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1. BUDGET STRATEGY AND AGGREGATES

1.1 Introduction

The Minister of Finance during the release of the 2012 Medium Term Budget Policy Statement emphasized the importance of all spheres working within a sustainable fiscal framework and the creation of a policy reserve within existing baselines that can be directed towards initiatives that will lead to more rapid, inclusive growth, such as a competitiveness support package over the next six years to boost industrial development, assist enterprises and accelerate job creation. The policy reserve is created at a national level through the reduction of certain conditional grants and moderating wage increases, amongst others.

To ensure that government is able to make the above resources available national government has limited the additions to the provincial equitable share for the higher than budgeted for wage agreements and has requested that provinces fund any shortfall that may arise from within their baselines.

Departments should thus focus on bringing baselines for administrative and overhead costs down as much as possible so that spending on frontline services is not affected and essentially protected.

DIRECTIVES ISSUED BY NATIONAL TREASURY ON THE ALLOCATION TO PROVINCES

- a) The first directive deals with clearing of unauthorized expenditure from the books of accounts of the various votes.**

During the benchmarking exercises in January 2012, provinces were expected to provide comprehensive strategies to aggressively deal with accumulated unauthorized expenditure and accruals. The directive indicated that dealing with these problems requires concerted and dedicated effort and must be finalized during the 2012/13 financial year. Part of the strategies should include budgeting for surpluses and clear timelines for tabling Finance Bills. These surpluses should be aligned with the cost savings measures and not compromise core pro-poor services.

The province will be tabling a surplus budget in line with this directive. We will clear all unauthorized expenditures already condoned by the Select Committee on Public Accounts in a separate Bill, a Finance Bill, which will be tabled before the end of second quarter.

PROVINCIAL UNAUTHORISED EXPENDITURE				
SCOPA RECOMMENDATIONS: CONDONED AND CHARGED AGAINST REVENUE FUND				
DEPARTMENT	Financial Year	Description	SCOPA report Ref no and paragraph	Amount R'000
Office of the Premier	2006/07	National Youth Day, national Children's day and for	41st report and par. 3.3	465
Co-operative Governance and Traditional Affairs	2006/07	Unfunded appointed CDW's	15th report and par. 3.1.1	16 020
	2008/09	11 per cent for traditional leaders	24th report and par. 3.2.2	3 870
Public Works, Roads and Transport	2003/04	Unfunded positions for provincial inspectors	20th report and par. 3.1	2 661
Culture, Sport and Recreation	2005/06 & 2006/07	Overspending on security service, celebrating national days and intergovernmental games	3rd report and par. 3.4.1	588
	2009/10	Overspending on goods and services	3rd report and par. 3.3.1 (c)	1 200
	2009/10	2010 COSAFA games	3rd report and par. 3.3.1 (d)	206
Education	2009/10	Implementation of OSD 2	13th report and par. 3.2.1.1	131 936
TOTAL				156 946
Other unauthorised expenditure:				
Condoned and charged against departmental budget (votes)				18 270
Not condoned - departments to recover				573 637
Still to be finalised by the committee				503 353
Subtotal				1 095 260
TOTAL				1 252 206

b) The second directive states that provinces must prioritize establishing the organizational capacity required to support infrastructure delivery

Given the strategic focus of government to shift the composition of expenditure towards investments in infrastructure, provinces must prioritize establishing the organizational capacity required to support infrastructure delivery. The Minister of Public Services and Administration is expected to issue a directive on the organizational structures required for supporting infrastructure delivery in provincial departments of Education, Health and Public Works, Roads and Transport and part of the provincial equitable share should be set aside to comply with this directive to establish the necessary capacity in these departments.

c) Additional Provisions in Infrastructure Conditional Grant Frameworks

To address the challenge raised by the Minister of Finance in the MTBPS to reward improved delivery of infrastructure, the conditions of infrastructure related conditional grants will be strengthened to enable the National Transferring Officer and National Treasury greater oversight into the management of contracts for infrastructure projects by provinces and the organizational structures in place to implement infrastructure projects. In addition, provinces will be required to report on infrastructure projects through Project Segment in the Standard Chart of Accounts. There is a requirement for Provincial Treasuries to ensure that they have the required capacity in place to support their line departments to meet these requirements.

Additions to the baselines of conditional grants were made for specific priorities: repair of infrastructure damaged by the floods in January and February 2011 in education and housing; expanded informal settlement upgrading; and various health priorities (HIV and Aids prevention, major health infrastructure projects and the National Health Insurance pilots).

d) Provincial work that informed the development of Provincial budgets

Following extensive intergovernmental consultations at a National level and provincial level which took place in the form of Budget Council, provincial Budget and Finance Committee meetings, joint MTEC hearings with Macro Policy in October 2011, Executive Council Lekgotla that took place on 15-17 February 2012, the Budget and Finance Committee of 7 March 2012 endorsed a preliminary allocations to the various votes.

The 2012 Budget is set against an uncertain global and domestic environment. All spheres of Government, including provinces, are expected to reassess their baseline budgets and conduct a thorough reprioritization exercise in order to provide funding for new priorities.

In the previous financial years, departments were expected to be more prudent with spending and cut spending on non-essential items like catering, accommodation, venues and facilities as

well as travelling to some extent. Cost curtailment measures were put in place during this period and the adherence to implementation varied from one vote to another.

In preparation for the finalization and tabling of provincial budgets, the Budget and Finance Committee has assisted in shaping the goods and services budgets line items reducing any non-core spending upfront. The cost curtailment has to a certain extent been implemented by providing lesser budgets on the non-core and provided funding to provincial priorities and towards job creation initiatives.

In concluding its work on 7 March 2012, the Budget and Finance Committee indicated that there is still room for improvement in the manner in which provincial budgets are configured to focus areas. It was noted that the Department of Finance issued Socio Economic reports, however the extent to which these reports are used to inform budgets must be enhanced.

Collaboration between the Office of the Premier and the Provincial Treasury should be enhanced as both institutions are key stakeholders in setting of provincial priorities and ensuring that these priorities are funded adequately from the scarce resources. Going forward the indicative allocations must only be provided to departments after extensive engagements and analysis has been conducted.

The proposal made by the Provincial Treasury on the establishment of functional workgroups on key focus areas such as this one is critical.

2012 BUDGET PROPOSALS

TECHNICAL ADJUSTMENTS

NOTES ON THE EQUITABLE SHARE ALLOCATIONS

Inflation assumptions

Revised inflation projections (CPI) published in the 2011 Medium Term Budget Policy Statement are 5.2 per cent in 2012/13, 5.6 per cent in 2013/14 and 5.4 per cent in 2014/15.

Personnel adjustments and policy priorities

This year's fiscal framework is tight and the carry-through costs of the current wage agreement implies very limited available resources for reallocation towards supporting the economy, investing in infrastructure and moderating growth in interest costs.

In order to allow for additional resources to be allocated towards priority expenditures, preserve fiscal credibility, and allow for rising capital spending, provinces have been advised that provincial departments of **health** and **education** should be prioritized in personnel spending adjustments.

In order to give effect to this directive, the Department of Health and has received additional R44.5 million from reprioritisation of infrastructure in Standerton hospital to the value of R3.5 million as well as R20 million from Construction work that must take place at Mmametlake hospital. The consideration has been the capacity to absorb funds in one single year. The Department received R21 million from reprioritised budgets from other votes. It must be noted that the Department has reprioritised R64 million from its own items. A total of **R108.5 million** is prioritised towards compensation of employees.

As resolved at Skukuza Camp on 15-17 February 2012, the province resolved to reduce the current vacancy rate in Health sector to 40 per cent. The cost estimate is approximately **R800 million** and all efforts are working towards addressing the shortfall.

Other provincial departments may need to find resources to implement the wage agreement through the reprioritization of existing resources.

Departments have been advised to ensure that budgets provide for the full implication of personnel-related costs, including improved conditions of service, as well as the policy priorities.

Personnel inflation related adjustments

In preparing budgets for the 2012 MTEF, departments have been advised to budget for personnel budget growth in non-SMS, SMS, and public entity wages at 5 per cent in 2012/13; 5 per cent in 2013/14 and 5 per cent in 2014/15. These agreements will be implemented in April from 2012/13. Departments were advised to also budget for a built in pay progression of 1.5 per cent.

KEY CONSIDERATIONS - CONDITIONAL GRANTS

The 2012 MTEF allocations include amounts already in the baselines, certain technical adjustments, savings, and reprioritization thereto and additions towards key government programmes.

Revisions to existing conditional grant baselines

Taking into account the ability of provinces to implement projects effectively, reductions were effected to the baselines of a number of provincial conditional grants. It is therefore important that the province focuses on strengthening its capacity to roll-out priority programmes of government, infrastructure in particular.

The baselines of the two Expanded Public Works Programme grants were revised downwards and these funds were reprioritized towards other job creation programmes in government.

The baselines of all other conditional grants in the agricultural sector, except for the Land Care Programme Grant, were revised downwards in order to create savings. The indication is that Provinces must generate savings so as to ensure these additional funds are allocated to the purposes for which they were earmarked for.

Given that budgets are appropriated over a period of 3 years, some baselines that were confirmed previously during 2011 MTEF have been reduced.

Expanded Public Works Programme Incentive Grant to Provinces

Due to the slow spending on this grant and the priority within government given to job creation, the National Department of Public Works and National Treasury have jointly worked on revisions to this grant. The grant remains an incentive grant to provinces, however the incentive will be based on meeting job targets in the preceding financial year and therefore provinces will be aware of their allocations for the year at the start of the financial year.

However, transfers will be dependent on provincial departments reporting on jobs created on the EPWP system and implementing labour intensive projects.

Education Infrastructure Grant

Funding is added to the Education Infrastructure Grant for the repair of school infrastructure damaged by floods during January and February 2011.

Further Education and Training Colleges Grant

Funding is added to the Further Education and Training Colleges Grant for the higher than anticipated wage agreements in 2011.

National Tertiary Services Grant

Funding is added to the National Tertiary Services grant to cover the costs of the higher than anticipated wage agreements of 2011.

Comprehensive HIV and Aids Programme Grant

Funding is added to the Comprehensive HIV and Aids Programme grant in 2014/15 to accommodate the increased uptake related to the lowering of the CD4 count threshold.

Human Settlements Development Grant

Funding is added to the Human Settlements Development Grant for the repair of infrastructure damaged by floods in January and February 2011 and for informal settlements upgrading and will be directed towards municipalities that do not have the capacity to implement housing projects.

INTRODUCTION OF NEW CONDITIONAL GRANTS

There are two new conditional grants that have been created.

a) Nursing Colleges Grant

The Nursing Colleges Grant has been created by reducing the baseline of the Health Infrastructure Grant. **R9.740 million** in 2012/13, **R14.123 million** in 2013/14 and **R19.772 million** in 2014/15 is in the baseline of the Nursing Colleges Grant for the refurbishment and upgrading of nursing colleges.

This will be a direct transfer to provinces as a Schedule 5 conditional grant and the National Department of Health will play an active role in the planning, packaging and procurement of service providers for projects funded through this grant.

b) National Health Insurance Grant

The National Health Insurance Grant will fund ten National Health Insurance (NHI) pilots. These are aimed at strengthening primary health care as the platform on which the NHI will be implemented.

The purpose of the pilots is to test the feasibility of policy proposals in the NHI Green Paper and models of delivery such as district-based clinical specialist support teams; school-based primary health care services; municipal ward-based primary health care agents; general practitioner services where such services are not available at a primary care clinic and allied health professional services (dentistry, pharmacy, optometry, physiotherapy, etc.) but where such services are needed in the district due to the burden of disease.

As indicated during the State of Province Address, there will be four different components to the district pilots:

Health systems strengthening and performance improvement

Development of a model for a District Health Authority as a contracting agent and that will create linkages between health service provision arrangements within selected pilot districts

Enhanced service packages at a primary health care level and improved referral systems

Innovative models for contracting with private providers at the district health system level

Over the 2012 MTEF Mpumalanga share amounts to **R11.5 million** in 2012/13, **R26.833 million** in 2013/14 and **R38.333 million** 2014/15. It is anticipated that the funds allocated for 2012/13 financial year will be used for planning.

2012 Budget Proposals

Following extensive intergovernmental consultations at a National level and provincial level which took place in the form of Budget Council, provincial Budget and Finance Committee meetings, joint MTEC hearings with Macro Policy in October 2011, Executive Council Lekgotla that took place on 15-17 February 2012, the Budget and Finance Committee of 7 March 2012 endorsed a preliminary allocations to the various votes. On the same day, the Executive Council approved that the Provincial budgets be tabled in the Provincial Legislature on 13 March 2012.

In preparation for the finalization and tabling of provincial budgets, the Budget and Finance Committee has assisted in shaping the goods and services budgets line items **reducing any non-core spending upfront**. The cost curtailment has to a certain extent been implemented by providing lesser budgets on the non-core and provided funding to provincial priorities and towards job creation initiatives.

In concluding its work on 7 March 2012, the Budget and Finance Committee indicated that there is still room for improvement in the manner in which provincial budgets are configured, the

focus, the fact that the Socio Economic reports are not used to inform budgets. The Committee emphasized that the Provincial Treasury should position itself to conduct this exercise much earlier so that provincial priorities should inform the allocation of resources and not the other way round. The indicative allocations must only be provided to departments after extensive engagements and analysis has been conducted.

The guidance provided by the Budget and Finance Committee did not only assist in redirecting budgets away from non- core spending but also established **new expenditure rules** for our province such as :

a) **Bursaries** both internal and external have been shifted to the Department of Education in line with the skills development strategy of the province.

CENTRALISATION OF BURSARIES

	2012/13		2013/14		2014/15	
	Internal	External	Internal	External	Internal	External
Vote 1 Office of the Premier	500	-	500	-	500	-
Vote 3 Finance	550	1 400	578	1 470	606	1 543
Vote 4 Co-operative Governance and Traditional Affairs	950	550	1 000	600	1 100	600
Vote 5 Agriculture Rural Development and Land Administration	500	1 000	525	1 050	551	1 102
Vote 6 Economic Development, Environment and Tourism	300	800	400	840	400	898
Vote 7 Education	500	5 960	580	6 000	620	6 160
Vote 8 Public Works, Roads and Transport	2 200	5 000	2 323	5 280	2 449	5 565
Vote 9 Safety, Security and Liaison	2 000	-	2 250	-	2 500	-
Vote 10 Health	3 407	22 000	3 407	22 000	3 407	21 500
Vote 11 Culture, Sport and Recreation	425	575	425	575	425	575
Vote 12 Social Development	850	5 200	897	4 035	897	3 953
Vote 13 Human Settlements	804	-	849	-	878	-
Total	12 986	42 485	13 734	41 850	14 333	41 896
Total of each year	55 471		55 584		56 229	

b) **Centralization of security costs** - The second expenditure rule is that all budgets for security costs have been shifted to the **Department of Safety, Security and Liaison**.

A new programme 5 has been proposed in line with the Western Cape model as they are the only province with a similar model of centralization of security costs.

SECURITY SERVICES COSTS

	2012/13	2013/14	2014/15
Vote 1 Office of the Premier	1 207	1 267	1 331
Vote 3 Finance	2 024	2 125	2 231
Vote 4 Co-operative Governance and Traditional Affairs	6 985	7 234	7 386
Vote 5 Agriculture Rural Development and Land Administration	7 000	7 350	7 718
Vote 6 Economic Development, Environment and Tourism	8 000	8 400	8 946
Vote 7 Education	53 124	55 580	58 569
Vote 8 Public Works, Roads and Transport	52 500	55 440	58 434
Vote 9 Safety, Security and Liaison	2 799	2 795	2 879
Vote 10 Health	168 663	176 925	205 442
Vote 11 Culture, Sport and Recreation	5 000	5 500	6 000
Vote 12 Social Development	30 000	31 550	32 177
Vote 13 Human Settlements	2 285	2 288	2 312
TOTAL	339 587	356 454	393 425

c) **Centralization of Youth development** in various trades to Mpumalanga Regional Training Trust. The mandate on the new allocation is for MRTT to train, accredit and place the Youth with the understanding that the Comprehensive Rural Development Programme will be prioritized.

Target Ratio of 6 % on Programme 1

The Minister of Finance during a Budget Council Meeting that took place in October 2009 recommended that MECs of Finance identify a target ratio for administration as a total of expenditure that should not exceed 6 per cent.

Table A1 was presented at the above Budget Council Meeting:

Table A1: Summary: Ratios: Administration vs. total (2009)

	2005/06	2006/07 Outcome	2007/08	2008/09 Pre-audited outcome	2009/10	2010/11 Medium-term estimates	2011/12
Percentage share of province							
Eastern Cape	8.9%	8.9%	9.3%	10.1%	10.4%	9.3%	9.2%
Free State	10.2%	9.8%	9.5%	8.4%	8.6%	8.2%	8.1%
Gauteng	8.8%	8.3%	9.2%	9.7%	7.9%	8.3%	7.9%
Kw aZulu-Natal	6.7%	6.7%	6.6%	6.3%	5.8%	5.7%	5.6%
Limpopo	12.6%	11.4%	10.0%	10.3%	10.5%	10.1%	9.5%
Mpumalanga	10.4%	10.4%	10.6%	10.7%	11.5%	11.3%	11.4%
Northern Cape	10.5%	10.9%	11.0%	11.9%	10.1%	9.9%	9.7%
North West	7.6%	8.1%	8.9%	8.4%	8.2%	7.8%	7.6%
Western Cape	5.2%	5.4%	5.5%	5.8%	5.3%	5.2%	4.9%
Average	8.7%	8.5%	8.6%	8.7%	8.3%	8.0%	7.8%
Programme 1: Administration (R million)							
Eastern Cape	2 111	2 408	2 824	3 949	4 414	4 286	4 572
Free State	1 091	1 209	1 263	1 342	1 580	1 669	1 754
Gauteng	2 394	2 892	3 854	5 034	4 380	4 625	4 781
Kw aZulu-Natal	2 245	2 459	2 940	3 487	3 482	3 764	3 993
Limpopo	2 639	2 711	2 480	3 150	3 633	3 836	3 908
Mpumalanga	1 212	1 319	1 723	2 144	2 594	2 796	3 034
Northern Cape	417	500	652	844	805	869	926
North West	1 004	1 217	1 352	1 478	1 634	1 740	1 851
Western Cape	869	1 021	1 182	1 493	1 533	1 615	1 656
Total	13 982	15 735	18 271	22 921	24 056	25 200	26 475

A project that has been ongoing is that of reducing Programme 1 and redirecting all expenditure of a service delivery nature away from Programme 1 towards service delivery programmes in order to allow Programme 1 to reflect only expenditures that are aligned to supporting the work of government.

Definition of Programme 1

Support Services Programmes are groups of activities gathered into a single programme in each department which are not directly involved in the delivery of services to the Public, but rather provide support services to all programmes within the department. Typical support services programme activities are Human Resources, department wide information Technology services, Legal Services, Communication services.

The technical content of the work of a support service programme is not specifically related to the specialized mandate of the department.

Table A2: Summary: Ratios: Administration vs. total (2011)

	2007/08	2008/09 Outcome	2009/10	2010/11 Revised outcome	2011/12 Medium-term estimates	2012/13 Medium-term estimates	2013/14 Medium-term estimates
Percentage share of province							
Eastern Cape	9.5%	12.9%	12.5%	8.8%	9.5%	9.3%	9.1%
Free State	9.7%	8.4%	9.0%	8.4%	8.5%	8.1%	7.9%
Gauteng	6.8%	7.2%	6.6%	6.5%	6.1%	6.3%	6.3%
Kw aZulu-Natal	6.4%	6.1%	7.1%	5.6%	5.2%	5.1%	5.0%
Limpopo	10.0%	10.2%	9.2%	9.1%	8.8%	8.9%	8.7%
Mpumalanga	10.5%	10.7%	10.5%	10.6%	8.8%	8.9%	8.9%
Northern Cape	10.9%	11.8%	10.4%	10.3%	9.4%	9.3%	9.3%
North West	9.6%	9.2%	8.0%	8.3%	7.5%	7.4%	7.4%
Western Cape	6.1%	6.3%	5.2%	5.0%	5.0%	4.9%	4.9%
Average	8.7%	8.5%	8.6%	8.7%	8.3%	8.0%	7.8%
Programme 1: Administration (R million)							
Eastern Cape	2 856	5 023	5 655	4 594	4 997	5 103	5 329
Free State	1 282	1 358	1 684	1 814	1 983	1 992	2 061
Gauteng	2 841	3 721	3 873	4 125	4 114	4 546	4 774
Kw aZulu-Natal	2 831	3 360	4 528	3 922	3 998	4 197	4 379
Limpopo	2 461	3 106	3 264	3 829	3 847	4 088	4 241
Mpumalanga	1 708	2 141	2 480	2 815	2 559	2 737	2 876
Northern Cape	646	837	854	978	966	1 024	1 082
North West	1 469	1 629	1 621	1 879	1 840	1 930	2 062
Western Cape	1 305	1 601	1 571	1 715	1 836	1 922	2 044
Total	13 982	15 735	18 271	22 921	24 056	25 200	26 475

Phase1 and 2 of work performed

Focus Areas Phase 1

- Regional Offices have been shifted to respective programmes according to their respective functions
- Infrastructure in Social Development has been shifted in this report to Programme 2
- Educators in head office have been shifted to the respective programmes that deal with schools
- Fleet Management in Public Works Roads and Transport to Programme 2 Public Works Programme

Focus Areas Phase 2

- Further analysis of Programme remaining spending items especially in CFO offices – what is centralized in the office – capital assets, security costs amongst others
- It is expected that finalisation of this exercise should give rise to a set of expenditure rules that must even inform budgeting in the province on non-core items.

As a result of this re-configuration of provincial budgets, the province is very close to reaching the 6 percent target ratio.

MPUMALANGA
SUMMARY OF ACTUAL BUDGET VS ADMINISTRATION BUDGET

Department	2012/13			2013/14			2014/15		
	Total Budget	Admin Budget	Admin as % of Total Budget	Total Budget	Admin Budget	Admin as % of Total Budget	Total Budget	Admin Budget	Admin as % of Total Budget
Education	13 982 751	573 038	4.1%	14 863 837	605 509	4.1%	15 723 799	643 806	4.1%
Health	7 544 189	200 217	2.7%	8 134 910	210 503	2.6%	8 620 121	219 835	2.6%
Social Development	920 391	218 942	23.8%	1 080 207	231 155	21.4%	1 136 619	229 668	20.2%
Office Of The Premier	158 103	75 068	47.5%	165 661	79 106	47.8%	173 944	83 322	47.9%
Mpumalanga Provincial Legislature	213 600	-	0.0%	223 336	-	0.0%	234 503	-	0.0%
Finance	255 399	76 415	29.9%	269 880	81 773	30.3%	284 376	86 407	30.4%
Co-Operative Governance And Traditional Affairs	337 424	89 529	26.5%	362 931	90 771	25.0%	381 268	96 254	25.2%
Agriculture, Rural Development And Land Administration	980 476	140 479	14.3%	1 034 847	151 853	14.7%	1 079 288	160 657	14.9%
Economic Development, Tourism And Environment	659 765	99 596	15.1%	689 184	108 305	15.7%	723 521	113 663	15.7%
Public Works Roads And Transport	3 513 654	324 372	9.2%	3 907 601	351 393	9.0%	4 104 345	371 422	9.0%
Safety, Security And Liaison	802 719	79 406	9.9%	841 875	82 201	9.8%	903 035	87 068	9.6%
Culture, Sport And Recreation	324 817	81 087	25.0%	313 858	82 760	26.4%	330 430	86 717	26.2%
Human Settlements	1 165 019	88 977	7.6%	1 262 335	95 468	7.6%	1 344 178	100 446	7.5%
Total	30 858 307	2 047 126	6.6%	33 150 462	2 170 797	6.5%	35 039 427	2 279 265	6.5%

FUNDING OF PROVINCIAL PRIORITIES

REVISION OF 2012/13 MTEF DEPARTMENTAL BASELINES FOR THE FUNDING OF PROVINCIAL PRIORITIES

The Budget and Finance Committee during its meeting of 27 and 29 February 2012 resolved that departmental baselines must be reduced downwards in order to make funds available for the funding of provincial priorities.

The reductions have taken place on non-core items of goods and services. In other cases the reductions have taken place on service delivery items where the committee felt that funds should be released if coordination can be enhanced across the Provincial Administration.

REPORT TO THE BUDGET AND FINANCE COMMITTEE - PROPOSAL TO FUND PROVINCIAL PRIORITIES

	Budget Reductions	Infrastructure - Standerton and Mmametlake Hospital	Compensation of employees	Total
Office of Premier				-
Provincial Legislature				-
Finance	2,659			2,659
Cooperative Governance and Traditional Affairs				-
Agriculture, Rural Development and Land Administration				-
Economic Development, Environment and Tourism				-
Education	19,208		2,000	21,208
Public Works, Roads and Transport	55,140			55,140
Safety, Security and Liaison				-
Health	48,000	23,500		71,500
Culture, Sport and Recreation				-
Social Development	59,692			59,692
Human Settlements	1,870			1,870
TOTAL	186,569	23,500	2,000	212,069

SOPA PRIORITIES NOT FUNDED

	212,069	
Mpumalanga Tourism and Parks Agency	50,606	R44 million for the revitalisation of 4 parks, Blyde River, Loskop, Manyeleti and Songimvelo + R6.606 million programme costs to actually carry out the mandate as the current budget is depleted by compensation of employees
MEGA	60,000	set up costs for new mandate. There is an urgent need for the Budget and Finance Committee to provide MEGA with guidance on the exact mandate
Health	44,500	Funds were re-directed from planning and design in Standerton hospital R3.5 million as there were 2 amounts earmarked for the same purpose. Mmametlake hospital is a SOPA priority - R80 million was set aside however capacity to spend the entire amount in one single year was assessed and R60 million has been allocated for that purpose. R20 million was therefore released towards addressing the budget shortfall in compensation of employees line item
Education	29,463	MRTT - Function shift of National Youth Service (train accredit and place+ the mandate has been extended that MRTT should trace even the youth already trained by PWR&T and place them
Culture, Sport and Recreation	24,000	Cultural hub - Land Acquisition approximately R15 million + R9.6 million towards design
Culture, Sport and Recreation		Sports Academy - Currently out of R50 million already allocated during 2011/12 financial year R24 million will not be spent during 2011/12. Department will apply for a roll over during 2012/13
Culture, Sport and Recreation	3,500	funding for heritage programme
	212,069	

Resolutions made with respect to specific votes by the Executive Council on 7 March 2012 when provincial budgets were approved for tabling on 13 March 2012:

Office of Premier – the Office has been given the mandate to drive the rationalization process.

The Office should play a leading role in ensuring that areas of collaboration are clarified between votes that perform similar functions as this exercise has yielded huge savings on the scarce resources.

Compensation of employees – more work is still required as there are excess personnel in some votes. Budget and Finance recommended that more work must be performed and that the Director General must appoint a task team to look at possible rationalization across the entire Provincial Administration. In order to moderate the wage bill personnel can be shifted around with the administration e.g. data capturers, cleaners, groundsman. Across all levels personnel can be identified for possible shifting to other votes starting with votes and entities that were merged.

Department of Finance – The role played by the Department of Finance viz a viz the one played by the Department of Cooperative Governance and Traditional Affairs on supporting municipalities must be clarified and enhanced.

Department of Co-operative Governance and Traditional Affairs – the construction of the Bloemendal Pipeline should continue.

Department of Economic Development, Environment and Tourism - The challenges were structural in nature. An urgent meeting must take place where the role of the parent department must be clearly spelled out as that of a policy maker viz a viz the role of each Public Entity.

Department of Education – Funding for National Youth Services has been shifted to the Department of Education to MRTT.

The mandate given to MRTT is to train the Youth in various fields, accredit and place them. With respect to the youth already trained by the Department of Public Works, Roads and Transport, the database should be provided by Public Works Roads and Transport to MRTT for placement.

Department of Public Works Roads and Transport – Animal drawn carts and Shovakalula has been discontinued.

1.2 Summary of budget aggregates

1.3 Financing

The 2012 Provincial Fiscal Framework makes available the total amount of **R31.164 791 billion** made up of Equitable Share (**R24.874 453 billion**), Conditional Grants (**R5.620 663 billion**), Own Receipts (**R669.675 million**). Of the total available **R31.164 791 billion**, **R30.967.931 billion** is

allocated to the provincial departments to fund the 2012 MTEF national and provincial priorities.

The balance of **R196.860 million** relates to the following:

A directive to clear unauthorised expenditures emanating from as far back as 2006/07 that have subsequently been condoned by the Select Committee on Public Accounts (SCOPA). **R156.946 million** is set aside for this purpose. A finance Bill will be tabled separately in order to clear the unauthorised expenditure from the books of account of the departments.

The balance of **R39.914 million** relates to the incentives that the province will receive on jobs created in the various sectors.

Once the jobs created have been validated by the National Department of Public Works, the funding is then appropriated during adjustment process.

TOTAL PROPOSED BUDGET: 2012/13

R thousand	Outcome			Main appropriation	Adjusted appropriation 2011/12	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15
Provincial receipts									
Transfer receipts from national	19,320,561	23,086,104	25,880,082	28,576,049	29,316,200	29,316,200	30,495,116	32,450,298	34,303,763
Equitable share	16,805,990	19,718,504	21,640,037	23,378,714	23,792,673	23,792,673	24,874,453	26,287,888	27,698,217
Conditional grants	2,514,571	3,367,600	4,240,045	5,197,335	5,523,527	5,523,527	5,620,663	6,162,410	6,605,546
Provincial own receipts	513,563	501,506	525,020	644,799	657,333	651,226	669,675	702,388	737,035
Total provincial receipts	19,834,124	23,587,610	26,405,102	29,220,848	29,973,533	29,967,426	31,164,791	33,152,686	35,040,798
Provincial payments									
Current payments	15,908,528	18,633,395	20,636,070	22,446,402	23,063,408	23,034,189	24,687,215	26,466,725	27,991,970
Transfers and subsidies	2,085,697	2,674,030	3,334,550	3,705,643	3,736,696	3,730,604	3,759,131	4,005,353	4,257,038
Payments for capital assets	1,857,638	2,007,296	1,895,089	2,750,238	2,869,329	2,849,127	2,521,585	2,680,608	2,791,790
Payments for financial assets	418	9,238	1,446	-	-	5	-	-	-
Unallocated contingency reserve									
Total provincial payments	19,852,281	23,323,959	25,867,155	28,902,283	29,669,433	29,613,925	30,967,931	33,152,686	35,040,798
Surplus/(deficit) before financing	-18,157	263,651	537,947	318,565	304,100	353,501	196,860	-	-
Financing									
Provincial roll-overs									
Other (Specify)									
Other (Specify)									
Other (Specify)									
Surplus/(deficit) after financing	-18,157	263,651	537,947	318,565	304,100	353,501	196,860	-	-

2. BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK

1. The Budget Process schedule was developed and distributed to all stakeholders during June 2011. The Budget Process schedule was presented to the CFO forum, Provincial Management Committee which is a technical committee of Heads of Departments and finally during a special Executive Council meeting that took place in Bushbuckridge Local Municipality in **July of 2011**.

2. The National Cabinet Lekgotla key issues and resolutions guided the setting of priorities during the planning of Executive Council Lekgotla that took place from **17-19 August 2011** where departments coordinating outcomes were directed to ensure that all relevant stakeholders contribute to the achievement of the outcomes.
3. The Executive Council meeting of **1-3 November 2011** provided an opportunity for departments to present their refined MTEF plans as well as draft budgets for 2012 MTEF period (first draft budget submissions).
4. The first and second draft budget submissions were presented to the Budget and Finance Committee meetings that are chaired by the Premier of the Province. The Budget and Finance Committee is a sub-committee of the Executive Council and is tasked with a responsibility of overseeing the finances in the province.
5. The first draft budget also formed part of departmental presentations made during the Executive Council Lekgotla made at Skukuza Camp on **1-3 November 2011**.
6. The province held Medium Term Expenditure Committee hearings with all the departments which are in line with the budget process schedule
7. The MTEC Hearings were held in the province between **25 - 28 October 2011**. This process allowed provincial departments an opportunity for soliciting budget bids and also allowed for a process of assessing the various policy options. The main focus was on re-prioritisation of existing baselines. In order to enhance our processes, and also in recognizing the fact that we share Outcome 12 with the Office of Premier, the Office formed part of the MTEC Committee.
8. The MTEC Hearings were extended to the Public Entities with a Pre MTEC held with the Mpumalanga Tourism and Parks Agency on **17 August 2011**. The formal MTEC sessions were held on **25-28 October 2011**.
9. During the Executive Council Lekgotla that took place from **1 to 3 November 2011** at Skukuza Camp, highlights of the MTEC discussions were presented in the Provincial Treasury presentation for noting and further endorsement.
10. Adjustments Estimates were finalized after a number of engagements were held under the guidance of the Budget and Finance Committee. The adjustment budgets were tabled on **25 November 2011** and the Mpumalanga Adjustments Appropriation Bill was assented to on **9 December 2011** by the Honourable Premier of the Province to an Act of Provincial Parliament.
11. The Provincial Treasury has introduced Pre- Benchmark sessions with departments in order to assess the draft budgets that have been submitted to the Provincial Treasury, to test whether funds are planned to go to the right places funding of contractual obligations given past experience that some Departments did not fund this area adequately, to reach agreements on budgeting towards intended cost curtailment as far as travelling, accommodation, venue and facilities is concerned.

12. The Budget and Finance Committee received a presentation on the 2012 MTEF budgets on **11 January 2012**.
13. The Benchmark session held with National Treasury on **13 January 2012** have provided us with an opportunity to refine the databases in preparation for the final submission.
14. Post Benchmark sessions were also introduced and held with the following votes, Education, Health, Economic Development, Environment and Tourism, Agriculture, Rural Development and Land Administration, and Public Works, Roads and Transport in an effort to provide feedback on the benchmark comments received from the National Treasury on **13 January 2012**. National Treasury has introduced sector benchmark sessions with the main spending departments Education and Health. Both departments were engaged at Pre and Post Benchmark sessions primarily to respond to issues raised during benchmark sessions.
15. The Provincial Treasury has participated in the newly introduced sector benchmark sessions, namely **23 January 2012** for Health sector and **24 January 2012** for Education sector.
16. The Technical Committee on Finance, a committee of HODs for Provincial Treasuries took place on **30 January 2012**.
17. The Budget and Finance Committee took place on **31 January 2012**. A report from TCF was tabled at this meeting.
18. The Budgets were presented for refinement to Provincial Management Committee Lekgotla for refining which took place from **2-3 February 2012**.
19. The Budget Council meeting took place on **3 February 2012**. **Subsequent to the meeting final** allocations were forwarded to provinces with some changes to conditional grants.
20. Sessions with departments to refine Databases, Estimates of Provincial Revenue and Expenditure were held **6-8 February 2012**.
21. State of Nation Address was presented on **9 February 2012**.
22. Convened sessions with individual departments to refine Annual Performance Plans for 2012 MTEF (twelve votes targeted) on **13-14 February 2012**.
23. Executive Council Lekgotla took place on **15-17 February 2012**.
24. A special Budget and Finance Committee meeting was convened in order to approve budgets for tabling, Saturday, **18 February 2012**.
25. A Budget and Finance Committee and Special Cabinet Day was convened on **7 March 2012** to approve the 2012 MTEF Budgets for tabling at the Provincial Legislature.

3. SOCIO-ECONOMIC REVIEW AND OUTLOOK OF MPUMALANGA

This section reflects on important socio-economic statistics in Mpumalanga. Information used in this section was collected from approved and credible sources to provide 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 Mpumalanga 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

3.1.1 Population figures and growth

According to Statistics South Africa's mid-year estimates of 2011, Mpumalanga's percentage share of the national population of 50.59 million was 7.2 per cent or 3.66 million (Table 3.1). Mpumalanga registered the sixth largest share among the provinces. Gauteng with 22.4 per cent was the province with the largest share of the national population, followed by KwaZulu-Natal with a 21.4 per cent share. Northern Cape recorded the lowest percentage share of the national population at 2.2 per cent.

