

Foreword

The information contained in the 2009 Estimates of Provincial Expenditure (EPE) provides a detail of the key thrust of the budget deliverables and is presented in a format that aligns service delivery commitments alongside resources.

The thrust of the estimates is underpinned by the principles of performance budgeting and are complemented by measurable objectives, performance measures and output indicators for each programme per vote.

The Public Finance Management Act places a responsibility on departments to present annual performance plans as part of budget documentation for resource allocation.

The Act also places a responsibility on the departments to ensure that these plans are tabled to the Provincial Legislature on or before 31 March of each year. It is pleasing to report that for the 2009 MTEF departments have finalised their Annual Performance plans and submitted them to the Provincial Treasury prior to the approval of the budget by the Executive Council on 23 February 2009.

The Annual Performance Plans are critical as they provide the targets and better understanding on how the various programmes of each department plans will bring about a better life to the people of Mpumalanga province.

The Provincial Treasury has concluded the analysis of these plans with respect to alignment with other key documents such as Makgotla reports, report from the Medium Term Expenditure Committee Hearings, State of Province Address, Provincial Growth and Development Strategy in an effort to ensure that resources will be targeted to fund the most strategic areas that have already been identified by the Executive Council.

We are confident that with this kind of preparedness for a new year most of our challenges with respect to projections, non financial information as well as clarity on what each department should be spending on will be a thing of the past in our province.

On the other hand, it is going to be exceedingly important that as a Province, we take bold steps to improve cash and budget management in order to reduce fiscal risks to the Provincial Budget.

In this regard, all Departments are urged to monitor spending closely and ensure that we remain within our budget, by taking specific cost curtailment measures for the remainder of the financial year, and the coming financial year. Such cost curtailment measures, should focus on areas of spending that are non-core and would not adversely impact on pro-poor service delivery. Departments are further urged to shift funds from non-core areas of spending, towards programmes that meet the broader social and development objectives of Government.

It is acknowledged that compiling a publication of this nature requires dedicated time and effort from all involved in the lengthy and often difficult budget processes.

My gratitude goes to the Members of the Executive Council for participating in the Medium Term Expenditure Committee Hearings, the Heads of Departments for delivering on the national and provincial priorities over the MTEF. To everyone else who participated and contributed to the successful conclusion of the budget process and making this publication a reality, my sincere appreciation.

My appreciation also goes to the Members of the Budget and Finance Committee under the leadership of the Honourable Premier, Mr TSP Makwetla for continuing to shape the provincial fiscal stance.

Mr JL Mahlangu
MEC for Finance

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1. Budget strategy and aggregates

1.1 Introduction

Budget proposals are voted by the Provincial Legislature to provide departments and other spending agencies with funds consistent with their identified aims and programme objectives.

The Budget Statement sets out the allocations proposed by the MEC for Finance following consideration by political office-bearers and officials of the expenditure requirements of all spending agencies. Detailed submissions to the Provincial Treasury by all departments provide the essential information needed to assess competing claims on available funds. In preparing their budget submissions, departments are expected to pursue cost-effective strategies for delivering the services for which they are responsible and to ensure full political endorsement of departmental plans and priorities.

Departmental programmes give effect to the full range of government's policies and commitments. Within the limits of the resources available to the fiscus, the government then allocates funds across these programmes in keeping with the Government priorities, as well as the relevant policies and the requirements of national and provincial legislation.

The bulk of provincial spending goes to social services – basic education, primary health care and social security. These services make up approximately 73,8 per cent of total provincial spending. The remainder of the budgets goes to the non social services departments. Provinces are also expected to fund key economic infrastructure, like provincial roads, integrated housing, agriculture, economic development. Provincial priorities for the 2009 MTEF draw from the deliberations of political office bearers at forums such as Cabinet Makgotla, Ministers Committee on Budget (MINCOMBUD), Budget Council and other relevant political forums. The State of the Province address continues to provide us with our marching orders in the preparation of the budget proposals for resource allocation. The discussions below is a reflection of some of the issues raised during the address which represent progress made as well as work in progress that still need to be consolidated and funded

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In support of the Provincial Growth and Development Strategy, a Growth Fund has been launched for which R200 million has been allocated in this financial year as seed capital. The Fund Manager and Board of Trustees have been appointed. The province is confident that the aim to attract R1.2 billion from the private sector for the Growth Fund will be achieved in a short space of time. Critically, the Growth Fund will enable larger economically viable projects with long payback or high perceived risks to access commercial finance whilst contributing to the much needed infrastructure development that will improve the status of the province as an investment destination.

The inadequacy of the road and transport infrastructure has always been an issue. Over the last five years, substantial investments have been made towards improving the provincial road infrastructure. As indicated in the State of the province address to the Provincial Legislature last year, efforts to rehabilitate the provincial coal haulage network grid are in progress. The National Treasury has allocated R50 million in 2009/10, R100 million in 2010/11 and R120 million in 2011/12 with respect to the Coal Haulage routes.

On the 9th of December 2008, the Maputo Development corridor Flagship was launched in Nelspruit with the attendance of a strong Mozambique delegation led by the governor of the Maputo City Province Ms Rosa Manuel da Silva where the first priority projects were announced.

Premises for hosting the English Portuguese Language Institute have been identified and a business plan. Negotiations are now in advanced negotiations with various accredited academic providers to roll out language training. The institute will have a business section for SMMEs interested in starting up translation and interpretation services tapping into the output of the institute. The initial intake is expected in June 2009, and 30 bursaries for the class of 2009 have been committed.

A memorandum of understanding with the Lowveld Showgrounds Society to begin the civilisation of the Showgrounds into a world class Outdoor Events and Recreational and Cultural has been signed. The designs have been completed and a due diligence exercise is in process as well as the various authorisations will be received from the environmental and municipal authorities. The construction will begin by June 2009, with an initial R12 million rand provincial government contribution. The facility will stage various shows, exhibitions and cultural events ahead of 2010 and prepare us for the great football spectacular on African soil.

Whilst there are delays with the construction of the One Stop Border Post (OSBP) in Komatipoort, in partnership with the joint chambers of Tourism and Business and the Municipality in Nkomazi an investment master plan is completed to take advantage of the public investment in the OSBP. The provincial government will contribute appropriately through our own savings and further engagements with national treasury to ensure that the OSBP is indeed back on track.

Despite this challenge, the construction of the Corridor User Call Centre will begin and Customer Care Facility integrated with the Tourism Information Centre nearing completion at the border precinct. This facility will support the general public with public and private services like insurance, customs, car hire, internet and courier, immigration information, health advice and SARS information before travellers reach the border. Construction will begin by 1 April and the facility will be fully functional and staffed by August 2009.

The Food Technology Centre and SMME Incubator is finally taking off. The DEDP has signed a memorandum of understanding with Tshumisano Technology Trust under the auspices of the Department of Science and Technology and the National Research Foundation. Discussions have been initiated with the Tshwane University of Technology to become an academic partner. Land for the Facility has been identified and negotiations are advancing smoothly.

In the State of Province address last year it was indicated that work would be finalized on the scoping of economic opportunities along the Moloto Rail Development Corridor to ensure that opportunities are fully developed through private and public sector investments.

Moloto Economic Scoping Report has been finalized and is to be presented to the Executive Council shortly. During the course of the year an implementation plan for economic development will be presented and consultations embarked upon with relevant stakeholders for the projects to become a reality in the targeted areas.

Employment Creation

On Expanded Public Works Programme the target of creating 100,000 job opportunities by 2009, to date 106,159 job opportunities have already been created, surpassing the target that has been set by ourselves over this period by over 6,000 jobs. Women, youth and persons with disabilities benefited from EPWP. In last year's State of Province Address it was stated that the intention was to enrol a further 1,000 young people into the programme in the 2008/09 financial year. 1050 youth enrolled in the National Youth Services.

Opportunities for women empowerment were created through the "SIYATENTELELA" programme, which by the third quarter of 2008/9 had benefited 1,983 women in labour intensive road construction and maintenance.

During the past year, the provincial Tourism Development Strategy was launched. Ten strategic initiatives have been identified as steps to address the challenges facing tourism in the Province. These include, among others; improving air access, expanding the tourism product offering; upgrading service skills, and strengthening community involvement and transformation in the tourism sector.

In line with the Provincial Growth and Development Strategy, the role of agriculture in enhancing food security and creating much needed jobs, particularly for the rural poor has been emphasized. Most worryingly, research commissioned by the Province shows that this sector's contribution to the provincial economy has declined since 1996, although it remains the biggest employer. It remains critical that strategies are implemented to improve the agricultural sector's contribution to economic development, food security and job creation.

Agriculture remains one of the key priorities to alleviate poverty and enhance sustainable livelihoods. The Masibuyel' Emasimini programme was initiated to address the challenge of poverty and food insecurity in rural areas by aggressively tilling the land. Support in the form of tractors, seeds and fertilizers are provided to the rural poor in order to maximize food production in poor rural areas of our province. As at the end of December 2008, a total of R61 million had been spent during the programme's three years of existence. To date, 30,600 have benefited from the programme.

R20 million will be allocated to initiate a bio-fuels pilot project on 8,000 hectares of land, with a view to expanding the scale in the 2009/10 financial year. We have planted 3,042 ha of soya, maize and sunflower, 19 tractors purchased for soya production, marketing arrangements finalized with National Marketing Council.

Three major milestones with regards to the promotion of small business; the adoption of a provincial SMME strategy, the successful rolling out of the Small Enterprise Development Agency (SEDA), and the establishment of the Mpumalanga Economic Growth Agency (MEGA) replacing the MEEC and MII. During the past year alone, 16,657 SMME's accessed business development support, and 284 SMME's were assisted to access financial support.

The provision of scarce and critical skills remains an important priority to ensure that the Province has requisite skills to drive accelerated economic growth and service delivery. The implementation of the 'Vul'ematfuba' initiative is intended to enhance the availability of scarce and critical skills needed in the Province, as part of the ASGI-SA national initiative.

Last year, engineering bursaries were awarded to enable students to pursue qualifications in various engineering fields. The Mpumalanga Regional Training Trust (MRTT) continues to play a key role in training the unemployed, workers, out of school youth, the semi-skilled and community based groups at its various centres. Between 2004 and 2008 MRTT trained 8,315 students, with a placement rate of 54 per cent and 44 per cent for

males and females respectively. As a Province, we need to continue implementing various measures to develop skills to empower communities and achieve social and economic transformation objectives.

Over the last two years we have been involved quietly in hard work to acquire two key infrastructure projects, namely government ownership of the private KMI Airport and the building of an ICC for the province, negotiations around the two projects have been concluded and the necessary development plans will commence.

Social Transformation and Service Delivery

Over the last five years of the current Administration, the major tenets of our social transformation and development programme focused primarily on fighting poverty, underdevelopment, social deprivation and growing inequalities characterizing our society.

Pivotal to advancing the vision of a better life for all was our capacity to accelerate investment in social infrastructure, improving access to housing along with basic services such as water, decent sanitation and electricity, improving access to quality education and skills development opportunities, improving access to the social security net for poor and vulnerable households, advancing access to comprehensive health care as well as addressing high rates of crime in our communities.

Alongside efforts to grow the economy in order to fight poverty and unemployment, providing the safety net in the form of social grants continues to be critical in government's efforts to alleviate poverty among the poor and vulnerable sectors of society. For many citizens of Mpumalanga, life has changed for the better.

In Mpumalanga, the total number of social grants beneficiaries has exponentially grown by 65 per cent from 579,907 in 2004 to 958,229 as at the end of January 2009. The number of children accessing social grants has grown by 92 per cent from 368,500 in 2004 to 707,772 as at the end of January 2009, attesting to government's commitment to addressing the challenge of income poverty.

During January 2009, the province launched the Anti-Poverty War Room campaign in Nkomazi as part of the provincial contribution to tackling poverty in Mpumalanga. This campaign entails the profiling of most deprived households to identify their specific needs, accelerate their access to government services and development opportunities, as well as provide safety nets that would assist in alleviating poverty among the identified households. The launch of the Anti-Poverty War Room campaign at Sikhwahlane in Nkomazi represents another qualitatively new intervention in the evolution of government strategies in the fight against poverty. Two elements on which the Anti-Poverty War Room campaign rests are, firstly, the appreciation that to uproot poverty we need to move from the general to the specific. That is to say, we must address poverty according to the specific challenges and needs of every homestead or affected family instead of responding to generic partners of communities as gleaned from statistics.

To deal with the personal circumstances of human beings as statistics may indeed not be very helpful because human beings with a similar problem may react differently to the same solution provided. Secondly, the effective eradication of poverty in many instances, as the pilot has shown, may not require government to do new things but to get what government is already offering, to work better. Many of the government programmes do not reach the intended beneficiaries because at times they are not properly tailored to be effective on the ground, or because of the way they were conceived, or due to other handicaps beneficiaries may have. To overcome this, the eradication of poverty challenges government to work genuinely in a new way.

In the initial pilot phase, 6 municipalities have been prioritised for the implementation of the Anti-Poverty War Room campaign. These include Mkhondo, Albert Luthuli, Thembisile, Dr J.S Moroka, Bushbuckridge and Nkomazi municipalities.

Delivery of Basic Services

The delivery of basic services such as electricity, water, sanitation, refuse and waste removal is essential in improving the quality of life and sustainable development for communities. Notwithstanding current backlogs and challenges, remarkable progress has been made in the delivery of basic services.

Currently, 583,505 households have access to electricity. A total of 219,375 households have access to Free Basic Electricity. Despite advancements that have been made, the need to address the backlog of 242,059 households who do not have access to electricity still remains.

As part of improving access to decent sanitation, we are encouraged that the Province was able to eradicate all bucket toilets in all formal areas and informal settlements. To date, 18,617 bucket toilets were eradicated ahead of the stipulated national target of December 2007.

The capacity of our municipalities has been enhanced to provide adequate sanitation so that challenges posed by poor sanitation can be addressed. Last year, an assessment of sewerage plants in the Province to ascertain the extent of work that needs to be undertaken to address operations and maintenance challenges was finalized.

This assessment pointed to urgent interventions required to upgrade sewerage plants to expand their capacity to handle increased volumes resulting from growth and development in the areas serviced by these sewerage plants. The assessment also pointed to the challenge of overflowing VIP toilets that require attention. The Executive Council allocated an initial amount of R40 million to address the problem of VIP toilets and attend to urgent operations and maintenance work. To date a total of 57,300 households have been assisted through this intervention. Currently, various initiatives are in progress in municipalities to improve the condition of sewerage plants. However, the only sustainable way forward is for municipalities to acquire the necessary capacities to perform these mandatory duties assigned to them in law.

Access to sufficient, safe and affordable water is vital for human development and poverty eradication. It is a fundamental human right that constitutes an important measure of the improved quality of life that the citizens of Mpumalanga enjoy. Admittedly, access to clean and safe water is critical in minimising negative health impacts such as water-borne diseases that Mpumalanga has occasionally experienced over the last few years.

As part of the 'Big Five' flagship programmes announced in the 2007 State of the Province Address, the 'Water for All' flagship was prioritised to ensure that communities have access to water services infrastructure and clean water by 2010.

We are encouraged by the progress we are making in reducing water services backlogs. The accelerated implementation of this flagship has gained the necessary momentum to enable the incoming Administration to take the programme to new heights.

Of 945,394 households, 72.7% have access to water at RDP level and above. The backlog of the number of households with inadequate access to water has been reduced to 257, 912, constituting 27.3% of the households in the Province. Of this amount, 3.5% households have no access to infrastructure at all. Critically, these households are our real urgent priority for the provision of water infrastructure and services.

Among other high profile projects, the implementation of the Nkomazi Intervention Plan to the tune of R87 million has commenced to address problems hampering the delivery of clean water to the impoverished and deprived areas of Nkomazi. This intervention will benefit 54,081 households this year.

A water treatment plant is currently under construction in Delmas to alleviate clean water challenges and provide 15 million litres of clean water a day to affected communities. The plant will be operational by the end of 2009. The collaboration between the Provincial Government, Delmas Local Municipality, Rand Water and the Department of Water Affairs and Forestry will deliver the construction of a Water Pipeline valued at R85 million to Delmas from Bloemendal in Gauteng to provide 25 million litres of water per day to the Delmas Municipality so that we relieve current water pressures. Construction will commence in December this year. It is an irony that a province that has kept a keen eye on overall challenges of water quality management and control in our municipalities, and the contamination of our river systems, should today be the region that is hardest hit by cholera. From the beginning we were never convinced that the cholera outbreak in the province emanated from outside. The precious lives we have lost in our communities will serve as a painful reminder that the provincial flagship projects we have, viz Water-for-All; and the greening of the province through environmental waste management are not just nice pastimes, but critical work to achieve a safe and better life for our communities.

Housing Delivery

The delivery of housing to the people of the Province is not only about the provision of shelter as a fundamental right, but it also speaks to government's commitment to the alleviation of asset poverty among the poor and vulnerable sectors of our society. Between January 2004 and January 2009, the Province built 57,553 housing units, thereby providing shelter and enhancing the asset base for many poor and vulnerable families.

In the previous State of the Province addresses serious capacity challenges that impeded the effective delivery of our housing programme were acknowledged. Part of the intervention to enhance institutional capacity for the delivery of the housing programme entailed the reconstitution of the Department of Local Government and Housing into two distinct departments. The process has been concluded. The organizational structures have been reviewed to make provision for the appointment of additional personnel to compliment existing capabilities in the Department of Housing.

