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Economic data and sector study for Mangaung Local Municipality

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Centre for Development Support
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Economic data and sector study for Mangaung Local Municipality

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SECTION A:	**BACKGROUND AND INTRODUCTION**	**1**
A1.	Introduction and understanding of the need for an economic data and sector study for MLM	2
A2.	Aim and objectives of the study	2
A3.	Methodology	3
A4.	Outline of the document	3
SECTION B:	**UPDATE OF DATA IN ECONOMIC DEVELOPMENT STRATEGY**	**4**
B1.	Introduction and methodology	5
B2.	Broad economic overview	6
B2.1	Sectoral overview	6
B2.2	The relative importance of the MLM economy	8
B2.3	Economic output	9
B2.4	The proportional share of the broad economic sectors per subarea	11
B2.5	Economic growth per broad sector	12
B2.6	Degree of economic diversity	14
B3.	An analysis of detailed economic sectors	14
B3.1	Agriculture	16
B3.2	Mining	17
B3.3	Manufacturing	19
B3.4	Electricity, water and gas	22
B3.5	Trade	24
B3.6	Transport	26
B3.7	Finance	29
B3.8	Community services	31
B4.	Social indicators	33
B4.1	Introduction	33
B4.2	Population by race and population growth per area in MLM	33
B4.3	Average household size in MLM	36
B4.4	Population density	36
B4.5	Human Development Index	37

B4.6	Urbanisation	38
B4.7	HIV/AIDS prevalence rate	38
B5.	Employment overview of broad sectors	40
B5.1	Introduction	40
B5.2	Economically active people	42
B5.3	Unemployment	44
B5.4	Employment share per economic sector	46
B5.5	Employment versus production	49
B5.6	Informal-sector employment	51
B5.7	Employment per area	53
B6.	Employment per broad sector	55
B6.1	Introduction	55
B6.2	Formal employment by detailed sector compared with the GVA contribution	55
B6.3	Agriculture	57
B6.4	Mining	57
B6.5	Manufacturing	58
B6.6	Electricity, gas and water	59
B6.7	Trade	60
B6.8	Transport	61
B6.9	Finance and real estate	62
B6.10	Community services	62
B6.11	Labour-remuneration sector share	63
B6.12	Occupation profile	64
B7.	Income overview	65
B7.1	Household income	66
B7.2	Average annual household income	67
B7.3	Average annual per capita income by area	67
B7.4	Number of persons living in poverty	68
B7.5	Gini coefficient	69
B7.6	Household expenditure	70

List of Figures:

FIGURE B1:	Economic profile per broad sector in MLM, 2007 (current prices in respect of GDP-R were used)	6
FIGURE B2:	Economic profile per broad sector in MLM, 1990, 2001, 2004, 2007 (%) (current prices in respect of GDP-R were used)	7
FIGURE B3:	Relative economic size per centre 2001, 2004 and 2007 (constant 2000 prices were used)	10
FIGURE B4:	GVA of agriculture per subsector proportion in MLM, 2007 (using constant 2000 figures)	16
FIGURE B5:	GVA of mining per subsector proportion in MLM, 2007 (using constant 2000 figures)	18
FIGURE B6:	GVA of the manufacturing sector per proportion of each subsector for MLM, 2007 (using constant 2000 prices)	20
FIGURE B7:	GVA of electricity/gas/water sector per subsector proportion in MLM, 2007 (using constant 2000 prices)	23
FIGURE B8:	GVA of trade sector per subsector proportion in MLM, 2007 ((using constant 2000 prices)	24
FIGURE B9:	Number of bednights per province for Quarter Three, 2004 and 2007	26
FIGURE B10:	GVA of transport per subsector for MLM, 2007 (using constant 2000 prices)	27
FIGURE B11:	GVA of finance and real estate per subsector for MLM, 2007 (using constant 2000 prices)	29
FIGURE B12:	GVA of community services subsectors for MLM, 2007 (using constant 2000 prices)	31
FIGURE B13:	The trajectory of HIV and AIDS in the Free State, 1992 - 2010	40
FIGURE B14:	Formal employment per subsector in agriculture for MLM, 2007	57
FIGURE B15:	Formal employment share by subsector in the mining sector for MLM, 2007	58
FIGURE B16:	Formal employment share subsector in the manufacturing sector for MLM, 2007	58

FIGURE B17:	Formal employment share by subsector in electricity/gas/water sector for MLM, 2007	60
FIGURE B18:	Formal employment share by subsector in trade for MLM, 2007	60
FIGURE B19:	Formal employment share by subsector in transport for MLM, 2007	61
FIGURE B20:	Formal employment share by subsector in finance and Real estate for MLM, 2007	62
FIGURE B21:	Formal employment share by subsector in community services for MLM, 2007	63

List of Tables:

TABLE B1:	Relative importance of the MLM economy in terms of South Africa, the Free State and Motheo, 2001, 2004 and 2007 (GVA at current prices were used)	8
TABLE B2:	GDP by magisterial district, 1996, 2001, 2002, 2003, 2004, 2005, 2006 (in constant 2000 prices - x 1000)	10
TABLE B3:	GDP per capita for MLM area per subareas (Rand), 1996, 2001, 2004 and 2007 (constant 2000 prices and current prices x R1000)	11
TABLE B4:	Percentage economic contribution per broad economic sector and subarea, 2001, 2004 and 2007 (GVA constant 2000 prices were used)	12
TABLE B5:	Broad economic profile of MLM, 2001, 2004 and 2007 (GVA constant 2000 prices were used x R1000)	13
TABLE B6:	A framework for analysis of economic growth per sector, 2004 – 2007.	14
TABLE B7:	Tress Index by magisterial district, 1990, 1996, 2001, 2004 and 2007	14
TABLE B8:	Detailed economic profile by subsector for MLM 2001, 2004 and 2007 (GVA by constant 2000 figures x R1000)	15
TABLE B9:	GVA of agriculture sector per subsector for MLM, 1996, 2001, 2004 and 2007 (using constant 2000 figure x R1000)	17
TABLE B10:	GVA of mining sector per subsector for MLM, 1996, 2001, 2004 and 2007 (using constant 2000 prices x R1000)	19
TABLE B11:	GVA of the manufacturing sector per subsector for MLM, 1996, 2001, 2004 and 2007 (constant 2000 prices used x R1000)	21
TABLE B12:	GVA of electricity/gas/water sector per subsector for MLM, 1996, 2001, 2004 and 2007 (constant 2000 prices were used – X R1000)	23
TABLE B13:	GVA of trade sector per subsector for MLM, 1996, 2001, 2004 and 2007 (constant 2000 figures were used – xR1000)	25

TABLE B14:	GVA of transport per subsector in MLM, 1996, 2001, 2004 and 2007 (using constant 2000 prices – x R1000)	28
TABLE B15:	GVA of the finance subsectors for MLM, 1996, 2001, 2004 and 2007 (constant 2000 prices were used – x R1000)	30
TABLE B16:	GVA of community services subsectors for MLM, 1996, 2001, 2004, 2005, 2006 (constant 2000 prices were used – x R1000)	32
TABLE B17:	Population by race for MLM, 2001, 2004, 2005, 2006 (Regional Explorer Database)	34
TABLE B18:	Population by race for MLM, 1991 - 2006 (Census data)	35
TABLE B19:	Average household size for MLM area (2001)	36
TABLE B20:	Population density by area (persons per km^2) in MLM, 1996, 2001, 2002, 2003, 2007	36
TABLE B21:	HDI by race and area, 1996, 2001, 2002, 2003, 2004, 2007	37
TABLE B22:	Urbanisation rate by area (% persons urbanised), 1996, 2001, 2002, 2004, 2007	38
TABLE B23:	HIV-prevalence rate for pregnant women in the Free State, 1999 – 2003, 2006	39
TABLE B24:	Employment creation in the broad sectors of the MLM economy, 2001, 2004 and 2007	41
TABLE B25:	Number of economically active persons by sex and area, 1996, 2001, 2002, 2003, 2004 and 2007	43
TABLE B26:	Number of unemployed persons by sex and area, 1996, 2001, 2002, 2003, 2004 and 2007	45
TABLE B27:	Formal employment by economic sector and area (percentage distribution), 1996, 2001, 2002, 2003, 2004 and 2007	46
TABLE B28:	Comparison of formal employment and production for MLM (1996, 2004 and 2007)	49
TABLE B29:	Informal sector employment by sector for MLM (percentage distribution), 1996, 2001, 2004	52
TABLE B30:	Total employment by economic sector in MLM compared with the Free State and South Africa, (percentage distribution), 1996, 2001, 2002, 2003, 2004, 2005, 2006	53

TABLE B31:	Formal employment percentage and GVA percentage by subsector for MLM, 2001, 2004 and 2007	55
TABLE B32:	Labour remuneration sector share for MLM, 2001, 2004 and 2007	64
TABLE B33:	Labour-force occupation profile for MLM, 1996	65
TABLE B34:	Labour-force occupation profile for MLM, 2001	65
TABLE B35:	Household-income profile for MLM, 1996, 2001, 2002, 2003, 2004 and 2007	66
TABLE B36:	Average annual household income for the MLM area, 1996, 2001, 2002, 2003, 2004 and 2007 (Current prices)	67
TABLE B37:	Average annual per capita income by area in MLM and in comparison with South Africa and the Free State, 1996, 2001, 2002, 2003, 2004 and 2007	68
TABLE B38:	Number of persons living in poverty nationally, in the Free State and in MLM, 1996, 2001, 2002, 2003, 2004, 2005, 2006	68
TABLE B39:	Gini coefficient by area (1996, 2001, 2002, 2003, 2004 and 2007)	69
TABLE B40:	Expenditure patterns per household in Mangaung, 2001 and 2004	71

SECTION A: BACKGROUND AND INTRODUCTION

A1. Introduction and understanding of the need for an economic data and sector study for MLM

The Centre for Development Support (CDS) at the Free State University was requested to conduct this economic data and sector study for the Mangaung Local Municipality (MLM). Both the Integrated Development Plan (IDP) and the Economic Development Strategy set various indicators and employ various pieces of data to inform the IDP and the Economic Development Strategy. Yet, the challenge is to ensure that the data employed to inform the Municipality is up to date. The IDP document states: "The municipality will ensure that the information required to monitor and understand the key social and economic trends in the area is systematically collected and analysed in order to have sufficient credible data to evaluate the impact of its activities and to plan and act more effectively." The IDP document also acknowledges the fact that a poor database exists in respect of supporting decision making.

A2. Aim and objectives of the study

The aim of the study is twofold: firstly, to provide the MLM with key economic data related to the MLM's Economic Development Strategy; secondly, to suggest and to test an adequate methodology for measuring the targets set in the IDP and Economic Development Strategy for which obvious data are not available. The following objectives are set in respect of the collection of key economic data for the MLM's Economic Development Strategy:

- Objective 1: To develop a profile of the changing economic profile of the MLM (It should be noted that the latest information available in the Economic Development Strategy and the IDP is for 2001). The update will reflect data available up to 2007. These estimates will be made by following the trends of the previous years. It should also be noted that the estimates will be provided in table / figure format and that brief interpretations are provided.

Concerning the objective with regard to the development of the methodology, the total methodology (updating existing data, as well as the financial implications of the new methodology) will be costed. This should enable the Municipality to determine the long-term cost implications of ensuring that adequate data are available.

A3. Methodology

The methodological approach is to update the mainstream data available for MLM in terms of the existing document of the Economic Development Strategy by means of the Regional Explorer Database. The 2005 information is currently not available, but could become come available later this year.

A4. Outline of the document

The document is outlined as follows:

- This section, Section A provides an overview of the main aims and methodologies to be followed.
- Section B deals with the updating of the data in the economic development strategy of MLM.

SECTION B: UPDATE OF DATA IN ECONOMIC DEVELOPMENT STRATEGY

B1. Introduction and methodology

This section attempts to update the data profile in the MLM's Economic Development Strategy. The Economic Development Strategy was developed in 2003 with the available economic data. This document updates the information up to 2004. Simultaneously, the rates of growth and decline between 2001 and 2004 are employed to make projections for 2005 and 2006.

Methodologically, the document is based mainly on the Regional Explorer Database of Global Insight. This is probably the most up-to-date database available in South Africa. The data is reflected for MLM by combining the magisterial districts of Bloemfontein, Botshabelo and Thaba Nchu. Combining these three magisterial districts to form MLM provides a fairly accurate framework, except for the agricultural sector. The problem with the agricultural sector is that the boundaries of the Bloemfontein magisterial district and that of MLM do not overlay 100%. In cases where other databases and information (for example census data) were used, this will specifically be indicated. Overall, the document attempts to identify trends rather than to provide a full description of each sector or subsector as was done in the original Economic Development Strategy.

A further methodological problem was that the data from the Regional Explorer Database and that of the EDS in 2001 did not always correspond. Initially, we considered using the 2001 figures in the EDS as the baseline. Unfortunately, this was not possible as too many discrepancies came to the fore. There are two reasons for this: first, the database could have been changed since 2001; second, the EDS did not for example provide adequate information on detailed aspects such as whether, for example, current figures or the 2000 constant figures had been used. The CDS committed itself to making this clear in the update document. Finally, it should also be mentioned that these differences were not all that significant, but that it was nevertheless better to use the database in its current form.

The document is outlined as follows:

- It starts off with an economic analysis by using the broad economic sectors as a point of departure (Section Two). Specific attention is devoted to economic growth, the relative contribution of the various sectors, as well as the contribution of the three magisterial districts.

- The third section of the document considers the economic analysis within the detailed economic sectors. Once again the emphasis will fall on the relative contribution of the subsectors, on economic growth and on the relative contribution of the three main areas in MLM.
- The fourth section provides an update on socio-economic information.
- Section Five assesses trends in employment by sector.
- Section Six deals with employment issues within each of the subsectors.
- Finally, in Section Seven, an overview of income is provided.

B2. Broad economic overview

This chapter provides an outline of the economy in MLM by using the broad economic sectors.

B2.1 Sectoral overview

Figure B1 and Figure B2, respectively, provide an overview of the relative contribution of the broad economic sectors in 2007, and also of the trend in the relative contribution since 2001.

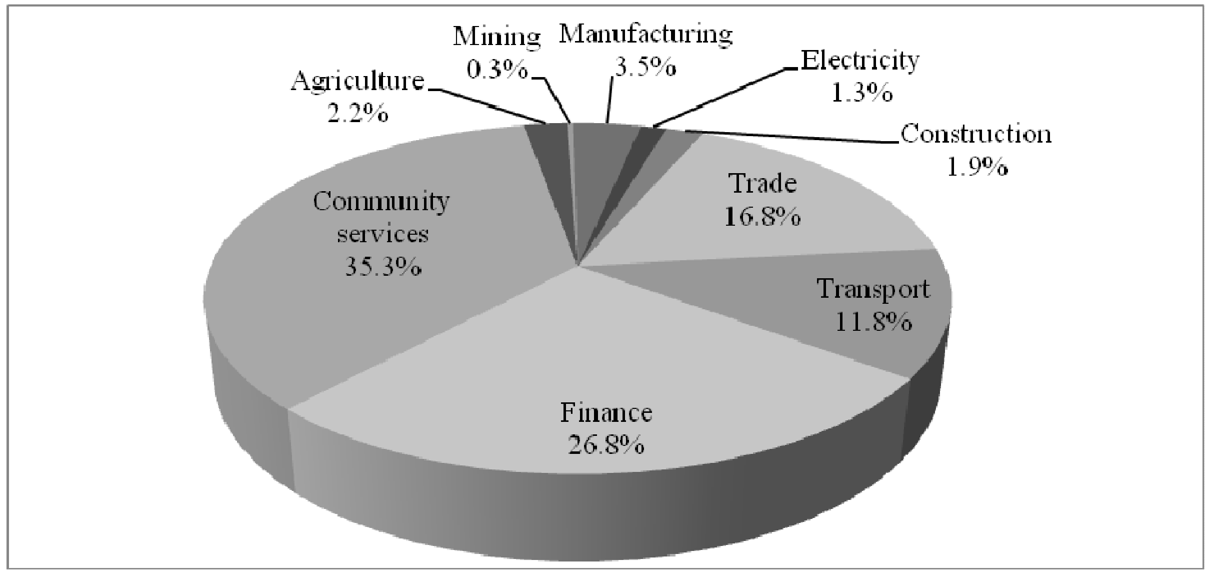

FIGURE B1: Economic profile per broad sector in MLM, 2007 (current prices in respect of GDP-R were used)

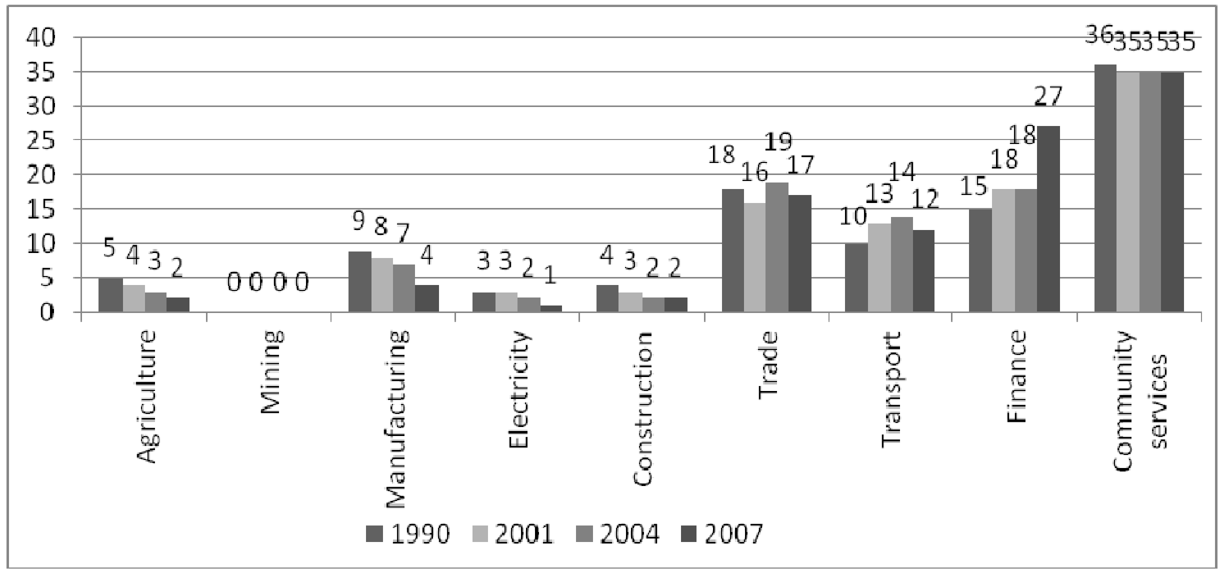

FIGURE B2: Economic profile per broad sector in MLM, 1990, 2001, 2004, 2007 (%) (current prices in respect of GDP-R were used)

A number of comments need to be made regarding the two tables above:

- The projected figures indicate that the relative contribution of agriculture, manufacturing, electricity and construction declined between 1990 to to 2007.
- Community services and mining maintained the same relative contribution. However, mining is virtually non-existent considering the economy of MLM.
- Trade and transport increased their share of the economy between 2001 and 2004 but were in decline between 2004 and 2007.
- The largest increase was seen in finance, which increased its relative contribution to the MLM economy from 18% in 2001 and 2004, to 27% in 2007.

When the current economy is grouped into primary, secondary and tertiary sectors, it seems as if the disproportionate size of the tertiary sector has increased even further. The current level for the tertiary sector is 92%. This is 6 percentage points more than in 2004, 10 percentage points more than in 2001 and 15 percentage points more than in 1990. Both the secondary and primary sectors declined proportionally. In the primary sector the decline was from 3% to 2% while the secondary sector declined from 11% in 2004 to 7% in 2007.

B2.2 The relative importance of the MLM economy

The emphasis now shifts to the relative importance of the MLM economy measured in relation to the rest of South Africa, the Free State and Motheo (see Table B1). This is measured in terms of Gross Value Added (GVA).

TABLE B1: Relative importance of the MLM economy in terms of South Africa, the Free State and Motheo, 2001, 2004 and 2007 (GVA at current prices were used)

	% of RSA			% of Free State		
Sector	**2001**	**2004**	**2007**	**2001**	**2004**	**2007**
Agriculture	1.5	1.4	1.1	12.1	12.1	12.0
Mining	0.1	0.1	0.1	0.5	0.8	0.9
Manufacturing	0.7	0.5	0.3	12.8	12.2	7.8
Electricity	1.6	1.4	0.9	19.0	18.0	13.5
Construction	1.7	1.2	1.1	38.3	42.3	38.4
Trade	1.9	1.9	2.1	41.3	46.2	44.1
Transport	2.0	1.9	2.2	44.4	50.7	48.4
Finance	1.5	1.3	2.1	44.5	49.8	45.0
Community services	2.7	2.6	3.0	41.4	43.0	43.2
Total	1.5	1.5	1.7	25.5	32.6	31.5

It is essential that the following comments be made in respect of Table B1 above:

- The share of the total economic contribution for South Africa remained the same between 2001 and 2004 (1.5%) but rose to 1.7% in 2007. In the case of the Free State, MLM increased its share of the Free State's economy from 25.5% in 2001 to 32.6% in 2004 but it again fell slightly to 31.5% in 2007. Regarding the MLM national population share of 1.5%, it should be mentioned that the 1.7% economic contribution was indeed equal to the population share. The economic contribution of 31.5% in the Free State in 2004 was however considerably larger than its share of the provincial population of approximately 25%.
- Agriculture decreased its share of the national agricultural economic output from 1.5% in 2001, to 1.4% in 2004, and 1.1% in 2007. However, provincially, the percentage remained stable (around 12%).
- Virtually no changes are visible nationally or provincially in respect of mining.
- In terms of manufacturing, there was a decrease in the national contribution (from 0.6%, to 0.5%, to 0.3), and while the Free State share remained steady between 2001 and 2004, it fell sharply from 12.2% in 2004, to 7.8% in 2007.
- While there was only a minor decrease between 2001 and 2004 in respect of electricity there were however steep strong decreases of both the national (from 1.4% to 0.9%) and provincial shares (from 18% to 13.5%).

