

# MUSINA LOCAL MUNICIPALITY

## LOCAL ECONOMIC DEVELOPMENT STRATEGY

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### SECTION THREE MACRO ECONOMIC PROFILE

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**This Section sets out the economic and socio-economic context in relation to the District, Provincial and National context in order to create the background against which an appropriate development path can be determined.**

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## SECTION 3: MACRO ECONOMIC PROFILE

Musina Municipality can learn a lot from local and international good practice on economic development, but local development could never simply copy the pattern of development in other communities. It has to be derived from the assessment of the local economy and society, taking into account real facts about the Municipality. It is for this reason that this Section sets out the economic and socio-economic context in relation to the District, Provincial and National context, in order to create the background against which an appropriate development path can be determined.

This Section comprises:

- o Macro and local socio-economic profile;
- o Macro and local economic profile; and
- o Development constraints and opportunities.

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### 3.1 PROVINCIAL AND REGIONAL SOCIO-ECONOMIC PROFILE

The purpose of this sub-section is to analyse the current socio-economic situation in Musina Municipality and to compare both the demographic conditions of the Municipality with that of Vhembe District and the Limpopo Province, in which it is located.

In order to determine the development path of Musina Municipality, it is important to understand the background of the region, its people and its economic activities. This sub-section is thus aimed at creating a broader picture of the socio-economic status of the study area and the population dynamics (i.e. population densities, gender distribution, education, level of skills, etc). Both the Macro and Local socio-economic profile are provided in this sub-section.

#### 3.1.1 Macro socio-economic profile

The Table below indicates the composition of the population across gender lines in South Africa, the Limpopo Province, the Vhembe District and the Musina Municipality.

**Table 3.1 Population and gender distribution, 2001 and 2004**

	SOUTH AFRICA		LIMPOPO PROVINCE		VHEMBE DISTRICT		MUSINA MUNICIPALITY	
YEAR	2001	2004	2001	2004	2001	2004	2001	2004
<b>Total Population</b>	44551828	45857654	5259673	5466931	1189815	1245015	39061	42656
<b>Average Annual Population Growth</b>	1		1.3		1.5		3.0	
<b>Male</b>	48%	48%	47%	48%	47%	47%	48%	50%
<b>Female</b>	52%	52%	53%	52%	53%	53%	52%	50%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%

Source: Census 2001, Quantec database 2006

Based on the latest available data from Statistics South Africa, the Musina Municipality had a population of over 42000 people in 2004 with a comparatively higher average per annum growth rate (3%) than that of the District (1.5%), the Province (1.3%) and South Africa as a whole. The higher population growth could most probably be linked directly to the large influx of population being experienced from neighbouring countries such as Zimbabwe.

There are slightly more women (52%) than men (48%) in South Africa, and the male and female proportions have remained relatively equal for the years 2001 and 2004. The Provincial, District and Municipal gender distributions are relatively in line with National trends. In the Musina Municipality there were slightly more women than men in 2001 (52% female and 48% male), while in 2004 the male female distribution was equal.

The Table below shows the race proportions in South Africa, the Limpopo Province, the Vhembe District, and Musina Municipality.

**Table 3.2 Race distribution, 2001 and 2004**

	SOUTH AFRICA		LIMPOPO PROVINCE		VHEMBE DISTRICT		MUSINA MUNICIPALITY	
Year	2001	2004	2001	2004	2001	2004	2001	2004
<b>Black</b>	79%	79%	97%	98%	99%	99%	93%	94%
<b>Indian</b>	9%	9%	0%	0%	0%	0%	0%	0%
<b>Coloured</b>	2%	2%	0%	0%	0%	0%	0%	0%
<b>White</b>	10%	9%	2%	2%	1%	1%	7%	5%

Source: Census 1996, 2001, Quantec database 2006

From the Table above it is clear that the proportion of Coloured and Indian population groups represent less than one percent of the Limpopo Province, the Vhembe District and Musina Municipality. Musina Municipality had a higher percentage (5%) of White population in 2004 than the Province (2%) and the District (1%). The majority of the population in Musina Municipality are Black South Africans, represented by 94% of the population in 2004.

The Table below shows what proportions of the population in South Africa, the Limpopo Province, the Vhembe District and the Musina Municipality reside in urban or non-urban areas.

**Table 3.3 Percentage urban/non-urban distribution, 2004**

	SOUTH AFRICA	LIMPOPO PROVINCE	VHEMBE DISTRICT	MUSINA MUNICIPALITY
<b>Urban</b>	58%	12%	6%	<b>49%</b>
<b>Non-urban</b>	42%	88%	94%	<b>51%</b>
<b>Total</b>	100%	100%	100%	100%

Source: Quantec database 2006

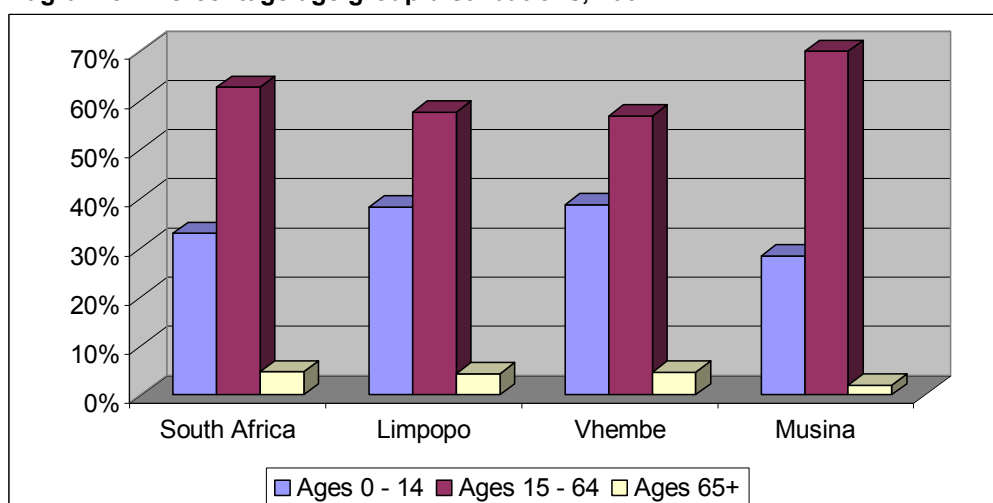
South Africa has approximately 58% people residing in urban areas and 42% in non-urban settlements. The Limpopo Province and the Vhembe District have far higher

proportions of people residing in rural or non-urban areas, whereas, Musina Municipality has a relatively equal urban (49%) and non-urban (51%) share. In other words, nearly half of the population in Musina Municipality resides in urban areas, which is a much higher proportion compared to that of the Province (12%) and the District (6%). The higher proportion of people residing in urban areas within Musina Municipality is possibly due to the fact that Musina Municipality has fewer main places/towns with a larger concentration of people compared to other areas in the Vhembe District which are more sparsely populated. The fact that people are concentrated in fewer areas within Musina Municipality implies that it is easier to distribute services compared to other areas within the Vhembe District, where the population is geographically dispersed over larger regions. This also implies that equal attention should be given to urban and rural development in Musina Municipality.

According to the IDP of Musina Municipality, approximately 44% of the total population is residing on commercial farms, which comprises almost the whole of the non-urban areas in the Municipality.

The Diagram below gives an indication of the population structure across different age groups for South Africa, the Limpopo Province, the Vhembe District and the Musina Municipality.

**Diagram 3.1 Percentage age group distributions, 2004**



Source: Quantec database 2006, Kayamandi calculations 2007

As is evident from the Diagram above, the 0-14 year age group is very young, still dependent and thus not economically active. The 15-64 year age group is made up of potentially economically active persons, whereas the 65 years and older age group consists of the elderly and pensioners and persons who are thus not potentially economically active. From the Diagram above, it is clear that Musina Municipality had a lower percentage of youth between 0 and 14 years of age (28%) in 2004 than the District

(39%), the Province (38%) and the Nation (33%). The Musina Municipality has the highest percentage of people who are potentially economically active (70%), higher than the District (57%) and the National (58%) percentages. However, the youth still represent a large proportion of the population, which means that even though the percentage of youth is less than that of the District, Province and South Africa, focus still needs to be placed on youth development. Musina Municipality has a potentially economic active group that comprises 70% of its total population, which is a far larger percentage than that of the District, Province and Nation, represented by 57%, 58% and 63% respectively. The high proportion of potentially economically active persons within the Musina Municipality implies that there is a larger human resource base for development projects to involve the local population and potentially a lower dependency rate due to the lower numbers of youth and old aged persons. The proportion of people who are 65 years and above is also lower in Musina (2%) than throughout the country, which is represented by 5% in South Africa, 4% in the Limpopo Province, and 5% in the Vhembe District.

The Table below shows the economically active population and the employment status of people in South Africa, the Limpopo Province, the Vhembe District and the Musina Municipality.

**Table 3.4 Economically active population and employment status, 2001**

	<b>SOUTH AFRICA</b>	<b>LIMPOPO PROVINCE</b>	<b>VHEMBE DISTRICT</b>	<b>MUSINA MUNICIPALITY</b>
<b>Employment status as percentage of potentially economically active population</b>				
<b>Potential Economically Active Population (Ages 15-64)</b>	28427258	2781095	651634	26655
<b>Employed</b>	34%	20%	17%	50%
<b>Unemployed</b>	24%	18%	19%	17%
<b>Not working / other</b>	42%	63%	64%	33%
<b>TOTAL</b>	100%	100%	100%	100%
<b>Employment status as percentage of economically active population</b>				
<b>Economically Active population</b>	16407784	1248401	294686	21564
<b>Employed</b>	58%	53%	47%	75%
<b>Unemployed</b>	42%	47%	53%	25%
<b>TOTAL</b>	100%	100%	100%	100%

Source: Census 2001

An economically active person has been defined by Statistics South Africa as one who is available for work and is aged between 15 and 65 years of age, regardless of whether that person is employed or not. According to Statistics South Africa (2004), an employed person is defined as one who works for remuneration, profit or family gain. The definition includes employers and employees, as well as those who are self-employed or a working family member. This includes both the formal and informal sector.

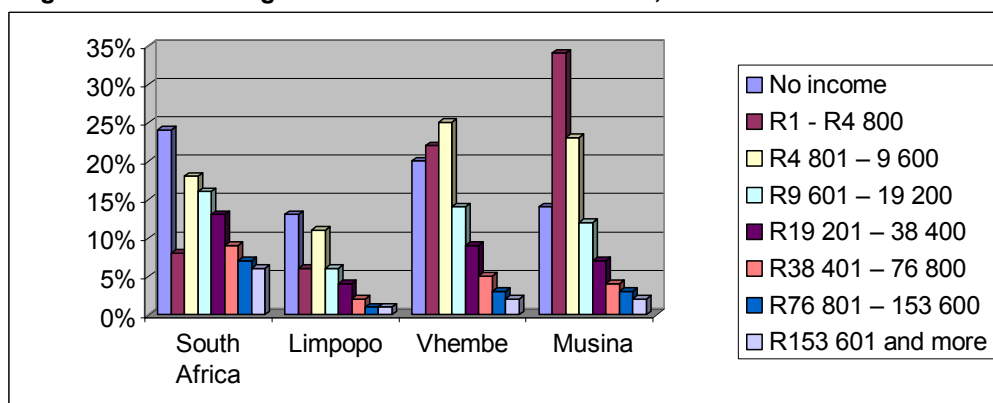
The Table above shows that within the economically active population in South Africa, Limpopo Province and the Vhembe District, 58%, 53% and 47% are employed respectively, while the remaining 42%, 47%, and 53% are unemployed. The Musina

Municipality has a far higher employment rate with 75% of its economically active population being employed and only 25% unemployed.

