

**NELSON MANDELA BAY MUNICIPALITY**

**SUPPLEMENTARY REPORT - 2016**

**REPORT BY THE EXECUTIVE DIRECTOR: ECONOMIC DEVELOPMENT, TOURISM  
AND AGRICULTURE**

**TO THE**

**ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE PORTFOLIO COMMITTEE**

**(MEETING: 2 JUNE, 2016)**

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**1. UNEMPLOYMENT IN NELSON MANDELA BAY (17/12/1)**

**1.1 INTRODUCTION**

The purpose of this report is to update the Standing Committee on the current unemployment figures with the Nelson Mandela Bay region.

**1.2 COMMENT**

In 2001, the Nelson Mandela Bay Metropolitan Municipality was formed as an administrative area covering Port Elizabeth, the neighbouring towns of Uitenhage and Despatch and the surrounding agricultural areas. As per the census of 2001, the population of NMBM was 1,005,779 and had recorded an unemployment rate of 46,4% which is significantly high. With significant strides made to grow the economy of the region, the unemployment rate remained a major challenge for NMBM with Census 2011 recording an unemployment rate of 36,6%. The first quarter survey (2016) had recorded an unemployment rate of 33,2% with Ekurhuleni being the metro in the country with the highest unemployment rate of 34,4%.

**1.2.1 Background**

The unemployment rate in Nelson Mandela Bay remains high and is a serious concern for NMBM hence significant strides had been made to ensure that the IDP and all of its programmes directly contributes to the growth of local economy. Most of the resources and focus is placed on economic infrastructure to ensure and encourage investments and expansions by business. Whilst NMBM cannot really argue against the high unemployment rate, it is however important to note that based on the statistics, NMBM did not have a rise on unemployment but a decrease which might not be seen as significant but when getting down into numbers and the importance of any job created in relation to the dependency ratio of 46 in Nelson Mandela Bay, the slight decrease on unemployment even if at a slow, unaccepted pace, it needs to be recognised.

### 1.2.2 Dependency Ratio

The dependency ratio is an age-population ratio of those people not in the labor force (the dependent part) and those typically in the labor force (the productive part). It is used to measure the pressure on productive population. The dependent part usually includes those under the age of 15 and over the age of 64. The productive part makes up the population in between, ages 15 – 64. It is important to note that as the ratio increases, that is, the higher the rate, there may be an increased burden on the productive part of the population to maintain the upbringing and pensions of the economically dependent. This results in direct impacts on financial expenditure as well as many indirect consequences. Any job created and any decrease on unemployment rate especially in Nelson Mandela Bay with a high dependency ratio of 46 as highlighted above will make a significant change in addressing the socio-economic conditions of the communities.

Due to the changing and challenging economic conditions, other countries and cities globally had experienced a sharp rise on unemployment levels. This is by no means to justify the high unemployment rate in NMBM and its seriousness nor to be defensive about the whole situation and negative impact it has in our communities however, we need to work out on some numbers in order to get a comprehensive view of what the percentages mean in relation to the population and number of people actually unemployed, especially when you compare NMB with other metros.

Herewith below are the brief calculations on all metros based on the percentages as normally pointed out and as captured by Census 2011:

#### a) Ethekwini Municipality

Population: 3,442,361

Unemployment rate: 30,2%

No of people unemployed based on the population & unemployment rate  
**= 1 039 593.02**

#### b) Ekurhuleni

Population- 3,178,470

Unemployment rate – 28,8%

No of people unemployed based on the population & unemployment rate  
**= 915 399.36**

#### c) City of Cape Town

Population: 3,740,026

Unemployment rate: 23,9%

No of people unemployed based on the population & unemployment rate  
**= 893 866.21**

**d) Tshwane**

Population: 2,921,488

Unemployment rate: 24,42%

No of people unemployed based on the population & unemployment rate  
**= 713,427,37**

**e) Nelson Mandela Bay**

Population: 1,152,115

Unemployment rate: 36,6%

No of people unemployed based on the population & unemployment rate  
**= 421,674,09**

**f) Buffalo City**

Population: 755,200

Unemployment rate: 35,1%

No of people unemployed based on the population & unemployment rate  
**= 265,075,20**

In terms of the number of people that are unemployed considering these calculations, NMBM is actually the second lowest out of all the Metros. Once again, this is by no means to indicate that NMBM does not acknowledge the high unemployment rate but when looking at percentages and comparing with other Metros, one needs to be mindful of the facts as highlighted above, NMBM has a second lowest number of people unemployed than any other metro in the country, except for BCM, this is based on the population size.

### **1.2.3 Conclusion**

In summary, NMBM is addressing unemployment and the rate is decreasing. It might be decreasing at a slow pace, and not a desired and expected rate. Considering the population size, the unemployment rate, when you compare NMBM with other metros, the number of people without jobs is lessor than any other metros except for BCM.

### **FOR INFORMATION**

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