- Construction decreased only slightly nationally (0.1%), but returned to 2001 levels (around 38%) after a brief increase of four percentage points between 2001 and 2004. Trade remained similar at the national level between 2001 and 2007, while at the provincial level some of the initially strong growth between 2001 and 2004 was lost.
- Nationally, the contribution of transport showed net growth (of 0.3 percentage points) between 2001 and 2007. Provincially, the strong growth between 2001 and 2004 (from 44% - 50.7%) was reversed somewhat by a drop of 2.3 percentage points. Transport also remained the sector in which MLM had the highest percentage share in the Free State.
- In finance, the national contribution showed strong growth from 1.5% in 2001 to 2.1% in 2007 (after initially falling to 1.3%). Provincially, an increase of 5.3 percentage points was recorded between 2001 and 2004; however, only half a percentage point was retained up to 2007. Community services more or less retained it proportional share nationally between 2001 and 2007, showing only 0.2 percentage point growth. However, at the district level an increase of 7.1 percentage points was recorded between 2001 and 2004, though 1.1 percentage points were lost by 2007.

Overall, the above picture portrays a situation in which MLM's contribution to the national economy remained the same as in 2001, but in terms of the Free State itself the contribution increased considerably. This also reflects the principles of the NSDP, namely that economic growth is likely to occur in the areas currently contributing to economic growth.

B2.3 Economic output

The 2007 GDP per region (current price) for MLM is estimated at R33 751 926 000. In constant 2000 figures (to be used in Table B2) the amount is R18 971 079 000. The GDP per region Table B2 sketches the overview of GDP per subarea and also indicates the growth rate. Figure B3 provides an overview of the relative contribution of the three subareas to the MLM economy.

TABLE B2: GDP by magisterial district, 1996, 2001, 2002, 2003, 2004, 2005, 2006 (in constant 2000 prices - x 1000)

Year	MLM	Botshabelo	Bloemfontein	Thaba Nchu
1996	12,906,250	761,765	11,276,012	868,473
2001	14,077,902	824,207	12,348,750	904,945
2002	14,496,626	836,900	12,727,478	932,248
2003	14,927,682	834,601	13,125,986	967,095
2004	15,647,230	867,956	13,774,936	1,004,338
2007	18,971,079	981,044	16,914,022	1,076,014
Growth p.a. (2001-2004)	3.59	1.74	3.71	3.53
Growth p.a. (2004-2007)	9.50	8.55	9.86	5.08
Growth p.a. (2001-2007)	6.50	5.09	6.74	4.31

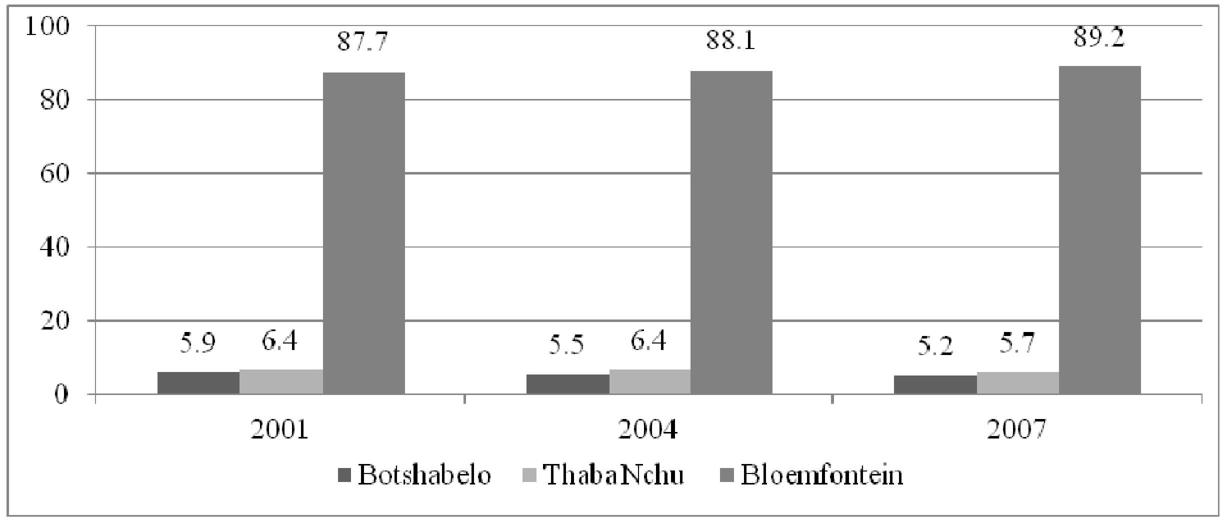

FIGURE B3: Relative economic size per centre 2001, 2004 and 2007 (constant 2000 prices were used)

Table B2 indicate that the overall annual economic growth rate for MLM was 3.59% between 2001 and 2004 and that the was a significantly higher growth of 9.5% between 2004 and 2007. The economic growth rate for Bloemfontein between 2004 and 2007 was 9.86%, compared with 8.55% for Botshabelo, while that of Thaba Nchu was considerably less at 5.08% per annum. The data in Figure B3 confirms that the Bloemfontein economy was in 2007 increasing its proportional share of the economy and that it is set to continue doing so in future. The GDP per capita is considered in Table B3 below. As the constant prices are employed in the projections, a distinction is drawn between constant prices and current prices,

TABLE B3: GDP per capita for MLM area per subareas (Rand), 1996, 2001, 2004 and 2007 (constant 2000 prices and current prices x R1000)

Date	Botshabelo		Bloemfontein		Thaba Nchu	
	Current prices	Constant 2000 prices	Current prices	Constant 2000 prices	Current prices	Constant 2000 prices
1996	3,530	4,735	22,618	30,370	7,098	9,507
2001	4,874	4,592	33,168	31,182	10,124	9,565
2002	5,397	4,658	36,697	31,764	11,031	9,583
2003	5,855	4,764	39,549	32,407	11,480	9,442
2004	6,389	4,884	43,616	33,676	12,537	9,712
2007	10,206	6,177	70,200	42,682	22,604	14,052
Growth p.a. (2001-2004)	n/a	2.08	n/a	2.60	n/a	0.51
Growth p.a. (2004-2007)	n/a	8.14	n/a	8.22	n/a	13.10
Growth p.a. (2001-2007)	n/a	5.07	n/a	5.37	n/a	6.62

The current 2007 GDP per capita in Bloemfontein was R70 200 compared with R14 052 in Thaba Nchu and R10 206 in Botshabelo. With regard to constant prices and growth in constant prices, it is noteworthy that the GDP per capita increased in each of the three the areas between 2001 and 2007. While Thaba Nchu showed the slowest growth between 2001 and 2004 (0.51%), it nevertheless had the strongest growth between 2004 and 2007 (13.10%). This led to Thaba Nchu having the strongest growth between 2001 and 2007 followed by Bloemfontein (5.37%) and Botshabelo (5.07%). The result was an increase in inequality when comparing Botshabelo with Thaba Nchu and Botshabelo, and decrease in inequality between Thaba Nchu and Bloemfontein.

B2.4 The proportional share of the broad economic sectors per subarea

Table B4 provides an overview of the proportional share of the economic sectors per subarea in MLM between 2001 and 2007. The significance of this table is that it provides the proportional share in relation to the three main areas of MLM.

TABLE B4: Percentage economic contribution per broad economic sector and subarea, 2001, 2004 and 2007 (GVA constant 2000 prices were used)

	Area	Botshabelo	Bloemfontein	Thaba Nchu
2001	Agriculture	0.4	3.5	1.4
	Mining	0.7	0.3	0.0
	Manufacturing	12.3	7.1	8.4
	Electricity	0.4	2.5	6.5
	Construction	1.3	2.1	2.2
	Trade	18.7	15.9	32.8
	Transport	13.2	13.5	5.3
	Finance	10.5	18.0	8.8
	Community services	42.5	37.0	34.6
	Totaal	**100.0**	**100.0**	**100.0**
2004	Agriculture	0.4	3.1	1.3
	Mining	0.5	0.2	0.0
	Manufacturing	11.6	6.6	7.3
	Electricity	0.4	2.1	5.8
	Construction	1.1	2.0	1.9
	Trade	20.1	17.1	33.8
	Transport	12.5	13.0	4.8
	Finance	10.8	18.8	8.6
	Community services	42.5	37.0	36.5
	Total	**100.0**	**100.0**	**100.0**
2007	Agriculture	0.2	1.4	0.6
	Mining	0.3	0.4	0.0
	Manufacturing	6.4	2.6	3.4
	Electricity	0.5	1.2	2.6
	Construction	2.2	2.9	3.0
	Trade	25.3	16.5	36.2
	Transport	14.8	14.4	6.0
	Finance	6.0	28.0	15.6
	Community services	44.3	32.5	32.5
	Total	**100.0**	**100.0**	**100.0**

A number points need to be noted in respect of Table B4:

- The current and growing dominance of trade and community services in Botshabelo and Thaba Nchu should be noted. In Thaba Nchu these two sectors contributed 68.7% of the economy in 2007. The relative figure for Botshabelo was 69.6%.
- The growing contribution of finance to the economies of Bloemfontein and Thaba Nchu should also be noted.

B2.5 Economic growth per broad sector

Although basic trends of economic growth have already emerged from the above discussion, no direct assessment of economic growth has thus far been conducted. Table B5 provides more clarity in this respect in that it assesses economic growth both per sector and as a whole by using GVA in 2000 constant prices.

TABLE B5: Broad economic profile of MLM, 2001, 2004 and 2007 (GVA constant 2000 prices were used x R1000)

Area	2001	2004	2007	Growth p.a. (2001-2004)	Growth p.a. (2004-2007)	Growth p.a. (2001-2007)
Agriculture	354,276.86	370,815.22	250,557.77	1.53	-12.25	-5.61
Mining	34,724.76	32,789.75	73,361.29	-1.89	30.79	13.28
Manufacturing	961,520.52	943,739.76	545,617.85	-0.62	-16.69	-9.01
Electricity	342,159.19	332,098.46	238,695.34	-0.99	-10.42	-5.82
Construction	284,173.48	335,522.40	536,721.20	5.69	16.95	11.18
Trade	2,258,797.81	2,761,045.06	3,436,279.05	6.92	7.57	7.24
Transport	1,719,147.82	1,964,145.40	2,638,057.60	4.54	10.33	7.40
Finance	2,267,909.30	2,635,508.07	4,969,149.90	5.13	23.54	13.97
Community services	4,763,151.51	5,035,822.13	6,282,639.42	1.87	7.65	4.72
Total	12,985,861.25	14,411,486.26	18,971,079.41	3.53	9.60	6.52

The evidence from Table B5 supports earlier findings. The following points need to be highlighted again:

- Oddly enough, the largest growth occurred, in mining where the was a growth of 30.8% between 2004 and 2007. However, this growth was from a very small base, with the lowest GVA contribution of all sectors, and it followed years of contraction of the industry in MLM.
- The sector with the second highest growth rate was finance with a growth of 23.5% per annum since 2004. In fact, 51.18% of all growth in the economy of MLM between 2004 and 2007 came from this sector. The recent implementation of the National Credit Regulation Act will however seriously curtail future growth in this area.
- Construction, which grew by 16.95% per annum for the period under consideration, is the third fastest-growing industry. The boom in residential development in Bloemfontein was evident in this regard, while a number of new shopping centers probably also contributed.
- The growth in transport was also significant: it grew 10.3% p.a. between 2004 and 2007.
- Trade and community services experienced relatively good growth rates of 7.6% and 7.7%, respectively, for the period under consideration.
- Significant negative annual growth rates were recorded for manufacturing (-16.7%), agriculture (-12.3%) and electricity (-10.4%). However, it should be noted that an overall positive growth rate was recorded for manufacturing since 1996. According to the available figures, a positive growth rate of 0.6 per annum was recorded. The

decline in the growth rate for manufacturing since 2001 should be viewed against the fact that the Rand strengthened considerably since its low in 2001.

In summary, Table B6 provides a framework against which growth in the various sectors in MLM should be assessed.

TABLE B6: A framework for analysis of economic growth per sector, 2004 – 2007.

Sectors that had high growth (more than 1,5% growth per annum)	Sectors that were more or less constant (within 1.5% growth or decline per annum)	Sectors that were declining (more than 1.5% decline per annum)
Mining	Trade	Agriculture
Construction	Community services	Manufacturing
Transport		Electricity
Finance		

B2.6 Degree of economic diversity

The extent to which the economy is diversified or concentrated in a specific economic activity is an indicator of functional specialisation. This extent to which an economy is diversified can be illustrated in terms of the Tress Index. The Tress Index is measured on a scale of 1 to 100. The higher the value of the tress index in an area, the more concentrated is the economy; the lower the value, the more diversified the economy. Table B7 provides an overview of the Tress Index in MLM.

TABLE B7: Tress Index per magisterial district, 1990, 1996, 2001, 2004, and 2007

Date	Botshabelo	Bloemfontein	Thaba Nchu
1990	62.4	50.0	59.0
1996	64.2	54.4	60.9
2001	64.7	57.8	62.3
2004	65.5	59.4	64.9
2007	72.2	63.9	67.2

Table B7 shows that the economy of MLM is becoming more and more concentrated. It is probably concentrated in terms of the community-services sector. The challenge remains to decrease economic concentration and increase economic diversification. It is also significant that the economies of Botshabelo and Thaba Nchu are also more concentrated than that of Bloemfontein.

B3. An analysis of detailed economic sectors

Chapter Two provided an overview of the economy of MLM in terms of the broad economic sector. This Chapter aims at providing a perspective on the detailed economic sectors.

Table B8 provides an overview of the detailed economic sectors. Each of the broad sectors will be analysed in more detail in the remainder of the document.

TABLE B8: Detailed economic profile per subsector for MLM 2001, 2004 and 2007 (GVA by constant 2000 figures x R1000)

	2001		2004		2007	
Subsector	(R1000)	%	(R 1000)	%	(R 1000)	%
11 Agriculture and hunting	353,491	2.72	370,104	2.84	250,110	1.32
12 Forestry and logging	786	0.01	711	0.01	448	0.00
13 Fishing, operation of fish farms	0	0.00	0	0.00	0	0.00
21 Mining of coal and lignite	0	0.00	0	0.00	0	0.00
23 Mining of gold and uranium ore	0	0.00	0	0.00	0	0.00
24 Mining of metal ores	6,696	0.05	5,076	0.03	14,281	0.08
25-29 Other Mining and quarrying (incl. 22)	28,029	0.22	27,714	0.20	59,080	0.31
30 Food, beverages and tobacco products	249,603	1.92	238,047	1.98	140,598	0.74
31 Textiles, clothing and leather goods	75,189	0.58	80,884	0.54	37,705	0.20
32 Wood and wood products	71,898	0.55	71,278	0.48	43,205	0.23
33 Fuel, petroleum, chemical and rubber products	127,070	0.98	121,345	0.90	71,404	0.38
34 Other non-metallic mineral products	16,564	0.13	17,256	0.15	9,577	0.05
35 Metal products, machinery and household appliances	66,536	0.51	72,420	0.53	42,180	0.22
36 Electrical machinery and apparatus	75,289	0.58	70,139	0.47	43,244	0.23
37 Electronic, sound/vision, medical & other appliances	8,530	0.07	9,573	0.08	5,173	0.03
38 Transport equipment	89,171	0.69	84,559	0.63	43,807	0.23
39 Furniture and other items NEC and recycling	181,670	1.40	178,240	1.22	108,724	0.57
41 Electricity, gas, steam and hot-water supply	318,194	2.45	309,916	1.98	227,826	1.20
42 Collection, purification and distribution of water	23,965	0.18	22,182	0.21	10,870	0.06
50 Construction	284,173	2.19	335,522	1.92	536,721	2.83
61 Wholesale and commission trade	723,461	5.57	732,448	5.23	900,085	4.74
62 Retail trade and repairs of goods	1,103,972	8.50	1,534,666	9.75	1,936,222	10.21
63 Sale and repairs of motor vehicles, sale of fuel	298,744	2.30	347,065	2.25	431,097	2.27
64 Hotels and restaurants	132,621	1.02	146,866	0.98	168,875	0.89
71-72 Land and water transport	891,763	6.87	1,009,814	6.39	1,252,850	6.60
73-74 Air Transport and transport-supporting activities	80,552	0.62	87,400	0.59	121,640	0.64
75 Post and telecommunication	746,833	5.75	866,932	5.57	1,263,568	6.66
81-83 Finance and insurance	1,410,436	10.86	1,704,277	10.50	3,380,943	17.82
84 Real-estate activities	382,070	2.94	394,562	3.39	587,073	3.09
85-88 Other business	475,402	3.66	536,669	3.87	1,001,133	5.28

Subsector	2001 (R1000)	%	2004 (R 1000)	%	2007 (R 1000)	%
activities						
91 Public administration and defence activities	1,518,069	11.69	1,711,475	12.68	2,391,228	12.60
92 Education	1,270,197	9.78	1,311,346	9.72	1,495,624	7.88
93 Health and social work	1,070,674	8.24	1,105,246	8.19	1,478,186	7.79
94-99 Other service activities	904,211	6.96	907,755	6.73	917,602	4.84
Total Industries	**12,985,861**	**100.00**	**14,411,486**	**100.00**	**18,971,079**	**100.00**

The above table provided an overview of growth in the various subsectors of the economy. This overview is dealt with in greater depth in the remainder of this document.

B3.1 Agriculture

Agriculture contributed 1.3% of the MLM economy (see also Section B2.2) in 2007. In respect of the subsectors, agriculture and hunting was the main subsector contributing nearly 100% of the GVA contributions in agriculture (see Figure B4). Less than 0.01% came from forestry and logging. The dominance of the agriculture and hunting sector is expected to continue and has been utilised in reflecting on the projections in Table B9.

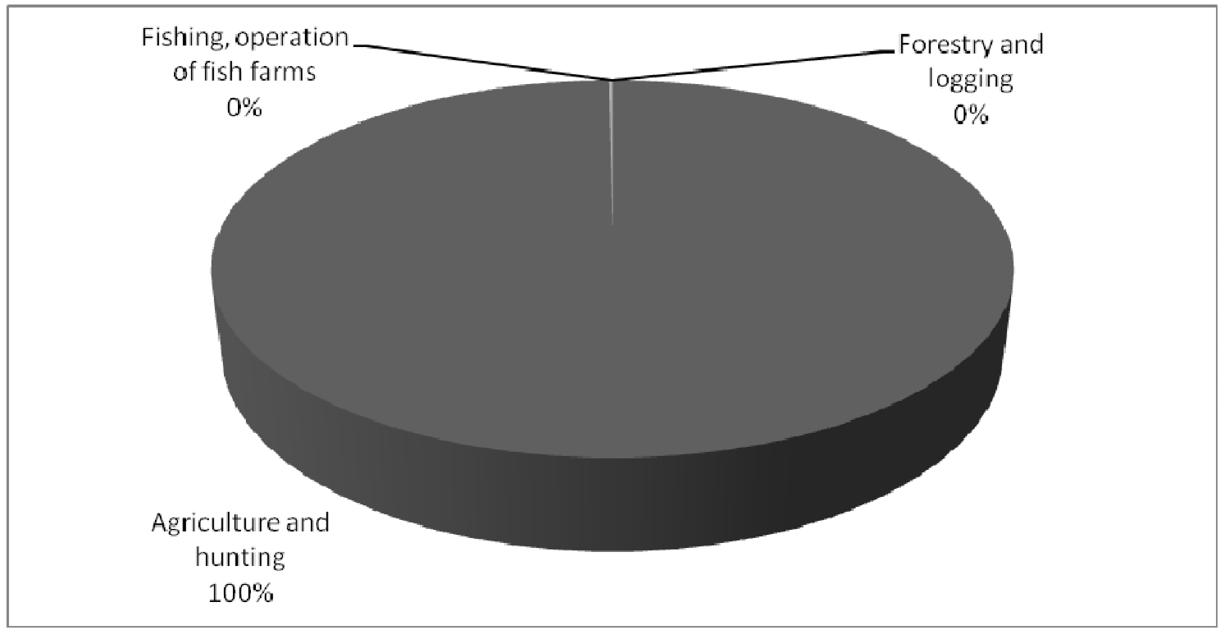

FIGURE B4: GVA of agriculture per subsector proportion in MLM, 2007 (using constant 2000 figures)

TABLE B9: GVA of agriculture sector per subsector for MLM, 1996, 2001, 2004 and 2007 (using constant 2000 figure x R1000)

Area	Agriculture and hunting	Forestry and logging	Fishing, operation of fish farms
Botshabelo 1996	2,767	0	0
Bloemfontein 1996	336,711	0	0
Thaba Nchu 1996	8,133	715	0
MLM 1996	347,611	715	0
Botshabelo 2001	2,814	0	0
Bloemfontein 2001	342,406	0	0
Thaba Nchu 2001	8,271	786	0
MLM 2001	353,491	786	0
Botshabelo 2002	3,039	0	0
Bloemfontein 2002	369,806	0	0
Thaba Nchu 2002	8,933	787	0
MLM 2002	381,778	787	0
Botshabelo 2003	2,968	0	0
Bloemfontein 2003	361,130	0	0
Thaba Nchu 2003	8,723	768	0
MLM 2003	372,821	768	0
Botshabelo 2004	2,946	0	0
Bloemfontein 2004	358,499	0	0
Thaba Nchu 2004	8,660	711	0
MLM 2004	370,104	711	0
Botshabelo 2007	1,914	0	0
Bloemfontein 2007	242,516	0	0
Thaba Nchu 2007	5,680	448	0
MLM 2007	250,110	448	0
MLM growth p.a. (2001-2004)	1.53	-3.26	0.00
MLM growth p.a. (2004-2007)	-12.25	-14.27	0.00
MLM growth p.a. (2001-2007)	-5.60	-8.94	0.00

From Table B9 it should be noted that the contribution of agriculture and of forestry and logging seemed to be declining. Agriculture initially showed growth between 2001 and 2004 of 1.5% per annum. This however fell to an annual decline of 12.25% between 2004 and 2007. However, the small scale of forestry and logging means that the decline, though proportionally larger, is of lesser importance. It should also be noted that, in respect of the proportional share of each of the subsectors, no change had occurred since 2001.