The potentially economically active category includes members of the population who are not working but who fall under the (15-64) age group and are not able to work due to different factors like disability, not wanting to work, students, etc. In the Musina Municipality, 50% of the potentially economically active people are employed, only 17% are unemployed and the remainder (33%) are not working/other. This percentage for employed persons is far higher than that in the National (34%), Provincial (20%), and District (17%) levels.

The Diagram below shows the annual income distribution for the Musina Municipality, Vhembe District, the Limpopo Province and South Africa.

**Diagram 3.2 Percentage distribution of annual income, 2001**



Source: Census 2001

The Diagram above shows that, although 75% of the economically active people in Musina Municipality are employed, they do not earn high incomes. This means that a focus of the LED strategy should be less on the quantity of job creation, but more on the quality of jobs created. The highest percentage (34%) of income earners in the Municipality earn only between R1.00 and R4,800 per annum. This means that more than a third of the employed people in Musina Municipality earn less than R400 per month. The percentages of the income earners decreases gradually as the sum of income earned rises. Only 2% of the population in the Musina Municipality earn a income of R153,601 or more per annum. The fact that approximately 24% of people in the country, 20% in the Vhembe District, 13% in the Limpopo Province and 14% in the Musina Municipality have no form of income shows that there are a lot of people living below the poverty line.

The Table below gives an indication of the extent of poverty throughout South Africa.

Table 3.5 Poverty indicators by province, 2001

PROVINCE	NO. OF POOR PERSONS (MILLION)	% OF POPULATION IN POVERTY	POVERTY GAP (R BILLION)	SHARE OF POVERTY GAP
Eastern Cape	4.6	72%	14.8	18.2%
Free State	1.8	68%	5.9	7.2%
Gauteng	3.7	42%	12.1	14.9%
KwaZulu-Natal	5.7	61%	18.3	22.5%
Limpopo	4.1	77%	11.5	14.1%
Mpumalanga	1.8	57%	7.1	8.7%
North West	1.9	52%	6.1	7.5%
Northern Cape	0.5	61%	1.5	1.8%
Western Cape	1.4	32%	4.1	5.0%
South Africa	25.7	57%	81.3	n.a

Source: Fact Sheet No.1, 26 July 2004 (HSRC)

The extent of poverty is measured by the poverty gap, which is the required annual income necessary to bring people out of poverty. In 2001 the required annual income for the Limpopo Province was approximately R11.5 billion, which comprises some 14% of the national poverty gap. According to HSRC, the poverty gap has widened in the years between 1996 and 2001, meaning that the poor have gotten poorer. This shows that the poor have not benefited from the country's economic growth.

The Limpopo Province has extremely high levels (77%) of the population living in poverty. The Table above confirms this fact. The extent of poverty is normally related to education levels, as people with low or no education often have fewer employment opportunities.

The Table below gives an indication of the distribution of levels of education in South Africa, the Limpopo Province, the Vhembe District and the Musina Municipality for 1996 and 2001.

Table 3.6 Percentage distribution of levels of education, 1996 and 2001

YEAR	SOUTH AFRICA		LIMPOPO PROVINCE		VHEMBE DISTRICT		MUSINA MUNICIPALITY	
	1996	2001	1996	2001	1996	2001	1996	2001
No schooling	19%	14%	27%	20%	26%	19%	23%	20%
Primary education	29%	33%	27%	36%	28%	37%	23%	34%
Secondary education	34%	37%	27%	29%	26%	29%	32%	32%
Tertiary education	3%	5%	2%	3%	2%	4%	2%	3%
Other/not specified	15%	10%	17%	11%	17%	12%	20%	12%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Source: Census 1996 & 2001

A large number of South Africans (70%) only have basic education (i.e. primary and secondary education). During the years 1996 and 2001, the number of people with some form of education has improved in South Africa. The improvement in each level of



education from 1996 to 2001 in the Limpopo Province, Vhembe District and Musina Municipality confirms this trend.

During the years 1996 and 2001, the proportion of people with no form of schooling has also decreased. The Limpopo Province has less people with no schooling, showing a decrease of 7% (from 27% in 1996 to 20% in 2001), the Vhembe District a decrease of 7% (from 26% to 19%), and Musina Municipality with a decrease of only 3% (from 23% to 20%). The level of people with basic education has also improved drastically since 1996. The percentage of people with primary education increased by 4% in South Africa, 9% in the Limpopo Province, 9% in the Vhembe District and 11% in Musina Municipality between the years 1996 and 2001.

The proportion of the population with primary education in the Limpopo Province (36%), Vhembe District (37%) and Musina Municipality (34%) was higher than that of South Africa (33%) in 2001. This means that since 2001, on average, more people have gained basic reading and writing skills than for the country as a whole, which allows for greater employment potential. Secondary education levels have also increased by 3% Nationally, 2% Provincially, and 3% in the Vhembe District. In Musina Municipality, however, the proportion of the population with secondary education remained the same between 1996 and 2001. Even though the proportion of secondary educated population have not increased in Musina during 1996 and 2001, Musina still has a larger portion of its population that have secondary education compared to the District and the Province.

The Table above also shows that there has been a slight improvement in the proportion of people with tertiary education from 1996 to 2001 in South Africa (from 3% to 5%). In Musina Municipality and the Limpopo Province the improvement was from 2% to 3% and in the Vhembe District the improvement was from 2% to 4%. The fact that there were more people who enrolled in primary (34%) and secondary education (32%), yet very few members of that population in Musina have achieved tertiary education could either mean that the majority of people leave school to join the labour market or that people with tertiary and other higher education qualifications migrate to other areas for better employment opportunities.

### **3.1.2 Local socio-economic profile**

It is important to understand the demographics of the study area on a local level. This sub-section therefore gives an indication of where people live within Musina Municipality and the profile of its people, which is crucial for development planning.

The Musina Municipality comprises four main places, which are further divided into thirteen sub-places, as shown in the Table below.

Table 3.7 Census 2001-Main and sub-places

CENSUS MAIN PLACES	SUB-PLACES
Messina	Messina SP Bergview East Harper Mine Compound Kempo Mine Compound Lost City
Musina	Dzanani NU Messina NU Soutpansberg NU
Mutali	Doppie Feskraal Folorodwe Madimbo
Nancefield	Nancefield

Source: Census 2001

The Table below shows the population totals for each sub-place, together with the percentage contribution each sub-place makes to the Municipality's total population.

Table 3.8 Musina Local Municipality - Total Population, 2001

SUB-PLACE	POPULATION	PERCENTAGE
Messina SP	4384	11%
Bergview East	51	0%
Harper Mine Compound	3883	10%
Kempo Mine Compound	1793	5%
Lost City	442	1%
Dzanani NU	681	2%
Messina NU	13179	34%
Soutpansberg NU	3642	9%
Doppie	72	0%
Feskraal	773	2%
Folorodwe	250	1%
Madimbo	1690	4%
Nancefield	8444	21%
<b>Musina Municipality</b>	<b>39284</b>	<b>100%</b>

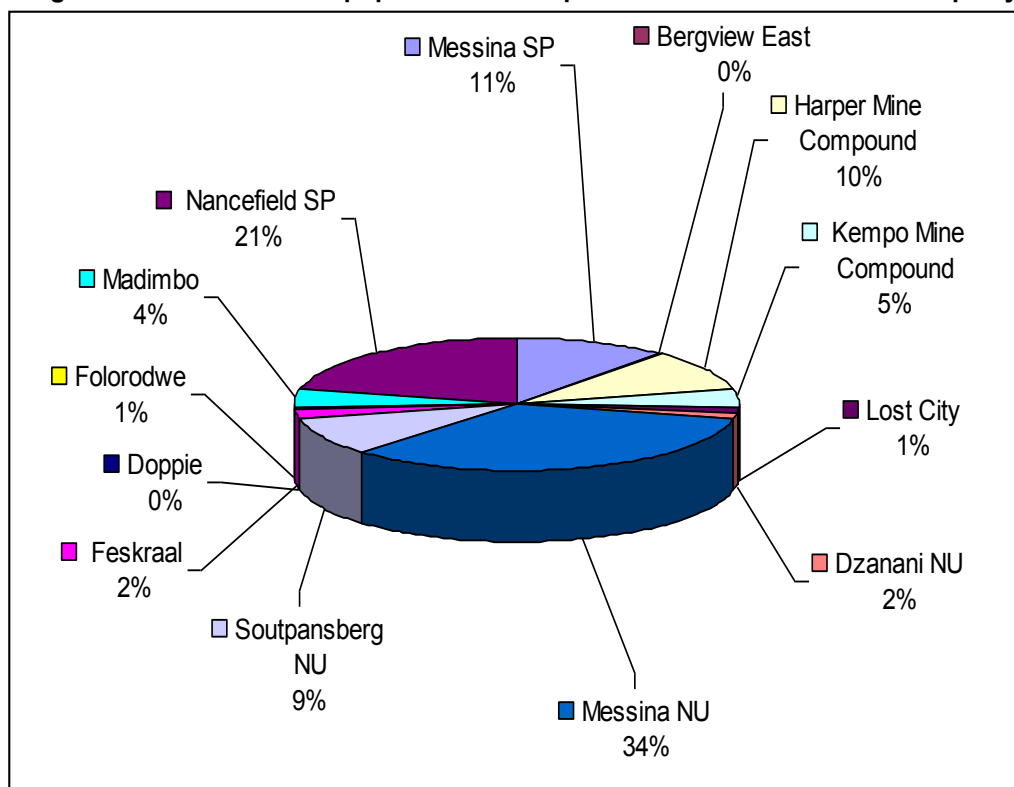
Source: Census 2001

The Messina NU (non-urban) sub-place comprises by far the largest proportion (34%) of the total population in Musina Municipality. Nancefield sub-place comprises the second largest population share with 21%. Bergview East has the smallest population share (51 persons), followed by Doppie (72 persons), both contributing less than 1% to the total population. The Mutali main place (comprised of Doppie, Feskraal, Folorodwe and Madimbo) contributes only 7% of the total population, while the Musina main place (comprising Dzanani NU, Messina NU and Soutpansberg NU) has a concentration of nearly half (45%) of the Municipality's population. The Messina main place (comprising Messina SP (sub-place), Bergview East, Harper Mine Compound, Kempo Mine

Compound and the Lost City) has the second highest concentration of population (27%), and Nancefield (consisting of only one sub-place) contributes approximately 21% to the total population of Musina Municipality.

The Diagram below gives an indication of the population distribution per sub-place within the Musina Municipality.

**Diagram 3.3 Distribution of population in sub places within the Musina Municipality**



Source: Census 2001 and Kayamandi calculations

The Diagram above illustrates that approximately a third of the population is located in Messina NU, with the remaining 66% being shared by the other twelve sub places. Nancefield takes up 21% of the remaining share, followed by Messina SP with 11% and the Harper Mine Compound with 10%.