Our overall assessment is that the capabilities to accelerate the delivery of housing have been significantly enhanced by the turnaround interventions that have been implemented in the Department of Housing. In March last year, the backlog of incomplete houses had been reduced to 16,682 units, significantly less than the 18,000 units previously projected in the 2008 State of the Province Address. This year, the province is on course to meet the revised target of completing 13,682 housing units. The progress that has been made this year puts the Province in a better position to complete all incomplete houses and resume the construction of new housing projects in the next 2009/10 financial year.

In addition to the accelerated delivery of incomplete houses, 1,131 emergency houses will be completed to alleviate the distress and damage caused by the recent natural disasters that occurred in the Province this year. 805 of these emergency houses are in the Bushbuckridge municipality, an area of our Province that was hard hit by storms. The province made available R35 million during the adjustments to deal with the storm damaged houses.

The social transformation imperative extends beyond the provision of shelter to include the need to advance the development of integrated and de-racialized human settlements and quality housing. The launch of the provincial Breaking New Ground housing programme last year marked a commitment by the province to the

development of socially inclusive settlements which are intended to reverse the inherited distortions of the apartheid space economy.

In the State of the Province Address in February last year, a commitment was made to the construction of 500 units in Thaba Chweu as part of our roll-out of the Breaking New Ground programme. The work is already underway for the construction of 548 housing units in Thaba Chweu. All in all, the housing programme is now back on track. The bold step that was taken to address all unfinished projects across the province will now allow the new Administration to start housing delivery on a clean slate, with improved management capacities.

Education

Improved access to quality education remains one of the crucial levers of social development and progress in any developing society such as ours. As a basic human right, education is one of the most powerful tools to develop the human capital that is able to drive high levels of economic growth, reduce poverty and break inter-generational cycles of poverty.

Notwithstanding challenges that still face us in the provincial education system, we believe the overall systemic improvements to broaden access to education constitute significant achievements under the current administration.

Over the last five years, the Province has invested substantial resources to cater for the increased demand and expansion of opportunities for broadened access to education. As part of advancing the achievement of the Millennium Development Goals (MDG) equity targets, this period has seen the increase in the number of girl children gaining access to education. Although female enrolments in the system remain slightly less at 49,64%, the overall female enrolment growth trend is a good indication that Mpumalanga will reach the equity targets of the Millennium Development Goals by 2010.

As a province we have seen the importance of Early Childhood Development to ensure that the necessary learning foundation is provided that will impact positively on future learning performance and educational attainment of young children. In this regard, significant progress has been made in expanding access to early childhood development. The number of learners accessing ECD grew from 18,301 in 2004 to 50,196 in 2008. The number of ECD Practitioners doubled from 750 in 2004 to 1,785 in 2008.

Poverty remains one of the key barriers to accessing education and development opportunities by the poor households, resulting in children not attending school because parents cannot afford school fees. As part of the national effort to address the plight of the poor, the Province has ensured that the 'no fee' schools policy is effectively implemented. To date, 952 schools have been declared 'No Fee' schools, benefiting 420,238 learners.

To mitigate the impact of poverty on poor learners, the implementation of the school nutrition is benefiting 573,725 learners, representing 40 per cent of the total learner enrolments in the schooling system. This programme will be extended to all Quintile 1 secondary schools in April this year.

Critically, the challenge facing our education system is ensuring that we continue to work hard to improve the quality of education and performance of perennially low-performing schools. This will contribute to enhancing learner attainment levels across all grades, including matric. Working collaboratively with the national Department of Education, it is crucial to strengthen systems and processes for managing matric

examinations. The report of the Ministerial Special Investigating Team will be properly studied and its recommendations will be actioned without further delay.

Health

Access to quality comprehensive health care is a critical measure of progress that has been made towards improving the quality of life for the citizens of Mpumalanga.

The province, has worked hard over the last five years to contribute to the national effort to meet the health related Millennium Development Goals of reducing infant mortality and maternal mortality, and reversing the spread of HIV and AIDS, tuberculosis, and malaria.

The fight against the devastating impact of HIV and AIDS is one of the social development priorities that the administration pursued relentlessly to ensure that the prevalence of this pandemic is contained.

As part of strengthening our capabilities to drive the implementation of HIV and Aids initiatives, last year saw the re-launch of the Provincial Aids Council. This was an important commitment to mobilise stakeholder partnerships and support for the accelerated implementation of the national HIV and AIDS strategy.

We are encouraged by the progress we have made in ensuring that 157 facilities are providing dual therapy for the Prevention of Mother-to-Child Transmission. To further expand access to comprehensive care, treatment and support to those infected with HIV and Aids, the number of wellness centres providing access to anti-retroviral treatment has increased from zero when the first six was launched in 2004, to 33 in 2008. As at the end of December last year, 39,878 patients were accessing anti-retroviral treatment.

The province has always been conscious of the obligation to expand primary health care facilities to ensure that we are able to reach as many people as possible. To improve access, the Department of Health has over the last five years ensured that the number of primary health care (PHC) facilities has increased from 167 in 2004 to 270 in 2008.

In the State of the Province Address in February last year, serious challenges confronting the health sector were acknowledged and a commitment was made that the Department of Health would put in place a multi-pronged turnaround plan to address identified challenges that impede the effective delivery of health care services to the people of Mpumalanga. The work on the implementation of the key pillars of the turnaround plan has commenced. Among other things, the plan has begun to address human resource and organisational design issues to improve efficiencies and unlock capabilities at different levels of health care delivery system.

As part of this transformation plan, the erstwhile Department of Health and Social Services has been reconfigured into two separate departments with distinct mandates and dedicated personnel. An appropriate organizational structure for the Department of Health has been developed to enhance management and implementation capacities at different levels of the organization. Among other key initiatives, 1,129 health professionals have been appointed to address shortages in crucial areas of health service delivery. Quality improvement plans have been developed for the provincial hospitals to enhance responsiveness, turnaround times and efficiency in the health care delivery system.

Despite progress that the current Administration has made in key areas of the health care delivery system, there are challenges that still need to be addressed as part of the ongoing turnaround of the health care system in the Province. Among these is the revitalisation of health facilities. This work still requires close monitoring going

forward because it lies at the heart of the consolidation of our health services. The revamped organisational state of the Department will go a long way in addressing this challenge.

Heritage and Greening

Our rich and diverse heritage defines our past as the people of Mpumalanga and accords us an opportunity to reflect on how we continue to nurture a shared sense of nationhood and promote social cohesion.

In part, our history and heritage draws on the inspirational narratives of the struggle for freedom and democracy and the relentless pursuit for creating a just and caring society. As we tackle the development challenges of our time, the core values and the legacy of heroism and sacrifice of countless South Africans who fought for liberation continues to mobilise and inspire our commitment towards creating a better life for the people of Mpumalanga.

In contributing to preserving and celebrating our history and heritage, the Province erected cenotaphs in honour and recognition of our struggle martyrs and heroes. The cenotaphs in Nkangala, Ehlanzeni and Gert Sibande are indelible inscriptions of our history that must inspire future generations to emulate the values of selfless service to create a better society.

As part of the commemoration of the 50th anniversary of the potato boycott, in Gert Sibande's a befitting monument in Bethal was unveiled to salute and honour the contribution of Gert Sibande and his fellow freedom fighters who organised this boycott to highlight the appalling and repressive conditions under which farm labourers worked and lived. In our time, this monument will represent a collective rejection of the repulsive behaviour of some of the unrepentant racist farmers who continue to perpetrate abuse against workers on the farms.

To immortalise the legacy of Gert Sibande, the Province has commissioned the musical theatre production based on the life and times of Gert Sibande. Through this musical theatre production, the province has unlocked opportunities to develop local dance and musical talent, and provided the necessary platform for the youth of the Province to hone their artistic talents while narrating the story of our liberation heritage. The production is now at an advanced stage and is to leave theatre lovers in this country spell-bound.

As part of the implementation of the Heritage, Greening Mpumalanga and Tourism flagship, we are heartened by the progress we have made in preserving and restoring the Province's cultural and natural heritage in a way that promotes the diversification and expansion of tourism development.

Enhancing biodiversity conservation, sustainable development and effective environmental management practices are essential elements of creating a 'green' Province. The degradation of the environment requires collective commitment towards improving management systems that reverse the negative consequences of pollution and unsustainable development practices.

Initiatives to address environmental management issues include, among others, the installation of nine air quality monitoring stations to reduce pollution and meet ambient air quality standards, the promotion of the cleanest town competition and clean-up campaigns to contribute to the vision of our 'greening agenda. Emalahleni – Steve Tshwete concentrate on the Highveld, and the national highest air pollution zone, is now equipped with nine air quality monitoring stations, as a result of the collaboration between the province and the Department of Environmental Affairs and Tourism.

Governance

The task of creating a caring and just society requires the existence of strong public institutions that have requisite capabilities to guide policy development and implementation. These institutions are characterised by a strong culture of sound governance, transparency and accountability to the citizens of the Province.

The province prioritised the need to enhance management and leadership performance to ensure that Province is able to deliver on its development and service delivery priorities. Following the management skills audit that was conducted in 2004, the Province elevated the implementation of the Accelerated Capacity Building flagship as part of the 'Big Five' flagship programmes.

Through the Accelerated Capacity Building flagship programme, government paid particular attention to honing the skills of the management echelons of government to ensure that managers have requisite leadership and management skills to perform their jobs. Alongside this, the focus on improving organisational performance through the effective implementation of performance management systems, recruitment and retention of appropriately skilled managers.

To date, 126 senior managers have been afforded the opportunity to attend the Executive Development Programme that empowers them to enhance their management and leadership skills. The Executive Coaching Programme has also been implemented to compliment leadership capacities for selected senior managers.

The Executive Council has been cognisant of the need to enhance organisational capacities of various Departments to spend financial resources to achieve their respective service delivery mandates. Over the last five years, we have seen sustained improvements in the utilisation of resources allocated to Departments, attesting to our growing capacity to execute our service delivery responsibilities.

In spite of the increased constraints to delivery due to both negative global and domestic factors over the last ten months, the administration has sustained a growing spending capacity of the province progressively since 2004. For the first time this financial year, 2008/09, our mid-year expenditure projections anticipated overspending to the tune of R1,2 billion. These trends have reliably tracked the volume of work the province has been able to do, year-on-year.

As government, we will continue to provide the necessary support to the traditional councils to ensure that they are able to function effectively. Government will ensure that the capacity building programme for traditional leaders is implemented to enable traditional leaders to perform their tasks effectively.

The negative impact of crime remains one of the serious threats to social development, progress and realization of human rights and freedom. The fight against crime remains a major priority. It requires the mobilisation of partnerships between law enforcement agencies, business and communities to bring the perpetrators of crime to justice.

As part of mass mobilisation against crime, the Province will continue to conduct izimbizo to raise awareness about the role communities should play to combat the scourge of crime. Community safety forums have been established in 31 prioritised police stations to help combat crime. Volunteers have been recruited to participate in crime prevention initiatives.

Over the last five years, the province has ensured that the international relations are strategically targeted to enhance the implementation of the provincial priorities, including the 'Big Five' flagships and the 2010 World Cup programme.

The twinning partnership with the Province of Alberta in Canada continues to strengthen cooperation on programmes of sustainable environmental management. As part of ongoing capacity building, the Executive Council and District Executive Mayors undertook a study tour to the Province of Alberta in Canada in 2006 to benchmark, learn and share experiences on environmental management issues with their counterparts and draw lessons for implementation in Mpumalanga. Lessons learned are currently being implemented by the Province to advance the ‘greening’ agenda.

In promoting the objectives of NEPAD and regional cooperation within the African continent, the Memoranda of Understanding with Maputo Province and the newly formed Maputo City Province in Mozambique have been renewed. A new Memorandum of Understanding with the Governorate of Ismailia in Egypt has been signed. Among others, cooperation with these African Provinces focuses on strengthening trade and investment, agriculture, tourism development, culture, as well as the implementation of the 2010 World Cup Programme.

With the renewed interest in the Maputo Development Corridor our cooperation has begun to facilitate the identification of joint projects between Mpumalanga and Mozambican provinces.

The Province also renewed the Memorandum of Understanding with the Province of North Rhine Westphalia to strengthen cooperation on the preparation for the 2010 FIFA Soccer World Cup, good governance, sports and youth development, economic development as well as health and HIV & AIDS.

The experience of Germany in hosting the World Cup in 2006 has enabled North Rhine Westphalia to provide our Province with invaluable technical expertise in the preparation for hosting the World Cup games in the Province. As part of the Youth Empowerment Scheme through Sport programme, 604 educators have been trained as soccer coaches. The Scouts Mpumalanga and Nangu Thina NRW initiative has assisted our youth in the Province with scout and life skill courses.

The province has continued to strengthen our partnership with the provinces of Sichuan and Chongqing in the People’s Republic of China. The Memoranda of Understanding to pursue collaboration on programmes of economic development, human resource development and agriculture has been renewed. Programmes for implementation have been identified.

Despite progress that has been made in enhancing the Province’s relationship with the outside world, our overall assessment is that the province’s capacity to derive more value from international partnerships remains a challenge that requires attention. Critically, there is a need to accelerate implementation and improve the monitoring and implementation of projects emanating from twinning partnerships. Equally, the coordination of municipal international relations programme should be prioritised to ensure that municipalities align their international programmes to contribute to existing provincial twinning partnerships.

2010 World Cup Programme

The progress that Mbombela municipality has made following the Provincial Government’s intervention last year to assist the municipality in addressing management challenges that threatened to derail the preparations for the 2010 World Cup is noted. The intervention in accordance with the provisions of Section 139 of the Constitution was managed to its logical conclusion.

Significant progress has been made in the preparations for the hosting of the 2010 FIFA World by the Province. The construction of the stadium is on course, and is due for completion in August this year, four months ahead of the FIFA stipulated December deadline.

Work on the implementation of the FIFA World Cup related projects to which government has committed is progressing well in terms of agreed plans. Notwithstanding challenges in some areas, there is satisfactory progress in the implementation of sector plans. Among others, the Public Transport Operational Plan is in place. Construction has commenced on the Matsafeni Access Road, the R40 High Occupancy Vehicle Lane, and the P166 and N4 interchange site. The Disaster Management Centre is operational at a temporary site while the permanent Disaster Management Centre is under construction. An integrated 2010 Safety and Security Plan has been developed.

Cosafa Cup games and the Mpumalanga Premier's International Football Cup as part of enhancing mass mobilisation and participation was hosted. In the Cosafa games, 13 Southern African countries were hosted by the Province during the period of the Cosafa Cup games, enabling the Province to collaborate with soccer bodies on the continent to promote interest and mass participation in World Cup related build-up events.

POLICY PRIORITIES THAT INFORMED THE REVISIONS TO THE PROVINCIAL FISCAL FRAMEWORK

Policy priorities funded through the equitable share

Given the tight fiscal framework adjustments are made mainly for education and health. These adjustments are informed by discussions at the 10x10 where provincial treasuries were present. Further adjustments are also made for roads infrastructure in Mpumalanga, housing and agriculture.

With respect to **Education**, proposed revisions to the provincial fiscal framework seek to ensure further access, improved quality and greater equity and focus on:

Extension of No Fee Policy to Quintile 3 schools. Since January 2007, quintiles 1 and 2 learners were exempted from paying school fees. The programme is to be progressively rolled out to quintile 3 learners during 2010/11 and 2011/12. Special allocation of R65.610 million during 2010/11 and R81.831 million during 2011/12 financial years.

Provision is made for the *expansion of teachers* to reduce the teacher: learner ratio in quintile 1 schools. Special allocation of R20.503 million during 2010/11 and R147.295 million during 2011/12 financial years

Provision is also made for *inclusive education* in 2011/12 for increasing the number of places available for learners with disabilities in both mainstream and special schools Special allocation of R24.549 million during 2011/12 financial year.

With respect to **Health**, the priorities proposed seek to further strengthen the sector to ensure that public health service continues to meet the health needs of society.

The allocations are generally an expansion of currently funded priorities and include:

Personnel costs and Occupation Specific Dispensation (OSD) for nurses and doctors. Although additional funds were allocated to the provincial health department to phase-in occupation specific dispensations for three categories of health workers (nurses first, then doctors and specialists and then related professionals), there have been substantial budget overruns for nursing OSD. The addition is intended to stabilise the currently implemented OSD for nurses and to begin the phasing-in of the OSD for doctors.

Funds are set aside for each of the years in the 2009 MTEF to address the health personnel shortfalls. The amounts set aside are as follows: R90.214 million in 2009/10, R 90.214 million in 2010/11 and R90.014 million in 2011/12.

Additional funding is set aside in 2009/10, in 2010/11 and in 2011/12 to enable the phasing-in of the OSD for doctors and specialists. The amounts set aside are as follows: R41.097 million in 2009/10, R 82.013 million in 2010/11 and R122.746 million in 2011/12. These funds will not be added to the baseline of the Department of Health pending the finalization of guidelines by National Government.

Additional funding will be made available to fund TB, with two main TB aspects, namely to fund teams to track treatment defaulters (XDR and MDR TB) and bring them back into treatment and to strengthen TB programme teams at provincial and district office level for better programme management, support and monitoring. The following amounts are set aside for this purpose: R8.219 million in 2009/10, R14.352 million in 2010/11 and R15.793 million in 2011/12.

