

SECOND CARNEGIE INQUIRY INTO POVERTY
AND DEVELOPMENT IN SOUTHERN AFRICA

Area study on Venda

by

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AREA STUDY OF VENDA¹⁾

1 INTRODUCTION

Venda covers approximately 520 500 ha in the North-Eastern Transvaal of which it is physically and economically a part. Physiographically, Venda is situated in the north-eastern part of the Transvaal Plateau Basin.

2 POPULATION

A great deal of information on various aspects of population in Venda was given in the Report,¹⁾ but when providing a background against which poverty can be assessed, it would seem that age distribution, structure and dependency ratios are the most relevant factors.

The de facto population of Venda in 1970 was 285 250 and is projected to increase to 738 200 in the year 2005 at a rate of increase of approximately 2,68 per cent.

TABLE 1
POPULATION OF VENDA, 1970 TO 2005

Year	Males		Females		Total
	Number	%	Number	%	
1970	111 311	39,0	173 939	61,0	285 250
1980	160 533	42,0	221 905	58,0	382 435
1990	280 360	43,0	280 717	56,0	501 077
2000	295 811	45,4	355 741	54,6	651 552
2005	339 467	46,0	398 733	54,0	738 200

Due to the high rate of increase the population is very young.

1) Paper prepared by Elize Moody and Christina Golino, based on Planning Proposals for Venda by the Institute of Development Studies, RAU, Johannesburg, 1979

TABLE 2

AGE DISTRIBUTION OF THE DE FACTO POPULATION, 1970 TO 2005

Year	0 - 15 years		15 - 64 years		65 +	
	Number	%	Number	%	Number	%
1970	143 720	50,4	129 263	45,3	12 267	4,3
1980	182 316	47,7	186 849	48,9	13 273	3,5
1990	225 513	45,0	260 139	51,9	15 424	3,1
2000	282 056	43,3	350 158	53,7	19 338	3,0
2005	312 393	42,3	505 273	54,7	21 533	2,9

The combination of a youthful population structure (cf. table 2) and a skewed male/female structure (cf. table 1) results in extremely high dependency ratios. In 1970 total dependency was 444, while male dependency was 451 (cf. average male dependency in all Black rural areas of 320 in 1970).

3 ECONOMICALLY ACTIVE POPULATION

In discussing the supply and demand of labour and the possibilities for the population of Venda to be gainfully employed in the region, the proportion of the population in the economically active age group should be considered. For the period 1980 to 2005 the proportion of the population in the economically active age group is projected to increase from 45,3 per cent to 54,7 per cent, thereby reducing the high dependency ratios. The increase in the number of people of working age, from 186 849 in 1980 to 404 273 in 2005 also implies that a staggering number of employment opportunities have to be created. The annual addition to the potential work force increases from 7 074 during 1980-1985, to 10 823 during 2000-2005.

These labour market entrants will on the whole, be qualified only for unskilled positions as more than three quarters of them are projected to leave school with qualifications of less than Std. 6.

TABLE 3

ESTIMATED NUMBER OF PEOPLE LEAVING SCHOOL
ACCORDING TO QUALIFICATIONS, 1980-2005

Qualification	1980		1990		2000		2005	
	No.	%	No.	%	No.	%	No.	%
Std. 2	8 013	39,8	12 210	38,4	14 202	32,7	16 703	32,4
Std. 2-5	6 101	30,3	12 977	40,9	20 151	46,4	23 309	45,3
Sub-total	14 114	70,1	25 187	79,3	34 353	79,1	40 012	77,7
Std. 6-8	4 090	20,3	3 799	12,0	5 749	13,2	7 034	13,7
Std. 9-10	1 930	9,6	2 776	8,7	3 338	7,7	4 439	8,6
Sub-total	6 020	29,9	6 575	20,7	9 087	20,9	11 473	22,3
Total	20 134	100,0	31 762	100,0	43 440	100,0	51 485	100,0

The majority of the functionally illiterate schoolleavers (i.e. with qualifications of less than Std. 2) will probably be under-employed in the traditional sector. The formal sector should, however, absorb those schoolleavers 16 years of age and older with high school qualifications.