Table 3.1: Population in South Africa by province, 2001 & 2011

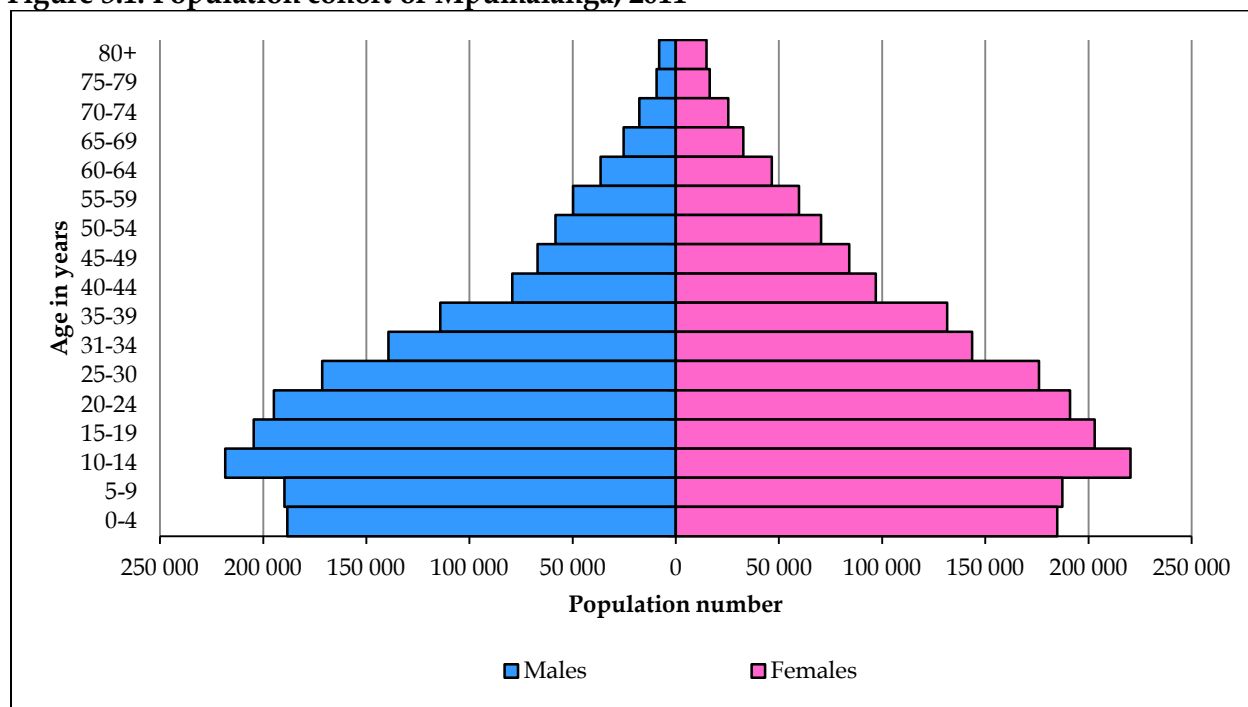
Region	2001 Census		2011 Mid-year estimates	
	Number	% share of national	Number	% share of national
Eastern Cape	6 278 651	14.0	6 829 958	13.5
Free State	2 706 776	6.0	2 759 644	5.5
Gauteng	9 178 873	20.5	11 328 203	22.4
KwaZulu-Natal	9 584 129	21.4	10 819 130	21.4
Limpopo	4 995 533	11.1	5 554 657	11.0
Mpumalanga	3 365 885	7.5	3 657 181	7.2
Northern Cape	991 919	2.2	1 096 731	2.2
North-West	3 193 678	7.1	3 253 390	6.4
Western Cape	4 524 334	10.1	5 287 863	10.5
Total	44 819 778	100.0	50 586 757	100.0

Source: Statistics South Africa – 2001 Census & 2011 Mid-year Population Estimates

Figure 3.1 shows the population cohort of Mpumalanga according to the mid-year estimates. Females constituted 1.88 million or 51.5 per cent of the provincial population distribution and males 1.77 million (48.5 per cent). The youth cohort (0-34 years) made up 71.4 per cent of the

total population in the province and the age group 60 years and older, only 6.4 per cent. In South Africa, the youth cohort made up 68.3 per cent of the total population and the age group 60 years and older, 7.7 per cent. The age cohort of 10-14 years represented the most populous age cohort with 438 700 individuals or some 12.0 per cent of the provincial population. Nationally the most populous age cohort was also the 10-14 years group that represented some 10.5 per cent of the population.

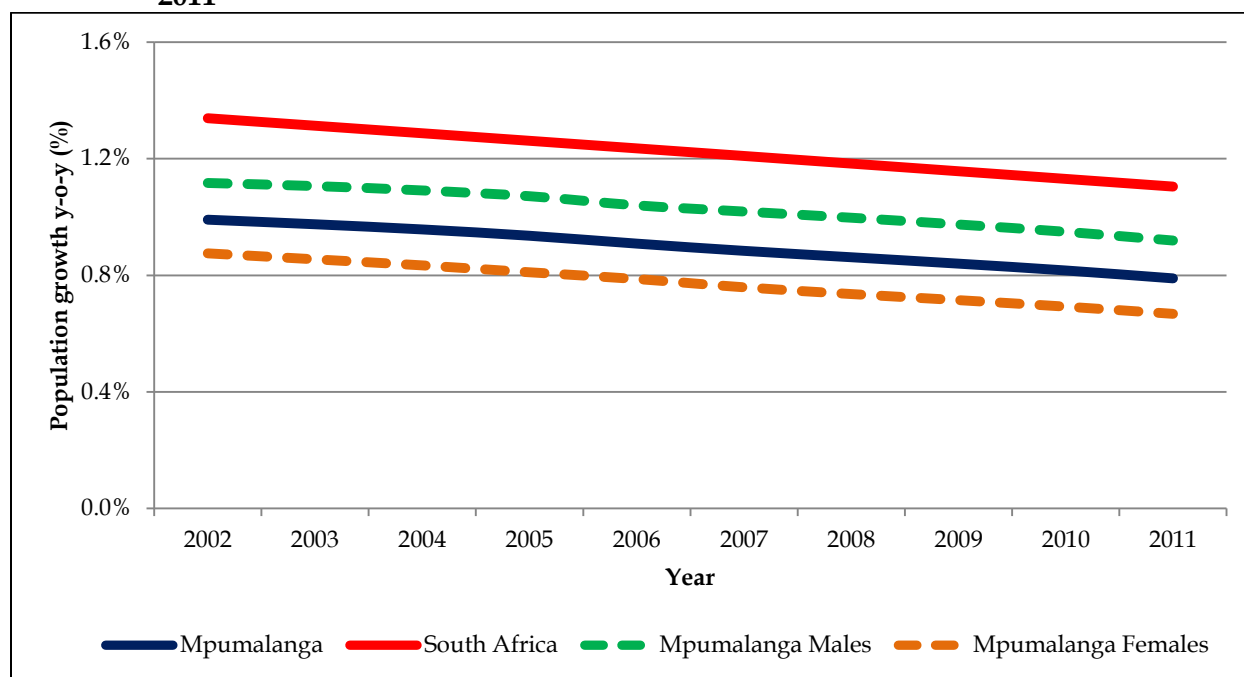
Figure 3.1: Population cohort of Mpumalanga, 2011



Source: Statistics South Africa – 2011 Mid-year Population Estimates

The population growth rate of South Africa and Mpumalanga declined over the period 2001 to 2011. It is evident from Figure 3.2 that the national population growth rate exceeded that of Mpumalanga in each of the 10 years under review. The average annual population growth rate for Mpumalanga was 0.9 per cent compared with the 1.2 per cent recorded nationally. In Mpumalanga, the population growth rate of males exceeded that of females in each of the ten years. The average annual population growth rate for males and females in the province was 1.0 per cent and 0.8 per cent, respectively. The latest population growth rate between 2010 and 2011, for South Africa and Mpumalanga was 1.1 per cent and 0.8 per cent, respectively.

Figure 3.2: Population growth rate comparison between South Africa & Mpumalanga, 2002-2011

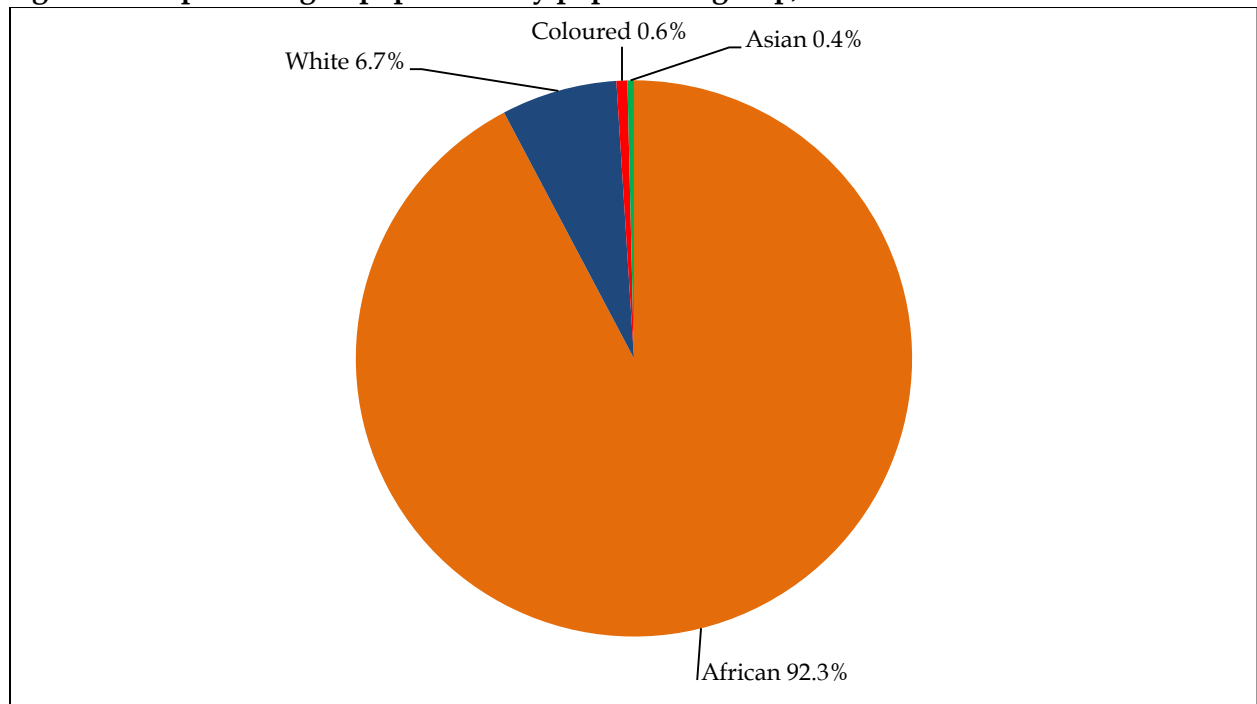


Source: Statistics South Africa – 2011 Mid-year Population Estimates

The mid-year estimates do not provide the population breakdown according to population groups. Therefore, the population breakdown by population group for Mpumalanga in 2010 according to IHS Global Insight (Regional Explorer – ReX) is presented in Figure 3.3. The majority of Mpumalanga's population in 2010 was African (92.3 per cent) with Whites contributing 6.7 per cent. Coloureds (0.6 per cent) and Asians (0.4 per cent) jointly contributed 1 per cent to the total population in 2010. In 2010¹, 42.3 per cent of the provincial population resided in Ehlanzeni, 30.6 per cent in Nkangala and 27.1 per cent in Gert Sibande. The mid-year estimates provide population data according to district and is presented in Figure 3.4.

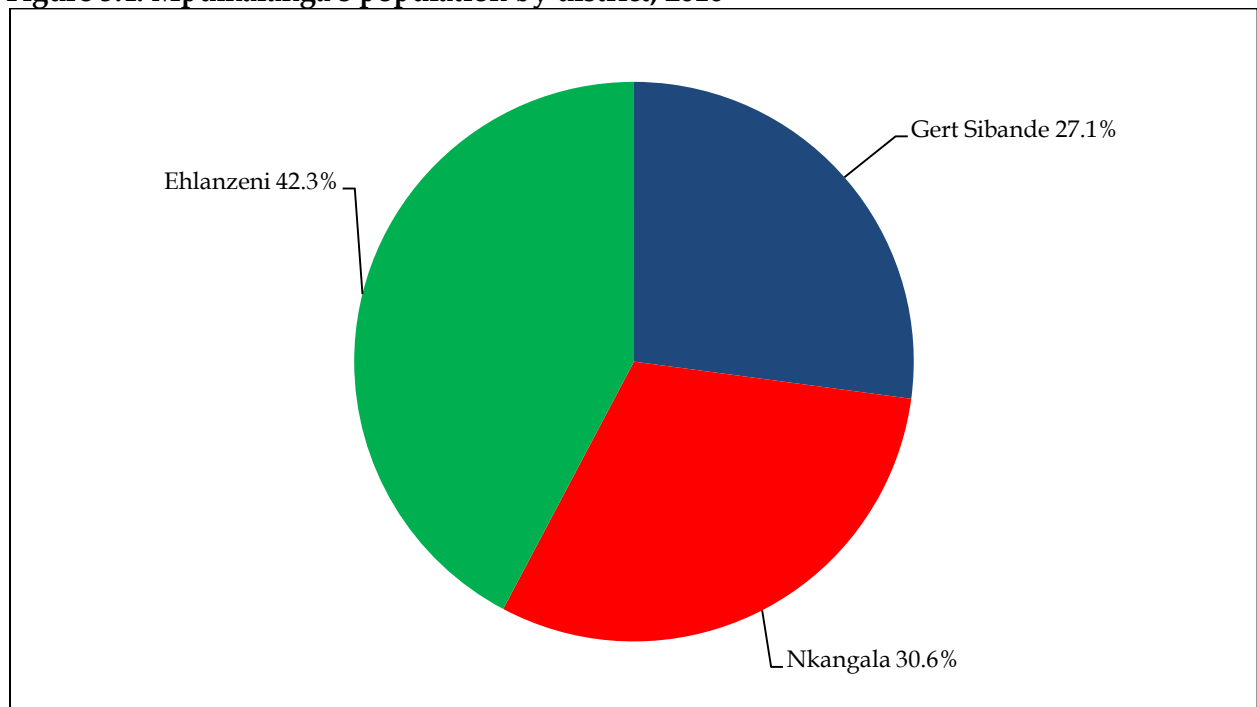
¹ District population data in 2011 Mid-year Population Estimates only available for 2010.

Figure 3.3: Mpumalanga's population by population group, 2010



Source: IHS Global Insight - ReX, November 2011

Figure 3.4: Mpumalanga's population by district, 2010



Source: Statistics South Africa - 2011 Mid-year Population Estimates

3.1.2 Fertility

The fertility rate is defined as the number of children the average women would have in her lifetime. South Africa's fertility rate for the period 2001-2006 was 2.81 and this is projected to decrease to 2.52 in the period 2006-2011. Mpumalanga's fertility rate was lower (2.74) than the national rate for the period 2001-2006 and the projected fertility rate of 2.47 for the period 2006-2011 is slightly lower than the corresponding national rate. In terms of the highest fertility rate level, it is expected that Mpumalanga will remain in fifth position among the nine provinces for the period 2006-2011.

3.1.3 Life expectancy

South Africa's male life expectancy at birth for the period 2001-2006 was 50.6 years. Mpumalanga's male life expectancy was lower during the period of observation and was estimated at 49.4 years. The projections for the period 2006-2011 suggest that it will increase to 50.2 years, however, the increase will not be as large as the national increase to 52.1 years. Mpumalanga's male life expectancy for the period 2001-2006 was the fourth lowest and for the period 2006-2011, Mpumalanga (50.3 years) is expected to be the joint third lowest.

The national average female life expectancy at birth for the period 2001-2006 was 55.5 years and higher than that of males. Mpumalanga was the province with the third lowest female life expectancy (53.1 years) for the period 2001-2006. The provincial figure is projected to decrease to 52.8 years for the period 2006-2011, which will see to it that Mpumalanga decline to joint second lowest female life expectancy. According to the South African Government's Outcomes Approach, the life expectancy of all South Africans is targeted to be 58-60 years by 2014/15.

3.1.4 Migration

Table 3.2 shows the migration streams between the provinces over the period 2006 to 2011. Mpumalanga registered an outflow of 164 905 compared to the inflow of 120 746, resulting in a net migration of -44 159. Most of the provinces, including Mpumalanga, demonstrated a negative net migration, whilst Gauteng (367 076) and Western Cape (95 556) registered significant positive net migration. Mpumalanga recorded the third highest net outflow among the nine provinces behind Eastern Cape (-214 815) and Limpopo (-142 428).

Table 3.2: Estimated provincial migration streams in South Africa, 2006-2011

Region	Out migration	In migration	Net migration
Eastern Cape	329 714	114 899	-214 815
Free State	118 640	92 748	-25 892
Gauteng	308 063	675 139	367 076
KwaZulu-Natal	196 933	198 355	1 422
Limpopo	238 545	96 117	-142 428
Mpumalanga	164 905	120 746	-44 159
Northern Cape	60 585	42 993	-17 592
North-West	179 462	160 294	- 19 168
Western Cape	110 937	206 493	95 556

Source: Statistics South Africa – 2011 Mid-year Population Estimates

3.2 LABOUR PROFILE

3.2.1 Labour force profile

The labour force comprises of all the employed and the unemployed population in the province. The national number of employed increased by 179 000 while the unemployed decreased by 198 000 between the end of the third quarter 2011 and the end of the fourth quarter 2011. The resultant strict unemployment rate decreased (improved) from 25.0 per cent in the third quarter 2011 to 23.9 per cent in the fourth quarter 2011. At the end of the fourth quarter 2011, roughly 1 in every 4 members of the national labour force was unemployed.

The national labour absorption rate was 41.3 per cent at the end of the fourth quarter 2011, which was marginally higher (better) than the 40.9 per cent registered at the end of the third quarter 2011. According to Government's Outcomes Approach, the South African economy must become more labour absorbing and a level of 45 per cent is envisaged by 2014/15. In contrast, the labour force participation rate at the end of the fourth quarter 2011 (54.3 per cent) was slightly lower than the rate recorded at the end of the third quarter 2011 (54.6 per cent).

The provincial labour force of around 1.28 million individuals was some 8 000 lower at the end of the fourth quarter 2011 than at the end of the third quarter 2011. The number of employed at 923 000 at the end of the fourth quarter 2011 was 12 000 higher than at the end of the third quarter 2011. The number of employed was 47 000 higher than the 876 000 employed one year ago, at the end of the fourth quarter 2010. The number of unemployed decreased by 20 000 to 354 000 between the end of the third quarter 2011 and the end of the fourth quarter 2011. The number of discouraged workers, however, increased by 19 000 to 232 000 over the two most recent quarters. Table 3.3 depicts the labour force profile of the province.

The unemployment rate (strict definition) was lower at the end of the fourth quarter 2011 (27.7 per cent) than at the end of the third quarter 2011 (29.1 per cent). The unemployment rate according to the expanded definition, however, increased to 42.8 per cent at the end of the fourth quarter 2011, up from 42.7 per cent at the end of the third quarter 2011. Between the two most recent quarters, the labour absorption rate improved from 39.0 per cent to 39.3 per cent, whereas the labour force participation rate declined to 54.4 per cent.

Table 3.3: Labour force profile of Mpumalanga, 2010-2011

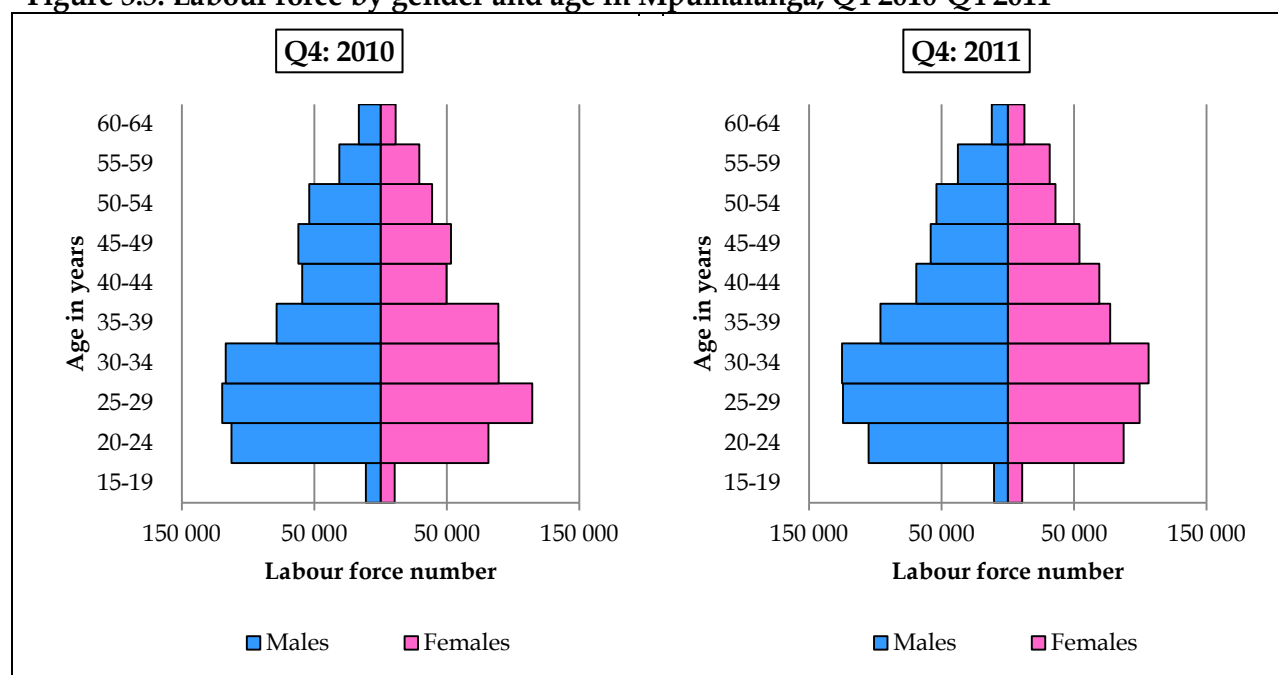
Indicator	Q4 2010	Q3 2011	Q4 2011	Q3 2011 to Q4 2011 change	Year-on- year change
	'000	'000	'000	'000	'000
- Working age population (15-64 years)	2 307	2 336	2 346	10	39
- Labour Force/EAP	1 228	1 285	1 277	-8	49
- Employed	876	911	923	12	47
- Unemployed	352	374	354	-20	2
- Not economically active	1 079	1 051	1 069	18	-10
- Discouraged work seekers	207	213	232	19	25
Rates	%	%	%	%	%
- Unemployment rate (strict definition)	28.7	29.1	27.7	-1.4	-1.0
- Unemployment rate (expanded definition)	44.3	42.7	42.8	0.1	-1.5
- Employed/population ratio (absorption rate)	38.0	39.0	39.3	0.3	1.3
- Labour force participation rate	53.2	55.0	54.4	-0.6	1.2

Source: Statistics South Africa – QLFS, 2012

The majority of Mpumalanga's labour force at the end of the fourth quarter 2011 was males with some 692 500 individuals or 54.2 per cent of the provincial total EAP. This was higher than the 53.9 per cent recorded at the end of the fourth quarter 2010. The remainder (45.8 per cent) of the labour force was females at the end of the fourth quarter 2011, which was lower than the 46.1 per cent recorded at the end of the fourth quarter 2010. Figure 3.5 compares the labour force by gender and age in Mpumalanga between the end of the fourth quarter 2010 and the end of the fourth quarter 2011.

The youth of working age (15-34 years) made up 52.4 per cent of the total number of the labour force at the end of the fourth quarter 2011. This was lower than a year earlier when the youth of working age contributed 53.4 per cent. The age cohort of 30-34 years represented the most populous age cohort with 231 500 individuals or some 18.1 per cent of the provincial labour force at the end of the fourth quarter 2011. The 25-29 age cohort was the most populous at the end of the fourth quarter 2010 with a share of 19.1 per cent.

Figure 3.5: Labour force by gender and age in Mpumalanga, Q4 2010-Q4 2011



Source: Statistics South Africa – QLFS, 2012

3.2.2 Employment

The national labour market gained 179 000 jobs over the fourth quarter of 2011 and 365 000 jobs over the last year, respectively. In total over the last year, Mpumalanga recorded 47 000 more jobs and the province registered an increase of 12 000 jobs in the fourth quarter of 2011 (Table 3.4). On a year-on-year basis, North-West (-40 000) lost the most jobs whereas Gauteng (162 000) gained the most. Gauteng (132 000), KwaZulu-Natal (52 000) and Western Cape (36 000) were the three provinces to record the highest increases between the third quarter 2011 and the fourth quarter 2011. Total employment in Mpumalanga constituted 6.8 per cent of employment in the country.

At the end of the fourth quarter 2011, the majority of Mpumalanga's employed was males with some 531 400 individuals or 57.6 per cent of the provincial total number of employees. This was higher than the 56.7 per cent recorded at the end of the fourth quarter 2010. The remainder (42.4 per cent) of the employed at the end of the fourth quarter 2011 was females, which was lower than the 43.3 per cent recorded at the end of the fourth quarter 2010. Figure 3.6 compares employment by gender and age in Mpumalanga between the end of the fourth quarter 2010 and the end of the fourth quarter 2011.

Table 3.4: Changes in employment in South Africa and provinces, 2010-2011

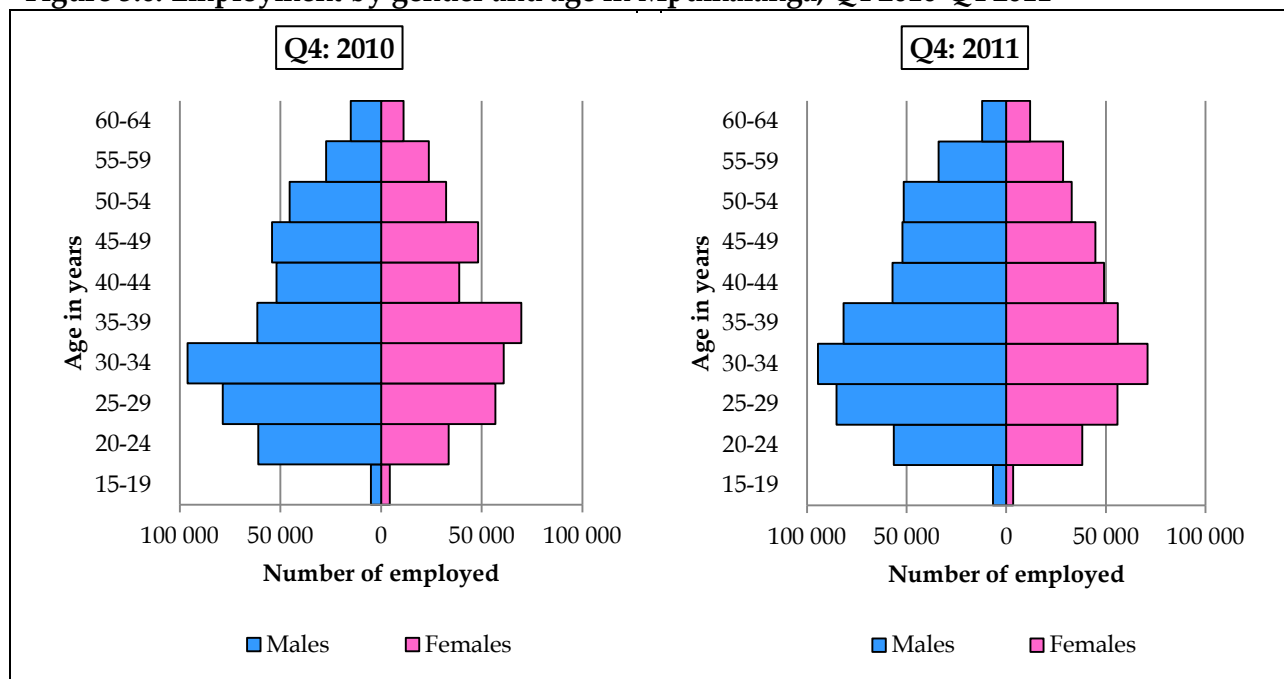
Region	Q4 2010	Q3 2011	Q4 2011	Q3 2011 to Q4 2011 change	Year-on-year change
	'000	'000	'000	'000	'000
Western Cape	1 772	1 806	1 842	36	70
Eastern Cape	1 328	1 298	1 326	28	-2
Northern Cape	278	278	291	13	13
Free State	785	826	753	-73	-32
KwaZulu-Natal	2 439	2 510	2 562	52	123
North-West	740	680	700	20	-40
Gauteng	3 953	3 983	4 115	132	162
Mpumalanga	876	911	923	12	47
Limpopo	962	1 026	985	-41	23
South Africa	13 132	13 318	13 497	179	365

Source: Statistics South Africa – QLFS, 2012

Note: Due to rounding, numbers do not necessarily add up to totals

The youth of working age (15-34 years) made up 44.6 per cent of the total number of employed at the end of the fourth quarter 2011. This was lower than a year earlier when the youth of working age contributed 45.3 per cent. The age cohort of 30-34 years represented the most populous age cohort with 165 500 individuals or some 17.9 per cent of the provincial employed at the end of the fourth quarter 2011. The same age cohort was also the most populous at the end of the fourth quarter 2010 with a comparable share of 17.9 per cent.

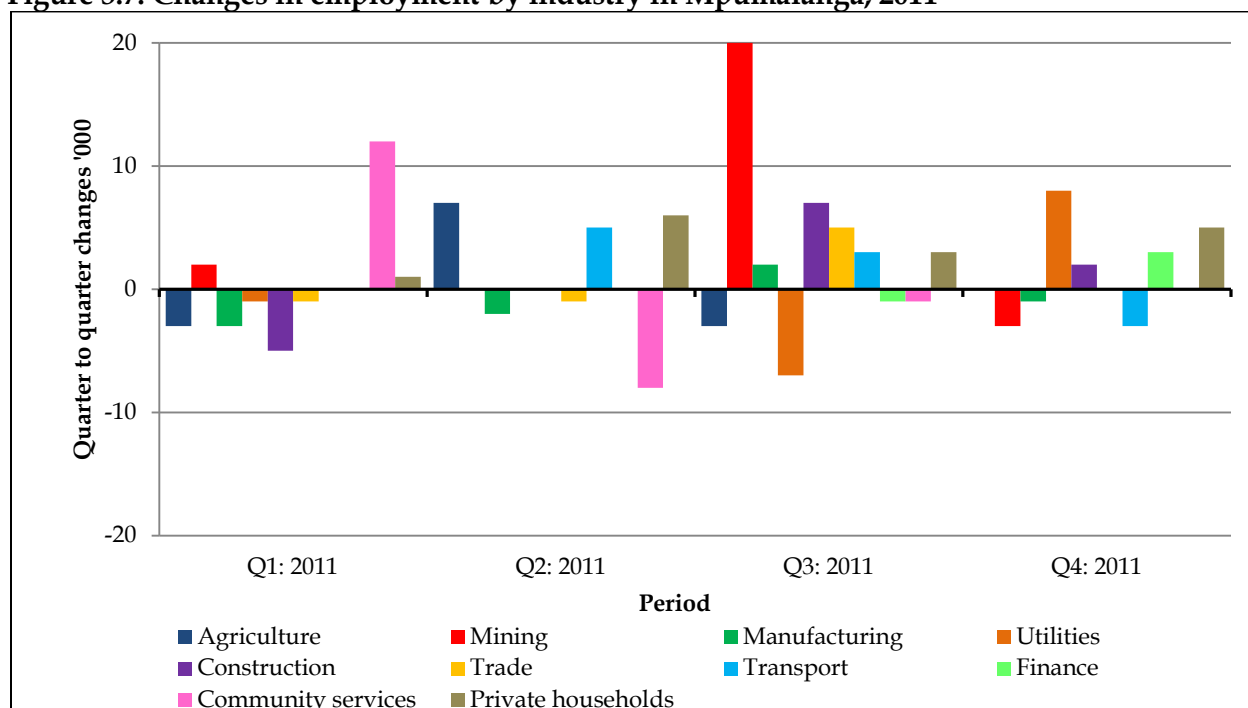
Figure 3.6: Employment by gender and age in Mpumalanga, Q4 2010-Q4 2011



Source: Statistics South Africa – QLFS, 2012

According to Figure 3.7, mining (19 000), private households (15 000) and transport (5 000) were the three industries in Mpumalanga that recorded the highest employment increase from the start of the first quarter 2011 to the end of the fourth quarter 2011. Manufacturing (-4 000) was the only industry that recorded job losses over the same period. Only private households recorded four consecutive quarters of job growth, whereas no industry recorded four quarters of decline over the period under observation.

Figure 3.7: Changes in employment by industry in Mpumalanga, 2011



Source: Statistics South Africa – QLFS, 2012

Table 3.5 shows the aggregated employment composition of employment in South Africa and the province from the end of the fourth quarter 2010 to the end of the fourth quarter 2011. In Mpumalanga, the formal employees' share of total employment declined from 61.2 per cent at end of the fourth quarter 2010 to 60.1 per cent at the end of the fourth quarter 2011. The formal sector in Mpumalanga recorded a smaller share of total employment than was the case nationally (71.2 per cent). The Mpumalanga informal sector's share increased from 21.2 per cent to 21.3 per cent over the same period. Private households' share increased to 10.3 per cent from 9.1 per cent, whilst agriculture's share decreased from 8.4 per cent to 8.1 per cent. The informal sector, agriculture and private households in Mpumalanga registered larger shares of total employment in the fourth quarter of 2011, than was the case nationally.

Table 3.5: Aggregate employment in Mpumalanga, 2010-2011

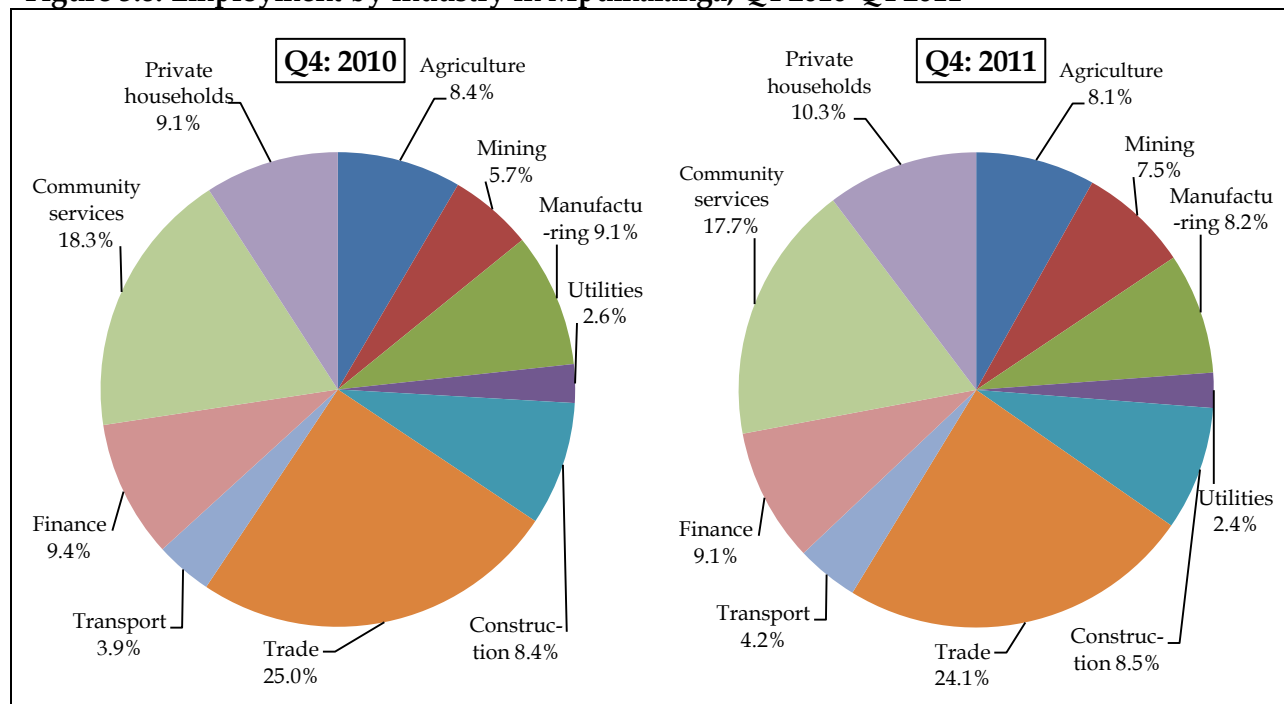
Sector	Q4 2010		Q3 2011		Q4 2011	
	SA	MP	SA	MP	SA	MP
Formal sector	69.8%	61.2%	70.9%	61.8%	71.2%	60.1%
Informal sector ²	16.9%	21.2%	16.2%	20.1%	15.8%	21.3%
Agriculture ³	4.8%	8.4%	4.7%	8.2%	4.7%	8.1%
Private households	8.5%	9.1%	8.2%	9.9%	8.2%	10.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Statistics South Africa – QLFS, 2012

Note: Due to rounding, numbers do not necessarily add up to totals

Figure 3.8 depicts employment by industry in Mpumalanga in the fourth quarters of 2010 and 2011, respectively. The trade industry (wholesale and retail trade) employed the largest share of individuals in the province at 24.1 per cent at the end of the fourth quarter 2011. This was smaller than the 25.0 per cent share registered 12 months earlier. Community and social services (17.7 per cent) was the second biggest employer, albeit with a smaller share than at the end of the fourth quarter 2010 (18.3 per cent). The utilities industry was the smallest in both quarters, followed by transport as the second smallest.

