

1. BUDGET STRATEGY AND AGGREGATES

1.1 Introduction

The 2013 MTEF budget is tabled in the context of a constrained domestic economic environment and an uncertain global economic outlook. Spending over the 2013 MTEF remains within the levels set in the 2012 Budget. In the 2013 MTEF most of new spending has been funded through reprioritisation of funds and identification of savings. Budget reductions of 1 per cent, 2 per cent and 3 per cent have been experienced.

Our province's budget has been cushioned to a certain extent by the allocation received due to 2011 census in order to impact of the inward net migration as reported in the State of Province Address on 1 March 2013.

Departments are required to shift spending from consumption (operational) towards investments. As a province there has been an effort to restrict departments to reduce their budget towards compensation is restricted at a lower level and that any appointment done should be approved as critical posts that will add more value to the organisation.

Past trends in government expenditure show that government debt (national level) and the wage bill in all the spheres of government have become the fastest growing components of spending.

NOTES ON THE EQUITABLE SHARE ALLOCATIONS

Inflation assumptions

Revised inflation projections (CPI) published in the 2012 Medium Term Budget Policy Statement, are 5.3 per cent in 2013/14, 5.1 per cent in 2014/15 and 4.9 per cent in 2015/16. We use the inflation assumptions to test whether we have funded efficiently.

Personnel adjustments

The fiscal framework makes available funding to cover the carry-through costs of the current wage agreement agreed to in 2012. Government and labour agreed to a multi-year agreement which covers the period 2012/13 up to 2014/15. The agreement covers cost of living adjustments to payroll remuneration and changes in respect of conditions of service which include: the increase of the housing allowance from R800 to R900, long service recognition cash awards, qualification bonuses as well as night shift allowance.

Total adjustments to the provincial equitable share cover the full cost of the wage agreement (i.e. cost of living adjustments, housing allowance, qualification bonuses and long service recognition cash rewards) but does not make provision for growth in personnel numbers in the different sectors. Resources have been allocated over the MTEF to cover the costs of the wage agreement. Going forward, employment of personnel should strictly only be considered in areas where critical skills are required, and only when properly motivated in terms of performance improvements.

PERSONNEL INFLATION RELATED ADJUSTMENTS

In preparing budgets for the 2013 MTEF, departments have been advised to budget for personnel budgets growth of CPI (5.3 per cent plus 1 per cent in 2013/14; CPI 5.1per cent plus 1 per cent in 2014/15 and CPI 4.9 per cent in non-SMS and SMS members on OSD.

These agreements will be implemented in April from 2013/14. For SMS members not on OSD, the personnel budgets growth must provide for 5 per cent for 2013/14 and 2014/15, and CPI for 2015/16.

Departments have been advised to also budget for an applicable built-in pay progression and promotions for each of the sectors.

For the 2013 MTEF, the provincial equitable share formula has been updated with population data from the 2011 Census with implications to the total equitable allocations for provinces over the MTEF. Some provinces receive additional resources as a result of increased service delivery responsibilities (i.e. those with increased population) while others receive reduced allocations as result of the reduction in their population numbers as reported in the new Census results.

Consideration was given to the fact that sufficient time needs to be given to provinces with reduced populations to adjust to smaller budgets. An addition of **R1.889 billion** is made available over the MTEF to cushion the impact of phasing in the new census data.

It should be noted that these amounts will only provide relief in the 2013 MTEF and that from 2016/17 the PES will be allocated solely through the formula with no additions to support provinces with declining shares. This means that provinces must use the three years of support provided to adjust to their new baselines.

The additions for the policy priorities described above will also help to offset the reductions in the indicative allocations to provinces with declining shares of the PES. However, these funds are intended to be used for the particular priorities they have been allocated for and not as general funds to compensate for the change in PES shares. Therefore, although they have the effect of offsetting the changes, this is not their purpose and they should be reflected against policy priorities in provincial budgets.

TEST OF ALLOCATIVE EFFICIENCY

It can be confirmed that in all the votes government programmes have been sequenced to the budgets in order to align them to the provincial budgets.

Funds have been allocated in an effort to respond to the socio – economic challenges as reported in the Socio-Economic Review and Outlook of the province.

PRIORITIES FUNDED ON SOCIAL SERVICES SECTOR

DEPARTMENT OF EDUCATION

The Department has been allocated a budget of R14.896 billion for the 2013/2014 financial year.