Reducing infant and child mortality. The target is to reduce child mortality by two-thirds by 2015. In the main, it involves the rolling out of three new vaccines for pneumonia, rotor-virus and a new vaccine for inoculations (i.e. Rotavirus, Pneumococcus, and Pentavalent) to enable the inoculations of infants and children with these new vaccines. The amounts set aside are as follows: R32.878 million in 2009/10, R 49.208 million in 2010/11 and R65.464 million in 2011/12.

General health capacity. Additional funding amounting to R 114.563 million is set aside in 2011/12 to support various programmes intended to improve and support the rendering of primary health care services.

With respect to **roads and other economic functions, funds amounting to R40.915 million have been** set aside in 2011/12 to support the maintenance of provincial roads.

Funding amounting to R40.915 million has been set aside in 2011/12 for **Early Childhood Development in the Social Development Sector.**

Conditional grant baselines amounts to R3.1 billion in 2009/10, R3.3 billion in 2010/11 and R3.9 billion.

Policy priorities funded through conditional grants

After adjusting the conditional grant framework by the 6 per cent inflation to create the 2011/12 baseline, the baselines for conditional grants were revised upwards in 2009/10, in 2010/11 and in 2011/12:

The **infrastructure grant to provinces** is stepped up to provide for education specific interventions and the rehabilitation of the Mpumalanga coal haulage route:

Grade R to ensure gradual increase in enrolment. This is mainly an infrastructure allocation that seeks to ensure that classroom space is available as Grade-R learners enter the system. Additional funding amounting to R7.260 million is set aside in 2010/11 and R29.041 million in 2011/12 for this purpose;

School infrastructure provision. Additional funding is made available in 2010/11 and in 2011/12 to enable to recapitalise schools which form part of the public school system, including upgrading school infrastructure, secure school facilities, increase maintenance and the installation and purchase of new books and equipment in libraries and laboratories.

The allocation on the Infrastructure Grant to the Province is as follows; R771.968 million in 2009/10, R975.863 million in 2010/11, R1118.4 billion in 2011/12.

Included in this allocation is R50 million in 2009/10, R100 million in 2010/11 and R120 million in 2011/12 allocated to support the Mpumalanga province rehabilitate and maintain the provincial **coal haulage** routes.

The following adjustments are made for *education and Health specific* conditional grants:

National School Nutrition Programme to ensure that all Quintile 1 to 3 primary school learners can be fed on all school days, and to progressively expand the programme to secondary schools;

The **Comprehensive HIV and Aids** grant is revised upwards over the 2009 MTEF to meet the greater demands that arise due to the faster ARV take up rate.

Agriculture and Land Administration: Comprehensive Agricultural Support Programme to scale up the grant to support food security. Currently the grant is not performing well. The department will be supported to ensure that there is capacity to absorb the additional funding.

Department of Housing: Funds have been made available during 2011/10 and 2011/12 to the Integrated Housing and Human Settlement Grant to accelerate the roll-out of housing.

New conditional grants introduced as part of the 2008 Budget

Several new conditional grants were introduced over the 2008/09 Adjustments Budget that will be continued as part of the 2009 MTEF.

The *Ilima/Letsema projects grant* helps South African farming communities falling within poor economic and disaster prone areas of the country to achieve an increase of 10 to 15 per cent in agricultural production. This grant is allocated R65 million over the MTEF.

The *overload control grant* is allocated R5.519 million over the period for initiatives that support the preservation of road infrastructure by reducing overloading. The grant was introduced during 2008/09 adjustments estimates period. R4.398 million was allocated to the Department of Roads and Transport for this purpose.

New conditional grants introduced as part of the 2009 Budget

Two new conditional grants are introduced as part of the 2009 MTEF.

Expanded Public Works Programme Incentive grant

The *expanded public works programme (EPWP) incentive grant*, is aimed at providing incentives for provinces and municipalities to increase labour intensive employment through programmes that maximise job creation and skills development as indicated in the EPWP guidelines. An amount of R5.47 million in 2009/10 will only be paid to provinces after stipulated EPWP targets have been met (or exceeded).

Public Transport Operations grant

A new conditional grant, the *public transport operations grant*, amounting to R370.650 million is introduced to allow for improved monitoring and control of expenditure related to bus subsidies and other transport operations. Although the payment of bus subsidies to operators was previously funded on an agency arrangement between national and provincial government, recent legal action places a greater responsibility on government to ensure contractual obligations are met.

1.2 Summary of budget aggregates

Table 1.1: Provincial budget summary

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Provincial receipts									
Transfer receipts from national	11 323 695	12 322 753	16 183 037	18 549 868	20 099 896	19 758 428	22 106 551	24 204 893	26 213 530
Equitable share	10 366 946	11 134 465	14 454 264	16 435 956	17 731 909	17 644 516	19 005 445	20 819 407	22 350 564
Conditional grants	956 749	1 188 288	1 728 773	2 113 912	2 367 987	2 113 912	3 101 106	3 385 486	3 862 966
Provincial own receipts	351 154	390 530	465 713	361 629	369 782	385 403	480 216	510 245	589 798
Total provincial receipts	11 674 849	12 713 283	16 648 750	18 911 497	20 469 678	20 143 831	22 586 767	24 715 138	26 803 328
Provincial payments									
Current payments	9 646 342	10 464 119	13 134 607	14 910 659	16 131 707	16 264 483	18 212 593	19 758 098	21 258 397
Transfers and subsidies	873 289	1 043 938	1 721 752	1 961 356	2 066 977	1 954 244	2 187 428	2 473 559	2 749 131
Payments for capital assets	1 068 069	1 071 036	1 376 171	1 867 604	2 191 179	2 157 784	2 145 433	2 401 223	2 653 258
Unallocated contingency reserve									
Total provincial payments	11 587 700	12 579 093	16 232 530	18 739 619	20 389 863	20 376 511	22 545 454	24 632 880	26 660 786
Surplus/(deficit) before financing	87 149	134 190	416 220	171 878	79 815	(232 680)	41 313	82 258	142 542
Financing									
Provincial roll-overs									
Other (Specify)									
Other (Specify)									
Other (Specify)									
Surplus/(deficit) after financing	87 149	134 190	416 220	171 878	79 815	(232 680)	41 313	82 258	142 542

1.3 Financing

TOTAL PROPOSED BUDGET: 2009-2010

The total budget proposed to be appropriated for the 2009-2010 financial-year; to fund the requirements of the Province is R22.587 Billion. This amount will fund the following:

- Departmental baselines- R 22.545 billion (Twenty two billion, five hundred and forty five million rand) and

- R 41.097 million in 2009/10, to be retained in the Provincial Revenue Fund until such time that the guidelines are finalised by the National Department of Health, National Treasury as well as the DPSA.

2. Budget process and the Medium-Term Expenditure Framework

- Although, the budget cycle formally starts with the issuing of the Treasury Guideline Circular (or document) in May by National Treasury, the process in our province commenced earlier in the
- year with the convening of the Executive Lekgotla at BlydeRivier during 13-15 February 2008. A major outcome of the Executive Lekgotla relevant to the strategic and budget planning processes was the review of the provincial policy priorities for the 2009/10 planning cycle as well as reaffirmation of the National priorities per department. A review was also done to assess the extent to which the provincial budgets gave expression to the National and specific Provincial priorities. Provincial departments presented their plans and so did the various cluster committees.
- Budget Preparation Workshop
- The Treasury guideline document was presented at a CFO forum meeting that took place on 03 July 2008. The meeting took place shortly after issuing the Circular to discuss the inputs required in terms of the Treasury Guideline document. Issues that were discussed at the workshop were:
- Variables (such as rate of salary adjustment and inflation rate) impacting on the budget;
- Format of the budget submission – i.e. various schedules to be completed;
- Content of the budget submission – i.e., Ministerial letter, Accounting Officer's covering letter, reprioritisation within baseline, proposed options, etc.
- Departments were given two months to prepare the 2009/10 baseline budget for submission to Treasury by the end July 2008. In their budget submissions, departments were required to compile a set of policy and budgetary proposals that will involve changes (increase or decrease) to the baseline allocation reflected in the *2008 Budget Statements*. The budget proposals were then evaluated in terms of the extent to which departments have made an effort to reprioritise within their baseline allocation.

In the first two weeks of August 2008, the Provincial Treasury evaluated the departmental budget submissions to ensure that the budgets are aligned with the strategic plans. Comments on the budget submissions were returned to departments for use to revise the budgets, where necessary. The revised baseline budgets were submitted to the Provincial Treasury by the end of August 2008.

- Departments interacted with their respective portfolio committees prior to submitting their baseline budgets and strategic plans to the Provincial Treasury. This interaction afforded the Committees to know what departments intend to achieve/deliver with their indicated budgets.

The Medium-Term Expenditure Committee (MTEC) Hearings were held during September to November 2008 and first two weeks of October 2007. During these hearings, departments were provided with an opportunity to present and motivate their budget requirements to the Committee. At this stage, the MTEC only considered and recommended to the Budget and Finance Committee in principle on policy and budgetary proposals, as well as allocation of additional funds.

The Provincial Treasury submitted the 2009/10 baseline budget and MTEF allocations for 2009/10 to National Treasury in October 2008 for the preparation of the Medium-Term Budget Policy Statement.

Treasury held a workshop in October 2008 to discuss the final format and content of departments' inputs to the *2009/10 Budget Statements*.

- The Provincial Treasury received the preliminary allocation from National Treasury for the 2008/09 MTEF period on 13 October 2008. Based on the recommendations of the MTEC Hearings and the availability of additional funding from National Government, Treasury will submit a detailed report to the Budget and Finance Committee, providing explanations on the proposed allocation of the additional funding to departments.
- The MTEC and Budget and Finance Committee budget recommendations were considered and approved at a special Cabinet session that was held on Monday, 23 February 2009. This meeting took place shortly after a planning Executive Council Lekgotla that was held at Hermansdal Landgoed from 10-12 February 2009. At this Lekgotla, the strategic goals for the province were re-affirmed and/or amended to accommodate any major shifts in strategic direction caused by changes in the operating environment and/or unforeseen circumstances.
- Departments were required to submit their second draft of Annual Performance Plans and final draft of budget inputs for the preparation of the 2009/10 Budget Statement 2. At this stage, it is critical for departments to ensure that their budgets are aligned with the Strategic plans, Annual Performance Plans and that the service delivery measures contained in both the budget inputs and strategic plans are consistent and do not contradict each other.
- The entire budgetary process culminates in the tabling of the 2009 MTEF Budget in the Provincial Parliament by the MEC for Finance on 25 February 2009.
- Between April 2009 and June 2009, each department will formally table its budget speech and strategic plan to the Provincial Parliament, after which the Appropriation Bill will be passed into an Act by the Provincial Legislature.

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3. SOCIO-ECONOMIC OUTLOOK OF MPUMALANGA

This section reflects on important socio-economic statistics in the Mpumalanga Province. Information used in this section has been collected from approved and credible sources to give a realistic picture of the socio-economic conditions in the province. The socio-economic outlook is crucial in the planning and budget process to ensure that any measures introduced by the provincial government, are in line with the ever-changing socio-economic dynamics. Placing the Mpumalanga Province on a shared growth and integrated development trajectory, requires a coherent and co-ordinated public sector response to the province's socio-economic opportunities and challenges.

3.1 Demographics

The population is a cornerstone of the development process, as it affects economic growth through provision of labour and entrepreneurial skills, and forms the demand for the production output.

Therefore, the analysis of its dynamics, including size, gender & age distribution and also growth rates, is imperative understanding future trends.

The 2007 Community Survey by Statistics South Africa indicates that the population of Mpumalanga has increased from almost 3.4 million in 2001 to just over 3.6 million. This represents an 8.2% increase in the population between 2001 and 2007. The population growth rate per year however, decreased from 1.3% to 0.5% in the same period.

Mpumalanga's contribution to the South Africa population is relatively constant over the years at 7.5% of the total population. Table 3.1 shows the population breakdown by district, gender and population group. 41.9% of the people live in the Ehlanzeni District, 33.7% in the Nkangala District and 24.4% in the Gert Sibande District. Noticeable, the province has more females than males. Females form 51.4% of the Mpumalanga population and males 48.6%. The number of Black people in the province is almost 3.4 million, which is 92% of the total Mpumalanga population.

Table 3.1: Mpumalanga population by district, gender and population group, 2007

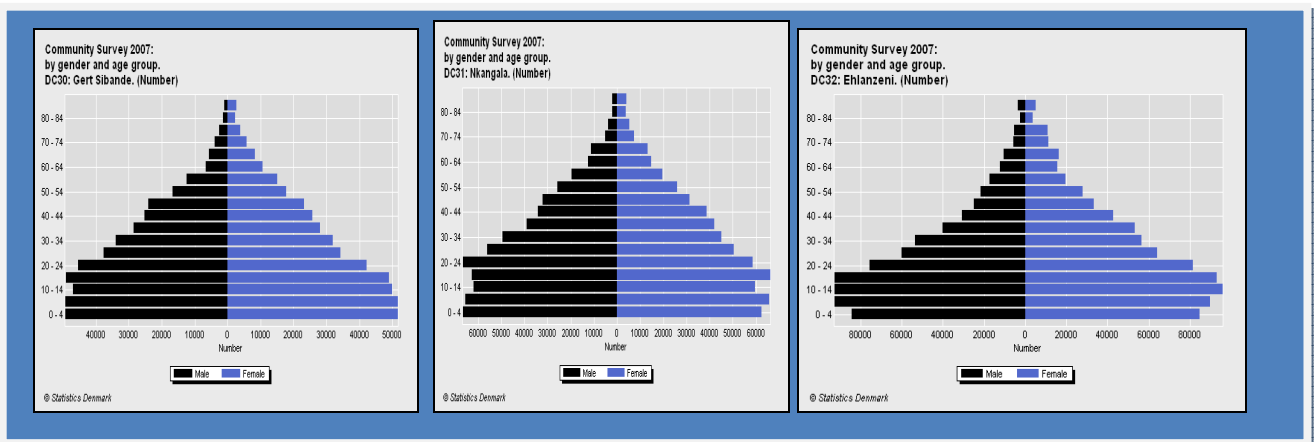
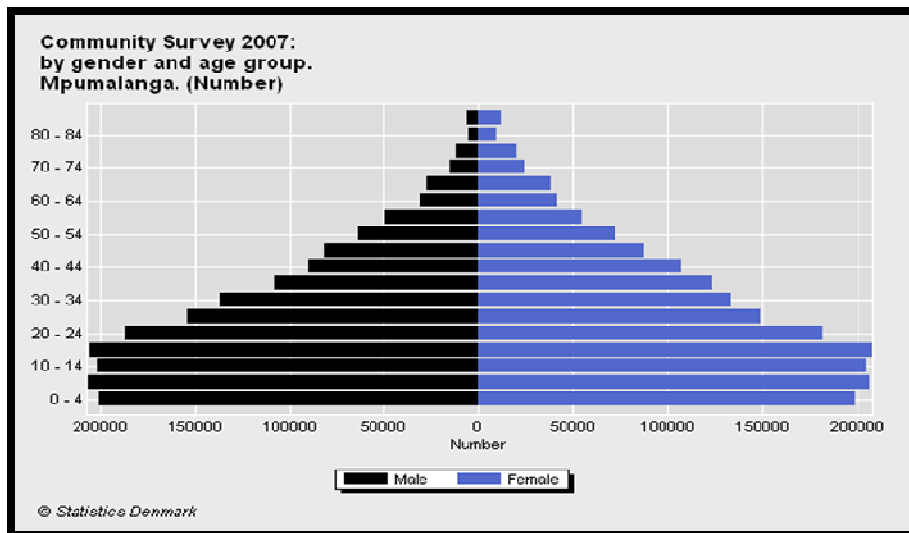
		Gert Sibande MD	Nkangala MD	Ehlanzeni MD	Mpumalanga
Gender	Male	436 845 (49%)	612 068 (49.9%)	720 484 (47.2%)	1 769 397 (48.6%)
	Female	453 854 (51%)	614 432 (50.1%)	805 752 (52.8%)	1 874 038 (51.4%)
Population group	Black	769 914 (89.5%)	1 115 220 (90.9%)	1 440 594 (94.4%)	3 352 728 (92.0%)
	Coloured	8 955 (1.0%)	11 185 (0.9%)	8 372 (0.6%)	28 512 (0.8%)
	Indian/Asian	3 787 (0.4%)	4 202 (0.4%)	4 881 (0.3%)	12 870 (0.4%)
	White	81 043 (9.1%)	95 893 (7.8%)	72 389 (4.7%)	249 325 (6.8%)
	Total	890 699 (100%)	1 226 500 (100%)	1 526 236 (100%)	3 643 435 (100%)
		24.4% of province	33.7% of province	41.9% of province	100%

Source: Statistics South Africa - Community Survey, 2007

From the population cohort diagram (Diagram 3.1), it is evident that the youth in the province constitute the largest share of the population. Approximately 63.3% of the Mpumalanga population is under the age of 30 years, 23.3% between 30 and 49 years and only 13.4%, 50 years and older.

The three districts of Mpumalanga have basically the same age profile and distribution as the province. Approximately 61.8% of the population in the Gert Sibande District is under the age of 30 years, 24% between 30 under 49 years and 14.2%, 50 years and older. In the Nkangala District 60.6% of the population is under the age of 30 years, 25% between 30 and 49 years and 14.4%, 50 years and older. The figures for the same age groups in the Ehlanzeni District, are respectively 66.1%, 21.7% and 12.2%.

