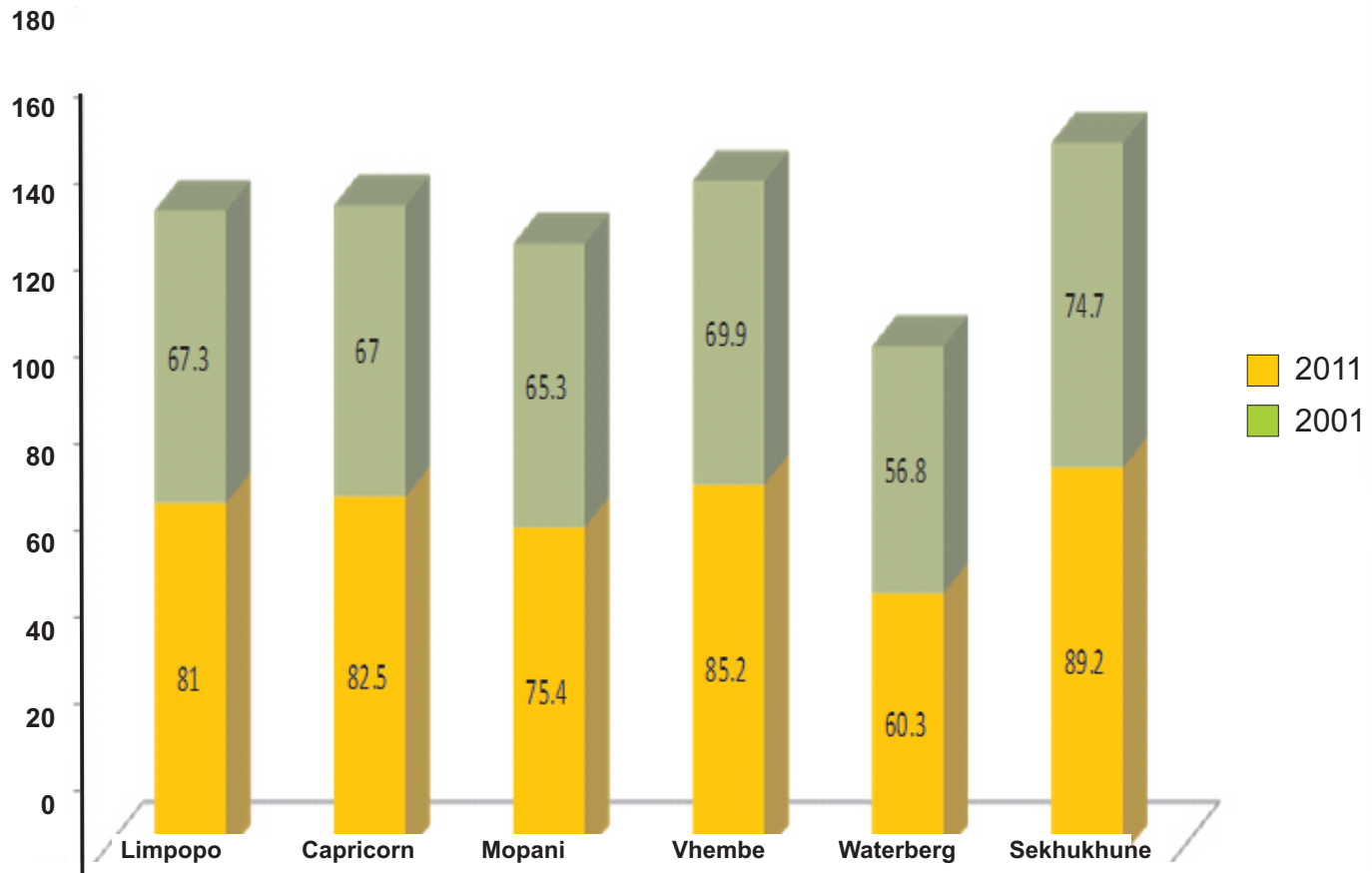
Figure 13 : Dependency ratio South Africa and Limpopo



Source: Census (2011)

The dependency ratio reduced in both Limpopo Province and district municipalities, that means the number of people who are employed have increased. In 2001 Sekhukhune District had the highest dependency ratio of 89.2 and reduced to 74.7 in 2011 but it is still the highest followed by Vhembe District. Waterberg was the lowest in 2001 and it is still the Lowest in 2011. The comparatively better dependency rate in Waterberg is due to the economic activities in the area as there is Mining sector and Tourism sector in the District .

Figure 14 : Dependency ratio in Limpopo 2001-2011



Source: Census (2011)

1.5. Migration

Migration takes place for different reasons. In the case of both internal migrations within country or across the borders of different countries, movement of people is amongst others in response to inequitable distribution of resources, services and opportunities. The majority of migrants migrate in search of better economic and social opportunities. Economic migrants are the world's fastest growing group of migrants.

Migration is often temporary or circular, and many migrants maintain links with their home countries. While migrants make important contributions to the economic prosperity of their host province, the flow of financial, technological, social and human capital back to their province of origin or country of origin also is having a significant impact on poverty reduction and economic development.

Migration has a negative effect of brain drain in the province of origin or country of origin. A positive net migration will contribute to population growth while a negative net migration will contribute to negative population growth.

2. MEETING THE BASIC NEEDS OF THE POPULATION

2.1. Introduction

The basic needs of the people will be met by provision of electricity to all the households, access to water, reducing households without basic sanitation and eliminating housing backblocks.

2.2. Access to Water

Table 2 below shows the access of households in South Africa to piped water in their dwelling.

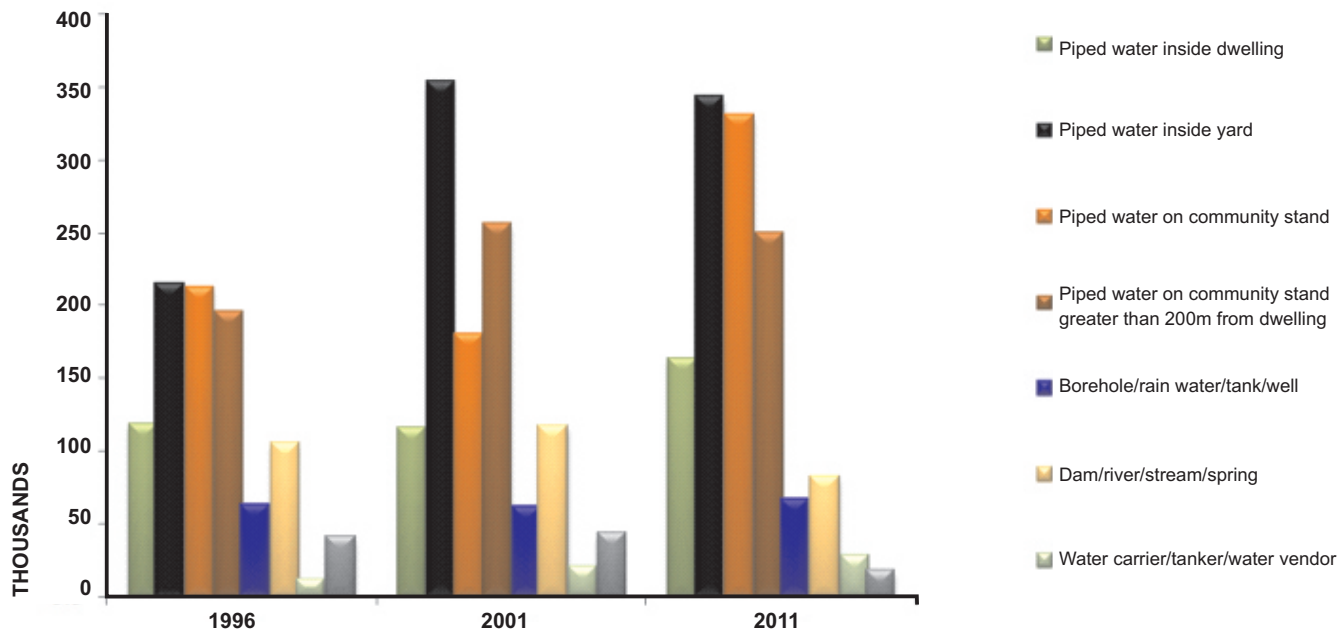
Table 2 : Access to water

	1996	2001	2011
Total	967116.0	1156477.1	1289391.1
Piped water inside dwelling	119133.8	116380.7	163833.6
Piped water inside yard	215131.6	355086.4	344194.2
Piped water on community stand	212966.7	180813.1	331965.3
Piped water on community stand greater than 200m	196350.1	257431.1	250799.0
Borehole / rainwater tank / well	63304.0	62314.7	67715.8
Dam / river / stream / spring	106148.6	118348.4	83097.5
Water carrier / tanker / water vendor	12673.4	21531.1	28956.7
Other / unspecified	41407.7	44571.6	18829.2

Source : Quantec Research (2012)

In Limpopo province access to water inside the yard has improved since 1996. In 2011 a total of 344 194 households had access to water inside their yards as compared to 215 131 households who water inside their yards in 1996. Access to water inside the yard is the dominating source than other methods of accessing water. Piped water inside the dwelling has also increased from 119 133 households in 1996 to 163 832 households in 2011.

Figure 15 : Access to water 1996-2011



Source: Quantec Research (2012)

2.3. Sanitation

Access to improved sanitation facilities refers to the percentage of the population with at least adequate access to disposal facilities. Improved facilities range from simple but protected pit latrines to flush toilets with a sewerage connection. To be effective, facilities must be correctly constructed and properly maintained. The state of sanitation is one of the indicators of the state of human development in a country. Access to sanitation contributes to improved health and hygiene in any community. Figure 16 and table 3 below show the status of access to sanitation facilities in Limpopo households in 2011.

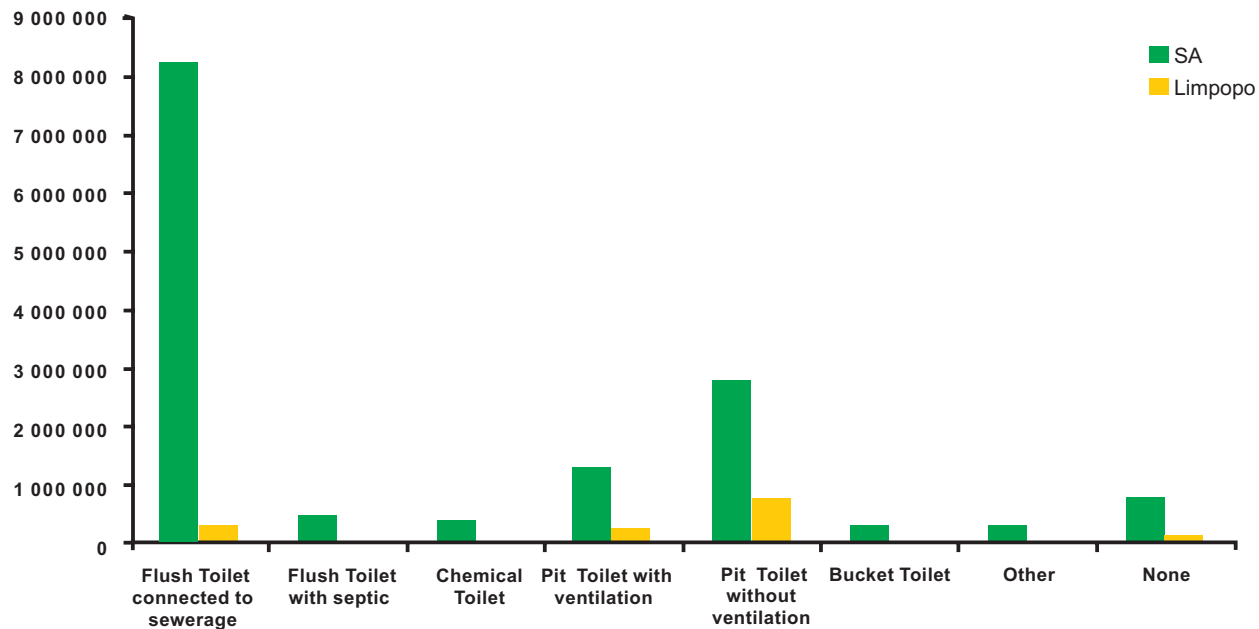
Table 3 : Access to sanitation South Africa and Limpopo 2011

	SA	Limpopo
Flush toilet connected to sewage	8 242 924	279 618
Flush toilet with septic tank	442 481	30 297
Chemical toilet	360 703	12 197
Pit toilet with ventilation	1 266 102	214 325
Pit toilet without ventilation	2 786 068	749 740
Bucket toilet	297 847	8 759
Other	305 444	21 131
None	748 592	102 035

Source: Quantec Research (2012)

As shown in Table 3 above and Figure 16 below, in SA the most common form of sanitation is flush toilet with septic followed by pit toilet without ventilation. On the contrary in Limpopo the most common form of sanitation is pit toilet without ventilation followed by flush toilet with sewerage. Even though 748 592 households nationally do not have access to sanitary facilities the number is insignificant in Limpopo as it can be seen on Figure 16 below.