Figure 3.8: Employment by industry in Mpumalanga, Q4 2010-Q4 2011



Source: Statistics South Africa – QLFS, 2012

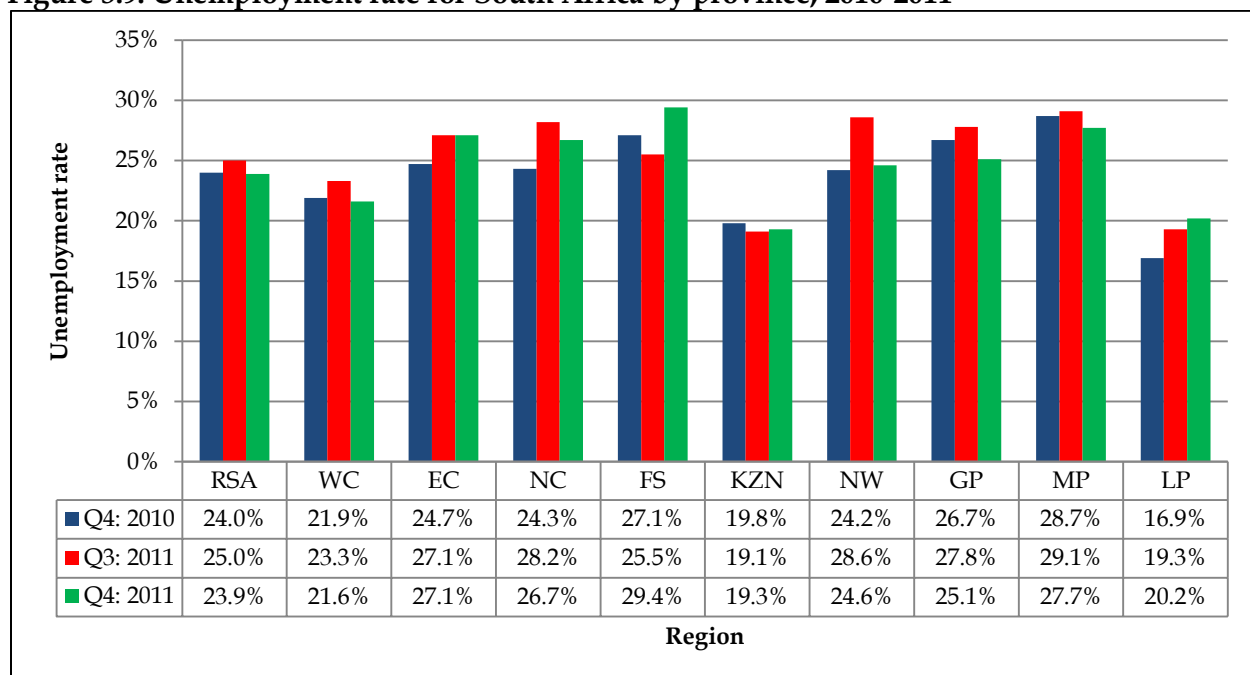
² The informal sector comprises the following two components: i) Employees working in establishments that employ less than 5 employees, who do not deduct income tax from their salaries & ii) Employers, own-account workers and persons helping unpaid in their household business who are not registered for either income tax or value-added tax.

³ An additional 135 000 citizens were involved in subsistence farming (non-market activities) in the province.

3.2.3 Unemployment

According to Statistics South Africa's QLFS, the unemployment rate in Mpumalanga was 27.7 per cent at the end of the fourth quarter 2011, which was lower than the 28.7 per cent recorded at the end of the fourth quarter 2010 (Figure 3.9). This was, however, still higher than the national average, which was 23.9 per cent at the end of the fourth quarter 2011. Mpumalanga, recorded the second highest unemployment rate among the nine provinces behind Free State (29.4 per cent). Mpumalanga was one of five provinces where the unemployment rate declined from the end of the third quarter 2011 to the end of the fourth quarter 2011.

Figure 3.9: Unemployment rate for South Africa by province, 2010-2011



Source: Statistics South Africa – QLFS, 2012

At the end of the fourth quarter 2011, the youth cohort (15-34 years of age) constituted 70.8 per cent and 72.8 per cent of the number of unemployed in South Africa and Mpumalanga, respectively. The unemployment rate of the youth cohort was 34.0 per cent in South Africa and 38.5 per cent in Mpumalanga. At the end of the fourth quarter 2011, the unemployment rate of females and males was 33.0 per cent and 23.3 per cent, respectively. It is evident from Table 3.6 that, with the exception of three age groups, Mpumalanga's age related unemployment rates were higher than that of South Africa.

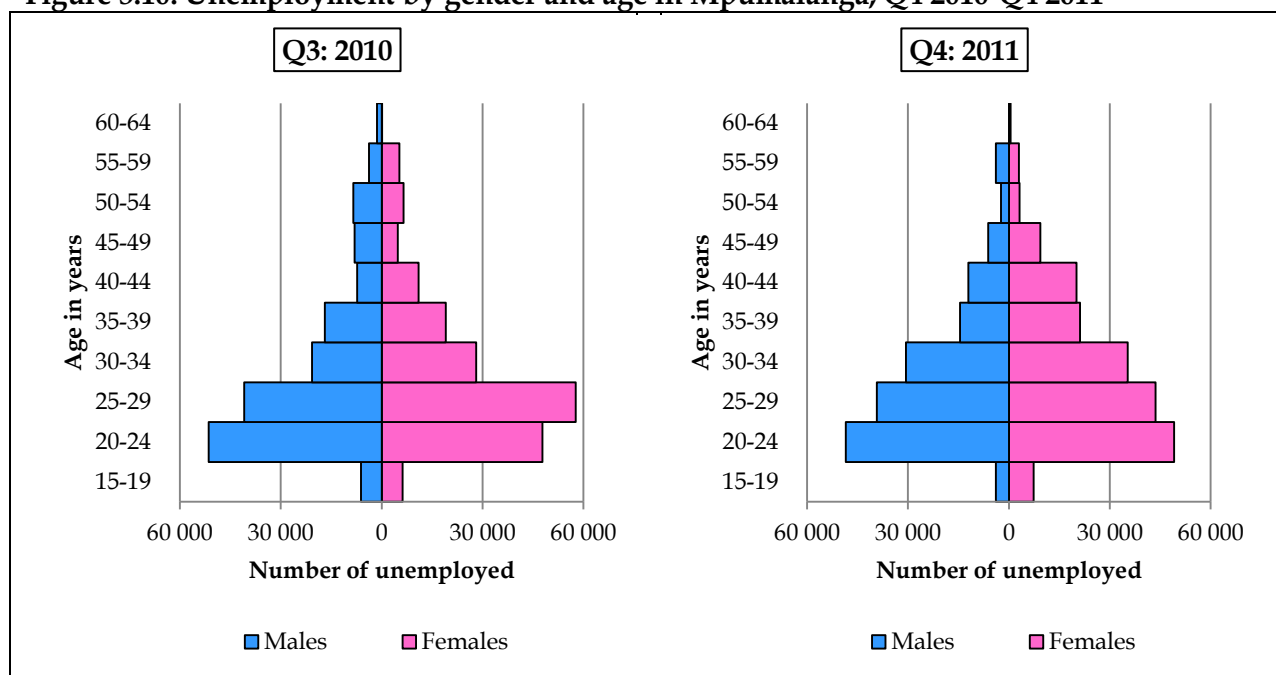
The majority of Mpumalanga's unemployed at the end of the fourth quarter 2011 was female with some 192 700 individuals or 54.5 per cent of the provincial total number of unemployed. This was higher than the 53.1 per cent recorded at the end of the fourth quarter 2010. The balance (45.5 per cent) of the unemployed at the end of the fourth quarter 2011 was males, which was lower than the 46.9 per cent recorded at the end of the fourth quarter 2010. Figure 3.10 compares the unemployed by gender and age in Mpumalanga between the end of the fourth quarter 2010 and the end of the fourth quarter 2011.

Table 3.6: Unemployment rate according to age group in South Africa & Mpumalanga, Q4 2011

Age group	Unemployment rate	
	South Africa	Mpumalanga
15-19 years	62.1%	52.4%
20-24 years	47.5%	50.7%
25-29 years	31.6%	37.0%
30-34 years	23.8%	28.5%
35-39 years	17.9%	20.6%
40-44 years	16.2%	23.2%
45-49 years	13.2%	13.8%
50-54 years	10.6%	6.1%
55-59 years	7.2%	9.9%
60-64 years	3.2%	2.1%

Source: Statistics South Africa - QLFS, 2012

Figure 3.10: Unemployment by gender and age in Mpumalanga, Q4 2010-Q4 2011



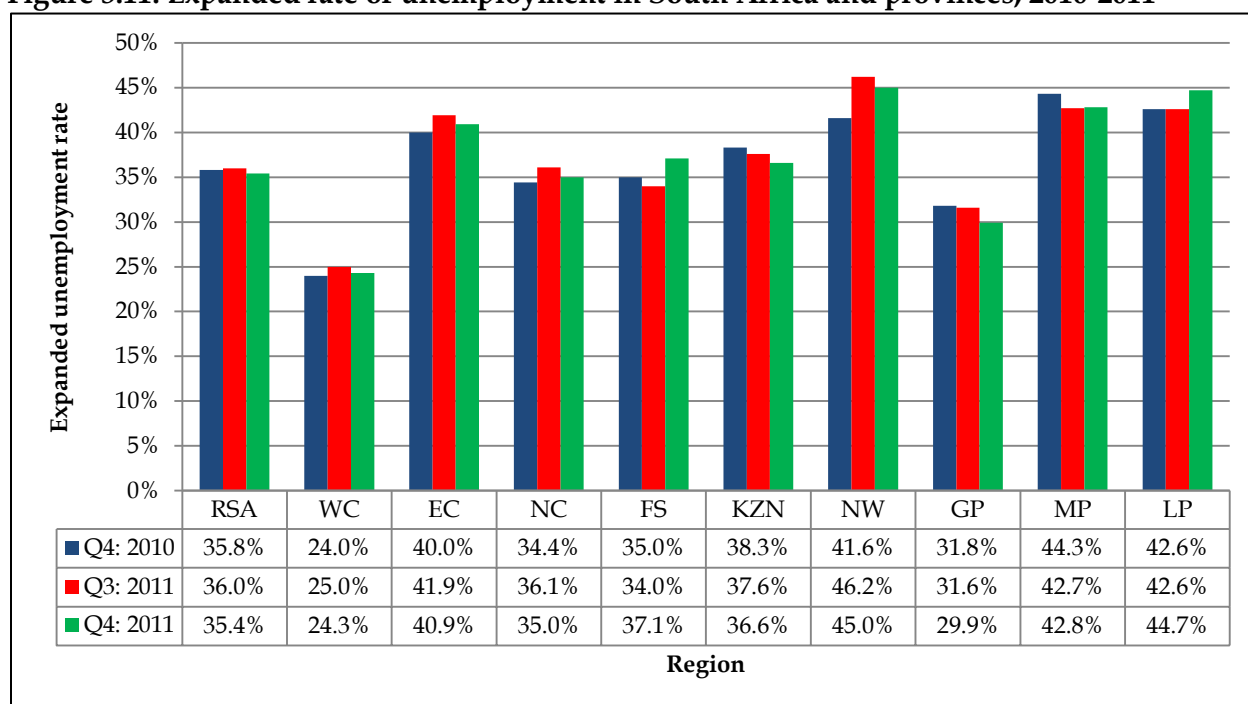
Source: Statistics South Africa - QLFS, 2012

The youth of working age (15-34 years) made up 72.8 per cent of the total number of unemployed at the end of the fourth quarter 2011. This was lower than a year earlier when the youth of working age contributed 73.7 per cent. The age cohort of 20-24 years represented the most populous age cohort with 97 600 individuals or some 27.6 per cent of the provincial unemployed at the end of the fourth quarter 2011. The same age cohort was also the most populous at the end of the third quarter 2010 with a share of 28.2 per cent.

Expanded definition of unemployment

The expanded unemployment rate takes into account everybody who was available for work even if they did not search for work. In essence, it includes all persons who are unemployed according to the official definition plus part of the inactive population (according to official definition) who indicated that they were available, regardless of the reason they gave for not looking for work.

Figure 3.11: Expanded rate of unemployment in South Africa and provinces, 2010-2011



Source: Statistics South Africa – QLFS, 2012

Figure 3.11 shows that South Africa's expanded unemployment rate was recorded at 35.8 per cent at the end of the fourth quarter 2010 and subsequently decreased to 35.4 per cent at the end of the fourth quarter 2011. Mpumalanga's expanded unemployment rate was 44.3 per cent at the end of the fourth quarter 2010, which was substantially higher than the national average. It

decreased to 42.8 per cent at the end of the fourth quarter 2011, whilst remaining higher than the national figure. Mpumalanga's expanded unemployment rate was the third highest among the nine provinces. It is notable how much higher the expanded unemployment rate of Limpopo (44.7 per cent) and KwaZulu-Natal (36.6 per cent) is than their respective strict unemployment rates.

Discouraged work seekers

Statistics South Africa defines a discouraged work-seeker as a person, who was not employed during the reference period, wanted to work, was available to work or start a business but did not take active steps to find work during the four week that preceded the reference period.

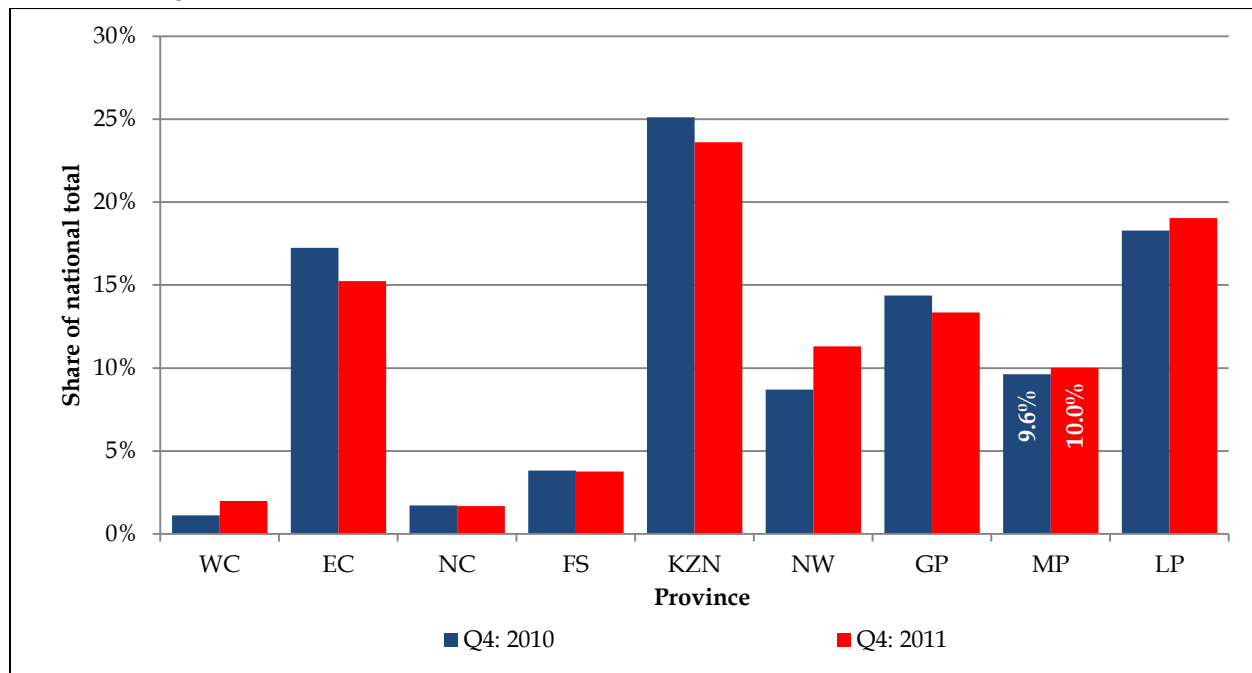
South Africa had approximately 2.3 million discouraged workers by the end of the fourth quarter 2011. This represents an increase of 165 000 over the end of the fourth quarter 2010. Figure 3.12 indicates that Mpumalanga's share was 232 000 or some 10.0 per cent of South Africa's discouraged work seekers at the end of the fourth quarter 2011, up from 9.6 per cent a year earlier. The number of discouraged work seekers in Mpumalanga increased by 25 000 from the end of the fourth quarter 2010 to the end of the fourth quarter 2011. When compared with other provinces, Mpumalanga registered the fourth lowest share of discouraged workers nationally.

It is evident from Figure 3.13 that Mpumalanga's discouraged work seekers increased as a percentage of the provincial working age population (15-64 years) from the end of the fourth quarter 2010 (9.0 per cent) to the end of the fourth quarter 2011 (9.9 per cent). Two provinces (North-West and Limpopo) had larger shares of discouraged work seekers than Mpumalanga at the end of the fourth quarter 2011. The discouraged work seekers' share of working age population in Mpumalanga was also larger than the national share (7.1 per cent) at the end of the fourth quarter 2011.

At the end of the fourth quarter 2011, the majority of Mpumalanga's discouraged work seekers was females with some 133 200 individuals or 57.5 per cent of the provincial total number of discouraged work seekers. This was lower than the 62.9 per cent recorded at the end of the fourth quarter 2010. The rest (42.5 per cent) of the discouraged work seekers in Mpumalanga at the end of the fourth quarter 2011 was males, which was higher than the 37.1 per cent recorded at the end of the fourth quarter 2010. Figure 3.14 compares the discouraged work seekers by

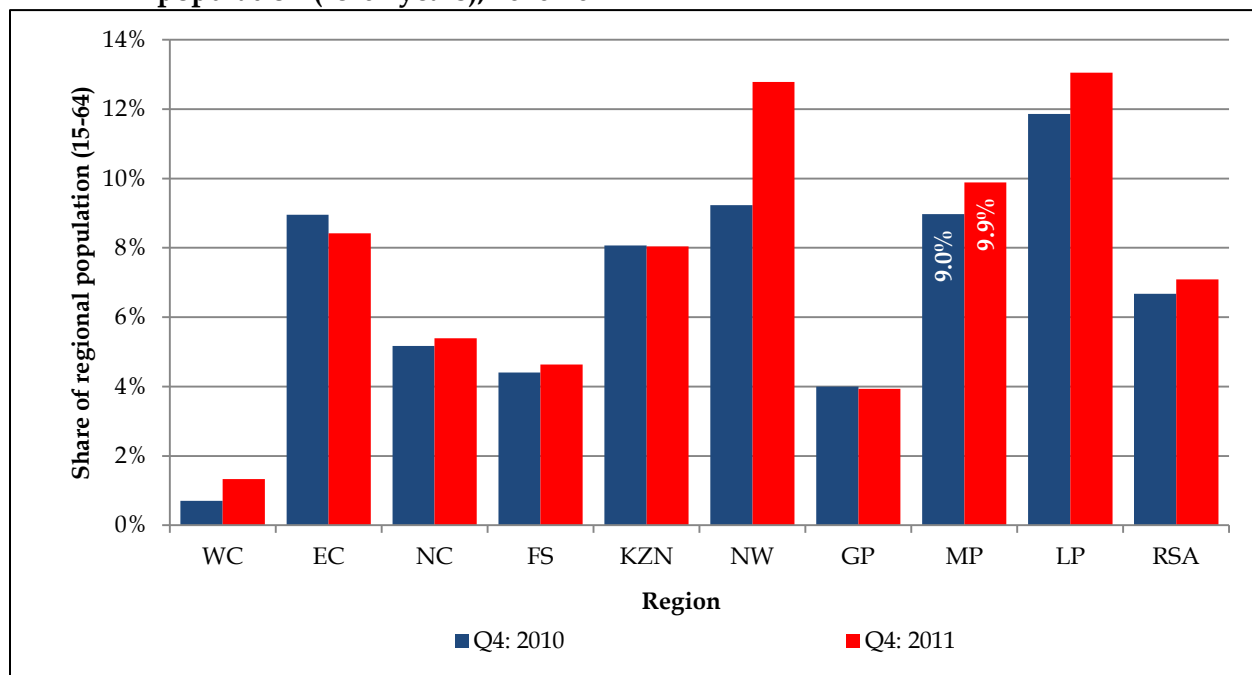
gender and age in Mpumalanga between the end of the fourth quarter 2010 and the end of the fourth quarter 2011.

Figure 3.12: Provincial contribution to number of discouraged work seekers nationally, 2010-2011



Source: Statistics South Africa – QLFS, 2012

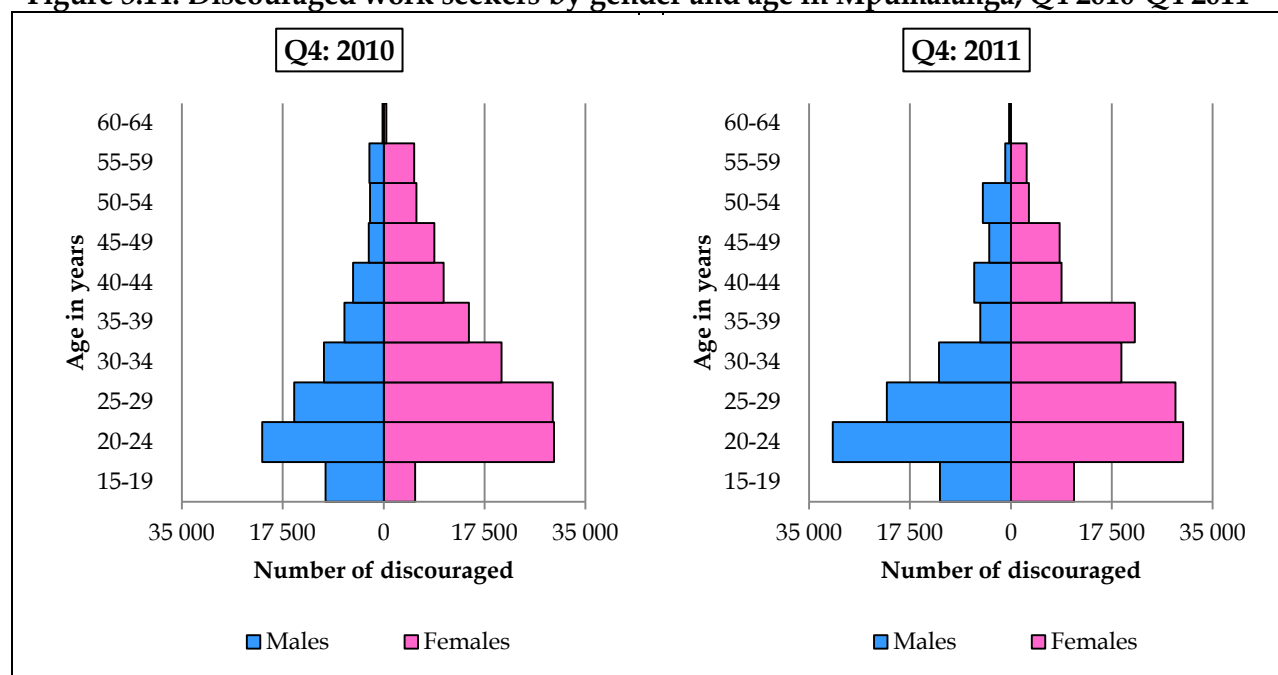
Figure 3.13: Comparison of discouraged work seekers as a ratio of regional working age population (15-64 years), 2010-2011



Source: Statistics South Africa – QLFS, 2012

The youth of working age (15-34 years) made up 71.4 per cent of the total number of discouraged work seekers at the end of the fourth quarter 2011. This was higher than a year earlier when the youth of working age contributed 68.5 per cent. The age cohort of 20-24 years represented the most populous age cohort with 60 800 individuals or some 26.2 per cent of the provincial discouraged work seekers at the end of the fourth quarter 2011. The same age cohort was also the most populous at the end of the fourth quarter 2010 with a share of 24.4 per cent.

Figure 3.14: Discouraged work seekers by gender and age in Mpumalanga, Q4 2010-Q4 2011



Source: Statistics South Africa - QLFS, 2012

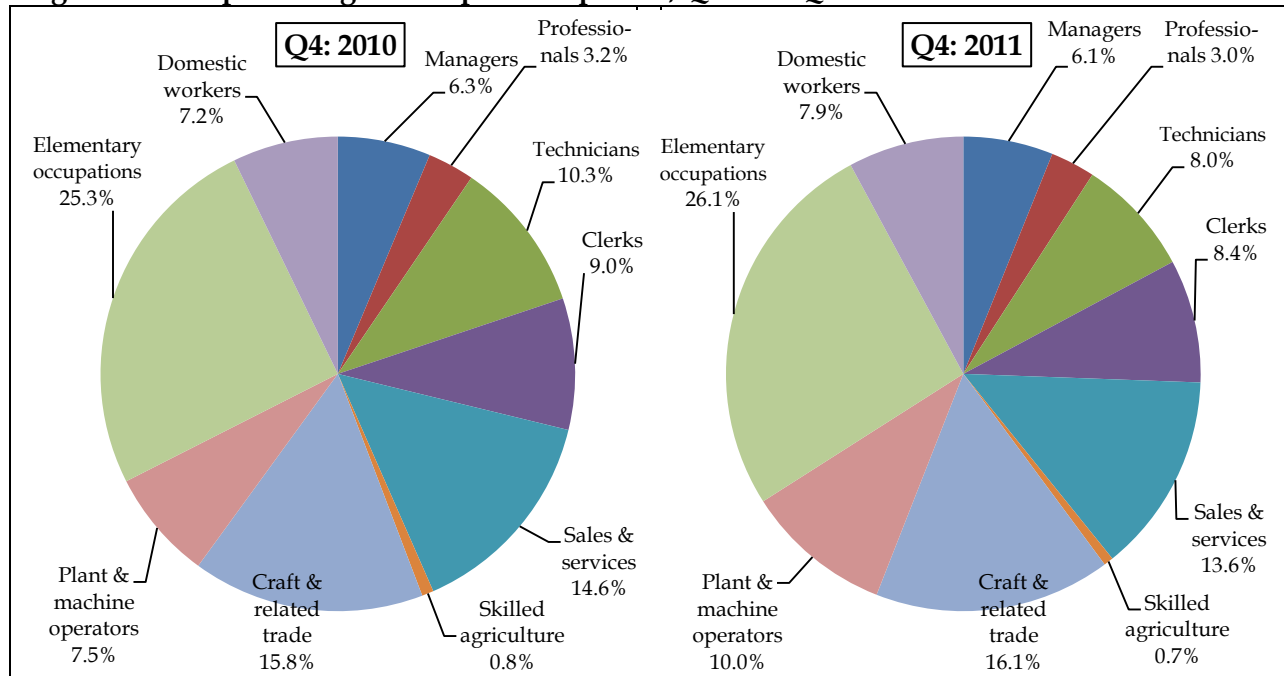
3.2.4 Occupational profile

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.

Figure 3.15 illustrates the occupational profile of Mpumalanga in the respective fourth quarters of 2010 and 2011. It was heavily skewed towards semi- and unskilled occupations. The share of highly educated or skilled occupations (managers and professionals) was 9.2 per cent at the end of the fourth quarter 2011. This was lower than the 9.5 per cent share at the end of the fourth quarter 2010. The combined share of elementary occupations and domestic workers was

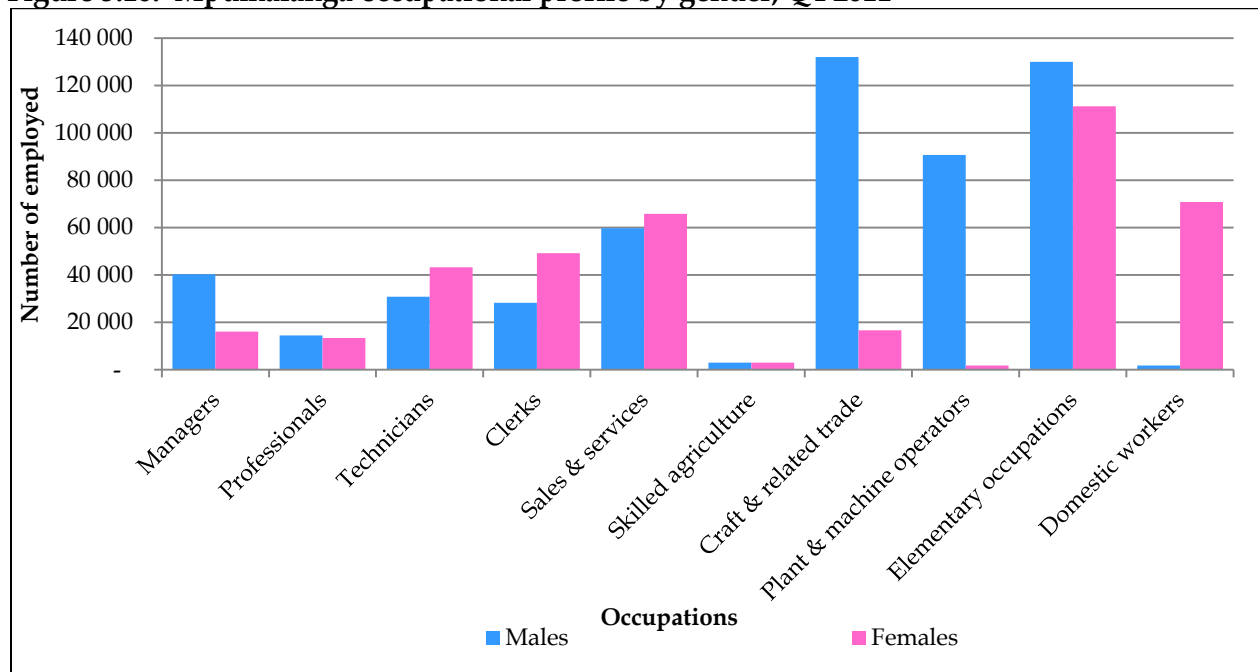
34.0 per cent at the end of the fourth quarter 2011, somewhat higher than the 32.5 per cent share one year earlier. The majority of these people are normally unskilled or semi-skilled workers.

Figure 3.15: Mpumalanga's occupational profile, Q4 2010-Q4 2011



Source: Statistics South Africa - QLFS, 2012

Figure 3.16: Mpumalanga occupational profile by gender, Q4 2011



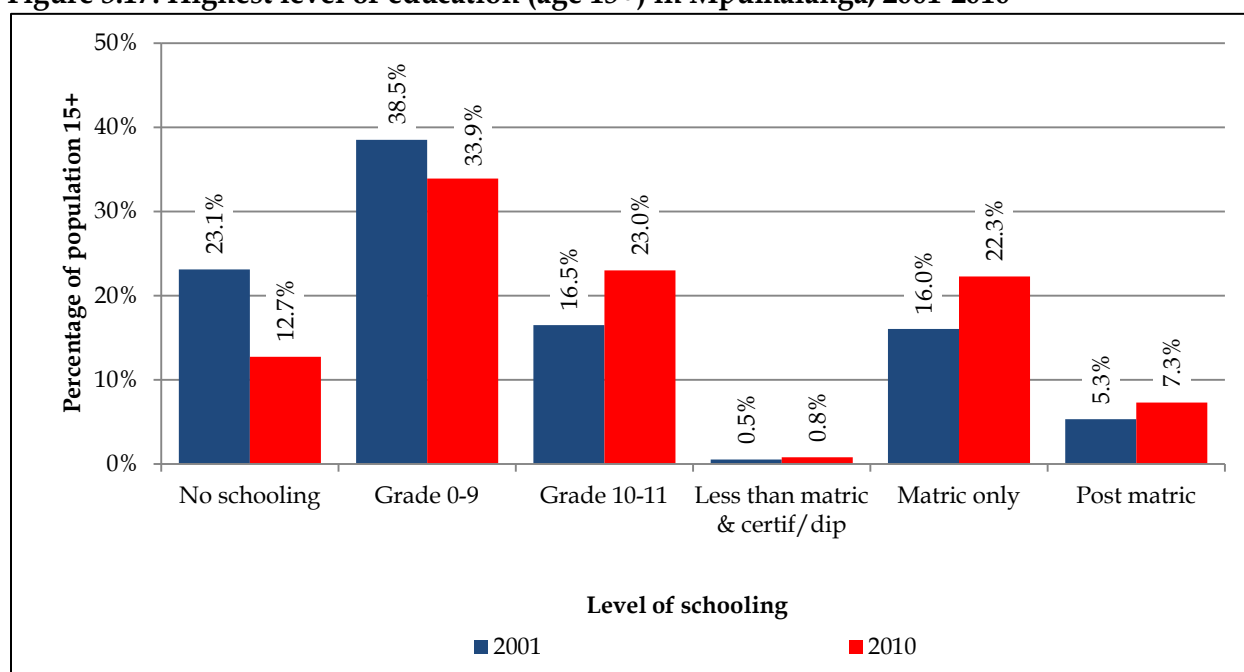
Source: Statistics South Africa - QLFS, 2012

Figure 3.16 depicts the occupational profile of the province by gender at the end of the fourth quarter of 2011. In general, females lead four occupational categories, namely technicians, clerks, sales and service staff as well as domestic workers.

3.3. EDUCATION PROFILE

When the highest level of schooling in 2010 is compared with figures of 2001, it is evident that the situation regarding the level of education in Mpumalanga improved over the 9-year period. For example in 2010, 12.7 per cent or some 328 800 of the people 15 years and older⁴ have not received any schooling compared to the unacceptably high level of 23.1 per cent or some 505 700 in 2001 (Figure 3.17). Although it was still higher (worse) than the national level of 8.4 per cent in 2010, the 10.4 percentage point improvement over the 9-year period was only bettered by Limpopo with an 11.6 percentage point improvement.

Figure 3.17: Highest level of education (age 15+) in Mpumalanga, 2001-2010



Source: IHS Global Insight - ReX, November 2011

The percentage of the population 15 years and older that completed secondary education (matric) in Mpumalanga increased from 16.0 per cent in 2001 to 22.3 per cent in 2010. The improvement of 6.3 percentage points was the highest among the nine provinces and higher

⁴ Convention in the official annual GHS by Statistics South Africa is to use '20 years and older', however, insufficient GHS sub-provincial data necessitates the continuous use of the '15 years and older' data of IHS Global Insight.

than the national improvement of 5.3 per cent. However, the percentage of the population that obtained a post matric qualification increased only from 5.3 per cent in 2001 to 7.3 per cent in 2010. The 2.0 percentage point improvement was lower than the national improvement (2.1 percentage points) and only the fifth highest improvement among the nine provinces.