Diagram 3.1: Mpumalanga and District breakdown by age cohort, 2007



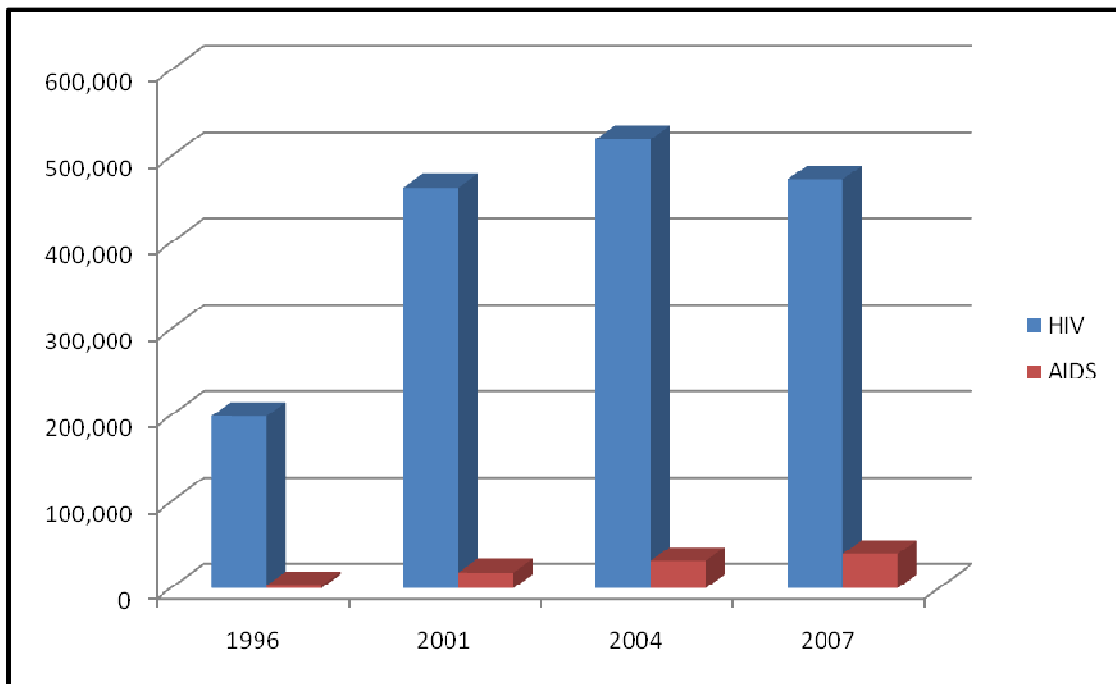
3.1.1 Population growth rate and the impact of HIV/AIDS

The Mpumalanga population growth rate is influenced by factors such as migration, fertility and HIV/AIDS. HIV estimates in Mpumalanga according to Global Insight (Regional Explorer - ReX), increased from 199 407 in 1996 to 473 489 in 2007. This represents a

137.4% increase in this period. There is however a downward trend of HIV in the province and on district level from 2005. The highest figures were recorded in 2004.

AIDS estimates according to Global Insight, increased from 3 028 in 1996 to 39 713 in 2007 for Mpumalanga. This represents a 1 211.5% increase in this period. AIDS estimates for the three districts in 2007 were 16 686 for Ehlanzeni (42% of province), 12 523 for Nkangala (31.5%) and 10 504 for Gert Sibande (26.5%). Diagram 3.2 gives an indication of HIV and AIDS estimates for Mpumalanga from 1996 to 2007. The life expectancy at birth for the province is projected to fall to 46.4 years in 2011 with the rise in HIV/AIDS in the province.

Diagram 3.2: HIV and AIDS estimates for Mpumalanga, 1996 - 2007



Source: Global Insight - ReX, 2007

According to the National HIV and Syphilis Prevalence Survey of 2006 (compiled by the National Department of Health), 29.1% (CI 28.3% - 31.2%) of pregnant women in South Africa are HIV positive. This is in comparison with a prevalence rate of 30.2% (CI 29.1% - 31.2%) the previous year. Mpumalanga was ranked second with regard to the HIV prevalence rate among the antenatal clinic attendees. The provincial prevalence rate was 32.1%. Table 3.2 shows the provincial HIV prevalence

estimates for 2005 and 2006.. The survey also revealed that the age group of people suffering from HIV/AIDS, is those aged between 25 & 29 years of age. They are followed by people of 30-34 years old.

The survey is different from previous surveys in that the sample size was increased, to enable an adequate statistical power to obtain HIV prevalence estimates for each district of South Africa. The participants increased from 6.2% in 2005 to 6.7% in 2006.

Table 3.2: HIV prevalence among antenatal clinic attendees by province

Province	HIV pos. 95% CI 2005	HIV pos 95% CI 2006
Kwazulu-Natal	39.1 (36.8 - 41.4)	39.1 (37.5 - 40.7)
Mpumalanga	34.8 (31.0 - 38.5)	32.1 (29.8 - 34.4)
Free State	30.3 (26.9 - 33.5)	31.1 (29.2 - 33.1)
Gauteng	32.4 (30.6 - 34.3)	30.8 (29.6 - 32.1)
North West	31.8 (28.4 - 35.2)	29.0 (26.9 - 31.1)
Eastern Cape	29.5 (26.4 - 32.5)	28.6 (26.8 - 30.4)
Limpopo	21.5 (18.5 - 24.6)	20.6 (18.9 - 22.3)
Northern Cape	18.5 (14.6 - 22.4)	15.6 (12.7 - 18.5)
Western Cape	15.7 (11.3 - 20.1)	15.1 (11.6 - 18.7)
National	30.2 (29.1 - 31.2)	29.1 (28.3 - 29.9)

Source: National Department of Health, 2007

3.2 Labour

3.2.1 Unemployment

An analysis of employment and unemployment statistics, provides vital information pertaining to socio-economic trends in Mpumalanga. There is however a debate regarding which statistics to use in this regard because labour statistics differ from research institution to research institution, mainly because different definitions of unemployment are used. In assessing the unemployment in Mpumalanga, a distinction needs to be made between the strict (official) and expanded definition.

According to the official definition, unemployed people are those that:

- (a) have not worked seven days prior to an interview,
- (b) want to work and are available to work and
- (c) have take active steps to search employment.

The expanded definition incorporates both (a) and (b), but excludes condition (c). The people affected by (c) are called discouraged work seekers. The official definition of unemployment regards the discouraged work sectors as not economically active, while the expanded definition regards them as unemployed. Private research institutions like Global Insight normally use the expanded definition because it gives a better indication of the overall unemployment, as the portion of discouraged workers in South Africa and the province, is relatively large.

Global Insight indicates a relatively high unemployment rate of 36.7% for Mpumalanga in 2007. According to Global Insight the unemployment rate however decreased from 41.7% in 2004 to this level. The unemployment figure of Statistics South Africa's 2007 Community Survey, was 32.2%, which is not much different from Global Insight's unemployment rate. Table 3.3 gives an indication of Mpumalanga's and the three districts' unemployment rates in 2007. Information from Statistics South Africa and Global Insight are used and compared in this table.

Table 3.3: Mpumalanga's unemployment rate, 2007

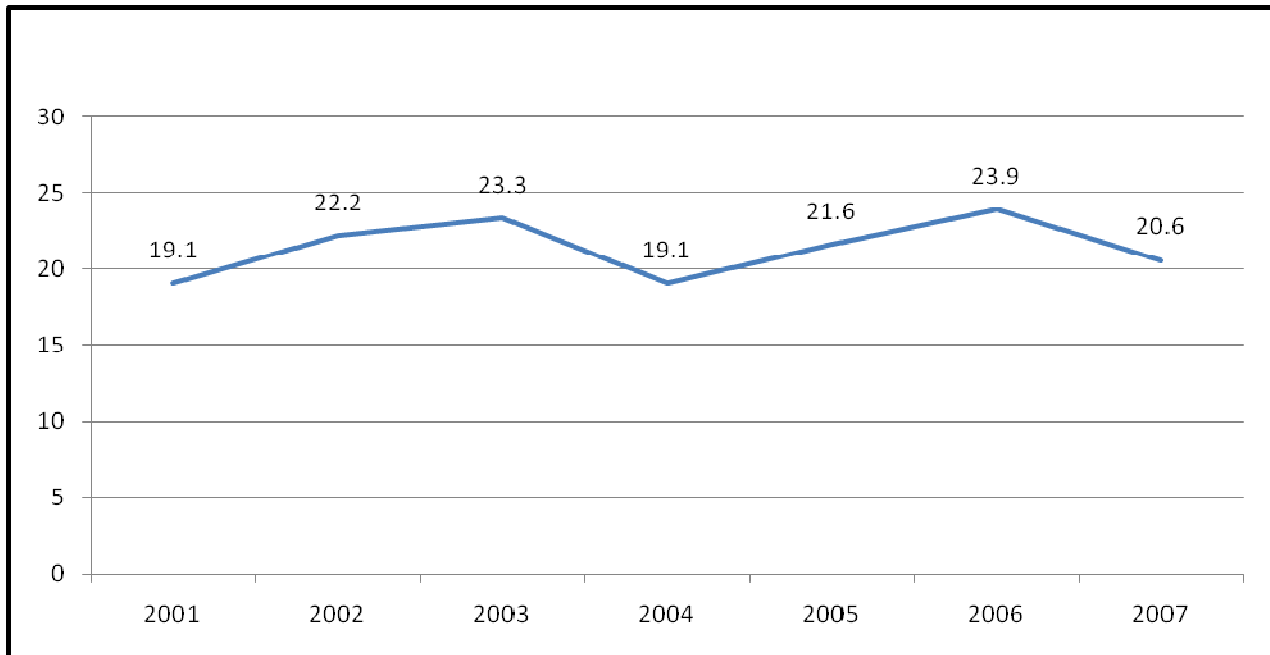
	Statistics South Africa Community Survey, 2007	Global Insight ReX, 2007
Mpumalanga	33.3%	36.7%
Gert Sibande MD	32.2%	35.1%
Nkangala MD	32.0%	41.1%
Ehlanzeni MD	34.5%	33.9%

Source: Statistics South Africa - Community Survey, 2007 and Global Insight - ReX, 2008

According to Statistics South Africa's Labour Force Survey (Historical Revision - March Series, 2001 - 2007), Mpumalanga's revised unemployment rate (official definition) was 20.6% in March 2007. Diagram 3.3 shows the unemployment rate trend from March 2001 to March 2007. These revised unemployment rates for Mpumalanga, are lower than the national rates. The highest unemployment rate Mpumalanga recorded in this period was 23.9% in March 2006 and the lowest, 19.1% in March

2001 & 2004. The unemployment rate of females is much higher than the rate of males. According to Statistics South Africa’s Labour Force Survey, women recorded a 30.3% unemployment rate in 2007.

Diagram 3.3: Mpumalanga’s unemployment rate (%), March 2001 – March 2007



Source: Statistics South Africa – Labour Force Survey 2001-2007, August 2008

Statistics South Africa’s Quarterly Labour Force Survey (Quarter 3 of 2008) is used in Table 3.4 to give a labour force profile of the province. The results of the 2008 surveys indicate that the unemployment rate (official definition) of Mpumalanga first increased from 23.7% in the first quarter to 24.8% in the second quarter and then decreased to 23.2% in the third quarter. This figure is the same as the national average. There was a small increase in both the labour absorption and labour force participation rate.

Table 3.4: Labour force profile for Mpumalanga, 2008

	April – June 2008 (Thousand)	July – September 2008 (Thousand)	Quarter to quarter % change
Population 15-64 years	2 180	2 188	0.4
Labour force/EAP			

	1 197	1 202	0.4
Employed	900	924	2.7
Unemployed	297	279	-6.1
Not economically active	983	985	0.2
Rates (%)			
Unemployment rate	24.8	23.2	
Labour absorption rate (Employment/population)	41.3	42.2	
Labour force participation rate (EAP/population)	54.9	55.0	

Source: Statistics South Africa – Labour Force Survey, Quarter 3, October 2008

What is relevant regarding the unemployment figures, is the fact that the unemployment rate is still relatively high in the province, but there is however a downward trend in the provincial rate. The challenge that the province is faced with, is to convert economic growth into employment and jobs, especially in the formal sector. The other challenge is to increase the total jobs by an annual rate, which is much higher than the population growth rate.

3.2.2 Employment

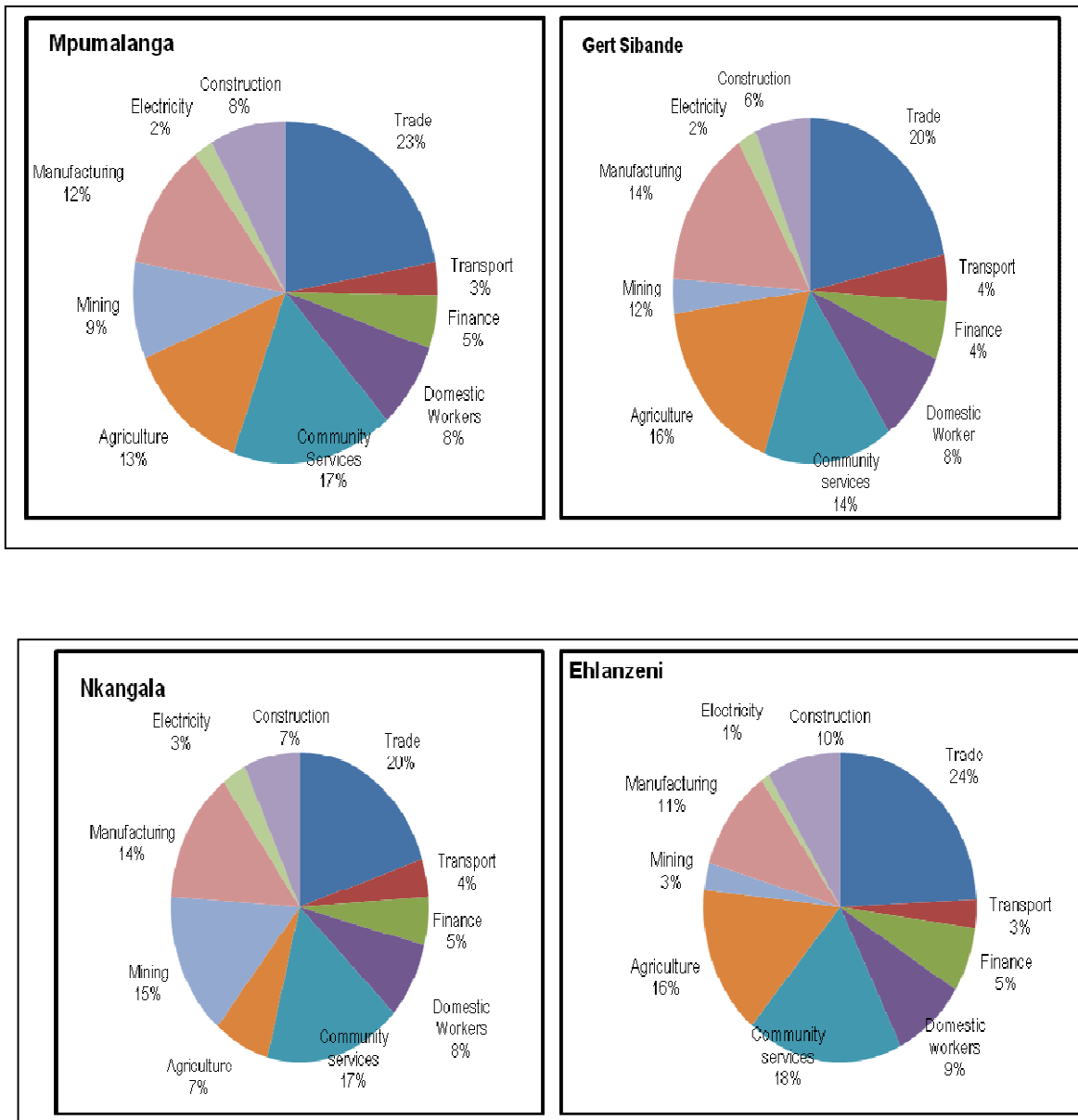
The results of the Quarterly Labour Force Survey published by Statistics South Africa in October 2008, indicate that the Mpumalanga employment figure for the third quarter of 2008 is 924 000, which represents a 2.7% quarter to quarter increase. The formal sector (non agricultural) is responsible for 59.2% of total employment in the province, the informal sector (non agricultural) 22.4%, agriculture 8.9% and private households 9.5%.

Diagram 3.4 illustrates the sector employment structure for total employment, which assists in identifying the sectors that are key employers in Mpumalanga. The trade sector, which includes a large portion of informal employment, is the biggest employer in the province (almost 23%). The trade

sector's contribution to total employment in the three districts is 19.9% for Gert Sibande, 20.3% for Nkangala and 24.6% for Ehlanzeni. Approximately 51% of the workers in the trade sector of the province, are situated in the Ehlanzeni District.

The community & government services sector is also a very important employer in Mpumalanga, contributing 16.6% to total employment. This is also the situation in all the districts. The smallest contributor to employment in the province is the electricity sector accounting for only 1.6% of total employment in Mpumalanga. Agriculture, mining and manufacturing also feature prominently in Gert Sibande, mining & manufacturing in Nkangala and agriculture, manufacturing and construction, in Ehlanzeni. Ehlanzeni is responsible for 46% of employment in Mpumalanga.