Figure 16 : Sanitation on National and provincial level 2011



Source: Census (2011)

Figure 17 shows that there has been improvement in access to flush toilets in Limpopo as well as access to pit latrine . The increase in pit latrine is in rural areas where water is not easily accessible. Of note is the fact that even if bucket latrines still exist in some areas of South Africa it is almost nonexistent in Limpopo.

Figure 17 : Access to sanitation in Limpopo 1996-2011



Source: Census (2011)

2.4. Access to Housing

Access to quality housing is one of the indicators for economic development in a country. Housing is also one of the most fundamental needs. The South African government has identified as one of its priorities provision of decent housing for the citizen. Composition of housing types gives an indication of the extent to which different types are being provided. As a rural area Limpopo had a housing backlog but the Limpopo Government has taken a decision to build quality houses and reduce informal settlements.

Table 4 : Access to housing in Limpopo

	1996	2001	2010
Total	967 114.97	1 156 470.95	1 279 861.16
House or brick structure	543 091.99	740 712.68	989 547.06
Traditional dwelling / hut / structure made from traditional materials	277 003.46	221 386.46	113 225.59
Flat in a block of flats	6 564.45	8 230.01	10 112.76
Town house	6 060.18	7 083.27	7 052.33
House in backyard	28 083.32	21 686.19	16 667.13
Informal dwelling in backyard	16 959.77	20 042.90	23 659.33
Informal dwelling not in backyard	39 869.37	54 322.72	50 146.05
Room	9 622.16	9 732.40	14 427.05
Other	39 860.28	73 274.31	55 023.85

Source: Quantec Research (2012)

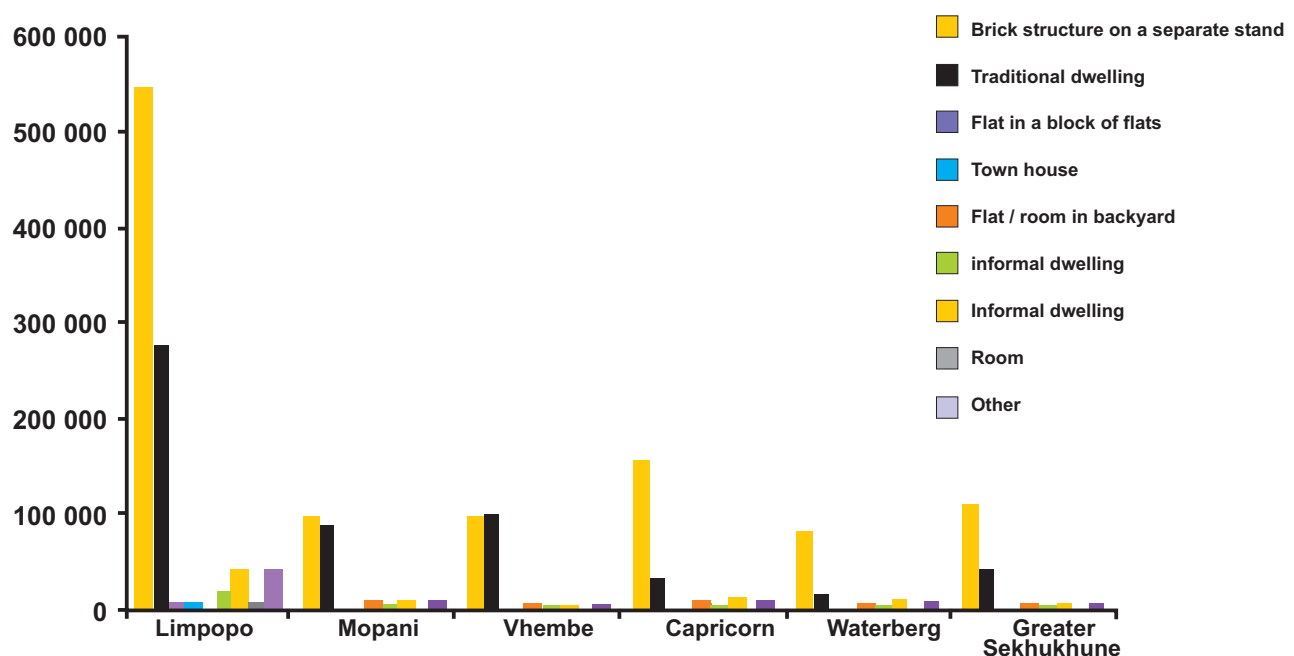
Table 4 above shows a breakdown of the types of dwellings that households in Limpopo live in. The table shows that the majority of Limpopo households live in houses that are on separate stands. The number has increased from 543 091 in 1996 to 989 547 in 2010. Households living in traditional dwellings that includes dwellings constructed of traditional materials has declined from 277 003 in 1996 to 113 225 in 2010. That shows improvement in quality of life.

Of concern is the increase in the number of informal dwelling both in backyards of houses and those that are not in backyards of houses. The South African government inclusive of Limpopo government has programmes that are meant to reduce informal dwellings as they pose a health and safety risk to citizens. Informal dwelling that are erected at the backyard of other houses has increased from 16 959 in 1996 to 23 659 in 2010.

The informal dwellings that are erected in other places than backyards of other houses has increased from 39 869 in 1996 to 50 146 .05 in 2010. These dwellings include shacks erected in informal settlements or squatter settlements.

Figure 18 below shows that brick structures in separate structures remain the dominant type of housing in all the districts. Traditional dwellings are slightly dominant in Vhembe District and comparatively insignificant in Capricorn District and Waterberg District, while Waterberg District has the smallest number of all the districts. The other types of dwelling are insignificant in all the districts.

Figure 18 : Access to housing in Limpopo 2010



Source: Quantec Research (2012)

2.5 Refuse removal

Refuse removal contributes to the improvement in health status of communities; its absence can be health risk and environmental risk. Refuse removal in Limpopo is illustrated in Figure 19 and Table 5 below. The number of households with their own refuse dump has increased to 840 330 in 2011 as compared to 627 008 in 1996. Refuse removal has not been practised in some areas in Limpopo as it is a rural province. It is pleasing to observe that refuse removal by municipality at least once a week has almost doubled from 1996 to 2011. This is due to the fact that municipalities that did not have refuse removal service in some parts of their municipalities has now introduced the service. Communal dump that is not supervised by any authority can be a health risk to communities.

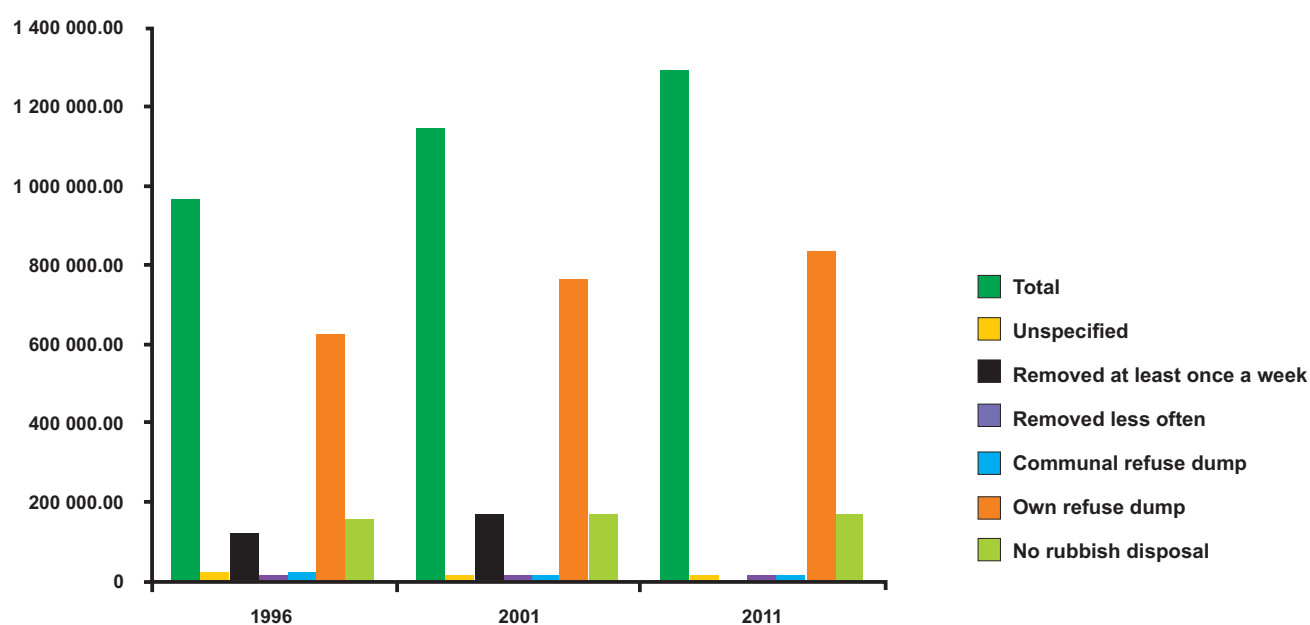
As refuse removal is introduced and municipal dumping sites introduced and taken care of by local municipalities communal dump has reduced to 15 630 households as compared to 20 944 in 1996. Of concern is that households without refuse dumps has also increased from 164 657 in 1996 to that of 176 273 in 2011.

Table 5 : Refuse removal in Limpopo 1996-2011

	1996	2001	2010
Total	967 107.92	1 156 481.03	1 289 368.03
Unspecified	24 014.50	21 503.28	13 443.00
Removed at least once a week	121 843.73	170 832.04	228 579.08
Removed less often	8 639.40	11 044.63	15 111.91
Communal refuse dump	20 944.95	14 298.57	15 630.62
Own refuse dump	627 008.17	761 746.58	840 330.45
No rubbish disposal	164 657.18	177 055.93	176 273.04

Source: Quantec Research (2012)

Figure 19 : Refuse removal in Limpopo 1996-2011

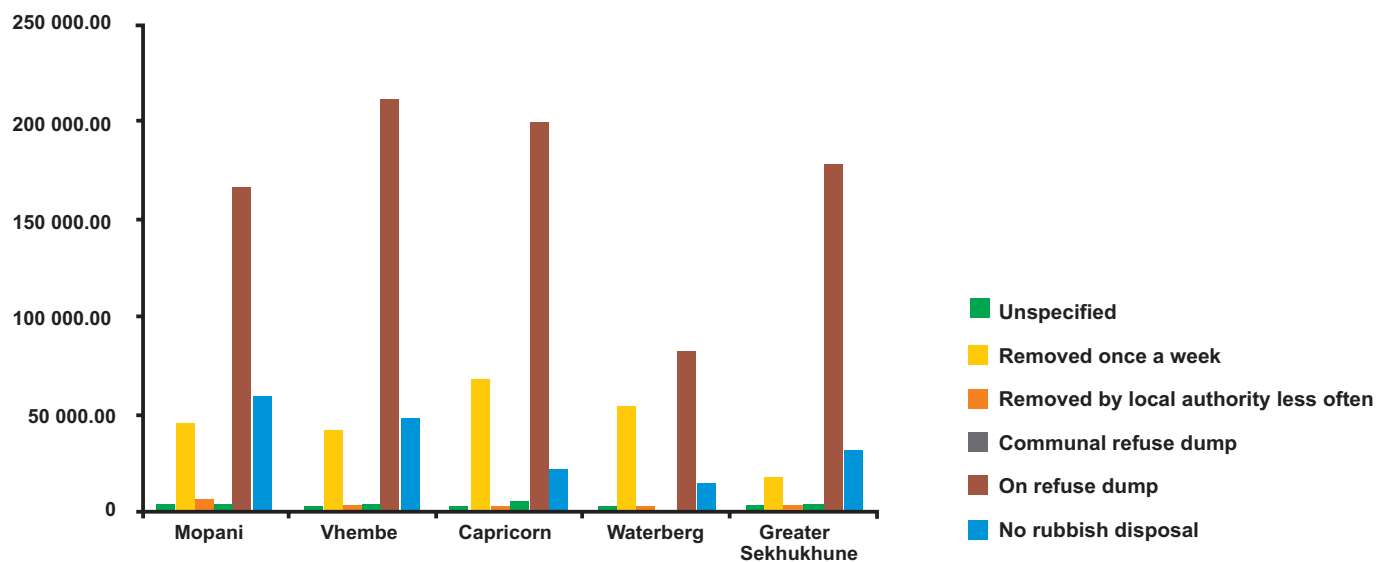


Source: Quantec Research (2012)

On a district level, illustrated in Figure 19, it can be observed that the Mopani district has the largest percentage lack of refuse removal services, with 59 385 households without refuse dumps. This is followed by Vhembe district, where 48 094 households did not have refuse dumps.