The Table below shows the overall population densities for different areas in the Municipality.

Table 3.9 Population densities (persons per km<sup>2</sup>), 2001

SUB-PLACE	NUMBER OF PEOPLE	NUMBER OF HOUSEHOLDS	AREA (KM <sup>2</sup> )	POPULATION DENSITY	HOUSEHOLD DENSITY
Messina SP	4389	1124	12	362.4	92.8
Bergview East	49	12	1.5	32.2	7.9
Harper Mine Compound	3879	1117	0.8	4910.1	1413.9
Kempo Mine Compound	1795	464	0.3	5439.4	1406.1
Lost City	448	116	0.3	1244.4	322.2
Dzanani NU	686	378	659	1.0	0.6
Messina NU	13183	4360	5363	2.5	0.8
Soutpansberg NU	3651	894	2196	1.7	0.4
Doppie	68	11	0.2	340.0	55.0
Feskraal	773	178	1	696.4	160.4
Folorodwe	253	107	0.2	1686.7	713.3
Madimbo	1693	376	1	1292.4	287.0
Nancefield	8443	2442	1.7	4995.9	1445.0
<b>Musina Municipality</b>	<b>39310</b>	<b>11579</b>	<b>8237</b>	<b>4.8</b>	<b>1.4</b>

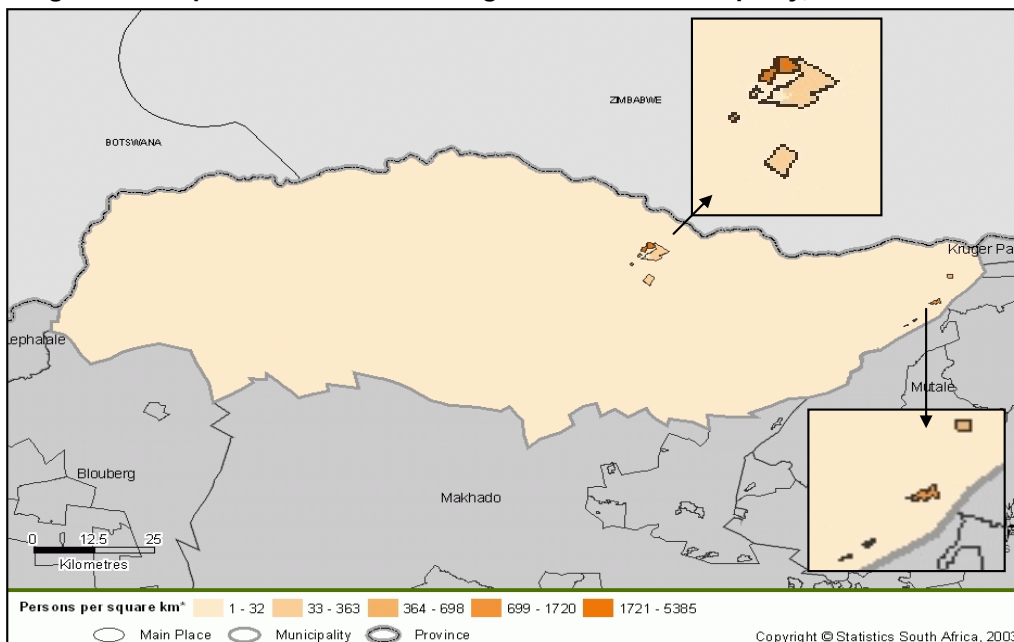
Source: Census 2001

Although population totals give a general indication of where the majority of people are located, they do not consider the size of the areas covered in each study area. In this respect, density totals give a better indication of where the largest settlements are found. The overall density of Musina Municipality was only 4.8 persons per square kilometres in 2001. This is due to the large size (8237 square kilometres) and the relatively low population (approximately 40,000 people) of Musina Municipality.

The highest population densities occur in Kempo Mine Compound (approximately 5 500 people per square kilometre), followed by Nancefield (5000 people per square kilometre), and the Harper Mine Compound (with 4 900 people per square kilometres). Dzanani NU has the lowest population density with only 1 person per square kilometre and Soutpansberg NU has a concentration of 2 people per square kilometres.

The Diagram below provides a spatial indication of the densities of individual areas and settlements within the Musina Municipality (as quantified in the above Table).

Diagram 3.4 Population densities throughout Musina Municipality, 2001



Source: StatsSA, *Digital Census Atlas, 2001 & Kayamandi, 2006*

The Table below shows the growth rate for the Musina Municipality, as well as growth projections for the years 2006 and 2008.

Table 3.10 Population growth rates and projections, 2003

TOTAL POPULATION 2003	GROWTH RATE (%)	TOTAL POPULATION 2004	PROJECTED POPULATION	
			2006	2008
41935	1.3%	42460	43441	44308

Source: *Limpopo Spatial Rationale, 2002*

According to the Limpopo Spatial Rationale, Musina Municipality would have experienced a growth rate of 1.3% per annum between 2003 and 2004. The projected population for 2006 and 2008 assumes that the growth rate remains unchanged over the time periods. The total population for 2006 and 2008 is projected to be 43,441 and 44,308 respectively, given that the total population in 2004 was 42,460.

Population growth is, however, affected by the HIV/AIDS prevalence in the area and it is thus important to take the HIV/AIDS prevalence into consideration when population projections are made.

The Table below sets out the HIV/AIDS prevalence comparatively across different age groups in the Musina Municipality.

Table 3.11 HIV/Aids prevalence- Musina Local Municipality, 2004

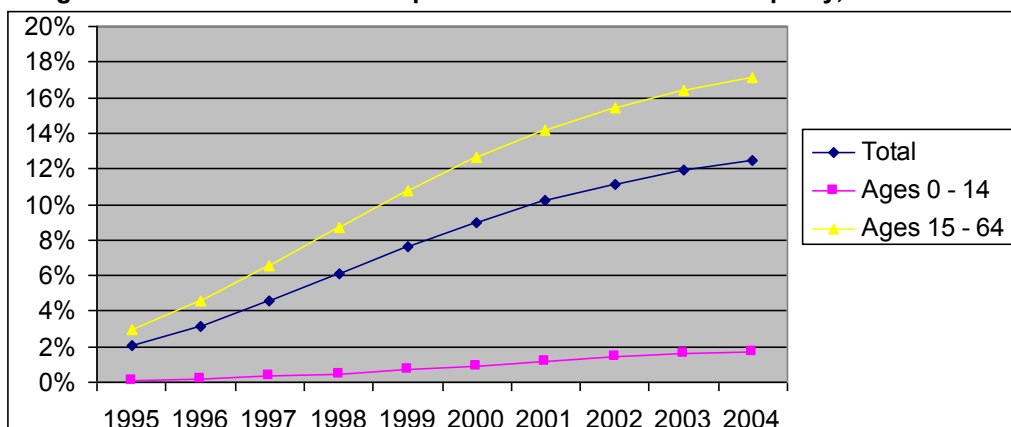
TOTAL		AGES 0-14		AGES 15-64		AGES 65+	
Actual	%	Actual	%	Actual	%	Actual	%
532.16	12%	209.95	2%	5110.3	17%	1.38	0%

Source: Quantec database, 2006

Approximately 12% of the total population in the Musina Municipality is HIV positive or has AIDS. The Table above indicates that the highest HIV/AIDS prevalence is found in the ages between 15 and 64, which also make up the potentially economically active group of the population. The HIV/AIDS prevalence rate in the 15-64 (17%) age category is also shown to be higher than the Municipality's (12%) overall total. This is problematic in that the high HIV/Aids prevalence in the potentially economically active age group could negatively affect the Municipalities economic performance in the future. The prevalence rate is lowest among the elderly members of the population, that is those who are 65 years and older. This is probably directly related to the low life expectancy, due to the plight of HIV/AIDS, especially in the 15-64 age categories.

The Diagram below indicates the HIV/AIDS prevalence for the 0-14 year age group, the 15-64 year age group and the total population in the Musina Municipality between the years 1995 and 2004.

Diagram 3.5 Growth in HIV/AIDS prevalence for Musina Municipality, 1995 to 2004



Source: Quantec database 2006, Kayamandi calculations 2007

The Diagram above indicates that the HIV/AIDS prevalence has been significantly increasing from 1995 to 2004. The implication of the high prevalence rate in the 15-64 year age group is a decrease in the labour force and an increase in child-headed homes. In 1995, the HIV/AIDS prevalence rate was below 5% for both the overall total in Musina Municipality and the 15-64 year age category. The HIV/AIDS prevalence started to rise speedily from 1997 to 2004. The Diagram above also shows that the prevalence rate was approaching a peak in the years 2003 and 2004.

The Table below sets out the percentages of infected people and the death rates in South Africa, the Limpopo Province, the Vhembe District Municipality and the Musina local Municipality.

**Table 3.12 HIV/AIDS infection and death rates, 2001 and 2004**

	SOUTH AFRICA		LIMPOPO PROVINCE		VHEMBE DISTRICT		MUSINA MUNICIPALITY	
YEAR	2001	2004	2001	2004	2001	2004	2001	2004
<b>Total Population</b>	44551828	45857654	5259673	5466932	1189815	1245015	39061	42656
<b>HIV +</b>	9%	11%	7%	9%	7%	9%	10%	12%
<b>Deaths</b>	1%	1%	1%	1%	1%	1%	1%	1%

Source: Quantec database 2007 and Kayamandi calculations

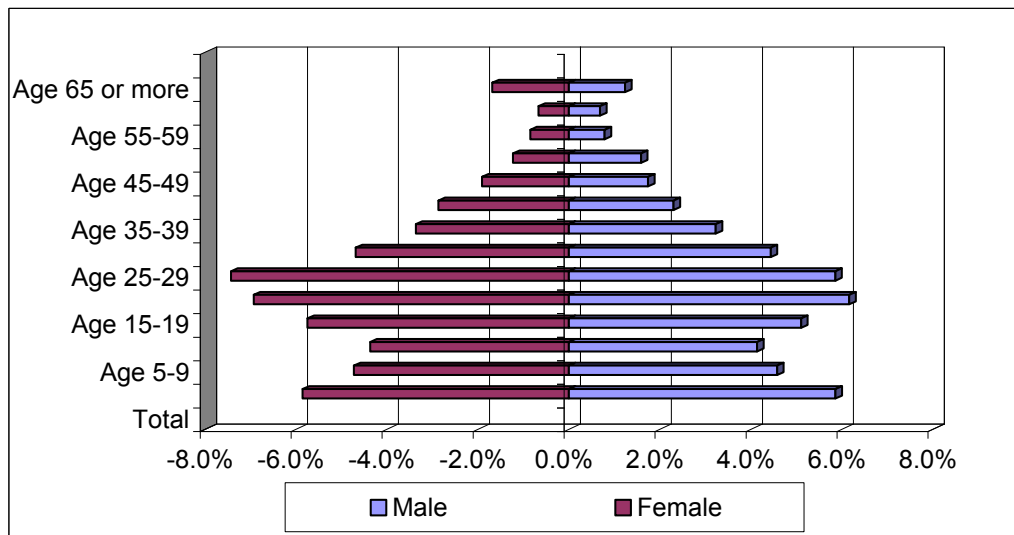
From the Table above it is clear that the HIV positive rates have been increasing since 1996. The percentage of infected people in South Africa rose from 3% in 1996 to 9% in 2001 and 11% in 2004. In Limpopo Province and Vhembe District, the increase from 2% in 1996 to 7% in 2001 and 9% in 2004 was experienced. Musina Municipality had the greatest increase in the proportion of the population that is HIV positive, compared to the District, Provincial and National levels. In 1996, the percentage of HIV positive people comprised 3% of the population, which was similar to that of the country. The percentages of HIV infected members of the population in the Musina local Municipality, however, rose to 10% in 2001 and 12% in 2004, which is higher than the Provincial and District average (9%) and slightly higher than the National average (11%). The death rates have remained the same in 1996, 2001 and 2004 on all levels.