Diagram 3.4: Employment by sector in Mpumalanga, 2007

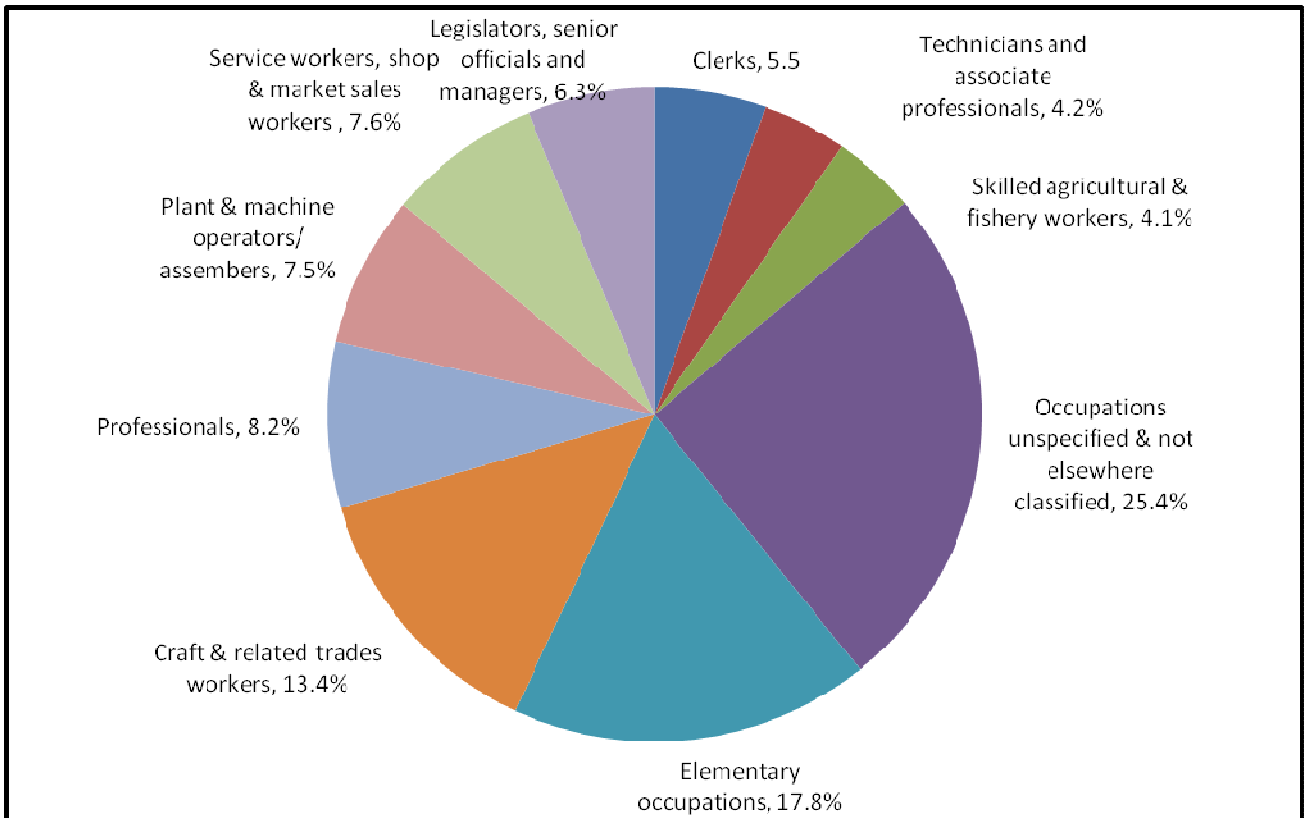


3.2.3 Occupational profile

The occupational profile is an indicator of the quality of the labour force. It provides information on the employability of workers and their proficiency levels and assists in identifying the shortage of skills in the economy, by matching the demand for labour with its relative supply. Diagram 3.5 illustrates the occupational profile of Mpumalanga according to Statistics South Africa’s 2007 Community Survey. It is heavily skewed towards the semi and

unskilled occupations. The share of highly skilled occupations (legislators, senior officials/managers and professionals) is only 14.5%. The share of the category of occupations unspecified and not elsewhere classified, forms 25.4%. The majority of these people are normally unskilled or semi skilled workers.

Diagram 3.5: Mpumalanga’s occupational profile, 2007



Source: Statistics South Africa – Community Survey, 2007

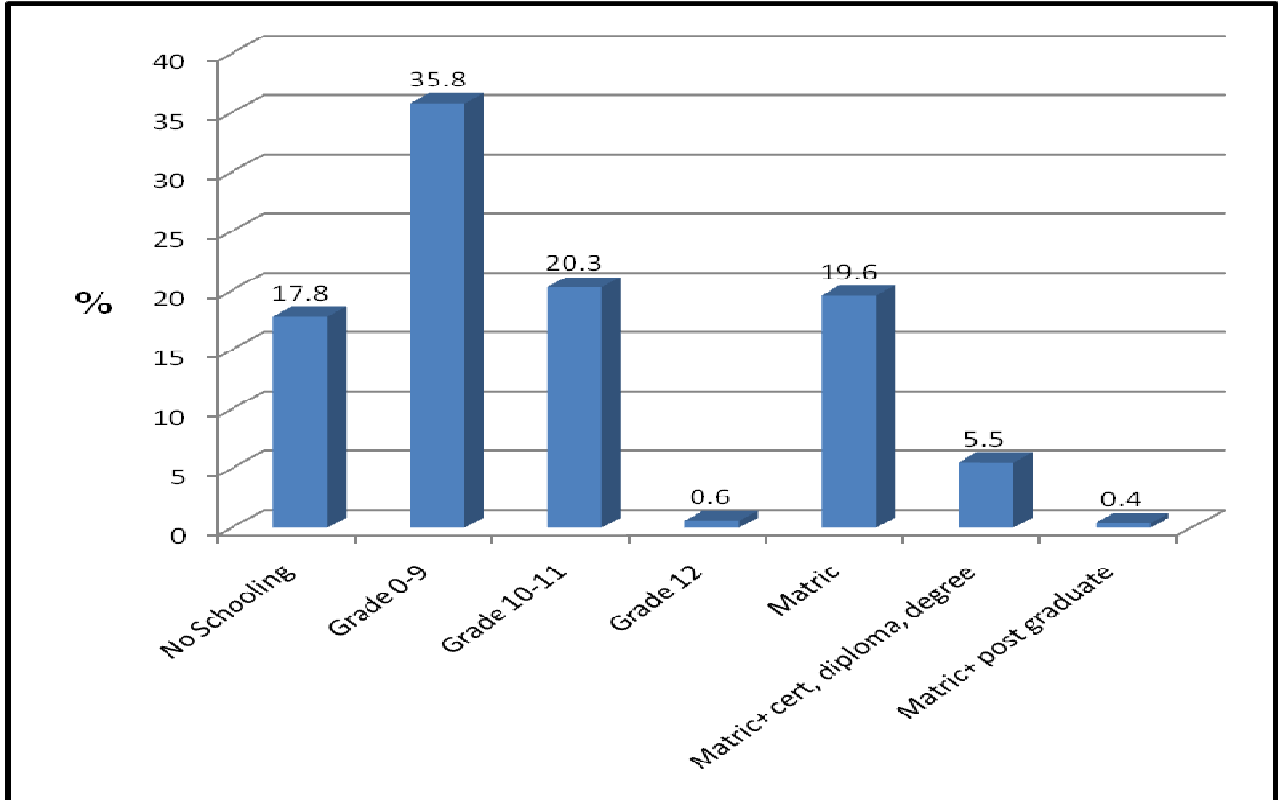
3.3 Education

There's a direct correlation between the educational attainment and employment growth rate. Higher employment growth rates are observed among those who have a higher level of education. An analysis of the educational profile of the province therefore provides vital information pertaining to employability of the labour force, as well as insight into the potential employment growth.

Diagram 3.6 illustrates the educational profile of Mpumalanga. Based on information from Global Insight regarding the highest level of education (age 15+), 17.8% of the people 15 years and older, have not received any schooling, 35.8% have an education level of grade 0-9, 20.3% grade 10-11 and 19.6% a matric only. Only 5.9% of the people have post matric qualifications. The following positive trends can however be highlighted:

- ✚ The percentage of the population with no schooling decreased slightly from 23.3% in 2001 to 17.8% in 2007.
- ✚ The percentage of the population completed secondary education (matric) increased from 15.8% in 2001 to 19.6% in 2007.
- ✚ The percentage of people with a post matric qualification increased slightly from 5.1% in 2001 to 5.9% in 2007.

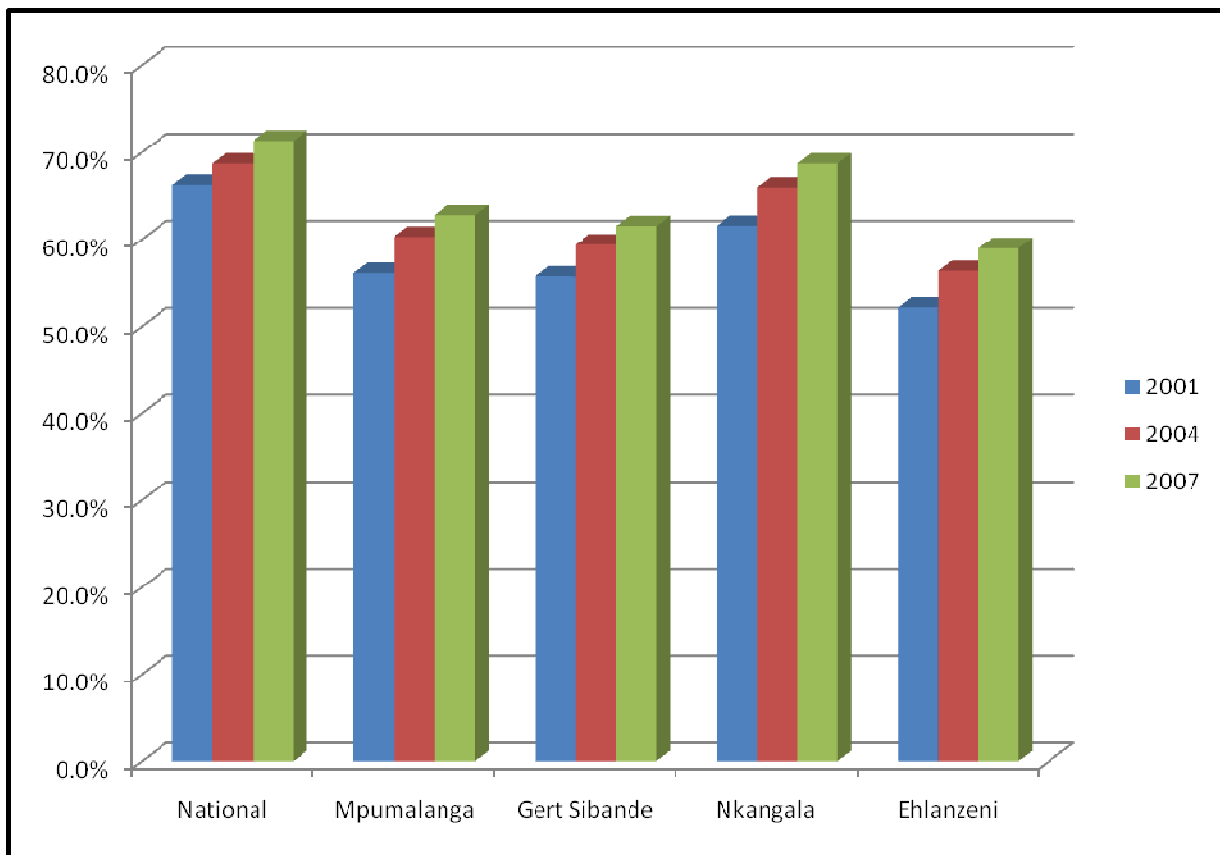
Diagram 3.6: Mpumalanga – highest level of education (15 +), 2007



Source: Global Insight - ReX, 2008

The functional literacy (age 20+ and completed grade 7 and higher) for Mpumalanga, increased from 56.1% in 2001 to 62.8% in 2007. This is however much lower the national figures of 66.3% in 2001 and 71.3% in 2007. The functional literacy in the Gert Sibande District increased from 55.7% to 61.5% in the same period, Nkangala from 61.5% to 68.7% and Ehlanzeni from 52.1% to 59.0% Diagram 3.7 shows functional literacy rates for South Africa, Mpumalanga and the three districts.

Diagram 3.7: Functional literacy for Mpumalanga, 2001, 2004 & 2007



Source: Global Insight – ReX, 2008

Table 3.5 shows the grade 12 pass rates from 2006 - 2008. The national rate decreased from 66.6% in 2006 to 62.5% in 2008. Mpumalanga’s pass rate declined from 65.3% in 2006 to 60.8% in 2007 and 51.8% in 2008.

The Mpumalanga Province recorded 25 568 passes in 2006, 31 449 in 2007 and 21 085 in 2008. 5 335 learners qualified to further their studies in any bachelors degree in 2008. 6 105 learners obtained distinctions of which 3 707 are females. The pass rate for Mathematics was 40.2% in 2008 with 837 distinctions and for Mathematical Literacy 65%, with 683 distinction

Table 3.5: Grade 12 comparative figures for Mpumalanga, 2006 - 2008

	2006	2007	Prelim. 2008 stats
	% Pass rate	% Pass rate	% Pass rate
Eastern Cape	59	57.1	50.6
Free State	72	70.5	71.8
Gauteng	78	74.6	76.4
KwaZulu-Natal	66	63.8	57.6
Limpopo	56	55.7	54.3
Mpumalanga	65	60.8	51.8
Northern Cape	67	70.3	72.7
North West	77	67.2	68.0
Western Cape	84	80.3	78.4
National Average	67	65.2	62.5

Source: National & Provincial Department of Education, 2008 & 2009

3.4 Health and social services

Health, social services and education remain key priorities for government. The profiling of these sectors is critical for planning and informing the budget process. Mpumalanga has the need to put more effort in the fight against poverty and against the dominant diseases in the province like TB, malaria and also the cholera outbreak in January 2009. The province also planned to improve the immunization rate to 85% in 2008.

TB case loads have risen to 18 249 in 2007, but with the introduction of special programmes and TB hospitals in the province, the situation should improve. A spray coverage for malaria of 85% was achieved in 2007 and the case fatality rate has moved to 0.74%, which is slightly above the national norm of 0.5%. Cases of cholera were reported in the first week of January 2009 in especially the Mariti area of Bushbuckridge. More cases were later reported in Mbombela, Thaba Chweu, Umjindi and Nkomazi. The origin of the cholera outbreak in January 2009 in the province was reportedly due to water sources being contaminated and also contact between people. According to official statistics on 29 January 2009, 3 216 patients have visited hospitals by this date and 22 deaths reported as confirmed cholera cases.

3.5 Basic service infrastructure

The Mpumalanga Flagship Projects are central to the challenges of infrastructure delivery in the province. The projects should impact on economic growth and poverty reduction and should generate multipliers through linkages to the broader economy. The five provincial flagship projects are:

- ✚ Moloto Rail Development Corridor.
- ✚ Maputo Development Corridor.
- ✚ Heritage Greening Mpumalanga and Tourism.
- ✚ Water for All.
- ✚ Accelerated and Capacity Building in Government.

Central to the major challenge of enhancing the delivery of basic services, is ensuring that communities have access to water. As a province, Mpumalanga has prioritised the 'Water for All' flagship programme to ensure that communities have access to water services infrastructure and clean water by 2010. Approximately 661 546 households have access to water and 283 454 households have no access to adequate water (below the RDP standard). Of this amount, 36 352 households have no access to infrastructure at all. While recognising progress of the province has made providing access to electricity to many households, there is still a need to strengthen efforts in addressing the backlog households who do not have access to electricity.

According to the Econometrix model below, the water backlog is forecast to be eradicated only by 2016, unless the rate of delivery can be tripled in 2007, 2008 and 2009. With regard to the basic sanitation backlog, the delivery rate should be 7 times higher in 2007, 2008 and 2009 to meet the set target. To eradicate the electricity backlog, the province should increase the delivery rate by 9 to 10 times more. The housing delivery rate should be increased to 37 000 units annually in 2007, 2008 & 2009, in order to deal with the backlog.

Table 3.6: Household basic service infrastructure

Households (000's)	2006	2007	2008
Number of households	1028.4	1052.3	1074.8
Demand of households basic services			
Water	289	292.9	296.3
Sanitation	512.1	519	525
Electricity	288.9	292.7	295.9
Housing	299.7	303.6	306.8

Delivery backlog			
Water	183.9	166.7	149.1
Sanitation	410.6	397.2	383
Electricity	245.8	241	235.6
Housing	216.8	207.8	197.9

Source: *Econometrix*

3.6. Development indicators

3.6.1 Human development index (HDI)

The HDI is a composite measurement of three variables namely, life expectancy at birth, educational attainment/adult literacy and gross domestic product (GDP) per capita. According to the United Nations a HDI of > 0.8 is high human development, medium human development is 0.5 – 0.8 and low human development is < 0.5. Mpumalanga's HDI remained relatively constant the last couple of years and was 0.53 in 2007, which is an indication of medium human development in the province. The provincial figure is lower than the national figure of 0.59 (in 2007). The HDI for the three districts are Gert Sibande (0.53), Nkangala (0.56) and Ehlanzeni (0.49). Ehlanzeni is the only district which recorded low human development in 2007.