TABLE 4

ESTIMATED NUMBER OF PERSONS 15 YEARS AND OLDER WITH HIGH
SCHOOL QUALIFICATIONS, ENTERING THE LABOUR MARKET ANNUALLY, 1980-2005

Qualification	1980-89	1990-99	2000-04	2005
Std. 5	270	1 263	1 768	2 080
Std. 6 & 7	1 605	1 543	2 288	2 799
Std. 8 & 9	1 252	1 499	1 838	2 381
Std. 10	1 311	1 746	1 988	2 641
Total	4 438	6 051	7 882	9 901
Total for period	44 380	60 510	39 410	9 901

Over the period 1980 to 2005, i.e. the next 25 years, the formal sector should absorb 154 200 qualified schoolleavers.

4 EMPLOYMENT OPPORTUNITIES

The present absorptive capacity of the Venda economy will obviously, among other factors, depend on the level and extent of economic activity within the formal and informal sectors of the region.

In 1980 there were 12 000 paid employment opportunities in Venda - in government service, the industrial and commercial sectors and on agricultural projects.

Assuming an average family size of 5,5 persons, there were 69 500 families in Venda in 1980. The private agricultural sector can economically absorb 14 000 families (cf. 7.1 Agricultural potential). In 1980 the shortfall of employment opportunities (assuming only one economic opportunity per family) was 43 500. The addition to the labour force from 1980 to 2005 (cf. 3 Economically active population) is 154 200. The total number of employment opportunities which needs to be created between 1980 and 2005 is therefore close to 200 000 (197 700) or 8 000 employment opportunities each year.

5 INCOME

The lack of economic opportunity coupled with low productivity in the agricultural sector has resulted in low incomes in the region. In the RAU-survey (1974), median household income was found to be R339,50 p.a., while average household income was found to be R554,82. This results in a median per capita income of R61,73 p.a. and an average per capita income of R100,88 p.a.

Net national income increased from R32 million in 1971 to R146 million in 1980.

TABLE 5

NOMINAL AND REAL PER CAPITA INCOME, 1971 TO 1980

Year	Population ¹⁾	Net National Income (R000) ²⁾	Per Capita Income-nominal	Per Capita Income-Real (1970 Prices) ³⁾
1971	286 774	31 740	111	107
1972	295 400	41 394	140	128
1973	304 285	50 733	167	140
1974	313 437	67 821	216	165
1975	322 865	52 990	164	110
1976	333 987	61 987	186	112
1977	345 492	75 689	219	118
1978	357 393	91 325	256	125
1979	369 704	115 494	312	137
1980	382 439	146 385	383	149

- 1) Assuming 1980 population to be 382 401 and the annual rate of population increase between 1970 and 1974 to be 2,92 per cent and between 1975 and 1980 to be 3,303 per cent.
- 2) 1971 figure Benso 1978
1972 to 1974 Benso 1980
1975 to 1980 Benso 1982.
- 3) S.A. Consumer price index.

The per capita national income in real terms did not however show a large increase, not even doubling over the ten year period.

6 NATIONAL ACCOUNTS AND THE GOVERNMENT SECTOR

Government expenditure increased from R4,1 million in 1971 to R70,0 million in 1980.

Venda is extremely dependent on outside sources of revenue (approx. 80 per cent of total revenue) to finance its expenditure programme. Government expenditure is mainly directly unproductive, as most of government finance goes to financing the provision of social services.

TABLE 6

GOVERNMENT REVENUE AND EXPENDITURE, 1971 TO 1980 (R000)

Year	Revenue (own sources)	Transfers (from SA Gov)	Total Revenue	Expenditure
1971	269	3 817	4 086	4 141
1972	305	3 940	4 245	4 602
1973	935	3 889	4 824	5 605
1974	1 388	4 594	5 982	6 981
1975	1 732	7 023	8 755	8 943
1976	2 188	11 579	13 767	13 864
1977	2 609	12 798	15 407	15 682
1978	3 859	17 400	21 259	23 134
1979	5 686	20 398	26 084	31 153
1980 ¹⁾	8 871	38 456	52 548	46 777
1981 ¹⁾	18 800	49 100	71 011	66 500
1982 ¹⁾	22 500	71 500	99 011	109 200

1) 1980 to 1982 revenue from own sources include amounts received from the Customs Union, while transfers include compensation for Rand monetary union.