The Diagram below gives an indication of the gender distribution across different age groups in Musina Municipality.

From this Diagram, it is clear that in general, the population is fairly evenly distributed in terms of gender proportions, although there are slightly more females (53%) than males (48%) in the Musina Municipality. The male and female proportions are equal for the 0-14 age category, with the proportion of females exceeding that of males in particularly the younger portions of the economically active population age group.

The Diagram below also reflects that there are more people below the age of 30 in Musina Municipality. It is evident from the Diagram that as the age groups grow older (e.g. 44 and above), the populations become smaller. This confirms the fact that there is a high HIV/AIDS prevalence rate amongst people between the ages of 15 and 64 years.

Diagram 3.6 Age and gender distribution, 2001



Source: Census 2001

As discussed above, the Diagram indicates that there are far more females than males in the economic active population group. This is probably directly related to a larger amount of males that have left the Municipality in search of employment opportunities elsewhere.

The Table below shows the distribution of age groups in the Musina Municipality.

Table 3.13 Age distribution per sub-place, 2001

AGE	0-14 YEARS	15-64 YEARS	65 + YEARS	TOTAL
Messina SP	29%	67%	4%	100%
Bergview East	18%	76%	6%	100%
Harper Mine Compound	38%	59%	3%	100%
Kempo Mine Compound	39%	58%	3%	100%
Lost City	33%	63%	5%	100%
Dzanani NU	14%	85%	1%	100%
Messina NU	25%	73%	2%	100%
Soutpansberg NU	16%	83%	1%	100%
Doppie	0%	100%	0%	100%
Feskraal	53%	44%	3%	100%
Folorodwe	23%	76%	1%	100%
Madimbo	48%	48%	4%	100%
Nancefield	33%	62%	5%	100%
Musina Municipality	30%	68%	3%	100%

Source: Census 2001



From the Table above, it is evident that the majority (68%) of the population in Musina Municipality are in the economically active population age group (ages 15-64). In terms of the population older than 64 years, it is noted that the percentages are approximately the same throughout the Municipality, although local differences are noted in the youthful and economically active population age groups. In Doppie there are no persons under the age of 15 years, which reveals that the few people who reside in Doppie are most probably also employed in Doppie. The following areas also have a far larger economic active population (and hence a far smaller youthful population) than the municipal average, namely: Dzanani NU, Soutpansberg NU, Bergview East, Folorodwe and Messina NU.

The Table below gives an indication of the gender distribution per sub-place in the Musina Municipality.

**Table 3.14 Percentage gender distribution in sub-places, 2001**

GENDER	MALE	FEMALE	TOTAL
Messina SP	48%	52%	100%
Bergview East	41%	59%	100%
Harper Mine Compound	45%	55%	100%
Kempo Mine Compound	46%	54%	100%
Lost City	47%	53%	100%
Dzanani NU	46%	54%	100%
Messina NU	50%	50%	100%
Soutpansberg NU	50%	50%	100%
Doppie	83%	17%	100%
Feskraal	45%	55%	100%
Folorodwe	52%	48%	100%
Madimbo	47%	53%	100%
Nancefield	44%	56%	100%
Musina Municipality	48%	52%	100%

Source: Census 2001

In 2001, the Musina Municipality had slightly less males (48%) than females (52%). Bergview East had the highest percentage of females (59%) compared to a 41% male share of the population. The other areas with a higher female representation (and/or lower male representation) compared to the municipal average are: Nancefield, Harper Mine Compound, Feskraal, Kempo Mine Compound and Dzanani NU. The other areas in Musina Municipality have very similar gender proportions to that of the Municipality, with the exception of Doppie, where there are far more males (83%) than females (17%). This corresponds with the findings regarding age distribution, which also showed that Doppie is comprised solely of an adult population of working age, supporting the assumption that Doppie is mainly an area of employment.

The Table below sets out the average household sizes for each of the sub-places in Musina Municipality.

**Table 3.15 Average household size, 2001**

SUB-PLACES	AVERAGE HOUSEHOLD SIZE
Messina SP	4
Bergview East	5
Harper Mine Compound	3
Kempo Mine Compound	4
Lost City	4
Dzanani NU	2
Messina NU	3
Soutpansberg NU	4
Doppie	7
Feskraal	4
Folorodwe	2
Madimbo	5
Nancefield	3
Musina Municipality	3

Source: Census 2001

On average, there are 3.4 people per household in the Musina Municipality. Doppie had the highest household size, with approximately 7 people per household in 2001. Consultation has revealed that Doppie is a farm that is owned by the Department of Agriculture, where the beneficiaries/farmers also reside on the land. Dzanani NU and Folorodwe have the lowest household sizes, with an average of 2 people per household in both these areas.

The Table below indicates the levels of education per sub-place in the Musina Municipality for the years 1996 and 2001.

From this Table it is evident that the proportion of people with no schooling in Musina Municipality has decreased from 23% in 1996 to 20% in 2001. There was no data available for all levels of education in 1996 for Bergview East, Harper Mine Compound, Kempo Mine Compound, Lost City, Doppie, Folorodwe and Madimbo and hence it will be impossible to see whether the particular levels of education have actually increased or decreased in these areas between 1996 and 2001. Nancefield showed the most improvement by decreasing the number of people with no schooling in 2001 (12%) to nearly half that of the 1996 percentage (25%). Soutpansberg NU also showed a large improvement and levels of people with no schooling dropped from more than a quarter of the population (26%) with no schooling in 1996 to only 16% with no schooling in 2001. Even though the municipal percentages for people with no schooling have decreased, Dzanani and Messina NU showed an increase in non-schooled population. This could probably be ascribed to a greater amount of urbanisation of schooled people from these areas and not as a result of less access to educational facilities.

Table 3.16 Percentage distribution of education levels per sub-place

SCHOOLING YEARS	NO SCHOOLING		PRIMARY EDUCATION		SECONDARY EDUCATION		TERTIARY EDUCATION		OTHER/NOT SPECIFIED	
	1996	2001	1996	2001	1996	2001	1996	2001	1996	2001
Messina SP	18%	10%	17%	27%	46%	44%	4%	10%	16%	10%
Bergview East	-	6%	-	12%	-	65%	-	6%	0%	12%
Harper Mine Compound	-	25%	-	33%	-	25%	-	1%	0%	15%
Kempo Mine Compound	-	16%	-	33%	-	34%	-	1%	0%	16%
Lost City	-	17%	-	43%	-	28%	-	2%	0%	9%
Dzanani NU	28%	49%	33%	23%	25%	20%	1%	0%	13%	8%
Messina NU	23%	24%	23%	36%	23%	28%	2%	1%	30%	11%
Soutpansberg NU	26%	16%	23%	35%	43%	39%	1%	1%	8%	9%
Doppie	-	21%	-	38%	-	29%	-	13%	0%	0%
Feskraal	27%	24%	42%	48%	8%	9%	1%	0%	22%	19%
Folorodwe	-	24%	-	35%	0%	29%	-	0%	0%	13%
Madimbo	-	37%	-	36%	0%	11%	-	1%	0%	15%
Nancefield	25%	12%	27%	32%	31%	39%	2%	5%	15%	12%
Musina Municipality	23%	20%	23%	34%	32%	32%	2%	3%	20%	12%

Source: Census 1996 & 2001

From the Table above it is also clear that the proportion of people with primary education has improved in the Musina Municipality from 23% in 1996 to 34% in 2001. Messina NU had the highest improvement (from 23% in 1996 to 36% in 2001) in terms of the proportion of people with primary education, with Soutpansberg NU showing a 12% improvement from 23% in 1996 to 35% in 2001. Other sub-places that experienced improved figures in respect of the percentage of people with primary education include Messina SP (from 17% in 1996 to 27% in 2001), Feskraal (from 42% in 1996 to 48% in 2001) and Nancefield (from 27% in 1996 to 32% in 2001).

Messina SP, Dzanani NU and Soutpansberg NU showed a decrease in the level of people with secondary education, while Messina NU, Feskraal and Nancefield showed improvements from 1996 to 2001. Overall, the levels of secondary education remained similar to that of the Municipal average, which increased from 23% in 1996 to 34% in 2001.

The proportion of people with tertiary education improved slightly from 2% to 3% in the Musina Municipality over the aforementioned time periods. Messina SP, however, showed a large improvement in tertiary education from 4% in 1996 to 10% in 2001. Doppie also has a far larger than municipal average tertiary educated population, measuring at 13% in 2001.

In short, the above Table shows that in general there have been improvements in education levels throughout the Musina Municipality, which allows for more people to take advantage of employment opportunities in the area.

The Table below shows the employment profile of the economically active population in Musina Municipality by sub-place.

**Table 3.17 Employment profile, 2001**

	<b>ECONOMICALLY ACTIVE POPULATION</b>	<b>EMPLOYED (%)</b>	<b>UNEMPLOYED (%)</b>	<b>TOTAL</b>
<b>Messina SP</b>	2092	76%	24%	100%
<b>Bergview East</b>	22	77%	23%	100%
<b>Harper Mine Compound</b>	1689	42%	58%	100%
<b>Kempo Mine Compound</b>	832	39%	61%	100%
<b>Lost City</b>	173	40%	60%	100%
<b>Dzanani NU</b>	534	94%	6%	100%
<b>Messina NU</b>	8758	90%	10%	100%
<b>Soutpansberg NU</b>	2879	94%	6%	100%
<b>Doppie</b>	44	75%	25%	100%
<b>Feskraal</b>	120	55%	45%	100%
<b>Folorodwe</b>	156	100%	0%	100%
<b>Madimbo</b>	489	12%	88%	100%
<b>Nancefield</b>	3793	54%	46%	100%
<b>Musina Municipality</b>	<b>21581</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>

Source: Census 2001

The Table above illustrates the proportion of people out of the total number of economically active people in each sub-place of the Municipality that are employed. Approximately 75% of the economically active members of the municipal population are employed. In Folorodwe, the 156 members in this sub-place are all employed, meaning that every person of working age has been able to secure a job and earn an income. Employment proportions are also higher than the municipal average for Dzanani NU (94%), Soutpansberg NU (94%), Messina NU (90%), Bergview East (77%) and Messina SP (76%). Madimbo has the lowest employment rate (12%), or the highest unemployment rate, with 88% of the economically active population not being employed. It is thus clear that there are currently limited employment avenues in the area. Areas that are performing below the Municipality's average employment proportions are Kempo Mine Compound (39%), Harper Mine Compound (42%), Nancefield (54%) and Feskraal, with a 55% employment rate. The sub-places with higher unemployment rates are also noted as having higher female proportions. These areas can thus clearly be noted as

having limited existing employment avenues, so much so that a large proportion of the male population have left the areas in search of employment elsewhere.