Table 3.7 shows the HDI figures (2001 and 2007) for the different population groups in Mpumalanga and the gaps between population groups in terms of human development. The Black population recorded HDI figures of low human development, the Asian and Coloured population medium human development, and the White population high human development.

Table 3.7: HDI figures for Mpumalanga, 2001 and 2007

Population group	2001	2007
Black	0.47	0.48
White	0.87	0.89
Coloured	0.64	0.66
Asian	0.74	0.77
Total	0.52	0.53

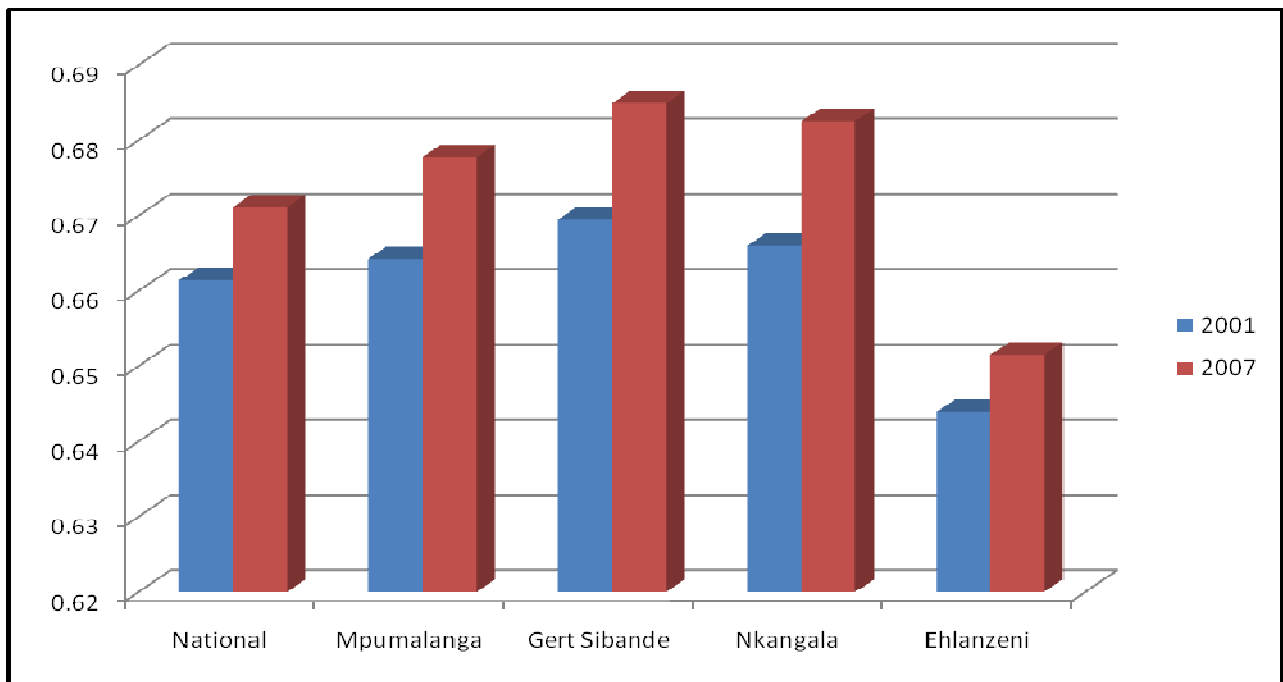
Source: *Global Insight – ReX, 2008*

3.6.2 Gini-coefficient

The Gini-coefficient is a summary statistic of income inequality and is used to show the skewness of the distribution of income across the population. The coefficient has a range from zero to one, where zero represents perfect income equality and one represents perfect income inequality. It should be noted that South Africa has one of the highest Gini-coefficients in the world.

Diagram 3.8 shows the Gini-coefficients for South Africa, Mpumalanga and the three District Municipalities in 2001 and 2007. The Mpumalanga Province along with the District Municipalities, show an increase in the Gini-coefficients for the period 2001 to 2007. The higher coefficients show that the income distribution in 2007 is more skewed than in 2001, meaning that the rich people earn even more, and the poor even less. Mpumalanga and 2 of the districts, Gert Sibande and Nkangala, recorded a Gini-coefficient of 0.68 in 2007. Ehlanzeni however, recorded a slightly better Gini-coefficient of 0.65, in the same period.

Diagram 3.8: Gini-coefficient for Mpumalanga, 2001 and 2007



Source: Global Insight – ReX, 2008

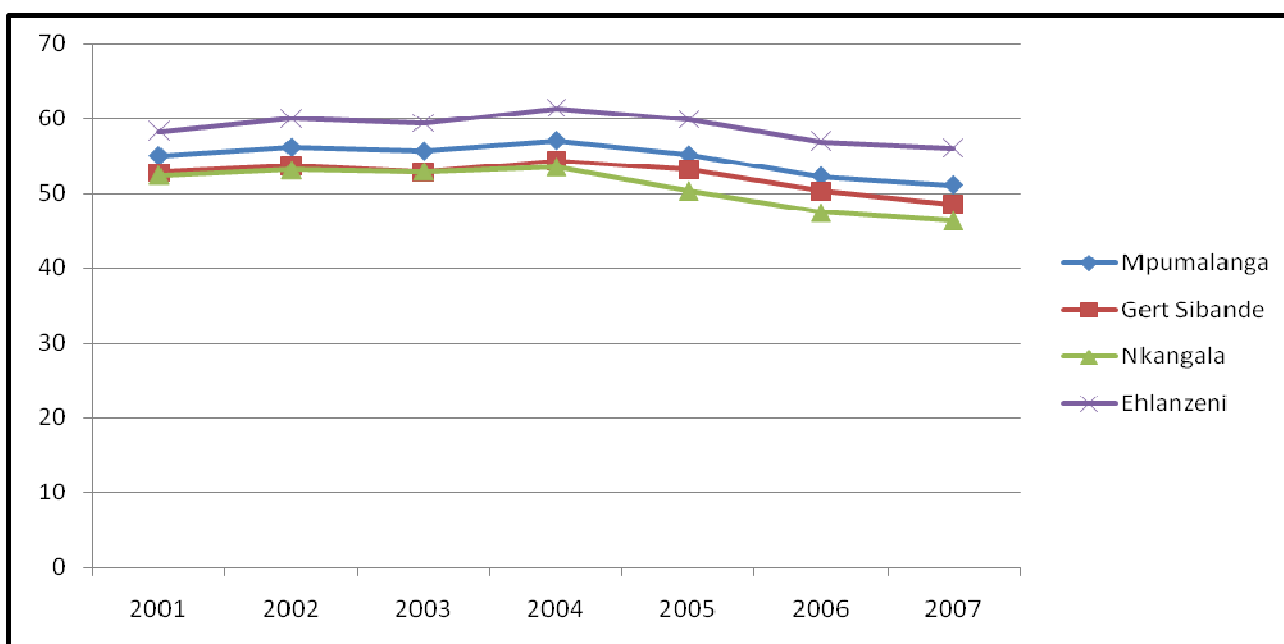
3.6.3 Poverty

The poverty rate is the percentage of people living in households with an income less than the poverty income. The poverty income is defined as the minimum monthly income needed to sustain a household and varies according to household size. The monthly poverty income for a household of four was for example R1 998 in 2007 and R2 786 for a household of six. The poverty level/rate of Mpumalanga is

still relatively high. There is however a downward trend in the poverty rate of the province. Global Insight indicated a poverty rate of 55.1% (1 928 231 poor people) in 2001 and 51.1% (1 878 421 poor people) in 2007. The percentage of people living on less than dollar (\$) per day also declined from 6.4% in 2001 to 2.1% in 2007. The national figure was 5.7% in 2001 and 2.0% in 2007.

Diagram 3.9 illustrates the poverty rates in Mpumalanga and the three districts since 2001. There's also a downward trend in the poverty rate of the District Municipalities. The Ehlanzeni District recorded the highest poverty rate (56.1%) in 2007 and the Nkangala District the lowest (46.3%). The provincial and district poverty rates are much higher than the national poverty rate of 42.9% (in 2007).

Diagram 3.9: Poverty rates of Mpumalanga, 2001-2007



Global Insight – ReX, 2008

3.7 Income aspects

Annual per capita income refers to the total income generated from production activities in the area/region, divided by the number of people living in the area/region, Table 3.8 illustrates that Mpumalanga's annual per capita income increased from R12 225 (R1 019 per month) in 2001 to R21 461 (R1 788 per month) in 2007. The provincial figure is however lower than the national figure of R28 910 (R2 409 per month). The Nkangala District shows a higher per capita income (R25 932 per year) than the other districts in the province. This means that the average person in Nkangala earns more than the average person in the province. The Ehlanzeni District recorded the lowest annual per capita income (R17 171) of the three districts. There is however an increase in the annual per capita income in the period 2001–2007, for all the districts.

Table 3.8: Annual per capita income (current prices) for Mpumalanga, 2001 and 2007

Area/Region	2001	2007
South Africa	R16 219	R28 910
Mpumalanga	R12 225	R21 461
Gert Sibande MD	R13 081	R23 338
Nkangala MD	R14 909	R25 932
Ehlanzeni MD	R 9 769	R17 171

Source: Global Insight, ReX, 2008

Table 3.9 shows the annual per household's income for Mpumalanga and the three districts. The annual income per household for the province increased from R50 578 in 2001 to R81 124 in 2007, which represents an increase of 60.4% between 2001 and 2007. Both Gert Sibande and Nkangala recorded higher figures than the provincial average. Ehlanzeni however, had a figure of only R65 039 in 2007.

Table 3.9: Annual per household's income (current prices) for Mpumalanga, 2001 and 2007

Area/Region	2001	2007
Mpumalanga	R50 578	R81 124
Gert Sibande DM	R54 036	R88 515
Nkangala DM	R61 331	R97 454
Ehlanzeni DM	R40 626	R65 039

Source: *Global Insight ReX, 2008*

Table 3.10 shows the number of households by income category in Mpumalanga. The basis of all income figures presented, is derived from an income distribution model. The Global Insight income distribution model monitors and tracks the dynamics and patterns of the way people earn and spend their money. It is evident from Table 3.10 that the majority of the households earn in the range of R6 000 to R42 000 per year (less than R3 500 per month). Only 19.9% of the households have an income of R96 000 and more per year (R8 000 and more per month). The number of households in the higher income brackets however, increased over the years. The district municipal profiles show a similar picture to that of the province. A negative factor influencing income and expenditure patterns in Mpumalanga, is the relatively high inflation rate (price increases) of the province. It is higher than the national rate the last couple of years and the 2007 figure of 8.1% was the highest of all the provinces in South Africa.

Table 3.10: Mpumalanga's households per income category, 2007

Income category (Rand)	Number of households	%	Cumulative %
0-2400	6501	0.7	0.7
2400-6000	25512	2.6	3.3
6000-12000	128059	13.2	16.5
12000-18000	141319	14.5	31.0
18000-30000	154024	15.8	46.8
30000-42000	114998	11.8	58.6
42000-54000	83433	8.6	67.2
54000-72000	70793	7.3	74.5
72000-96000	54941	5.6	80.1
96000-132000	45531	4.7	84.8
132000-192000	40809	4.2	89.0
192000-360000	57085	5.9	94.9
360000-600000	28923	3.0	97.9
600000-1200000	14972	1.5	99.4
1200000-2400000	4373	0.5	99.9

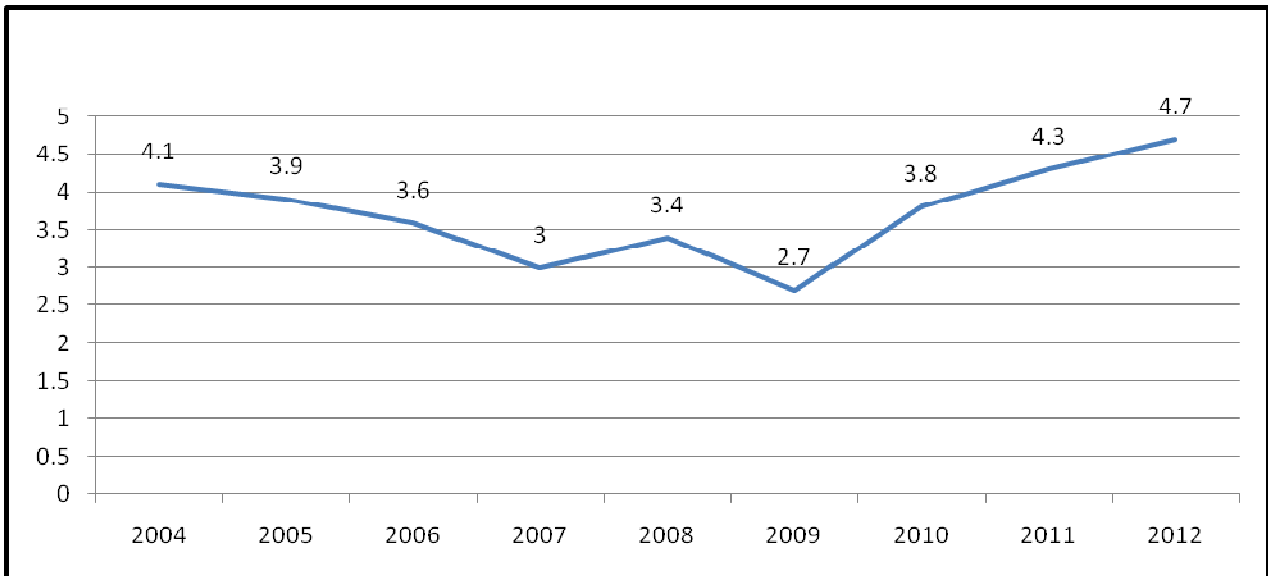
2400000+	1206	0.1	100
Total	972478	100	100

Source: *Global Insight – ReX, 2008*

3.8 Economic sectors and performance

Mpumalanga’s (second smallest province) contribution to the South African economy remained largely unchanged over the last ten years. The percentage share contribution currently is 6.8%. The GDP growth rate of the province is since 2000 lower than the national rate. Global Insight indicated an average economic growth rate for Mpumalanga of approximately 3% for the period 1996 - 2007. The forecasted rate for 2008 was 3.4% and for 2007 - 2012, an average of 3.8%. A growth rate of 7.5% is expected in this period in the construction sector, 4.5% growth in the manufacturing sector and 4% growth in the electricity sector. Diagram 3.10 gives an indication of the GDP growth rates for Mpumalanga from 2004 - 2012.

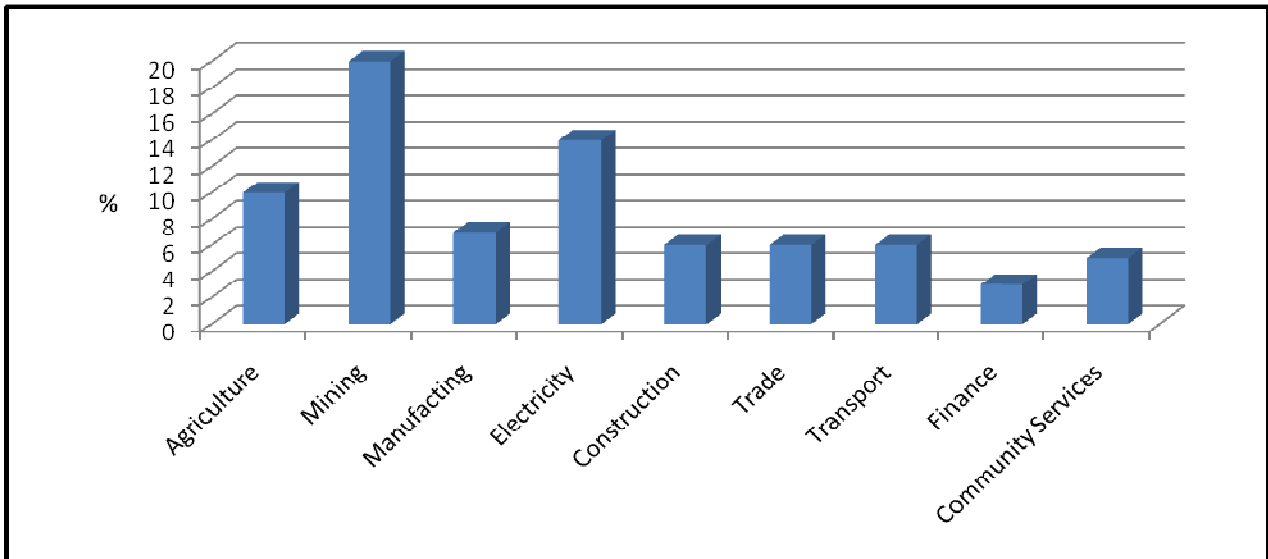
Diagram 3.10: GDP growth (%) for Mpumalanga (constant prices), 2004 – 2012



Source: *Global Insight - ReX, 2008*

Diagram 3.11 shows the percentage contribution of each Mpumalanga economic sector to the national gross value added (GVA) or total industries, in 2007. The main contributors to the respective national GVA sectors are mining (19.6%), electricity (14.4%) and agriculture (10%). The smallest contributors are finance (3.8%) and construction (4.5%).