Figure 20 shows that Vhembe District has the highest number of households that use own refuse removal followed by Capricorn District. In all the districts own refuse removal is more than other forms refuse removals.

Figure 20 : Refuse Removal on District Level,



Source: Quantec Research (2012)

2.6. Energy

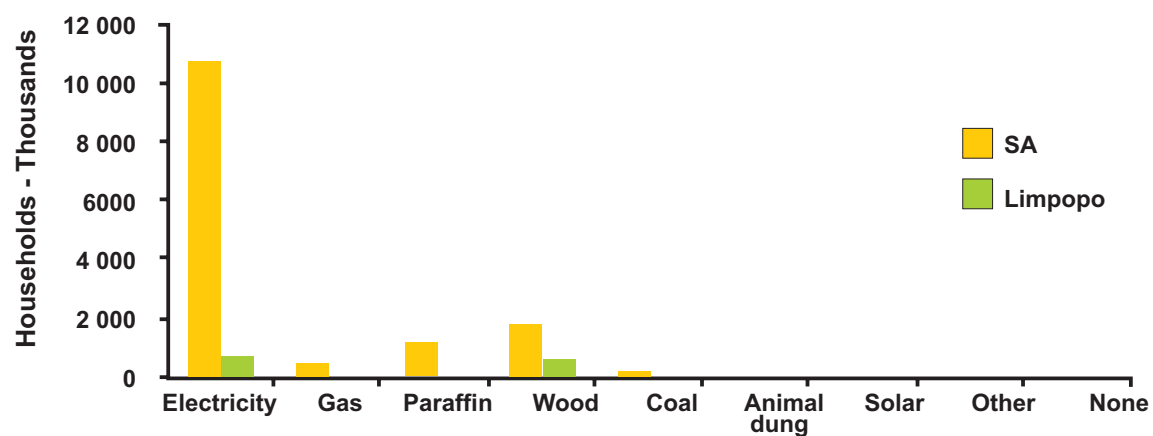
Access to energy has economic, health and environmental impact. This is due to the fact that energy services have an effect on productivity, health, education, and safe water and communication services.

Table 6 and Figure 21 below show the usage of different forms of energy in Limpopo and South Africa. Electricity is most common form of energy in Limpopo and SA. Even though gas and paraffin are still largely used in SA, their usage is insignificant in Limpopo. The usage of coal, animal dung and solar is almost nonexistent in Limpopo.

Table 6 : Access to different forms of energy in Limpopo and SA

	SA	Limpopo
Electricity	10 675 094	708 924
Gas	507 616	21 958
Paraffin	1 227 337	58 473
Wood	1 807 606	616 312
Coal	104 171	6 381
Animal dung	45 349	1 883
Solar	22 255	1 367
Other	29 334	394
None	31 390	2 409
Total	14 450 161	1 418 102

Figure 21 : Energy usage per household for Limpopo and SA



Source: Quantec Research (2012)

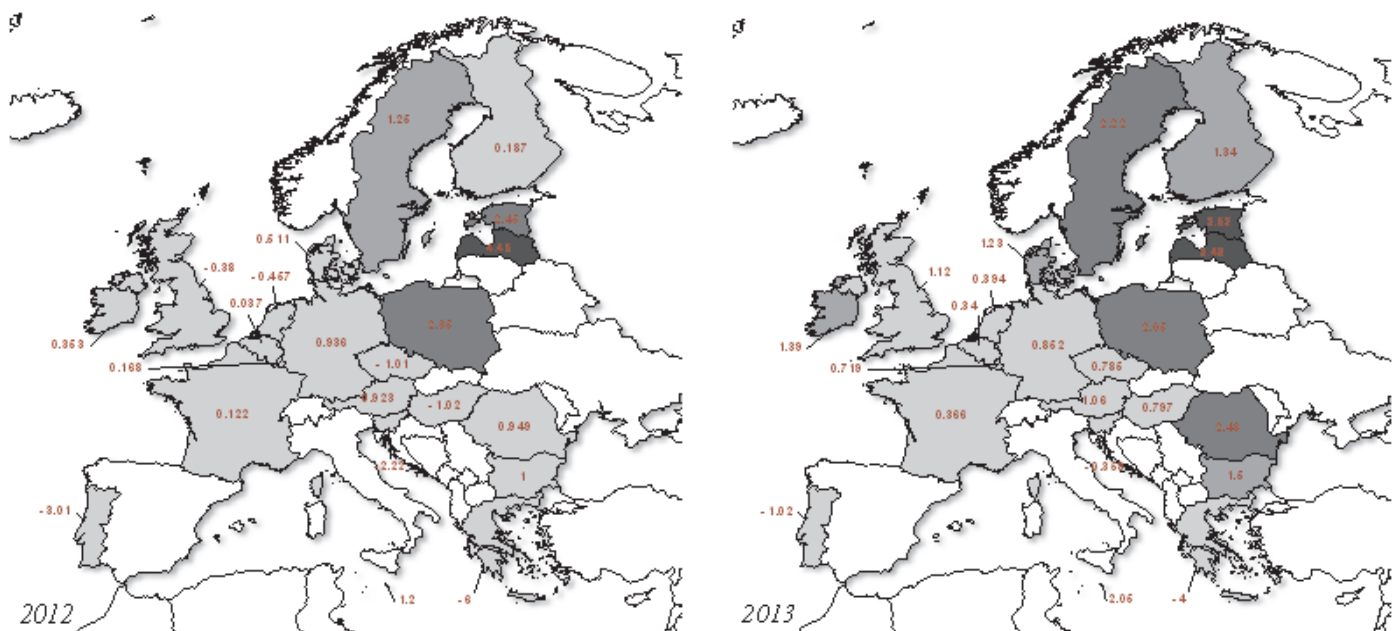
3. ECONOMIC OVERVIEW AND OUTLOOK

3.1. Global Economy Overview and Outlook

3.1.1. European Union growth prospects slightly improved moving into 2013

As the compromise between economic growth and fiscal consolidation continues the growth picture for 2013 shows signs of improvement. The Union is expected to have grown by 1.4% in 2012 and this is expected to increase to 1.9% in 2013. However the “north south divide” is expected to continue with economies south of Europe struggling with recession (see Figure 22 and 23 below).

Figure 22 : European Union GDP Growth (%)



Source: World Economic Outlook (2012), Limpopo Provincial Treasury (2012). Note: darker shades indicate higher levels of growth.

Granted that in the long-term growth in the European Union is unlikely to significantly improve without significant fiscal consolidation and reform towards (in addition) banking and fiscal union, this process has had and will continue to create significant levels of unemployment within the Union (see Figure 24 below).

Figure 23 : European Union Debt to GDP (%)

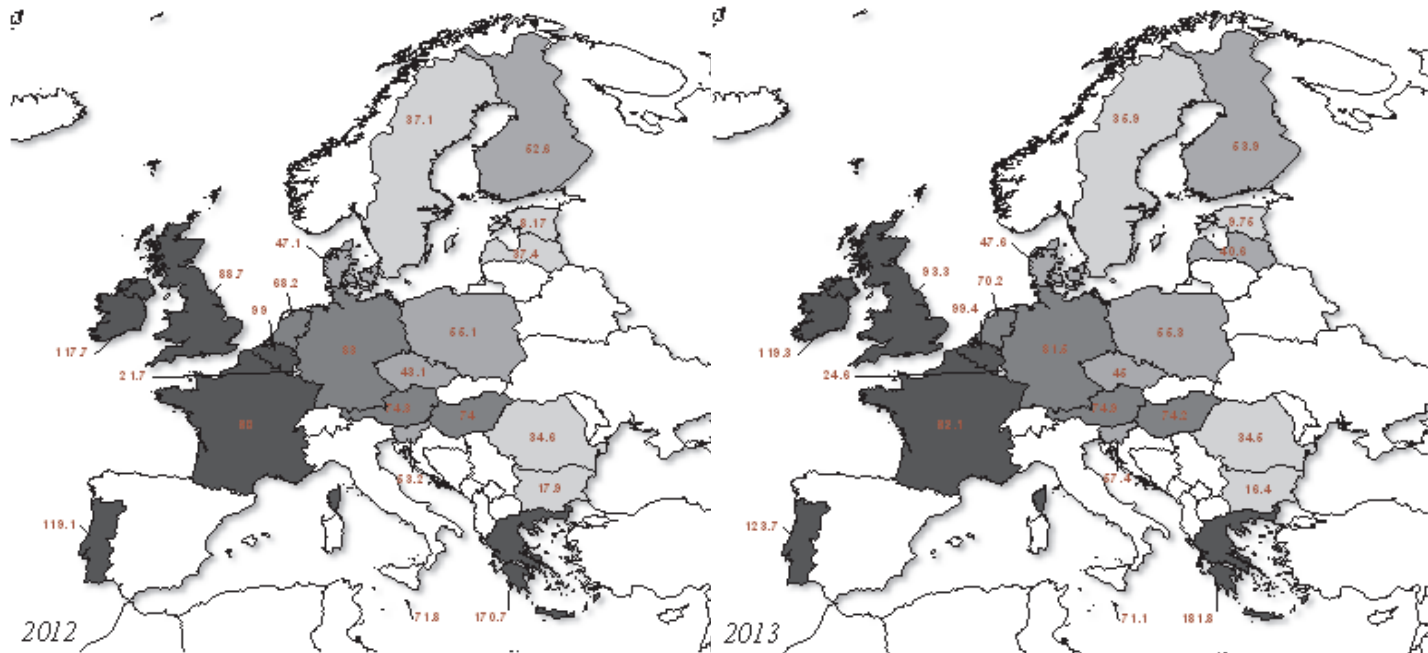
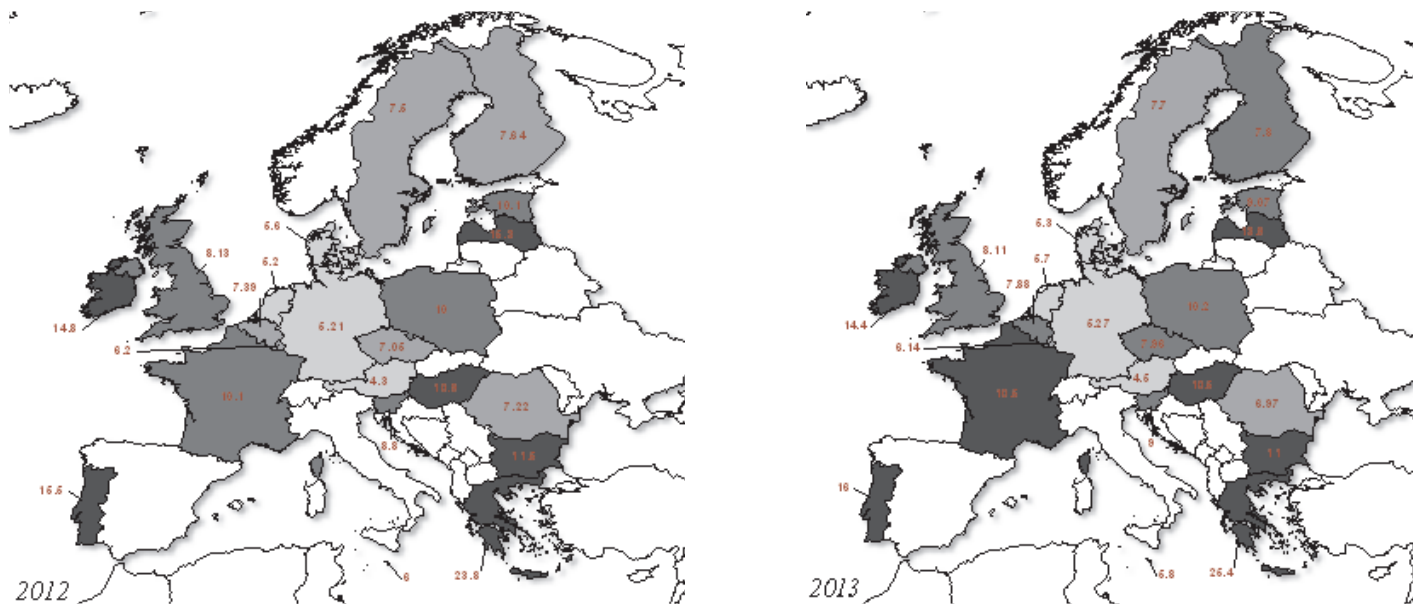


Figure 24 : European Union Unemployment (%)



Source: World Economic Outlook (2012), Limpopo Provincial Treasury (2012). Note: darker shades indicate higher levels of unemployment.