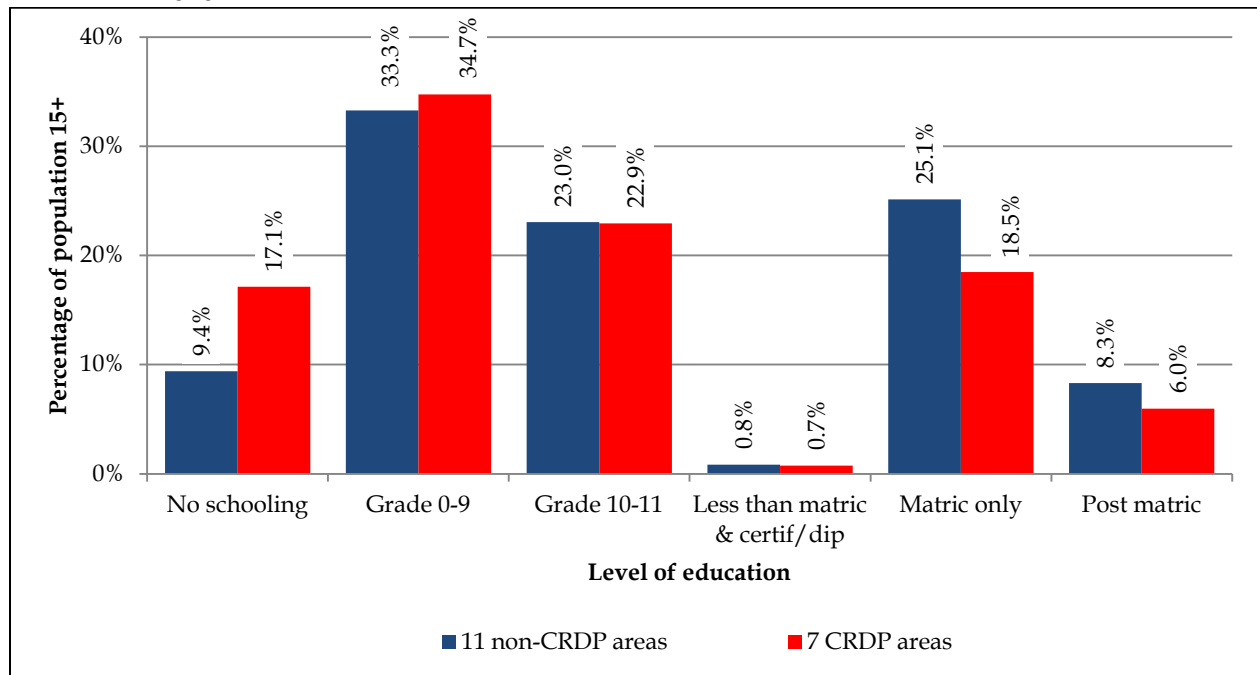
Nkangala (10.7 per cent) recorded the lowest percentage of people 15 years and older that have not received any schooling among the three districts in 2010 and Ehlanzeni (14.8 per cent) the highest. In 2010, the percentage of the population that completed secondary education (matric) was the highest in Nkangala (24.5 per cent) and the lowest in Gert Sibande (20.6 per cent). Furthermore in 2010, Ehlanzeni (7.8 per cent) recorded the highest percentage of the population 15 years and older that obtained a post matric qualification, whereas Gert Sibande (6.5 per cent) recorded the lowest share.

In 2010, 17.1 per cent or some 191 100 of the people 15 years and older in the seven CRDP municipal areas have not received any schooling compared to 9.4 per cent or some 137 500 in the eleven non-CRDP areas (Figure 3.18). The percentage of the population 15 years and older that completed secondary education (matric) in the CRDP grouping was 18.5 per cent, which was lower than the province (22.3 per cent) and the non-CRDP grouping (25.1 per cent) in 2010. In 2010, some 8.3 per cent of the population 15 years and older in the non-CRDP grouping held a post matric qualification, whereas the corresponding figure in the CRDP areas was 6.0 per cent.

The functional literacy rate is defined as the proportion of persons aged 20 and above that has completed grade 7 and higher⁵. In Mpumalanga, this rate increased from 55.8 per cent in 1996 to 66.1 per cent in 2010 (Figure 3.19). In actual numbers it was an increase from 881 300 in 1996 to approximately 1.4 million individuals in 2010. However, it was still 7.2 percentage points below the national level of 73.3 per cent in 2010. In 2010, Nkangala reported the highest functional literacy rate of 72.1 per cent with Gert Sibande and Ehlanzeni recording rates of 64.9 per cent and 62.3 per cent, respectively.

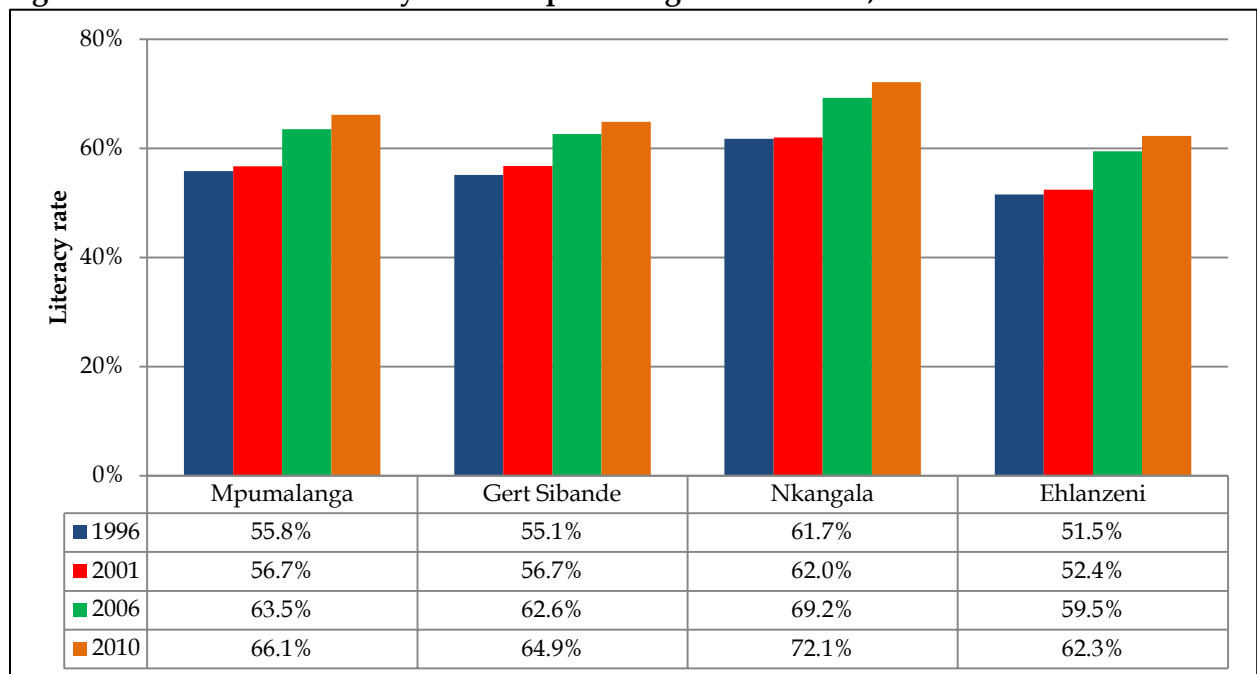
⁵ Convention in the official annual GHS by Statistics South Africa is to report using '15 years and older & less than grade 7', however, due to insufficient GHS sub-provincial data and the fact that reporting only started in 2009, the '20 years and older & grade 7+' data of IHS Global Insight was used.

Figure 3.18: Highest level of education (age 15+) in CRDP and non-CRDP municipal areas, 2010



Source: IHS Global Insight – ReX, November 2011

Figure 3.19: Functional literacy rate in Mpumalanga and districts, 1996-2010

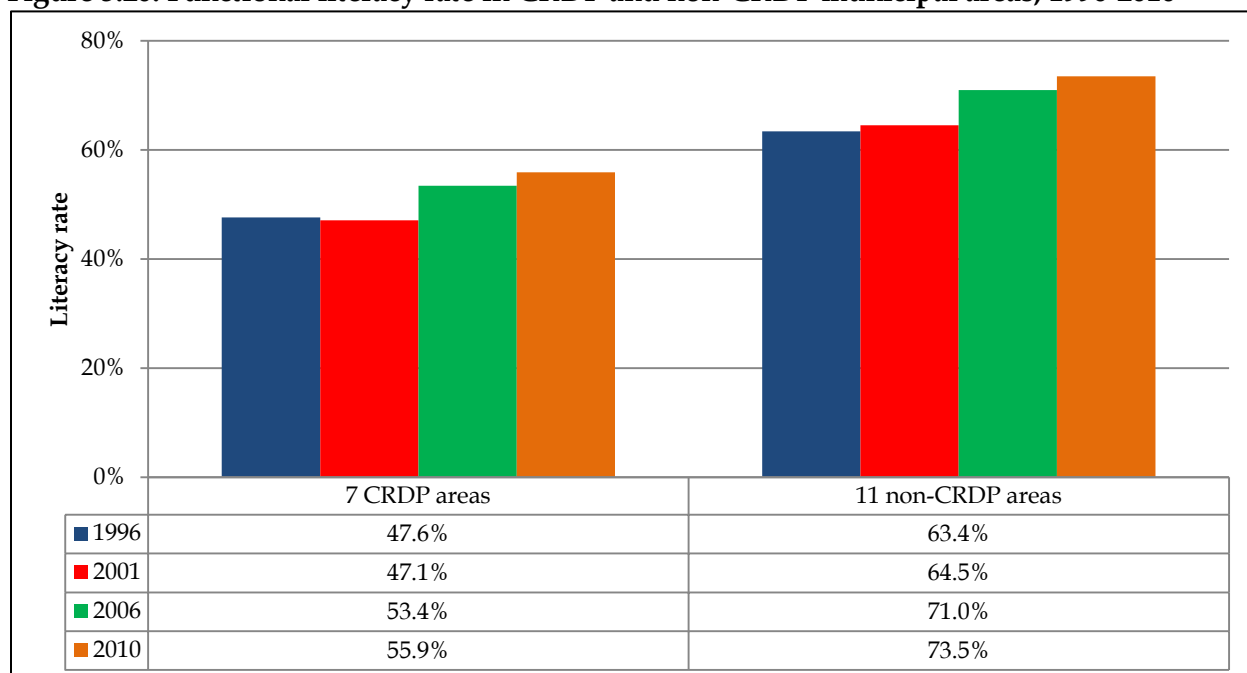


Source: IHS Global Insight – ReX, November 2011

The functional literacy rate of the 11 non-CRDP municipal area grouping improved from 63.4 per cent in 1996 to 73.5 per cent in 2010, a 10.1 percentage point increase (Figure 3.20).

Some 932 700 or 64.7 per cent of Mpumalanga's functionally literate population resided in the non-CRDP areas. The functional literacy rate in the CRDP grouping improved by 8.3 percentage points between 1996 (47.6 per cent) and 2010 (55.9 per cent). Approximately 399 600 of the population 20 years and older in the CRDP areas were still functionally illiterate in 2010.

Figure 3.20: Functional literacy rate in CRDP and non-CRDP municipal areas, 1996-2010



Source: IHS Global Insight - ReX, November 2011

Table 3.7 compares the Grade 12 pass rates among the various provinces from 2003 to 2011. The national pass rate of matriculants increased from 67.8 per cent in 2010 to 70.2 per cent in 2011. , Mpumalanga's pass rate also increased by 8 percentage points from 56.8 per cent in 2010 to 64.8 per cent in 2011. Mpumalanga showed the largest improvement between 2010 and 2011, however, the provincial matric pass rate was still the third lowest of the nine provinces in 2011.

Ehlanzeni registered the top Grade 12 pass rate in 2011 of 72.1 per cent and Bohlabela the lowest at 52.7 per cent (Table 3.8). Ehlanzeni, Gert Sibande (65.4 per cent) and Nkangala (67.9 per cent) recorded higher pass rates than the provincial average. Among the four education districts, Bohlabela with a 10 percentage point improvement, achieved the highest improvement between 2010 and 2010.

Table 3.7: Comparative Grade 12 results for South Africa and provinces, 2003-2011

Province	2003 % Pass rate	2004 % Pass rate	2005 % Pass rate	2006 % Pass rate	2007 % Pass rate	2008 % Pass rate	2009 % Pass rate	2010 % Pass rate	2011 % Pass rate
EC	60.0	53.5	56.7	59.3	57.1	50.6	51.0	58.3	58.1
FS	80.0	78.7	77.8	72.2	70.5	71.6	69.4	70.7	75.7
GP	81.5	76.8	74.9	78.3	74.6	76.3	71.8	78.6	81.1
KZN	77.2	74.0	70.5	65.7	63.8	57.2	61.1	70.7	68.1
LP	70.0	70.6	64.9	55.7	58.0	54.7	48.9	57.9	63.9
MP	58.2	61.8	58.6	65.3	60.7	51.8	47.9	56.8	64.8
NC	90.7	83.4	78.9	76.8	70.3	72.7	61.3	72.3	77.8
NW	70.5	64.9	63.0	67.0	67.2	67.9	67.5	75.7	68.8
WC	87.1	85.0	84.4	83.7	80.0	78.7	75.7	76.8	82.9
National	73.3	70.7	68.3	66.6	65.2	62.2	60.6	67.8	70.2

Source: National & Provincial Department of Education, 2011

Table 3.8: Comparative Grade 12 results for education districts in Mpumalanga, 2009-2011

Education district	2009 % Pass rate	2010 % Pass rate	2011 % Pass rate
Bohlabela ⁶	30.6	42.7	52.7
Ehlanzeni ⁷	56.7	66.8	72.1
Gert Sibande	52.3	59.3	65.4
Nkangala	54.5	59.1	67.9

Source: Provincial Department of Education, 2011

The improvement of the quality and levels of educational outcomes in the schooling system is a top priority of Government. The extent to which these outcomes are achieved will be monitored through the administration of the Annual National Assessment (ANA). In February 2011 almost six million learners in primary schools throughout South Africa took part in the first ANA to strengthen the foundational skills of Literacy and Numeracy among South African learners.

The *Report on the Annual National Assessments of 2011* includes the results of learners in Grades 3 and 6 that were independently moderated by the Human Sciences Research Council (HSRC). From 2012 onwards, the results of Grade 9 learners will also be reported. The national target on learner achievement by 2014 is set at 60 per cent of learners mastering the minimum Literacy and Numeracy competencies by the end of Grade 3, 6 and 9 respectively.

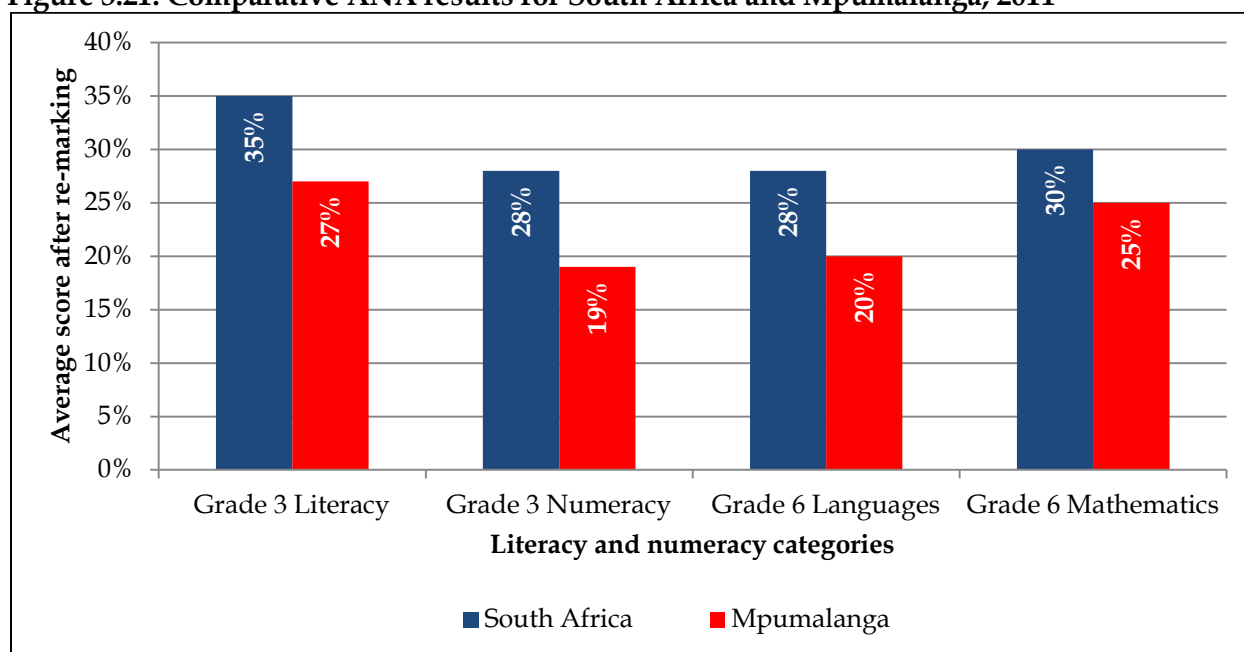
Learner results in Mpumalanga were below the national average scores and the lowest among all provinces in all four categories (Figure 3.21). The average Grade 3 Numeracy score in Mpumalanga was only 19 per cent, 9 percentage points lower than the national score of 28 per

⁶ The Bohlabela education district includes schools in Bushbuckridge and Thaba Chweu

⁷ The Ehlanzeni education district includes schools in Mbombela, Umjindi and Nkomazi

cent. Grade 3 learners in Western Cape recorded an average score of 43 per cent for Numeracy followed by learners in Eastern Cape with an average score of 39 per cent. The average Grade 6 Languages score (20 per cent) in Mpumalanga was 8 percentage points lower than the national result. Mpumalanga again compared dismally with results from learners in Western Cape (40 per cent) and Gauteng (35 per cent).

Figure 3.21: Comparative ANA results for South Africa and Mpumalanga, 2011



Source: Department of Basic Education - Report on the Annual National Assessments of 2011

According to the Department of Education's *Education Realities* report of 2011, there were 1 046 551 learners in ordinary public and independent schools in Mpumalanga, who attended 1 931 schools and were served by 34 623 educators. The learner-educator ratio (LER) of Mpumalanga improved from 33 learners per educator in 2007 to 30 in 2011 (Table 3.9). This was slightly higher (worse) than the national level of 29 learners per educator. The learner-school ration (LSR) of Mpumalanga was higher than the national figure of 475 in 2011 and increased from 463 learners per school in 2005 to 542 in 2011. According to the educator-school ratio (ESR), the number of educators per school increased from 14 per school in 2005 to 18 in 2011. The latter ratio was also higher than the national level for 2011 of 16 educators per school.

One of the most recent educational priorities has been to reach children of the age group 0–4 years with the intention of providing state support for Early Childhood Development (ECD) programmes. According to the 2010 *General Household Survey* (GHS), only 28.2 per cent of the

provincial population aged 0–4 years attended an ECD centre, however, it was not much lower than the national benchmark of 31.8 per cent in 2010. Furthermore, 54.4 per cent of children in Mpumalanga aged 5 years and older who attend public educational institutions attended no fee schools in 2010. In 2010, 72.2 per cent of children attending public schools in Mpumalanga benefitted from the school nutrition programme. This was higher than the national norm (66.1 per cent) and Mpumalanga ranked fourth highest among the nine provinces.

Table 3.9: Comparison of education ratios in South Africa and provinces, 2005-2011

Province	LER			LSR			ESR		
	2005	2007	2011	2005	2007	2011	2005	2007	2011
Eastern Cape	33	32	29	348	366	341	11	11	12
Free State	29	29	27	351	390	458	12	14	17
Gauteng	29	30	28	773	786	789	27	26	28
KwaZulu-Natal	34	32	31	469	470	461	14	15	15
Limpopo	34	33	29	448	437	416	13	13	14
Mpumalanga	33	33	30	463	535	542	14	16	18
North-West	31	29	31	410	421	450	13	14	15
Northern Cape	32	31	30	489	432	458	15	14	16
Western Cape	30	30	28	620	634	620	21	21	22
National	32	31	29	459	476	475	14	15	16

Source: Department of Education – 2005, 2007 & 2011 Education Realities

3.4. HEALTH AND SOCIAL SERVICES

According to the 2010 GHS, some 163 000 citizens in Mpumalanga were classified as disabled. This was equal to approximately 4.5 per cent of the total population in the province and some 5.7 per cent of the national number of persons with disabilities.

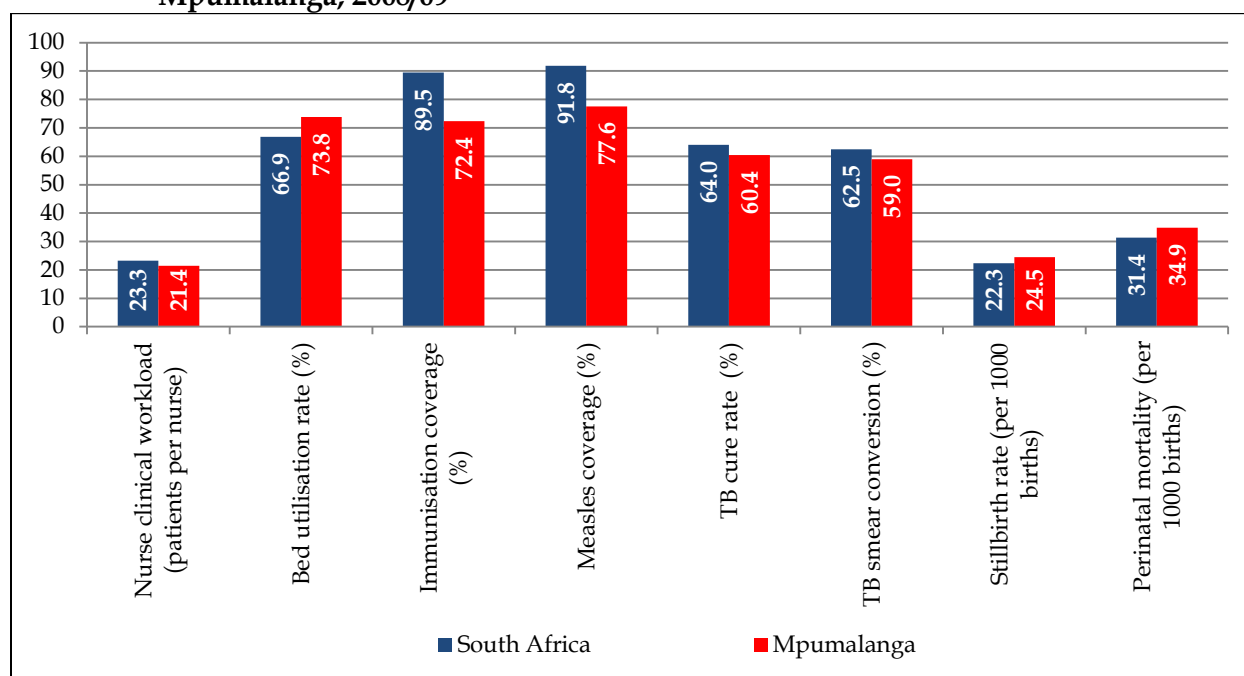
According to the *District Health Barometer 2008/09* published by Health Systems Trust (a non-profit organisation that support the transformation of the health system in a democratic South Africa), there was an increase in the total primary health care (PHC) expenditure in Mpumalanga for the 2008/09 financial year to a per capita figure of R760. However, the provincial figure remained lower than the national figure of R794 per capita and ranked the third lowest in the country. The non-hospital expenditure on PHC of R281 per capita in 2008/09 was the lowest in the country, despite steady increases at an average annual growth rate of 12.4 per cent over the period 2005/06 to 2008/09.

According to the 2010 GHS, some 57.4 per cent of respondents in Mpumalanga were fully satisfied with the public healthcare they received compared to the national figure of 55.9 per cent. Some 91.3 per cent of respondents in Mpumalanga indicated that the private healthcare

they received were fully satisfactory compared to the national response rate of 92.1 per cent. Only some 14.6 per cent (534 000) of Mpumalanga's population were members of a medical aid scheme in 2010, somewhat less than the national figure of 17.6 per cent.

Figure 3.22 compares some of Mpumalanga's health indicators with the national average level, whereas Figure 3.23 compares the same indicators between the three districts. The nurse clinical workload of 21.4 patients per nurse per day in a district hospital was lower than the national workload of 23.3. The nurse clinical workload was the highest in Ehlanzeni (22.7) and the lowest in Nkangala (19.0). Mpumalanga's bed utilisation rate for district hospitals increased by 3.6 percentage points to 73.8 per cent in 2008/09, ranking it the second highest in the country for the second successive year. The bed utilisation rate was the highest in Gert Sibande (75.6) and the lowest in Ehlanzeni (72.1).

Figure 3.22: Comparison of selected health indicators (indexed) between South Africa and Mpumalanga, 2008/09

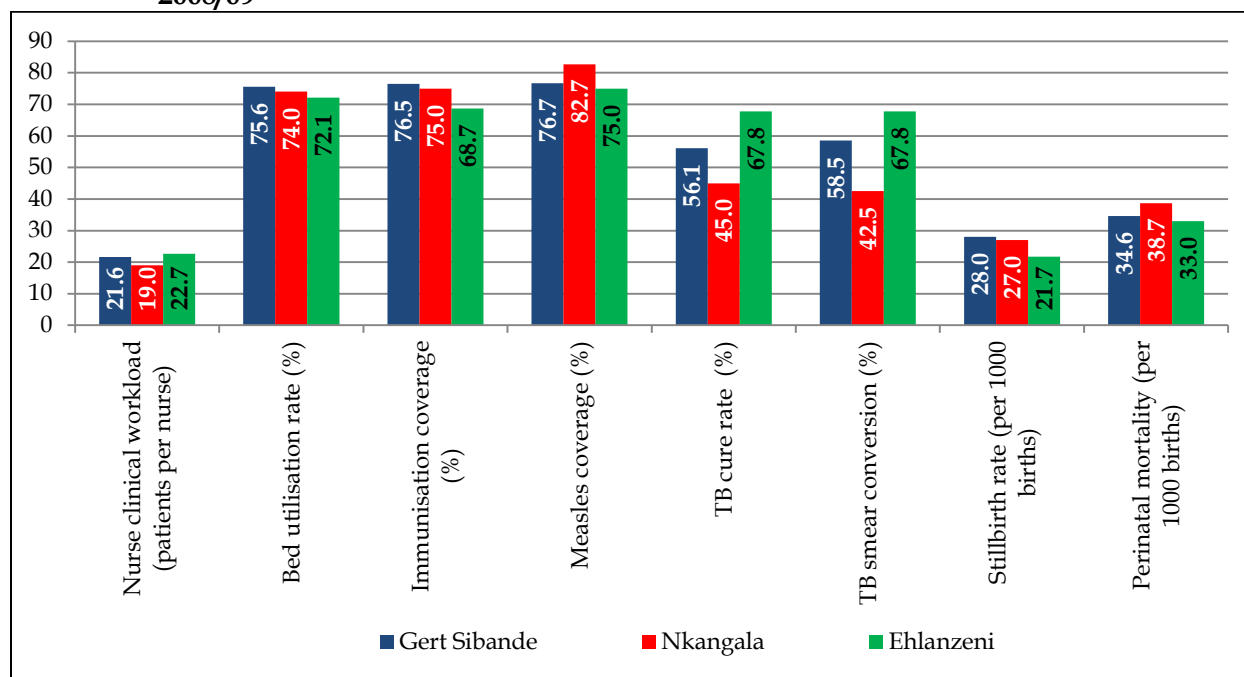


Source: Health Systems Trust - District Health Barometer 2008/09

With the exception of Mpumalanga, the immunisation coverage across all other provinces increased. Mpumalanga was the only province, which maintained a consistent downward trend in the immunisation coverage from 83.4 per cent in 2005/06 down to 72.4 per cent in 2008/09. Ehlanzeni's immunisation coverage of 68.7 was lower than the provincial figure whereas Gert Sibande (76.5) recorded the highest among the districts. The measles 1st dose

coverage for the province was the lowest in the country at 77.6 per cent and considerably lower than the national average of 91.8 per cent. The measles coverage was the lowest in Ehlanzeni at 75.0 per cent and the highest in Nkangala at 82.7 per cent.

Figure 3.23: Comparison of selected health indicators (indexed) between three districts, 2008/09



Source: Health Systems Trust - District Health Barometer 2008/09

The tuberculosis (TB) cure rate and smear conversion rate in the province increased slowly over the last four years. Between 2006/07 and 2007/08, the TB cure rate increased from 56.1 per cent to 60.4 per cent, however the national figure at 64.0 was still higher. Nkangala's TB cure rate of 45.0 was considerably lower than the provincial figure whereas Ehlanzeni (67.8) recorded the highest among the districts. The smear conversion rate increased from 57.8 per cent to 59.0 per cent between 2007/08 and 2008/09 although it was still lower than the national average of 62.5 per cent. The smear conversion rate was the lowest in Nkangala at 42.5 per cent and the highest in Ehlanzeni at 67.8 per cent. Greater prioritisation is needed on monitoring TB outcomes in the Nkangala, which ranks as the second lowest performing district in the country on both these indicators.

The stillbirth and perinatal mortality rates for 2008/09 were amongst the highest in the country at 24.5 and 34.9 per 1000 births, respectively. The national averages for the respective indicators were 22.3 and 31.4 per 1000 births. The stillbirth rate was the lowest in Ehlanzeni at 21.7 per

1 000 births and the highest in Gert Sibande at 28.0 per 1 000 births. Nkangala's perinatal mortality rate of 38.7 was higher than the provincial figure, whereas Ehlanzeni (33.0) recorded the lowest perinatal mortality rate per 1 000 births among the districts.

Mpumalanga's incidence of new sexually transmitted infection's (STIs) in 2008/09 was 4.1 per cent, which was close to the national average of 4.6 per cent. Of concern was the high variability between districts ranging from a low of 2.1 per cent in Nkangala to a high of 5.7 per cent in Ehlanzeni. Contrary to expectation, Nkangala had the lowest distribution of condoms per male 15 years and older at 6.6 condoms, compared to Ehlanzeni at 17.7 condoms distributed. Given Mpumalanga's high HIV prevalence rate, the data for 2008/09 points to the need for further investigation and research in the area of STIs.

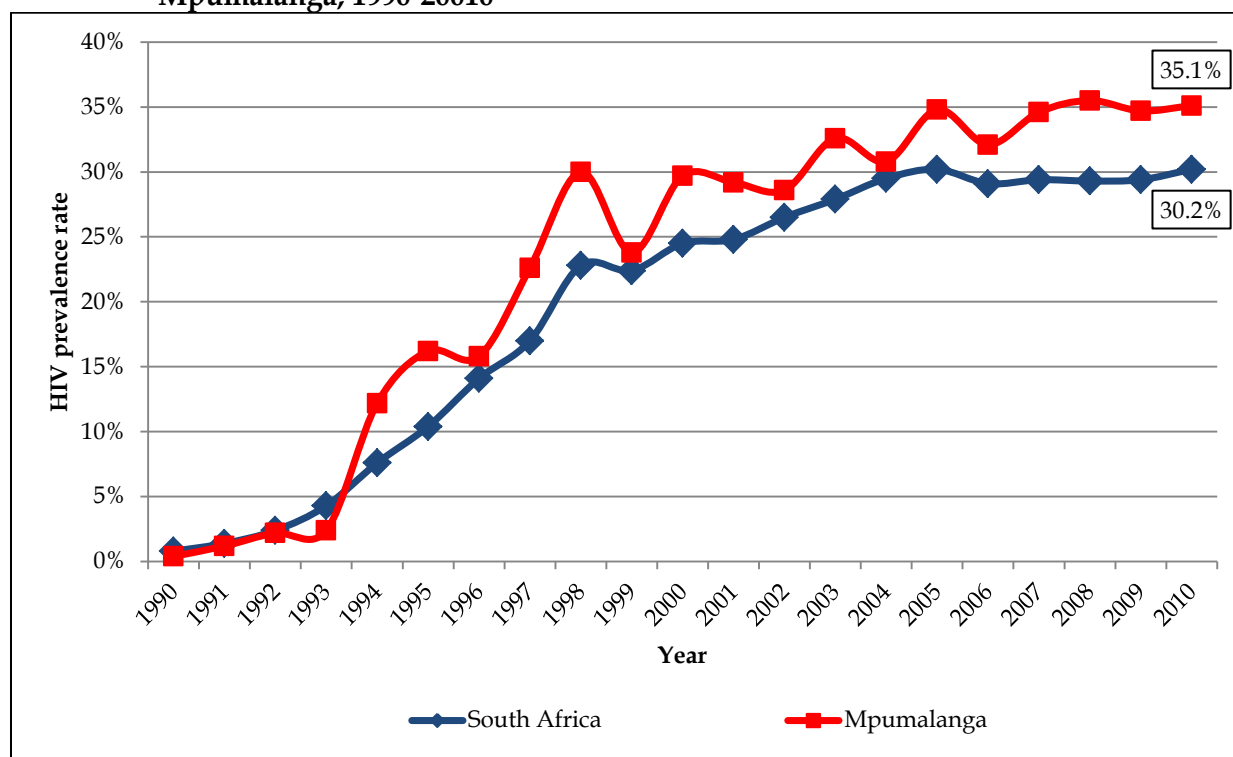
HIV prevalence

Changes in the HIV prevalence of the female population distribution for the 15–49 age group in the province and nationally between 1990 and 2010 is depicted in Figure 3.24. The estimated overall prevalence rate for this age group was 30.2 per cent for South Africa and 35.1 per cent for Mpumalanga in 2010. With the exception of the first few results in the early nineties, the prevalence rate in Mpumalanga was consistently higher than the average recorded nationally.

The 2010 prevalence rate in Mpumalanga was the second highest after KwaZulu-Natal (39.5 per cent). Mpumalanga recorded an increase of 0.4 percentage points between 2009 and 2010, only the seventh largest increase among the nine provinces. The HIV prevalence rate for female aged 15–49 in the various provinces is compared in Figure 3.25.

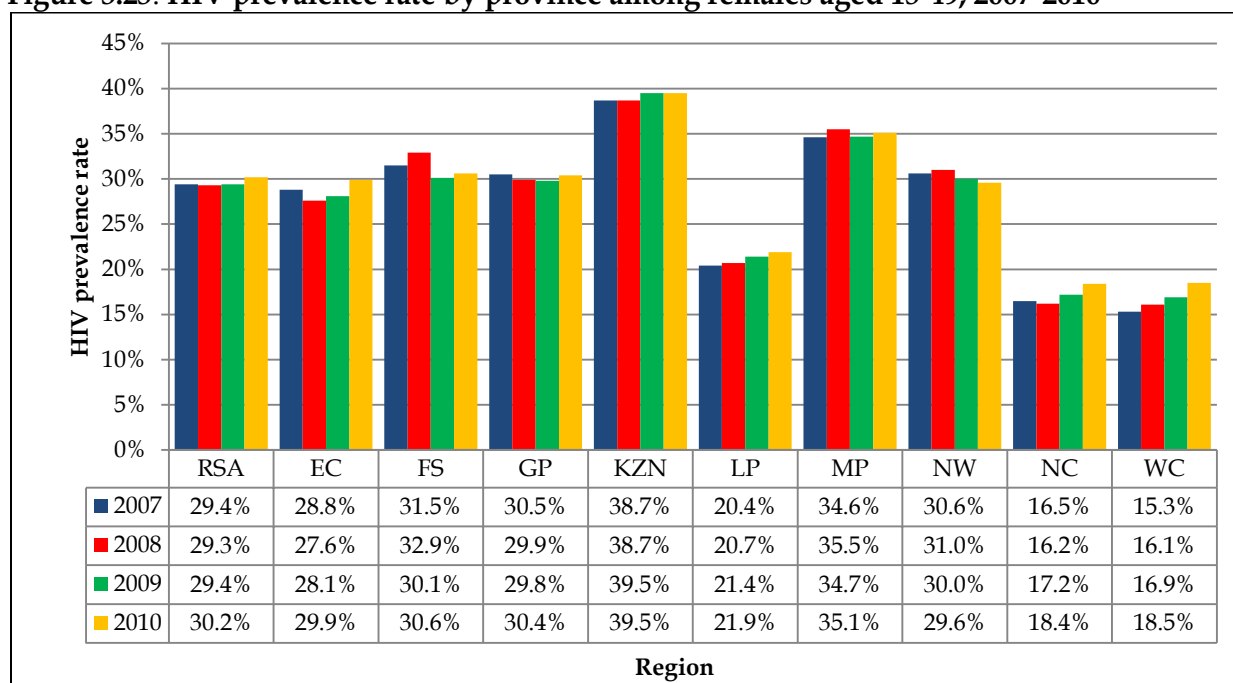
When comparing districts (Figure 3.26), the highest HIV prevalence rate for females aged 15–49 in Mpumalanga was recorded in Gert Sibande (38.8 per cent) and the lowest in Nkangala (27.2 per cent). Nkangala recorded a decrease between 2009 and 2010 of 5.4 percentage points whereas Ehlanzeni and Gert Sibande registered respective increases of 3.9 percentage points and 0.6 percentage points over the same period. Among the 52 health districts nationally, Gert Sibande recorded the 7th highest prevalence rate in 2010 followed by Ehlanzeni and Nkangala in 8th and 32nd place, respectively.