Diagram 3.11: Mpumalanga’s contribution to the national GVA (constant prices) by sector



Source: Global Insight – ReX, 2008

The economy of Mpumalanga is fairly diverse. Table 3.11 shows the share contribution of each sector to the provincial and district/regional economy. The largest contributors to the provincial economy are manufacturing (19.4%), mining (18.1%), community services (which includes the government sector - 15.3%), trade (13%) and finance (13%). The smallest contributors are construction (2.6%) and agriculture (3.7%).

On district/regional level, is manufacturing very prominent in Gert Sibande (33%) with mining being the biggest contributor in Nkangala (30.8%). Ehlanzeni’s economy is very diverse with community services (23.6%) and trade (20.8%) as the main sectors in this district.

Table 3.11: Sector contribution (%) to GVA (constant prices), 2007

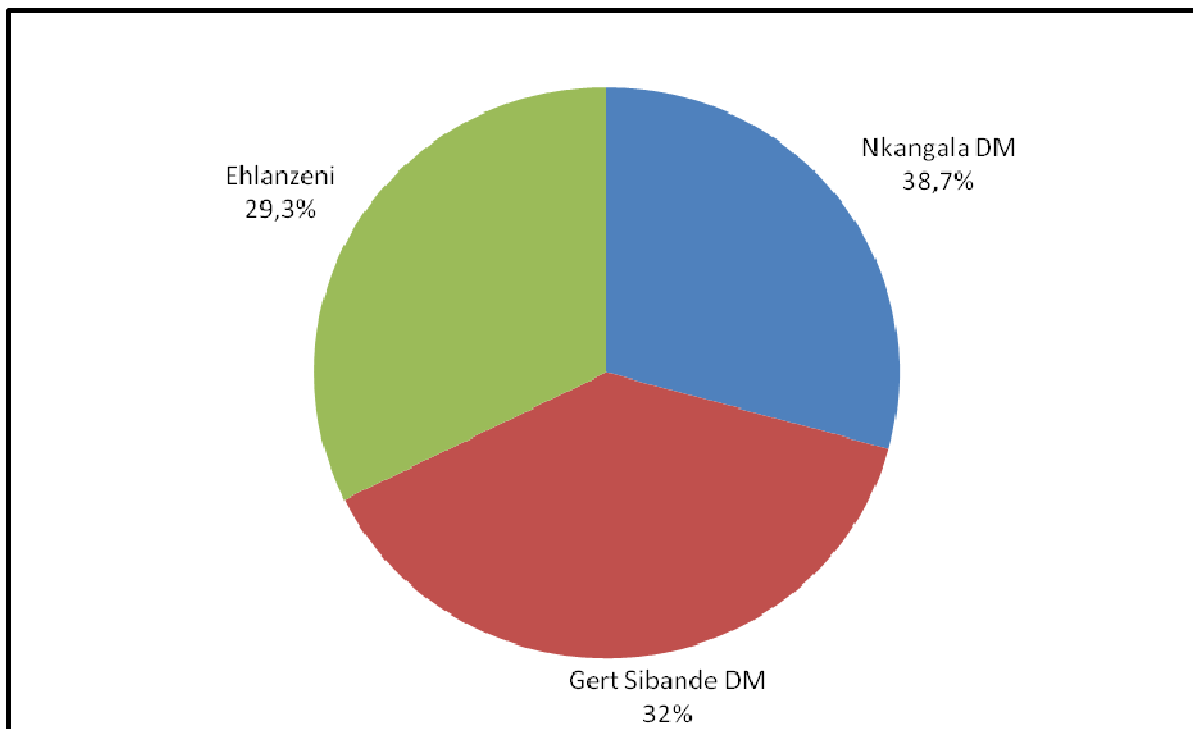
Sector	Mpumalanga	Gert Sibande	Nkangala	Ehlanzeni
Agriculture	3.7%	4.8%	2.3%	4.4%
Mining	18.1%	14.9%	30.8%	5.0%
Manufacturing	19.4%	33.0%	12.9%	12.9%
Electricity	5.0%	4.1%	9.3%	0.5%
Construction	2.6%	2.2%	2.0%	3.8%
Trade	13.0%	10.9%	8.9%	20.8%
Transport	9.9%	8.1%	8.8%	13.4%

Finance	13.0%	11.3%	12.3%	15.6%
Community services	15.3%	10.7%	12.7%	23.6%
Total Industries (GVA)	100%	100%	100%	100%

Source: Global Insight – ReX, 2008

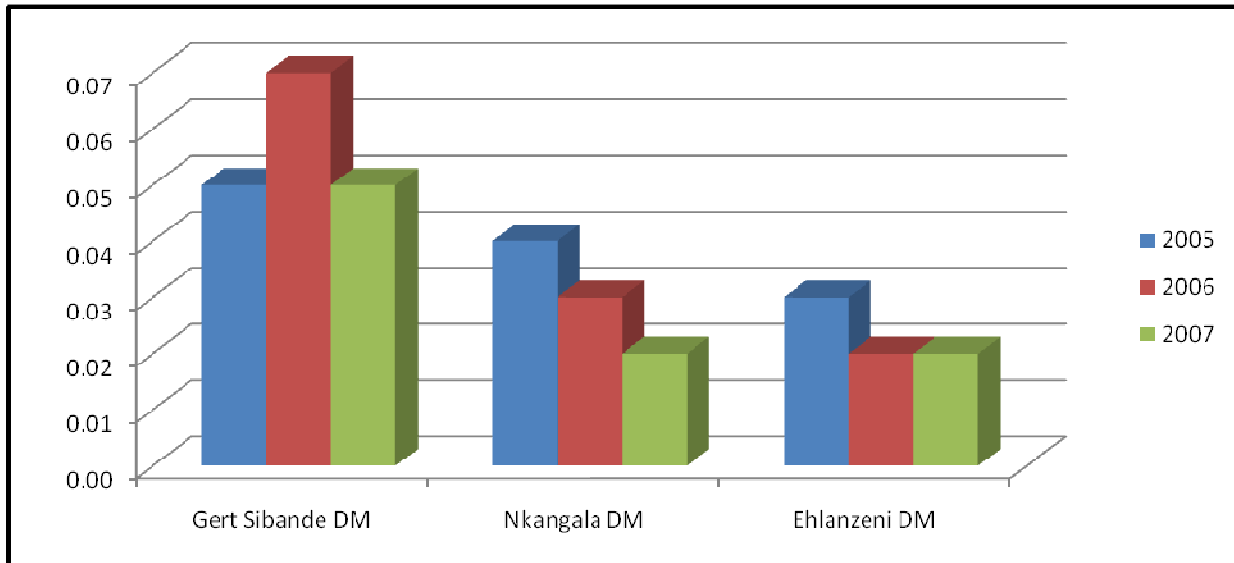
Diagram 3.12 illustrates the contribution of the three district municipalities to the provincial GVA. Nkangala contributes 38.7% to Mpumalanga’s GVA, Gert Sibande 32% and Ehlanzeni 29.3%. There was a small increase in the contribution of Gert Sibande to the provincial economy since 2001 and a small decrease in the contribution of Ehlanzeni. Diagram 3.13 shows that Gert Sibande recorded the highest GDP growth between 2005 & 2007 and Ehlanzeni, the lowest.

Diagram 3.12: Contribution (%) of Districts to Mpumalanga’s GVA (constant prices), 2007



Source: Global Insight – ReX, 2008

Diagram 3.13: GDP growth (constant prices) of Mpumalanga’s Districts: 2005 – 2007



Source: Global Insight – ReX, 2008

Table 3.12 shows the percentage contribution of the three districts to the different sectors of the Mpumalanga’s economy (GVA) in 2007. Gert Sibande is very prominent in the province with agriculture (41.3%) and the manufacturing sector (54.6%). Nkangala is responsible for 65.8% of mining activities in the province and 71.4% of electricity. The Ehlanzeni economy is very diverse but is however, dominant in the province in especially the construction (42.7%), trade (46.8%) and community/government services (45.2%) sectors. Ehlanzeni has the largest population of the three districts at 41.9%, but its economic contribution is the lowest at 29.3%. Ehlanzeni has however the potential to make a bigger contribution to the economy of the province, by increasing its manufacturing sector and by fully optimising its competitive advantage in terms of its agricultural base.

Table 3.12: Contribution (%) of Districts to sectors of Mpumalanga economy (constant prices), 2007

Sector	Gert Sibande	Nkangala	Ehlanzeni	Total
Agriculture	41.3%	23.6%	35.1%	100%
Mining	26.2%	65.8%	8.0%	100%
Manufacturing	54.6%	25.8%	19.6%	100%
Electricity	25.8%	71.4%	2.8%	100%
Construction	27.8%	29.5%	42.7%	100%
Trade	26.6%	26.6%	46.8%	100%

Transport	26.1%	34.3%	39.6%	100%
Finance	27.8%	36.9%	35.3%	100%
Community Services	22.5%	32.3%	45.2%	100%

Source: *Global Insight – ReX, 2008*

3.9 Socio-economic challenges

There are some positive socio-economic trends in the Mpumalanga Province the last couple of years. The levels/rates of especially poverty and unemployment in the province are however still relatively high and the challenge is to bring this down to more acceptable levels/rates. One of the major challenges of Mpumalanga is to increase the provincial growth rate and to convert its economic growth into jobs and employment, in especially the formal sector. It should be also a priority to increase the education and skills levels of the population and labour force, to increase the employability of these people and to integrate them into the economic mainstream.

The fight against HIV/AIDS, the cholera outbreak and an increased delivery rate of basic service infrastructure, should also be priorities of government

4. Receipts

4.1 Overall position

Table 1.7: Summary of provincial receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Transfer receipts from National									
Equitable share	10 366 946	11 134 465	14 454 264	16 435 956	17 731 909	17 644 516	19 005 445	20 819 407	22 350 564
Conditional grants	956 749	1 188 288	1 728 773	2 113 912	2 367 987	2 113 912	3 101 106	3 385 486	3 862 966
Total transfer receipts from National	11 323 695	12 322 753	16 183 037	18 549 868	20 099 896	19 758 428	22 106 551	24 204 893	26 213 530
Provincial own receipts									
Tax receipts	177 322	198 768	206 797	213 743	213 743	217 682	276 523	287 901	318 936
Casino taxes	22 444	24 088	25 951	27 988	27 988	32 917	44 586	44 350	63 246
Horse racing taxes	3 500	4 000	4 000	4 000	4 000	4 122	4 725	4 961	5 209
Liquor licences	1 344	1 195	1 823	1 556	1 556	662	1 711	1 796	1 881
Motor vehicle licences	150 013	169 459	174 991	180 161	180 161	179 981	225 458	236 749	248 555
Tourism	21	26	32	38	38	-	43.00	45.00	45.00
Commission	0	0	0	0	0	-	0	0	0
Sales of goods and services other than	53 854	69 041	68 857	72 521	71 688	81 323	88 292	93 546	98 649
Transfers received	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	27 947	25 859	18 668	19 564	19 564	19 564	21 419	22 547	23 738
Interest, dividends and rent on land	77 847	82 802	159 717	50 676	59 400	61 411	87 691	99 736	141 623
Sales of capital assets	5 453	5 776	2 662	1 955	1 955	2 075	3 178	3 304	3 481
Financial transactions in assets and	8 731	8 284	9 012	3 170	3 432	3 348	3 113	3 211	3 371
Total provincial own receipts	351 154	390 530	465 713	361 629	369 782	385 403	480 216	510 245	589 798
Total provincial receipts	11 674 849	12 713 283	16 648 750	18 911 497	20 469 678	20 143 831	22 586 767	24 715 138	26 803 328

4.2 Equitable share

The Constitution establishes national, provincial and local government as autonomous spheres, which are “distinctive, interdependent, and interrelated.” It also identifies functional areas of concurrent and exclusive competence. In order to give effect to the requirements of the Constitution, budgetary procedures and other institutional arrangements have undergone dramatic changes. Budget making is the responsibility of all three spheres of government.

The Constitution requires that nationally raised revenues be divided equitably between the three spheres of government and that the provincial share be divided equitably between the nine provinces. In addition to equitable shares, provinces and local government also receive grants from the national share. National norms and standards may apply to provincial spending out of the equitable share and grant funds, which may be subject to conditions.

The allocations from national government to provinces and local government must take into account the recommendations of the Financial and Fiscal Commission (FFC) and criteria detailed in section 214(2) of the Constitution.

Revenue sharing is necessitated by the constitutional assignment of revenue-raising and expenditure responsibility. Most of the revenue is raised nationally. Although provinces have significant expenditure requirements, they have only limited revenue sources.

The equitable division of national revenues between the three spheres of government gives each the funds to provide the services and perform the functions assigned to it under the Constitution.

The provincial and local government equitable shares are further divided according to objective formulae after the recommendations of the FFC have been taken into account. The provincial formula allocates funds between the provinces according to their demographic and economic profiles taking account of the services – primarily health care, welfare and school education – for which provinces are responsible.

The local government formula is designed to enable municipalities to deliver a package of basic services to low income households at affordable cost. Both formulae have a strong equity component that takes into account the special needs of poorer areas. The province’s share from nationally raised revenue for the 2009/10 is R19.005 billion, which represents **R0.443 million** increase compared to 2008/09 main appropriation equitable share of R 18.562 billion (2.4 per cent increase).

4.3 Conditional grants **New conditional grants introduced as part of the 2008 Budget**

Several new conditional grants were introduced over the 2008/09 Adjustments Budget that will be continued as part of the 2009 MTEF.

The ***Ilima/Letsema projects grant*** helps South African farming communities falling within poor economic and disaster prone areas of the country to achieve an increase of 10 to 15 per cent in agricultural production. This grant is allocated R65 million over the MTEF.

The *overload control grant* is allocated R5.519 million over the period for initiatives that support the preservation of road infrastructure by reducing overloading. The grant was introduced during 2008/09 adjustments estimates period. R4.398 million was allocated to the Department of Roads and Transport for this purpose.

New conditional grants introduced as part of the 2009 Budget

Two new conditional grants are introduced as part of the 2009 MTEF.

Expanded Public Works Programme Incentive grant

The *expanded public works programme (EPWP) incentive grant*, is aimed at providing incentives for provinces and municipalities to increase labour intensive employment through programmes that maximise job creation and skills development as indicated in the EPWP guidelines. An amount of R5.47 million in 2009/10 will only be paid to provinces after stipulated EPWP targets have been met (or exceeded).

Public Transport Operations grant

A new conditional grant, the *public transport operations grant*, amounting to R370.650 million is introduced to allow for improved monitoring and control of expenditure related to bus subsidies and other transport operations. Although the payment of bus subsidies to operators was previously funded on an agency arrangement between national and provincial government, recent legal action places a greater responsibility on government to ensure contractual obligations are met.

Policy priorities funded through conditional grants

After adjusting the conditional grant framework by the 6 per cent inflation to create the 2011/12 baseline, the baselines for conditional grants were revised upwards in 2009/10, in 2010/11 and in 2011/12:

The *infrastructure grant to provinces* is stepped up to provide for education specific interventions and the rehabilitation of the Mpumalanga coal haulage route:

Grade R to ensure gradual increase in enrolment. This is mainly an infrastructure allocation that seeks to ensure that classroom space is available as Grade-R learners enter the system. Additional funding amounting to R7.260 million is set aside in 2010/11 and R29.041 million in 2011/12 for this purpose;

School infrastructure provision. Additional funding is made available in 2010/11 and in 2011/12 to enable to recapitalise schools which form part of the public school system, including upgrading school infrastructure, secure school facilities, increase maintenance and the installation and purchase of new books and equipment in libraries and laboratories.

The allocation on the Infrastructure Grant to the Province is as follows; R771.968 million in 2009/10, R975.863 million in 2010/11, R1118.4 billion in 2011/12.

Included in this allocation is R50 million in 2009/10, R100 million in 2010/11 and R120 million in 2011/12 allocated to support the Mpumalanga province rehabilitate and maintain the provincial **coal haulage** routes.

The following adjustments are made for *education and Health specific* conditional grants:

National School Nutrition Programme to ensure that all Quintile 1 to 3 primary school learners can be fed on all school days, and to progressively expand the programme to secondary schools;

The **Comprehensive HIV and Aids** grant is revised upwards over the 2009 MTEF to meet the greater demands that arise due to the faster ARV take up rate.

Agriculture and Land Administration: Comprehensive Agricultural Support Programme to scale up the grant to support food security. Currently the grant is not performing well. The department will be supported to ensure that there is capacity to absorb the additional funding.