3.1.2. US economy expected to continue to improve in growth performance with a moderate decline in unemployment moving forward

The year 2012 saw confidence in the US economy eroded by the inability of the US Congress to reach consensus on a number of critical fiscal policy issues including the debt ceiling and the fiscal cliff. Granted the US Congress agreed on solutions at the eleventh hour, these were only temporary and talks on the debt ceiling and government spending reduction are set to continue in March 2013. Partisanship seemingly is the main cause of the perennial federal budget crisis. As a result of this the US debt to GDP ratio as highlighted in Table 7 below is not expected to moderate in the near future.

Table 7 : US Economic Outlook

		2011	2012	2013	2014
Gross domestic product,	Percent change	1.80	2.17	2.11	2.93
Inflation	Percent change	3.14	1.96	1.769	1.75
Unemployment rate	Percent of total labor force	9.0	8.2	8.1	7.7
General government gross debt	Percent of GDP	102.93	107.18	111.72	113.81
Current account balance	Percent of GDP	-3.09	-3.10	-3.08	-3.09

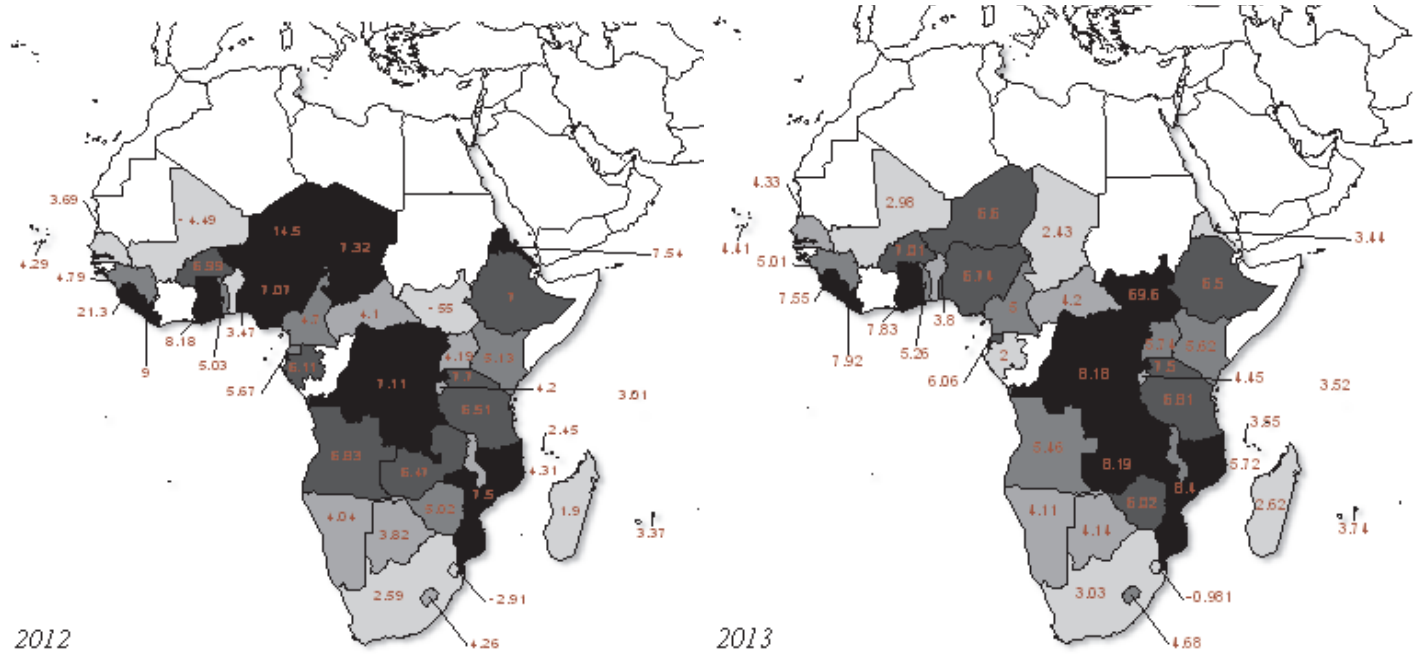
Source: World Economic Outlook (2012). Note: Shaded area represents a forecast

Despite this the US economy showed significant improvements in 2012 with economic growth increasing to 2.17% from 1.8% in 2011. This growth is partly due to the improvements in the US construction and manufacturing sectors which were particularly adversely affected by the 2008 financial crisis. Furthermore unemployment has stabilized and is expected to continue to moderate.

3.1.3 Sub-Saharan Africa's export performance continues to underpin its growth performance

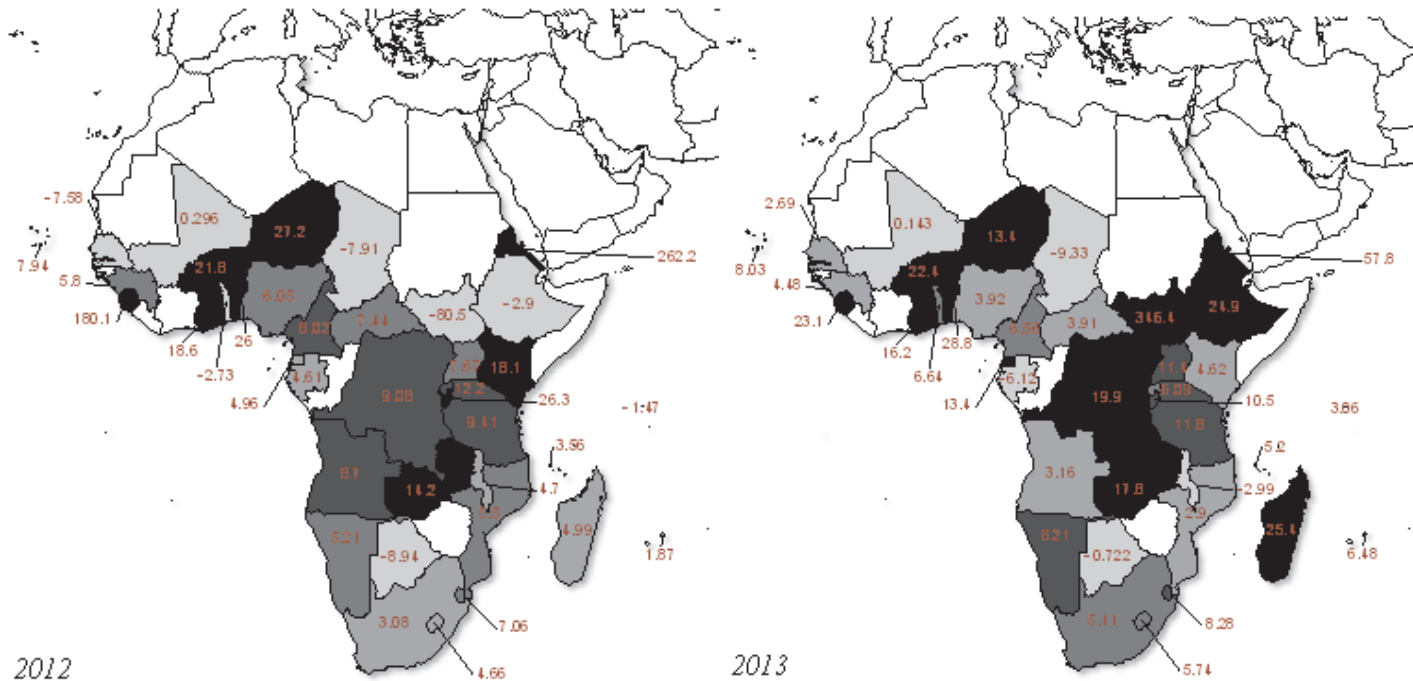
Africa's export performance is expected to continue to underpin its growth performance moving into 2013. This is as the world's growth prospects begin to improve the demand for Africa's export begins to return. Sub-Saharan Africa GDP growth was well above the global average growth at 5.2%, and this is expected to increase to 5.8% in 2013. Central Africa and East Africa were the largest contributors to this GDP. The change in sentiment towards Africa as the next growth engine of the world is yielding positive results for the continent (Figure 25 and 26 below).

Figure 25 : Africa GDP Growth (%)



Source: World Economic Outlook (2012), Limpopo Provincial Treasury (2012). Note: darker shades indicate higher levels of growth.

Figure 26 : Africa Exports of Goods and Services (percentage change)



Source: World Economic Outlook (2012), Limpopo Provincial Treasury (2012). Note: darker shades indicate higher levels of growth.

3.1.4. World economic outlook summary

According to the International Monetary Fund:³ “Global growth is projected to increase during 2013, as the factors underlying soft global activity are expected to subside. However, this upturn is projected to be more gradual than projections made by World Economic Outlook (WEO) in the October 2012 issue. Policy actions have lowered acute crisis risks in the euro area and the United States. But in the euro area, the return to recovery after a protracted contraction is delayed.”

In summary, global growth prospects remain weak to moderate for 2012 and 2013. Advanced economies are expected to remain constrained due to fiscal tightening and weak labour markets. Europe remains the key to restoring global growth and it is expected to recover slightly in the next 12 to 24 months. Emerging markets are expected to continue to grow on the back of industrialization, urbanization and export performance. However this growth is not expected to be as robust as the decade before 2011. Table 8 below summarizes.

Table 8 : World GDP outlook

Real GDP Growth	Percent change				
	2011	2012	2013	2014	2015
World	4.0	4.0	4.5	4.7	4.8
Advanced economies	1.6	1.9	2.4	2.6	2.7
Euro area	1.6	1.1	1.5	1.7	1.7
Major advanced economies (G7)	1.3	1.7	2.2	2.5	2.6
Newly industrialized Asian economies	4.7	4.5	4.4	4.3	4.3
Other advanced economies (Advanced economies excluding G7 and euro area)	3.6	3.7	3.7	3.6	3.6
European Union	1.7	1.4	1.9	2.1	2.1
Emerging and developing economies	6.4	6.1	6.5	6.6	6.7
Central and eastern Europe	4.3	2.7	3.5	3.7	3.9
Commonwealth of Independent States	4.6	4.4	4.4	4.3	4.2
Developing Asia	8.2	8.0	8.4	8.5	8.6
ASEAN-5	5.3	5.6	5.8	6.0	6.1
Latin America and the Caribbean	4.5	4.0	4.1	4.1	4.0
Middle East and North Africa	4.0	3.6	4.3	4.8	4.9
Sub-Saharan Africa	5.2	5.8	5.5	5.4	5.2

Source: IMF World Economic Outlook (2012)

³

International Monetary Fund. World Economic Outlook Update. 2012.