Figure 3.24: Comparison of HIV prevalence rate among females aged 15-49 in South Africa & Mpumalanga, 1990-2010



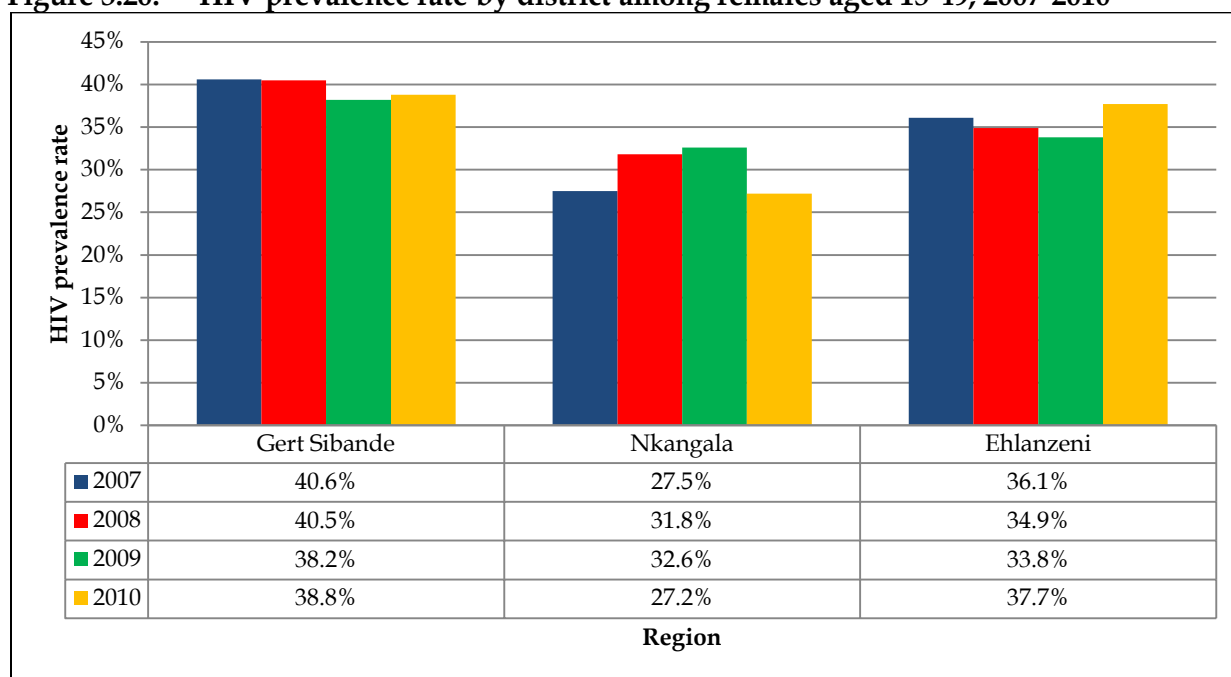
Source: National Department of Health - 2010 National Antenatal Sentinel HIV and Syphilis Prevalence Survey in South Africa

Figure 3.25: HIV prevalence rate by province among females aged 15-49, 2007-2010



Source: National Department of Health - 2010 National Antenatal Sentinel HIV and Syphilis Prevalence Survey in South Africa

Figure 3.26: HIV prevalence rate by district among females aged 15-49, 2007-2010



Source: National Department of Health – 2010 National Antenatal Sentinel HIV and Syphilis Prevalence Survey in South Africa

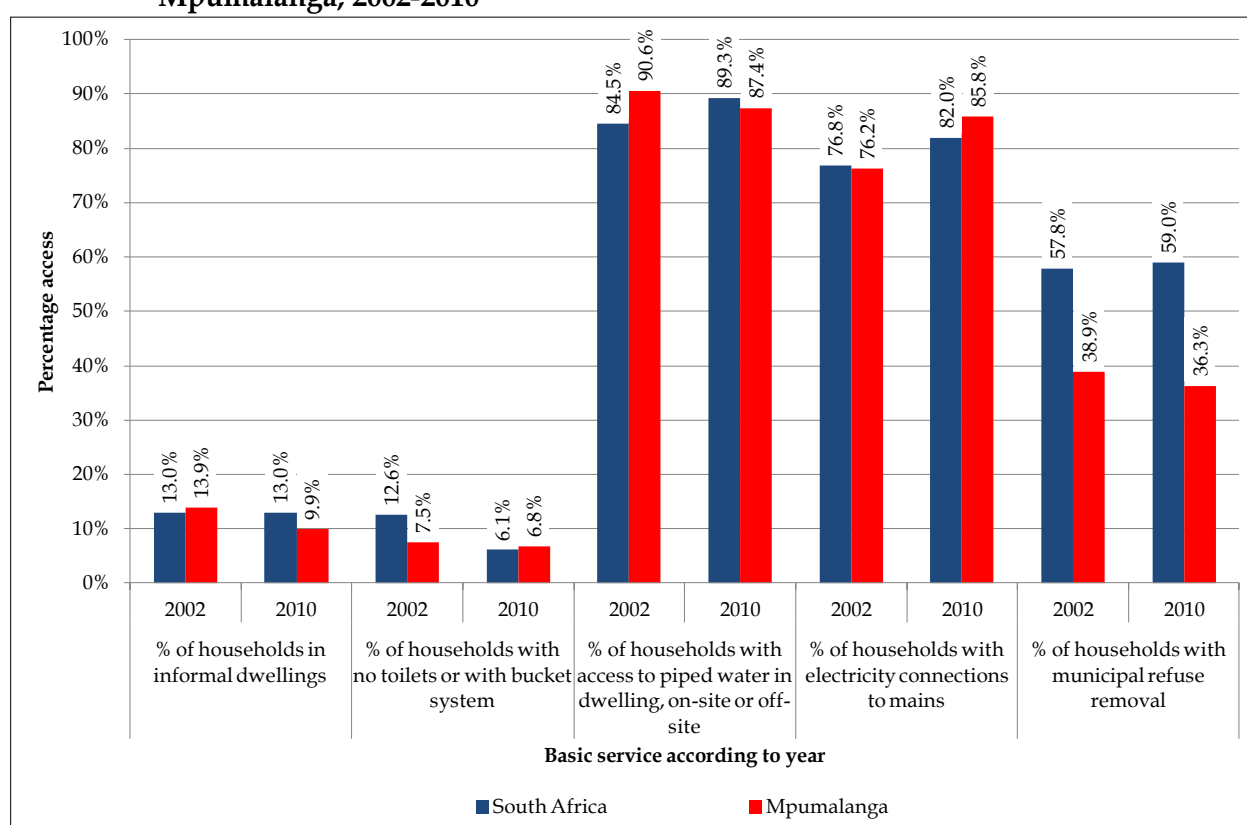
3.5. BASIC SERVICE DELIVERY/INFRASTRUCTURE

A relatively small percentage of households in Mpumalanga (9.9 per cent) occupied informal houses in 2010 compared to the stagnant national figure of 13.0 per cent. The provincial figure was 4 percentage points lower (better) than in 2002. The percentage of households in Mpumalanga without toilets and still using the bucket system decreased (improved) from 7.5 per cent in 2002 to 6.8 per cent in 2010, however, the improvement was slower than the 6.5 percentage point national progress. In 2010, the percentage of households with access to all types of piped water recorded a high level of delivery in Mpumalanga at 87.4 per cent (Figure 3.27). The provincial figure, however, declined from 90.6 per cent in 2002. The proportion of Mpumalanga's households with municipal refuse removal (36.3 per cent) was considerably lower than the national figure of 59.0 per cent in 2010.

Table 3.10 reveal certain basic services delivery indicators in 2010 of the three districts of Mpumalanga as well as in the CRDP and non-CRDP areas. In 2010, Ehlanzeni (4.0 per cent) registered the lowest percentage of households that occupied informal dwellings and Nkangala (19.9 per cent) the highest. The CRDP grouping recorded an informal dwelling share of only 3.5 per cent, substantially lower (better) than the non-CRDP grouping with 17.9 per cent. In

2010, Ehlanzeni (9.0 per cent) was left with the highest percentage of households that did not have a toilet or that still made use of the bucket system. The non-CRDP grouping (4.7 per cent) showed better than the CRDP grouping (8.3 per cent) when considering this indicator on toilets. A larger percentage of households in Nkangala (91.6 per cent) had access to any type of piped water in 2010 than households in the other two districts. Households in the non-CRDP areas (96.4 per cent) recorded higher access to water than households in the CRDP areas (82.6 per cent).

Figure 3.27: Access to basic service delivery/infrastructure in South Africa and Mpumalanga, 2002-2010



Source: Statistics South Africa - 2010 GHS

In 2010, Ehlanzeni (84.4 per cent) recorded the largest percentage of households with electrical connections, whereas Gert Sibande (13.8 percentage points) registered the largest improvement between 2002 and 2010. Some 79.7 per cent of households in the non-CRDP grouping were connected to the mains compared to 85.8 per cent in the CRDP grouping. Gert Sibande (59.7 per cent) registered the highest percentage of households with municipal refuse removal and

Ehlanzeni (30.8 per cent) the lowest, although Ehlanzeni households registered the largest improvement between 2002 and 2010 of 5.9 percentage points.

Table 3.10: Selected basic service delivery/infrastructure indicators in districts, CRDP and non-CRDP municipal areas, 2002-2010

Percentage of households:	Gert Sibande		Nkangala		Ehlanzeni		7 CRDP		11 non-CRDP	
	2002	2010	2002	2010	2002	2010	2002	2010	2002	2010
- In informal dwellings	19.0%	14.4%	17.3%	19.9%	7.2%	4.0%	7.4%	3.5%	18.7%	17.9%
- With no toilets or bucket system	15.0%	5.8%	4.9%	2.9%	15.5%	9.0%	14.4%	8.3%	10.3%	4.7%
- With access to piped water in dwelling, on-site or off-site	89.1%	91.3%	91.1%	91.6%	85.6%	89.3%	81.6%	82.6%	93.9%	96.4%
- With electricity connections to mains	67.3%	81.1%	81.9%	80.4%	74.8%	84.4%	75.3%	85.8%	74.6%	79.7%
- With municipal refuse removal	60.1%	59.7%	47.3%	46.5%	24.9%	30.8%	16.4%	21.3%	62.3%	60.2%

Source: IHS Global Insight – ReX, November 2011

3.6. DEVELOPMENT AND INCOME ASPECTS

3.6.1 Human development index

The Human development index (HDI) is a composite, relative index that attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy and income. According to the United Nations, the HDI is considered high when it is 0.8 and higher, medium when it ranges between 0.5 to 0.8 and an index value of 0.5 and lower, will be considered as a low rating.

In 2010, Mpumalanga recorded a HDI score of 0.52, a slight improvement from the level it achieved in 1996 (0.50). The province's HDI level was consistently lower than the national figure over the 14-year period. Of particular concern is that the provincial HDI level, after increasing between 1996 and 2001, stagnated from 2001 to 2010 (Table 3.11). Mpumalanga recorded the joint second lowest HDI level among the nine provinces in 2010. Of the three districts in the province, Nkangala recorded the highest HDI level of 0.56 in 2010, Ehlanzeni the lowest at 0.49 and Gert Sibande equal to the provincial level at 0.52.

When grouping the seven CRDP municipal areas into a single entity it is evident that this entity's HDI level increased from 0.42 in 1996 to 0.45 in 2010. The HDI level in the non-CRDP municipal areas was calculated at 0.57 in 2010, slightly lower than the national level (0.58).

Table 3.11: HDI figures for South Africa, Mpumalanga, districts & CRDP municipal areas, 1996-2010

Region	1996	2001	2006	2010
South Africa	0.56	0.58	0.57	0.58
Mpumalanga	0.50	0.52	0.52	0.52
Gert Sibande	0.51	0.53	0.52	0.52
Nkangala	0.54	0.56	0.56	0.56
Ehlanzeni	0.46	0.48	0.49	0.49
7 CRDP municipal areas	0.42	0.44	0.45	0.45
11 non-CRDP municipal areas	0.57	0.58	0.57	0.57

Source: IHS Global Insight – ReX, November 2011

When the HDI levels of the various population groups in Mpumalanga are analysed, it is evident that the White population recorded the highest HDI level of 0.86 in 2010. Asians and Coloureds followed with HDI levels of 0.74 and 0.62, respectively. The Africans population registered the lowest HDI level of 0.47 (Table 3.12).

Table 3.12: HDI by population group in Mpumalanga, 1996-2010

Population group	1996	2001	2006	2010
African	0.44	0.46	0.47	0.47
White	0.85	0.87	0.85	0.86
Coloured	0.61	0.64	0.62	0.62
Asian	0.73	0.75	0.74	0.74
Total	0.50	0.52	0.52	0.52

Source: IHS Global Insight – ReX, November 2011

3.6.2 Gini-coefficient

The Gini-coefficient is one of the most commonly used measures of inequality since it is very easy to understand and interpret. The crucial drawback of the Gini-coefficient is that it is not additively decomposable. This means that while it is easy to interpret, the overall Gini-coefficient is not a sum of or average of the respective subgroup Gini-coefficients. In other words, it is not possible to combine the various provincial Gini-coefficients to obtain the national Gini-coefficient.

The Gini-coefficient is derived from the Lorenz curve, which is a graphical depiction of income distribution. The Lorenz curve is a graphical presentation of the relationship between the cumulative percentage of income and the cumulative percentage of population. Thus, in practise, one would be able to say the poorest 20 per cent of the population earn, for example, 5 per cent of total income, while the poorest 40 per cent of the population earn 15 per cent of the

income. The coefficient varies from 0 (in the case of perfect equality where all households earn equal income) to 1 (in the case where one household earns all the income).

South Africa has one of the highest imbalanced income distributions in the world. The national Gini-coefficient was calculated to be between 0.649 and 0.702 in 2009 depending on the data source (Table 3.13). Since 1995, the national level has deteriorated from between 0.640 and 0.674 to the current level of 0.642 in 2010. The national government through its outcome approach has targeted the national Gini-coefficient to improve to 0.59 by 2014. It is evident from Table 14 that the provincial income distribution (between 0.644 and 0.680 in 2009) followed the national scenario and became more unequal from 1996 to 2009. It appears if national and provincial income inequality became less unequal in 2010 with respective levels of 0.642 and 0.639 estimated by IHS Global Insight. In 2010, Gert Sibande registered the highest Gini-coefficient of 0.649 in Mpumalanga, whereas Ehlanzeni (0.616) recorded a lower level of inequality.

Table 3.13: Gini-coefficient measurements for South Africa and Mpumalanga, 1995-2010

Measurement source	1995	1996	2000	2005	2008	2009	2010
South Africa							
IES ⁸	0.640	-	0.680	0.690	0.679	0.679	-
AMPS ⁹	0.674	0.678	0.682	0.683	0.666	-	-
GHS - Income	-	-	-	0.712	-	0.702	-
GHS - Expenditure	-	-	-	0.686	-	0.683	-
ReX	-	0.622	0.651	0.669	0.659	0.649	0.642
Mpumalanga							
NIDS ¹⁰ - Income	-	-	-	-	-	0.680	-
NIDS - Expenditure	-	-	-	-	-	0.650	-
ReX	-	0.605	0.647	0.665	0.653	0.644	0.639

*Sources: Presidency – Development Indicators, 2010
IHS Global Insight – ReX, November 2011*

Reducing inequality

After the political transition, government social spending per person increased in real terms by 21 per cent from 1995 to 2000 and by a further 40 per cent by 2006. Spending also became much better targeted. Fiscal redistribution through the grant system has had some success in reducing poverty. However, fiscal and state capacity sets limits to such redistribution and makes this an inauspicious tool for future change. The fiscal capacity constraint arises from the fact that grant spending already constitutes a high proportion of GDP and that such grants need

⁸ Income and Expenditure Survey conducted by Statistics South Africa

⁹ All Media and Products Survey conducted by South African Advertising Research Foundation

¹⁰ National Income Dynamics Study conducted by University of Cape Town

to compete with other public spending. Transfers also cannot really affect inequality much. Their overall magnitude is too small, even in South Africa, to have a great effect on inequality measures, despite good targeting.

Job creation, though crucial for poverty reduction, will also do little to reduce overall inequality. The weak endowments of those currently unemployed would not assure them of high labour market earning. Consequently, even if they were employed, it would probably be at low wages, thus leaving wage and hence aggregate inequality high and little affected. In the absence of improved education, direct interventions to artificially change labour market outcomes also hold little prospect of improving poverty and distribution and may reduce the efficient functioning of the labour market, with various possible side-effects.

Decomposition analysis shows that most income inequality originates in the labour market, through the distribution of jobs and the wage formation processes. Thus, change in South African inequality must start with a reduction of inequality in wage earnings. Without more equal labour market outcomes, aggregate inequality will remain high and will undoubtedly encourage further direct labour market interventions in an attempt to affect distributional outcomes. Therefore, the labour market is at the heart of inequality, and central to labour market inequality is the quality of education. To reduce income inequality substantially requires a different wage pattern based on better human capital for the bulk of the population.

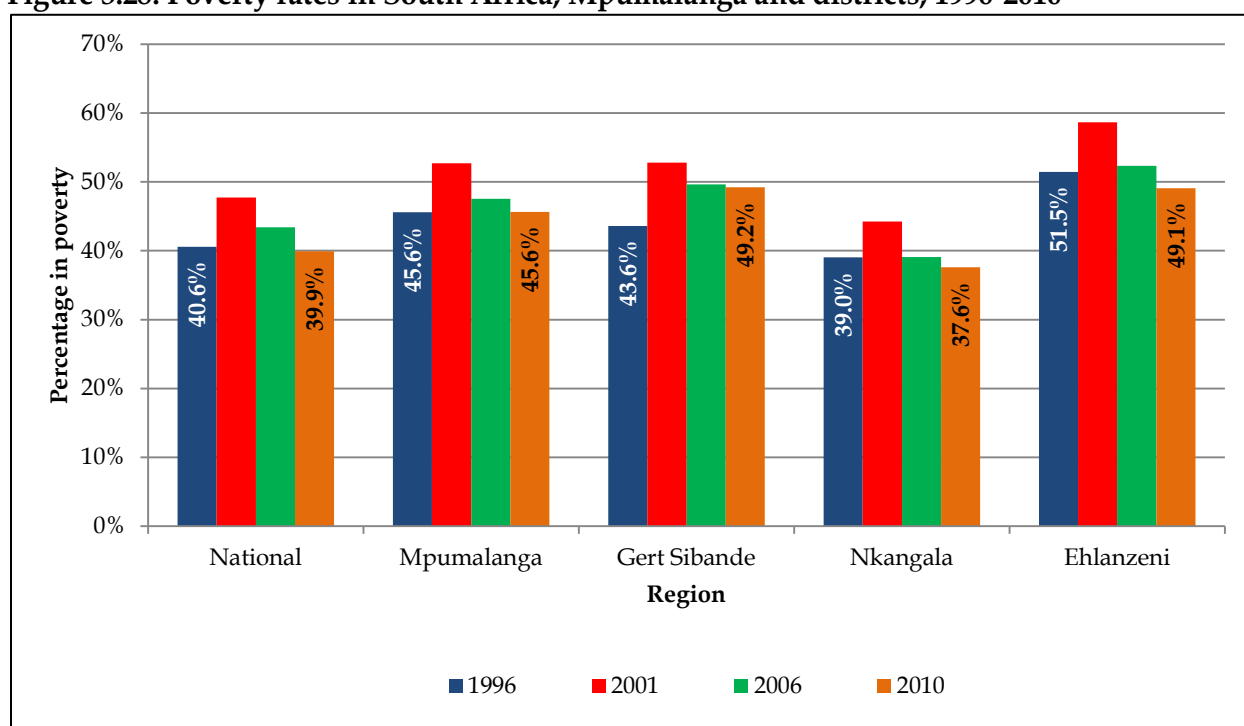
3.6.3 Poverty aspects

Poverty income is defined as the minimum income needed to sustain a household and varies according to the size of the household. For example, the monthly poverty income in 2010 for a household of four, as calculated by the Bureau for Market Research (BMR), was R2 544 and R3 538 for a household of six. The poverty rate then is the percentage of people living in households with an income less than the poverty income.

In 2010, Mpumalanga's poverty rate of 45.6 per cent was higher than the national rate of 39.9 per cent (Figure 3.28). Mpumalanga's poverty rate was the fifth lowest among the nine provinces. It was estimated that 1.72 million of Mpumalanga's citizens lived in households with an income less than the poverty income. Over the 14-year period from 1996 to 2010, the poverty rate in Mpumalanga remained constant, whereas the national poverty rate improved (decreased) by 0.7 percentage points.

Among the three districts, both Ehlanzeni (49.1 per cent) and Gert Sibande (49.2 per cent) registered poverty rates above the provincial level in 2010, whilst Nkangala recorded the lowest rate of 37.6 per cent. Nkangala, with 429 800 people living below the poverty income in 2010, had the lowest number of people in poverty in the province and Ehlanzeni with 766 500, the highest. According to calculations, the poverty rate in Gert Sibande increased from 43.6 per cent in 1996 to 49.2 per cent in 2010, the only district where the poverty rate did not decrease over the 14-year period.

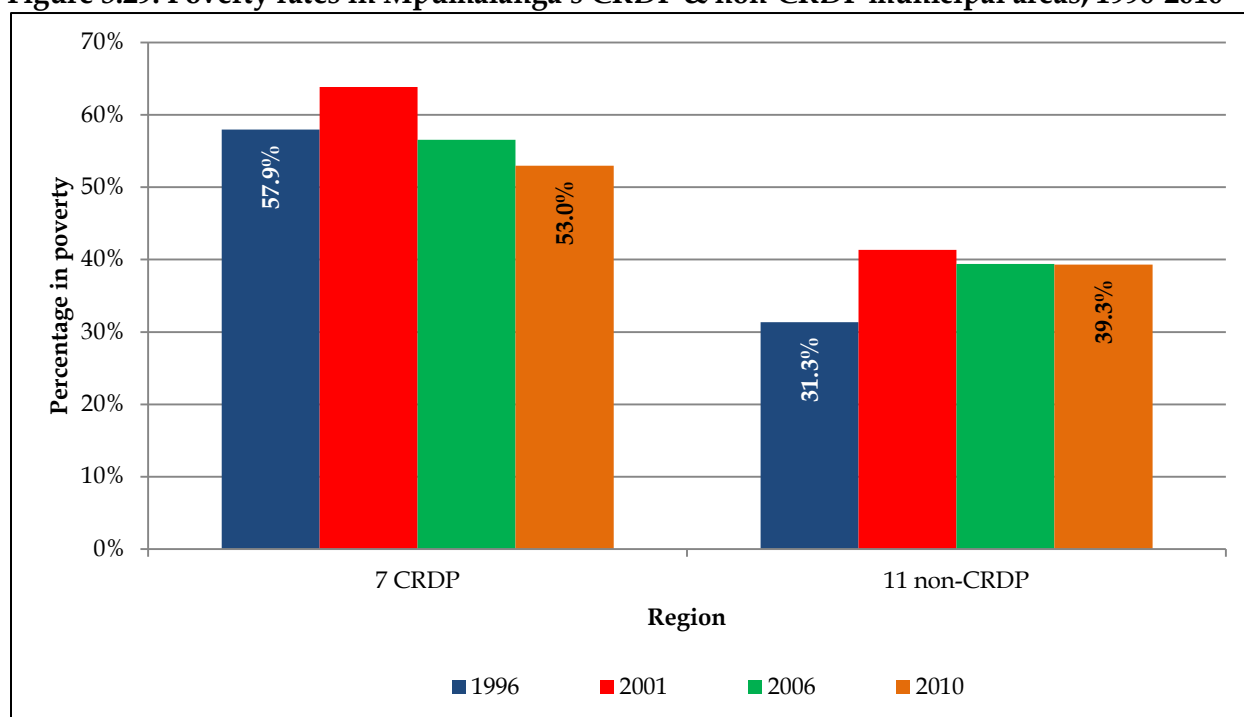
Figure 3.28: Poverty rates in South Africa, Mpumalanga and districts, 1996-2010



Source: IHS Global Insight - ReX, November 2011

When grouping the seven CRDP municipal areas into a single entity the poverty rate for the single entity as well as for the non-CRDP municipal areas can be measured. The poverty rate of the CRDP grouping decreased from 57.9 per cent in 1996 to 53.0 per cent in 2010, whereas in the non-CRDP areas, the poverty rate increased from 31.3 per cent in 1996 to 39.3 per cent in 2010 (Figure 3.29). It was estimated that 924 300 and 797 900 of citizens in the CRDP municipal areas and non-CRDP areas, respectively, lived in households with an income less than the poverty income. Despite recording a higher poverty rate, the CRDP grouping's poverty rate decreased over the 14-year period, whereas that of the non-CRDP grouping increased.

Figure 3.29: Poverty rates in Mpumalanga's CRDP & non-CRDP municipal areas, 1996-2010



Source: IHS Global Insight – ReX, November 2011

A shortcoming of the poverty rate as an indicator of poverty is that it does not give any indication of the depth of poverty i.e. how far the poor households are below the poverty income level. Here, the poverty gap proves useful in that it measures the difference between each poor household's income and the poverty line. It thus measures the depth of poverty of each poor household. The aggregate poverty gap is calculated by summing the poverty gaps of each poor household. It is thus equivalent to the total amount by which the incomes of poor households need to be raised each year to bring all households up to the poverty line and hence out of poverty.

According to this dimension of poverty measurement, the poverty gap in South Africa increased (deteriorated) from R47.3 billion in 2009 to R47.9 billion in 2010. Similarly, the poverty gap in Mpumalanga deteriorated from R5.2 billion in 2009 to R5.6 billion in 2010. Over the 14-year period under review, the national poverty gap deteriorated by 7.4 per cent annually. Mpumalanga's poverty gap widened even faster at 9.2 per cent per annum between 1996 and 2010.

3.6.4 Income aspects

Personal income

Mpumalanga's annual per capita personal income in nominal terms (current prices) showed a noticeable improvement from R7 911 per annum (R659 per month) in 1996 to R26 623 per annum (R2 219 per month) in 2010. This figure that refers to the total personal income generated in the region divided by the number of residents was, however, still lower than the national figure (R36 253). Table 3.14 reveals that the average person in Nkangala (R33 958) earned more than the average person in the province, albeit still lower than the national figure. Ehlanzeni recorded the lowest annual per capita income of R21 843 per annum (R1 820 per month) in 2010.

When grouping the seven CRDP municipal areas into a single entity it is evident that this entity's income per capita increased from R4 801 per annum (R400 per month) in 1996 to R18 146 per annum (R1 512 per month) in 2010. The per capita income of the non-CRDP municipal areas was calculated at R33 906 per annum (R2 826 per month) in 2010, higher than the provincial average and only slightly lower than the national average.

Table 3.14: Annual per capita personal income (current R-prices) in South Africa, Mpumalanga, districts & CRDP municipal areas, 1996-2010

Region	1996	2001	2006	2010
South Africa	10 794	16 209	26 064	36 253
Mpumalanga	7 911	12 493	20 170	26 623
Gert Sibande	8 697	13 108	20 018	25 769
Nkangala	9 577	15 700	26 195	33 958
Ehlanzeni	6 262	9 807	15 896	21 843
7 CRDP municipal areas	4 801	7 661	13 080	18 146
11 non-CRDP municipal areas	11 501	17 384	26 587	33 906

Source: IHS Global Insight – ReX, November 2011

Table 3.15 illustrates the increases in the annual household income in nominal terms of South Africa and the province. Over the period under review, the average household income in the province increased from R36 511 per annum (R3 043 per month) in 1996 to R102 674 per annum (R8 556 per month) in 2010. The province with its three districts were, however, still below the national figure of R134 516 per annum (R11 210 per month) per household.

The CRDP municipal areas' household personal income increased from R24 136 per annum (R2 011 per month) in 1996 to R76 389 per annum (R6 366 per month) in 2010. The household

income of the non-CRDP municipal areas was calculated at R121 910 per annum (R10 159 per month) in 2010, substantially higher than the provincial average.

Table 3.15: Annual household personal income (current R-prices) in South Africa, Mpumalanga, districts & CRDP municipal areas, 1996-2010

Region	1996	2001	2006	2010
South Africa	47 865	63 876	95 869	134 516
Mpumalanga	36 511	51 186	76 443	102 674
Gert Sibande	39 592	53 503	76 038	99 706
Nkangala	43 971	64 112	98 925	130 284
Ehlanzeni	29 248	40 374	60 311	84 372
7 CRDP municipal areas	24 136	34 069	53 820	76 389
11 non-CRDP municipal areas	48 477	65 938	93 999	121 910

Source: IHS Global Insight – ReX, November 2011

Disposable income

Real disposable income (income received after taxes) per capita at constant 2005 prices in Mpumalanga increased from R12 874 per annum (R1 073 per month) in 1996 to R17 613 per annum (R1 468 per month) in 2010. The average annual increase of 2.3 per cent over the 14-year period was slightly higher than the national increase (2.2 per cent). However, the per capita disposable income in Mpumalanga was lower than the national level of R23 731 per annum (R1 978 per month) in 2010 (Table 3.16).

In 2010, Nkangala registered the highest per capita disposable income of R22 251 per annum (R1 854 per month) and Ehlanzeni the lowest with R14 623 per annum (R1 219 per month). Over the 14-year period from 1996 to 2010, Nkangala registered the largest average annual increase of 2.6 per cent and Gert Sibande the lowest at 1.4 per cent.

Table 3.16: Annual per capita disposable income (constant R-prices) in South Africa, Mpumalanga, districts & CRDP municipal areas, 1996-2010

Region	1996	2001	2006	2010
South Africa	17 386	18 314	22 234	23 731
Mpumalanga	12 874	14 230	17 348	17 613
Gert Sibande	14 088	14 897	17 193	17 028
Nkangala	15 466	17 740	22 313	22 251
Ehlanzeni	10 313	11 294	13 846	14 623
7 CRDP municipal areas	8 007	8 912	11 481	12 252
11 non-CRDP municipal areas	18 493	19 613	22 659	22 220

Source: IHS Global Insight – ReX, November 2011

In 2010, the CRDP grouping recorded per capita disposable income of R12 252 per annum (R1 021 per month). The non-CRDP municipal areas' per capita disposable income was substantially higher than the CRDP grouping in 2010 with a level of R22 220 per annum (R1 852 per month). The CRDP grouping, however, recorded a 3.1 per cent average annual increase over the 14-year period compared to the 1.3 per cent increase experienced by the non-CRDP grouping.

Table 3.17 illustrates the increases in the annual household disposable income in real terms. Over the period under review the annual household disposable income in Mpumalanga increased from R59 414 per annum (R4 951 per month) in 1996 to R67 927 per annum (R5 661 per month) in 2010. The increase of 1.0 per cent annually was equal to the national increase from 1996 to 2010. As with per capita disposable income, the province's household disposable income in 2010 was lower than that of the country at R88 051 per annum (R7 338 per month).

In 2010, Nkangala recorded the highest disposable income among the districts of R85 367 per annum (R7 114 per month) and Ehlanzeni the lowest with R56 481 per annum (R4 707 per month). Over the 14-year period from 1996 to 2010, Nkangala registered the largest average annual increase of 1.3 per cent and Gert Sibande the lowest at 0.2 per cent.

Table 3.17: Annual household disposable income (constant R-prices) in South Africa, Mpumalanga, districts & CRDP municipal areas, 1996-2010

Region	1996	2001	2006	2010
South Africa	77 099	72 171	81 780	88 051
Mpumalanga	59 414	58 301	65 750	67 927
Gert Sibande	64 137	60 806	65 311	65 886
Nkangala	71 013	72 441	84 264	85 367
Ehlanzeni	48 165	46 494	52 535	56 481
7 CRDP municipal areas	40 250	39 631	47 243	51 576
11 non-CRDP municipal areas	77 948	74 393	80 112	79 894

Source: IHS Global Insight - ReX, November 2011

In 2010, the CRDP grouping recorded household disposable income of R51 576 per annum (R4 298 per month) and the non-CRDP grouping R79 894 per annum (R6 658 per month). The CRDP grouping recorded a 1.8 per cent average annual increase over the 14-year period, which was higher than the province (1.0 per cent) and the non-CRDP grouping (0.2 per cent).

Income distribution

An income distribution model that monitors and tracks the dynamic and patterns of the way people earn and spend their money is the basis for Table 3.19. The distribution model presents the number of households per income category.

It is evident from the presentation that a major share of households (46.9 per cent) in Mpumalanga earned less than R42 000 per year (R3 500 per month) in 2010. Although the reality is disappointing, there has been a discernible improvement over the period under review, with 75.2 per cent of the population that earned less than R42 000 per year in 1996. In 2010, Ehlanzeni (50.9 per cent) recorded the highest percentage of households earning less than R42 000 per annum. Nkangala (38.7 per cent) registered a figure below the provincial level, whereas Gert Sibande (49.9 per cent) exceeded the provincial level. In 2010, the CRDP grouping registered 52.4 per cent of households earning less than R42 000 per annum compared to the non-CRDP municipal areas with a figure of 42.9 per cent.

Table 3.19: Household per personal income category (current R-prices) in Mpumalanga, 2010

Income category	Number of households	% of total households	Cumulative % of total households
0-2 400	1 213	0.1%	0.1%
2 400-6 000	327	0.0%	0.2%
6 000-12 000	76 712	7.8%	8.0%
12 000-18 000	102 018	10.4%	18.4%
18 000-30 000	138 694	14.2%	32.6%
30 000-42 000	140 736	14.4%	46.9%
42 000-54 000	98 299	10.0%	57.0%
54 000-72 000	85 137	8.7%	65.7%
72 000-96 000	73 500	7.5%	73.2%
96 000-132 000	63 674	6.5%	79.7%
132 000-192 000	58 497	6.0%	85.6%
192 000-360 000	77 057	7.9%	93.5%
360 000-600 000	37 209	3.8%	97.3%
600 000-1 200 000	19 905	2.0%	99.3%
1 200 000-2 400 000	5 369	0.5%	99.9%
2 400 000+	1 158	0.1%	100.0%
Total	979 504	100.0%	-

Source: IHS Global Insight – ReX, November 2011

Household income sources

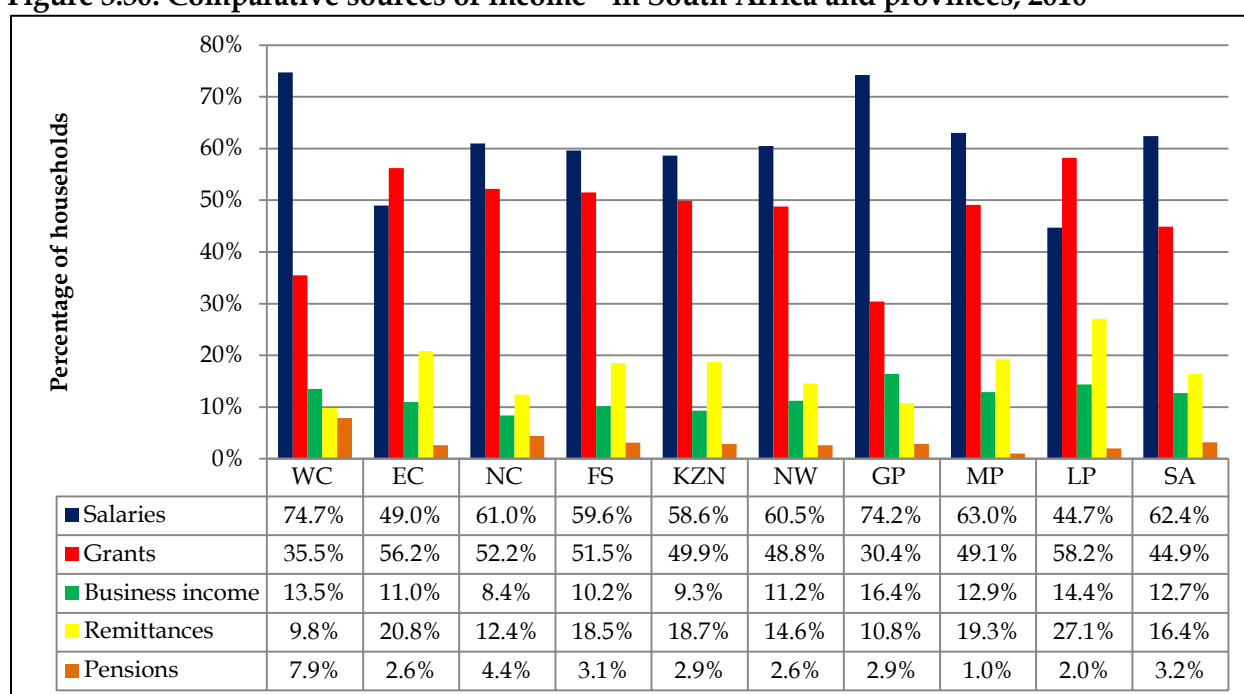
The majority of households in South Africa are dependent on incomes from salaries. Nationally, 62.4 per cent of households received an income from salaries in 2010. In Mpumalanga 63.0 per cent of households received an income from salaries. In 2010, 44.9 per

cent and 49.1 per cent of respective households in South Africa and Mpumalanga obtained income from grants. Some 58.2 per cent of households in Limpopo received income from grants, whilst only 30.4 per cent of households in Gauteng received income from grants. Comparative figures of household income sources are presented in Figure 3.30.