Through an intense process of engagements, prioritising and re-prioritising, the following key strategic priorities have been identified:

- ☐ Upgrading of educators in order to meet the REQV 14 and improve Maths and Science skills
- ☐ Capacitation of Senior & FET Phase educators on CAPS and SMTs on CAPS management
- ☐ Recapitalisation of Education Development Centres to provide refresher courses to educators
- ☐ Implement the improvement plan for 2013 academic year through purposeful intervention programmes:
 - Extra classes
 - Supplementary resources
 - Teacher support
 - Study groups
 - Common assessments
 - Training on content specific short courses
- ☐ Provide the National School Nutrition Programme – all Q1-3 Primary & Secondary schools to 873 957 learners
- ☐ Establishment and maintenance of food gardens in schools offering NSNP
- ☐ Work with DARDLA and OTP in delivering NSNP in the CRDP municipalities utilising Co-ops (Fresh Produce)
- ☐ Improving access to and quality of early childhood development programmes
- ☐ Improving literacy and numeracy competence amongst learners
- ☐ Improving the participation and performance in mathematics, science and technology subjects
- ☐ Improving the Grade 12 outcome
- ☐ Eradicating dysfunctional schools

- ☐ Grade R facilities – 19
- ☐ Completion of two boarding schools
- ☐ Phase 2 of existing boarding schools
- ☐ Upgrading of 5 special schools
- ☐ Mud & Unsafe structures – 14 schools
- ☐ Workshops in Technical High Schools - 16
- ☐ Repairs of Storm Damaged schools
- ☐ Planning for 2014/15 & 2015/16 projects Increase the % of learners in grades 3,6 & 9 functioning at the required level by conducting school based and externally set quarterly common assessments, mentoring and coaching, monitoring & supporting teaching and learning.
 - Grade 3: 54% in Numeracy
 - Grade 3: 54% in Literacy
 - Grade 6: 54% in Language
 - Grade 6: 54% in Maths
 - Grade 9: 54% in Language
 - Grade 9: 55% Maths
- ☐ Increase & Improve the quality & number of maths passes at Grade 12 from 9 998 to 14 565 learners – end of 2013
- ☐ Increase the number of learners taking up Maths in grade 10 in 2014 academic year Maths: 33 000
- ☐ Increase & Improve the quality & no of physical science passes at Grade 12 from 10 426 to 11 469learners – end of 2013
- ☐ Increase the number of learners taking up physical Science in grade 10 in 2014 academic year Physical Science: 18 500
- ☐ Appoint personnel for the central office (hub) of the academy & its operations
- ☐ Link 100 schools to the Hub utilising video & SMART technologies
- ☐ Audit the qualification of educators in these schools
- ☐ Give focussed in-service training to teachers in Maths, Science and Technical subjects

- Assist teachers of satellite schools in teaching the subjects effectively to improve participation and performance of learners

Compensation of Employees

In determining the compensation funding needs for the 2013/14 financial year, the Department had to ensure that all committed personnel expenditure (both for existing filled posts and other committed seasonal expenditure), as well as the projected personnel expenditure for replacement employment and the carry through effect of critical advertised vacant posts is costed.

The rationale followed in respect of this exercise is as follows:

Cost per head calculation in respect of all serving staff based on the actual salary information of every serving employee (after the general salary increase) with additional provision for 1-2% pay progression as prescribed, plus provision for the general increase of 6.3% as prescribed;

Costed other committed compensation expenditure not already included in the cost per head exercise, e.g. payments for winter schools and spring schools, CASS claims and exam related payments, payment of teacher laptop allowances, payment of teacher incentives to science and mathematics teachers, etc;

Costed the replacement employment related to educator posts in institutions already in the process of being filled in the current financial year;

Carry-through expenditure for critical vacant posts already in the process of being filled in the current financial year, as well as critical vacant posts to be filled in the 2013/14 financial year, with specific reference to the following:

Creation and filling of 19 posts for the new MST Academy with effect from 20131001; and

Creation and filling of 118 Support Staff posts for the 2 new Boarding Schools with effect from 20140101.

INCREASED NUMBER OF TEACHERS IN QUINTILE 1 SCHOOLS

While the average learner: teacher ratio at public ordinary schools is just over 30:1, this ratio does not reflect the actual class size in poorer schools. These schools cannot afford to fund governing body posts and these teachers are included in the ratio for all public ordinary schools. Furthermore, principals and deputy principals are included in the number of posts allocated to a school, but they do not teach a full load as a result of their administrative responsibilities.