3.2. National Economy Overview and Outlook

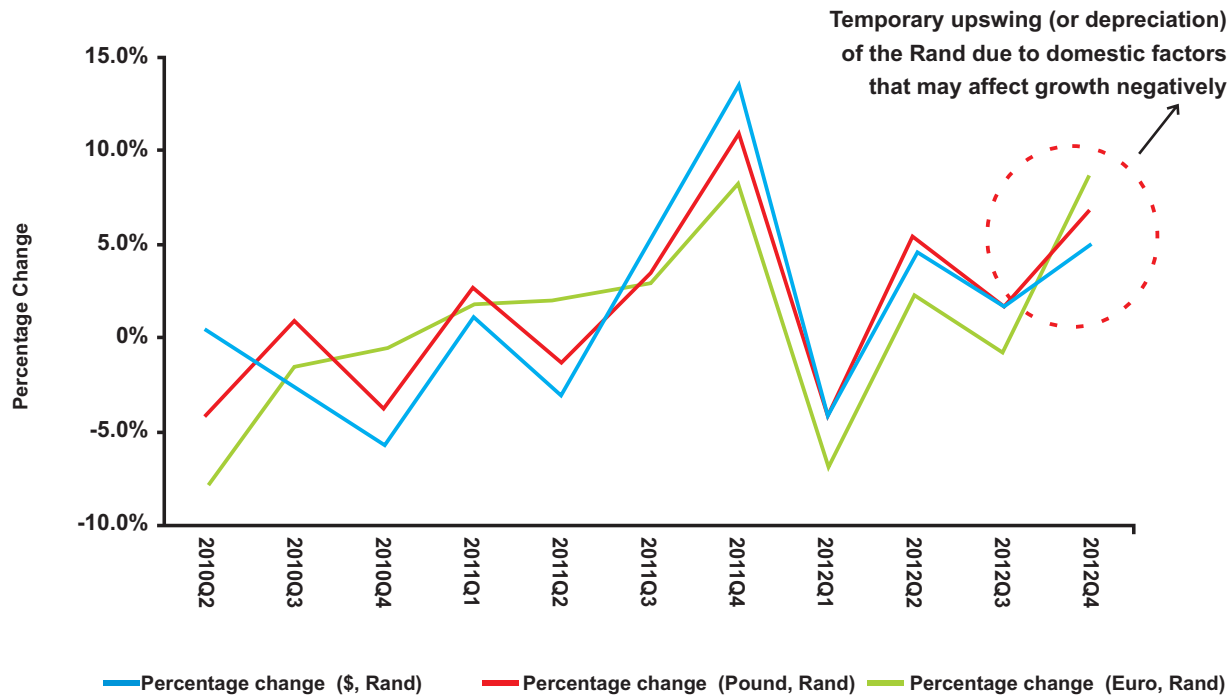
3.2.1. The Rand depreciated significant in the last quarter of 2012 due to adverse domestic factors and a widening current account deficit

The Rand depreciated significantly in the last quarter of 2012 due to adverse domestic factors and a widening current account deficit. According to the South Africa Reserve Bank (SARB) adverse labour unrest in the platinum mining sector amongst others contributed to rand volatility. Furthermore the SARB predicts that the rand is unlikely to recover substantially in the coming months. This poses a significant upside risk to the inflation outlook of the country. Given that a significant portion of the economy (mainly mining) is export oriented, this could have further negative impact on the economy, as these firms also rely on imported production inputs.

However as highlighted in Figure 27 the rand exchange rate is cyclical in nature and had previous episodes of strong depreciation. Therefore it is likely that as domestic and international conditions improve the rand exchange rate will return to its long-term trajectory against major currencies.

⁴ Monetary Policy Statement. December 2012

Figure 27 : South African Rand Exchange Rate

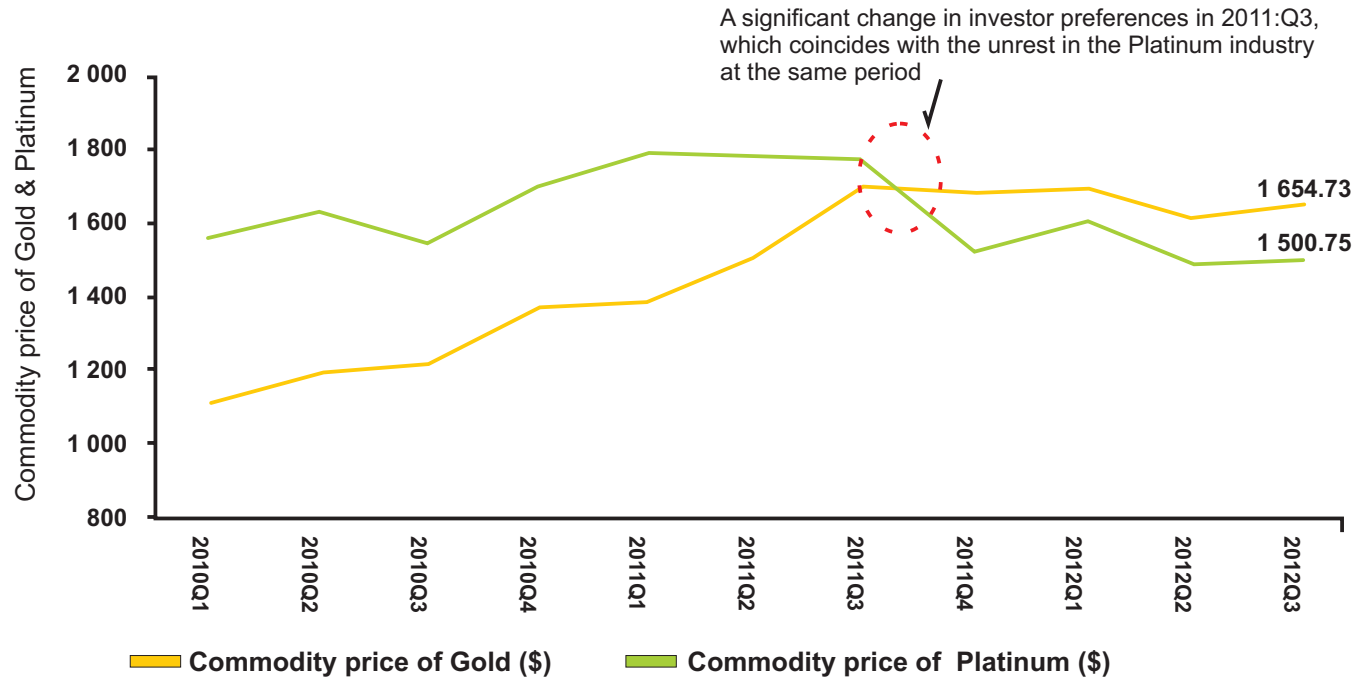


Source: South African Reserve Bank (2012)

3.2.2. Policy uncertainty and labour unrest in the platinum mining industry impacted negatively on platinum production and the platinum prices during 2012

Adversarial labour relations as stated above have resulted in a significant change in investor sentiment towards South Africa, which has seen the rand depreciate significantly against major currencies. The impact of these changes in sentiment also resulted in a significant decline in the average platinum price (as highlighted in Figure 28 below). Since the third quarter of 2011 the price of platinum has been below that of the gold price.

Figure 28 : SA Gold Price versus Platinum Price*



Source: Quantec Research (2012). *Note: Refers quarterly average price

Figure 29 below demonstrates how production of precious metals was adversely affected by a combination of a slowing global economy and adversarial labour conditions in the South African mining industry. Production across the board declined well off its 2010 levels and has only begun to recover marginally in the second quarter of 2012. In particular diamond production and platinum group metal production declined by more than 20 index points off their peaks.

A combination of a decline in production and commodity prices in particular platinum prices means that the industry is under pressure to reform in order to remain profitable. In addition electricity and labour costs have increased significantly in recent years. As demonstrated by Anglo American in January of 2012 the sector is likely to retrench a significant number of jobs in an attempt to remain profitable.

Figure 29 : South Africa Production of Commodities



Source: Quantec Research (2012)

3.2.3. Despite negative impact of mining unrest and the subsequent credit rating downgrades on investor confidence FDI is expected to have increased moderately in 2012

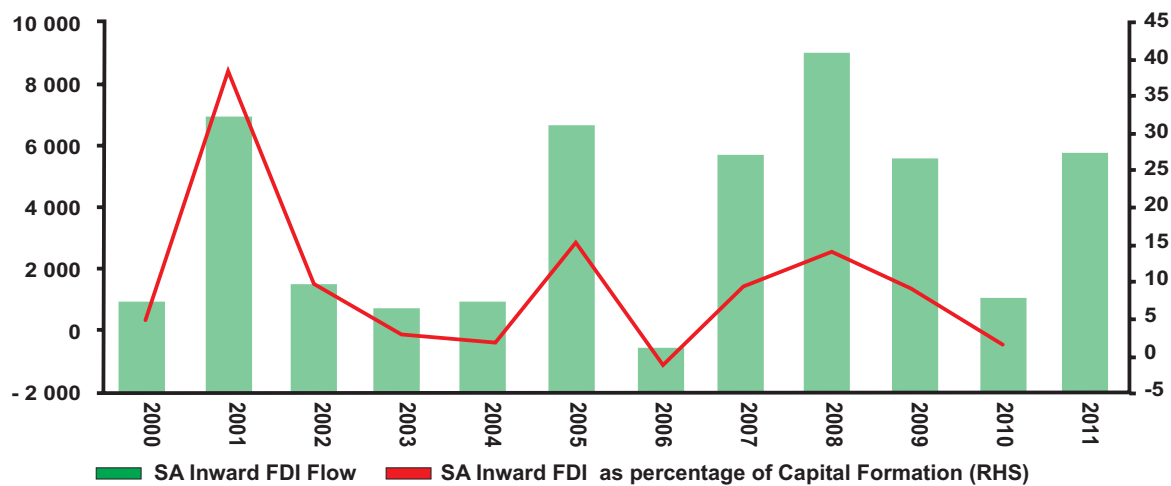
Foreign Direct Investment (FDI) into South Africa is by nature volatile (as highlighted in figure 30), which is indicative of a globalized world where investor sentiment towards developing markets varies significantly depending on a variety of factors. Recent events in the agriculture and mining sectors (including the credit ratings downgrades in the fourth quarter of 2012) have led to the perception that FDI is likely to slow down in South Africa. Recent figures by the United Nations Conference on Trade and Development show that during the first half of 2012 FDI into South Africa amounted to R13.6 billion or \$1.7 billion. Taking into account FDI in South Africa in 2010 (\$1.2 billion) and various other years was lower than the first half of 2012.

⁵ UNCTAD. Global Investment Trends Monitor. 2012

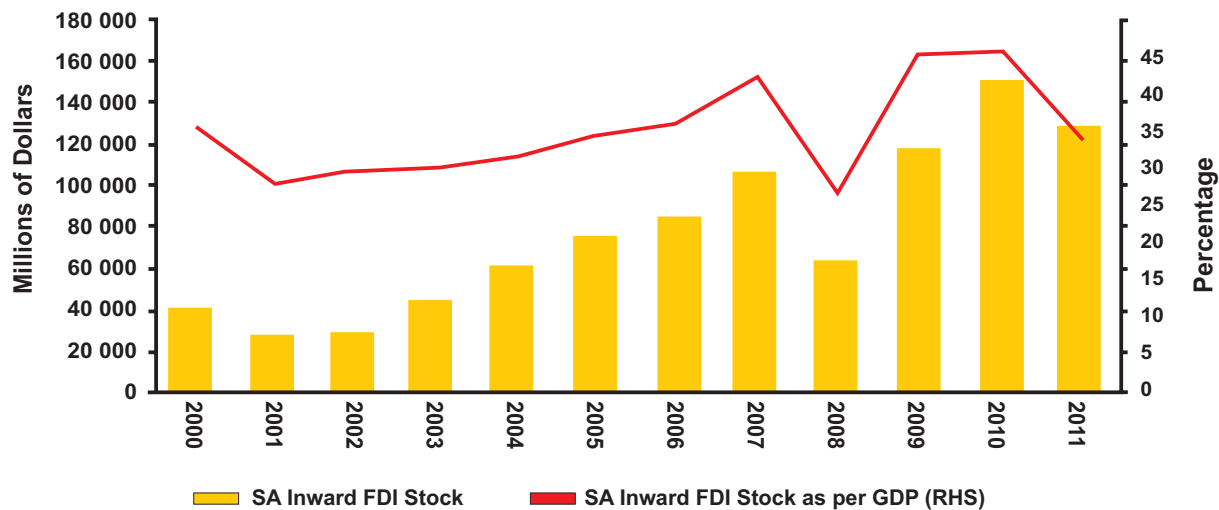
This suggests that even if no further FDI flowed into the country 2012 would not be the worst year on record for South Africa. In addition the actual stock of FDI in the country has more than doubled since 2000. This suggests that although investors are sensitive to domestic shock (especially those that are political in nature), South Africa remains an attractive long-term investment destination with sound fundamentals.

Figure 30: South Africa Inward FDI

FDI Inward Flow



FDI Inward Stock



Source: United Nations Conference on Trade and Development (2012)

3.2.4 South Africa Economic Outlook

As mentioned in the Limpopo Medium Term Budget Policy Statement: “According to the Bureau for Economic Research growth is expected to only recover to above 3% in 2014. Conditions are expected to remain difficult with exports declining in 2012 and growing marginally in 2013. Employment growth is therefore likely to remain subdued in the medium term. Inflation is expected to remain within the target range however the petrol price is not expected to decline significantly in the next 12 to 24 months (therefore the repo rate is also expected to remain stable). In the next 12-24 months the rand is expected to recover slightly as domestic conditions continue to improve”. below summarizes the forecast.