The Table below sets out the type of occupations undertaken among the employed, which illustrates the level of skills in each area.

**Table 3.18 Percentage distribution of skills among the employed, 2001**

	LEGISLATORS AND MANAGERS	PROFESSIONALS	TECHNICIANS	CLERKS	SERVICE AND SHOP SALES	SKILLED AGRICULTURAL	CRAFT AND TRADE	PLANT MACHINE OPERATORS	ELEMENTARY	UNDETERMINED	TOTAL
<b>Messina SP</b>	9%	11%	10%	17%	15%	1%	12%	6%	14%	6%	100%
<b>Bergview East</b>	18%	0%	18%	0%	24%	0%	24%	0%	18%	0%	100%
<b>Harper Mine Compound</b>	1%	2%	4%	7%	13%	1%	13%	8%	46%	4%	100%
<b>Kempe Mine Compound</b>	2%	2%	6%	5%	13%	1%	13%	10%	43%	5%	100%
<b>Lost City</b>	0%	0%	0%	10%	16%	0%	4%	10%	54%	4%	100%
<b>Dzanani NU</b>	0%	0%	0%	1%	4%	3%	3%	2%	53%	33%	100%
<b>Messina NU</b>	1%	1%	1%	1%	4%	7%	6%	6%	70%	3%	100%
<b>Soutpansberg NU</b>	0%	0%	0%	1%	4%	4%	3%	3%	81%	1%	100%
<b>Doppie</b>	9%	0%	18%	9%	30%	0%	0%	0%	21%	12%	100%
<b>Feskraal</b>	0%	0%	0%	5%	14%	13%	11%	8%	49%	0%	100%
<b>Folorodwe</b>	2%	0%	0%	0%	6%	24%	0%	0%	52%	16%	100%
<b>Madimbo</b>	0%	0%	5%	5%	5%	7%	39%	8%	22%	8%	100%
<b>Nancefield</b>	2%	3%	9%	12%	16%	1%	11%	6%	31%	7%	100%
<b>Musina Municipality</b>	2%	2%	3%	5%	7%	5%	7%	6%	58%	5%	100%

Source: Census 2001

The majority of the employed population in the Musina Municipality are found in elementary occupations, represented by 58% of the population. Most occupations classified as elementary do not require high qualifications, often comprising routine tasks and some amount of physical effort. Even though the quantity of people employment in Musina Municipality is relatively high, the quality of occupation of the employed is relatively low and thus needs to be addressed by this strategy. In Soutpansberg NU approximately 80% of the people are employed in elementary occupations and in Messina NU approximately 70% are employed in elementary occupations.

In Messina SP the percentage distribution between the various occupations is relatively evenly spread, revealing a more diversified spread of occupations. In Bergview East the majority of employed people have occupations in service and shop sales (24%) and in the craft and trade sector (24%), followed by legislators and managers (18%), technicians (18%) and elementary occupations (18%). In Doppie the majority of the employed work in the service or shop sales sector (30%), followed by elementary occupations and technicians. The overwhelming majority of Madimbo residents are employed in crafts and trade related occupations, accounting for nearly 40% of the employed population. Nancefield has a large amount of persons employed in elementary occupations (31%), followed by service and shop sales (16%), clerks (12%), and crafts/trade (11%). The remaining areas have patterns of occupation similar to that of the municipal average.

The largest proportions of people employed as legislators, senior officials and managers, as well as technicians and associate professionals (18%) are found in Bergview East, while Messina SP has the highest proportion of professional workers (11%) and clerks (17%). This is consistent with the distribution of education in the sub-places, as Messina SP (10%) and Bergview East (6%) have the highest levels of tertiary education graduates in the Musina Municipality. The large proportions of people employed as legislators, senior officials, managers, service workers, shop and market sales workers and clerks is indicative of the urban nature of Bergview East, Messina SP and Nancefield.

In general, the low levels of high qualifications, as revealed by the distribution of level of skills, show that people are limited in the ability to attain occupations that require higher level skills within the Musina Municipality. The Musina Municipality is largely populated by potentially economically active (68%) and young people (30%). This implies that there is a lot of human capital available for any kind of work, but also that there is space for training and developing young and economically active people in highly qualified occupations in the relevant fields needed in Musina Municipality.

The level of employment and the type of occupations taken up by the population of the Municipality directly affects the income levels of its people. The Table below gives an indication of the annual income distribution for each of the sub-places in Musina Municipality.

The Table below indicates that approximately 16% of the population in the Musina Municipality receives no income at all. Feskraal has the highest proportion (59%) of people with no income. The Table on distribution of skills above reveals that there are not any people employed as legislators, senior officials, managers, professionals, technicians and associate professionals in Feskraal, Soutpansberg NU, Dzanani NU and Lost City. The level of skills in an area often corresponds with the levels of income.

The highest levels of income per annum for Feskraal are R1-R4 800 (earned by 16% of the working population) and R4 801-R9 600 (earned by 16% of the population) per annum. Approximately 73% of the working population in Dzanani NU earns between R1 and R4 800 per annum. It can be inferred from the distribution of skills Table above that the majority of these people are employed in elementary occupations (53%).

Table 3.19 Percentage annual household income distribution, 2001

	NO INCOME	R1 - R4 800	R4 801 - R 9 600	R9 601 - R 19 200	R19 201 - R 38 400	R38 401 - R 76 800	R76 801 - R153 600	R153 601+	TOTAL
Messina SP	15%	4%	12%	11%	11%	14%	17%	17%	100%
Bergview East	0%	0%	0%	25%	50%	0%	25%	0%	100%
Harper Mine Compound	40%	10%	20%	15%	12%	3%	0%	0%	100%
Kempo Mine Compound	30%	9%	21%	16%	15%	6%	3%	1%	100%
Lost City	39%	10%	24%	17%	8%	3%	0%	0%	100%
Dzanani NU	0%	73%	20%	4%	1%	1%	1%	0%	100%
Messina NU	4%	53%	25%	10%	3%	2%	2%	1%	100%
Soutpansberg NU	6%	48%	31%	9%	3%	1%	1%	1%	100%
Doppie	0%	33%	33%	33%	0%	0%	0%	0%	100%
Feskraal	59%	16%	16%	6%	3%	0%	0%	0%	100%
Folorodwe	12%	40%	27%	16%	5%	0%	0%	0%	100%
Madimbo	41%	7%	30%	16%	5%	0%	1%	1%	100%
Nancefield	23%	8%	20%	17%	16%	10%	4%	1%	100%
Musina Municipality	16%	30%	22%	12%	8%	5%	4%	2%	100%

Source: Census 2001

The Table above also shows that, although Doppie has no persons earning no income, it also has no persons earning more than R19 201 per annum. Messina SP has the highest percentage of people who earn R153 601 per annum and above, represented by approximately 17% of the population in this sub-place. This corresponds with the level of skills among the employed, as indicated in Table 3.18 above, which shows that there are more people with higher qualifications and occupations (e.g. managers and professionals) in Messina SP than in other areas in the Municipality. In Bergview East, half of the population (50%) earns between R19 201 and R38 400 per annum, while the rest (50%) is shared evenly between those who earn between R9 601-R19 200 and R38 401-R76 800 per annum. The annual income Table, therefore, shows that people are willing to work to earn an income, but that they are limited by a lack of high quality skills in the Municipality, in order to obtain higher annual incomes.

## 3.2 PROVINCIAL AND REGIONAL ECONOMIC PROFILE

The following sub-section provides an analysis of the broader economic context of the Municipality. The municipal economy will thus be compared to that of the Nation, Province, and District economy. A more detailed analysis of the Municipality's local economy is also provided.

### 3.2.1 Macro economic profile

To further illustrate which sectors in Musina Municipality are enjoying a competitive advantage in relation to other regions in the District, a number of economic analysis techniques are used. The terms utilised in this analysis are briefly defined hereunder:

- | **Gross Domestic Product (GDP)** of a region is a measure of the income generated in that region. The GDP is one of several measures of the size of a region's economy. The Gross Domestic Product of a region is defined as the market value of all final goods and services produced within a country in a given period of time. The higher the Gross Domestic Product the higher the income in the Region.
- | **Multiplier Effect** is a measure of the Indirect and Induced employment that is created by increasing employment in a Sector by one.
- | **Location Quotient (LQ)** is a means of comparing the performance of regions against a benchmark region, usually the Province or the Nation. It compares how a sector is performing in a region, compared to the performance of the same sector in the benchmark region. A Location Quotient of 1 means that the regions are performing equally, whereas a Location Quotient of less than 1 means that the study region is not performing as well.
- | **Industrial Mix (IM)** measures the share of regional economic change that could be attributed to the benchmark region's industry mix. It reflects the degree to which the local region specialises in industries that are fast or slow growing in the benchmark economy. A positive industry mix reveals that a region specialises in provincially fast growing industries, whereas a negative mix reveals that the region specialises in provincially declining industries.
- | **Differential Share (DS)** is reflected in the difference between the industry's local regional growth rate (or rate of decline) and the industry's benchmark region growth rate. Some regions and some industries generally grow faster than others, even during times of overall prosperity.
- | **Carvalho Scale** combines the Location Quotient, Industrial Mix and Differential Share to give a sectoral breakdown of a region's potential for growth and its potential strengths and weaknesses. The Location Quotient is used to provide information on concentration of employment or GDP, while the Industrial Mix and Differential Share components provide assessment of sector capacity for growth/decline, compared to Provincial trends (in that Sector). Therefore, the Carvalho Scale combines the two in order to classify the past growth of the economic sectors of a region into one of nine categories, based on whether it had a High, Medium or Low Location Quotient and whether it had a Leading or Lagging IM and DS. The nine classifications are provided below.

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Location Quotient	Provincial Sector Relative Growth	Local Sector Relative Growth	Carvalho Classification	Industry Targeting Classification
Location Quotient	Industrial Mix	DS		
> 1.25 (High)	Leading	Leading	Driving	Current strength
0.75 – 1.25 (Medium)	Leading	Leading	Accelerating	
< 0.75 (Low)	Leading	Leading	Rising	Emerging strength
> 1.25 (High)	Lagging	Leading	Evolving	Prospects limited by external trends
0.75 – 1.25 (Medium)	Lagging	Leading	Transitional	
< 0.75 (Low)	Lagging	Leading	Moderate	Prospects limited by weak base & external trends
> 1.25 (High)	Leading	Lagging	Promising	High priority retention target
0.75 – 1.25 (Medium)	Leading	Lagging	Yielding	
< 0.75 (Low)	Leading	Lagging	Modest	Prospects limited by weak base & declining competitiveness
> 1.25 (High)	Lagging	Lagging	Challenging	Prospects limited by external trends & declining competitiveness
0.75 – 1.25 (Medium)	Lagging	Lagging	Vulnerable	
< 0.75 (Low)	Lagging	Lagging	Marginal	Prospects limited overall

Source: Newkirk, R.S. 2002

The Table below shows the share of GDP contributed by each sector in Musina Municipality, Vhembe District, the Limpopo Province and South Africa.