Of particular importance to Mpumalanga policy makers, are the facts that:

- more households in Mpumalanga received income from business (12.9 per cent) than households in South Africa (12.7 per cent), and
- a substantial share of households (19.3 per cent) received remittances as part of household income in Mpumalanga.

Figure 3.30: Comparative sources of income¹¹ in South Africa and provinces, 2010



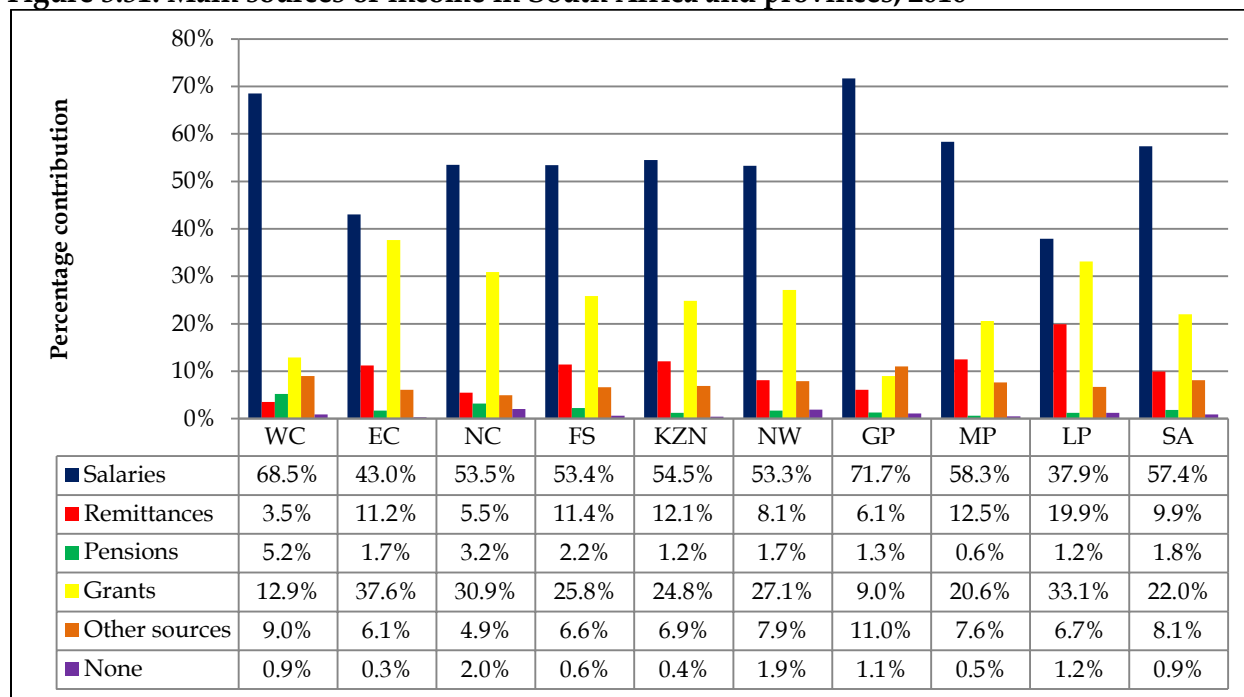
Source: Statistics South Africa – 2010 GHS

As part of the 2010 GHS, households were asked to indicate their main source of income. As a result salaries was indicated to be the main source for 57.4 per cent of households nationally, whereas grants were the main source for 22.0 per cent of households (Figure 3.31). In Mpumalanga, salaries were also the main source for the majority (58.3 per cent) of households with grants the main source for 20.6 per cent of households in the province. The following provinces recorded grants as the main source of income for at least one quarter of households in

¹¹ Households can have more than one source of income; therefore, shares do not add up to 100 per cent.

2010: Eastern Cape (37.6 per cent), Limpopo (33.1 per cent), Northern Cape (30.9 per cent), North West (27.1 per cent) and Free State (25.8 per cent).

Figure 3.31: Main sources of income in South Africa and provinces, 2010



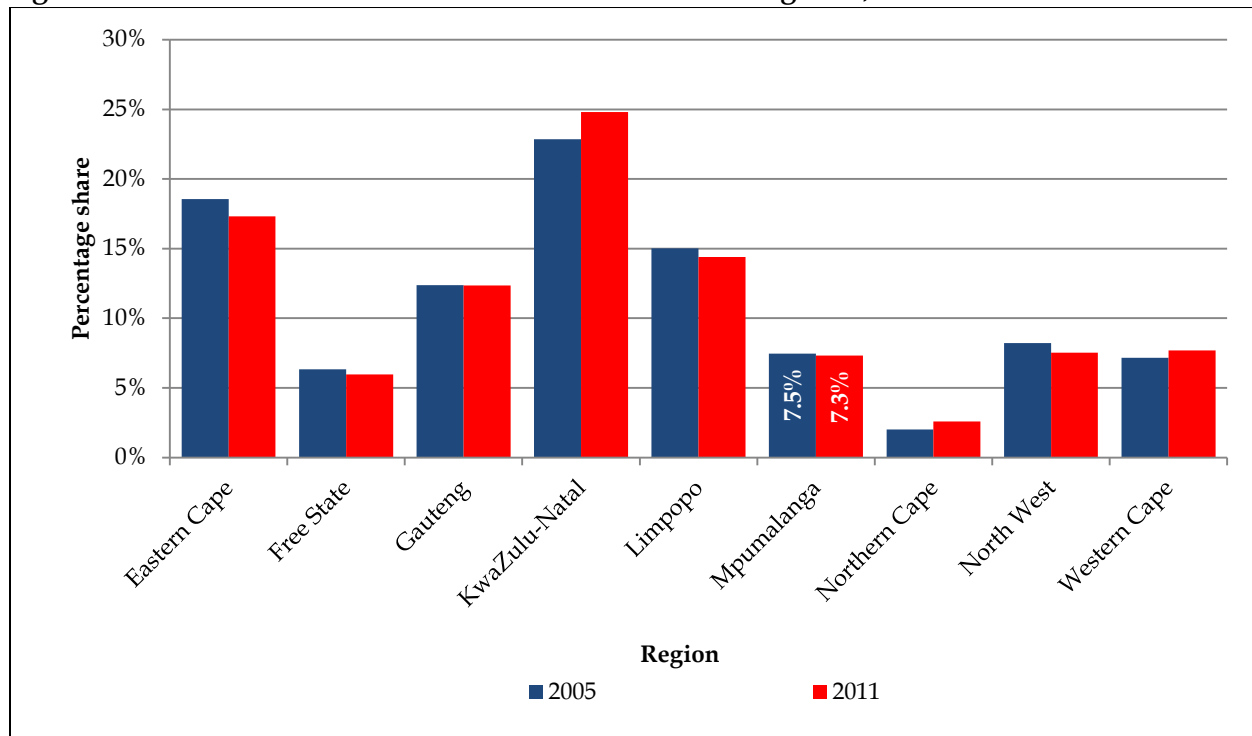
Source: Statistics South Africa – 2010 GHS

Social assistance grants

According to the South African Social Security Agency (SASSA), the number of South Africans that received social assistance grants increased from 9.4 million in March 2005 to 14.8 million in March 2011, an increase of 7.9 per cent per annum over the 6-year period.

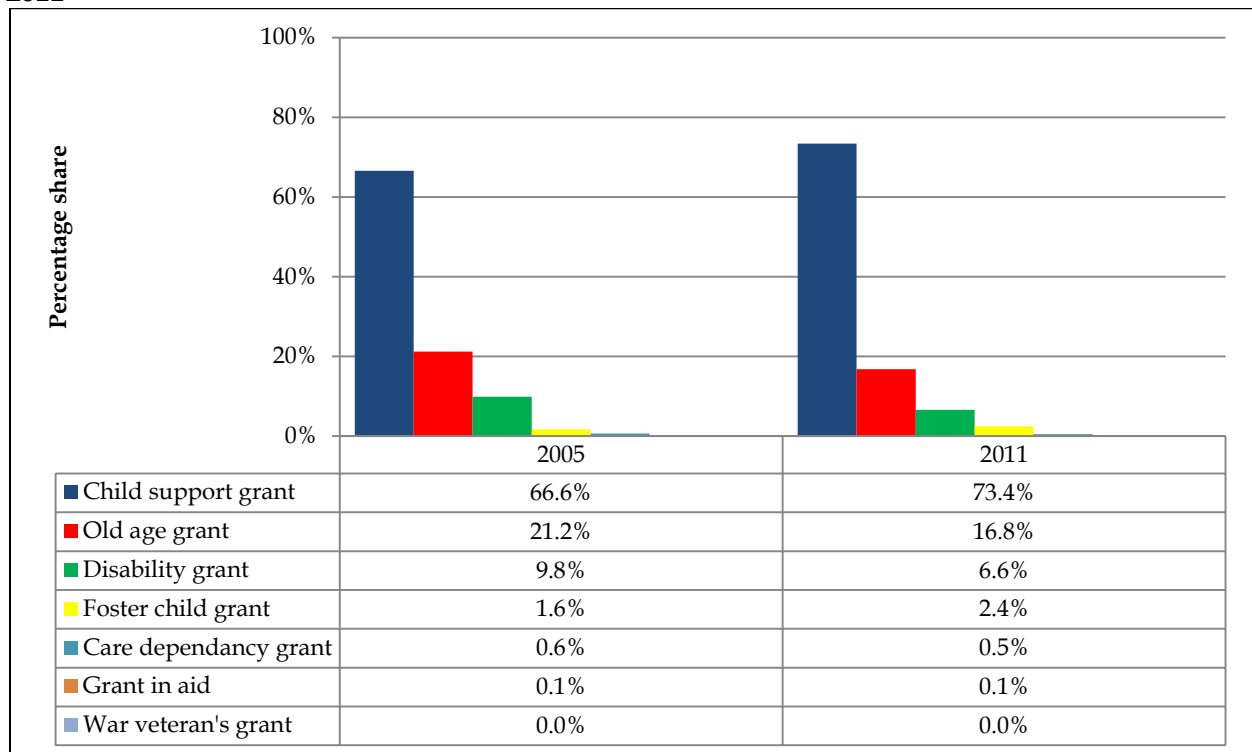
In March 2005, 703 400 citizens of Mpumalanga received social assistance grants. This was equal to a 7.5 per cent share of the total national grant recipients in 2005. By March 2011, the number of recipients in Mpumalanga increased to 1.09 million or 7.3 per cent of the total number of national grant recipients. Mpumalanga registered the seventh highest number of social assistance recipients among the nine provinces (Figure 3.32). The number of recipients in Mpumalanga increased by an average 7.5 per cent per annum, which was lower than the national increase (7.9 per cent). KwaZulu-Natal (3.67 million) registered the highest number of grant recipients in 2011 and Northern Cape (383 500) the lowest.

Figure 3.32: Provincial shares of national social assistance grants, 2005-2011



Source: SASSA - SOCPEN system, 2011

Figure 3.33: Distribution of various types of social assistance grants in Mpumalanga, 2005-2011



Source: SASSA - SOCPEN system, 2011

It is evident from Figure 3.33, that 73.4 per cent of Mpumalanga's total social assistance grants in 2011 were child support grants, which was higher than the 66.6 per cent share in 2005. In actual numbers, child support grant beneficiaries increased from 468 500 in 2005 to 797 000 in 2011. Although the number of old age grant beneficiaries increased from 149 200 in 2005 to 182 300 in 2011, the share of the total number of grant beneficiaries decreased from 21.2 per cent in 2005 to 16.8 per cent in 2011. From 2005 to 2011, the number of child support grant recipients increased by 9.3 per cent per annum, compared with old age grant beneficiaries that increased annually by only 3.4 per cent. Accordingly, disability grant recipients only increased by an annual average of 0.9 per cent per annum and therefore recorded a smaller share in 2011 (6.6 per cent) of the total number of assistance grant beneficiaries than in 2005 (9.8 per cent) despite an increase in numbers from 69 200 to 72 900.

3.7. ECONOMIC SECTORS AND PERFORMANCE

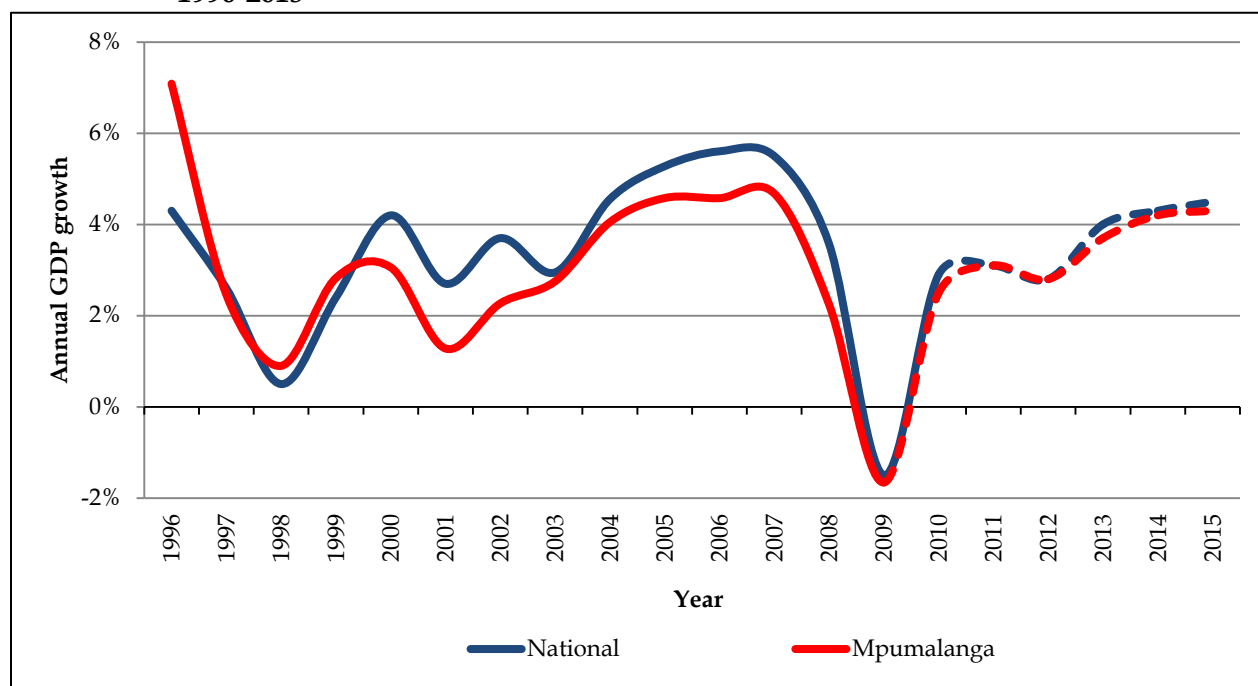
3.7.1 GDP growth

In 2010, Mpumalanga contributed some R187.4 billion in current prices and R117.4 billion at constant 2005 prices to the GDP of South Africa. Mpumalanga's contribution was the joint fifth largest among the nine provinces and registered a marginal decrease from a 6.9 per cent contribution in 1996, to 6.4 per cent in 2010. At the start of the period under review, the economic growth of the province, as measured by real GDP growth, was higher than the national rate. However, the provincial economy has not outperformed the national economy in terms of GDP growth since 1999 (Figure 3.34).

The average annual growth rate for the country and Mpumalanga over the period 1996 to 2010 was 3.2 per cent and 2.6 per cent, respectively. Consensus expectations are that the South African and Mpumalanga economies will register growth of 3.1 per cent in 2011. Current doubts about the global economy have resulted in downgraded growth forecasts in 2012 for South Africa and Mpumalanga, respectively to 2.8 per cent. The annual average growth rates for South Africa and Mpumalanga, from 2010 to 2015 is forecasted at 3.7 per cent and 3.6 per cent, respectively (Table 3.19). According to expectations, Gert Sibande is expected to record annual average growth from 2010-2015 of 3.9 per cent followed by Nkangala (3.5 per cent) and Ehlanzeni (3.5 per cent). Between 2010 and 2015, the CRDP grouping is expected to achieve

annual average economic growth of 3.2 per cent compared to the non-CRDP grouping's expected 3.7 per cent.

Figure 3.34: GDP (constant 2005 prices) growth rates for South Africa and Mpumalanga, 1996-2015



Sources: Statistics South Africa – GDP Q3, 2011 (Historic growth)
IHS Global Insight - ReX, January 2011 (Future growth)

Table 3.19: Historic and forecasted GDP growth rates for South Africa, Mpumalanga and districts, 1996-2015

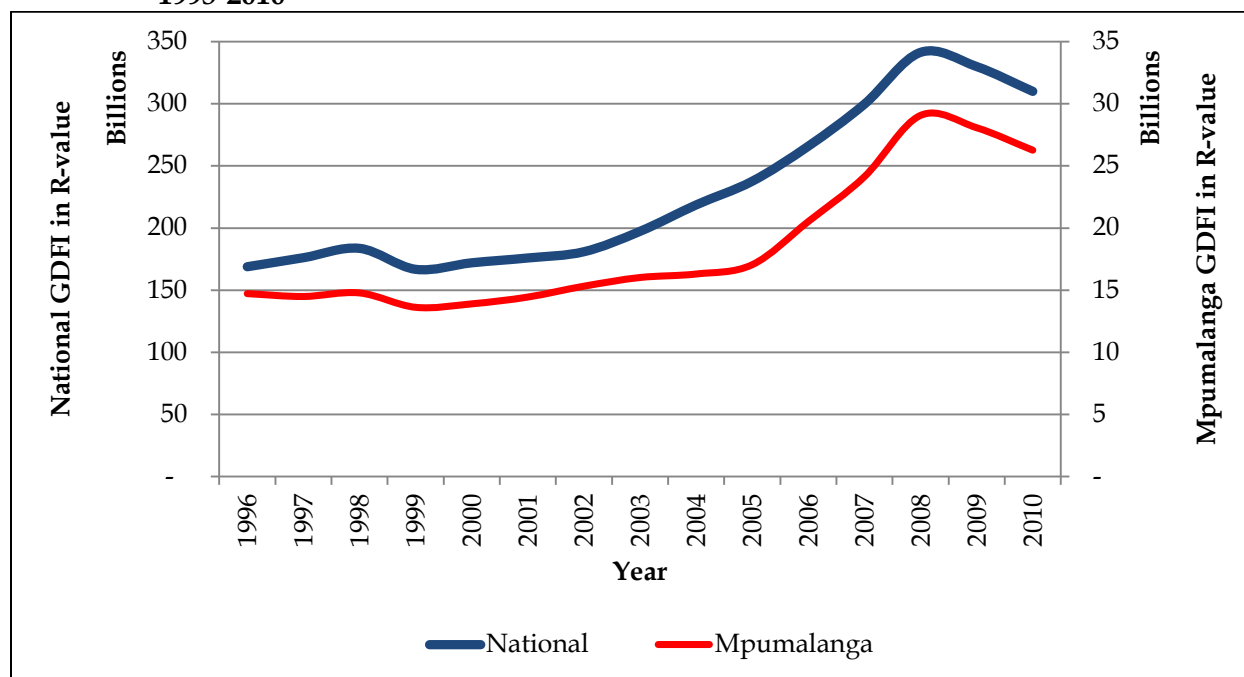
Period	National	Mpumalanga	Gert Sibande	Nkangala	Ehlanzeni	7 CRDP	11 non-CRDP
1996-2010	3.2%	2.6%	-	-	-	-	-
2010	2.9%	2.5%	-	-	-	-	-
2011	3.1%	3.1%	4.9%	2.3%	2.3%	2.0%	3.3%
2012	2.8%	2.8%	2.5%	3.1%	2.8%	2.6%	2.8%
2013	4.0%	3.7%	3.3%	3.8%	3.8%	3.6%	3.7%
2014	4.3%	4.2%	4.5%	4.0%	4.1%	3.8%	4.2%
2015	4.5%	4.3%	4.2%	4.3%	4.3%	4.2%	4.3%
2010-2015	3.7%	3.6%	3.9%	3.5%	3.5%	3.2%	3.7%

Sources: Statistics South Africa – GDP Q3, 2011 (Historic growth)
IHS Global Insight - ReX, January 2011 (Future growth)

Historical evidence for the period 1996-2010 indicates that GDFI both in South Africa and Mpumalanga peaked in 2008 (Figure 3.35). Accelerated infrastructure development is fundamental to promoting sustained economic growth. Investment in infrastructure builds economic capacity and enhances competitiveness, while contributing to the quality of life of

poor people. From 1996 to 2010, GDFI in South Africa grew on average by 4.4 per cent per annum and by 4.2 per cent annually in Mpumalanga. Since the peak of 2008, GDFI both nationally and in Mpumalanga declined respectively by 4.7 per cent and 4.9 per cent annually.

Figure 3.35: Comparison of GDFI (constant 2005 prices) in South Africa and Mpumalanga, 1995-2010



Source: Quantec, 2011

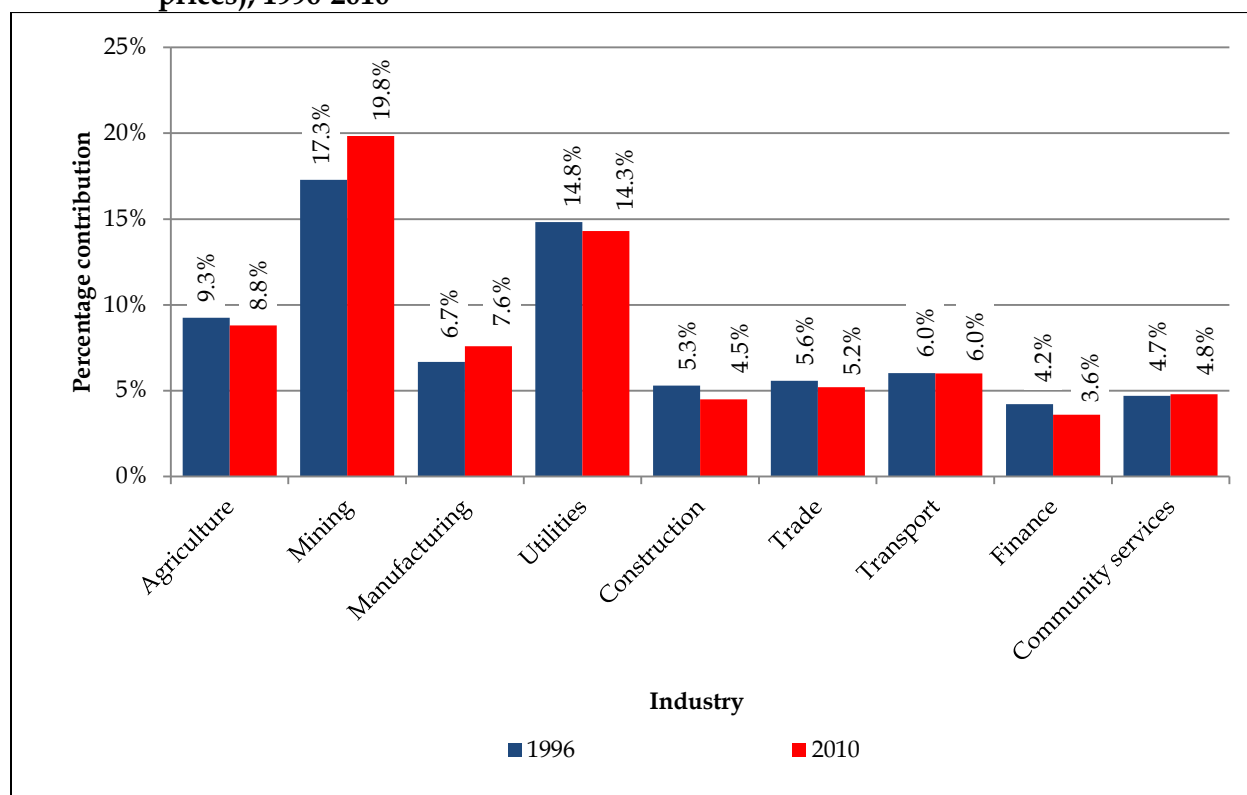
3.7.2 Regional contribution

The economic industries are classified according to the International Standard Industrial Classification of all Economic Activities (ISIC). This classification system groups together economic activities that are closely related. Statistical information is then collected and classified according to the categories of economic activities, which are as homogenous as possible. Statistics South Africa uses the SIC classification when collecting and reporting its information.

Figure 3.36 depicts the contribution of each of the economic industries in Mpumalanga to the corresponding national industry in 1996 and 2010. In 2010, the province was a substantial role-player in the national mining and utilities (mainly electricity) industries, with respective shares of 19.8 per cent and 14.3 per cent. It is noticeable that the contribution by mining (from 17.3 per cent to 19.8 per cent), manufacturing (from 6.7 per cent to 7.6 per cent) and community services

(from 4.7 per cent to 4.8 per cent) increased between 1996 and 2010, whilst the other industries' contribution to the national figure, declined.

Figure 3.36: Mpumalanga's contribution to South Africa's industries (GDP at constant 2005 prices), 1996-2010



Sources: Statistics South Africa – GDP Q3, 2011

Table 3.20 exhibits the contribution by each of the three districts to the provincial industries in 1996 and 2010. Nkangala was the largest contributor to the provincial GVA with a share of 37.9 per cent in 1996 and 39.7 per cent in 2010. Nkangala made considerable contributions to the province's utilities (71.9 per cent) and mining (66.2 per cent) industries in 2010. Gert Sibande with a 31.9 per cent share in 1996 and a 30.8 per cent share in 2010 was the second largest contributor followed by Ehlanzeni in third place adding 30.2 per cent in 1996 and 29.5 per cent in 2010. In 2010, Gert Sibande was the main contributor to Mpumalanga's manufacturing (52.8 per cent) and agriculture industries (41.4 per cent), whilst Ehlanzeni played major roles in the province's community services (45.0 per cent) and trade industries (46.4 per cent).

Table 3.20: Regional contribution to Mpumalanga's industries (GVA at constant 2005 prices), 1996-2010

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2010	1996	2010	1996	2010
Agriculture ¹²	41.6%	41.4%	24.1%	23.1%	34.3%	35.5%
Mining ¹³	36.3%	25.6%	49.1%	66.2%	14.6%	8.2%
Manufacturing ¹⁴	42.9%	52.8%	31.5%	26.4%	25.6%	20.8%
Utilities ¹⁵	26.1%	25.3%	70.0%	71.9%	3.8%	2.8%
Construction ¹⁶	24.9%	25.0%	30.3%	31.5%	44.8%	43.5%
Trade ¹⁷	26.4%	24.1%	27.3%	29.5%	46.3%	46.4%
Transport ¹⁸	27.3%	23.7%	33.7%	36.0%	39.1%	40.3%
Finance ¹⁹	28.3%	26.5%	36.0%	37.9%	35.7%	35.6%
Community services ²⁰	22.4%	22.8%	32.0%	32.2%	45.5%	45.0%
Total	31.9%	30.8%	37.9%	39.7%	30.2%	29.5%

Source: IHS Global Insight – ReX, November 2011

It is clear from Table 3.21 that the non-CRDP municipal areas dominated the provincial economy in 1996 (85.6 per cent) and strengthened its position over the 14-year period with an 87.1 per cent contribution to provincial GVA in 2010. In 2010, the CRDP municipal areas made only meaningful contributions to the provincial community services (30.3 per cent), agriculture (29.2 per cent), construction (20.2 per cent) and trade (19.1 per cent) industries. Over the 14-year period under consideration, the CRDP grouping only increased its share of agriculture (from 28.5 per cent to 29.2 per cent) and utilities (from 6.7 per cent to 7.3 per cent).

Table 3.21: Contribution by CRDP & non-CRDP municipal areas to Mpumalanga's industries (GVA at constant 2005 prices), 1996-2010

Industry	7 CRDP municipal areas		11 non-CRDP municipal areas	
	1996	2010	1996	2010
Agriculture	28.5%	29.2%	71.5%	70.8%
Mining	2.9%	2.3%	97.1%	97.7%
Manufacturing	5.9%	3.4%	94.1%	96.6%
Utilities	6.7%	7.3%	93.3%	92.7%
Construction	24.4%	20.2%	75.6%	79.8%
Trade	21.9%	19.1%	78.1%	80.9%
Transport	16.7%	12.2%	83.3%	87.8%
Finance	13.4%	11.8%	86.6%	88.2%
Community services	31.7%	30.3%	68.3%	69.7%
Total	14.4%	12.9%	85.6%	87.1%

Source: IHS Global Insight – ReX, November 2011

¹² ISIC detailed description = Agriculture, forestry and fishing

¹³ ISIC detailed description = Mining and quarrying

¹⁴ ISIC detailed description = Manufacturing

¹⁵ ISIC detailed description = Electricity, gas and water

¹⁶ ISIC detailed description = Construction

¹⁷ ISIC detailed description = Wholesale and retail trade, catering and accommodation

¹⁸ ISIC detailed description = Transportation, storage and communication

¹⁹ ISIC detailed description = Finance, insurance, real estate and business services

²⁰ ISIC detailed description = Community, health and personal services

3.7.3 Sectoral contribution and performance

In 2010, the primary sector in Mpumalanga contributed 22.3 per cent, secondary sector 27.8 per cent and tertiary sector 50.0 per cent to the provincial GDP. Although the economy depended less on the primary sector in 2010 than in 1996 (28.3 per cent), it continued to stand in contrast to the national primary sector's small contribution of 8.6 per cent in 2010. Nationally, the secondary sector added 22.8 per cent and the tertiary sector 68.7 per cent in 2010.

This structural difference between the provincial and national economy explains partly why the province currently achieves lower growth than the country as a whole. Provincially, the primary sector, on which the province depends for more than one-fifth of economic activity, grew only by a modest 1.0 per cent annually over the 14-year period under review. This is in contrast to the tertiary sector that achieved average annual growth of 3.5 per cent per annum. With the exception of manufacturing and construction, the economic contributions of the primary and secondary industries, expressed in percentage terms, decreased between 1996 and 2010. On the other hand, the economic contributions of the tertiary industries, with the exception of community services, increased between 1996 and 2010.

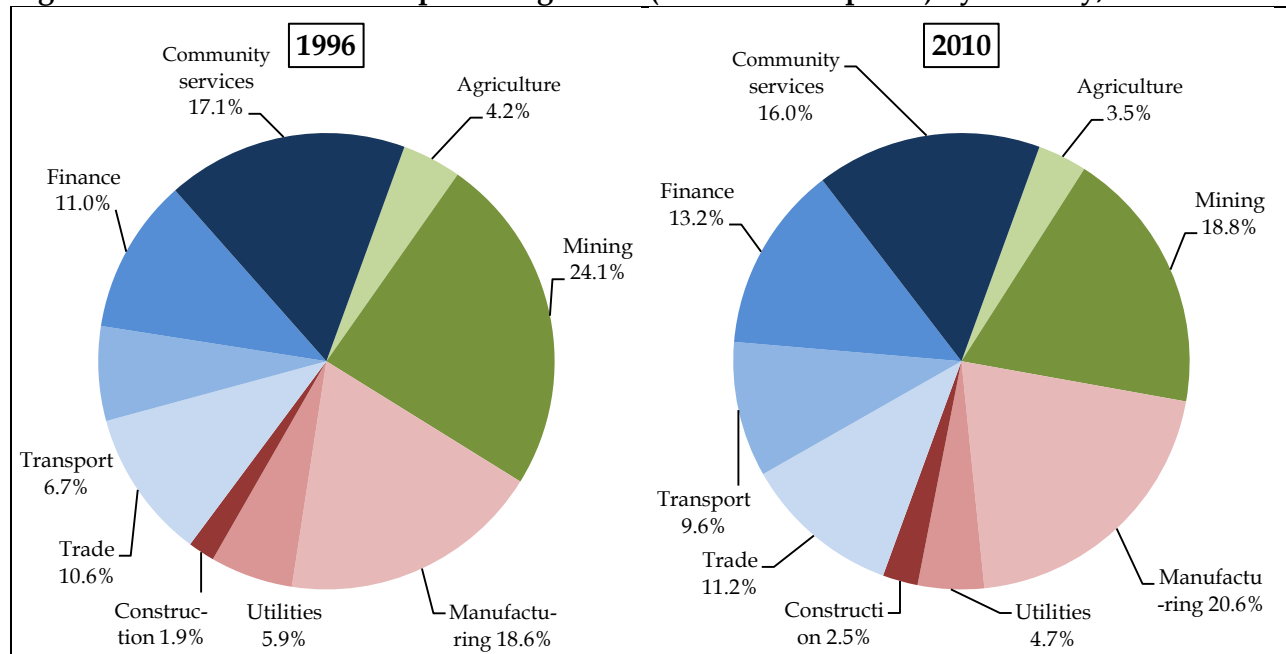
In 2010, the three largest contributors to the provincial economy were manufacturing (20.6 per cent), mining (18.8 per cent) and community services (16.0 per cent). This was slightly different from 1996, when mining (24.1 per cent) was the leading industry followed by manufacturing (18.6 per cent) and community services (17.1 per cent). Figure 3.37 displays the share of each economic industry in the provincial economy in 1996 and 2010.

Table 3.22 displays the share of each economic industry in the three districts' economies in 1996 and 2010. The manufacturing industry dominated the district economy of Gert Sibande in 2010 with a 34.1 per cent share. Mining activities dominated the Nkangala economy as it added 31.1 per cent to the district's economy in 2010. The largest contributing industry in Ehlanzeni in 2010 was community services with a share of 25.6 per cent.

Similar to what became apparent in the provincial analysis, the contributions by the majority of primary industries in all three districts declined from 1996 to 2010 - the exception being mining in Nkangala. With the exception of manufacturing in Gert Sibande and construction in all three districts, the economic contributions of the secondary industries also declined. In contrast, the economic contribution by the tertiary industries, with the exception of community services in

Nkangala and Ehlanzeni, improved or remained constant over the 14-year period from 1996 to 2010.

Figure 3.37: Contribution to Mpumalanga GDP (constant 2005 prices) by industry, 1996-2010



Source: Statistics South Africa – GDP Q3, 2011

Source: Statistics South Africa – GDP Q3, 2011

Table 3.22: Contribution to individual districts' GVA (constant 2005 prices) by industry, 1996-2010

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2010	1996	2010	1996	2010
Agriculture	5.4%	4.6%	2.6%	2.0%	4.7%	4.1%
Mining	26.9%	15.5%	30.6%	31.1%	11.4%	5.2%
Primary industries	32.3%	20.1%	33.3%	33.1%	16.1%	9.3%
Manufacturing	24.5%	34.1%	15.2%	13.2%	15.4%	14.0%
Utilities	4.8%	3.8%	10.9%	8.3%	0.7%	0.4%
Construction	1.6%	2.0%	1.6%	2.0%	3.0%	3.7%
Secondary industries	30.9%	39.9%	27.6%	23.5%	19.2%	18.2%
Trade	9.0%	9.0%	7.8%	8.6%	16.6%	18.1%
Transport	5.6%	7.3%	5.8%	8.6%	8.5%	12.9%
Finance	9.8%	11.4%	10.5%	12.6%	13.1%	16.0%
Community services	12.4%	12.4%	14.9%	13.6%	26.6%	25.6%
Tertiary industries	36.8%	40.0%	39.1%	43.4%	64.7%	72.5%
Total industries	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: IHS Global Insight – ReX, November 2011

Table 3.23 displays the share of each economic industry in the CRDP and non-CRDP economies in 1996 and 2010. The manufacturing industry was the largest contributing industry to the non-CRDP areas' economy in 2010 with a 22.1 per cent share, followed by mining (20.9 per cent).

Community services contributed 39.3 per cent to the economy of the CRDP municipal areas in 2010.