Table 9 : South African Economy Outlook

	2011	2012	2013	2014
Real GDP growth (real yoy %)				
Final household consumption expenditure	5.0	3.3	3.4	4.2
Government consumption expenditure	4.5	4.2	3.8	3.9
Gross fixed capital formation	4.4	5.3	3.6	5.8
Real GDE	4.3	4.1	3.4	4.7
Total exports	5.9	-2.1	3.2	7.6
Total imports	9.7	5.8	6.0	9.4
Real GDP	3.1	2.2	2.6	3.8
Labor and income (real yoy %)				
Formal sector employment	2.2	1.4	1.5	2.0
Nominal wage rate	7.4	6.5	8.1	7.7
Real disposable income	5.2	3.4	3.5	4.2
Inflation (quarterly averages)				
CPI (headline)	5.0	5.6	5.6	5.3
PPI (all-items)	8.4	6.0	4.9	4.5
Petrol price (95ul; coast; c/l)	969	1125	1158	1197
Interest rates (quarterly averages)				
Prime overdraft rate	9.00	8.78	8.50	8.50
Prime overdraft rate (end of period)	9.00	8.50	8.50	8.50
10-year Government Bond yield	8.10	7.26	7.23	7.88
Exchange rates (quarterly averages)				
\$/euro	1.39	1.28	1.29	1.30
\$/pound sterling	1.60	1.58	1.58	1.61
Yen/\$	79.75	79.49	81.80	84.88
R/\$	7.25	8.19	8.24	8.14
R/euro	10.08	10.49	10.59	10.58
R/pound sterling	11.62	12.95	13.04	13.06
Yen/R	11.06	9.72	9.93	10.43

Source: Bureau of Economic Research (2012)

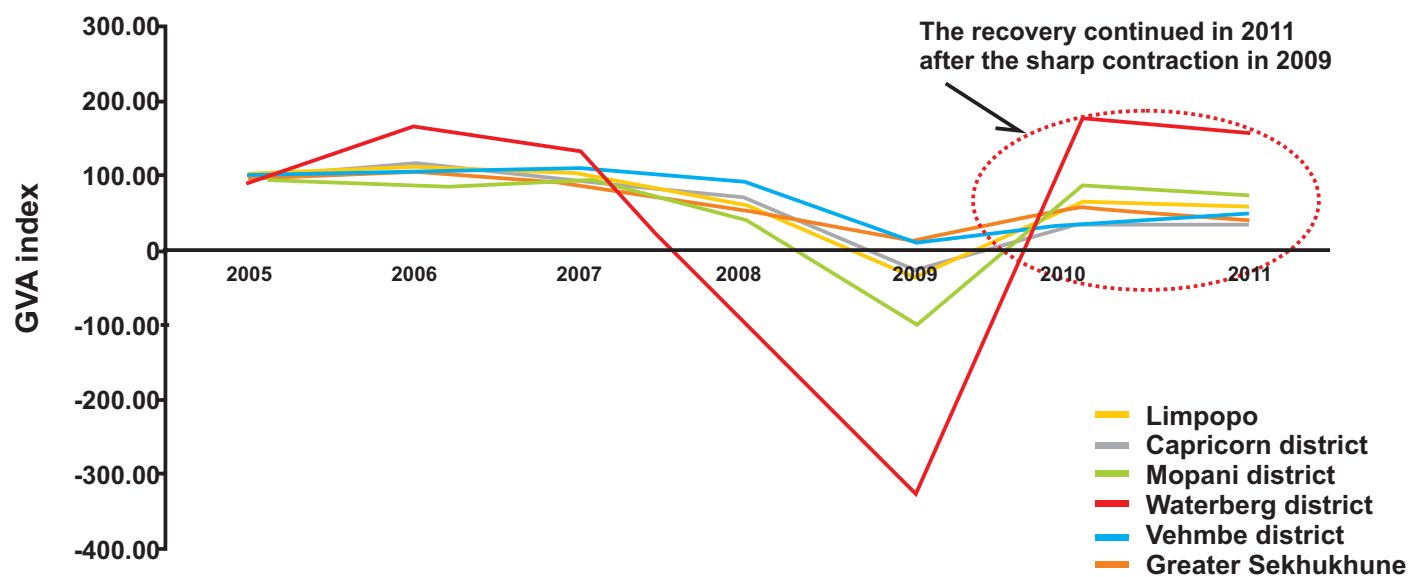
⁶ Limpopo Provincial Treasury. MTBPS. 2012

3.3. Provincial Economy Overview

3.3.1. Gross Value Added in the province moderated in 2011

Gross Value Added index in the province moderated in 2011 after a sharp recovery in 2010. GVA index in the province has sharply declined between 2007 and 2009. The slowdown in Limpopo GVA was underpinned by a slowdown in three out of five district municipalities (as shown in Figure 31 below). Limpopo province has had rapid increase in GVA since the recession of 2008.

Figure 31 : Provincial GDP



Source: Quantec Research (2012)

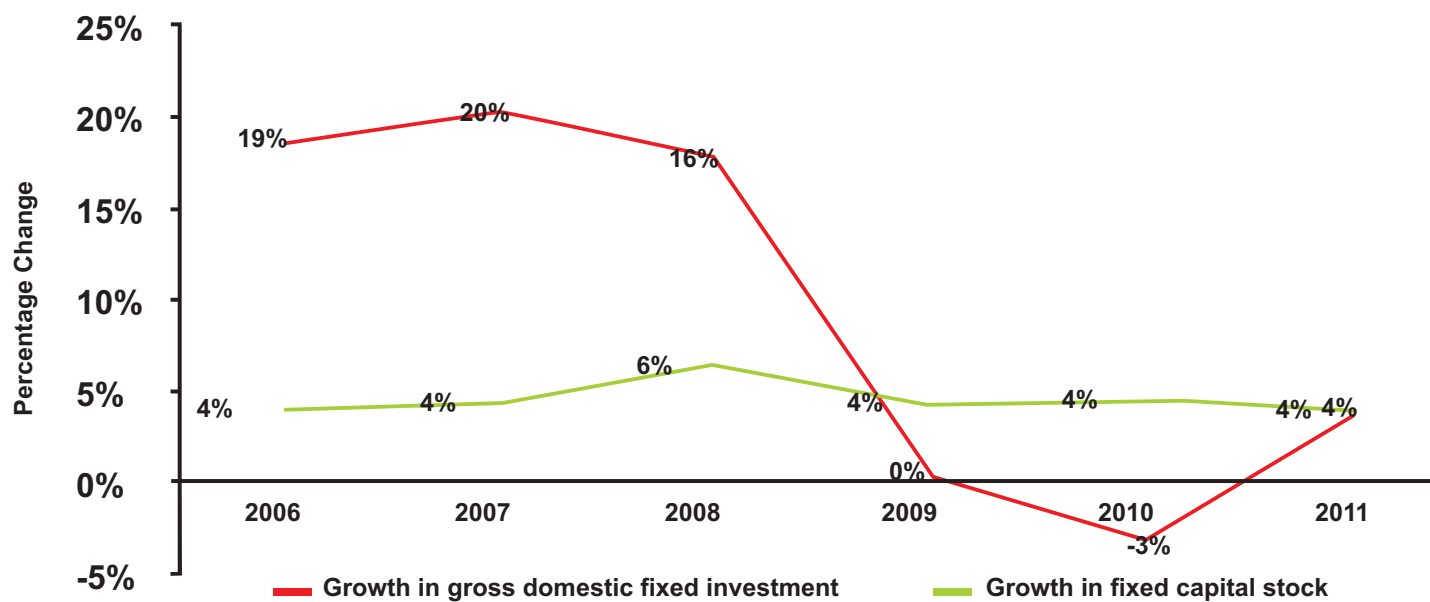
As indicated in above, from 2005 to 2008 four out of five district municipalities were at the constant GVA index while Waterberg accounted for the highest index between 2005 and 2007. In 2009 GVA index declined in four district municipalities and later increased in 2010. Waterberg contributed to the sharp decrease as compared to other districts in 2009, Mopani accounted for the second while Capricorn accounted for the third. GVA index for Greater Sekhukhune and Vhembe districts were not negatively affected in 2009 though it has decreased.

3.3.2. Investment in the province remained subdued in 2011

Provincial investment grew by 4% in 2011 after a decline of 3% in 2010. The general growth in investment has declined from peak growth of 20% in 2007 mainly due to the negative impact of the Great Recession of 2008. Although only a slight recovery in investment occurred in 2011, it points to resilience of Limpopo investment in difficult economic times (see Figure 32 below).

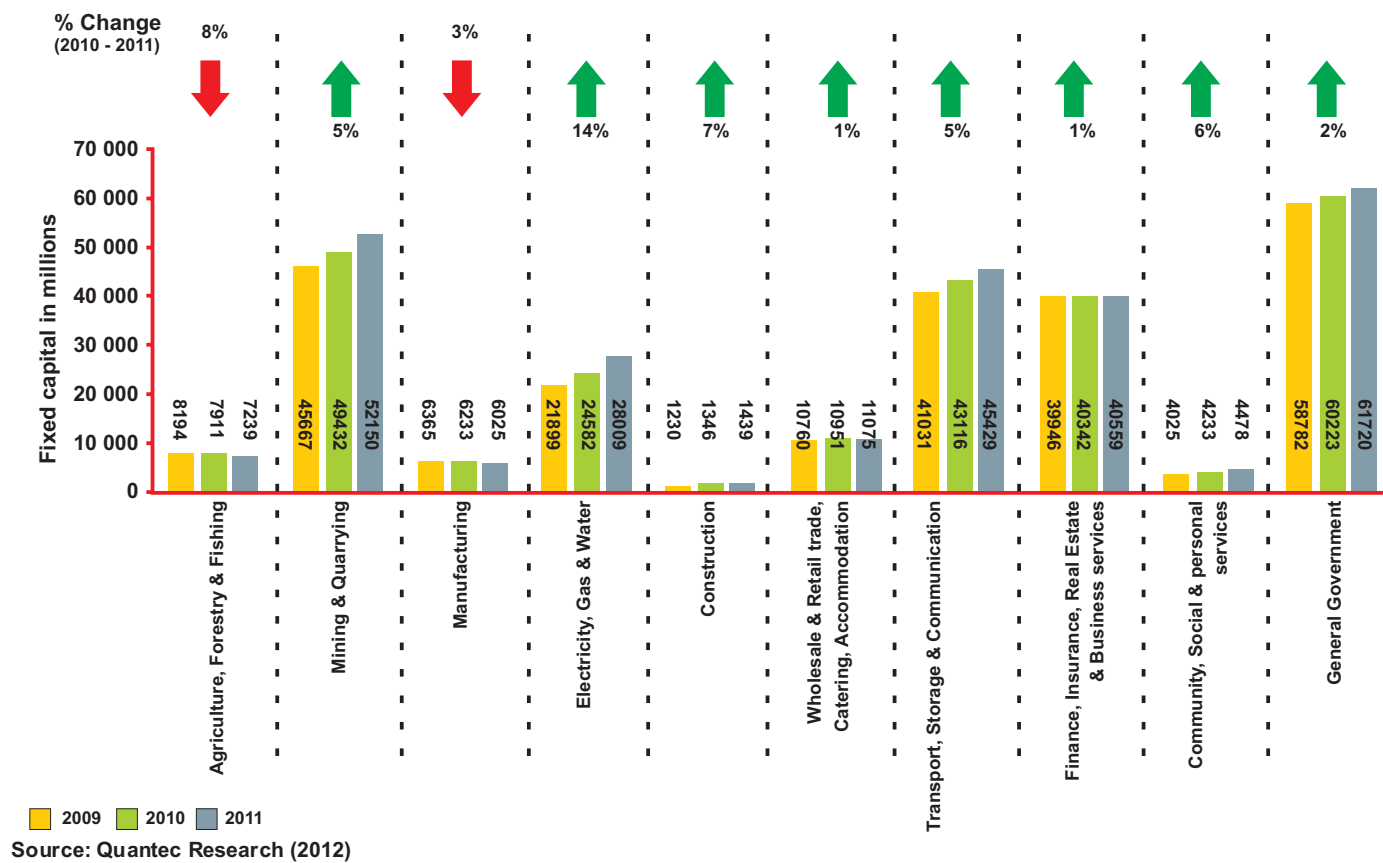
In 2011 the general government sector had the highest level of stock within the province (up by 2%, see Figure 32 below). In line with the current expansion in the mining sector, the stock of investment in the sector grew by 5% in 2011. Fixed capital stock in electricity, gas and water increased at the highest rate of 14% in 2011.