As indicated by the Table below, the Mining sector (31%) made the biggest contribution to the economy of Musina Municipality in 2005. The contribution of the Mining sector has, however, decreased slightly from 2001, although it is still far higher than the average contributions made by this sector at the District, Provincial and National level. This shows the relative importance/dominance of the Mining sector to the economy of the Municipality. The second highest GDP contributing sector in the Municipality is that of the Transport and Communication sector (19%), which is most probably related to the strong Mining sector in the Municipality and the spin-offs created by the Mining sector towards the Transport sector. The contribution of the Transport sector to the economy of the Municipality has, however, increased from 14% in 2001 to 19% in 2005, which is relatively on par with the National, Provincial and District share of the Transport sector to the economy. The Finance and Business services sector is also an important sector in the Municipality, contributing 15% to the local economy. This is mainly related to the higher, on average, urbanisation rate in Musina Municipality.

Table 3.20 Percentage sectoral share of GDP per area, 2001 and 2005

	SOUTH AFRICA		LIMPOPO PROVINCE		VHEMBE DISTRICT		MUSINA MUNICIPALITY	
	2001	2005	2001	2005	2001	2005	2001	2005
Gross domestic product at basic values (Rand, constant 2000 prices) in R million	855133	1001987	57261	66130	9322	10279	994	1201
Agriculture, forestry and fishing	3%	3%	3%	3%	2%	2%	8%	7%
Mining	7%	7%	24%	26%	11%	12%	33%	31%
Manufacturing	19%	18%	4%	4%	3%	3%	4%	4%
Electricity & water	3%	2%	3%	3%	2%	3%	0%	0%
Construction	3%	3%	2%	2%	2%	2%	1%	1%
Wholesale & retail trade; catering and accommodation	15%	15%	14%	14%	14%	13%	8%	7%
Transport & communication	10%	11%	9%	11%	10%	13%	14%	19%
Finance and business services	20%	21%	16%	16%	20%	20%	15%	15%
Community, social, personal services	6%	6%	5%	5%	6%	6%	3%	3%
Government services	15%	14%	20%	17%	29%	27%	15%	13%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Source: Quantec database 2006 and Kayamandi calculations

The Finance and Business services sector share has remained relatively stable since 2001 and is also in line with the contribution made by this sector to the economy on National, Provincial and District level. Community and Government services together comprised 16% of the economy of the Musina Municipality, showing a decrease of 2% since 2001. The Musina Municipality is also substantially less dependent on the contributions made by Services sectors to the economy than that of the Vhembe District (33%) and the Limpopo Province (22%).

The Agriculture and Wholesale/Retail sectors each contributed approximately 7% to the economy of the Municipality, with the Agricultural sector comprising a higher share in the economy of the Municipality than in the District (2%), Province (3%) and South Africa (3%), while the Wholesale and Trade sector had a lower share in the local economy than in the District (13%), Province (14%), and South Africa as a whole (15%). The Manufacturing sector, at 4%, also made similar contributions to the GDP of the Municipality than to that of the District and Province, but far lower than the share of the Manufacturing sector in the South African economy (18%).

The Table below gives an indication of the contribution made by each Municipality to the District GDP and each of its sectors.

**Table 3.21 Percentage contribution of local municipalities to sectoral GDP of Vhembe District, 2004**

	MUSINA	MUTALE	THULAMELA	MAKHADO	VHEMBE
<b>Agriculture, forestry and fishing</b>	35%	3%	15%	47%	100%
<b>Mining</b>	30%	44%	18%	8%	100%
<b>Manufacturing</b>	11%	4%	34%	50%	100%
<b>Electricity &amp; water</b>	1%	6%	52%	41%	100%
<b>Construction</b>	5%	5%	46%	44%	100%
<b>Wholesale &amp; retail trade; catering and accommodation</b>	6%	2%	31%	61%	100%
<b>Transport &amp; communication</b>	15%	6%	31%	48%	100%
<b>Finance and business services</b>	9%	4%	41%	47%	100%
<b>Community, social, personal services</b>	6%	3%	33%	58%	100%
<b>Government services</b>	5%	5%	50%	39%	100%
<b>Total</b>	<b>11%</b>	<b>8%</b>	<b>37%</b>	<b>44%</b>	<b>100%</b>

Source: Quantec database 2006 and Kayamandi calculations

From the Table above, it is possible to see how the Musina Municipality is performing compared to other municipalities in the Vhembe District. The total contribution made to the economy of the Vhembe District by Musina Municipality is 11%, with Mutale Municipality and Thulamela Municipality contributing 8% and 37% respectively. Makhado Municipality made the largest contribution to the District's GDP in 2004, with 44%.

The Musina Municipality contributes a comparatively high proportion to the Agricultural sector of the District, with approximately 35%, with only Makhado Municipality exceeding this contribution. Musina Municipality also makes the second biggest contribution to the Mining sector in Vhembe, taking up a 30% share of the overall Mining output. Substantial GDP contributions are also made by the Municipality in the Transport (15%), Manufacturing (11%) and Finance and Business services (9%) sectors.

The following Table provides an indication of the growing and declining sectors on all levels of the economy.

Table 3.22 Percentage average annual GDP growth per sector, 2001 to 2005

	SOUTH AFRICA	LIMPOPO PROVINCE	VHEMBE DISTRICT	MUSINA MUNICIPALITY
Agriculture, forestry and fishing	1.9%	2.2%	2.5%	3.0%
Mining	2.7%	5.3%	5.2%	3.5%
Manufacturing	2.5%	2.1%	-0.3%	3.3%
Electricity & water	2.4%	6.7%	6.8%	9.0%
Construction	8.3%	1.3%	-0.9%	7.4%
Wholesale & retail trade; catering and accommodation	5.1%	2.8%	1.3%	2.2%
Transport & communication	6.3%	7.9%	8.0%	13.2%
Finance and business services	6.4%	3.5%	2.3%	5.5%
Community, social, personal services	2.6%	2.5%	2.6%	0.4%
Government services	1.2%	0.7%	0.1%	1.5%
<b>Total</b>	<b>4.0%</b>	<b>3.7%</b>	<b>2.5%</b>	<b>4.8%</b>

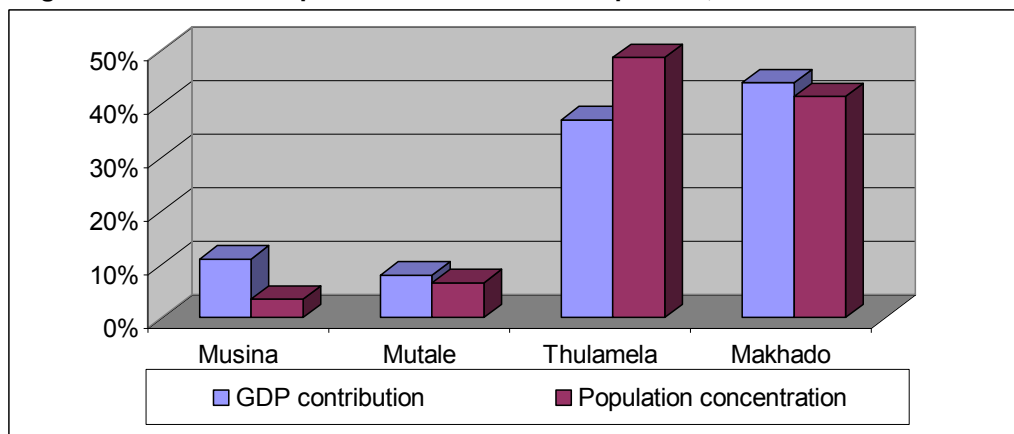
Source: Quantec database 2006 and Kayamandi calculations

The economy of South Africa as a whole appears to be a more diversified one, with the growth rates of the sectors experiencing the highest growth being very similar. In this respect, the highest growth rates on all levels are found in the Transport and Communication sector, with a 13% growth in this sector encountered in Musina Municipality. While this may suggest that the growth of this sector on more local levels is supported by a general growth in this sector, the growth rates in these regions are higher than on National level, indicating its importance in these regions, despite the industry being only moderately important in terms of its contributions to the National GDP. As discussed above, the Vhembe District relies heavily on its Mining sector, with significant average annual growth (5%) occurring in this sector over the 4 year period between 2001 and 2005.

While the Construction industry is not one of the major contributors to the GDP of the Municipality, it has also shown considerable growth (7%). The Electricity and Water and the Construction sectors have also shown considerable growth in the Municipality over this time period. While none of the sectors experienced declines in the Municipality, there generally seems to be a decline in the importance of the Manufacturing and Construction sectors at District level, where negative growth rates of -0.3% and -0.9% were experienced in these sectors respectively.

The Diagram below provides an indication of the GDP contribution made by the municipalities in the Vhembe District in comparison to the population contributions made by each.

Diagram 3.7 GDP and Population contribution comparison, 2004



Source: Quantec database 2006 and Kayamandi calculations

As is evident from the Diagram above, Musina Municipality contributes a far larger percentage to the District economy (with an 11% contribution to GDP) than its population size (with a 3% contribution to the population). Makhado Municipality is the only other municipality in the District that also contributes a larger share to the economy than its population share, although to a far lesser degree than that of Musina Municipality. This indicates that compared to its population size, Musina Municipality makes a far greater contribution to the economy than its counterpart municipalities.

The Table below outlines the Carvalho classifications and the prospects for each industry in the Musina Municipality, as compared to Vhembe District and based on the GDP growth between 2001 and 2005.

The information contained in this Table highlights the fact that the Musina Local Municipality has a comparative advantage in the Agriculture, Mining, Manufacturing and the Transport & Communication sectors, with all of these sectors having LQ's of more than 1. These sectors are, therefore, outperforming the same sectors in the Vhembe District. Furthermore, these sectors are also not only able to perform on a subsistence level, serving the local communities, but are also exporting outside of the municipal boundaries.

The remaining sectors have limited prospects, due to a weak base and external trends. This does not mean that these sectors do not have the capacity to evolve and become substantial contributors to the income of the Musina Local Municipality. Rather, these classifications indicate that attention needs to be paid to increasing the competitiveness of these sectors, as well as their linkages to other sectors in the local economy.