The result is that class size is often much higher than the average learner: teacher ratio and is usually high at the poorer schools where learners are more likely to need additional support. Additional funding is therefore allocated in the 2015/16 financial year to enable

poorer schools to increase their number of teachers. Mpumalanga allocation amounts to R82.586 million in the 2015/16 financial year.

INCREASED NUMBER OF GRADE R TEACHERS

The education sector has a target of universal provision of Grade R by 2014 and by 2011 the average enrolment in public ordinary schools across the country was around 70 per cent. The Early Childhood Development programme is expected to grow by an average annual rate of 17.9 per cent over the current MTEF.

This growth will address the need for additional Grade R learner and teacher support materials. There is still a need for additional teachers to be appointed to enable the universal enrolment, for which these additional funds are required. An amount of R800 million is allocated in 2015/16 for the employment of Grade R teachers. Mpumalanga allocation amounts to R65.318 million in the 2015/16 financial year.

DEPARTMENT OF HEALTH

The Department has allocated funding to the following priorities for provision of Health Services to the people of Mpumalanga Province:

The Department will prioritise the training of staff to improvement the rate of complaints due to unprofessional treatment.

Establishment of Maternity Waiting Homes in all District Hospitals as pronounced in the SOPA, the department will procure mobile waiting homes which will assist in dealing with maternity challenges.

The Department has committed to ensuring control of infections and prioritise cleanliness in all facilities of the department. This activity is part of the priorities in the non-negotiable(s) and more funding is allocated to achieve this as required.

The availability of drugs is critical in ensuring the provision of basic health care services to the people of Mpumalanga. A number of positions have been prioritised to deal with this capacity challenge to ensure that drugs are available in hospitals.

The department will prioritise the appointment of Maintenance Teams in facilities due to persistent challenges affecting our facilities. This will enables the department to fast track the backlog on the maintenance of our facilities and will reduce the spending trends on outsourced services.

Most our facilities are operating without proper leadership and basic critical posts. The welcomed Hospital visits outcome clearly indicates a number of hospitals requiring additional staff to function as planned in the Annual Performance Plan. Hence, a Hospital Improvement Plan was developed to address issues pertaining amongst others recruitment and replacement of staff. This also affects the NHI pilot, which requires all facilities to have management autonomy site and therefore it is critical to decentralize management and decision making.

The NHI, The Department has trained a number of CEO's and finance staff in preparation of the decentralisation of finance delegations. Although, there are still a number a capacity challenges in the facilities, the implementation of the Hospitals Improvement plan will assists in reducing challenges.

The complexity of the Health sectors requires the procurement of highly technological medical and allied Equipment. The department has allocated funds from the procurement of medical equipment for identified hospitals.

Funding has been provided in ensuring minor repairs and maintenance of all facilities in the Department. This is critical to ensure that minor infrastructure problems are identified on time to allow preventative maintenance to take place. The appointment of maintenance team will speed up the turnaround time for such maintenance. Funding is also set aside to ensure major maintenance of facilities which include Renovation and repair of critical infrastructure challenges.

A number of facilities have been declared as completely dilapidated, these Hospitals must be demolished and new structures will be constructed. These facilities are included in the approved a project list of the Department to be implemented in the new financial year.

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Emergency Medical Services shows an increase of 8 per cent in the 2013/14 financial year. The continued drive to improve emergency medical services is reflected in the real increase in the Programme 3 funding in 2013/14 and the outer years of the MTEF period. Improvement of EMS and planned patient transport is always prioritised in the programme to improve the response time both in urban and rural areas.

Planned Patient transport will be prioritised to ensure improve referral of patients in the province. This sub-programme is still faced with a number of challenges especially on the establishment of Planned Patients Transport Unit in the Provincial Office; however the budget for PPT shall be used to procure Patients Transporters for Hospitals.

IMPROVED DIAGNOSTIC TESTS FOR TUBERCULOSIS (GENEXPERT)

Additional funding of R27.563 million over the MTEF is made available for the roll out of an improved diagnostic test for tuberculosis (TB). This will include additional payments to National Health Laboratory Service (NHLS) for GeneXpert machines which provide quicker and more accurate diagnostic tests for TB, reducing the risk of more people getting infected.