Figure 32 : Provincial Investment Growth



Source: Quantec Research (2012)

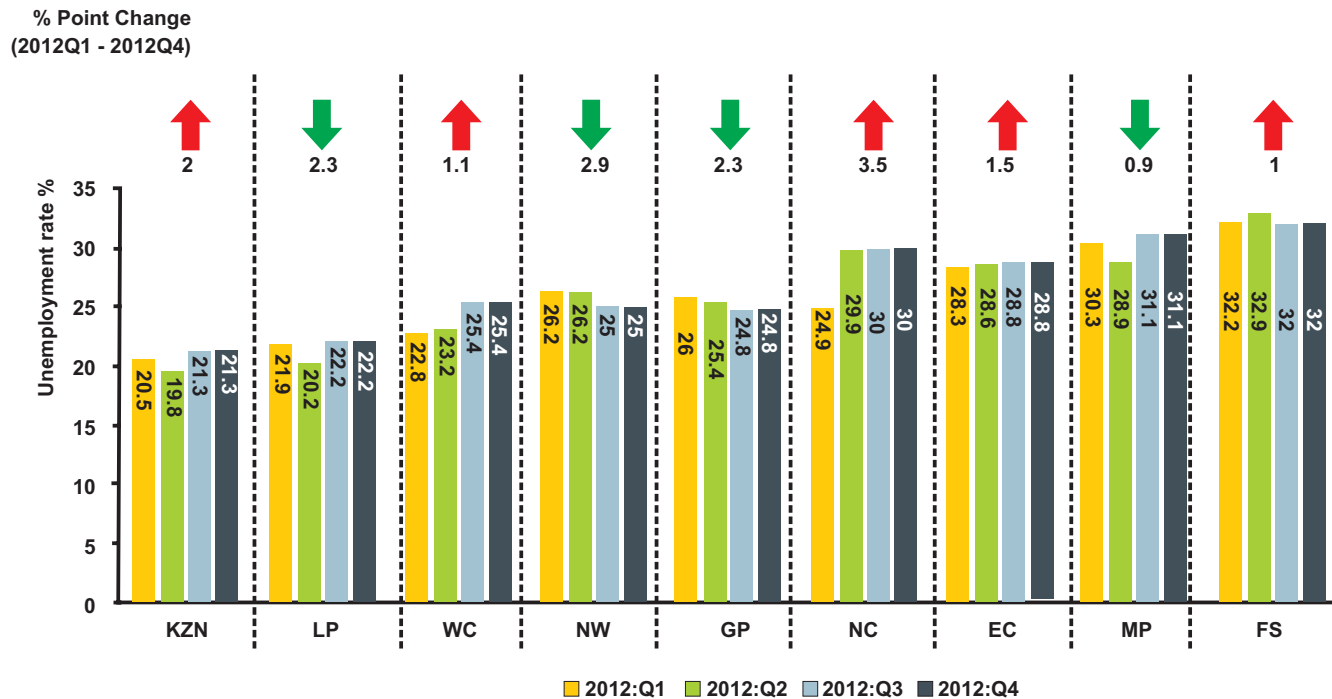
Figure 33 : Provincial Investment by Industry



3.3.3. Unemployment in the province declined by 2.3% overall in 2012

Figure 34 below highlights that Limpopo unemployment rate declined by 2.3% in 2012. During the same period Northern Cape accounted for the highest increase in unemployment rate of 3.5% followed by Eastern Cape with 1.5% while Free State accounted for the lowest increase in unemployment rate of 1%.

Figure 34 : Provincial Unemployment

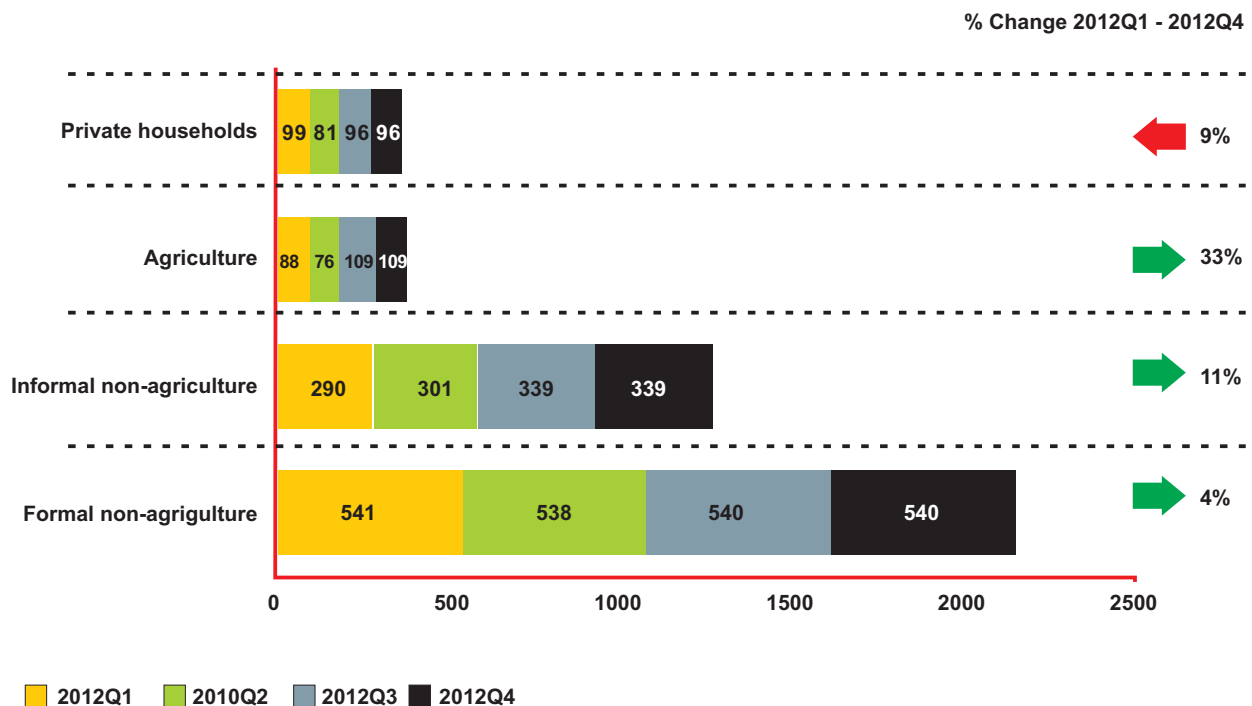
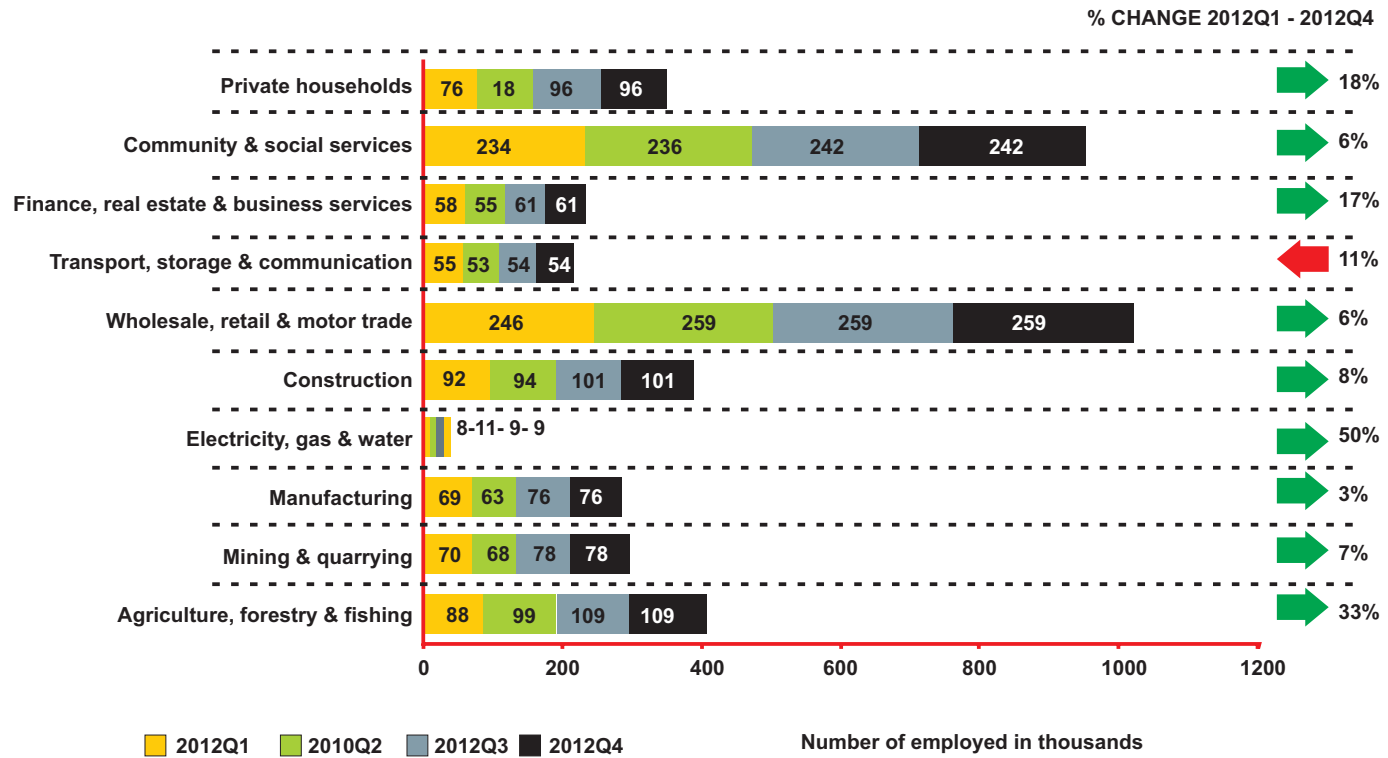


Source: Statistics South Africa (2012)

Figure 35 below highlights that Limpopo employment sector notably in the formal non-agriculture is counted as the highest employer in the province with 540 thousand employees followed by informal non-agriculture with 339 thousand employees. The private sector was at the lower employment level with 96 thousand employees and resulted in the decline in the sector's employment percentage.

At an industry level the wholesale, retail and motor trade employed 259 thousand employees in the third and fourth quarter of 2012 it remained constant and it is followed by the community and social service with 242 thousand during the same period and all employment sector levels remained unchanged from third quarter to fourth quarter 2012. There was a less significant decline in transport, storage and communication with 11%. The rise in employment indicates that the provincial economy is on a labour absorbing growth path; however more needs to be done to address the high levels of unemployment.