B3.2 Mining

Historically, mining has played a small role in the economy of MLM. Currently, mining contributes only 0.3% of the GVA in MLM. The biggest proportional contribution in mining came from other mining and quarrying (81%) and from mining of metal ores (19%) (Figure B5). The downward trend in respect of metal ores and other mining between 2001 and 2004 was reversed in the years between 2004 and 2007 when there was strong growth in both subsectors (see Table B10).

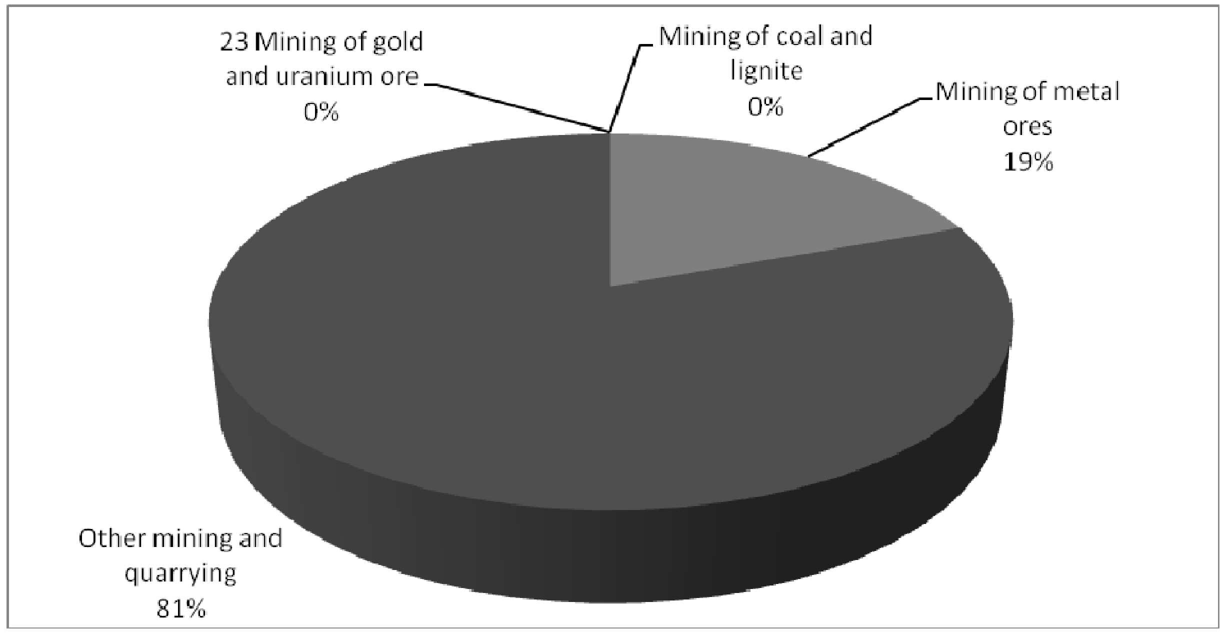

FIGURE B5: GVA of mining per subsector proportion in MLM, 2007 (using constant 2000 figures)

TABLE B10: GVA of mining sector per subsector for MLM, 1996, 2001, 2004 and 2007 (using constant 2000 prices x R1000)

Area	Mining of coal and lignite	Mining of gold and uranium ore	Mining of metal ores	Other mining and quarrying (incl. 22)
Botshabelo 1996	0	0	0	4,780
Bloemfontein 1996	0	0	6,501	23,043
Thaba Nchu 1996	0	0	0	0
MLM 1996	0	0	6,501	27,823
Botshabelo 2001	0	0	0	4,815
Bloemfontein 2001	0	0	6,696	23,213
Thaba Nchu 2001	0	0	0	0
MLM 2001	0	0	6,696	28,029
Botshabelo 2002	0	0	0	4,472
Bloemfontein 2002	0	0	6,003	21,559
Thaba Nchu 2002	0	0	0	0
MLM 2002	0	0	6,003	26,030
Botshabelo 2003	0	0	0	4,320
Bloemfontein 2003	0	0	5,475	20,824
Thaba Nchu 2003	0	0	0	0
MLM 2003	0	0	5,475	25,143
Botshabelo 2004	0	0	0	4,761
Bloemfontein 2004	0	0	5,076	22,953
Thaba Nchu 2004	0	0	0	0
MLM 2004	0	0	5,076	27,714
Botshabelo 2007	0	0	0	3,255
Bloemfontein 2007	0	0	14,281	55,826
Thaba Nchu 2007	0	0	0	0
MLM 2007	0	0	14,281	59,080
MLM growth p.a. (2001-2004)	0.00	0.00	-8.74	-0.37
MLM growth p.a. (2004-2007)	0.00	0.00	41.17	28.70
MLM growth p.a. (2001-2007)	0.00	0.00	13.46	13.23

The biggest annual decline occurred in the mining of metal ores between 2001 and 2004 as this subsector declined by -8.74% per annum. This has however since turned into a strong growth of 41.2%. The small decline that also occurred in other mining and quarrying was also reversed with a growth of 28.7% between 2004 and 2007.

B3.3 Manufacturing

Manufacturing is currently contributing about 3.5% of GVA in MLM-a massive reduction from the already reduced 6.5% seen in 2004. As already noted, the contribution of manufacturing declined since 2001. Concerning the detailed sectors in respect of Manufacturing, a more in-depth discussion of Figure B6 is required.

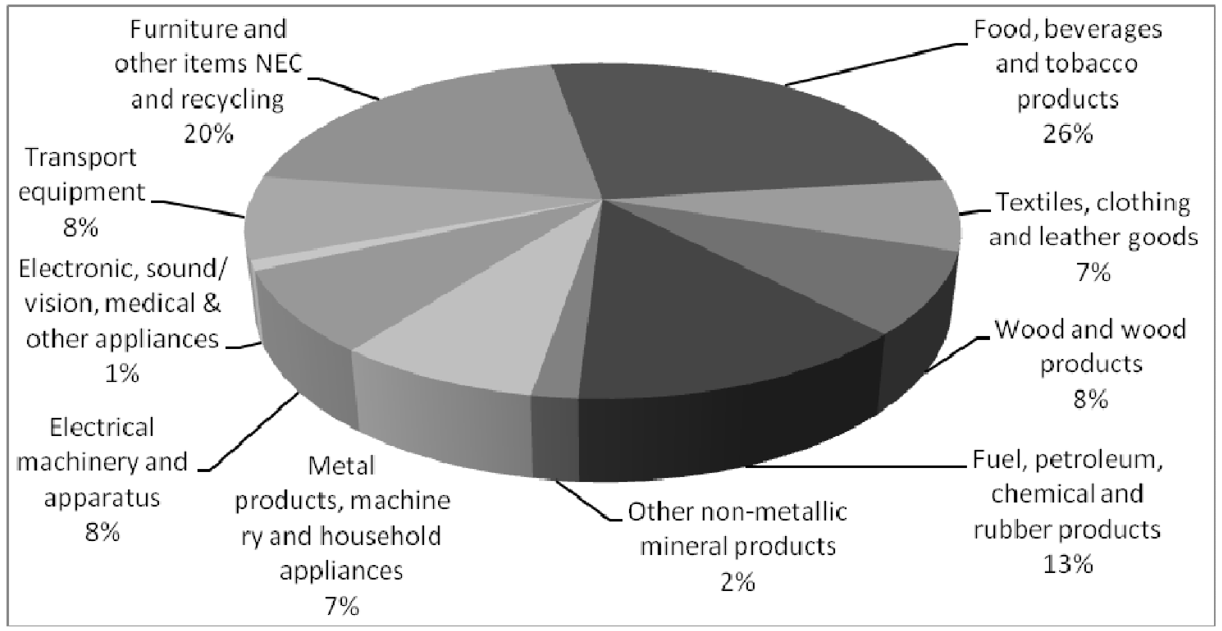

FIGURE B6: GVA of the manufacturing sector per proportion of each subsector for MLM, 2007 (using constant 2000 prices)

Figure B6 reveals the following main aspects:

- The subsector with the largest GVA contribution was in food, beverages and tobacco products, contributing over a quarter (26%) to the manufacturing output in MLM. Though this was larger than the 24% of 2004, it was still less than the 31% in 2001.
- Furniture and other items made up 20% of GVA, followed by fuel, chemicals and rubber products (13%). It is noteworthy that the furniture and other items segment increased from 13% in 2001 and 19% in 2004. Fuel, chemicals and rubber remained constant since 2001.
- The following subsectors contributed between 5%-10%: Transport equipment, textiles, wood, metal products and electrical machinery. Interestingly enough, their proportional share also remained more or less constant since 2001.
- The two subsectors with the lowest proportional contribution were Electronics and non-metallic minerals (with 1% and 2%, respectively, of Manufacturing GVA).
- The dominance of food, beverages and tobacco products to a large extent confirmed a manufacturing industry geared to local need. However, and more importantly, some of the changes in the subsectors should be considered (see Table B11).

TABLE B11: GVA of the manufacturing sector per subsector for MLM, 1996, 2001, 2004 and 2007 (constant 2000 prices used x R1000)

Area	Food, beverages and tobacco products	Textiles, clothing and leather goods	Wood and wood products	Fuel, petroleum, chemical and rubber	Other non-metallic mineral products	Metal products, machinery and appliances	Electrical machinery and apparatus	Electronic, sound/vision, medical & other appliances	Transport equipment	Furniture and other items NEC and recycling
Botshabelo 1996	12,653	50,249	5,968	6,458	957	9,369	2,522	101	181	12,633
Bloemfontein 1996	234,442	25,157	63,610	85,292	17,322	56,861	58,034	9,881	70,093	124,193
Thaba Nchu 1996	7,488	7,756	939	1,584	1,970	4,848	2,028	818	482	30,938
MLM 1996	254,583	83,162	70,517	93,333	20,249	71,077	62,583	10,801	70,756	167,765
Botshabelo 2001	12,380	45,236	6,076	8,779	779	8,738	3,027	80	228	13,563
Bloemfontein 2001	229,575	22,666	64,824	116,045	14,111	53,079	69,722	7,779	88,309	133,441
Thaba Nchu 2001	7,647	7,288	998	2,247	1,674	4,719	2,540	672	634	34,667
MLM 2001	249,603	75,189	71,898	127,070	16,564	66,536	75,289	8,530	89,171	181,670
Botshabelo 2002	12,216	47,481	5,878	8,360	821	9,474	2,894	85	217	12,864
Bloemfontein 2002	226,282	23,764	62,637	110,385	14,860	57,485	66,574	8,291	84,178	126,422
Thaba Nchu 2002	7,354	7,455	941	2,086	1,720	4,987	2,367	699	589	32,046
MLM 2002	245,853	78,701	69,457	120,830	17,401	71,945	71,835	9,075	84,984	171,332
Botshabelo 2003	11,741	46,719	5,827	8,377	819	9,437	2,900	89	208	13,031
Bloemfontein 2003	213,643	22,970	60,997	108,660	14,561	56,250	65,531	8,512	79,014	125,800
Thaba Nchu 2003	6,489	6,734	856	1,918	1,575	4,560	2,177	670	517	29,799
MLM 2003	231,873	76,422	67,680	118,956	16,955	70,247	70,608	9,271	79,738	168,630
Botshabelo 2004	11,842	49,168	6,031	8,396	820	9,581	2,830	90	216	13,582
Bloemfontein 2004	219,675	24,645	64,362	111,030	14,863	58,220	65,190	8,804	83,806	133,670
Thaba Nchu 2004	6,530	7,071	884	1,919	1,573	4,619	2,119	678	537	30,988
MLM 2004	238,047	80,884	71,278	121,345	17,256	72,420	70,139	9,573	84,559	178,240
Botshabelo 2007	9,382	22,182	4,364	6,624	582	6,601	2,110	56	144	10,749
Bloemfontein 2007	126,862	11,678	38,232	63,506	8,028	32,615	39,634	4,699	43,338	77,330
Thaba Nchu 2007	4,355	3,846	609	1,274	968	2,964	1,499	418	325	20,644
MLM 2007	140,598	37,705	43,205	71,404	9,577	42,180	43,244	5,173	43,807	108,724
MLM growth p.a. (2001-2004)	-1.55	2.44	-0.29	-1.51	1.36	2.84	-2.31	3.88	-1.74	-0.63
MLM growth p.a. (2004-2007)	-16.1	-22.46	-15.37	-16.2	-17.82	-16.49	-14.89	-18.55	-19.69	-15.19
MLM growth p.a. (2001-2007)	-9.12	-10.87	-8.14	-9.16	-8.73	-7.32	-8.83	-8.00	-11.17	-8.20

Table B11 has indicated the growth in each of the subsectors of the Manufacturing economy in MLM. A number of key points should be made:

- Overall, the manufacturing industry declined over the 2001-2007 period. It should be mentioned that one of the key aspects influencing the manufacturing industry was the Rand / US Dollar exchange rate. The Rand strengthened from a low against the US Dollar in 2002 and maintained this strength throughout the period under investigation. This placed the manufacturing industry in South Africa and more specifically in MLM under pressure. All subsectors showed a decline in economic output between 2004 and 2007, which points to two important aspects: first that it is not negotiable that more emphasis should be placed on ensuring that a conducive environment be created for the manufacturing industry; second, that the relatively peripheral location of MLM in relation to the economic core in Gauteng requires an extraordinary effort to maintain and increase the current manufacturing output of MLM.
- regarding GVA in each of the three areas in MLM, a few comments should be made in respect of the period under consideration. Botshabelo remained the dominant area for textile production, where nearly 50% of all GVA was created. For all the other subsectors, Bloemfontein was by far the main contributor to GVA.

The Rand devalued throughout 2008 and this should bring about continued decline in the MLM manufacturing sector.

B3.4 Electricity, water and gas

This sector is subdivided into two subsectors, namely collection, purification and distribution of water, and electricity, gas, steam and hot-water supply. The former subsector contributed 5% of the total GVA in this sector. The remainder of the output was made up of electricity, gas, steam and hot-water supply (see Figure B7). It should also be noted that the subsector contribution of collection, purification and distribution of water declined from 8% in 2001 to 7% in 2004. Accordingly, electricity, gas, steam and hot-water supply increased by 3 percentage points between 2001 and 2007.

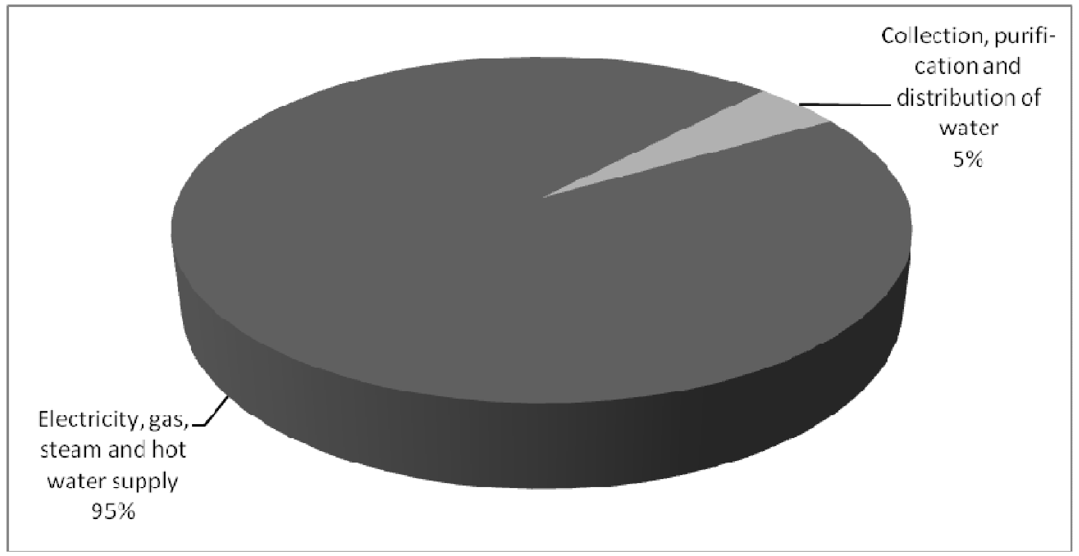

FIGURE B7: GVA of electricity/gas/water sector per subsector proportion in MLM, 2007 (using constant 2000 prices)

TABLE B12: GVA of electricity/gas/water sector per subsector for MLM, 1996, 2001, 2004 and 2007 (constant 2000 prices were used – X R1000)

Area	Electricity, gas, steam and hot-water supply	Collection, purification and distribution of water
Botshabelo 1996	4,070	0
Bloemfontein 1996	299,619	10,733
Thaba Nchu 1996	37,010	15,335
MLM 1996	340,699	26,067
Botshabelo 2001	3,707	0
Bloemfontein 2001	280,007	9,867
Thaba Nchu 2001	34,480	14,098
MLM 2001	318,194	23,965
Botshabelo 2002	3,778	0
Bloemfontein 2002	275,331	9,812
Thaba Nchu 2002	33,219	14,020
MLM 2002	312,329	23,832
Botshabelo 2003	3,743	0
Bloemfontein 2003	267,223	9,760
Thaba Nchu 2003	30,584	13,945
MLM 2003	301,550	23,705
Botshabelo 2004	3,846	0
Bloemfontein 2004	274,884	9,133
Thaba Nchu 2004	31,186	13,049
MLM 2004	309,916	22,182
Botshabelo 2007	4,467	0
Bloemfontein 2007	201,271	4,449
Thaba Nchu 2007	22,087	6,421
MLM 2007	227,826	10,870
MLM growth p.a. (2001-2004)	-0.87	-2.52
MLM growth p.a. (2004-2007)	-9.75	-21.16
MLM growth p.a. (2001-2007)	-5.42	-12.35

The following comments should be made with regard to the overview provided in Table B12:

- The decline recorded since 2004 was -9.75% per annum for electricity, gas steam and hot-water supply.
- In the case of collection, purification and distribution of water, the decline even more marked (-21.16% per annum). This decline was applicable in all three areas.

B3.5 Trade

In respect of the subsectors of the trade sector, the relative contribution of each of the subsectors is reflected in Figure B8. The largest percentage was captured in retail trade and repairs of goods (56%) followed by wholesale and commission trade (26%), Sale and repairs of motor vehicles and sale of fuels (13%) while hotels and restaurants contributed 5%. These proportional contributions have stabilised since the considerable changes experienced between 2001 and 2004, with retail trade and repairs of goods contributing 30%, wholesale and commission trade contributing 46%, sale and repairs of motor vehicles and sale of fuels contributing 16%, and hotels and restaurants contributing 8% in 2001.

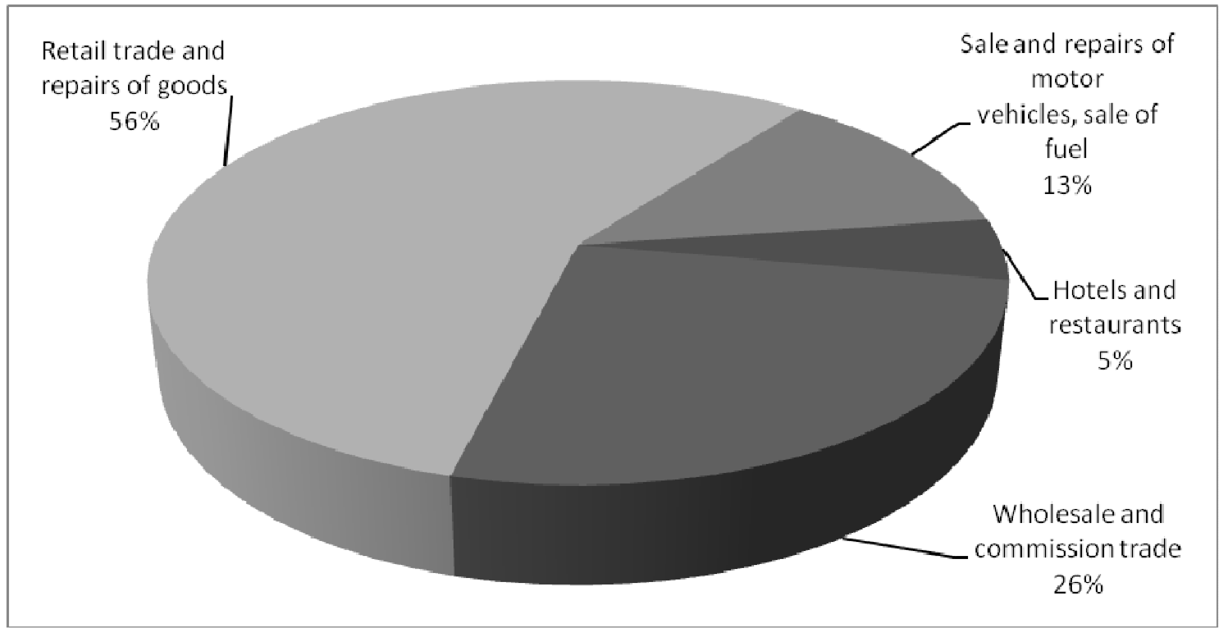

FIGURE B8: GVA of trade sector per subsector proportion in MLM, 2007 (using constant 2000 prices)

Table B13 should be considered in respect of the growth of each of these subsectors.