DEPARTMENT OF SOCIAL DEVELOPMENT

EARLY CHILDHOOD DEVELOPMENT

- a) Tariff funding Increased from R12 to R15 per day per child
- b) Centres increased from 704 to 799 centres
- c) Increase in number of children reached from 55 843 to 56 967
- d) Funding increased from R122 721 million to R197 733 million
- e) Implementation of 05 non-center based ECD services reaching 9 198 children

Unemployment

- a) Funding allocated for youth development services is R42.202 million
- b) 99 Youth Centres funded
- c) Benefitting 495 youth employed at centres (R1.500 stipend)
- d) 15 420 Youth access services at the centres
- e) Absorption of social work graduates (estimate of 64) estimate budgets special allocation R9.711 million)
- f) Funding on ISIBINDI model at R24.911 million through special allocation
- g) 126 Child and youth care workers on EPWP (R1,100 stipend)
- h) 14 000 Children access services at these centres

Profiling of Households

- a) R13 million allocated for profiling in 2013/14

Services to persons with disability (Inequality)

- a) Funds allocated amount to R28.513 million
- b) Financial support to 61 protective workshops, benefitting 2 011 persons accessing services
- c) 03 Protective workshops transformed into sustainable business entities
- d) 08 Residential care facilities funded, benefitting 785 persons with disabilities
- e) 51 Stimulation centres funded, benefitting 1 293 children with disabilities

PROVINCIAL LEGISLATURE

R17.5 million has been allocated in the budget baseline in order to improve Public Participation, strengthening of the constituency work. It is clear that there is a need to enhance direct contact of Legislature with the Public.

CLEARING OF UNAUTHORISED EXPENDITURE CONDONED WITH FUNDING

Unauthorised expenditure referred to in section 34(1)(a) of the Public Finance Management Act, 1999: An additional amount is appropriated as a direct charge against the Provincial Revenue Fund to cover the overspending of the vote appropriation.

The following table reflects unauthorised expenditure that has been condoned by the Select Committee on Public Accounts and a finance bill will be table in 2013/14 financial year to fund same.

Amount Unauthorised	Committee on Public Accounts Reference	Financial Year	Vote Title	Comments
(R)				
Column 1	Column 2	Column 3	Column 4	
39 757 000.00	35th Report, paragraph 3.13	2005/06	Department of Health	This was as a result of over-spending on compensation of employees in Programme 2.
1 417 000.00	23rd Report, paragraph 3.11.2	2008/09	Department of Health	This was as a result of over-expenditure of overtime paid on Emergency Medical Services as a result of shortage of ambulances.
41 174 000.00				

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 2012, Executive Council Lekgotla that took place on 22-24 February 2013, the Budget and Finance Committee of 14th march 2013 endorsed a final allocations to all the votes.

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.

Departments are 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 and invest the saving into core business of the departments..

Personnel adjustments and policy priorities

Allocations of improvement of conditions of service have been made to all votes depending on the level of their operational as per requirements. 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.

EXPLANATORY NOTES TO THE 2013 BUDGETS

Phasing of the Devolution of Property Rate Funds Grant into the provincial equitable share

The Devolution of Property Rate Funds Grant has been phased into the provincial equitable share funding. The purpose of the grant was to enable provinces to take over the responsibility of paying property rates and municipal charges on properties that were administered by national government on their behalf. The province will continue to receive the same amounts that would have been received from the grant, but these will be transferred as part of the equitable share and not as a separate conditional grant.

Function shift of Schools of Industry

Included in this budget is the function shift of schools of Industry (Reformatory schools) from the Department of Education to the Department of Social Development.

Introduction of a new conditional grant

2014 African Nations Championship: Health and Medical Services Grant

A new indirect conditional grant for the provision of health and medical services during the 2014 African Nations Championship will be introduced as a once-off indirect grant in 2013/14 to support provinces hosting the 2014 African Nations Championship. This grant will be spent by the national Department of Health in support of provinces providing medical services in support of the tournament.

Reforms to existing conditional grants

Changes to the health infrastructure and NHI grant systems post 2012 MTBPS (for implementation from 2013/14). There are two main amendments that have been made to the conditional grant system, funding the provision of health infrastructure and the National Health Insurance (NHI) pilots. Firstly, all conditional grants in the health sector with a focus on infrastructure have been consolidated into one grant with separate grant components. Secondly, a new indirect (grant-in-kind) grant has been created by dividing the consolidated health infrastructure grant and NHI grant into direct and indirect components. The conditional grant framework linked to the newly established indirect grant will be designed in such a manner to ensure that the constitutional mandate of provinces with respect to the primary health care function is respected.

Consolidation of health infrastructure grants

The health facilities revitalisation grant funds the construction and maintenance of health infrastructure. This grant has been created through the merger of three previous grants: the health infrastructure grant, the hospital revitalisation grant and the nursing colleges and schools grant, which are now three grant components within the merged grant. The combination gives greater flexibility to the Department of Health to shift funds between the

three grant components, with the approval of the National Treasury, so that they can avoid under- or over-spending in any one area of health infrastructure.