Table 3.23 Carvalho analysis of GDP for Musina Municipality in relation to Vhembe District, 2001 to 2005

INDUSTRY	LQ	IM	DS	CS	PROSPECTS
Agriculture, forestry and fishing	3.03	Leading	Leading	Driving	Current strength
Mining	2.62	Leading	Lagging	Promising	High priority retention target
Manufacturing	1.22	Lagging	Leading	Evolving	Prospects limited by external trends
Electricity & water	0.06	Leading	Leading	Rising	Emerging strength
Construction	0.63	Lagging	Leading	Moderate	Prospects limited by weak base & external trends
Wholesale & retail trade; catering and accommodation	0.53	Lagging	Leading	Moderate	Prospects limited by weak base & external trends
Transport & communication	1.49	Leading	Leading	Driving	Current strength
Finance and business services	0.77	Lagging	Leading	Transitional	Prospects limited by external trends
Community, social, personal services	0.50	Leading	Lagging	Modest	Prospects limited by weak base & declining competitiveness
General government services	0.48	Lagging	Leading	Moderate	Prospects limited by weak base & external trends

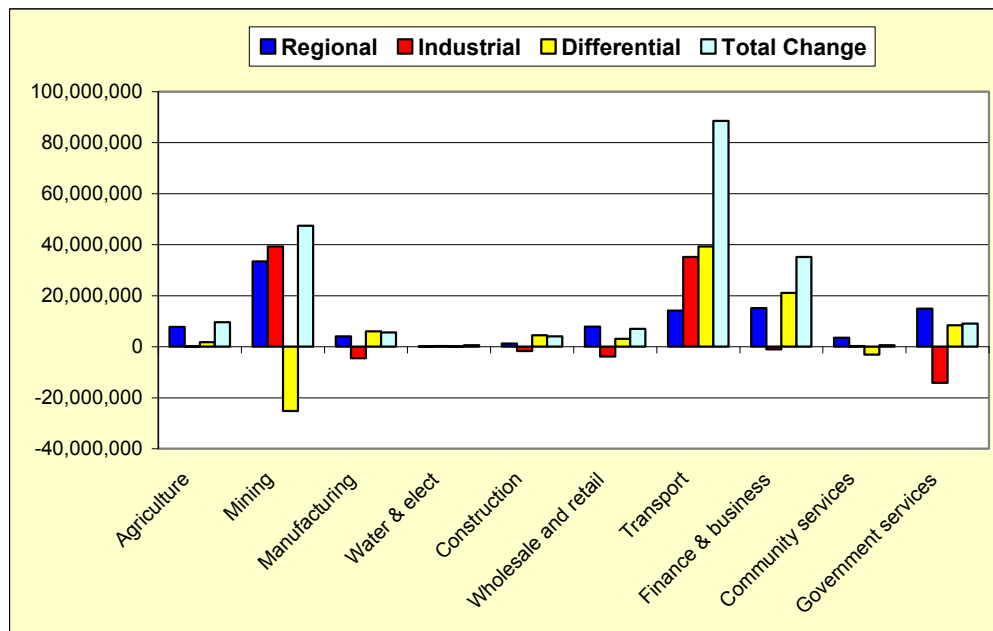
Source: Quantec database 2006, Kayamandi calculations 2007

Shift Share analysis compares the local growth/decline of a certain sector to the growth/decline experienced by the same sector in the larger region (in this case the District), as well as to the growth/decline in the overall economy of the larger region. As such, the Shift Share analysis separates the growth/decline of a specific sector locally from external factors, such as the influence of the total growth in the larger region, the influence of growth of the same sector in the larger region and the influence of local factors. The Shift Share analysis, therefore, allows a better understanding of the local economic structure.

The Diagram below illustrates the GDP shift share coefficients for Musina Municipality.

Regional Share refers to the change that could have occurred in a sector of the local economy if it had grown at an equivalent rate to the overall economy of the larger region (in this case the growth in Vhembe District). The Regional Share is, therefore, reflected in the difference between Vhembe District's GDP growth rate (or rate of decline) between 2001 and 2005 in comparison to the local sector in 2001, indicating how much of the growth in the local sector can be attributed to the economy of Vhembe District. The Regional Share across the sectors, as indicated in the Diagram below, reveals that during this timeframe none of the sectors have shown a negative share. Furthermore, it is noted that a substantial contribution to the growth in the local Mining sector can be attributed to growth in the District economy.

**Diagram 3.8 GDP Shift share change for Musina in relation to Vhembe District, 2001 to 2005**



Source: Quantec database 2006, Kayamandi calculations 2007

In terms of the Industry Mix (IM), leading sectors in the Industry Mix indicate specialisation on a local level in industries/sectors that are growing fast in the benchmark economy (Vhembe District). In Musina Municipality, the Mining and Transport sectors are well-performing sectors, which are also growing in the District. This creates opportunities for further development of these industries locally. The lagging industries are those industries showing a negative IM, indicating the sectors in which Musina Municipality are specialising, while these same sectors are experiencing a decline in the District. The lagging industries for Musina Municipality are the Manufacturing, Wholesale and Trade and notably the Government Services sectors.

The Differential Shift (DS) gives a further indication of which sectors have a comparative advantage on a local level, causing it to grow faster than the same sector in the benchmark economy. Leading industries are indicated by a positive DS and illustrate a region's comparative advantage above others. From the Diagram above, it is clear that comparative advantages in Musina Municipality in terms of the DS exist in the all but the Mining and Community Services sectors. Where industries lack comparative advantages, factors affecting these sectors should be addressed in order to retain and expand current business in these sectors, and to attract new business. The industries in Musina Municipality that have the largest comparative advantages include the Transport, Finance and Business, Government Services and Manufacturing sectors.

The contribution a sector makes to the employment of a region is also a good indication of the strength and importance of that sector in the economy. The Table below gives an indication of the performance of different sectors of the economy in Musina Municipality, compared to employment trends in the District. By utilising the Regional Share, Industrial Mix and Differential Shift, the reasons for the actual changes in employment can be derived.

**Table 3.24 Employment shift share coefficients for Musina, 2000 to 2004**

INDUSTRY	ACTUAL CHANGE	REGIONAL SHARE	INDUSTRIAL MIX	DIFFERENTIAL SHIFT
Agriculture, forestry and fishing	635	469	-125	291
Mining	3	36	-33	-1
Manufacturing	0	51	-46	-4
Electricity & water	0	0	-1	1
Construction	35	18	-37	54
Wholesale & retail trade; catering and accommodation	61	54	41	-34
Transport & communication	2	14	-21	10
Finance and business services	32	37	118	-124
Community, social and other personal services	3	81	-8	-70
General government services	245	115	-16	147
<b>Total</b>	<b>1,018</b>	<b>875</b>	<b>-128</b>	<b>270</b>

Source: Quantec database 2006, Kayamandi calculations 2007

From the Table above, it is clear that the largest increase in employment between 2000 and 2004 occurred in the Agricultural sector, with as much as 635 new jobs being created over the four year time period, followed by the Government Services sector with 245 jobs. The Table above also indicates that overall none of the sectors in Musina Municipality experienced job losses.

The Regional Share in the Table above gives an indication of the growth in employment which could have occurred in Musina Municipality if its economy had grown at the same rate as that of Vhembe District. It is, therefore, clear that a total of 875 of the 1018 jobs generated in the Musina Municipality overall can be attributed to the economy of the Vhembe District. This in effect means that Musina Municipality only generated approximately 200 jobs itself over the four year time period, or an average of 50 jobs per annum. Sectors where Musina Municipality had outperformed its potential in respect of employment generation include the Agriculture, Construction, Wholesale and Retail Trade and Government Services sectors. Large disparities between the potential employment generation and that actually achieved by the Municipality, however, occurred in the Manufacturing and Community Services sectors.



Sectors of high specialisation in fast growing sectors of the District, in terms of employment, include the Finance and Business services and the Wholesale and Retail Trade sectors, with 118 and 41 job opportunities being created in these two sectors respectively. The jobs created by these sectors are attributed to the performance of these sectors on a District level, as indicated in the Table above by the Industrial Mix. In contrast, the Agriculture sector in Musina Municipality also has a high level of specialisation, while this sector is declining on a District level. This has resulted in a loss of 125 jobs in this sector between 2000 and 2004 due to the declining performance of the sector in the District. Overall, 128 of the jobs lost in Musina Municipality between 2000 and 2004 can be attributed to the performance of the individual sectors in the District's economy over this period.

The Differential Shift indicates some form of local comparative advantage in certain sectors of the local economy. The Table above illustrates that the Agricultural sector has a particular comparative advantage in employment generation, resulting in the generation of 291 jobs between 2000 and 2004. Comparative advantages are also evident in the Government Services sector (147 jobs) and the Construction sector (54 jobs). The Finance and Business Services industry shows a particular lack of comparative advantage, with 124 potential jobs being lost in this sector as a result of this.

### **3.2.2 Local economic profile**

The purpose of this sub-section is to analyse the current economic situation of Musina Municipality on a more local level. This information gives an indication of which sectors are the main contributors to the economy of the study area, which sectors are growing and becoming more important and where opportunities are for further development and growth.

As discussed above, economic activity is generally measured in terms of its output or production. Gross Domestic Product (GDP) is a good measure of the size of an economy and represents the market value of new goods and services produced in a given period of time. The Table below sets out the contributions each sector made to the economy of the Municipality in 2005. It, therefore, gives an indication of the sectors that are most important to the economy of Musina Municipality.

The Tress Index gives an indication of the level of concentration or diversification in an economy. The Tress Index is calculated by ranking the different sectors according to their contributions in GDP or employment to the economy of a region. These values are cumulatively added and then indexed. An index of zero represents a totally diversified economy, while an index closer to 100 demonstrates a high level of concentration. It should be noted that for the purposes of the Tress Index, the GDP or employment for the Government Services and Community Services sectors are added to give a single combined sector, resulting in the ranking of 9 economic sectors.

Together with the percentage contribution each sector made to the overall economy of the Municipality in 2005, the Table below also sets out the rankings and Tress Index for Musina Municipality.

Table 3.25 Tress Index of GDP, 2005

INDUSTRY	GDP	% SHARE	RANK
Mining	372519965	31%	9
Transport and communication	226016988	19%	8
Government and community services	189104977	16%	7
Finance and business services	182118066	15%	6
Agriculture, forestry and fishing	85228389	7%	5
Wholesale, retail and trade	83160197	7%	4
Manufacturing	45268241	4%	3
Construction	16162573	1%	2
Electricity and water	1883382	0%	1
Total	1201462779	100.00	n.a
Tress Index			52

Source: Quantec database 2006, Kayamandi calculations 2007

As is evident from the Table above, the largest contributors to Musina Municipality's economy in terms of output were the Mining (31%), Transport and Communication (19%) and Government and Community services (16%) sectors, as discussed under the regional context above. These sectors contributed approximately R372 million, R226 million, and R189 million respectively to the total GDP of Musina Municipality in 2005.

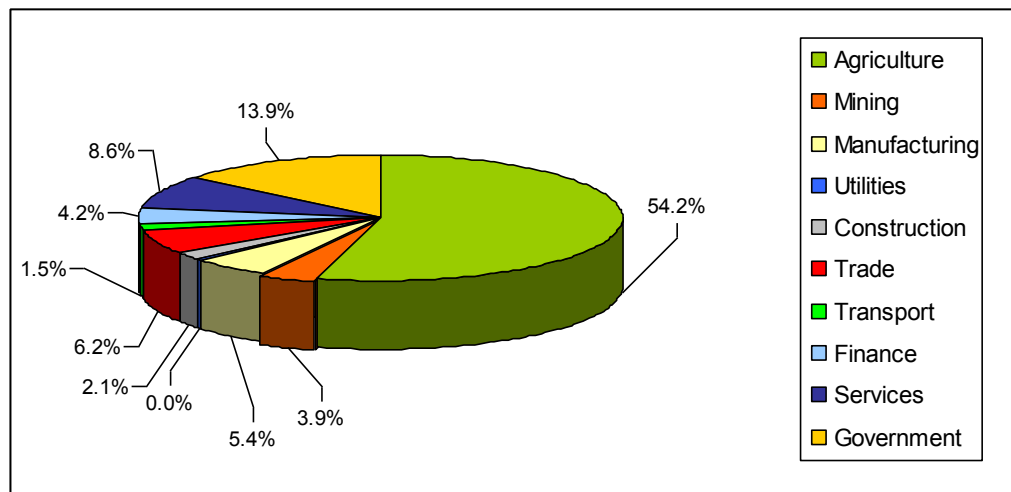
The Tress Index for Musina Municipality measures at 52, which demonstrates a relatively diversified economy. In terms of GDP, the economy of Musina Municipality has remained at the same level of diversification since 2001.