TABLE B13: GVA of trade sector per subsector for MLM, 1996, 2001, 2004 and 2007 (constant 2000 figures were used – xR1000)

Area	Wholesale and commission Trade	Retail Trade and repairs of goods	Sale and repairs of motor vehicles, sale of fuel	Hotels and restaurants
Botshabelo 1996	58,824	70,779	1,750	4,355
Bloemfontein 1996	529,918	767,542	241,215	97,695
Thaba Nchu 1996	65,075	116,333	1,917	36,693
MLM 1996	653,817	954,654	244,882	138,743
Botshabelo 2001	64,764	81,362	2,132	4,113
Bloemfontein 2001	583,918	883,038	294,173	92,340
Thaba Nchu 2001	74,779	139,573	2,438	36,168
MLM 2001	723,461	1,103,972	298,744	132,621
Botshabelo 2002	62,708	89,563	2,082	4,244
Bloemfontein 2002	564,743	970,949	286,977	95,176
Thaba Nchu 2002	70,567	149,741	2,320	36,373
MLM 2002	698,019	1,210,253	291,380	135,794
Botshabelo 2003	65,324	104,412	2,290	4,460
Bloemfontein 2003	577,920	1,111,957	310,063	98,251
Thaba Nchu 2003	67,482	160,251	2,343	35,088
MLM 2003	710,725	1,376,620	314,697	137,800
Botshabelo 2004	66,286	114,628	2,479	4,691
Bloemfontein 2004	597,842	1,244,507	342,057	105,353
Thaba Nchu 2004	68,320	175,531	2,530	36,822
MLM 2004	732,448	1,534,666	347,065	146,866
Botshabelo 2007	86,558	152,791	3,353	5,637
Bloemfontein 2007	721,619	1,535,789	424,116	117,402
Thaba Nchu 2007	91,908	247,642	3,628	45,836
MLM 2007	900,085	1,936,222	431,097	168,875
MLM growth p.a. (2001-2004)	0.41	11.48	5.07	3.42
MLM growth p.a. (2004-2007)	7.11	8.06	7.49	4.76
MLM growth p.a. (2001-2007)	3.71	9.82	6.30	4.11

The following trends are applicable to Table B13:

- The biggest annual growth continues to occurred in retail trade and repair of goods (8.06%) followed by sale and repair of motor vehicles, sale of fuel (7.49%)
- Since 2004, the growth in wholesale and commission trade (7.11%) outstripped that of hotels and restaurants (4.76%). This is especially significant given the relative sizes from the two industries, with wholesale posting stronger growth from a significantly larger base.

- It is also noteworthy that the increase in the above subsectors has occurred mostly in all of the three urban areas in MLM. However, the significant dominance of Bloemfontein persisted.

This increase in the trade sector should be seen against the background of both the relatively low interest rates and also of the strong rand in relation to the US dollar. The latter made cheap imports possible. However, the latest interest-rate increases, as well as the expectations of one or two more in future, coupled with the weakening Rand/US dollar exchange rate will have a significant influence on growth in these subsectors.

As tourism is a subsector of the trade sector, an overview of the proportional share of tourism visits per province is next provided (Figure B9).

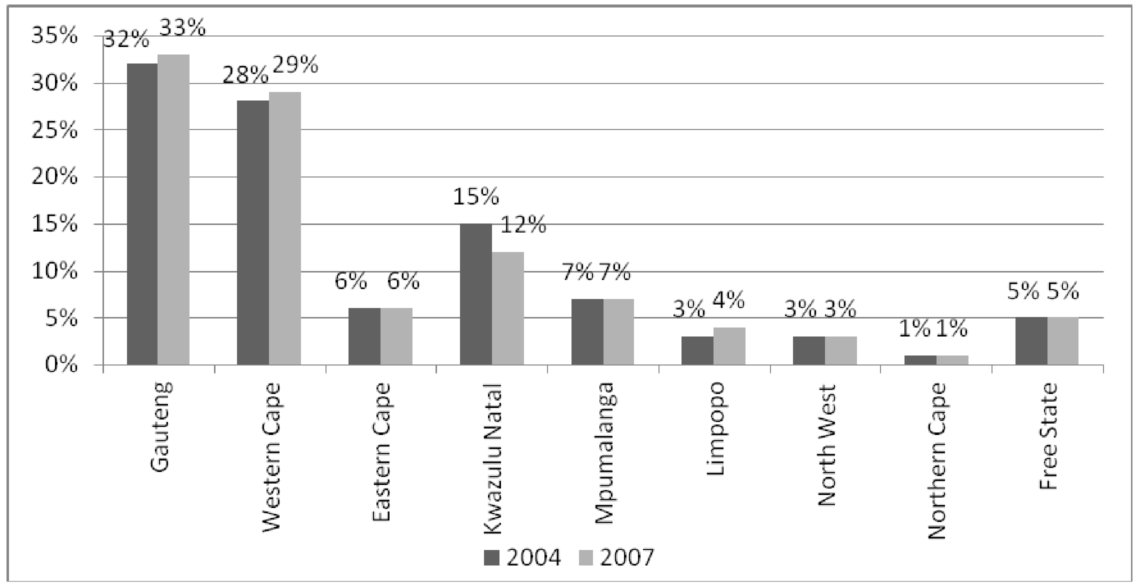

FIGURE B9: Percentage of bed nights per province, 2004 and 2007

B3.6 Transport

Figure B10 portrays the subsectors of the transport sector. Land and water transport contribute nearly half (47%) of the GVA in this sector, for the first time falling behind the contribution of Post and telecommunication (also contributing nearly half at 48%). Air transport and transport-supporting services contributed 5%. It should also be mentioned that the proportional share of land and water transport increased from 50% to 52% between 2001 and 2004, before subsequently falling to second place. The proportional contribution of post and telecommunication decreased from 47% to 44% in 2004, before again increasing. Air transport and storage activities increased by 2% since 2001.

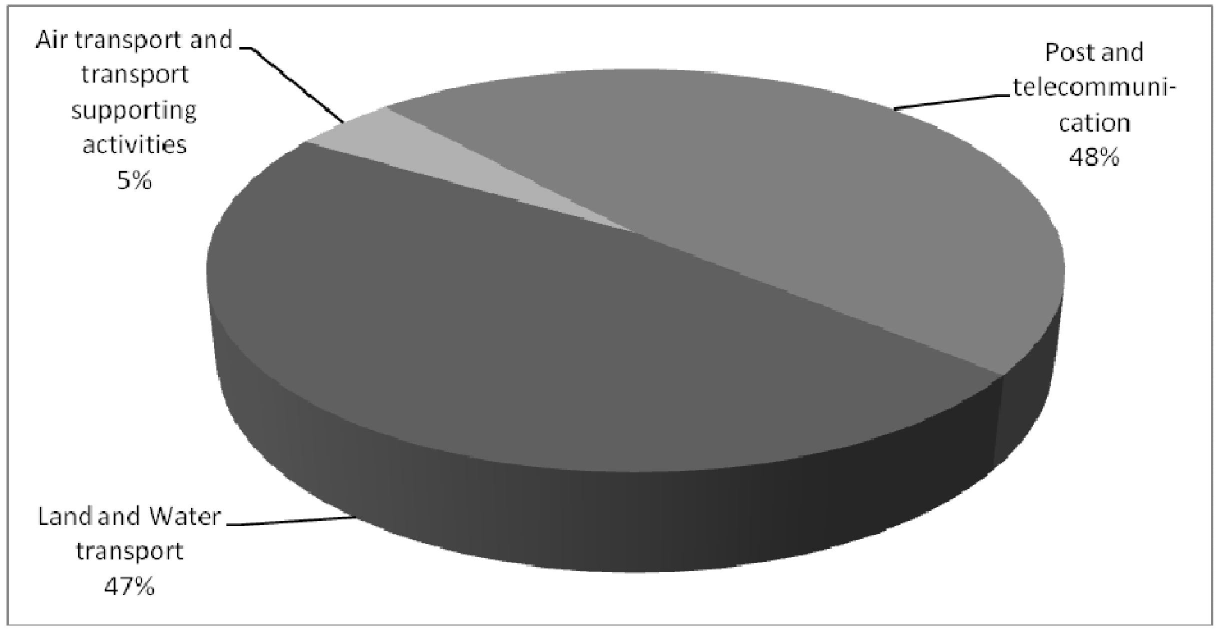

FIGURE B10: GVA of Transport per subsector for MLM, 2007 (using constant 2000 prices)

The growth of the subsectors for the transport sector is reflected in Table B14 below.

TABLE B14: GVA of transport per subsector in MLM, 1996, 2001, 2004 and 2007 (using constant 2000 prices – x R1000)

Area	Land and water Transport	Air Transport and transport-supporting activities	Post and telecommunication
Botshabelo 1996	85,588	0	6,408
Bloemfontein 1996	672,253	74,043	446,072
Thaba Nchu 1996	18,729	0	10,802
MLM 1996	776,571	74,043	463,282
Botshabelo 2001	98,110	0	10,311
Bloemfontein 2001	771,246	80,552	718,381
Thaba Nchu 2001	22,408	0	18,141
MLM 2001	891,763	80,552	746,833
Botshabelo 2002	98,744	0	11,642
Bloemfontein 2002	775,356	80,501	810,202
Thaba Nchu 2002	21,980	0	19,963
MLM 2002	896,081	80,501	841,807
Botshabelo 2003	106,340	0	12,203
Bloemfontein 2003	820,270	83,867	834,270
Thaba Nchu 2003	21,730	0	19,209
MLM 2003	948,340	83,867	865,682
Botshabelo 2004	111,365	0	11,997
Bloemfontein 2004	875,744	87,400	836,095
Thaba Nchu 2004	22,705	0	18,840
MLM 2004	1,009,814	87,400	866,932
Botshabelo 2007	127,711	0	16,339
Bloemfontein 2007	1,091,461	121,640	1,215,273
Thaba Nchu 2007	32,678	0	31,955
MLM 2007	1,252,850	121,640	1,263,568
MLM growth p.a. (2001-2004)	4.19	2.73	5.04
MLM growth p.a. (2004-2007)	7.45	11.65	13.38
MLM growth p.a. (2001-2007)	5.83	7.11	9.16

According to Table B14, growth occurred in all of the three subsectors of the transport sector between 2001 and 2004:

- Land and water transport increased by 7.45% since 2004.
- The annual increase in air transport was 11.65%
- In the case of post and telecommunication, the annual growth rate was the highest at 13.38%.
- The absolute dominance of Bloemfontein in all of the three subsectors should once again be noted.

The growth in this sector should be viewed against the growth in trade which has already been linked to relatively cheaper imports resulting from the strong Rand, as well as the decline in interest rates that South Africa experienced since the end of 2001.

B3.7 Finance

The finance sector in MLM is dominated by finance and insurance (68%) followed by other business activities (20%) and real estate activities (12%) (see Figure B11).

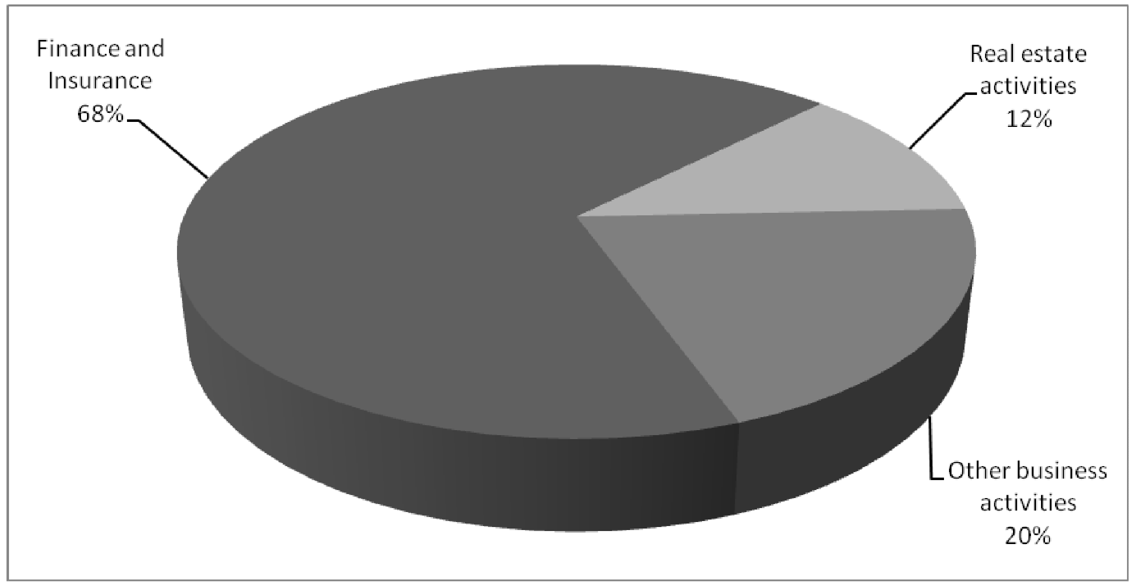

FIGURE B11: GVA of Finance and real estate per subsector for MLM, 2007 (using constant 2000 prices)

Table B15 provides a more in-depth assessment of the subsectors in terms of the growth of these subsectors per area in MLM for the period 1996 – 2004.

TABLE B15: GVA of the finance subsectors for MLM, 1996, 2001, 2004 and 2007 (constant 2000 prices were used – x R1000)

Area	Finance and insurance	Real-estate activities	Other business activities
Botshabelo 1996	26,886	7,347	32,135
Bloemfontein 1996	994,540	451,435	307,685
Thaba Nchu 1996	37,460	2,089	11,084
MLM 1996	1,058,885	460,871	350,905
Botshabelo 2001	35,728	6,561	43,445
Bloemfontein 2001	1,322,751	373,743	416,317
Thaba Nchu 2001	51,957	1,767	15,641
MLM 2001	1,410,436	382,070	475,402
Botshabelo 2002	37,357	6,433	44,557
Bloemfontein 2002	1,381,483	369,325	426,497
Thaba Nchu 2002	52,946	1,684	15,634
MLM 2002	1,471,786	377,442	486,688
Botshabelo 2003	39,118	6,384	48,288
Bloemfontein 2003	1,421,090	369,642	454,050
Thaba Nchu 2003	50,895	1,610	15,553
MLM 2003	1,511,104	377,636	517,892
Botshabelo 2004	43,330	6,243	49,203
Bloemfontein 2004	1,604,701	386,658	471,654
Thaba Nchu 2004	56,246	1,661	15,812
MLM 2004	1,704,277	394,562	536,669
Botshabelo 2007	26,650	3,022	26,594
Bloemfontein 2007	3,225,691	581,314	934,866
Thaba Nchu 2007	128,603	2,737	36,673
MLM 2007	3,380,943	587,073	1,001,133
MLM growth p.a. (2001-2004)	6.44	1.07	4.08
MLM growth p.a. (2004-2007	25.65	14.16	23.10
MLM growth p.a. (2001-2007	15.69	7.42	13.22

Table 15 reveals that finance and insurance as a subsector experienced the largest growth per annum during the 2001 - 2004 period and, to an even greater extent, in the 2004 - 2007 period. The growth for other business activities was 4.1% per annum for the 2001 – 2004 period, and 23.1% per annum for the 2004-2007 period. Interestingly enough, the real-estate subsector only grew at 1.1% per annum between 2001 and 2004, while only increasing to 14.2% between 2004 and 2007. This is rather strange considering the huge increase in the prices of houses during the past six years. Botshabelo seems to be experiencing contraction in all three subsectors of finance since 2004 after initial contraction in real-estate activities had already been seen since 2001.

B3.8 Community services

The largest (and increasing) contribution within community services originated from Public administration and defence activities (34% in 2004 and 38% in 2007) (see Figure B12). Education, with a 24% contribution, is second, followed by health and social work (23%). Other service activities contribute 15% of the total GVA for community services in MLM.

FIGURE B12: GVA of community services subsectors for MLM, 2007 (using constant 2000 prices)

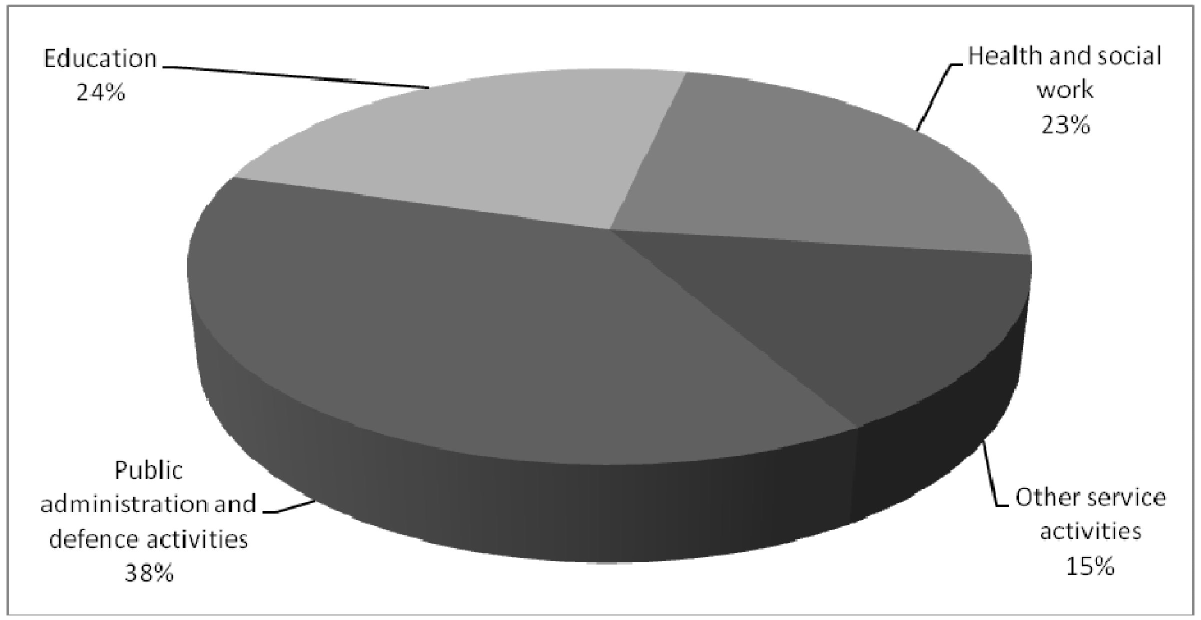

Table B16 provides an overview of growth rates in each of the subsectors in relation to Community services.

TABLE B16: GVA of Community services subsectors for MLM, 1996, 2001, 2004, 2005, 2006 (constant 2000 prices were used – x R1000)

Area	Public administration and defence activities	Education	Health and social work	Other service activities
Botshabelo 1996	138,973	140,026	27,120	34,069
Bloemfontein 1996	1,439,537	1,033,164	833,222	771,028
Thaba Nchu 1996	78,126	103,624	35,005	38,555
MLM 1996	1,656,636	1,276,814	895,346	843,652
Botshabelo 2001	127,349	139,300	32,430	36,515
Bloemfontein 2001	1,319,129	1,027,810	996,384	826,373
Thaba Nchu 2001	71,591	103,087	41,859	41,323
MLM 2001	1,518,069	1,270,197	1,070,674	904,211
Botshabelo 2002	142,226	140,099	31,319	35,122
Bloemfontein 2002	1,473,233	1,033,701	962,225	794,868
Thaba Nchu 2002	79,955	103,677	40,424	39,748
MLM 2002	1,695,413	1,277,478	1,033,968	869,738
Botshabelo 2003	138,793	140,435	33,318	37,397
Bloemfontein 2003	1,437,672	1,036,181	1,023,648	846,339
Thaba Nchu 2003	78,025	103,926	43,005	42,321
MLM 2003	1,654,490	1,280,542	1,099,971	926,057
Botshabelo 2004	143,574	143,813	33,478	36,658
Bloemfontein 2004	1,487,189	1,061,107	1,028,557	829,612
Thaba Nchu 2004	80,712	106,426	43,211	41,485
MLM 2004	1,711,475	1,311,346	1,105,246	907,755
Botshabelo 2007	206,847	151,595	41,064	35,218
Bloemfontein 2007	2,067,787	1,215,869	1,376,066	838,026
Thaba Nchu 2007	116,594	128,160	61,056	44,357
MLM 2007	2,391,228	1,495,624	1,478,186	917,602
MLM growth p.a. (2001-2004)	4.04	1.06	1.05	0.13
MLM growth p.a. (2001-2004)	11.79	4.48	10.18	0.36
MLM growth p.a. (2001-2004)	7.87	2.76	5.52	0.25

The largest growth rate in respect of community services came from public administration and defence activities, which grew at 11.8% per annum between 2004 and 2007. The second highest growth was recorded in health and social work (10.02%) followed by education (4.48%) and other service activities (0.36%). It should also be mentioned that the gains reported above occurred in all of the three main urban areas of MLM.

B4. Social indicators

B4.1 Introduction

The emphasis in the chapter now shifts to an assessment of social and demographic trends in MLM. Although the Regional Explorer Database will be used to compare figures in the Economic Development Strategy of the MLM, the CDS is of the opinion that demographic data from Statistics South Africa is more reliable. The main reason for this judgment is that there are longer timelines available for census data, which better verify census data. Census data from Statistics South Africa will thus also be used.

B4.2 Population per race and population growth per area in MLM

The population by race for MLM is reflected in Table B17 below for each of the magisterial districts (Regional Explorer Database). In order to allows comparison with the census data from Statistics South Africa, the data from the latter institution are reflected in Table B18.