Figure 35 : Provincial Employment by Industry

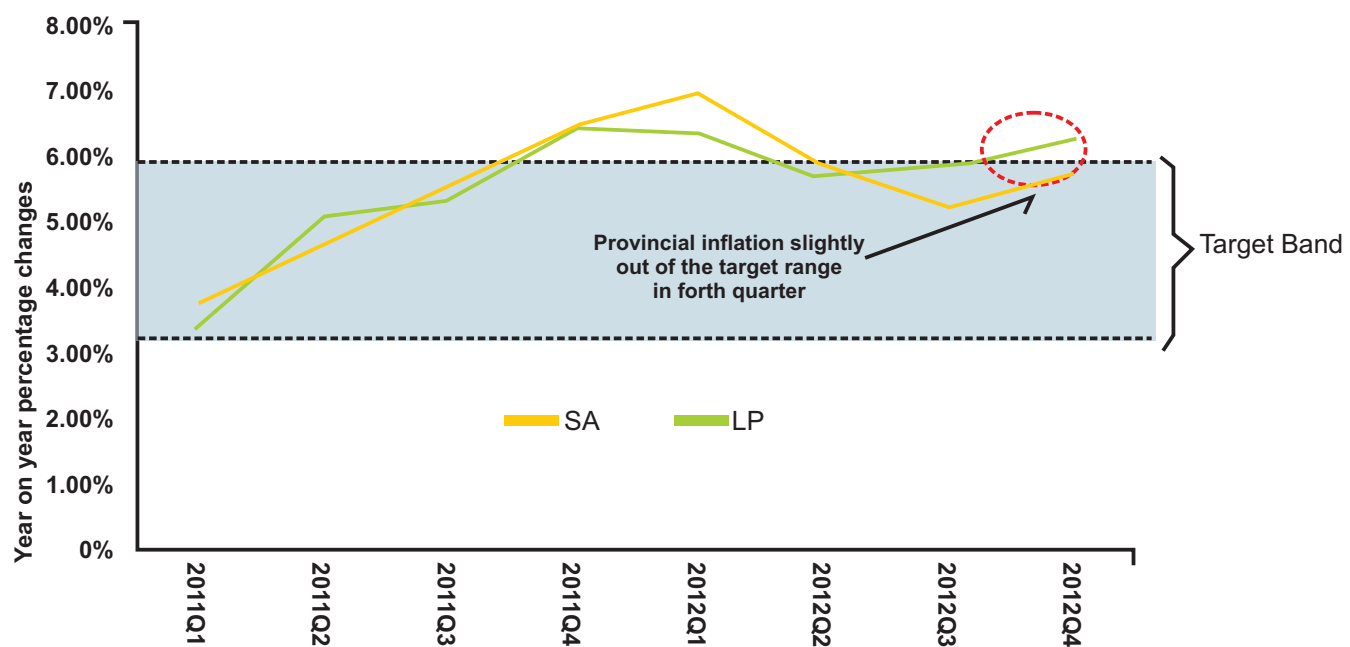


Source: Statistics South Africa (2012)

3.3.4. Inflation within the province remained within the target range in 2012

Figure 36 below shows how provincial inflation remained within the target range in 2012. Inflation ranged within the target band though it has increased slightly beyond the band and returned to the normal range in 2012. In 2011 the national inflation started to rise from 3% to 7% which is beyond the target band and later decreased from the peak point to 6% in 2012 while provincial inflation declined from 6.4 percentage points in the fourth quarter of 2011 to 5.8 percentage points within the target band in 2012:Q2

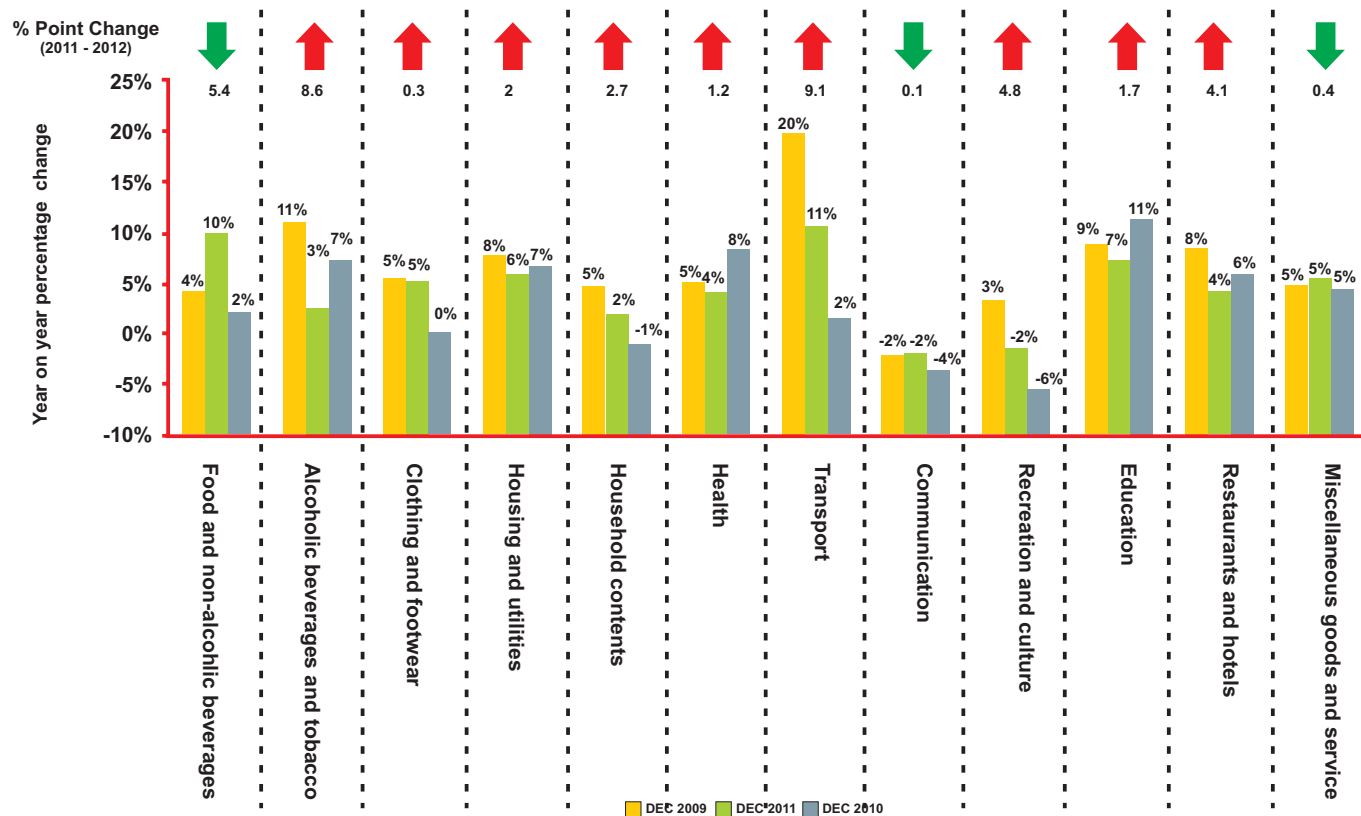
Figure 36 : Provincial Inflation



Source: Statistics South Africa (2012)

Provincial inflation by product shows that there is a significant decline in food and non-alcoholic beverages inflation of 5.4 percentage points and a less significant decline in communication inflation of 0.1 percentage points and miscellaneous goods and services inflation of 0.4 percentage points (see Figure 37). Transport inflation with 9.1 percentage points and alcoholic beverages and tobacco has marginally increased during the same period.

Figure 37: Provincial Inflation by Product Category



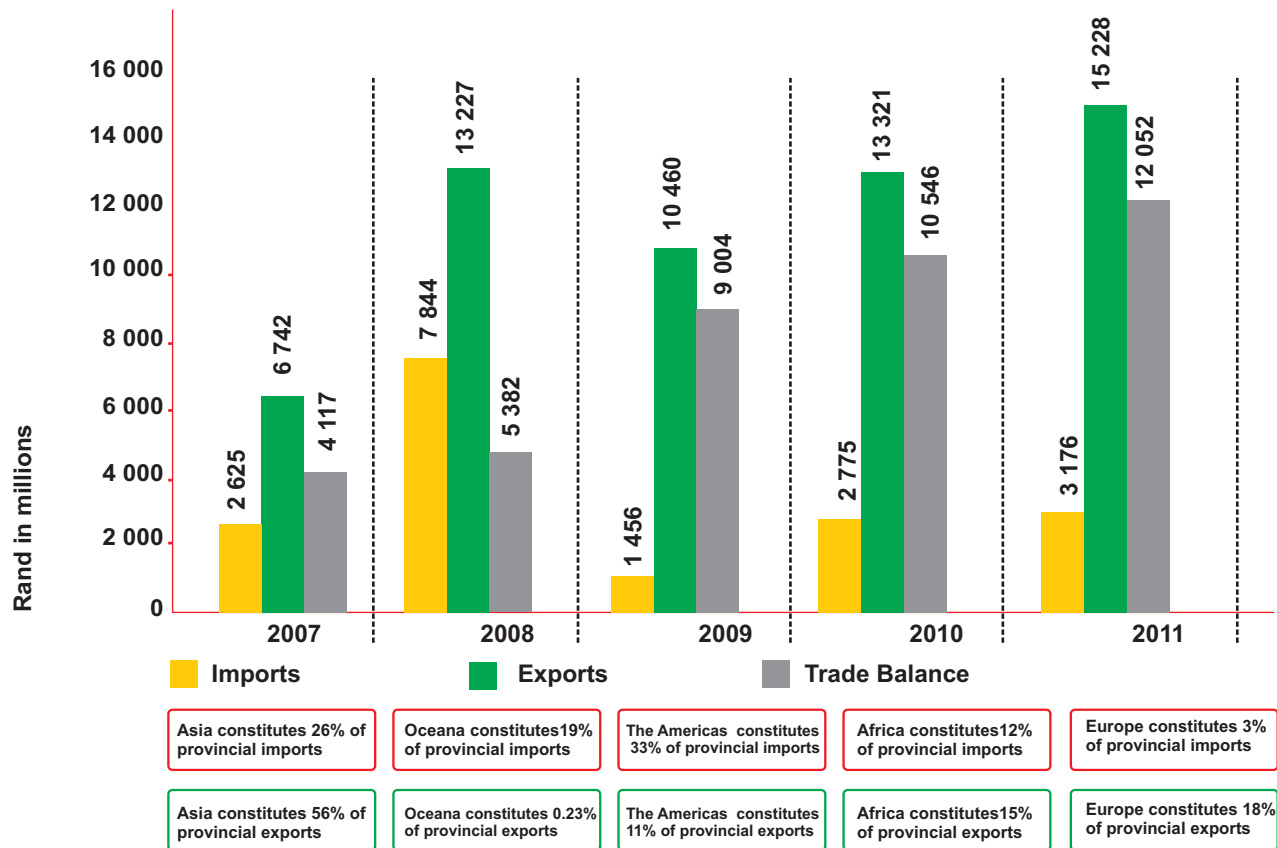
Source: Statistics South Africa (2012)

3.3.5. The Limpopo net trade position increased to R12 billion in 2011

The provincial net trade position improved to R12 billion in 2011 (increase of 14.2% from 2010). Since Limpopo is a developing province and it consists of mining industries in most of its districts therefore provincial exports and imports both increased by 14.3% in 2011 (see Figure 38). This increase in the net trade position is notable because as highlighted above South Africa as a whole had a negative trading position in 2011. This indicates that Limpopo province was a critical contributor to the improvement of the national current account position in 2011.

Limpopo imports were down in most regions during 2011 and Limpopo continued to increase its exports in 2011. The provincial trade balance increased from 2007 to 2011. The trend of a reduction in imports from the rest of the world and increase in exports to the rest of the world improved the overall trade position of the province during 2011.

Figure 38 : Provincial Trade Balance



Source: Quantec Research (2012)

In 2011 Limpopo Asia and America contributed 26% and 33% of provincial imports. Imports from the rest of Africa accounted for 12% and Oceanic accounted for 19% during the same year. Provincial exports show that Asia 56% and Europe 18% accounted for the majority of provincial exports in 2011. Exports to the rest of Africa accounted for 15% and America with 11%.

4.CONCLUSION

The social and economic conditions in Limpopo have generally improved between 1996 and 2011. Improvements have been noted in the provision of brick structures as housing units in Limpopo, whilst the emergence of informal settlements has overshadowed the additional brick structures. All districts observed a marked decrease in the proportion of traditional dwellings over the period 1996 to 2011. The government of Limpopo has made progress in the provision of housing but concentration should be on dealing with informal settlements that are emerging and have measures in place that will curb the increase of this type of settlements.

Limpopo has also seen an increase in the provision of flush toilets, with households using pit latrines virtually nonexistent. The majority of Limpopo households have access to clean, piped water. However, these are mostly accessed from outside the dwelling but inside the yard. Despite improvements in the provision of refuse collection services, most Limpopo households still make use of their own refuse dumps, creating room for extended refuse removal services in communities who do not receive this service on a regular basis.

The Limpopo municipalities have done well in this area of service delivery as this a service that never existed in many municipalities. Access to electricity has improved considerably in Limpopo, with associated declines in the use of paraffin and candles for lighting. This improvement will contribute to improved environmental and health conditions. Even though the education levels have improved, the number of people who have gone through tertiary education is still very low. The province needs skilled people to implement its plans; the skills are usually acquired at tertiary institutions than primary and secondary education.

The economic performance of Limpopo has seen both increase and decline over the period 1996 to 2011. It was affected by global economic downswing when it existed but it is now on a recovery. This was translated into decline in unemployment levels. Even though there was a decline the level is still high. The province must consider economic activities and sectors that will contribute more to labour absorption and lower unemployment levels. It is therefore imperative for the province to have strategies in place that will ensure the implementation of projects that are identified as job drivers by both National Development Plan and New Growth Path.

SOCIO-ECONOMIC REVIEW 2012

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