When an economy is diversified, it means that the local economy is not particularly dependent or dominated by a single economic sector, which also prevents the entire local economy from being vulnerable to changes occurring in one specific sector. While the Municipality's economy is shown to be fairly diversified in terms of its sectoral contributions to GDP, almost a third of the Municipality's GDP is generated by the Mining sector, leaving the local economy somewhat vulnerable to fluctuations and changes in this sector. Therefore, there is much scope for greater diversification of the Municipality's economy.

A further indicator of how well a sector is performing in the economy is the employment it generates for the economy of the region as a whole.

The Diagram below breaks down the employment for Musina Municipality in 2004.

Diagram 3.9 Sectoral Percentage distribution of employment, 2004



Source: Quantec database 2006, Kayamandi calculations, 2007

In 2004, the Agriculture sector by far made the largest contribution to the employment in Musina Municipality, absorbing more than half (54.2%) of the local employment. The Government (13.9%) and Community Services (8.6%) sectors also made significant contributions to local employment.

The Mining sector only provided employment for approximately 4% of the total labour force, this despite the fact that the Mining sector contributed almost a third of the GDP generated by the Municipality. This indicates that, while the Mining industry remains an important economic sector for the Municipality, it is not supplying a large number of jobs opportunities.

The Table below gives an indication of the growth in employment per sector for Musina Municipality.

It is clear from the 1.7% employment growth, as indicated in the Table below, that there was an increase in employment opportunities between 2000 and 2004 of 1 018 new job opportunities at an average of 248 jobs per annum. The fact that more employment opportunities are being created is an indication that the economy of the region is growing. However, an average employment creation of 248 jobs per annum is severely low.

The highest growth rate in terms of employment was experienced in the Government Services sector, recording a growth rate of 3.13%. Higher employment growth rates were also achieved by the Construction (2.93%) and Agricultural (2.03%) sectors.

While the Government Services sector experienced the highest growth rate, it did not generate the most number of jobs per year to the economy of Musina (due to a relatively smaller base). The Agricultural sector generated an average of 154 jobs per annum during the aforementioned time period, creating 635 new jobs between 2000 and 2004.

Table 3.26 Employment growth per sector for Musina Municipality

INDUSTRY	2000	2004	GROWTH RATE (%)	AVERAGE JOBS CREATED PER ANNUM
Agriculture, forestry and fishing	7608	8243	2.03	154
Mining	586	589	0.13	1
Manufacturing	820	820	0.01	0
Electricity & water	6	7	1.81	0
Construction	288	324	2.93	8
Wholesale & retail trade; catering and accommodation	879	940	1.69	15
Transport & communication	220	221	0.21	0
Finance and business services	607	639	1.28	8
Community, social and other personal services	1310	1313	0.06	1
General government services	1869	2114	3.13	58
<b>Total</b>	<b>14192</b>	<b>15210</b>	<b>1.7</b>	<b>248</b>

Source: Quantec database 2006, Kayamandi calculations 2007

As is evident from the Table above, none of the sectors showed negative growth rates, ensuring that none of the sectors lost labour force. However, the Manufacturing, Community Services, Mining and Transport sectors all showed almost negligible growth in terms of employment, together only generating 2 job opportunities per annum. Nonetheless, these four sectors together still made up more than 19% of the economy's work force.

The Tress Index can also be utilised to understand how concentrated or diversified the economy is in generating employment opportunities in the different sectors. The Table below sets out the Tress Index in terms of employment for Musina Municipality.

Table 3.27 Tress Index for employment, 2005

Industry	Employment	% Share	Rank
Agriculture, forestry and fishing	8243	54%	9
Government and community services	3427	23%	8
Wholesale & retail trade	940	6%	7
Manufacturing	820	5%	6
Finance and business services	639	4%	5
Mining	589	4%	4
Construction	324	2%	3
Transport & communication	221	1%	2
Electricity & water	7	0%	1
<b>TOTAL</b>	<b>15210</b>	<b>100%</b>	<b>n.a</b>
<b>Tress Index</b>			<b>72</b>

Source: Quantec database 2006, Kayamandi calculations 2007

As discussed above, the Agriculture and the Government and Community Services sectors are the most important sectors in terms of job creation, with as much as 54% of the people employed in Musina Municipality working in the Agriculture sector and 23% in the Government and Community Services sectors. The Tress Index for Musina in terms of employment is 72, which indicates a less diversified economy in terms of job creation, as compared to the Tress Index of 52 for GDP.

As discussed above, the labour force is mainly concentrated in two sectors namely the Agriculture and the Government and Community Services sectors, which together represent more than three quarters of the labour force. The economy has remained largely unchanged since 2000 in terms of employment diversification, when the Tress Index also measured at 72. In terms of the contribution share each sector makes to the economy, it is evident that the GDP contribution to the economy is more diversified than the sectoral labour force contribution.

### 3.3 DEVELOPMENT CONSTRAINTS AND OPPORTUNITIES

This sub-section analyses the broad constraints and opportunities derived from the legislative context (Section 2) and the Socio-economic and Economic profiles (Section 3) of the municipal area, as discussed above. More detailed constraints and opportunities are discussed in subsequent sections, following further sectoral analysis.

#### 3.3.1 Development constraints

The Limpopo Spatial Rationale (2002) indicates that Musina Municipality has a dualistic economy comprising a “commercial” component largely located in Messina (urban area) and a “non-commercial” component. Problems encountered in respect of the non-commercial component are:

- | The natural resource base and economy does not have the capacity to support the total population, forcing a large percentage of the labour force to seek employment opportunities outside of the Municipality (e.g. Polokwane and also Gauteng), etc.;
- | The low levels of income (from the formal sector) forced a portion of the population still residing in the area to enter and participate in informal and marginal activities (e.g. subsistence farming);
- | The low levels of income also imply low levels of buying power and, therefore, few opportunities for related activities such as trade. This in turn also supports the leakage of buying power, since there are fewer local outlets to buy from;
- | Due to low levels of buying power, there is an inability of the community to pay for even the most basic level of services or to pay taxes (e.g. property tax). This situation on the other hand undermines the financial feasibility of the local Municipality and makes it difficult to provide the necessary social services and municipal infrastructure in the area; and
- | Land claims are a major factor influencing development. A total of approximately 781 920ha (representing 30,53% of the total area of the Vhembe district) is subject to land claims. Most of the claims and land affected by these claims are situated in

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the Makhado and Musina Local Municipality areas. In Musina Municipality, a total of 210 farms have land claims lodged against them. The total area of the Municipality is 757 829ha and the amount of land claimed is approximately 279 109ha, which comprises more than a third (36%) of the Municipality. The land claims process is a lengthy one, which apart from the fact that no development can take place on land that has been claimed until the claim has been settled, also creates some uncertainty, with possible investors being reluctant to invest in land until the land claim issues have been resolved.

A key problem area relating to the commercial component of the economy is that there is a real possibility that progressively less water will be available in future for irrigation purposes. This will seriously affect the production levels of the Agriculture sector, which at present represents one of the drivers of the local economy. The commercial Agricultural sector will also be impacted upon by factors such as rainfall, the Water Services Act, National Water Policy and land reform (more specifically restitution).

Other key constraints/problems/issues in terms of the development of Musina Municipality include:

- | The economic relationship between the settlements in the Municipality and Messina CBD are not yet strong;
- | Employment opportunities in Musina should also benefit people from the other settlements;
- | There is a shortage of job opportunities and job creation in the area;
- | Established businesses and farmers still prefer to employ immigrants at lower wages;
- | SMMEs need financial assistance to expand their businesses and to promote/advertise their products; and
- | There is a lack of finance to pursue farming projects.

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In terms of the socio-economic characteristics of the local population, the employment rate for the Municipality is relatively high, with as much as 75% of people of working age who are actively seeking employment being able to secure a job. However, the majority of the employed population are found in elementary occupations, which require little or no skills. This is reflected in the education levels of the local population, with as much as 20% of the population having no form of education whatsoever. This, to some extent, constrains the development potential of the Municipality in the development of more advanced industries. The level of employment and type of occupations taken up by the population of the Municipality directly affects their income levels. Therefore, in terms of job creation, this Strategy needs to focus on the quality of jobs created, rather than the quantity.

Musina Municipality's economy is rather centred on the Mining sector, leaving the local economy fairly vulnerable for any significant changes in this industry. Similarly, employment in the Municipality is also fairly concentrated in the Agricultural sector. It is, therefore, important that the Municipality seeks to further diversify its economy into other sectors. Furthermore, the Construction and Manufacturing sectors of the Municipality are some of the lowest performing sectors of the local economy. While these sectors have

the potential to generated significant growth for a region, Musina Municipality is experiencing a lack of these activities. This means that these services have to be sourced from outside of the municipal boundaries, resulting in money flowing out of the local economy.

### **3.3.2 Development opportunities**

Agricultural activities take up large portions of land in the Municipality, with more than half of the employed population being employed in this sector. The Agricultural sector of Musina Municipality also contributes approximately 35% to the same sector in the District, confirming its importance to the local economy. This, therefore, represents a current strength for the Municipality, which creates further opportunities for expansion, as well as the development of linkages with other sectors of the economy, creating further opportunities for job creation. In this respect, it is essential that job opportunities are spread to also include people from the settlements in the eastern parts of the Municipality, which are very rural in nature and not reaping the same benefits as the population in the urban populations surrounding Musina town.

The Manufacturing sector of the economy is not currently performing well. However, given the strong Agricultural base, opportunities for the expansion of the Manufacturing industry exists through agro-processing and other activities.

Musina Municipality benefits from a potentially economically active population that comprises approximately 70% of the total population, which provides the Municipality with a large human resource base. This allows opportunities for development projects to involve and benefit local people. The age distribution of the Municipality's population also indicates a fairly young potential economically active population, necessitating development to focus on the youth.

In terms of economic indicators, the Municipality also enjoys comparative advantages in the Agriculture, Mining, Manufacturing and Transport industries, compared to the District. The Municipality should therefore capitalise on these advantages to further strengthen its position in the District. Furthermore, the fastest growing sectors in the Municipality were those of the Transport and Construction sectors. The current growth occurring in these sectors should be exploited to ensure the creation of new job opportunities for local people.

In conclusion, the Municipality has inherent potential in its natural resource base, namely Mining, Agriculture and tourism opportunities, from which the economic base can be diversified, backward and forward linkages can be created and job creation can be maximised. More detailed development opportunities and constraints, however, will be discussed in subsequent sections of this report.