TABLE B17: Population by race for MLM, 2001, 2004, 2005, 2006 (Regional Explorer Database)

		Botshabelo	Bloemfontein	ThabaNchu	MLM	% MLM
2001	Black	196,382	248,671	85,318	530,372	78.1
	%	37	46.9	16.1	100	
	White	34	112,776	447	113,257	16.7
	%	0	99.6	0.4	100	
	Coloured	465	33,491	312	34,268	5
	%	1.4	97.7	0.9	100	
	Asian	201	1,082	95	1,377	0.2
	%	14.6	78.5	6.9	100	
	Total	**197,082**	**396,020**	**86,172**	**679,274**	**100**
	%	**29**	**58.3**	**12.7**	**100**	
2004	Black	204,926	260,754	88,514	554,193	78.7
	%	37	47.1	16	100	
	White	33	112,160	436	112,629	16
	%	0	99.6	0.4	100	
	Coloured	479	34,887	323	35,689	5.1
	%	1.3	97.8	0.9	100	
	Asian	207	1,244	99	1,550	0.2
	%	13.4	80.2	6.4	100	
	Total	**205,645**	**409,044**	**89,372**	**704,061**	**100**
	%	**29.2**	**58.1**	**12.7**	**100**	
Growth (2004-2007)	Black	1.42	1.58	1.22	1.46	
	White	-0.73	-0.18	-0.79	-0.18	
	Coloured	1	1.36	1.09	1.35	
	Asian	1.06	4.7	1.46	3.97	
	Total	**1.41**	**1.07**	**1.21**	**1.19**	
2007	Black	216,566	296,490	93,579	606,636	80.5
	%	35.7	48.9	15.4	100	
	White	26.3	106211.7	32.5	106270.5	14.1
	%	0.0	99.9	0.0	100	
	Coloured	494	37953	334	38781	5.1
	%	1.3	97.9	0.9	100	
	Asian	214	1428	107	1748	0.2
	%	12.2	81.7	6.1	100	
	Total	**217,300**	**442,083**	**94,052**	**753,435**	**100.0**
	%	28.8	58.7	12.5	100	

TABLE B18: Population by location in MLM, 1991 - 2006 (Census data)

	Bloemfontein			Botshabelo	Thaba Nchu			MLM
	Urban	Rural	Total	Urban	Urban	Rural	Total	Total
1991	277904	25436	303340	177924	10004	52470	62474	543738
1996	334749	15755	350504	177969	37105	40351	77456	605929
p.a. growth 91-96	3.8	-9.1	2.9	0.0	30.0	-5.1	4.4	2.2
2001	375823	15255	391078	175672	67071	12607	79678	646428
p.a. growth 96-01	2.3	-0.6	1.7	-0.3	12.6	-20.8	0.6	1.3
2002 (projected p.a. growth)	2	0	1.9	-0.03	0.7	0.0	0.6	1.2
2002 (projected)	383339	15255	398594	175145	67549	12607	80156	653896
2002 (projected p.a. growth)	1.9	0	1.8	-0.03	0.7	0.0	0.6	1.1
2003 (projected)	390623	15255	405878	174620	68030	12607	80637	661134
2002 (projected p.a. growth)	1.8	0	1.7	-0.03	0.7	0.0	0.6	1.1
2004 (projected)	397654	15255	412909	174096	68514	12607	81121	668126
2002 (projected p.a. growth)	1.7	0	1.6	-0.03	0.7	0.0	0.6	1.0
2005 (projected)	404414	15255	419669	173573	69001	12607	81608	674850
2002 (projected p.a. growth)	1.6	0	1.5	-0.03	0.7	0	0.6	1
2006 (projected)	410885	15255	426140	173053	69490	12607	82097	681290
2007 projected p.a. growth	1.5	0	1.4	-0.04	0.7	0	0.5	0.9
2007 (projected)	417048	15225	470459	172361	69976	12607	82507	725327

* The rapid change in the urban: rural ratio in Thaba Nchu is related to the fact that township establishment has take place in some of the peri-urban areas.

A number of comments need to be made regarding the information provided in Table B17 and Table B18:

The proportion of people in the Bloemfontein magisterial district increased, while the proportion of people in Botshabelo and Thaba Nchu decreased as a percentage of the overall population of MLM.

- This also suggests that the scale of population growth rate in Bloemfontein was higher than in Thaba Nchu and Botshabelo.
- The figures also reveal that the black population in MLM increased proportionally. Although the growth rate of black people in MLM was outstripped by that of the Asian population, the growth rate and scale of the black population is considerably more than the growth rates of other population groups (Table B18).
- Although Table B18 does not render the information in Table B17 invalid, it does suggest that the population growth in Botshabelo came to a standstill. The figures suggest a decline in real figures between 1996 and 2001.
- Overall, the 2007 population of MLM can be estimated between 725 000 (according to the 2001 Census data and adjusted according to suggested growth rates) and 758 000 (according to the Regional Explorer Database suggested above).

Regarding the rural population in Bloemfontein and Thaba Nchu, 1.7% of Mangaung's population resided in rural Thaba Nchu. As already indicated, the rural areas of Thaba Nchu contributed to 0.6% of the economy in MLM. Rural Bloemfontein had 2.1% of the population, which contributed 1.4% of the economic output of Mangaung (it should be noted that 2007 was not a high production year in agriculture).

B4.3 Average household size in MLM

The average household size is reflected in Table B19 below. As Census data was used in this respect, no updated information could be provided.

TABLE B19: Average household size for MLM area (2001)

	1996	2001
Botshabelo	4.5	3.91
Bloemfontein	3.6	3.27
Thaba Nchu	4.1	3.66
MLM	3.9	3.48

From Table B19 it is evident that the smallest household size was found in Bloemfontein (3.91 people per household), followed by Thaba Nchu (3.66) and Botshabelo (3.91). More importantly, the decline in household size should be noted. In MLM it dropped from 3.9 in 1996 to 3.48 in 2001. Overall this is related to government grant systems, which indirectly supported household formation. For example, the housing subsidy requires that end-beneficiaries should be married or have dependants.

B4.4 Population density

The changing trends in population density in MLM are reflected in Table B20 below.

TABLE B20: Population density by area (persons per km^2) in MLM, 1996, 2001, 2002, 2003, 2007

	National Total	Free State	MLM	Botshabelo	Bloemfontein	Thaba Nchu
1996	34.56	21.20	509.97	1,400.77	66.87	62.28
2001	37.24	22.41	547.78	1,505.03	71.32	66.98
2002	37.75	22.63	556.14	1,528.38	72.16	67.88
2003	38.25	22.83	563.93	1,550.14	72.94	68.71
2004	38.71	23.01	571.19	1,570.43	73.67	69.47
2007	38.82	23.04	573.31	1581.24	74.54	70.14

It seems evident from Table B20 that the population density in Botshabelo is by far the highest. This can be ascribed to the historical role that Botshabelo played as a catchment area for black urbanisation. Even if the Regional Explorer Database suggests that there will be an increase in the population density of Botshabelo, the CDS - basing their projection on census data from Statistics South Africa - suggest a stagnant and not a declining population density. Population densities in Bloemfontein and Thaba Nchu were 74 and 70 persons per km2 in 2007. Overall, the population density for MLM was estimated at 573 persons per km2 in 2007.

B4.5 Human Development Index

The Human Development Index (HDI) measures development by looking at literacy, per capita income and life expectancy. Table B21 provides a detailed overview of the HDI per area in MLM, as well as per race group. The HDI measures development internationally on a scale from Zero to One. The closer a country gets to One, the higher human development is said to be in that country.

TABLE B21: HDI by race and area, 1996, 2001, 2002, 2003, 2004, 2007

	National Total	Free State	MLM	Botshabelo	Bloemfontein	Thaba Nchu
Total 1996	0.56	0.53	0.53	0.45	0.66	0.50
Total 2001	0.60	0.56	0.57	0.49	0.68	0.53
Total 2002	0.60	0.56	0.57	0.49	0.68	0.53
Total 2003	0.60	0.55	0.56	0.48	0.68	0.53
Total 2004	0.60	0.56	0.57	0.49	0.68	0.53
Total 2007	0.60	0.58	0.63	0.53	0.67	0.57

The overview of HDI provided in Table B21 above should be supported by a number of comments:

- Despite an increase in the HDI of MLM and of the three magisterial districts between 1996 and 2001, the HDI had come under pressure in Bloemfontein by 2007.
- The second significant comment that should be made is that in 2007 the HDI for MLM (0.63) was for the first time higher than that of the national level.
- The lowest levels of HDI were found in Botshabelo (0.53) and Thaba Nchu (0.57), with Bloemfontein recording an HDI of 0.67. The relative poverty in Botshabelo and

Thaba Nchu, coupled with their historical role within the migrant-labour system probably contributed to the low levels of HDI in Botshabelo and Thaba Nchu.

B4.6 Urbanisation

Table B22 provides an overview of the urbanisation levels and trends in MLM since 1996. However, the urbanisation rates as portrayed in Table B22 should simultaneously be noted in that they reveal major differences in respect of Thaba Nchu.

TABLE B22: Urbanisation rate by area (% Persons Urbanised), 1996, 2001, 2002, 2004, 2007

	National total	Free State	Botshabelo	Bloemfontein	Thaba Nchu
1996	54.1%	68.9%	100.0%	95.6%	48.4%
2001	55.3%	71.3%	100.0%	96.6%	51.6%
2002	55.5%	71.7%	100.0%	97.0%	52.1%
2003	55.7%	72.3%	100.0%	97.7%	52.6%
2004	56.0%	72.8%	100.0%	98.3%	53.2%
Growth (2004-2007)	0.40	0.69	0.00	0.59	0.97
2007	56.6%	74.2%	100.0%	99.5%	55.67%

From Table B22 it is evident that the three areas in MLM are considerably more urbanised than either the Free State or the national percentage. In 2004 Botshabelo was 100% urbanised and Bloemfontein 98.3%. The urbanisation rate of Thaba Nchu lay at 53%. However, should the recent township establishment of the peri-urban areas of Thaba Nchu be taken into account, this figure will probably rise to over 80%. In economic terms, this high level of urbanisation is problematic in that the three pockets of urbanisation are spread out over the 65 km between Thaba Nchu and Bloemfontein.

B4.7 HIV/AIDS-prevalence rate

The only data available at the district level in the Free State is the HIV-prevalence rate among pregnant women. However, concerning the 2003 prevalence rate in each of the districts, conclusions are drawn with regard to the expected percentage of the population infected with HIV and AIDS as suggested by Redelinghuys and Pelser.[1] These figures are reflected in Table B23 below.

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[1] Redelinghuys, N., and Pelser, A., 2005: Estimated and projected impacts of HIV/AIDS on the Free State and South African population (work in progress), Department of Sociology, University of the Free State.

TABLE B23: HIV-prevalence rate for pregnant women in the Free State, 1999 – 2003, 2006

District	1999	2000	2001	2002	2003	2006	Projected HIV infection % for the population, 2003
Xhariep	-	-	-	-	25.7	19.7	12.3
Motheo	26.6	29.6	28.5	31.0	36.3	30.5	22.9
Lejweleputswa	31.9	30.1	41.1	29.8	33.3	34.1	19.9
Thabo Mafutsanyana	27.9	27.2	27.8	26.0	28.0	32.2	14.6
Fezile Dabi	27.6	21.1	29.4	28.1	23.8	29.5	10.4

Source: Redelinghuys and Pelser, 2005; Department of Health, 2007

The above table suggests that the prevalence rate in MLM, derived from the district figure, is approximately 22.9%. However, it is also important to consider the longer-term influences of HIV and AIDS. The following development trajectory should be considered (see Figure B15) in respect of HIV and AIDS. This development trajectory has been mapped without taking into considering the possible impact of anti-retrovirals. According to this projection, the HIV and AIDS infection in the Free State will increase from just over 15% in 2004, to about 18% by 2007. In MLM this might mean an increase of another one or two percent by 2007. This percentage of HIV and AIDS infections will, however, again start to decline to approximately 16% by 2010. Further analysis also suggests that life expectancy will decrease from 56 years in 2000, to 39 by 2010. However, it should also be noted that by 2031 it could again be 55 years in the Free State. The percentage of HIV and AIDS - related deaths are expected to increase from 28.9% of all deaths to 68.6% of all deaths between 2000 and 2010. This increase in HIV and AIDS-related deaths, and the decline in life expectancy have serious negative implications for economic growth in that the turnover of skilled people will be faster, and this will thus require extensive investments in training. In addition to assessing the situation in respect of HIV and AIDS, one should also not ignore the relationship with TB. There seems to be increasing evidence that if the TB rate could be brought down, this would also have a significant impact on assisting the HIV and AIDS-infection rate to decrease.

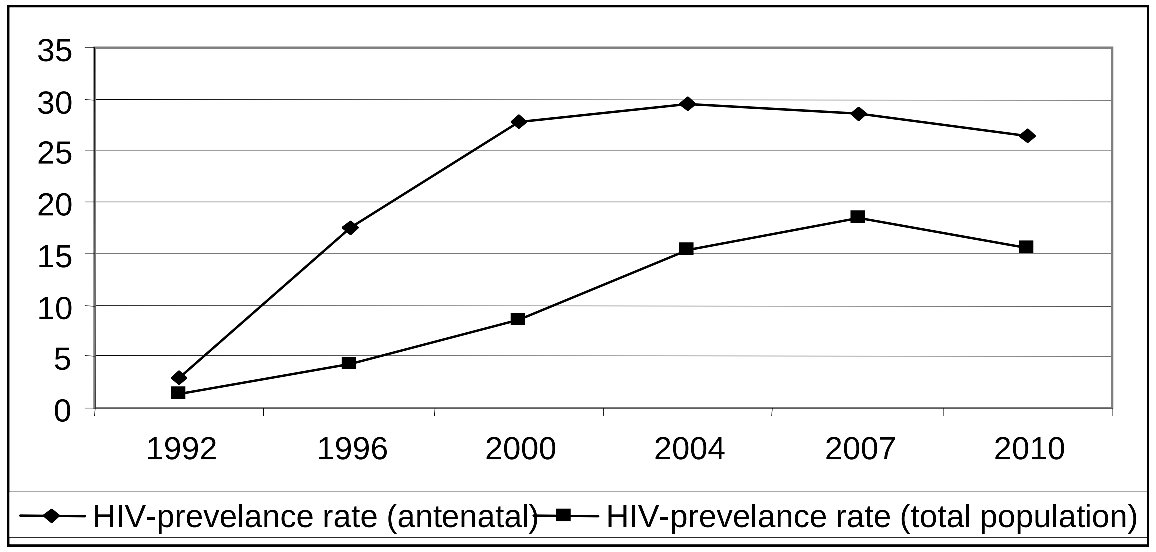

FIGURE B13: The trajectory of HIV and AIDS in the Free State, 1992 - 2010

Source: Adapted from Pelser, 2006[2]

B5. Employment overview of broad sectors

B5.1 Introduction

This section provides an overview of employment trends in respect of the broad sectors of the economy. The employment trends in the detailed sectors will be assessed in Chapter Six. Specific aspects considered here are the economically active population, unemployment, and employment per sector. The section further also compares economic output in terms of GVA with employment creation in these sectors. Employment per area in MLM, as well as informal employment is also assessed. However, before these detailed analyses are conducted, an overview of employment trends in the broad sectors is provided (see Table B24).

[2] Pelser, A., 2006: The demographic and development landscape of HIV and AIDS in the Free State Province, South Africa, *Acta Academica*, (in press).

TABLE B24: Employment creation in the broad sectors of the MLM economy, 2001, 2004 and 2007

2001	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Services	Households	Total
Botshabelo	132	41	3,948	104	278	1,703	746	572	4,982	1,240	13,746
Bloemfontein	6,672	266	7,963	1,299	4,499	19,745	8,517	12,299	43,148	22,398	126,806
Thaba Nchu	543	0	919	124	275	1,806	427	497	4,015	1,365	9,972
TOTAL	7,346	307	12,831	1,526	5,052	23,253	9,690	13,368	52,146	25,004	150,524
2004											
Botshabelo	142	36	3,608	108	302	1,748	695	619	5,744	1,244	14,247
Bloemfontein	7,225	229	7,194	1,356	4,710	19,546	7,844	12,500	48,885	22,465	131,955
Thaba Nchu	589	0	694	128	246	1,523	334	432	4,481	1,369	9,796
TOTAL	7,956	265	11,496	1,592	5,258	22,817	8,873	13,551	59,110	25,079	155,998
2007											
Botshabelo	112	36	4,124	113	503	1,530	820	398	5,402	1,187	14,225
Bloemfontein	5,826	225	6,261	1,347	5,823	17,910	7,084	12,475	43,429	21,630	122,012
Thaba Nchu	414	0	952	139	435	1,865	398	469	4,486	1,436	10,593
TOTAL	6,352	261	11,337	1,600	6,761	21,306	8,302	13,342	53,316	24,253	146,830
2001-2004 Increase	610	-42	-1,335	65	206	-436	-817	183	6,965	75	5,475
2004-2007 Increase	-1,604	-4	-159	8	1,503	-1,511	-571	-209	-5,794	-826	-9,168
2001-2007 Increase	-994	-46	-1,494	74	1,709	-1,947	-1,388	-26	1,170	-751	-3,694

Despite a considerable increase in economic output (see Section B2 and Section B3) employment creation was only fairly moderate between 2001 and 2004, and was followed by large-scale losses that put total employment for MLM below the 2001 levels (with the exception of Botshabelo that was able to retain most of its gains between 2001 and 2004). A number of crucial comments need to be made in respect of Table B24 above.

- A total of 5 478 new employment opportunities were created between 2001 and 2004. However, most of these were created in community services, which probably reflect an increase in public-sector employment. Between 2004 and 2007, 9 168 job opportunities were lost, most of these once again being in the community-services sector.
- Community services created 6 965 job opportunities between 2001 and 2004 but shed 5 794 between 2004 and 2007.

- The largest proportional loss of employment was in agriculture, which shed 20.2% of its jobs between 2004 and 2007, followed by community services, which shed 9.8% of its jobs during the same period.
- The only two sectors that were able to create jobs between 2004 and 2007 were electricity and construction. Many of the other sectors shed jobs despite significant growth in the GVA of these sectors.
- The labour-absorption rates of construction - especially in respect of low-skilled people - should be noted.
- In contrast, despite contributing in excess of 50% of MLM's growth in GVA between 2004 and 2007, finance was shedding jobs.

B5.2 Economically active people

This section provides an overview of the economically active persons per sex and per magisterial district in MLM (see Table B25).

TABLE B25: Number of economically active persons by sex and area, 1996, 2001, 2002, 2003, 2004 and 2007

	National Total	Free State	MLM	Botshabelo	Bloemfontein	Thaba Nchu
Male 1996	7,425,863	553,791	115,628	27,706	75,295	12,626
Female 1996	6,168,882	434,168	119,222	31,037	75,136	13,049
Total 1996	13,594,746	987,958	234,849	58,743	150,431	25,675
Male 2001	9,312,801	685,395	144,830	35,139	93,682	16,009
Female 2001	7,760,714	540,170	149,510	39,363	93,600	16,547
Total 2001	17,073,515	1,225,564	294,340	74,502	187,282	32,556
Male 2002	9,586,831	703,196	149,112	36,308	96,298	16,507
Female 2002	7,995,606	554,784	153,968	40,673	96,233	17,062
Total 2002	17,582,436	1,257,980	303,080	76,981	192,530	33,568
Male 2003	9,769,944	713,869	151,923	37,106	97,982	16,835
Female 2003	8,155,519	563,883	156,901	41,568	97,932	17,401
Total 2003	17,925,463	1,277,752	308,824	78,674	195,914	34,236
Male 2004	9,790,777	712,320	152,185	37,270	98,039	16,876
Female 2004	8,180,567	563,373	157,199	41,752	98,003	17,444
Total 2004	17,971,343	1,275,694	309,385	79,022	196,042	34,320
Male 2007	10,101,865	570,276	128,199	29,526	84,708	13,965
Female 2007	9,501,918	533,959	150,546	38,145	96,172	16,230
Total 2007	19,603,783	1,104,235	278,745	67,671	180,880	30,194
P.a. growth male (2001-2004)	1.68	1.29	1.66	1.98	1.53	1.77
P.a. growth female (2001-2004)	1.77	1.41	1.69	1.98	1.54	1.78
P.a. growth total (2001-2004)	1.72	1.35	1.68	1.98	1.54	1.77
P.a. growth male (2004-2007)	1.05	-7.15	-5.56	-7.47	-4.76	-6.12
P.a. growth female (2004-2007)	5.12	-1.77	-1.43	-2.97	-0.63	-2.38
P.a. growth total (2004-2007)	2.94	-4.70	-3.42	-5.04	-2.65	-4.18
P.a. growth male (2001-2007)	1.36	-3.02	-2.01	-2.86	-1.66	-2.25
P.a. growth female (2001-2007)	3.43	-0.19	0.12	-0.52	0.45	-0.32
P.a. growth total (2001-2007)	2.33	-1.72	-0.90	-1.59	-0.58	-1.25

There was a considerable increase in the number of people who were economically active between 2001 and 2004. In MLM they increased from 235 000 in 1996, to 309 000 in 2004. This represented a growth rate of 2% per annum between 2001 and 2004. These trends mirrored the national trends. Since 2004 were however significant changes in the numbers and growth of economically active individuals. While the national growth rates have slowed somewhat for males those for females have shown strong increases (5.1% growth versus 1%

growth for males). In both the Free State and the constituting areas of MLM, the growths of economically active individuals slowed to the extent that they started to decline. The rate of decline for males is also significantly higher than for females (-5.6% versus -1.4% for MLM as a whole). The rates of decline for Botshabelo and Thaba Nchu remained close to each other and to the rates of the Free State, while Bloemfontein was showing significantly slower rates of decline whilst simultaneously maintaining the gender inequality of the other areas. If the gender trends were to continue, the result would be that the women would soon outnumber the men in the workforce. MLM has approximately 25% of the economic active population of the Free State. The question that thus needs to be asked is whether the reduction in economically active individuals could outpace job losses and reduce unemployment – an aspect to which the report now turns.

B5.3 Unemployment

The focus now shifts to an overview of unemployment figures. Table B26 provides an overview of unemployment in MLM per sex and magisterial district.

TABLE B26: Number of unemployed persons by sex and area, 1996, 2001, 2002, 2003, 2004 and 2007

	National total	Free State	MLM	Botshabelo	Bloemfontein	Thaba Nchu
Male 1996	2,024,623	117,606	31,123	10,689	15,575	4,859
Female 1996	2,583,995	177,591	40,969	14,182	20,131	6,656
Total 1996	4,608,619	295,197	72,092	24,871	35,706	11,515
Male 2001	2,879,938	174,728	44,115	14,577	22,831	6,706
Female 2001	3,708,663	267,646	57,732	19,341	29,152	9,239
Total 2001	6,588,601	442,374	101,847	33,918	51,984	15,946
Male 2002	3,107,435	189,945	48,330	16,217	24,735	7,378
Female 2002	4,071,847	295,770	64,077	21,922	31,743	10,412
Total 2002	7,179,282	485,714	112,407	38,139	56,478	17,790
Male 2003	3,145,494	192,462	49,038	16,526	24,946	7,565
Female 2003	4,202,575	305,893	66,360	22,837	32,605	10,918
Total 2003	7,348,068	498,355	115,398	39,363	57,551	18,483
Male 2004	3,095,032	190,040	48,400	16,370	24,493	7,537
Female 2004	4,169,911	305,118	66,200	22,863	32,345	10,992
Total 2004	7,264,943	495,158	114,600	39,233	56,838	18,530
Male 2007	3,033,010	173,919	42,703	15,408	20,680	6,615
Female 2007	4,195,163	277,572	61,796	22,157	30,422	9,217
Total 2007	7,228,174	451,490	104,499	37,565	51,102	15,832
P.a. growth male (2001-2004)	2.43	2.84	3.14	3.94	2.37	3.97
P.a. growth female (2001-2004)	3.98	4.46	4.67	5.73	3.53	5.96
P.a. growth total (2001-2004)	3.31	3.83	4.01	4.97	3.02	5.13
P.a. growth male (2004-2007)	-0.67	-2.91	-4.09	-2.00	-5.48	-4.26
P.a. growth female (2004-2007)	0.20	-3.10	-2.27	-1.04	-2.02	-5.70
P.a. growth total (2004-2007)	-0.17	-3.03	-3.03	-1.44	-3.48	-5.11
P.a. growth male (2001-2007)	0.87	-0.08	-0.54	0.93	-1.64	-0.23
P.a. growth female (2001-2007)	2.08	0.61	1.14	2.29	0.71	-0.04
P.a. growth total (2001-2007)	1.56	0.34	0.43	1.72	-0.28	-0.12

The following comments should be made in respect of the TableB26:

- Unemployment figures rose between 1996 and 2001. In 1996, just over 72 000 people were unemployed in MLM. This growth in the numbers of the unemployed rose to more than 101 000 in 2001 and continued until 2003, when more than 115 000 were unemployed. However, starting in 2004 and continuing to 2007 there was a decline in unemployment figures. This could probably be associated with the increase in economic growth outlined in Chapter Two, but probably also resulted from the decrease in the numbers of economically active individuals.