Department of Housing: Funds have been made available during 2011/10 and 2011/12 to the Integrated Housing and Human Settlement Grant to accelerate the roll-out of housing

Table 1.8: Summary of conditional grants by grant

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Vote 5	44 129	32 705	90 338	57 426	94 044	94 044	85 519	110 360	140 889
Agricultural Disaster Management Grant	15 000	45 000			36 618	36 618	5 000		
Comprehensive Agricultural Support Programme Grant	23 629	28 355	41 133	53 019	53 019	53 019	70 892	85 456	95 691
Land Care Programme Grant: Poverty Relief & Infrastructure Development	5 500	4 350	4 205	4 407	4 407	4 407	4 627	4 904	5 198
Lima/Letsema Project Grant							5 000	20 000	40 000
Vote 7	95 882	127 485	159 669	189 553	190 479	189 553	244 160	369 761	457 268
Early Childhood Development Grant									
Financial Management and Quality Enhancement Grant									
Further Education and Training College Sector Recapitalisation Grant		32 000	40 055	39 099	39 104	39 099			
HIV and Aids (Life Skills Education) Grant	10 317	10 936	13 010	13 848	14 769	13 848	14 626	15 420	16 345
National School Nutrition Programme Grant	85 565	84 549	106 604	136 606	136 606	136 606	229 534	354 341	440 923
Vote 8				36 000	36 000	36 000	45 387	44 374	47 036
Devolution of Property Rate Funds Grants				36 000	36 000	36 000	40 340	44 374	47 036
Expanded Public Works Programme Incentive Grant							5 047		
Vote 10	264 518	302 443	393 737	564 730	643 004	564 730	702 149	811 336	872 494
Comprehensive HIV and Aids Grant	81 392	107 479	121 190	151 849	151 849	151 849	200 226	261 544	281 080
Forensic Pathology Services Grant	17 181	42 367	52 628	42 003	66 302	42 003	44 233	50 107	53 114
Health Professions Training and Development Grant	54 363	54 363	57 081	59 935	59 935	59 935	71 839	76 149	80 718
Hospital Revitalisation Grant	69 358	53 477	107 843	244 322	298 297	244 322	304 441	331 657	360 557
National Tertiary Services Grant	42 224	44 757	54 995	66 621	66 621	66 621	81 410	91 879	97 025
Vote 11	228 427	353 702	519 929	572 244	710 024	558 890	1 142 618	979 396	1 126 770
Provincial Infrastructure Grant	228 427	353 702	519 929	572 244	710 024	558 890	771 968	973 877	1 126 770
Overload Control Grant								5 519	
Public Transport Operations Grant							370 650		
Vote 12	2 670	10 020	38 814	64 749	65 226	64 749	85 826	94 396	100 060
Mass Sport and Recreation Participation Programme Grant	2 670	10 020	15 954	21 823	22 014	21 823	29 870	31 663	33 563
Community Library Service Grant			22 860	42 926	43 212	42 926	55 956	62 733	66 497
Vote 14	321 123	361 933	526 286	629 210	629 210	629 210	795 447	975 863	1 118 449
Integrated Housing and Human Settlement Development Grant	321 123	361 933	526 286	629 210	629 210	629 210	795 447	975 863	1 118 449
Total conditional grants	956 749	1 188 288	1 728 773	2 113 912	2 367 987	2 137 176	3 101 106	3 385 486	3 862 966

4.4 Total provincial own receipts (Own revenue)

The Mpumalanga Province expects to collect an amount of R480 million from own provincial revenue for the 2009/10 financial year, which is 2.2 per cent of the total revenue.

The provinces have some tax assignment powers given to them by the Constitution but the extent of provincial own revenues is currently limited consisting mainly of a number of small taxes, user charges and fees.

The largest of which in the Mpumalanga Province are motor vehicle licenses and hospital fees. In the light of the budget constraints facing the Province attempts have been made to take full advantage of the limited revenue sources and ensuring that the taxes are being collected efficiently and effectively. Steps are being taken to improve the collection of own revenue, as this will enhance the Province's ability to deliver services.

The main sources of provincial own receipts for the 2009/10 financial years are:

- Motor vehicles licences estimated to be collected is R225.2 million, which accounts for 46.9 per cent of the total Provincial own revenue.
- Hospital Patient Fees: the province is estimating to collect R30.478 million from this source which accounts for 6.3 per cent.
- Gambling and betting taxes estimated to be collected are R44.6 million which amounts to 9.3 per cent. Included in this amount are taxes received in respect of betting and totalisators from the horseracing industry.
- Revenue to be generated from other sources amounts to R179.7 million which accounts for 37.4 per cent.

Table 1.9: Summary of provincial own receipts by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Vote 01: Office of the Premier	638	940	716	534	534	534	560	593	629
Vote 02: Provincial Legislature									
Vote 03: Finance	65 090	63 895	143 474	32 244	42 029	40 491	61 638	72 393	112 629
Vote 04: Local Government	756	1 229	939	893	893	985	985	1 035	1 162
Vote 05: Agriculture and Land Adminis'	7 225	7 365	7 459	4 792	4 792	4 792	5 542	5 764	6 094
Vote 06: Economic Development and F	28 143	30 247	32 794	34 680	34 680	40 239	53 605	53 836	73 160
Vote 07: Education	19 917	21 645	25 782	20 653	20 653	20 653	21 626	22 275	23 388
Vote 08: Public Works	4 906	8 017	2 767	4 832		4 832	5 315	5 846	6 198
Vote 09: Safety and Security	331	332	225	151	151	151		384	436
Vote 10: Health	31 678	41 566	36 909	38 792	40 604	47 280	43 040	45 623	48 360
Vote 11: Roads and Transport	189 603	210 964	209 464	220 162	220 162	220 162	283 911	298 207	313 199
Vote 12: Culture Sport and Recreation	818	1 243	1 136	854	854	854	897	941	983
Vote 13: Social Services	789	1 942	2 983	1 927	3 315	3 315	1 927	2 120	2 257
Vote 14: Housing	1 260	1 145	1 065	1 115	1 115	1 115	1 170	1 228	1 303
Total provincial own receipts by Vol	351 154	390 530	465 713	361 629	369 782	385 403	480 216	510 245	589 798

5. Payments

5.1 Overall position

The amount to be voted in the Mpumalanga Appropriation Act, 2009 is R22.587 billion. Details of the funds to be allocated within each vote for 2009/10, as well as the indicative MTEF allocations for 2009/10 to 2011/12 can be found in the Budget Statements (Budget Statement 1 and 2). Included in the allocations to the departments are the amounts of estimated own revenue, which fund provincial spending pressures that could not be accommodated within the provincial equitable share.

Total outlays for the provincial programmes are budgeted at:

Financial year 2009/10: R 22.586 551 million

Financial year 2010/11: R 24.714 893 million

Financial year 2011/12: R 26.783 530 million

5.2 Payments per Vote

Table 1.10: Summary of provincial payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Vote 01: Office of the Premier	100 902	109 244	169 887	182 765	211 776	209 593	196 689	211 355	223 764
Vote 02: Provincial Legislature	61 846	72 694	92 677	97 223	136 761	136 761	158 838	166 996	176 941
Vote 03: Finance	106 029	131 861	138 870	201 062	439 845	277 058	236 397	257 997	273 141
Vote 04: Local Government	147 693	145 596	177 086	245 229	331 929	355 083	414 775	429 151	441 792
Vote 05: Agriculture and Land Adminis	584 799	462 261	618 094	741 576	777 813	784 082	799 635	873 020	949 040
Vote 06: Economic Development and F	190 495	321 485	371 348	442 654	441 654	405 563	490 443	522 659	553 619
Vote 07: Education	5 780 657	6 272 885	7 823 399	8 934 232	9 357 058	9 417 941	10 073 199	11 208 414	12 156 674
Vote 08: Public Works	301 055	302 828	359 093	429 572	494 793	512 262	476 899	514 719	545 047
Vote 09: Safety and Security	38 772	40 268	44 324	68 132	68 132	71 495	90 415	125 469	132 840
Vote 10: Health	2 671 975	3 013 110	3 657 799	4 241 773	4 655 979	4 658 697	5 429 452	5 874 337	6 316 146
Vote 11: Roads and Transport	964 676	969 382	1 463 892	1 547 316	1 703 355	1 747 701	2 138 946	2 072 948	2 262 060
Vote 12: Culture Sport and Recreation	96 975	121 574	168 920	208 933	240 097	245 583	278 696	296 920	314 559
Vote 13: Social Services	223 673	249 898	457 545	662 332	658 732	682 753	792 343	899 243	993 120
Vote 14: Housing	318 153	366 006	689 596	736 820	871 939	871 939	968 727	1 179 652	1 322 043
Total provincial payments and estim	11 587 700	12 579 092	16 232 530	18 739 619	20 389 863	20 376 511	22 545 454	24 632 880	26 660 786

5.3 Payments by economic classification

Table 1.11: Summary of provincial payments and estimates by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Current payments	9 646 342	10 464 119	13 134 607	14 910 659	16 131 707	16 264 483	18 212 593	19 758 098	21 258 397
Compensation of employees	6 779 887	7 493 866	9 354 688	10 683 751	11 386 243	11 810 409	13 101 746	14 379 862	15 384 930
Goods and services	2 864 068	2 969 353	3 689 139	4 226 908	4 745 464	4 453 936	5 110 847	5 378 237	5 873 467
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	63	3	3 498	-	-	138	-	-	-
Unauthorised Expenditure	2 324	897	87 282	-	-	-	-	-	-
Transfers and subsidies to:	873 289	1 043 938	1 721 752	1 961 356	2 066 977	1 954 244	2 187 428	2 473 559	2 749 131
Provinces and municipalities	43 604	33 789	17 051	62 940	110 940	61 403	70 387	49 724	52 761
Departmental agencies and accounts	11 670	4 443	31 333	6 141	4 661	4 271	5 000	6 158	6 527
Universities and technikons	1	-	-	-	-	-	-	-	-
Public corporations and private enterprises	156 229	89 537	213 757	276 984	192 504	146 384	141 808	148 478	156 037
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	314 599	549 413	713 186	908 471	928 533	867 646	1 070 018	1 173 926	1 290 460
Households	347 186	366 756	746 425	706 820	830 339	874 540	900 215	1 095 273	1 243 346
Payments for capital assets	1 068 069	1 071 036	1 376 171	1 867 604	2 191 179	2 157 784	2 145 433	2 401 223	2 653 258
Buildings and other fixed structures	842 411	890 185	1 132 678	1 439 696	1 610 009	1 621 138	1 686 591	1 837 215	2 034 214
Machinery and equipment	223 161	179 818	242 296	425 951	564 087	519 395	456 777	561 105	615 898
Cultivated assets	31	-	40	907	97	297	2 065	2 903	3 145
Software and other intangible assets	2 466	1 033	1 157	1 050	1 986	1 954	-	-	-
Land and subsoil assets	-	-	-	-	15 000	15 000	-	-	-
Total economic classification	11 587 700	12 579 093	16 232 530	18 739 619	20 389 863	20 376 511	22 545 454	24 632 880	26 660 786

5.4 Payments by policy area

Table 1.13: Summary of provincial payments and estimates by policy area

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
General public services									
Public order and safety	38 772	40 268	44 324	68 132	68 132	71 495	90 415	125 469	132 840
Economic affairs	190 495	321 485	371 348	442 654	441 654	405 563	490 443	522 659	553 619
Environmental protection									
Housing and community amenities	318 153	366 006	689 596	736 820	871 939	871 939	968 727	1 179 652	1 322 043
Health	2 671 975	3 013 110	3 657 799	4 241 773	4 655 979	4 658 697	5 429 452	5 874 337	6 316 146
Recreation, culture and religion	96 975	121 574	168 920	208 933	240 097	245 583	278 696	296 920	314 559
Education	5 780 657	6 272 885	7 823 399	8 934 232	9 357 058	9 417 941	10 073 199	11 208 414	12 156 674
Social protection	223 673	249 898	457 545	662 332	658 732	682 753	792 343	899 243	993 120
Total provincial payments and estimates	9 320 700	10 385 226	13 212 931	15 294 876	16 293 591	16 353 971	18 123 275	20 106 694	21 789 001

5.5 Infrastructure payments

5.5.1 Provincial infrastructure payments

Table 1.14: Summary of provincial infrastructure payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Vote 05: Agriculture and Land Administration	3 299	24 111	11 977	150 887	121 212	121 212	213 541	188 436	230 603
Vote 07: Education	-	-	239 008	314 916	375 175	362 405	378 105	417 888	543 847
Vote 10: Health	-	-	-	331 739	331 739	331 739	370 000	401 800	425 908
Vote 08: Public Works	51 673	35 034	39 510	43 461	38 784	38 784	47 807	50 676	59 860
Vote 11: Roads and Transport	687 385	602 583	1 115 181	800 114	800 114	807 710	795 255	809 812	936 397
Vote 13: Social Services	-	-	-	45 035	19 035	19 035	56 994	66 430	67 279
Vote 12: Culture, Sport and Recreation	5 153	14 130	13 046	37 116	37 116	34 191	38 874	39 134	41 873
Total	747 510	675 858	1 418 722	1 723 268	1 723 175	1 715 076	1 900 576	1 974 176	2 305 767

5.6 Transfers

5.6.1 Transfers to public entities

Table 1.16: Summary of provincial transfers to public entities by transferring department

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Vote 01: Office of the Premier			91	8 102					
Vote 05: Agriculture and Land Administration	37 238	40 538	39 100	42 677	42 677	42 677	44 810	47 051	49 403
Vote 06: Economic Development and Planning	21 000	21 000	29 000	27 470	27 470	11 500	23 470	24 094	25 370
Vote 07: Education	4 700	154 024	238 029	269 372	300 372	272 083	305 937	322 015	340 928
Vote 10: Health				30 000	30 000	30 000			
Vote 14: Housing	16 000	16 000	16 400	17 000	22 000	17 000	17 850	18 921	20 603
Total provincial transfers to public entities	78 938	231 562	322 620	394 621	422 519	373 260	392 067	412 081	436 304

5.6.2 Transfers to local government

Table 1.18: Summary of provincial transfers to local government by category

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Category A									
Category B	38 053	33 444	21 650				20 000		
Category C	6 258	6 570	23 552	39 208	39 208	39 178	76 642	49 724	52 761
Total provincial transfers to local government	44 311	40 014	45 202	39 208	39 208	39 178	96 642	49 724	52 761

5.7 Personnel numbers and costs

Table 1.19: Summary of personnel numbers and costs by Vote¹

Personnel numbers	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011
Vote 01: Office of the Premier	265	290	316	313	499	499	499
Vote 02: Provincial Legislature	158	158	158	158	184	184	184
Vote 03: Finance	123	157	319	331	189	189	356
Vote 04: Local Government	412	455	622	1 187	1 240	1 341	1 346
Vote 05: Agriculture and Land Administration	1 736	1 678	1 770	1 906	2 232	2 232	2 232
Vote 06: Economic Development and Planning	295	318	408	414	456	477	478
Vote 07: Education	35 380	35 735	41 393	44 804	45 040	45 507	45 936
Vote 08: Public Works	1 196	1 279	1 276	1 550	1 678	1 761	1 867
Vote 09: Safety and Security	120	112	122	153	168	183	198
Vote 10: Health	13 858	15 588	15 526	16 167	16 575	16 575	18 233
Vote 11: Roads and Transport	3 329	3 512	3 759	3 737	4 621	4 989	5 489
Vote 12: Culture Sport and Recreation	271	267	278	602	695	695	741
Vote 13: Social Services	524	716	1 129	1 528	1 841	2 199	2 372
Vote 14: Housing	484	535	645	645	645	645	645
Total provincial personnel numbers	58 151	60 800	67 721	73 495	76 063	77 476	80 576
Total provincial personnel cost (R thousand)	7 201 486	7 506 877	9 386 054	11 309 424	12 766 939	13 777 715	14 888 510
Unit cost (R thousand)	124	123	139	154	168	178	185

Table 1.20: Summary of provincial personnel numbers and costs

	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Total for province									
Personnel numbers (head count)	58 141	60 813	68 072	73 155	73 297	73 382	58 141	58 141	58 141
Personnel cost (R thousands)	6 785 535	7 534 747	9 371 995	10 683 751	11 085 214	11 386 287	12 655 331	13 836 833	14 777 890
Human resources component									
Personnel numbers (head count)	644	672	697	1 080	1 080	1 073	1 196	1 244	1 269
Personnel cost (R thousands)	84 426	85 600	85 604	127 100	126 297	123 844	157 393	176 076	189 349
Head count as % of total for prov	1.1%	1.1%	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Personnel cost as % of total for p	1.2%	1.1%	0.9%	1.2%	1.1%	1.1%	1.2%	1.3%	1.3%
Finance component									
Personnel numbers (head count)	709	792	857	1 152	1 152	1 149	1 295	1 400	1 446
Personnel cost (R thousands)	99 124	130 456	152 570	187 840	175 262	175 618	249 677	283 437	303 894
Head count as % of total for prov	1.2%	1.3%	1.3%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Personnel cost as % of total for p	1.5%	1.7%	1.6%	1.8%	1.6%	1.5%	2.0%	2.0%	2.1%
Full time workers									
Personnel numbers (head count)	53 022	54 328	61 588	68 739	68 419	68 524	72 619	73 547	76 124
Personnel cost (R thousands)	4 988 043	5 511 696	6 876 725	7 699 643	8 092 184	8 377 894	9 215 636	10 142 380	10 858 013
Head count as % of total for prov	91%	89%	90%	94%	93%	93%	93%	93%	93%
Personnel cost as % of total for p	74%	73%	73%	72%	73%	74%	73%	73%	73%
Part-time workers									
Personnel numbers (head count)	534	462	287	905	905	905	303	492	739
Personnel cost (R thousands)	0	488	502	979	979	0	0	0	0
Head count as % of total for prov	0.9%	0.8%	0.4%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Personnel cost as % of total for p	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Contract workers									
Personnel numbers (head count)	592	624	652	1009	1009	1009	1104	1050	1050
Personnel cost (R thousands)	5759	8314	16923	25841	25673	25517	38792	31538	32406
Head count as % of total for prov	1.0%	1.0%	1.0%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Personnel cost as % of total for p	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%