TABLE 7

GOVERNMENT EXPENDITURE DIVIDED INTO INFRASTRUCTURAL
AND SOCIAL SERVICES INVESTMENT

Year	Investment in infrastructure		Investment in social services		Total
	(R000)	%	(R000)	%	(R000)
1971	571	13,8	3 570	86,2	4 141
1972	712	15,5	3 890	84,5	4 602
1973	946	16,9	4 659	83,1	5 605
1974	611	8,8	6 370	91,2	6 981
1975	588	6,6	8 355	93,4	8 943
1976	1 272	9,2	12 592	90,8	13 864
1977	2 123	13,5	13 559	86,5	15 682
1978	2 367	11,1	18 942	88,9	21 309
1979	3 086	11,8	22 998	88,2	26 084

On average, slightly less than 12 per cent of government expenditure is directed to investment in infrastructure. This has the effect of keeping the region frozen in a state of physical underdevelopment and renders expenditure in the productive sector ineffective. In 1979 there were 1 400 km of road in Venda, 131 km tarred road, approximately 850 km district gravel roads and 160 km access roads. Other than in central Venda, the road network is not focussed onto Thohoyandou or any of the other towns or spatial foci but to the adjoining regions. Mobility is therefore directed outward. There is no rail link at present and no regular commercial air flights. Telephone services average one to each 516 persons. The total electricity provision in Venda in 1979 was 7 262 k.VA. There was one water purification scheme at Phiphidi, while all other water needs (both human and non-human) were met by pumps, wells, boreholes, etc.

One would assume that the low level of expenditure of government on physical infrastructure and high level of expenditure on social services (88,0 per cent or R23 million in 1979 - cf. table 7) would result in an adequate provision of social services. This is in fact not the case. While the proportion of total expenditure is large, the actual amount spent is still insufficient to provide in the basic social needs of the population.

TABLE 8

NUMBER OF CHILDREN PER CLASSROOM AND PER TEACHER

Year	Primary schools		Secondary schools	
	Children per classroom	Children per teacher	Children per classroom	Children per teacher
1970	62,2	64,6	26,0	24,4
1974	58,5	57,1	36,5	29,0
1978	81,3	(46,5) ¹⁾	37,8	(46,5) ¹⁾

1) Average for primary and secondary schools.

The worsening tendency in the number of children per classroom and per teacher is due to the fact that a larger proportion of an increasing

population is going to school while the provision of schools, classrooms and teachers has not kept pace. While it could be supposed that increased school attendance would improve literacy and the general skills level, much will depend on the quality of instruction, which is influenced by equipment available, number of children per classroom as well as the availability and quality of teachers. The length of instruction is also highly pertinent, as at least four years of schooling is required for functional literacy. In 1975, 46,9 per cent of the population was literate - 57,8 per cent of males and 36,4 per cent of females.

In 1978 there were 3,5 hospital beds per 1 000 of the population, 1,08 clinics per 1 000 of the population and 1 nurse for each 1,667 persons.

The preponderance of social service provision can also be seen from the GDP. The public sector made the largest contribution to the GDP, increasing its share to 53,2 per cent in 1980, mainly through imputed values placed on social services provided.

TABLE 9

GDP ACCORDING TO ECONOMIC ACTIVITY, 1971 TO 1980 (R000)

Year	Market sector (private)		Market sector (public)		Non-market sector		Total
	R000	%	R000	%	R000	%	(R000)
1971	1 708	22,6	2 776	36,7	3 076	40,7	7 560
1972	1 726	21,9	3 064	38,8	3 110	39,3	7 900
1973	3 048	24,9	4 837	39,5	4 371	35,6	12 256
1974	3 689	20,5	6 949	38,6	7 350	40,9	17 988
1975	4 699	20,3	8 662	37,4	9 791	42,3	23 152
1976	5 742	21,9	10 539	40,3	9 888	37,8	26 169
1977	7 163	22,2	13 216	41,1	11 810	36,7	32 189
1978	10 051	25,3	15 408	38,7	14 340	36,0	39 799
1979	12 874	26,8	20 500	42,7	14 639	30,5	48 013
1980	12 549	20,7	32 360	53,2	15 882	26,1	60 791

The contribution of the non-market sector is made mainly by food produced for home consumption, own home building and manufacturing of goods, such as beer, for home consumption. This figure is greatly influenced by rainfall which influences food production.

The private market sector increased its contribution from R1,7 million in 1971 to R12,5 million in 1980 and maintained an approximately constant share of 22,5 per cent of the GDP. Private market sector GDP per capita in 1980 was R32,70. This will have to be enormously increased if the private sector is to create even a part of the projected 154 200 employment opportunities required within the next 25 years (cf. 3 Economically active population).

7 THE PRIVATE SECTOR

7.1 Mining and agriculture

Venda has reserves of coking coal estimated at 265 million tons. Mining of these reserves is problematic due to the lack of infrastructure, the small size of some of the deposits and the difficulty of the terrain. Mining of those reserves could have an important impact on Venda's economy and could provide some much needed employment, but is dependant on the concomitant development of the coking coal fields in the surrounding areas of the Transvaal.