- It can thus be expected that, should economic growth increase or at least maintain current levels, and should the number of economically active individuals continue to decline, there could be a decline in the actual numbers of those who are unemployed.
- In respect of gender differences it should also be noted that the unemployment rate among females (41%) is considerably higher than among males (33%), though this gap closed by 2 percentage points since 2004. Overall, the unemployment rate is estimated at 38%, slightly higher than the estimate of 37% for 2004.
- Furthermore, the unemployment rate for Bloemfontein is the lowest (28%) while being extremely high in Botshabelo (56%) and Thaba Nchu (52%).

B5.4 Employment share per economic sector

Table B25 provided an overview of the number of people employed per sector. The emphasis now shifts to the share of employment per broad economic sector (see Table B27).

TABLE B27: Formal employment by economic sector and area (percentage distribution), 1996, 2001, 2002, 2003, 2004 and 2007

		National Total	Free State	MLM	Botshabelo	Bloemfontein	Thaba Nchu
1996	Agriculture	10.9	18.9	5.3	1.0	5.7	6.0
	Mining	7.0	19.2	0.2	0.3	0.2	0.0
	Manufacturing	17.8	7.6	11.0	35.9	8.0	12.2
	Electricity	0.9	0.8	1.1	0.8	1.1	1.4
	Construction	4.2	2.5	3.8	2.2	4.1	3.1
	Trade	13.3	8.6	14.1	10.6	14.4	16.4
	Transport	5.9	4.1	7.6	6.4	8.0	5.0
	Finance	8.3	3.9	7.6	3.1	8.4	4.2
	Community services	19.3	17.6	30.6	30.2	30.2	35.9
	Households	12.4	16.7	18.6	9.5	19.9	15.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0
2001	Agriculture	10.2	20.3	4.9	1.0	5.3	5.4
	Mining	4.8	10.5	0.2	0.3	0.2	0.0
	Manufacturing	14.9	6.6	8.5	28.7	6.3	9.2
	Electricity	0.9	0.9	1.0	0.8	1.0	1.2
	Construction	4.0	2.4	3.4	2.0	3.5	2.8
	Trade	15.5	10.1	15.4	12.4	15.6	18.1
	Transport	5.2	3.7	6.4	5.4	6.7	4.3
	Finance	10.9	5.0	8.9	4.2	9.7	5.0
	Community services	22.4	23.3	34.6	36.2	34.0	40.3
	Households	11.2	17.3	16.6	9.0	17.7	13.7

		National Total	Free State	MLM	Botshabelo	Bloemfontein	Thaba Nchu
	Total	100.0	100.0	100.0	100.0	100.0	100.0
	Agriculture	10.4	21.0	5.0	1.0	5.4	5.6
	Mining	4.8	9.6	0.2	0.3	0.2	0.0
	Manufacturing	14.6	6.4	8.2	27.7	6.0	8.7
	Electricity	0.9	0.9	1.0	0.7	1.0	1.3
	Construction	3.8	2.2	3.2	1.9	3.3	2.6
2002	Trade	15.1	9.6	14.7	11.9	14.9	17.0
	Transport	5.2	3.5	6.2	5.1	6.5	4.1
	Finance	11.5	5.1	9.0	4.3	9.8	5.0
	Community services	22.8	24.4	35.9	38.0	35.2	42.0
	Households	11.1	17.4	16.6	9.0	17.7	13.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0
	Agriculture	10.6	21.1	5.1	1.0	5.4	5.8
	Mining	4.9	9.9	0.2	0.3	0.2	0.0
	Manufacturing	13.8	5.9	7.5	25.9	5.5	7.7
	Electricity	0.9	0.9	1.0	0.8	1.0	1.3
	Construction	3.9	2.2	3.2	2.0	3.4	2.5
2003	Trade	15.6	9.6	14.9	12.2	15.1	16.5
	Transport	4.9	3.3	5.8	4.9	6.1	3.6
	Finance	11.1	4.8	8.5	4.2	9.3	4.5
	Community services	23.5	25.3	37.5	40.0	36.7	44.2
	Households	10.9	17.0	16.3	8.8	17.3	13.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0
	Agriculture	10.5	21.3	5.1	1.0	5.5	6.0
	Mining	5.0	9.9	0.2	0.3	0.2	0.0
	Manufacturing	13.6	5.7	7.4	25.3	5.5	7.1
	Electricity	0.9	0.9	1.0	0.8	1.0	1.3
	Construction	4.2	2.3	3.4	2.1	3.6	2.5
2004	Trade	15.4	9.4	14.6	12.3	14.8	15.5
	Transport	4.8	3.2	5.7	4.9	5.9	3.4
	Finance	11.4	4.8	8.7	4.3	9.5	4.4
	Community services	23.5	25.6	37.9	40.3	37.0	45.7
	Households	10.6	16.8	16.1	8.7	17.0	14.0
	Total	100.0	100.0	100.0	100.0	100.0	100.0
	Agriculture	7.8	17.7	4.3	0.8	4.8	3.9
	Mining	4.8	8.8	0.2	0.3	0.2	0.0
	Manufacturing	13.9	6.6	7.7	29.0	5.1	9.0
	Electricity	0.9	1.0	1.1	0.8	1.1	1.3
	Construction	5.3	3.8	4.6	3.5	4.8	4.1
2007	Trade	17.8	9.8	14.5	10.8	14.7	17.6
	Transport	4.3	3.9	5.7	5.8	5.8	3.8
	Finance	13.7	5.3	9.1	2.8	10.2	4.4
	Community services	21.0	25.6	36.3	38.0	35.6	42.3
	Households	10.5	17.6	16.5	8.3	17.7	13.6
	Total	100.0	100.0	100.0	100.0	100.0	100.0

The following comments are pertinent:

- The Agriculture sector saw only a slight increase in respect of share of employment between 2004 and 2007 (5.1% - 4.3%), despite the fact that, in terms of economic output, this sector's share showed a significant decline (by 12.3% per annum between 2004 and 2007). This once again confirms that the labour-absorption rate of agriculture is fairly high.
- A constant employment percentage of 0.2% of the total percentage of people in MLM between 2001 and 2007 was maintained by mining.
- Employment in manufacturing increased proportionally (7.4% – 7.7%) between 2004 and 2007 after there had been a decline between 2001 and 2004 (7.5 - 7.4%) despite the continued decline of GVA for manufacturing. . Employment in electricity, as a percentage of total employment in MLM, remained more or less constant for the period 2001 – 2007.
- The proportional percentage of people employed in construction increased slightly from 3.2% in 2001, to 3.4% in 2004, and again to 4.9% in 2007. This is probably due to the continued growth in GVA of construction, while other sectors declined, but also once again confirms the fact that construction also has a significant labour-absorption rate.
- In respect of trade, the proportion of people employed in trade consistently declined between 2001 and 2007 (14.9%-14.6%-14.5%), this despite the fact that trade's share of the local economy increased (Section B2) and also that trade was responsible for the largest percentage of economic growth in MLM between 2001 and 2004.
- The proportional share of people employed in transport declined from 6.4% in 2001, to 5.7% in both 2004 and 2007, this also despite the fact that transport had been growing significantly between 2001 and 2007.
- Finance proportionally declined slightly from 8.9% - 8.7% between 2001 and 2004, before subsequently increasing to 9.1%. This happened despite the fact that finance showed the second largest growth between 2004 and 2007 (23.5%) and that it contributed more than 50% of the growth in GVA for MLM in that period.
- In the case of community services there was a considerable increase from 34.6% in 2001, to 37.9% in 2004, before again declining to 36.3% in 2007. The long-term

viability of employment growth in this sector is however, questionable, as recent layoffs have demonstrated.

The above trends to a large extent reflect the more-or-less stable importance of community services as an employment sector. Some also relate the increasing importance of the community-services sector to an increase in the Tress Index.

B5.5 Employment versus production

Chapter Two of this section of the report dealt with the relative GVA contribution of the various sectors of the economy. Earlier in this section, an overview was provided of the proportional contribution of these sectors in respect of employment. In this section the aspects are compared (see Table B28).

TABLE B28: Comparison of formal employment and production for MLM (1996, 2001, 2004 and 2007)

		Employment (%)	Production (%)
1996	Agriculture	5.3	3.7
	Mining	0.2	0.3
	Manufacturing	11.0	8.1
	Electricity	1.1	3.4
	Construction	3.8	3.4
	Trade	14.1	17.1
	Transport	7.6	12.2
	Finance	7.6	14.9
	Community services	30.6	36.9
	Households	18.6	
	Total	**100.0**	**100.0**
2001	Agriculture	4.9	3.2
	Mining	0.2	0.3
	Manufacturing	8.5	7.5
	Electricity	1.0	2.6
	Construction	3.4	2.1
	Trade	15.4	17.1
	Transport	6.4	13.0
	Finance	8.9	17.0
	Community services	34.6	37.2
	Households	16.6	
	Total	**100.0**	**100.0**
2002	Agriculture	5.0	4.0
	Mining	0.2	0.3
	Manufacturing	8.2	7.6
	Electricity	1.0	2.5

		Employment (%)	Production (%)
	Construction	3.2	1.9
	Trade	14.7	17.0
	Transport	6.2	12.6
	Finance	9.0	16.8
	Community services	35.9	37.3
	Households	16.6	
	Total	**100.0**	**100.0**
2003	Agriculture	5.1	3.4
	Mining	0.2	0.2
	Manufacturing	7.5	7.3
	Electricity	1.0	2.3
	Construction	3.2	2.0
	Trade	14.9	17.5
	Transport	5.8	12.6
	Finance	8.5	17.0
	Community services	37.5	37.6
	Households	16.3	
	Total	**100.0**	**100.0**
2004	Agriculture	5.1	2.8
	Mining	0.2	0.2
	Manufacturing	7.4	7.0
	Electricity	1.0	2.2
	Construction	3.4	1.9
	Trade	14.6	18.2
	Transport	5.7	12.6
	Finance	8.7	17.8
	Community services	37.9	37.3
	Households	16.1	
	Total	**100.0**	**100.0**
2007	Agriculture	4.3	1.3
	Mining	0.2	0.4
	Manufacturing	7.7	2.9
	Electricity	1.1	1.3
	Construction	4.6	2.8
	Trade	14.5	18.1
	Transport	5.7	13.9
	Finance	9.1	26.2
	Community services	36.3	33.1
	Households	16.5	
	Total	**100.0**	**100.0**

A number of important comments need to be made in respect of Table B28 above, and of relationship between GVA output and employment in sectors.

- The following sectors were absorbing labour effectively as their employment creation was considerably higher than their economic production: agriculture, manufacturing and construction.
- It should be noted that although mining historically also had this attribute, its labour absorption rate has however declined over the last ten years or so, and that the scale of mining is moreover too small in MLM to make any meaningful contribution.
- In the following sectors, the economic production percentage outscored their contribution to employment by some considerable margin: trade, finance and transport.
- In community services, the economic contribution and the employment contribution were in the past more or less equal; however, more recently, employment has outstripped economic contribution.

The challenge remains to invest not only in those sectors of the economy that produce economic outputs, but also to invest in those sectors that assist in absorbing low-skilled labour.

B5.6 Informal-sector employment

The above sections reflected on the formal economy. Yet, some form of understanding of the informal economy is also required on order to provide a balanced overview of the economy in MLM (see Table B29).

TABLE B29: Informal-sector employment by sector for MLM (percentage distribution), 1996, 2001, 2004

Sector	Botshabelo	Bloemfontein	Thaba Nchu	MLM	MLM%
1996					
3 Manufacturing	1,538	891	409	2,838	16.8
5 Construction	245	1,834	233	2,313	13.7
6 Trade	1,857	5,894	678	8,430	49.8
7 Transport	67	197	23	287	1.7
8 Finance	283	1,185	211	1,679	9.9
9 Community services	276	1,025	84	1,385	8.2
Total Informal	4,267	11,025	1,639	16,931	100.0
2001					
3 Manufacturing	2,899	2,004	865	5,768	14.1
5 Construction	324	2,424	322	3,069	7.5
6 Trade	5,615	18,017	2,096	25,728	63.1
7 Transport	99	333	41	473	1.2
8 Finance	513	2,063	402	2,978	7.3
9 Community services	538	2,068	167	2,772	6.8
Total Informal	9,989	26,908	3,892	40,789	100.0
2004					
3 Manufacturing	2,171	1,500	648	4,319	12.6
5 Construction	309	2,314	307	2,930	8.6
6 Trade	4,510	14,471	1,683	20,664	60.5
7 Transport	96	321	39	456	1.3
8 Finance	565	2,273	442	3,280	9.6
9 Community services	487	1,871	151	2,508	7.3
Total Informal	8,137	22,749	3,271	34,158	100.0
2007					
3 Manufacturing	2,215	1,577	598	4,390	11.4
5 Construction	390	3,193	379	3,962	10.2
6 Trade	5,311	16,262	2,184	23,757	61.4
7 Transport	71	311	33	414	1.1
8 Finance	333	1,916	298	2,546	6.6
9 Community services	647	2,665	283	3,596	9.3
Total Informal	8,967	25,923	3,775	38,665	100.0

A number of points should be noted in respect of Table B29 above:

- Significant increases in employment in the informal sector were seen between 1996 and 2001, before 2004 once again saw a minor decline in employment. some gains in informal employment were again seen in 2007, though the 2001 figures remain the highest in absolute terms.
- The largest percentage of the population in the informal economy was in trade (61.4%) in 2007.

- The second largest sector in the informal economy was manufacturing, where 11.4% of the people in the informal economy were situated in 2004. However, manufacturing seen a constant decline in its share of informal sector employment.
- Interestingly, finance was also fairly big, with 6.6% of the people in the informal-sector being in this sector though this sector saw some decline between 1996 and 2001 (from 9.9% to 7.3%) and again between 2004 and 2007 (from 9.6%).

B5.7 Employment per area

This section considers the employment percentage per sector in relation to the Free State and the national average (see Table B30).

TABLE B30: Total employment by economic sector in MLM compared with the Free State and South Africa, (percentage distribution), 1996, 2001, 2002, 2003, 2004, 2005, 2006

		National Total	Free State	MLM	Botshabelo	Bloemfontein	Thaba Nchu
1996	Agriculture	9.9	17.4	4.7	0.8	5.3	5.1
	Mining	6.3	17.7	0.2	0.2	0.2	0.0
	Manufacturing	17.5	8.0	11.6	35.9	8.0	14.1
	Electricity	0.9	0.7	1.0	0.6	1.0	1.2
	Construction	5.5	3.6	4.9	3.0	5.2	4.8
	Trade	15.9	12.1	17.9	18.3	17.7	20.1
	Transport	6.2	4.0	7.0	5.3	7.5	4.5
	Finance	8.0	4.4	7.8	3.9	8.6	5.5
	Community services	18.6	16.9	28.2	24.6	28.4	31.2
	Households	11.3	15.3	16.7	7.2	18.2	13.4
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
2001	Agriculture	8.3	16.6	3.8	0.6	4.3	3.9
	Mining	3.9	8.6	0.2	0.2	0.2	0.0
	Manufacturing	14.5	7.4	9.7	28.9	6.5	12.9
	Electricity	0.7	0.7	0.8	0.4	0.8	0.9
	Construction	5.7	3.4	4.2	2.5	4.5	4.3
	Trade	23.0	19.8	25.6	30.8	24.6	28.1
	Transport	5.4	3.3	5.3	3.6	5.8	3.4
	Finance	9.5	5.3	8.5	4.6	9.3	6.5
	Community services	20.0	20.5	28.7	23.3	29.4	30.2
	Households	9.1	14.2	13.1	5.2	14.6	9.8
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
2002	Agriculture	9.4	19.6	4.6	0.8	5.1	4.9
	Mining	4.3	9.0	0.2	0.2	0.2	0.0
	Manufacturing	15.3	7.7	10.3	34.9	6.8	13.5
	Electricity	0.8	0.8	0.9	0.6	0.9	1.1
	Construction	5.9	3.6	4.6	3.2	4.7	4.7

		National Total	Free State	MLM	Botshabelo	Bloemfontein	Thaba Nchu
	Trade	15.0	9.3	13.8	9.9	14.2	15.0
	Transport	5.7	3.6	5.9	4.5	6.3	3.8
	Finance	11.1	6.1	10.0	6.2	10.7	7.7
	Community services	22.5	24.2	34.5	32.7	34.4	37.5
	Households	10.0	16.2	15.2	7.1	16.6	11.9
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
2003	Agriculture	8.9	17.9	4.1	0.6	4.6	4.4
	Mining	4.1	8.4	0.1	0.2	0.2	0.0
	Manufacturing	13.5	6.6	8.5	26.6	5.7	10.9
	Electricity	0.7	0.7	0.8	0.5	0.9	1.0
	Construction	5.5	3.2	4.1	2.6	4.3	4.1
	Trade	21.4	17.5	23.1	27.8	22.3	25.1
	Transport	5.2	3.1	5.0	3.5	5.4	3.0
	Finance	10.1	5.4	8.8	5.2	9.4	6.8
	Community services	21.4	22.8	32.0	27.5	32.5	34.4
	Households	9.1	14.5	13.4	5.6	14.7	10.4
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
2004	Agriculture	9.0	18.2	4.2	0.6	4.7	4.5
	Mining	4.3	8.5	0.1	0.2	0.1	0.0
	Manufacturing	13.4	6.3	8.3	25.9	5.6	10.3
	Electricity	0.7	0.7	0.8	0.5	0.9	1.0
	Construction	5.9	3.4	4.3	2.7	4.6	4.2
	Trade	21.4	17.3	22.9	28.1	22.0	24.6
	Transport	4.1	2.7	4.7	3.1	5.1	2.5
	Finance	10.5	5.4	8.9	5.3	9.6	6.7
	Community services	21.7	23.1	32.5	28.0	32.9	35.6
	Households	9.0	14.3	13.2	5.6	14.6	10.5
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
2007	Agriculture	6.6	14.4	3.4	0.5	3.9	2.9
	Mining	4.0	7.2	0.1	0.2	0.2	0.0
	Manufacturing	13.6	7.0	8.5	27.3	5.3	10.8
	Electricity	0.7	0.8	0.9	0.5	0.9	1.0
	Construction	7.2	5.1	5.8	3.8	6.1	5.7
	Trade	22.9	19.5	24.3	29.5	23.1	28.2
	Transport	4.6	3.5	4.7	3.8	5.0	3.0
	Finance	12.0	5.4	8.6	3.2	9.7	5.3
	Community services	19.5	22.7	30.7	26.1	31.2	33.2
	Households	8.8	14.4	13.1	5.1	14.6	10.0
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

The following comments should be made in respect of Table B30 especially when the figures for 2007 are under scrutiny:

- In the following sectors MLM underperformed in comparison with the Free State: agriculture, mining and households.

- In all the other sectors MLM had a higher percentage of people employed in the sectors than the Free State average.

B6: Employment per broad sector

B6.1 Introduction

Chapter Five provided an overview of employment for each of the broad sectors. The focus in this chapter is on the detailed sectors within each broad sector. The section will start off with an overview of the proportional contribution of each of the subsectors to total employment compared with their GVA contribution. Thereafter each of the main sectors will be assessed in detail in respect of employment.

B6.2 Formal employment by detailed sector compared with the GVA contribution

Table B31 provides an overview of the proportional share of employment and GVA of each of the subsectors.