Table 3.23: Contribution to CRDP & non-CRDP municipal areas' GVA (constant 2005 prices) by industry, 1996-2010

Industry	7 CRDP municipal areas		11 non-CRDP municipal areas	
	1996	2010	1996	2010
Agriculture	8.2%	7.7%	3.4%	2.8%
Mining	4.7%	3.3%	26.8%	20.9%
<i>Primary industries</i>	12.9%	11.0%	30.3%	23.7%
Manufacturing	7.5%	5.2%	20.0%	22.1%
Utilities	2.7%	2.6%	6.4%	4.9%
Construction	3.4%	3.9%	1.8%	2.3%
<i>Secondary industries</i>	13.7%	11.7%	28.2%	29.3%
Trade	16.5%	17.0%	9.9%	10.7%
Transport	7.7%	8.9%	6.4%	9.5%
Finance	10.3%	12.1%	11.2%	13.4%
Community services	38.9%	39.3%	14.1%	13.4%
<i>Tertiary industries</i>	73.4%	77.3%	41.5%	47.0%
Total industries	100.0%	100.0%	100.0%	100.0%

Source: IHS Global Insight - ReX, November 2011

Within the combined economy of the CRDP grouping, the GVA contributions of construction, trade, transport, finance and community services increased between 1996 and 2010. Within the combined economy of the non-CRDP grouping, the economic contribution by manufacturing, construction, trade, transport and finance improved over the 14-year period.

The GVA growth forecast for the economic industries of Mpumalanga is presented in Table 3.24. In 2011, the fastest growing industries in terms of GVA growth should be transport (5.9 per cent) and trade (5.3 per cent). Over the period 2010-2015, it is expected that transport will record the highest average annual GVA growth of 5.1 per cent per annum followed by trade (4.1 per cent), utilities (4.0 per cent) as well as construction (4.0 per cent).

Table 3.24: Historic and forecasted GVA (constant 2005 prices) growth rates for Mpumalanga's economic industries, 1996-2015

Industry	1996-2010	2011	2012	2013	2014	2015	2010-2015
Agriculture	1.4%	3.5%	1.5%	1.8%	2.6%	2.6%	2.4%
Mining	0.9%	1.8%	3.3%	3.1%	3.2%	3.6%	3.0%
Manufacturing	3.5%	1.4%	2.5%	3.5%	3.8%	3.9%	3.0%
Utilities	1.0%	3.4%	3.1%	4.3%	4.5%	4.9%	4.0%
Construction	4.7%	-0.2%	2.1%	6.7%	6.3%	5.2%	4.0%
Trade	3.1%	5.3%	3.0%	3.7%	4.3%	4.3%	4.1%
Transport	5.4%	5.9%	4.3%	5.0%	5.0%	5.3%	5.1%
Finance	4.1%	2.4%	2.6%	4.1%	4.3%	4.8%	3.6%
Community services	2.3%	4.0%	2.9%	3.7%	4.0%	4.4%	3.8%

Sources: Statistics South Africa - GDP Q3, 2011 (Historic growth)

IHS Global Insight - ReX, January 2011 (Future growth)

According to Table 3.25, community services (0.7 per cent), transport (0.6 per cent) and trade (0.6 per cent) can be expected to be the main drivers of provincial GVA growth in 2011. Mining (0.3 per cent), manufacturing (0.3 per cent) and finance (0.3 per cent) are expected to aid provincial growth to a lesser degree, whereas agriculture (0.1 per cent) and construction (-0.0 per cent) is expected to contribute the least in 2011.

Table 3.25: Contribution to GVA growth (constant 2005 prices) in Mpumalanga by industry, 2011

Industry	Estimated GVA share 2011	Estimated industry GVA growth 2011	Estimated contribution to provincial GVA growth 2011
Agriculture	3.5%	3.5%	0.1%
Mining	18.1%	1.8%	0.3%
Manufacturing	19.8%	1.4%	0.3%
Utilities	4.6%	3.4%	0.2%
Construction	2.4%	-0.2%	-0.0%
Trade	12.0%	5.3%	0.6%
Transport	9.7%	5.9%	0.6%
Finance	13.3%	2.4%	0.3%
Community services	16.6%	4.0%	0.7%

Source: IHS Global Insight - ReX, January 2011

3.7.4 Diversification of the economy

The Tress Index measures the level of concentration or diversification in an economy. An index score of zero represents a much diversified economy, while a number closer to 100 indicates a high level of concentration.

The economy in Mpumalanga appears to be slightly more diversified than that of South Africa with an index score of 38.9 compared to 40.4 in 2010. Among the nine provinces, Mpumalanga ranked first in terms of the most diversified economy, followed by Free State (40.1) and KwaZulu-Natal (42.3).

3.7.5 Comparative advantage of the economy

The location quotient is an indication of the comparative advantage of an economy. An economy has a location quotient larger (smaller) than one, or a comparative advantage (disadvantage) in a particular industry when the share of that industry in the provincial economy is greater (less) than the share of the same industry in the national economy.

In Mpumalanga, agriculture (1.38), mining (3.11), manufacturing (1.20) and utilities (2.24) held a comparative advantage over the same industry in the national economy in 2010. Table 3.26

provides the location quotients of the various industries, indicating their respective comparative advantages.

3.7.6 Labour intensity

Labour intensive industries are identified by comparing the output generation capacity with the utilisation of labour by each of the industries. In 2010, the following four industries in Mpumalanga exhibited higher employment shares relative to their output shares, thereby indicating a high level of labour intensity: agriculture, construction, trade and community services. Nationally the same four industries revealed a high labour intensity. Table 3.26 provides a comparison of employment with output at industry level for 2010.

3.7.7 Employment elasticity

The rate of employment growth in an economy, or in any industry of it, is determined by many factors operating simultaneously, one of which is how fast the economy grows. An employment elasticity provides an indication of the historic rate of employment growth as determined by the historic economic growth. Such an employment elasticity of an industry can be calculated by dividing the observed growth rate of employment during any past period by the observed growth rate of GVA during the same past period.

In Mpumalanga, the community services industry recorded the highest employment elasticity of 1.92 over the period 2001 to 2010. Therefore, on average over the 9-year period, every 1 per cent of real GVA growth in the province's community services industry translated into a 1.92 per cent increase in employment in the community services industry. The employment growth in agriculture, mining and manufacturing was negative over the 9-year period and therefore these industries negative employment elasticities – or jobless growth. Table 3.26 provides the historic employment elasticities of the various industries.

3.7.8 Labour productivity

Productivity can be measured by relating changes in output to changes in one or more input to production. Should an industry achieve a score of more than unity (1) then that industry is regarded as experiencing higher labour productivity than all industries combined. When comparing Mpumalanga's industry specific labour productivity with that of the province's total

industries, it is evident that five industries achieved higher labour productivity than the total industries combined in 2010 (Table 3.26).

Table 3.26: Essential economic ratio's by industry in Mpumalanga, 2001-2010

Industry	Comparative advantage 2010	Labour intensity 2010	Employment elasticity 2001-2010	Labour productivity 2010
Agriculture	1.38	2.58	-1.40	0.42
Mining	3.11	0.38	-12.93	2.88
Manufacturing	1.20	0.48	-0.46	2.27
Utilities	2.24	0.54	0.53	2.01
Construction	0.71	3.53	0.33	0.31
Trade	0.82	2.34	0.40	0.47
Transport	0.94	0.53	1.00	2.04
Finance	0.56	0.82	1.51	1.33
Community services	0.75	1.29	1.92	0.84
Total	-	-	0.44	1.00

Sources: Statistics South Africa – GDP Q3, 2011

Statistics South Africa – LFS Historical Revision, 2009

Statistics South Africa – QLFS, 2011

3.7.9 Inflation

The most common way to measure inflation is by reference to a consumer price index (CPI), which measures the changes in prices of a basket of goods and services purchased by a representative set of households. The provincial average annual inflation rate for 2011 was 5.1 per cent, which was higher than the average for South Africa (5.0 per cent) and the joint fourth lowest overall.

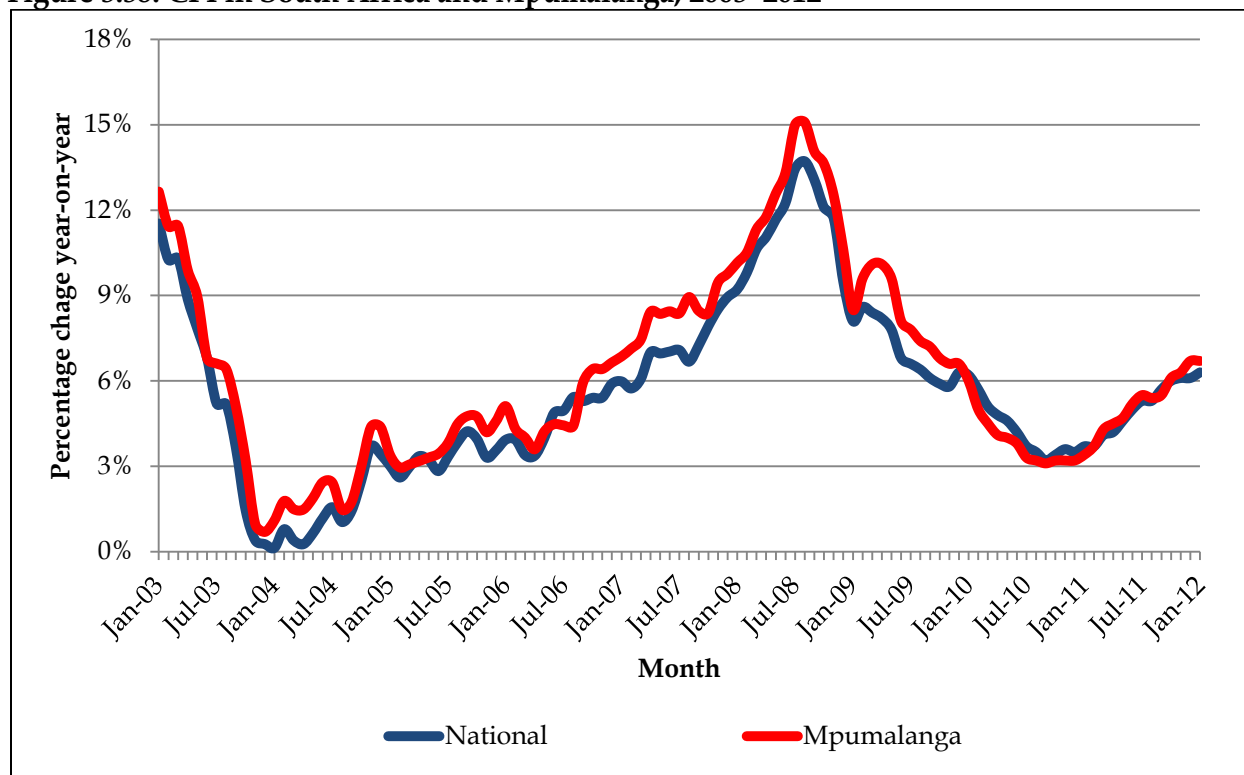
The January 2012 inflation measurement in Mpumalanga of 6.7 per cent was equal to the 6.3 per cent in December 2011 and higher than the national level of 6.3 per cent. Mpumalanga's inflation rate in January was higher than the 6 per cent upper band of the inflation target zone for the fourth consecutive month. Mpumalanga moved from the province with the second lowest inflation rate in January 2011 to the province with the fifth lowest inflation rate in January 2012. The comparative percentage change in the CPI for South Africa and Mpumalanga from January 2003 to January 2012 is displayed in Figure 3.38.

The average annual inflation rate in Witbank/Nelspruit²¹ for 2011 was 4.4 per cent, which was the joint lowest of the thirteen urban areas. The January 2012 inflation measurement for Witbank/Nelspruit was 5.6 per cent. The inflation measurement in Witbank/Nelspruit was

²¹ Official description by Statistics South Africa for the combined urban areas of Emalahleni and Mbombela

second lowest after the City of Johannesburg (5.1 per cent). It was also lower than both the provincial and national rates.

Figure 3.38: CPI in South Africa and Mpumalanga, 2003–2012



Source: Statistics South Africa – CPI, 2012

The main determinants of inflation in Mpumalanga based on their respective weightings, as provided in Table 3.27, are price changes in food and non-alcoholic beverages, housing and utilities, transport as well as miscellaneous goods and services. These four broad determinants, in terms of the weighting, contribute more than 70 per cent to the level of inflation and inflation movements in Mpumalanga.

It appears from Table 3.27 that two (2) of the four main determinants of inflation, food and non-alcoholic beverages (9.9 per cent) as well as housing and utilities (8.4 per cent), provided strong upward pressure to the average level of prices in the province in January 2012. In the housing and utilities index, higher electricity (15.3 per cent) and water (10.0 per cent) prices were the two main contributing product groups to the increase in price levels.

The two largest product groups within the food and non-alcoholic beverages (FNAB) index, namely meat (13.4 per cent) as well as bread and cereals (9.3 per cent), provided strong upward

momentum. Since January 2011, the FNAB index increased by 8.1 percentage points – the fastest increase among the four main determinants of inflation movements.

Table 3.27: CPI group indices & percentage change for Mpumalanga, January 2012

Index description	Weight	Percentage change	
		Month-on-month	Year-on-year
Food & non-alcoholic beverages	21.80	+1.3	+9.9
Alcoholic beverages and tobacco	4.38	+0.5	+6.2
Clothing and footwear	4.98	+0.6	+6.0
Housing and utilities	15.53	+0.0	+8.4
Household contents and services	8.10	+0.7	+4.6
Health	1.25	+0.2	+5.2
Transport	19.13	+0.6	+5.1
Communication	2.96	-0.1	-2.6
Recreation and culture	3.79	+0.5	1.9
Education	2.09	+0.0	+13.5
Restaurants and hotels	1.95	+1.4	+5.6
Miscellaneous goods and services	14.04	+0.9	+5.9
All items	100.0	+0.7	+6.7

Source: Statistics South Africa – CPI Additional Tables, 2012

When the impact of the more volatile FNAB and petrol prices are excluded from the consumer price index, underlying annual inflation amounted to 5.4 per cent in January 2012 (Figure 3.39). If electricity prices are also excluded from the calculation of headline CPI inflation, the rate of increase amounted to 5.0 per cent in January 2012.

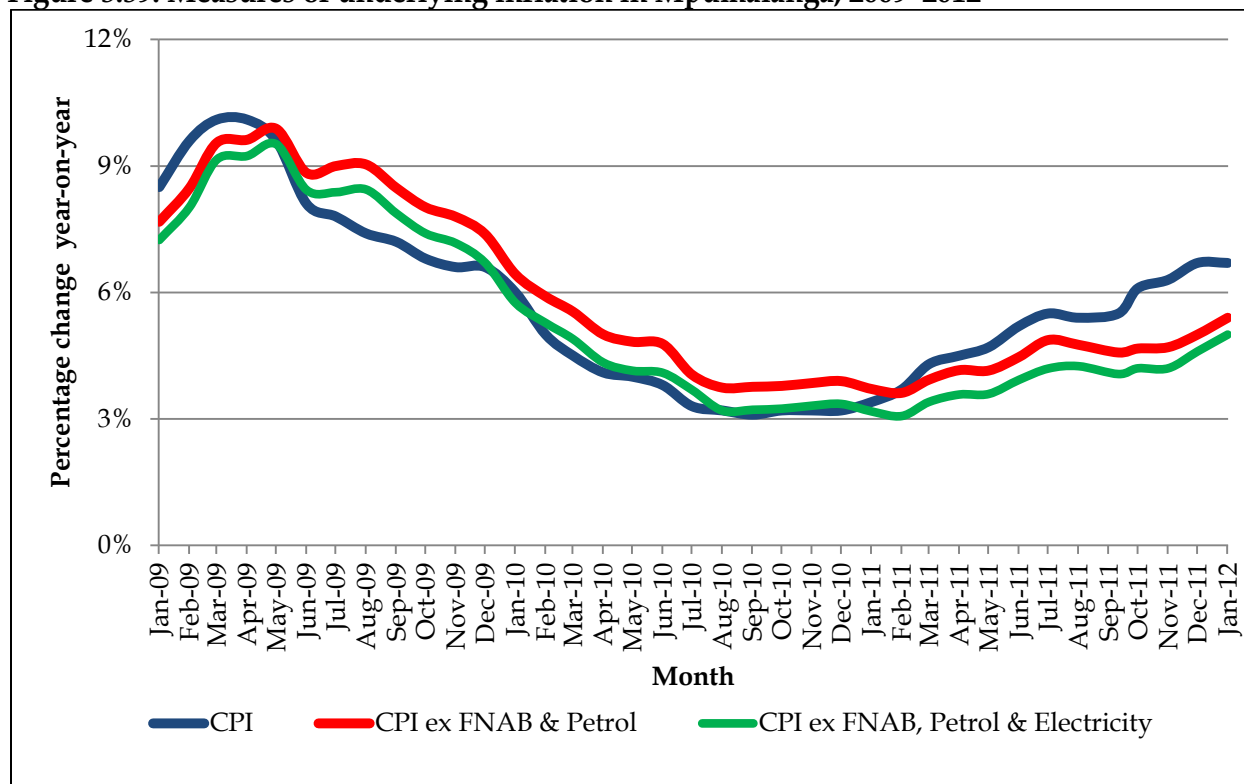
The inflation forecast of the SARB has been subject to a further upward revision at the Monetary Policy Committee meeting in January 2012. Inflation is now expected to remain outside the upper end of the target range for the whole of 2012, and to peak in the second quarter of 2012 at around 6.6 per cent before declining gradually and returning to within the target range in the first quarter of 2013.

Inflation will stay elevated off the low base established early last year, mainly due to persistent pressure from rising food, fuel and administrative prices. These stresses will be partly offset by weaker domestic spending and excess production capacity, which is likely to contain retailers' pricing power and prevent the build-up of significant secondary inflationary effects.

The key risks include a sharp escalation in global crude oil prices given tensions between the West and Iran over its nuclear energy programme and a sharper-than expected drop in the value of the rand due to bouts of severe risk aversion. Rising inflation expectations also pose a

risk over the medium-term – the longer inflation remains outside the target band, the more convinced role-players become that inflation will stay above 6 per cent or rise further.

Figure 3.39: Measures of underlying inflation in Mpumalanga, 2009–2012



Source: Statistics South Africa – Interactive data, 2012

3.8 INTERNATIONAL TRADE

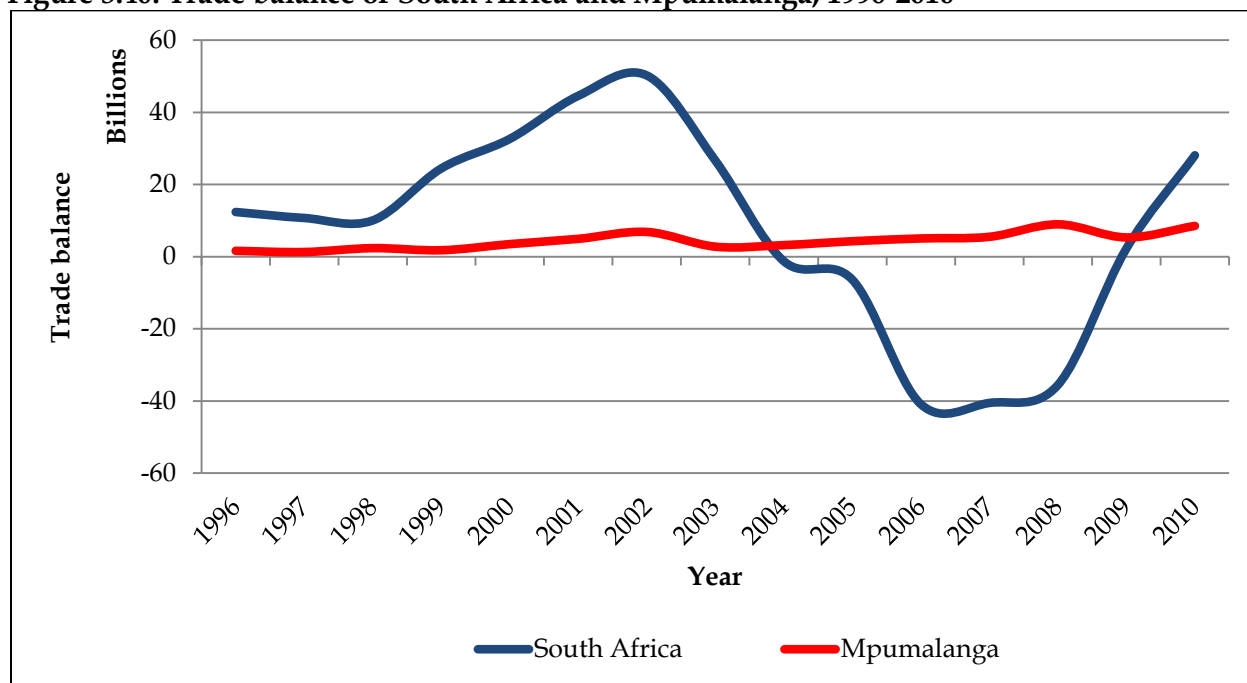
Mpumalanga's contribution to total national trade was 1.1 per cent in 2010, down from 1.2 per cent in 1996. The two leading provinces, in terms of total trade contribution in 2010, were Gauteng with a share of 65.7 per cent and the Western Cape (13.1 per cent). Mpumalanga contributed 1.8 per cent and 0.4 per cent to national exports and national imports, respectively.

Mpumalanga recorded vigorous average annual growth in terms of exports (11.8 per cent) and imports (9.7 per cent) from 1996 to 2010. The province failed to grow exports as well as imports faster than the country as a whole over the 14-year period. Mpumalanga occupied the fifth and sixth position in terms of export and import growth, respectively.

Mpumalanga registered a positive trade balance of R8.5 billion in 2010, continuing the trend of exports exceeding imports since the start of the period under review in 1996. During the same period, the trade balance of South Africa fluctuated between positive and negative territory,

finishing 2010 at R28.1 billion. A comparison of Mpumalanga's trade balance with the national trade balance is displayed in Figure 3.40. Mpumalanga was the province with the fourth highest positive trade balance in 2010 after Gauteng, North-West and Limpopo.

Figure 3.40: Trade balance of South Africa and Mpumalanga, 1996-2010



Source: IHS Global Insight – ReX, November 2011

Among the three districts, Nkangala (48.2 per cent) was the main contributor to provincial exports in 2010 followed by Ehlanzeni and Gert Sibande with respective contributions of 30.9 per cent and 20.9 per cent. Exports from Gert Sibande (20.0 per cent) recorded the highest growth since 1996 and those from Ehlanzeni the slowest (9.1 per cent). Gert Sibande attracted 69.7 per cent of Mpumalanga's imports in 2010, followed by Nkangala and Ehlanzeni. Imports flowing to Gert Sibande recorded the highest growth rate (10.8 per cent) over the 14-year period and those to Nkangala the lowest (6.0 per cent). The 11 non-CRDP municipal areas dominated exports (89.0 per cent) and imports (96.5 per cent) when compared to the 7 CRDP municipal areas. Table 3.28 presents the contribution of the various regions to provincial trade as well as providing average annual growth rates for the respective flows over the 14-year period.

Table 3.28: Mpumalanga districts', CRDP and non-CRDP municipal areas' contribution to provincial exports and imports, 2010

District	Exports		Imports	
	Share of Mpumalanga 2010	Growth per annum 96-10	Share of Mpumalanga 2010	Growth per annum 96-10
Gert Sibande	20.9%	20.0%	69.7%	10.8%
Nkangala	48.2%	11.7%	16.3%	6.0%
Ehlanzeni	30.9%	9.1%	14.0%	10.7%
7 CRDP municipal areas	11.0%	19.7%	3.5%	2.0%
11 non-CRDP municipal areas	89.0%	11.0%	96.5%	10.3%

Source: IHS Global Insight – ReX, November 2011

Among the three districts, Nkangala recorded the largest positive trade balance of R4.9 billion in 2010, followed by Ehlanzeni (R3.1 billion). Gert Sibande recorded the smallest trade balance in 2010 of R523 million and is the only district in Mpumalanga to from time to time (2004, 2005 and 2009) record negative trade balances.

In 2010, exports from Mpumalanga to the world were dominated by manufactured goods (53.3 per cent) and primary products of mining activities (33.6 per cent). Exports of manufactured goods consisted primarily of metal products, machinery and household appliances, whilst exports of mining products consisted mainly of coal. The composition of exports was virtually similar to the national situation. Exports from Gert Sibande were dominated by primary mining products (77.5 per cent), Nkangala and Ehlanzeni by manufactured goods (61.8 per cent) and (73.2 per cent), respectively.

In 2010, imports from the world to Mpumalanga were dominated by manufactured goods (95.2 per cent). These manufactured goods consisted primarily of metal products, machinery and household appliances and to a lesser extent fuel, petroleum, chemical and rubber products. Imports destined for Gert Sibande (100.0 per cent), Nkangala (96.8 per cent) and Ehlanzeni (69.6 per cent) were largely manufactured goods.

4. RECEIPTS

4.1 Overall position

In this section approval of the allocation of the 2012 MTEF budget amounting to **R30.967.931 billion**, (Thirty billion, nine hundred and sixty seven million, nine hundred and thirty one thousand rand), to departmental baselines in order to fund the financial requirements of the province is sought.

Summary of provincial receipts									
R thousand	Outcome			Main appropriation	Adjusted appropriation 2011/12	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15
Transfer receipts from National									
Equitable share	17 160 862	19 833 656	21 570 720	23 094 080	23 593 542	23 582 604	24 717 507	26 287 888	27 698 217
Conditional grants	2 324 076	3 214 264	4 051 488	5 174 442	5 523 000	5 516 656	5 580 749	6 162 410	6 605 547
Total transfer receipts from National	19 484 938	23 047 920	25 622 208	28 268 522	29 116 542	29 099 260	30 298 256	32 450 298	34 303 764
Provincial own receipts									
Tax receipts	254 777	283 668	289 534	384 735	353 897	353 897	371 468	384 921	403 869
Casino taxes	35 702	39 087	43 961	49 154	49 154	49 154	52 948	54 862	57 605
Horse racing taxes	4 371	4 500	4 261	5 307	5 307	5 307	5 732	6 271	6 484
Liquor licences	613	1 711	2 361	1 881	1 881	1 881	1 994	2 051	2 153
Motor vehicle licences	214 091	238 370	238 951	328 393	297 555	297 555	310 794	321 737	337 627
Sales of goods and services other than capital assets	96 722	87 836	111 541	85 049	94 483	96 504	85 861	90 867	97 982
Transfers received	-	-	-	16 772	16 772	16 772	-	-	-
Fines, penalties and forfeits	26 234	32 577	34 797	48 320	64 062	64 062	74 547	85 126	89 757
Interest, dividends and rent on land	107 466	75 583	67 134	96 822	112 125	100 318	117 265	119 988	124 495
Sales of capital assets	14 035	7 263	7 831	8 180	8 149	11 766	11 646	12 331	12 725
Financial transactions in assets and liabilities	12 261	14 579	14 183	4 921	7 845	7 907	8 888	9 155	8 207
Total provincial own receipts	511 495	501 506	525 020	644 799	657 333	651 226	669 675	702 388	737 035
Other funding	-	-	-	-	23	-	-	-	-
Total provincial receipts	19 996 433	23 549 426	26 147 228	28 913 321	29 773 898	29 750 486	30 967 931	33 152 686	35 040 799

4.2 Equitable share

Summary of provincial equitable share by Vote									
R thousand	Outcome			Main appropriation	Adjusted appropriation 2011/12	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15
Vote 01: Office of the Premier	169 887	201 061	169 426	141 464	148 703	148 703	158 103	165 695	174 004
Vote 02: Provincial Legislature	124 081	130 394	210 855	172 213	179 502	182 743	180 750	188 875	198 319
Vote 03: Finance	356 695	203 638	214 282	205 623	213 523	220 049	247 667	261 808	274 900
Vote 04: Co-operative Governance and Traditional Affairs	327 834	407 139	365 893	316 399	464 400	461 801	337 424	362 931	381 268
Vote 05: Agriculture, Rural Development and Land Administration	502 091	545 970	577 204	654 209	639 309	639 004	705 039	737 038	773 890
Vote 06: Economic Development, Environment and Tourism	555 222	567 383	691 604	647 741	710 462	704 180	770 191	689 184	723 521
Vote 07: Education	8 817 992	10 366 587	10 569 146	11 295 644	11 404 644	11 459 020	12 186 903	12 973 990	13 704 022
Vote 08: Public Works, Roads and Transport	1 306 500	1 322 528	1 886 456	1 938 426	1 900 831	1 899 712	1 754 410	1 890 558	1 984 833
Vote 09: Safety, Security and Liaison	323 109	358 210	407 399	443 187	443 187	417 299	803 704	842 909	904 121
Vote 10: Health	3 763 358	4 682 723	5 296 994	5 939 607	6 116 830	6 077 959	6 237 083	6 676 918	7 002 953
Vote 11: Culture, Sport and Recreation	157 775	163 560	170 892	226 455	262 455	262 455	216 112	198 939	208 710
Vote 12: Social Development	651 625	742 731	838 316	956 057	961 091	961 074	920 299	1 080 207	1 136 619
Vote 13: Human Settlement	104 793	141 732	172 253	157 055	148 605	148 605	199 822	218 836	231 057
Total provincial own receipts by Vote	17 160 862	19 833 656	21 570 720	23 094 080	23 593 542	23 582 604	24 717 507	26 287 888	27 698 217

The above table reflects equitable share allocated to each vote in the 2012 MTEF period.

Summary of provincial revenue allocated by Vote									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
Vote 01: Office of the Premier	-	-	6 708	-	-	-	-	-	-
Vote 02: Provincial Legislature	1 403	7 939	10 722	21 761	27 941	21 761	32 850	34 461	36 184
Vote 03: Finance	-	-	-	7 500	11 780	-	7 673	8 072	8 476
Vote 04: Co-operative Governance and Traditional Affairs	7 377	985	1 754	199	199	199	-	-	-
Vote 05: Agriculture, Rural Development and Land Administration	4 792	6 697	-	166 772	167 836	167 836	107 650	113 032	118 684
Vote 06: Economic Development, Environment and Tourism	21 384	23 095	24 942	-	-	-	-	-	-
Vote 07: Education	96 728	24 281	117 820	329 500	329 500	329 500	396 726	417 660	438 069
Vote 08: Public Works, Roads and Transport	167 543	192 946	-	-	-	-	-	-	-
Vote 09: Safety, Security and Liaison	5 400	5 832	5 832	6 299	6 299	6 299	-	-	-
Vote 10: Health	-	2 219	42 050	-	-	-	124 776	129 163	135 621
Vote 11: Culture, Sport and Recreation	18 604	18 491	19 020	-	-	-	-	-	-
Vote 12: Social Development	5 400	5 832	6 785	-	-	-	-	-	-
Vote 13: Human Settlement	8 661	14 462	29 983	119 067	28 807	28 807	-	-	-
Total provincial own receipts by Vote	337 292	302 779	265 616	651 098	572 362	554 402	669 675	702 388	737 034

The own revenue for **Provincial Legislature** has been retained under Vote 2 due to issues of separation of powers.

Finance – the special allocation is made to fund appointment of auditors, in order to improve governance issues in schools, as well as in NGOs and NPOs. It is envisaged that through this funding, transfers to schools in the education sector, NGOs and NPOs in Social development will no longer be withheld due to non transfer of Annual Financial Statements by schools and NGO and NPO stakeholders.

It must be noted that own revenue in education, **Agriculture, Rural Development and Land Administration, Health, and Human Settlements** is only allocated to votes where specific priorities are funded.

4.3 Conditional grants

Conditional Grants allocations per vote

A lot of work has already gone into preparing the project lists per vote. The preparations are aimed at ensuring that projects are ready for implementation and that when the gazzeting takes place there clarity on which projects will be implemented.

Summary of conditional grants by grant									
R thousand	Outcome			Main appropriation	Adjusted appropriation 2011/12	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15
Vote 5: Agriculture, Rural Development and Land Administration	106 244	169 585	151 796	148 130	164 885	164 885	167 787	184 777	186 714
Agricultural Disaster Management Grant	18 156	30 172	-	-	-	-	-	-	-
Comprehensive Agricultural Support Programme Grant	53 035	70 067	82 026	102 932	102 932	102 932	114 829	130 683	134 547
Land Care Programme Grant: Poverty Relief & Infrastructure	4 407	4 627	4 868	5 198	5 198	5 198	10 958	10 249	6 105
Lima/Letsema Project Grant	-	5 000	20 000	40 000	40 000	40 000	42 000	43 845	46 062
Infrastructure Grant to Provinces	23 094	59 232	44 902	-	14 900	14 900	-	-	-
Food Security Grant	7 552	-	-	-	-	-	-	-	-
Expanded Public Works Programme Grant	-	487	-	-	1 855	1 855	-	-	-
Vote 7: Education	392 887	497 132	856 288	1 275 088	1 415 165	1 415 165	1 400 233	1 473 353	1 582 933
Further Education and Training College Sector Recapitalisation Grant	39 103	-	288 935	320 378	321 840	321 840	342 696	383 067	404 714
HIV and Aids (Life Skills Education) Grant	13 592	13 191	17 060	16 388	16 511	16 511	17 416	18 371	19 404
National School Nutrition Programme Grant	121 753	231 261	368 513	440 923	447 973	447 973	474 560	495 661	526 572
Education Infrastructure Grant	218 439	252 680	180 042	472 881	590 184	600 621	530 711	539 520	593 387
Dinaledi Schools Grant	-	-	-	6 440	6 440	6 440	9 172	9 676	10 229
Technical Secondary Schools Recapitalisation Grant	-	-	1 738	18 078	21 780	21 780	25 678	27 058	28 627
EPWP Incentive Infrastructure Grant	-	-	-	-	536	-	-	-	-
EPWP Social Sector Incentive Grant	-	-	-	-	9 901	-	-	-	-
Vote 8: Public Works, Roads and Transport	416 868	794 505	904 835	1 510 666	1 692 378	1 692 378	1 756 567	2 017 033	2 119 512
Devolution of Property Rate Funds Grants	36 000	58 473	57 615	73 964	73 964	73 964	76 870	83 029	87 712
Expanded Public Works Programme Incentive Grant	-	4 521	8 119	-	7 878	7 878	-	-	-
Provincial Roads Maintenance Grant	380 868	360 984	445 646	1 016 603	1 190 437	1 190 437	1 240 694	1 471 078	1 545 460
Public Transport Operations Grant	-	370 527	393 455	420 099	420 099	420 099	439 003	462 926	486 340
Vote 10: Health	556 114	907 722	1 008 178	1 219 002	1 228 656	1 222 312	1 182 330	1 328 829	1 481 547
Comprehensive HIV and Aids Grant	186 623	289 929	394 139	490 366	490 366	490 366	575 032	690 591	800 153
Forensic Pathology Services Grant	65 663	44 702	46 016	53 114	55 607	53 114	-	-	-
Health Professions Training and Development Grant	44 822	45 648	77 485	80 718	80 718	80 718	85 208	89 894	95 288
Hospital Revitalisation Grant	104 157	343 743	298 753	356 557	356 557	356 557	300 000	300 000	304 500
National Tertiary Services Grant	46 439	68 624	90 769	91 879	95 730	91 879	91 879	91 879	97 116
Health Infrastructure Grant	108 410	115 076	90 287	146 368	146 368	146 368	108 971	115 509	126 385
World Cup Health Preparation Strategy Grant	-	-	4 345	-	-	-	-	-	-
Expanded Public Works Programme Grant	-	-	6 384	-	3 310	3 310	-	-	-
National Health Insurance	-	-	-	-	-	-	11 500	26 833	38 333
Nursing Colleges	-	-	-	-	-	-	9 740	14 123	19 772
Vote 11: Culture, Sports and Recreation	55 760	86 068	102 607	104 879	104 879	104 879	108 705	114 919	121 720
Mass Sport and Recreation Participation Programme Grant	22 014	29 533	31 663	38 382	38 382	38 382	39 883	42 257	44 639
Community Library Service Grant	33 746	56 535	70 944	66 497	66 497	66 497	68 822	72 662	77 081
Vote 12: Social Development	-	-	2 856	-	-	-	-	-	-
Expanded Public Works Programme Grant	-	-	2 856	-	-	-	-	-	-
Vote 13: Human Settlements	796 203	759 252	1 024 928	916 677	917 037	917 037	965 127	1 043 499	1 113 121
Integrated Housing and Human Settlement Development Grant	796 203	759 252	1 024 928	916 677	917 037	917 037	965 127	1 043 499	1 113 121
Total conditional grants	2 324 076	3 214 264	4 051 488	5 174 442	5 523 000	5 516 656	5 580 749	6 162 410	6 605 547

4.4 Total provincial own receipts (own revenue)

Summary of provincial own receipts by Vote									
R thousand	Outcome			Main appropriation	Adjusted appropriation 2011/12	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15
Vote 01: Office of the Premier	1 752	1 351	1 100	629	629	778	661	698	742
Vote 02: Provincial Legislature	-	-	-	-	-	-	-	-	-
Vote 03: Finance	65 984	52 688	51 685	55 187	55 187	47 320	57 169	58 003	61 483
Vote 04: Co-operative Governance and Traditional Affairs	5 148	1 759	1 954	1 162	1 162	1 162	1 232	1 293	1 364
Vote 05: Agriculture, Rural Development and Land Administration	10 112	6 046	4 422	21 569	21 569	21 919	4 911	5 157	5 414
Vote 06: Economic Development, Environment and Tourism	43 566	48 228	54 883	63 011	63 011	63 011	67 539	71 400	74 970
Vote 07: Education	30 404	24 283	23 353	23 388	23 388	23 388	24 631	23 785	24 744
Vote 08: Public Works, Roads and Transport	11 807	13 107	14 202	14 928	45 840	45 840	48 246	50 899	53 442
Vote 09: Safety, Security and Liaison	275 580	293 365	297 425	413 247	382 335	382 335	411 349	434 287	456 004
Vote 10: Health	61 416	55 078	67 446	46 243	57 646	56 474	47 516	50 368	52 886
Vote 11: Culture, Sport and Recreation	1 407	1 123	1 419	983	983	983	1 033	1 190	1 115
Vote 12: Social Development	3 204	1 815	2 907	1 602	2 733	5 166	1 643	1 714	1 273
Vote 13: Human Settlement	1 115	2 663	4 224	2 850	2 850	2 850	3 745	3 594	3 598
Total provincial own receipts by Vote	511 495	501 506	525 020	644 799	657 333	651 226	669 675	702 388	737 035

The table above reflects projections of provincial own revenue that departments will collect in the 2012 MTEF period. The Department of Public Works, Roads and Transport has been requested to consider sale of state properties that are currently not occupied which may easily be vandalised. The Department has been requested to consider a new revenue source of rental of parking bays at the Riverside Government Complex.