The mining sector is consequently in a state of flux. Its contribution to the GDP increased from R360 000 in 1975 to R728 000 in 1979 and then decreased to R200 000 in 1980.

Similarly 200 people were reported to be employed in the mining sector in 1979 and none in 1980 and 1981. While the mining sector could be expanded, development will be long-term and dependant on exogenous factors.

It is doubtful whether food subsistence is met in the agricultural sector. In 1974 the value of agricultural production was estimated at R5,3 million, the major part (88,8 per cent) being consumed at home.

A further R3,8 million was spent on the purchase of staple foods, while domestic sales of staple foods totalled R121 244 and exports totalled R200 000. In 1974 - a good agricultural year - imports of staple foods were a minimum of R3,5 million. In average and bad agricultural seasons imports will be far higher.

The agricultural potential in Venda is estimated at R34,4 million (based on optimal cash crops and modern farming methods). Assuming a family farm income of R2 400 p.a., 13 787 farmers can be settled on small farms. With families, this means that approximately 60 000 people can be accommodated in the private agricultural sector. In 1979 there were 23 443 people with land rights, resulting in an agricultural population of between 120 000 and 130 000. Urban population was approximately 4 000, which leaves a residual population of approximately 250.000 (+ 45 500 families) in the rural areas without land rights. In addition to the 9 650 families currently with land rights who will have to move off agricultural land to enable the rest to make a living in the agricultural sector, the 45 000 rural families without land rights will have to be accommodated in the other sectors. The implications of these facts are obvious when discussing the absorptive capacity of the agricultural sector in Venda.

7.2 Secondary and tertiary sectors

Although no figures exist for employment created in the secondary and private tertiary sectors, a very rough estimate can be made based on existing information. There were 66 industries in 1980, all small undertakings performing light manufacturing and employing few people. At an average of 9 employees (a high estimate), these undertakings would have created 660 employment opportunities. According to Benso, 1982, employment opportunities created in enterprises established with the aid of concessions numbered 1 098 in 1979 (2 592 in 1981). Ignoring any possible overlap, the secondary sector in 1979 therefore had created approximately 1 800 employment opportunities.

In the commercial sector 520 trading licences had been issued, mainly for general dealers. Commercial undertakings, too, are small with an average of 4 to 5 employees. Employment in the commercial sector in

1979 is therefore estimated at 2 400.

The two sectors combined therefore employed approximately 4 200 people while it was shown above that 56 000 rural families have to be accommodated in the urban sectors.

Due to low incomes the consumer market is not large. Inflating the 1974 incomes to 1979 prices results in a total consumer market of R59,3 million using average incomes, or R36,3 million using median incomes. Preventing income leakages and thereby increasing the value of the multiplier and increasing employment is necessary to increase the local consumer market.

Venda's economic interdependence with Transvaal makes development of the secondary and tertiary sectors problematic. While concessions for industrial settlement are offered, Venda is in competition with many growth points, some of which offer better infrastructural facilities and lie closer to the industrial heartland in Southern Africa. The commercial sector is also in direct competition with the commercial sectors of surrounding White towns. Given infrastructural development centred on Venda itself (e.g. road system) the commercial sector could expand.

The current and projected future demand for housing implies that the construction subsector could also expand and provide employment opportunities. Traditionally, however, government organisations have provided housing. Basic houses built by the government (NE 51/9 - basic 4-roomed house) cost approximately R6 000 each. Given median household incomes of R522 (1979) the most basic house is beyond the means of most families unless housing remains heavily subsidised.

8 CONCLUSION

The Report contains a chapter in which the financial implications of different development scenarios are given for the foreseeable future. This paper was, however, only supposed to give a brief description of the present state of the economy, with special reference to factors affecting poverty. Hence numbers of economically active people,

employment opportunities and factors affecting these, income, and social services were dealt with.

SOURCES

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1979 Planning Proposals for Venda, Johannesburg

- 2 BENSOD
1982 Statistical Survey of Black Development, 1981,
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These papers constitute the preliminary findings of the Second Carnegie Inquiry into Poverty and Development in Southern Africa, and were prepared for presentation at a Conference at the University of Cape Town from 13-19 April, 1984.

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Quoting (in context) from these preliminary papers with due acknowledgement is of course allowed, but for permission to reprint any material, or for further information about the Inquiry, please write to:

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