TABLE B31: Formal employment percentage and GVA percentage by subsector for MLM, 2001, 2004 and 2007

	2001		2004		2007	
SIC subsector	Employment (%)	GVA (%)	Employment (%)	GVA (%)	Employment (%)	GVA (%)
11 Agriculture and hunting	4.9	3.2	5.1	2.8	4.3	1.32
12 Forestry and logging	0.0	0.0	0.0	0.0	0.0	0.00
13 Fishing, operation of fish farms	0.0	0.0	0.0	0.0	0.0	0.00
21 Mining of coal and lignite	0.0	0.0	0.0	0.0	0.0	0.00
23 Mining of gold and uranium ore	0.1	0.0	0.1	0.0	0.1	0.00
24 Mining of metal ores	0.0	0.1	0.0	0.0	0.0	0.08
25-29 Other mining and quarrying (incl 22)	0.1	0.3	0.1	0.2	0.1	0.31
30 Food, beverages and tobacco products	1.6	1.9	1.3	2.0	1.2	0.74
31 Textiles, clothing and leather goods	2.6	0.6	2.2	0.5	2.6	0.20
32 Wood and wood products	0.8	0.6	0.7	0.5	0.7	0.23
33 Fuel, petroleum, chemical and rubber products	0.8	1.0	0.7	0.9	0.6	0.38
34 Other non-metallic mineral products	0.2	0.1	0.2	0.1	0.2	0.05
35 Metal products, machinery and household appliances	0.8	0.5	0.7	0.5	1.0	0.22
36 Electrical machinery and	0.9	0.6	0.7	0.5	0.4	0.23

SIC subsector	2001		2004		2007	
	Employment (%)	GVA (%)	Employment (%)	GVA (%)	Employment (%)	GVA (%)
apparatus						
37 Electronic, sound/vision, medical & other appliances	0.1	0.1	0.1	0.1	0.1	0.03
38 Transport equipment	0.3	0.7	0.2	0.6	0.3	0.23
39 Furniture and other items NEC and recycling	0.5	1.4	0.6	1.2	0.6	0.57
41 Electricity, gas, steam and hot-water supply	1.0	2.4	1.0	2.0	1.1	1.20
42 Collection, purification and distribution of water	0.0	0.2	0.0	0.2	0.0	0.06
50 Construction	3.4	2.1	3.4	1.9	4.6	2.83
61 Wholesale and commission trade	2.1	5.5	1.9	5.2	3.3	4.74
62 Retail trade and repairs of goods	8.0	8.3	7.6	9.8	6.1	10.21
63 Sale and repairs of motor vehicles, sale of fuel	3.3	2.3	3.1	2.2	3.0	2.27
64 Hotels and restaurants	2.2	1.0	2.0	1.0	2.1	0.89
71-72 Land and water transport	4.4	6.7	3.8	6.4	3.9	6.60
73-74 Air transport and transport-supporting activities	0.2	0.6	0.1	0.6	0.1	0.64
75 Post and telecommunication	1.9	5.7	1.8	5.6	1.6	6.66
81-83 Finance and insurance	4.1	10.3	3.8	10.5	3.7	17.82
84 Real-estate activities	0.2	3.1	0.2	3.4	0.2	3.09
85-88 Other business activities	4.5	3.7	4.7	3.9	5.2	5.28
91 Public administration and defence activities	11.5	11.9	14.1	12.7	13.1	12.60
92 Education	9.4	9.9	9.6	9.7	9.5	7.88
93 Health and social work	10.6	8.4	10.9	8.2	10.2	7.79
94-99 Other service activities	3.2	7.1	3.3	6.7	3.5	4.84
Households	16.6		16.1		16.5	
Total Industries	100.0	100.0	**100.0**	**100.0**	**100.0**	**100.0**

The following aspects should be mentioned:

- The larger percentage of employment than GVA confirms the high labour-absorption rate of agriculture and hunting.
- In terms of manufacturing, the high levels of labour absorption in the textile sector should be noted.
- The higher share of employment creation in comparison with economic output in respect of construction once again suggests the higher levels of labour absorption for this sector.

- Other subsectors where significant labour absorption exists are: sale and repairs of motor vehicles, sale of fuel; hotels and restaurants; health and social work.
- The ability of the following subsectors to increase economic growth should be noted: retail trade and repair of goods, land and water transport, post and telecommunications, finance and insurance; real estate activities.

B6.3 Agriculture

The dominance of agriculture and hunting in terms of economic output reflected in Section B3 is further supported by the dominance of this subsector in terms of employment (see Figure B14).

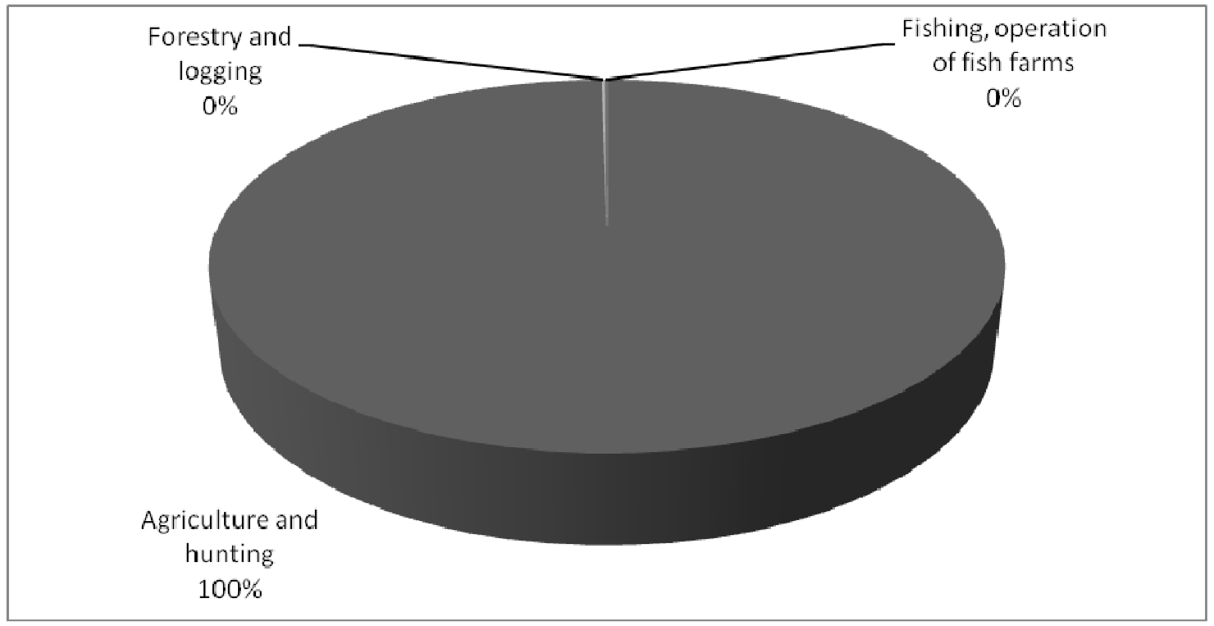

FIGURE B14: Formal employment per subsector in the agriculture for MLM, 2007

As was the case in respect of GVA, 100% of employment is found in the agriculture and hunting subsector. There has also been no change in the subsectors since 2001.

B6.4 Mining

The proportional contribution of employment in the subsectors of mining should be seen against the background that only about 260 people were employed in this sector (2007) (see Figure B15). Overall, employment in this sector and also this sector's contribution to the MLM economy are thus irrelevant.

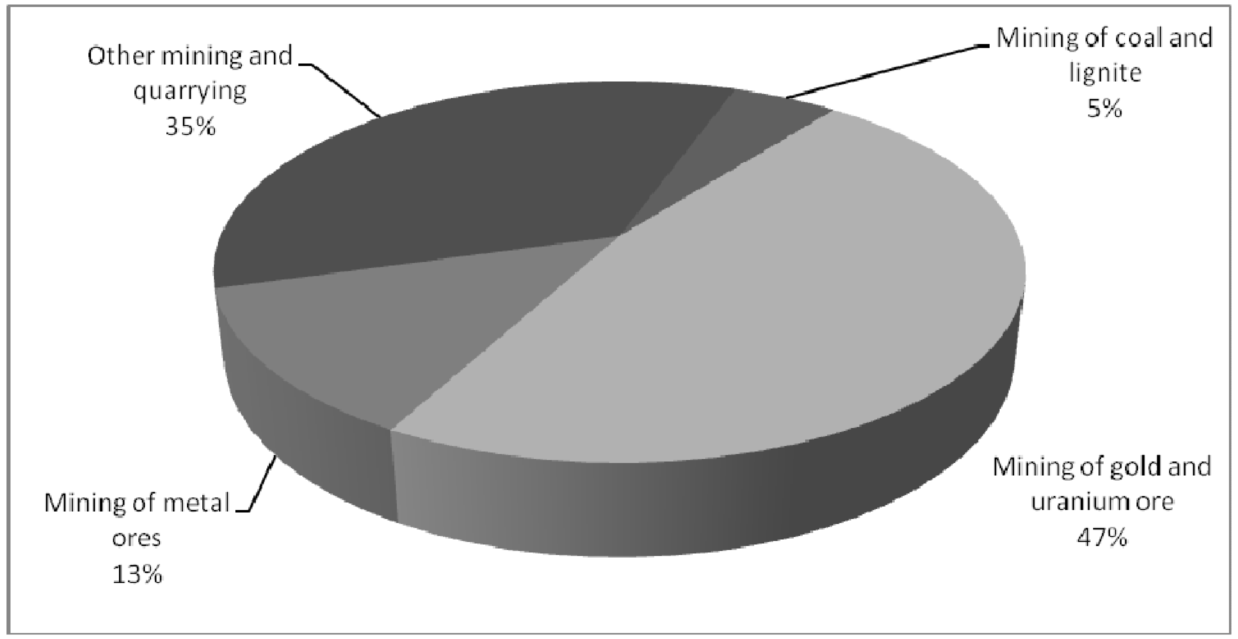

FIGURE B15: **Formal employment share per subsector in the mining sector for MLM, 2007**

B6.5 Manufacturing

The employment per subsector is reflected in Figure B16 below. The differences with the GVA contribution are discussed below.

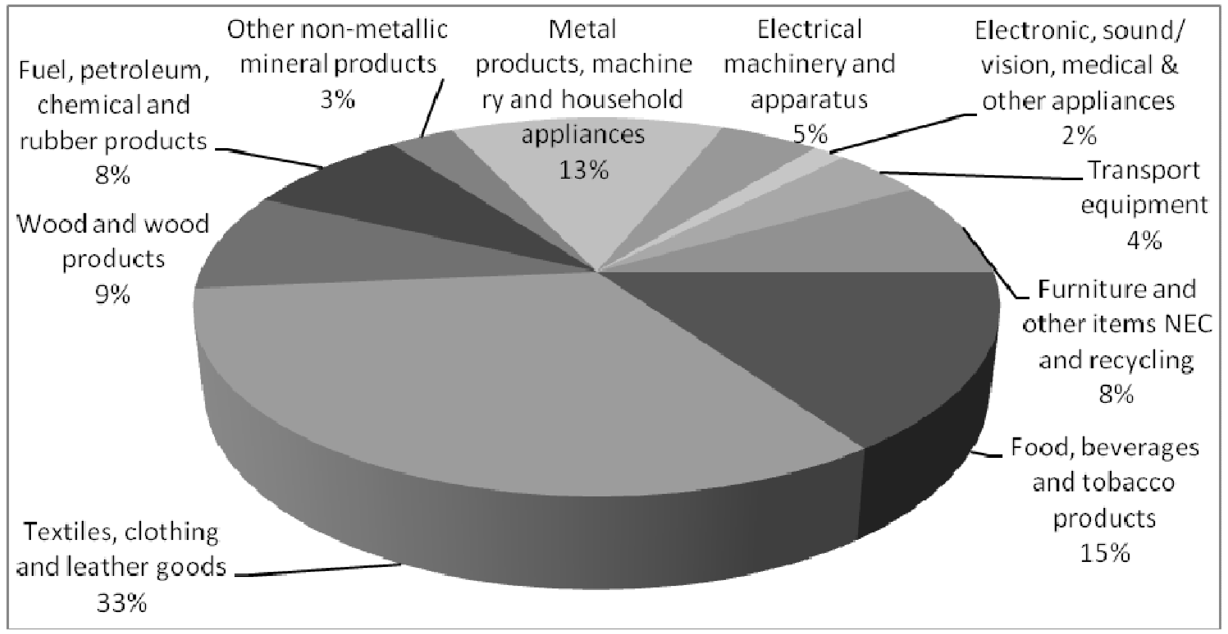

FIGURE B16: **Formal employment by share subsector in manufacture sector for MLM, 2007**

The following subsectors saw some increase in employment since 2004:

- Textiles and clothing dropped from 33% in 1996 to 30% in 2001 of employment share in the sector, but recovered to 33% in 2007.
- Other non-metallic mineral products increased from 2% to 3%.
- Metal products, machinery and household appliances increased from 9% to 13%.
- Electronic, sound/vision, medical and other appliances increased from 1% to 2%.
- Transport equipment increased from 3% to 4%.

The employment contribution of furniture and other items NEC and recycling increased from 6% of the total, to 8% of the total employment in manufacturing between 2001 and 2004, and remained stable since that time.

The following subsectors experienced a decline in the share of employment in manufacturing in MLM between 2004 and 2007:

- Food and beverages dropped from 19% in 2001, to 18% in 2004 and to 15% in 2007 of employment share in the sector.
- Wood and wood products initially increased its share of employment in manufacturing from 8% in 2001, to 10% in 2004, before decreasing to 9% in 2007.
- Fuel, petroleum, chemical and rubber products decreased from 9% to 8%
- Electrical machinery and apparatus declined from 10% to 5%.

B6.6 Electricity, gas and water

The employment shares of the subsectors in electricity, gas and water are reflected in Figure B17 below.

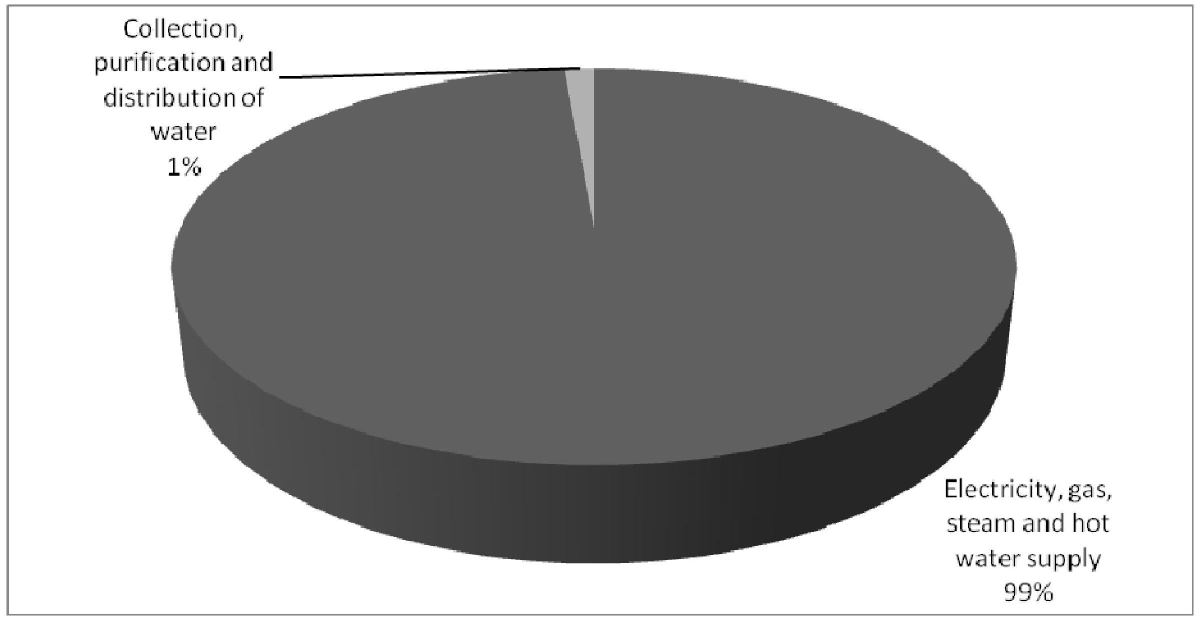

FIGURE B17: Formal employment share by subsector in electricity/gas/water sector for MLM, 2007

The subsector remains dominated by the subsector of electricity, gas, steam and hot-water supply in that 99% of the employment in this sector is generated by the subsector. Employment in this subsector is also somewhat more than the 95% contribution to GVA that this subsector provides.

B6.7 Trade

Employment share in each of the subsectors of trade is reflected in Figure B18 below.

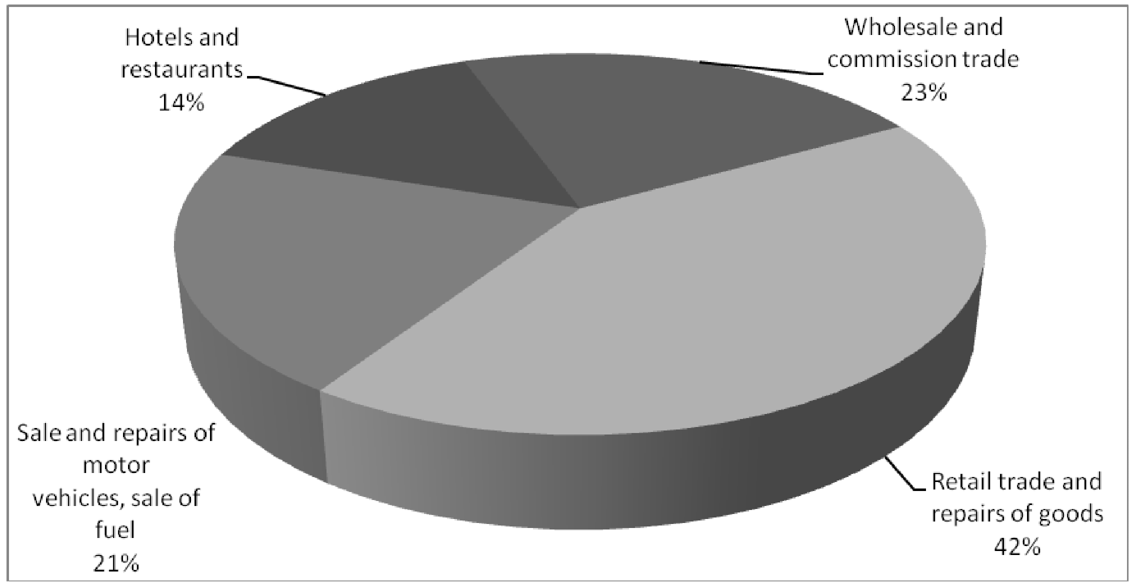

FIGURE B18: Formal employment share by subsector in Trade for MLM, 2007

Hotels and restaurants as a sector increased its share of employment in MLM between 2001 and 2004 where it stabilised up to 2007. The percentage employment increased from 12% to 14%. Sale and repairs of motor vehicles and sale of fuel remained steady at 21% of employment share between 2004 and 2007, after losing one percentage point between 2001 and 2004. Since 2004 retail trade and repairs of goods declined by 10 percentage points (52% to 42% in 2007), while wholesale and commission trade increased by 10 percentage points (13% to 23% in 2007).

B6.8 Transport

The figures for Transport and its proportional share of employment per subsector are reflected in Figure B19 below.

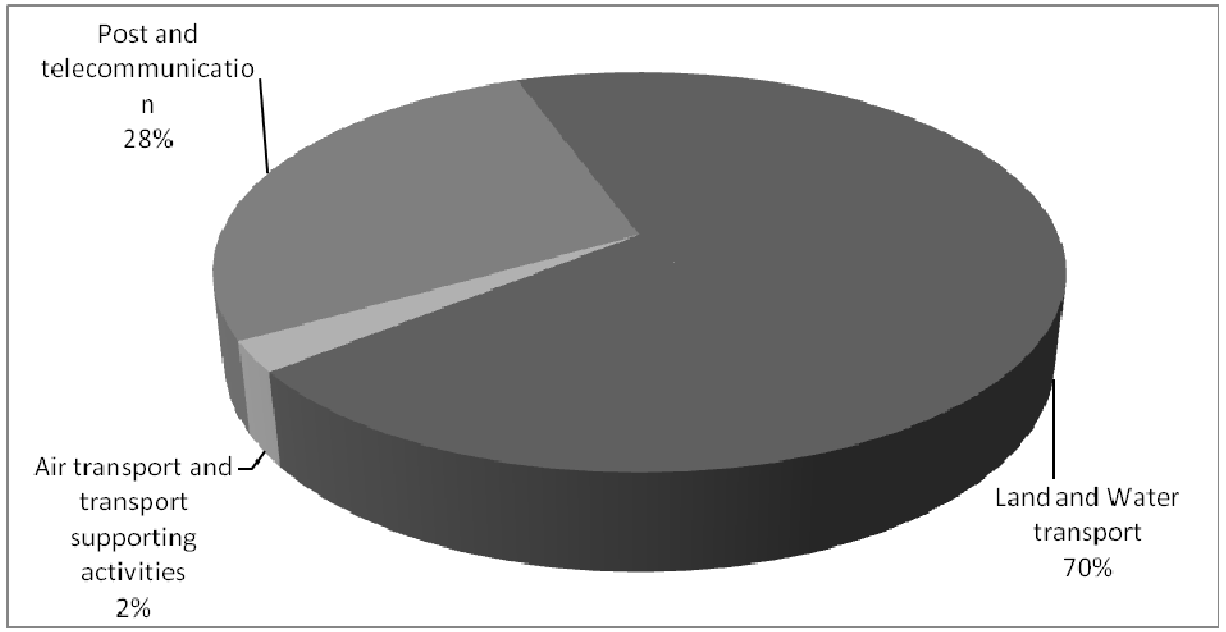

FIGURE B19: Formal employment share by subsector in transport for MLM, 2007

A number of comments are due in respect of the above figure. In the first place, there was an extensive proportional increase in the percentage of people employed in land and water transport (63% in 2001 to 67% in 2004 to 70% in 2007). In the case of post and telecommunication, the proportional share of employment in the sector decreased from 34% in 2001, to 31% in 2004 and to 28% in 2007. In the case of air transport and transport-supporting activities, the drop was from 3% in 2001, to 2% in 2004 where it remained stable up to 2007.

B6.9 Finance and real estate

The proportional share of employment is reflected in Figure B20 below.