5 PAYMENTS

5.3 Overall position

5.4 Payments by vote

Summary of provincial payments and estimates by Vote									
R thousand	Outcome			Main appropriation	Adjusted appropriation 2011/12	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15
Vote 01: Office of the Premier	200 527	175 459	157 004	140 014	147 253	147 253	158 103	165 695	174 004
Vote 02: Provincial Legislature	125 484	138 333	221 577	193 974	207 443	204 504	213 600	223 336	234 503
Vote 03: Finance	356 595	203 638	214 282	213 323	225 326	220 049	255 340	269 880	283 376
Vote 04: Co-operative Governance and Traditional Affairs	335 211	408 124	367 647	316 598	464 599	461 980	337 424	362 931	381 268
Vote 05: Agriculture, Rural Development and Land Administration	613 127	722 252	729 000	954 954	957 873	959 197	980 476	1 034 847	1 079 288
Vote 06: Economic Development, Environment and Tourism	576 606	589 478	715 546	646 741	703 262	702 287	770 191	689 184	723 521
Vote 07: Education	9 307 607	10 888 000	11 543 254	12 900 232	13 149 309	13 203 685	13 983 862	14 865 003	15 725 024
Vote 08: Public Works, Roads and Transport	1 890 911	2 309 979	2 791 291	3 449 092	3 593 209	3 592 090	3 510 977	3 907 591	4 104 345
Vote 09: Safety, Security and Liaison	327 920	363 904	412 692	448 556	452 799	399 752	803 704	842 909	904 121
Vote 10: Health	4 319 472	5 592 664	6 347 222	7 158 609	7 345 486	7 300 271	7 544 189	8 134 910	8 620 121
Vote 11: Culture, Sport and Recreation	232 139	268 119	292 519	331 334	367 334	367 334	324 817	313 858	330 430
Vote 12: Social Development	657 025	748 563	847 957	956 057	961 091	961 074	920 299	1 080 207	1 136 619
Vote 13: Human Settlement	909 657	915 446	1 227 164	1 192 799	1 094 449	1 094 449	1 164 949	1 262 335	1 344 178
Total provincial payments and estimates by Vote	19 852 281	23 323 959	25 867 155	28 902 283	29 669 433	29 613 925	30 967 931	33 152 686	35 040 798

5.5 Payment by economic classification

Summary of provincial payments and estimates by economic classification									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11	2011/12	2011/12		2012/13	2013/14	2014/15
Current payments	15 908 528	18 633 395	20 636 070	22 446 402	23 063 408	23 034 189	24 687 215	26 466 725	27 991 970
Compensation of employees	11 757 596	13 663 757	15 354 129	16 716 393	17 350 640	17 328 361	18 632 147	19 871 420	21 083 377
Goods and services	4 149 718	4 968 456	5 279 731	5 727 984	5 711 939	5 705 663	6 055 068	6 593 389	6 906 581
Interest and rent on land	1 214	1 182	2 210	2 025	829	165	-	1 916	2 012
Transfers and subsidies to:	2 085 697	2 674 030	3 334 550	3 705 643	3 736 696	3 730 604	3 759 131	4 005 353	4 257 038
Provinces and municipalities	100 918	81 349	59 534	86 964	173 183	162 814	90 917	97 750	103 311
Departmental agencies and accounts	238 509	325 093	446 429	421 178	468 899	468 899	538 662	435 687	444 549
Universities and technikons	-	-	704	1 600	1 170	518	-	-	-
Foreign governments and international organisations	1 000	-	-	-	-	-	-	-	-
Public corporations and private enterprises	151 385	389 402	422 643	440 699	452 087	451 925	466 703	466 738	486 340
Non-profit institutions	665 393	957 255	1 204 123	1 343 935	1 342 639	1 342 734	1 356 282	1 532 759	1 668 153
Households	928 492	920 931	1 201 117	1 411 267	1 298 718	1 303 714	1 306 567	1 472 419	1 554 685
Payments of capital assets	1 857 638	2 007 296	1 895 089	2 750 238	2 869 329	2 849 127	2 521 585	2 680 608	2 791 790
Buildings and other fixed structures	1 480 234	1 756 814	1 594 185	2 361 166	2 457 690	2 446 243	2 287 465	2 444 834	2 551 458
Machinery and equipment	371 829	240 148	287 478	369 614	405 037	401 488	191 511	221 951	224 382
Heritage assets	-	-	52	20	20	20	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	58	-	-	2 632	-	-	-	-
Land and sub-soil assets	-	8 755	-	-	-	-	30 000	-	-
Software and other intangible assets	5 575	1 521	13 374	19 438	3 950	1 376	12 609	13 823	15 950
Payments for financial assets	418	9 238	1 446	-	-	5	-	-	-
Total economic classification	19 852 281	23 323 959	25 867 155	28 902 283	29 669 433	29 613 925	30 967 931	33 152 686	35 040 798

The table above reflects summary provincial payments and of estimates by economic classification.

Summary of provincial compensation of employees by Vote									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11	2011/12	2011/12		2012/13	2013/14	2014/15
Vote 01: Office of the Premier	94 374	95 782	99 404	114 428	104 404	104 521	114 364	123 546	133 033
Vote 02: Provincial Legislature	59 502	70 725	68 815	95 022	87 547	85 259	109 358	119 307	133 855
Vote 03: Finance	82 032	99 112	107 773	118 741	118 214	119 029	131 808	139 777	148 285
Vote 04: Co-operative Governance and Traditional Affairs	129 841	177 252	209 965	219 289	221 922	220 297	250 874	261 631	273 767
Vote 05: Agriculture, Rural Development and Land Administration	267 313	294 598	336 281	381 578	385 578	385 485	417 911	438 932	461 189
Vote 06: Economic Development, Environment and Tourism	98 671	129 342	144 672	157 345	157 494	150 556	161 926	172 507	183 752
Vote 07: Education	7 364 952	8 416 088	9 253 275	10 022 528	10 313 429	10 313 429	10 980 130	11 706 489	12 364 500
Vote 08: Public Works, Roads and Transport	558 070	615 783	710 985	766 146	766 326	763 096	816 137	867 626	921 053
Vote 09: Safety, Security and Liaison	173 920	243 643	283 193	303 629	304 166	302 147	333 003	351 378	372 430
Vote 10: Health	2 603 406	3 073 377	3 614 346	3 950 125	4 299 156	4 293 071	4 665 857	4 992 329	5 375 528
Vote 11: Culture, Sport and Recreation	70 051	82 356	96 857	106 280	104 080	104 080	111 690	117 732	124 206
Vote 12: Social Development	198 882	276 842	323 848	359 492	366 534	366 466	400 203	430 774	433 334
Vote 13: Human Settlement	56 582	88 857	104 715	121 790	121 790	120 925	138 886	149 392	158 445
Total provincial payments and estimates by Vote	11 757 596	13 663 757	15 354 129	16 716 393	17 350 640	17 328 361	18 632 147	19 871 420	21 083 377

Summary of provincial goods and services by Vote									
R thousand	Outcome			Main appropriation	Adjusted appropriation 2011/12	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15
Vote 01: Office of the Premier	99 141	73 971	53 741	25 186	39 679	39 432	42 889	41 324	40 171
Vote 02: Provincial Legislature	37 439	48 426	104 533	60 237	98 422	97 741	82 929	81 404	77 143
Vote 03: Finance	221 918	102 254	93 645	89 062	101 337	95 313	116 122	122 529	127 188
Vote 04: Co-operative Governance and Traditional Affairs	153 639	86 260	85 363	79 709	107 666	107 590	61 423	79 238	86 078
Vote 05: Agriculture, Rural Development and Land Administration	180 501	297 662	264 446	195 498	193 067	194 555	213 699	220 043	242 463
Vote 06: Economic Development, Environment and Tourism	114 171	135 499	116 784	64 373	73 444	79 620	73 153	79 595	94 141
Vote 07: Education	1 186 009	1 518 480	1 109 704	1 365 280	1 279 171	1 279 171	1 376 033	1 469 018	1 536 774
Vote 08: Public Works, Roads and Transport	509 384	567 904	1 034 120	1 181 790	1 297 427	1 308 136	1 245 621	1 416 811	1 481 016
Vote 09: Safety, Security and Liaison	96 768	104 243	104 192	117 705	120 245	81 946	430 450	452 751	495 499
Vote 10: Health	1 241 860	1 730 181	1 997 825	2 251 572	2 063 590	2 083 176	2 110 106	2 291 436	2 374 288
Vote 11: Culture, Sport and Recreation	118 805	112 895	116 892	115 192	126 392	126 392	114 543	131 049	140 987
Vote 12: Social Development	167 485	151 017	153 295	163 977	169 021	169 070	143 100	158 672	158 917
Vote 13: Human Settlement	22 598	39 664	45 191	18 403	42 478	43 521	45 000	49 519	51 916
Total provincial payments and estimates by Vote	4 149 718	4 968 456	5 279 731	5 727 984	5 711 939	5 705 663	6 055 068	6 593 389	6 906 581

The above table presents allocation on goods and services per vote.

There has been a remarkable reduction in the allocation in most of the votes during 2012 MTEF in order to fund provincial priorities. Finance allocation on goods and services appears to be high given the special allocations made by National Treasury for the enhancement of PFMA and MFMA implementation.

Reductions in votes can be explained as follows:

Provincial Legislature – Budget decisions to fund compensation of employees at a growth rate of 28.3 per cent.

Co-operative Governance and Traditional Affairs– no reduction has been made except once off transactions that were funded as roll overs during 2011/12 financial year.

Economic Development, Environment and Tourism – A once off stabilisation of goods and services baseline of R15 million that was granted during adjustment hence the decline in 2012/13 financial year.

Department of Public Works, Roads and Transport – Function shift of security as well as carry through of goods and services related to Traffic Management function that was shifted during the adjustment process.

Department of Safety, Security and Liaison – R339.537 million added to the baseline of goods and services for centralisation of the security function.

Summary of provincial transfers and subsidies by Vote									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
Vote 01: Office of the Premier	1 200	334	895	-	200	307	150	175	200
Vote 02: Provincial Legislature	23 705	12 294	30 167	17 640	17 640	17 640	19 404	20 375	21 393
Vote 03: Finance	48 044	142	2 958	-	527	526	41	44	46
Vote 04: Co-operative Governance and Traditional Affairs	4 687	15 153	22 893	9 600	104 288	95 089	20 018	11 459	12 117
Vote 05: Agriculture, Rural Development and Land Administration	83 040	99 230	106 083	298 569	301 072	301 344	277 454	361 000	371 437
Vote 06: Economic Development, Environment and Tourism	358 701	321 512	442 663	414 285	461 586	461 373	523 723	425 482	434 128
Vote 07: Education	366 626	625 091	758 110	866 005	842 944	842 944	926 006	975 613	1 045 815
Vote 08: Public Works, Roads and Transport	33 172	439 012	470 930	524 313	532 323	530 937	544 990	560 872	585 750
Vote 09: Safety, Security and Liaison	693	815	332	1 000	1 289	1 394	1 150	1 600	72
Vote 10: Health	86 234	108 356	139 755	158 459	188 803	192 808	177 316	188 888	199 877
Vote 11: Culture, Sport and Recreation	7 510	8 792	4 824	12 865	12 965	12 783	8 400	13 142	14 887
Vote 12: Social Development	253 356	264 982	323 471	350 301	345 773	345 773	289 764	398 921	454 521
Vote 13: Human Settlement	818 729	778 317	1 031 469	1 052 606	927 286	927 686	970 715	1 047 782	1 116 795
Total provincial payments and estimates by Vote	2 085 697	2 674 030	3 334 550	3 705 643	3 736 696	3 730 604	3 759 131	4 005 353	4 257 038

Summary of provincial payments of capital assets by Vote									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
Vote 01: Office of the Premier	5 812	5 372	2 984	400	2 970	2 993	700	650	600
Vote 02: Provincial Legislature	4 650	6 833	17 858	21 075	3 834	3 864	1 909	2 250	2 112
Vote 03: Finance	4 596	2 108	9 906	5 520	5 248	5 181	7 369	7 530	7 857
Vote 04: Co-operative Governance and Traditional Affairs	47 044	129 459	49 095	8 000	30 723	39 004	5 109	10 603	9 306
Vote 05: Agriculture, Rural Development and Land Administration	82 273	30 762	21 563	79 309	78 156	77 808	71 412	14 872	4 199
Vote 06: Economic Development, Environment and Tourism	3 967	3 125	11 273	10 738	10 738	10 738	11 389	11 600	11 500
Vote 07: Education	390 020	328 341	422 165	646 419	713 765	768 141	701 693	713 883	777 935
Vote 08: Public Works, Roads and Transport	790 167	685 047	573 618	974 918	996 304	989 921	904 229	1 060 366	1 114 514
Vote 09: Safety, Security and Liaison	56 539	15 203	24 871	26 122	27 099	14 265	39 101	37 180	36 120
Vote 10: Health	387 816	672 640	594 703	798 453	793 937	731 051	590 910	662 257	670 428
Vote 11: Culture, Sport and Recreation	35 773	64 076	73 941	96 997	123 897	124 079	90 184	51 935	50 350
Vote 12: Social Development	37 233	55 722	47 343	82 287	79 763	79 765	87 232	91 840	89 847
Vote 13: Human Settlement	11 748	8 608	45 789	-	2 895	2 317	10 348	15 642	17 022
Total provincial payments and estimates by Vote	1 857 638	2 007 296	1 895 089	2 750 238	2 869 329	2 849 127	2 521 585	2 680 608	2 791 790

5.6 Payments by policy area

Summary of provincial payments and estimates by policy area									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
General public services	3 521 855	3 957 785	4 480 801	5 267 955	5 595 703	5 585 073	5 455 920	5 964 280	6 256 784
Public order and safety	327 920	363 904	412 692	448 556	452 799	399 752	803 704	842 909	904 121
Economic affairs and Environmental protection	576 606	589 478	715 546	646 741	703 262	702 287	770 191	689 184	723 521
Housing and community amenities	909 657	915 446	1 227 164	1 192 799	1 094 449	1 094 449	1 164 949	1 262 335	1 344 178
Health	4 319 472	5 592 664	6 347 222	7 158 609	7 345 486	7 300 271	7 544 189	8 134 910	8 620 121
Recreation, culture and religion	232 139	268 119	292 519	331 334	367 334	367 334	324 817	313 858	330 430
Education	9 307 607	10 888 000	11 543 254	12 900 232	13 149 309	13 203 685	13 983 862	14 865 003	15 725 024
Social protection	657 025	748 563	847 957	956 057	961 091	961 074	920 299	1 080 207	1 136 619
Total provincial payments and estimates by policy ar	19 852 281	23 323 959	25 867 155	28 902 283	29 669 433	29 613 925	30 967 931	33 152 686	35 040 798

5.7 Infrastructure payments

Given the strategic focus of government to shifting the composition of expenditure towards investments in infrastructure, the province has allocated a total amount of R2.805 billion (building and other fixed structures R 2.287 billion reflected on table 1.11 and maintenance and repairs reflected in table 1.14(b) amounting to R518 million), for development and maintenance

of infrastructure during the 2012/13 financial year. This investment will be an important driver towards economic growth and job creation in the Province.

The following table reflects estimates of all capital payments including buildings, other fixed structures, maintenance as well as equipment.

Summary of provincial infrastructure payments and estimates by Vote									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15
Vote 05: Agriculture, Rural Development and Land Administration	170 013	109 552	96 609	327 450	324 427	320 693	330 680	275 897	214 975
Vote 06: Economic Development, Environment and Tourism	27	25	6 142	8 532	8 532	8 532	9 389	9 500	9 500
Vote 07: Education	361 516	307 965	434 995	620 959	690 963	817 821	685 894	694 753	757 498
Vote 08: Public Works, Roads and Transport	36 576	1 177 566	882 533	1 284 975	1 284 975	1 284 975	1 324 227	1 449 002	1 530 902
Vote 10: Health	240 103	578 107	497 091	699 873	648 446	683 077	591 028	627 687	653 235
Vote 11: Culture, Sport and Recreation	30 628	56 449	59 761	90 997	112 597	112 597	82 290	38 999	37 826
Vote 12: Social Development	18 458	35 000	36 869	66 979	66 979	66 979	72 426	76 417	76 917
Total	857 321	2 264 664	2 014 000	3 099 765	3 136 919	3 294 674	3 095 934	3 172 255	3 280 853

1. Departmental amounts should include new constructions, rehabilitation/upgrading, other capital projects and recurrent maintenance.

Summary of provincial infrastructure payments and estimates by category and Vote									
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2008/09	2009/10	2010/11				2011/12	2012/13	2013/14
New and replacement assets									
Vote 05: Agriculture, Rural Development and Land Administration	-	447	24	4 685	4 685	3 083	50 329	9 783	9 873
Vote 07: Education	87 358	106 067	120 799	288 967	298 125	301 452	265 948	253 000	287 000
Vote 08: Public Works, Roads and Transport	3 269	408 412	77 079	52 284	52 284	52 284	40 836	42 959	45 107
Vote 10: Health	53 727	272 058	85 078	138 814	105 967	120 622	117 990	156 160	134 233
Vote 11: Culture, Sport and Recreation	21 541	53 516	59 689	82 897	104 497	104 497	63 890	24 899	23 021
Vote 12: Social Development	18 458	35 000	36 869	66 979	66 979	66 979	68 284	72 040	72 040
Sub-total: New and replacement assets	184 353	875 500	379 538	634 626	632 537	648 917	607 277	558 841	571 274
Maintenance and repairs									
Vote 05: Agriculture, Rural Development and Land Administration	714	-	627	-	-	-	-	-	-
Vote 07: Education	17 472	21 213	26 541	25 779	28 457	28 457	80 553	59 000	59 956
Vote 08: Public Works, Roads and Transport	33 307	190 138	151 747	442 499	442 499	442 499	414 817	485 639	509 921
Vote 10: Health	2 360	-	25 137	87 946	43 373	87 946	18 484	38 658	43 123
Vote 12: Social Development	-	-	-	-	-	-	4 142	4 377	4 877
Sub-total: Maintenance and repairs	53 853	211 351	204 052	556 224	514 329	558 902	517 996	587 674	617 877
Upgrade and additions									
Vote 05: Agriculture, Rural Development and Land Administration	86 195	93 607	-	-	22 517	22 517	27 205	-	-
Vote 06: Economic Development, Environment and Tourism	27	25	6 142	8 532	8 532	8 532	9 389	9 500	9 500
Vote 07: Education	58 239	70 711	75 458	28 026	29 451	29 451	44 005	63 000	76 000
Vote 08: Public Works, Roads and Transport	-	188 144	369 681	249 192	249 192	249 192	261 901	356 521	383 797
Vote 10: Health	184 016	305 969	369 916	455 113	462 606	455 113	443 054	426 369	475 879
Vote 11: Culture, Sport and Recreation	9 087	2 933	72	8 100	8 100	8 100	18 400	14 100	14 805
Sub-total: Upgrade and additions	337 564	661 389	821 269	748 963	780 398	772 905	803 954	869 490	959 981
Rehabilitation, renovations and refurbishment									
Vote 05: Agriculture, Rural Development and Land Administration	-	2 661	1 967	27 090	1 550	2 862	19 361	4 308	4 308
Vote 07: Education	198 447	109 974	212 197	278 187	334 930	458 461	295 388	319 753	334 542
Vote 08: Public Works, Roads and Transport	-	68 594	284 026	541 000	541 000	541 000	606 673	563 883	592 077
Vote 10: Health	-	80	16 960	18 000	36 500	19 396	11 500	6 500	-
Sub-total: Rehabilitation, renovations and refurbishment	198 447	181 309	515 150	864 277	913 980	1 021 719	932 922	894 444	930 927
Infrastructure transfers									
Vote 05: Agriculture, Rural Development and Land Administration	83 104	12 837	93 991	295 675	295 675	292 231	233 785	261 806	200 794
Vote 08: Public Works, Roads and Transport	-	322 278	-	-	-	-	-	-	-
Sub-total: Infrastructure transfers	83 104	335 115	93 991	295 675	295 675	292 231	233 785	261 806	200 794
Total provincial infrastructure payments and estimates	857 321	2 264 664	2 014 000	3 099 765	3 136 919	3 294 674	3 095 934	3 172 255	3 280 853
1. Total provincial infrastructure is the sum of "Capital" plus "Recurrent maintenance".									

1. Total provincial infrastructure is the sum of "Capital" plus "Recurrent maintenance".

5.6 Transfers

5.6.1 Transfers to public entities

Summary of provincial transfers to public entities by transferring department									
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
Vote 06: Economic Development, Environment and Tourism	358 145	320 767	441 786	412 585	460 306	460 306	523 723	425 482	434 128
Vote 07: Education	23 000	23 470	29 594	61 370	61 370	60 870	92 741	66 142	69 449
Vote 13: Human Settlement	22 000	18 850	-	-	-	-	-	-	-
Total provincial transfers to public entities	403 145	363 087	471 380	473 955	521 676	521 176	616 464	491 624	503 577

Table 1.16 reflects departments that have transfers that are made to public entities. The province has only two departments that are making such transfers, namely Department of Economic Development, Environment and Tourism as well as Department of Education.

5.6.2 Transfers to local government

Summary of provincial transfers to local government by category									
Outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
Category A	48 000	-	-	-	-	-	-	-	-
Category B	55 358	66 780	59 424	86 964	87 064	87 848	90 650	97 636	103 195
Category C	13	-	-	-	-	-	11	12	13
Total provincial transfers to local government	103 371	66 780	59 424	86 964	87 064	87 848	90 661	97 648	103 208

The above table shows transfers that are made to local government. Only Department of Health is transferring funds to local government for purposes of supporting municipal clinics.

5.7 Personnel numbers

Summary of personnel numbers and costs by Vote ¹							
Personnel numbers	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 March 2014	As at 31 March 2015
Vote 01: Office of the Premier	308	299	292	283	298	298	298
Vote 02: Provincial Legislature	156	157	153	157	235	235	235
Vote 03: Finance	321	336	333	351	371	371	371
Vote 04: Co-operative Governance and Traditional Affairs	636	653	1 040	1 124	1 184	1 189	1 190
Vote 05: Agriculture, Rural Development and Forestry	1 719	1 702	1 614	1 550	1 817	1 864	1 885
Vote 06: Economic Development, Environment and Tourism	497	516	491	498	514	516	519
Vote 07: Education	44 006	43 138	44 446	45 495	46 317	46 680	46 918
Vote 08: Public Works, Roads and Transport	4 122	4 440	4 921	4 670	4 696	4 701	4 703
Vote 09: Safety, Security and Liaison	1 414	1 434	1 636	1 660	1 795	1 795	1 795
Vote 10: Health	16 005	17 323	17 921	18 026	18 666	18 758	18 783
Vote 11: Culture, Sport and Recreation	305	771	741	747	597	597	597
Vote 12: Social Development	1 518	1 825	1 862	1 922	2 003	2 003	2 003
Vote 13: Human Settlement	278	345	354	369	406	439	459
Total provincial personnel numbers	71 285	72 939	75 804	76 852	78 899	79 446	79 756
Total provincial personnel cost (R thousand)	11 757 596	13 663 757	15 354 129	17 328 361	18 632 147	19 871 420	21 083 377
Unit cost (R thousand)	165	187	203	225	236	250	264

1. Full-time equivalent

Summary of provincial personnel numbers and costs									
	Outcome			Main appropriation	Adjusted appropriation 2011/12	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15
Total for province									
Personnel numbers (head count)	71 285	72 939	75 804	77 921	77 843	76 852	78 899	79 446	79 756
Personnel cost (R thousands)	11 757 596	13 663 757	15 354 129	16 716 393	17 350 640	17 328 361	18 632 147	19 871 420	21 083 377
Human resources component									
Personnel numbers (head count)	952	1 325	1 338	1 649	1 667	1 670	1 734	1 782	1 816
Personnel cost (R thousands)	139 343	164 394	189 678	372 761	373 430	370 516	405 381	431 296	459 792
Head count as % of total for provi	1.3%	1.8%	1.8%	2.1%	2.1%	2.2%	2.2%	2.2%	2.3%
Personnel cost as % of total for p	1.2%	1.2%	1.2%	2.2%	2.2%	2.1%	2.2%	2.2%	2.2%
Finance component									
Personnel numbers (head count)	1 022	2 477	2 788	3 272	3 256	3 270	4 165	4 368	4 562
Personnel cost (R thousands)	164 717	208 956	222 168	344 440	340 519	332 222	365 619	389 553	409 624
Head count as % of total for provi	1.4%	3.4%	3.7%	4.2%	4.2%	4.3%	5.3%	5.5%	5.7%
Personnel cost as % of total for p	1.4%	1.5%	1.4%	2.1%	2.0%	1.9%	2.0%	2.0%	1.9%
Full time workers									
Personnel numbers (head count)	72 132	72 990	76 447	77 530	76 422	75 712	77 145	77 689	77 989
Personnel cost (R thousands)	11 532 598	13 415 937	15 038 466	16 496 349	17 045 442	17 014 394	18 176 290	19 574 754	20 572 751
Head count as % of total for provi	101%	100%	101%	99%	98%	99%	98%	98%	98%
Personnel cost as % of total for p	98%	98%	98%	99%	98%	98%	98%	99%	98%
Part-time workers									
Personnel numbers (head count)	24	28	27	27	27	27	26	26	26
Personnel cost (R thousands)	69 862	78 054	75 742	86 660	86 660	86 550	94 000	97 973	104 788
Head count as % of total for provi	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Personnel cost as % of total for p	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Contract workers									
Personnel numbers (head count)	513	668	471	462	462	454	314	317	318
Personnel cost (R thousands)	19 474	31 407	10 871	11 615	11 665	11 445	14 246	15 237	15 208
Head count as % of total for provi	0.7%	0.9%	0.6%	0.6%	0.6%	0.6%	0.4%	0.4%	0.4%
Personnel cost as % of total for p	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

5.8 Payments on training

Summary of provincial payments on training by Vote									
R thousand	Outcome			Main appropriation	Adjusted appropriation 2011/12	Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15
Vote 01: Office of the Premier	705	3 238	1 585	1 825	1 825	1 825	160	160	160
Vote 02: Provincial Legislature	1 112	1 118	532	1 000	320	320	336	562	469
Vote 03: Finance	28 719	11 256	14 570	13 996	53 496	15 398	17 335	18 400	19 313
Vote 04: Co-operative Governance and Traditional	1 563	508	2 282	568	568	568	2 196	2 591	3 038
Vote 05: Agriculture, Rural Development and Land	3 374	4 199	1 998	4 233	4 123	4 810	5 293	5 578	5 085
Vote 06: Economic Development, Environment and	1 200	1 249	1 143	1 254	1 210	1 254	1 254	1 000	1 200
Vote 07: Education	28 049	29 092	29 720	29 933	29 933	29 933	32 631	35 123	36 940
Vote 08: Public Works, Roads and Transport	34 676	52 766	67 359	68 388	68 388	56 830	30 788	29 229	26 551
Vote 09: Safety, Security and Liaison	729	988	712	880	880	916	1 020	1 100	1 210
Vote 10: Health	110 644	136 768	201 919	245 881	246 433	222 567	265 892	273 674	289 156
Vote 11: Culture, Sport and Recreation	339	700	638	785	785	785	874	919	1 057
Vote 12: Social Development	12 917	14 870	16 080	8 442	8 392	8 592	7 600	8 000	8 000
Vote 13: Human Settlement	1 312	1 083	3 298	2 940	2 940	2 940	2 840	2 970	3 091
Total provincial payments on training	225 339	257 835	341 836	380 125	419 293	346 738	368 219	379 306	395 270

ALLOCATIONS TO VOTES

Vote 1: Office of the Premier

The Office of the Premier is allocated a total budget of **R158.103 million** to provide strategic leadership on the implementation of government programme of action, anchored on the twelve national outcomes.

Vote 2: Provincial Legislature

A total budget of **R213.600 million** is allocated to the Provincial Legislature for members in order to discharge their responsibility to hold the executive and other state organs accountable through intensified oversight, enhanced public education and participation and law-making.

Vote 3: Department of Finance

The Department of Finance is allocated a total budget of **R255.340 million** to ensure equitable allocation of budget, monitoring of utilization of provincial resources, capacitate and give support to both provincial departments' public entities and municipalities.

Included in this budget, are special allocations to enhance the implementation of the Public Finance Management Act in provincial administrations amounting to **R3 million** as well as **R5 million** for support and capacity building to municipalities.

A further **R7.673 million** has been allocated to support the Department of Education in improving governance issues in schools, as well as Departments of Social Development and Health in dealing with non compliance issues within its Non Profit Institutions and Non Governmental Organizations stakeholders.

Vote 4: Co-operative Governance and Traditional Affairs

The Department of Co-operative Governance and Traditional Affairs is allocated a total budget of **R 337.424 million** in order to facilitate and co-ordinate inter-governmental structures and developmental agencies to provide sustainable integrated service delivery and also to support the traditional system of governance in the province. A special allocation of **R9.2 million** is also provided for the construction of Bloemendal pipeline after a process of reprioritisation of the Department's budget.

Vote 5: Agriculture, Rural Development and Land Administration

The total allocation to the Department of Agriculture, Rural Development and Land Administration is **R980.476 million**. The allocation of **R35 million** is provided for procurement of land and establishment of fresh produce market and **R15.053 million** for renovations in Marapyane College amongst others.

Vote 6: Economic Development, Environment and Tourism

The total budget of the department increases to **R770.191 million** for implementation of the Mpumalanga Growth and Development Path, with specific focus given to job creation, SMMEs support, cooperatives development, promotion of tourism and implementation of air quality management plan.

The allocation is also intended to enable the Mpumalanga Economic Growth Agency (MEGA) and the Mpumalanga Tourism and Parks Agency (MTPA) to drive strategic economic and tourism objectives.

Mpumalanga Tourism and Parks Agency

A special allocation of **R50.606 million** is made available to Mpumalanga Tourism and Parks Agency. **R44 million** of this allocation is for revitalisation of the first four priority nature reserves, namely:

- Blyde River Canyon Nature Reserve;
- Songimvelo Nature Reserve;
- Manyeleti Nature Reserve, and
- Loskop Dam Nature Reserve.

The remaining **R6.606 million** will cover the programme costs related to implementation of both tourism and conservation mandate.

Mpumalanga Economic Growth Agency

A special allocation of **R20 million** is provided to MEGA to set up a special purpose vehicle for implementation of bulk water and sanitation infrastructure as announced in the State of the Province Address. **R40 million** is also allocated to the Agency in order to service the loan with the Development Bank of South Africa.

Vote 7: Education

The Department has been allocated a total budget of **R13.983 862 billion** to:

- Improve access to and quality of early childhood development programmes
- Improve literacy and numeracy competence amongst learners
- Improve the participation and performance in mathematics, science and technology subjects
- Improve the Grade 12 outcome
- Eradicate dysfunctional schools

There are two function shifts that have affected the Department of Education namely centralization of bursaries as well as youth skills development in the province.

Bursaries

The department is given the responsibility to disburse both internal and external bursaries in line with the Mpumalanga Human Resource Development Strategy.

Youth skills development

The new mandate of Mpumalanga Regional Training Trust (MRTT) is to train, accredit and place the youth in the job market. The mandate was extended that MRTT should trace and place the Youth that the Department of Public Works Roads and Transport has trained and not placed.

Vote 8: Public Works, Roads and Transport

The Department of Public Works, Roads and Transport is allocated a total budget amounting to **R3.510 977 billion** to effectively implement all mandates relating to:

- maintenance of government buildings and road infrastructure;
- provision of wood and Coal for hospital boilers;
- integrated Transport Infrastructure , and
- provision of Scholar Transport.

Vote 9: Safety, Security and Liaison

The Department of Safety, Security and Liaison is allocated a total budget of **R803.704 million** in order to improve the safety of communities and the coordination of security services.

Vote 10: Health

The Department of Health is allocated a total budget of **R7. 544 189 billion**.

Included in this allocation is **R108.500 million** allocated to the department to recruit and retain medical professionals to address the high vacancy rate and bring the staff complement to 60 per cent.

New Conditional grants

The fiscal envelope makes provision for two new conditional grants for health sector. These are the Nursing Colleges and Schools and National Health Insurance Grants.

Nursing Colleges and Schools Grant

R9.740 million is provided in the baseline of the Nursing Colleges and School Grant for the refurbishment and upgrading of nursing colleges in 2012/13 financial year.

National Health Insurance Grant

Over the 2012 Medium Term Expenditure period the province will receive a share of the National Health Insurance Grant totaling **R11.500 million** in 2012/13. This allocation is provided to fund National Health Insurance (NHI) pilot project in the province.

The forensic pathology grant will be shifted into Provincial Equitable Share (PES) during 2012/13 financial year. An allocation of **R49.875 million** in 2012/13 and **R52.116 million** in 2013/14 is provided.

Vote 11: Culture, Sport and Recreation

The priorities of the department in the next financial year include hosting the international gold panning championship; providing funding and support to arts and culture organisations, councils and sport institutions; construction of a Sports Academy, libraries, provision of Information Communication Technology (ICT) services to public libraries as well as provision of school sports.

R3.500 million is added to the baseline of the department to implement the heritage programme. A further allocation of **R24 million** is provided for acquisition of land and project packaging for the Cultural hub.

The department receives a total budget of **R324.817 million** during the 2012/13 financial year.

Vote 12: Social Development

The Department of Social Development is allocated a total amount of **R920.299 million**

in order to provide equitable, integrated, quality and sustainable social development services. Included in this allocation are the following priority areas:

- Implementation of anti drug master plan;
- Implementation of *Isibindi* Model of Care for Vulnerable Children and Youth, and
- Construction of branch offices.

Vote 13: Human Settlements

In order to facilitate the creation of integrated sustainable human settlements, the Department of Human Settlement is allocated a total of **R1.164 949 billion**.

The provincial share of the Human Settlements Development Grant to the amount of **R0.589 million** is provided for the repair of storm-damaged infrastructure.