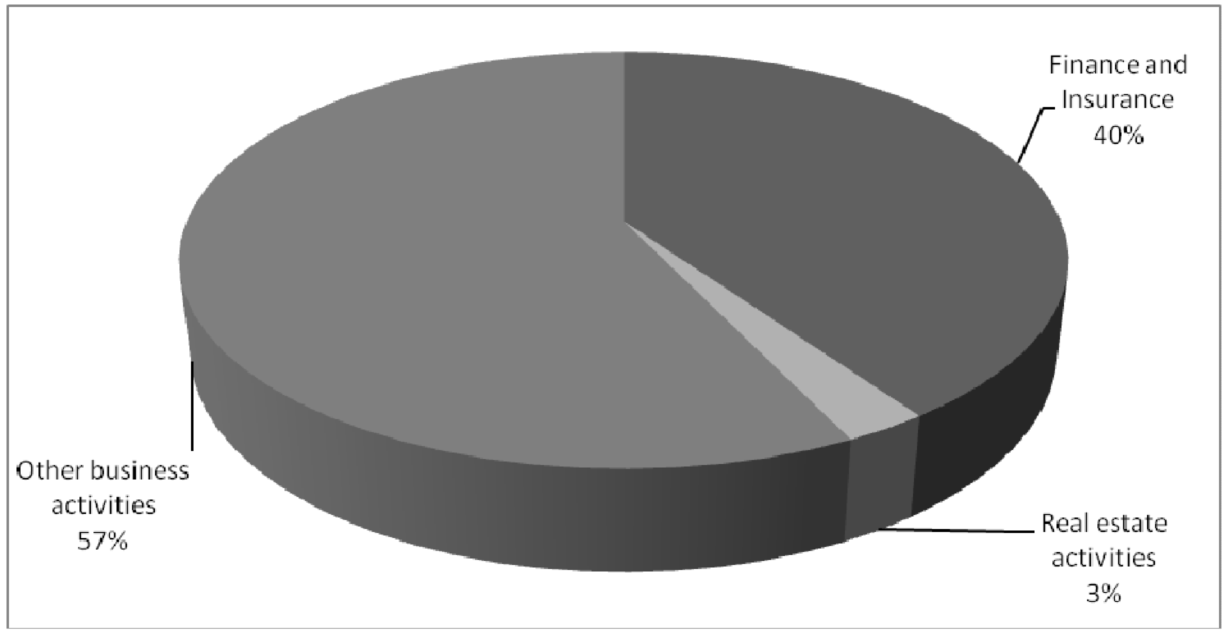

FIGURE B20: Formal employment share by subsector in finance for MLM, 2007

Finance and insurance increased its relative contribution to the finance sector by one percentage point, while real-estate activities lost one percentage point between 2001 and 2004. Between 2004 and 2007, however, finance and insurance decreased its proportional share to 40%, while real-estate activities decreased a further percentage point to 3%. Other business activities remained the same between 2001 and 2004 (54%), before increasing to 57% in 2007.

B6.10 Community services

The data for each of the subsectors are reflected in Figure B21.

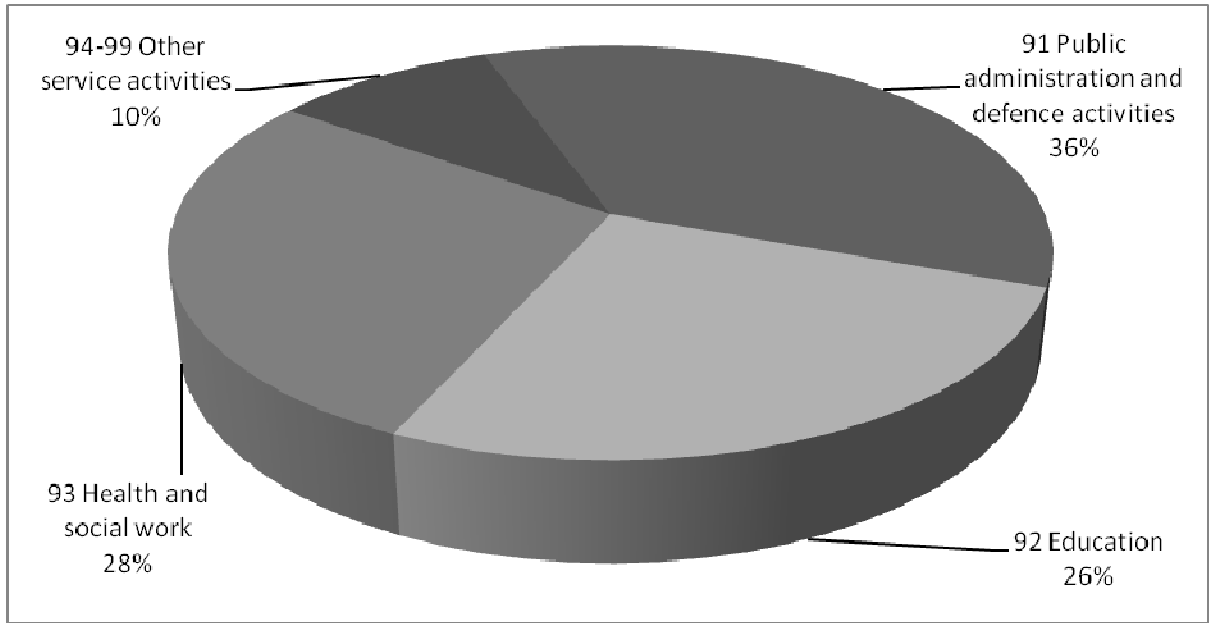

FIGURE B21: Formal employment share by subsector in community services for MLM, 2007

The following changes occurred in terms of the community services sector:

- Public administration and defence activities dropped by one percentage point in both the 2001 – 2004 and the 2004 – 2007 periods, settling at 36% in 2007.
- The employement share of education (at 25%) and health and social work remained stable (at 29%) between 2001 and 2004, before each subsequently added one percentage point.
- Other service activities increased their proportional share of services by one percentage point between 2001 and 2004 and again between 2004 and 2007, finally settling at 10%.

B6.11 Labour-remuneration sector share

Table B32 reflects the labour-remuneration share of each of the broad sectors for 2001, 2004 and 2007.

TABLE B32: Labour-remuneration sector share for MLM, 2001, 2004 and 2007

Sector	2001 %	2004 %	2007 %
Agriculture	1.2	1.1	0.6
Mining	0.1	0.1	0.2
Manufacturing	7.5	6.8	3.2
Electricity	2.0	1.8	1.1
Construction	2.1	1.9	1.9
Trade	14.1	14.8	14.7
Transport	8.9	8.5	8.1
Finance	11.5	12.1	19.1
Community services	52.5	52.9	51.3
Total industries	**100.0**	**100.0**	**100.0**

The following trends are apparent from the labour-remuneration share reflected in Table B32 above:

- The labour-remuneration share of agriculture, manufacturing, electricity and transport decreased consistently since 2001.
- Trade and finance showed consistent increases since 2001.
- Mining remained constant between 2001 and 2004, before at last increasing towards 2007.
- Construction initially showed a decrease between 2001 and 2004 before stabilising.
- Trade and community services both grew between 2001 and 2004, before eventually decreasing towards 2007.

It should also be noted that agriculture, construction and trade are poor remunerators. However, at the same time, previous assessments have shown that the labour-absorption rates in these sectors are high.

B6.12 Occupation profile

Occupation profiles are only available from the National Census data. The Economic Development Strategy in 2003 reflected in the 1996 information in this regard. As this data was Census data, no update was possible. Table B33 and B34 provides an overview for 1996 and 2001.

TABLE B33: Labour-force occupation profile for MLM, 1996

Occupation	Bloemfontein	Botshabelo	Thaba Nchu	MLM
Legislators, senior officials and managers	4.6	2.3	2.3	3.9
Professionals	12.1	4.4	10.6	10.3
Technicians and associate professionals	7.8	2.7	4.4	6.4
Clerks	11.7	3.6	6.3	9.5
Service workers, shop and market sales workers	11.6	9.7	13.8	11.4
Skilled agriculture and fishery workers	3.2	2.2	2.9	3.0
Craft and related-trade workers	10.9	26.7	16.8	14.8
Plant and machine operators and assemblers	4.8	9.5	7	6.0
Elementary occupations	24.8	30.6	27.3	26.2
Occupation NEC or unspecified	8.5	8.4	8.5	8.5
Total	**100**	**100**	**100**	**100**

TABLE B34: Labour-force occupation profile for MLM, 2001

Type	Bloemfontein	Botshabelo	Thaba Nchu	MLM
Legislators, senior officials and managers	4.62	1.74	2.77	3.93
Professionals	11.90	4.95	12.48	10.65
Technicians and associate professionals	4.49	2.64	3.04	4.02
Clerks	10.88	7.10	8.32	9.95
Service workers, shop and market sales workers	26.54	23.78	26.17	25.99
Skilled agriculture and fishery workers	1.61	1.04	1.43	1.49
Craft and related-trade workers	7.51	19.67	12.65	10.23
Plant and machine operators and assemblers	4.28	11.82	7.90	6.01
Elementary occupations	22.45	23.89	21.50	22.64
Occupation NEC or unspecified	5.71	3.37	3.73	5.10
Total	100	100	100	100

Two important comments should be made in respect of the above tables:

- There was a slight increase in the percentage of professionals (10.3% - 10.6%).
- However, alarmingly, there was a considerable decrease in the percentage of technicians and associated professionals.
- Finally, there seems to have been a decline in the percentage of elementary occupations.

B7. Income overview

This section on income overview considers the following aspects: household income, average annual household income, per capita income, the number of people living in poverty, as well as the Gini-coefficient. These aspects should be viewed in conjunction with the aspects already dealt with.

B7.1 Household income

An overview of household income is provided in Table B35 below.

TABLE B35: Household-income profile for MLM, 1996, 2001, 2002, 2003, 2004 and 2007

Income category	1996	2001	2002	2003	2004	2007
0-2400	1.4	2.8	3.1	3.3	3.7	0.5
2400-6000	4.6	6.8	6.8	6.9	7.1	2.0
6000-12000	19.0	13	12	11.1	9.9	9.4
12000-18000	16.4	15.5	14.7	14	13.5	11.1
Category 1	***41.4***	***38.1***	***36.6***	***35.3***	***34.2***	***23.1***
18000-30000	17.6	14.5	14.3	13.9	13	13.4
30000-42000	8.5	9.7	9.7	9.7	9.6	10.7
42000-54000	6.3	6.8	7.0	7.1	7.1	8.6
Category 2	***32.4***	***31***	***31***	***30.7***	***29.7***	***32.6***
54000-72000	7.1	6.7	6.8	7.0	7.0	8.2
72000-96000	5.9	6.4	6.5	6.6	6.7	6.9
96000-132000	5.6	6.2	6.4	6.5	6.8	6.4
132000-192000	4.5	5.4	5.7	6.0	6.2	6.0
Category 3	***23.1***	***24.7***	***25.4***	***26.1***	***26.7***	***27.5***
192000-360000	2.3	4.0	4.3	4.8	5.2	9.1
360000+	0.8	2.2	2.6	3.2	4.1	7.7
Category 4	***3.1***	***6.2***	***6.9***	***8.0***	***9.3***	***16.8***
Total	**100**	**100**	**100**	**100**	**100**	**100**

Overall, a number of comments should be made:

- Table B35 made provision for categories of household income. Category 1 represents the really poor. Category 2 represents those households with some income, but not desperately poor. Category 3 represents an emerging and current middle class, and Category 4 reflects the decidedly affluent part of society.
- It seems evident that households in Category 1 declined significantly, while there was mild increase in categories 2 and 3, and a large increase in Category 4. Overall, the picture seems to suggest that household income increased over the period under consideration.

B7.2 Average annual household income

The average annual household income for MLM and the three subareas is provided in Table B36.

TABLE B36: Average annual household income for the MLM area, 1996, 2001, 2002, 2003, 2004 and 2007 (Current prices)

	MLM	Botshabelo	Bloemfontein	Thaba Nchu
1996	49,528	23,602	65,403	28,768
2001	66,289	27,307	90,085	35,440
2002	71,191	29,138	96,988	37,290
2003	75,870	30,606	103,871	38,237
2004	82,312	32,309	113,255	40,686
2007	105,853	61,777	132,385	72,810
MLM p.a. growth (2001-2004)	7.48	5.77	7.93	4.71
MLM p.a. growth (2004-2007)	8.75	24.12	5.34	21.41
MLM p.a. growth (2001-2007)	8.11	14.58	6.63	12.75

Once again the dominance of Bloemfontein is evident from the annual household income portrayed above in Table B36. In the case of MLM, the average annual household income for 2007 was estimated at R105 853. In Bloemfontein this was R132 385, and in Botshabelo and Thaba Nchu it was estimated at R61 777 and R72 810, respectively, per household in 2004. While Bloemfontein showed the strongest growth between 2001 and 2004 (7.9%), this growth slowed to 5.3% between 2004 and 2007. Botshabelo (5.8%) and Thaba Nchu (4.7%) initially showed slightly slower growth than Bloemfontein between 2001 and 2004, but this increased substantially to growth of 24.1% and 21.4%, respectively, between 2004 and 2007.

B7.3 Average annual per capita income by area

The emphasis now shifts to the average annual per capita income for each of the areas in MLM. This assessment is conducted in comparison with the available figures for the Free State and for South Africa figure available in this regard.

TABLE B37: Average annual per capita income by area in MLM, compared with South Africa and the Free State, 1996, 2001, 2002, 2003, 2004 and 2007 (Current prices)

	National Total	Free State	MLM	Botshabelo	Bloemfontein	Thaba Nchu
1996	12,160	9,965	13,562	5,324	18,611	6,943
2001	18,376	13,504	19,730	6,983	27,504	9,681
2002	20,282	14,543	21,623	7,634	30,186	10,436
2003	21,793	15,552	23,363	8,176	32,723	10,910
2004	23,644	16,705	25,635	8,767	36,034	11,789
2007	28,850	24,806	33,394	16,887	43,221	21,556
MLM p.a. growth (2001-2004)	8.77	7.35	9.12	7.88	9.42	6.78
MLM p.a. growth (2004-2007)	6.86	14.09	9.21	24.42	6.25	22.28
MLM p.a. growth (2001-2007)	7.81	10.67	9.17	15.86	7.82	14.27

As with annual household income, there was also been a substantial increase in the per capita income of persons in MLM. This growth has outstripped national growth, though MLM exhibited slower growth than did the Free State as a whole. The per capita annual income (2007) in MLM (R33 394) was more than the per capita income in the Free State (R24 806) and also higher than the national average (R28 850). As with household income, Bloemfontein had a significantly higher per capita income than Botshabelo and Thaba Nchu (R43 221 versus R16 887 and R21 556), though the latter two had significantly higher growth rates between 2004 and 2007 (24.4% and 22.3% versus 6.25%).

B7.4 Number of persons living in poverty

Table B38 provides an overview of the number of persons living in poverty in MLM per race group. A distinction is further also made for a number of years and for the trend over these years. Annexure B1 contains the definition a methodology to determine the number of people living in poverty.

TABLE B38: Number of persons living in poverty nationally, in the Free State and in MLM, 1996, 2001, 2002, 2003, 2004, 2005, 2006

		National Total	Free State	MLM
1996	Total	17,100,720	1,064,098	186,945
2001	Total	23,155,924	1,643,984	270,960
2002	Total	23,519,678	1,667,726	278,973
2003	Total	23,192,738	1,640,784	276,129
2004	Total	23,500,962	1,663,225	281,419
2007	Total	20,551,334	1 ,427,301	228,091

The following main trends should be noted from Table B38 above:

- Overall, it seems as if the number of people living in poverty stabilised in 2003 and even declined since 2004. This should probably be ascribed to the significant economic growth rate in 2004, as well as to the extended social-security programme.

B7.5 Gini coefficient

The Gini coefficient reflects the level of inequality in a specific area. Table B39 provides an overview of this situation in MLM (including the subareas) compared with the Free State and with the estimates at the national level. The nearer to One the Gini coefficient is, the more unequal the population of an area.

TABLE B39: Gini coefficient by area (1996, 2001, 2002, 2003, 2004 and 2007)

	National Total	Free State	MLM	Botshabelo	Bloemfontein	Thaba Nchu
1996	0.60	0.59	0.51	0.45	0.55	0.48
2001	0.64	0.62	0.55	0.50	0.58	0.54
2002	0.64	0.62	0.56	0.51	0.58	0.55
2003	0.64	0.63	0.56	0.53	0.58	0.56
2004	0.65	0.64	0.57	0.54	0.58	0.57
2007	0.67	0.67	0.63	0.58	0.66	0.61
P.a. Change (2001-2004)	0.52	1.06	0.87	2.60	0.00	1.82
P.a. Change (2004-2007)	1.02	1.54	3.63	2.41	4.40	2.29
P.a. Change (2001-2007)	0.77	1.30	2.24	2.50	2.18	2.05

The following comments should be made regarding Table B39:

- The Gini-coefficient grew nationally (from 0.65 to 0.67), in the Free State (0.64 to 0.67) and in MLM (0.57 to 0.63) between 2001 and 2004.
- In the three magisterial district areas in MLM, the Gini coefficient increased. In Botshabelo it increased from 0.54 to 0.58 between 2004 and 2007. In Thaba Nchu there was an increase from 0.57 to 0.61 in the same period. Interestingly enough, the Gini coefficient in Bloemfontein remained stable at 0.58 between 2001 and 2004, before rising sharply to 0.66 between 2004 and 2007.

Overall, the steady increase in inequality should, in the long term, be cause for concern.

B7.6 Household expenditure

Table B40 provides an overview of expenditure per item for 2001 and 2004. A number of key comments are here called for:

- The largest single item of expenditure is food. After 2004, there was a significant increase in the share of household expenses dedicated to food. This gives some credence to media reports of inflated food prices in South Africa. It is also noteworthy that households in Botshabelo and Thaba Nchu spent a considerably larger percentage of their household income on food than did households in Bloemfontein.
- Concurrent with increases in food prices there were also increases in transportation costs.
- Also significant were the decreases in respect of expenditure on luxury items like restaurants, beverages, household goods and recreation.
- Other luxury items like holidays, accommodation and clothing increased.
- Spending on health care and education-services provided at reduced cost by the state-have also seen significant increases.

TABLE B40: Expenditure patterns in Mangaung, 2001, 2004 and 2007

	2001real figures			2004 real figures			2007 real figures			2001%			2004%			2007%		
Items	Botshabelo	Bloemfontein	Thaba Nchu	Botshabelo	Bloemfontein	Thaba Nchu	Botshabelo	Bloemfontein	Thaba Nchu	Botshabelo	Bloemfontein	Thaba Nchu	Botshabelo	Bloemfontein	Thaba Nchu	Botshabelo	Bloemfontein	Thaba Nchu
Holidays and accommodation	95,605	1,192,125	63,323	134,820	1,658,987	84,704	309,759	2,304,795	192,991	6.6	15.3	8.0	6.8	15.1	8.1	9.5	12.7	10.3
Domestic workers	13,237	404,633	10,460	22,342	585,244	15,966	24,214	359,462	15,889	0.9	5.2	1.3	1.1	5.3	1.5	0.7	2.0	0.8
Food	163,847	808,252	86,395	223,612	1,161,003	116,529	728,546	2,827,487	394,953	11.3	10.4	11.0	11.4	10.6	11.1	22.4	15.5	21.0
Restaurants	254,782	983,525	133,693	339,830	1,383,650	175,121	43,186	276,687	24,261	17.6	12.6	17.0	17.3	12.6	16.7	1.3	1.5	1.3
Beverages	115,871	577,006	63,607	153,323	790,203	81,843	183,183	873,260	101,339	8.0	7.4	8.1	7.8	7.2	7.8	5.6	4.8	5.4
Smoking	33,153	155,089	17,524	43,000	212,662	22,352	56,021	280,491	29,063	2.3	2.0	2.2	2.2	1.9	2.1	1.7	1.5	1.5
Personal care	59,045	282,345	31,624	78,865	386,933	41,239	102,324	442,181	56,249	4.1	3.6	4.0	4.0	3.5	3.9	3.1	2.4	3.0
Other household goods	91,720	417,265	48,485	124,375	586,683	64,495	49,026	187,897	26,545	6.4	5.4	6.2	6.3	5.4	6.1	1.5	1.0	1.4
Household services	72,978	325,876	38,582	98,893	462,709	51,360	2,814	14,752	1,601	5.1	4.2	4.9	5.0	4.2	4.9	0.1	0.1	0.1
Household fuel	45,928	182,789	23,877	60,289	252,648	30,864	23,642	74,467	12,705	3.2	2.3	3.0	3.1	2.3	2.9	0.7	0.4	0.7
Clothing	30,170	111,358	15,283	38,500	147,076	19,260	226,957	822,403	125,086	2.1	1.4	1.9	2.0	1.3	1.8	7.0	4.5	6.7
Furniture	19,556	104,851	10,461	25,037	135,794	13,075	85,547	398,359	48,307	1.4	1.3	1.3	1.3	1.2	1.2	2.6	2.2	2.6
Household textiles	20,354	84,470	10,659	25,969	109,979	13,296	28,412	112,340	16,087	1.4	1.1	1.4	1.3	1.0	1.3	0.9	0.6	0.9
Appliances and household equipment	25,563	119,612	13,976	34,815	167,363	18,487	37,628	192,015	20,733	1.8	1.5	1.8	1.8	1.5	1.8	1.2	1.1	1.1
Medical	37,203	237,493	21,549	50,740	323,907	28,132	191,996	1,390,063	114,894	2.6	3.1	2.7	2.6	3.0	2.7	5.9	7.6	6.1
Transport	21,928	162,823	13,244	29,193	215,534	16,709	476,884	2,678,106	282,050	1.5	2.1	1.7	1.5	2.0	1.6	14.7	14.7	15.0
Computer	20,681	103,695	11,464	28,399	144,836	15,204	11,759	102,743	7,270	1.4	1.3	1.5	1.4	1.3	1.4	0.4	0.6	0.4
Communication	27,156	126,970	14,881	37,402	180,376	19,930	39,809	275,637	23,662	1.9	1.6	1.9	1.9	1.6	1.9	1.2	1.5	1.3
Education and reading	26,574	140,577	14,739	35,417	195,700	19,123	109,330	560,825	63,744	1.8	1.8	1.9	1.8	1.8	1.8	3.4	3.1	3.4
Recreation	36,046	207,791	19,327	49,413	284,696	25,649	16,106	127,650	9,312	2.5	2.7	2.5	2.5	2.6	2.4	0.5	0.7	0.5
Other fees	72,752	386,793	40,033	106,425	571,106	56,821	73,500	456,938	41,927	5.0	5.0	5.1	5.4	5.2	5.4	2.3	2.5	2.2
Taxes	86,480	411,471	47,567	125,242	618,488	67,132	282,041	2,188,968	179,060	6.0	5.3	6.0	6.4	5.6	6.4	8.7	12.0	9.5
Finance	36,445	155,740	19,445	50,755	226,998	26,537	125,437	1,073,233	77,671	2.5	2.0	2.5	2.6	2.1	2.5	3.9	5.9	4.1
Other	36,994	101,014	17,859	52,107	159,816	25,112	26,057	182,238	14,566	2.6	1.3	2.3	2.6	1.5	2.4	0.8	1.0	0.8
Total	1,444,069	7,783,561	788,056	1,968,766	10,962,388	1,048,940	3,254,177	18,202,998	1,879,965	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0