Creation of a health indirect grant

The national health grant is a new indirect grant introduced in 2013/14 that will be spent by the Department of Health on behalf of provinces. The grant has two grant components, one to support infrastructure projects and the second to support the national health insurance scheme pilot sites.

Revisions to conditional grant baselines

Additions to the community library services grant

The funding has been adjusted slightly upwards. A portion was shifted to national government for the management and co-ordination of the grant from a national level as well as professional support from the National Library of South Africa to community libraries in respect of establishing book clubs; provision of ICT, promotion of marketing and communication strategies, production of public libraries directory and braille support.

Revisions to education infrastructure grant

Given the current constrained domestic outlook, National Cabinet on 5 February 2013 agreed to savings to specific provincial conditional grants. Due to slow spending, the Education Infrastructure Grant has been reduced.

Revisions to schools infrastructure backlogs grant

Spending on the Schools Infrastructure Backlogs Grant remains slow and National Cabinet approved that this grant be reduced. This is a grant in kind that is available to provinces that can demonstrate capacity to absorb the funds.

Revisions to health infrastructure conditional grants

Despite improvements in health infrastructure conditional grant spending, major inefficiencies persist as improved spending on grants has not resulted in significant improvements in infrastructure delivery. Cabinet approved that these grants (now consolidated into the Health Facility Revitalisation Grant – direct component) be reduced over the 2013 MTEF.

Revisions to allocations to individual provinces

Revisions to the national tertiary services grant allocations

The National Tertiary Services Grant (NTSG) preliminary allocations communicated to provinces in December 2012 have been revised downwards. The original baseline allocations for the grant have been retained whilst the national Department of Health task team

completes its work on the costing of the NTSG and the Health Professions and Training Development grant. The task team is expected to complete its work by May 2013 and the outcomes will inform the provincial breakdown allocations going forward.

Revisions to the provincial roads maintenance grant allocations

A new allocation formula has been developed for Provincial Roads Maintenance grant (PRMG) from 2013 MTEF onwards. The new formula results in significant reductions to the allocations of four provinces (Eastern Cape, Gauteng, Limpopo and North West). Increased allocations through the new formula are allocated to Free State, followed by Northern Cape and KwaZulu-Natal. Mpumalanga's allocation increases slightly in the first year of the MTEF and declines in the two indicative years.

Updates to human settlements development grant with data from 2011 Census

The 2011 Census results have shown large shifts in the need for housing towards larger urban centres. The current formula for HSDG does not necessarily sufficiently respond to these shifts which will necessitate a review of the formula. The full amount will be allocated in 2013/14, and half the allocations will be allocated to provinces in 2014/15 and 2015/16 (the remainder of the allocations for the two outer-years will remain unallocated in the interim).

Reforms to promote improvements in infrastructure delivery

Infrastructure conditional grants are being reformed and incentives will be introduced in existing grant structures to complement capacity support and to promote good Infrastructure Delivery Management System (IDMS) practices. These incentives will aim to address infrastructure planning and procurement failures in the delivery of infrastructure. From 2015/16 provinces will only be eligible to receive allocations for the Health Infrastructure grant and Education Infrastructure grant if they have complied with qualification criteria that require them to meet certain planning criteria. Provinces will be required to bid for their infrastructure grant allocations two years in advance (i.e. during 2013/14 provinces will bid for their 2015/16 allocations). There are a set of pre-requisites for bidding and criteria will be used to evaluate bids. Unsuccessful bids will not be funded and those allocations will be pooled in an unallocated fund, which provinces with successful bids can apply for.

Pre-requisites

Provinces will only be entitled to bid for funds if they have the following in place:

- a) An agreed framework that outlines the roles and responsibilities within a provincial infrastructure delivery management system (IDMS) which has been adopted and signed off by the Provincial Cabinet. This framework must also be supported by the appropriate capacity.

- b) Long term infrastructure plans (i.e. User Asset Management Plan) for each sector aligning a department's strategic objectives and infrastructure needs.
- c) Appropriate monitoring systems and contract management systems that enable filing, record keeping and tracking project expenditure

2013 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 2012, Executive Council Lekgotla that took place on 22-24 February 2013, the Budget and Finance Committee of 10 March 2013 endorsed a preliminary allocations to the various votes.

The Executive Council approved that the Provincial budgets be tabled in the Provincial Legislature on 14 March 2013.

On the 10th March 2013, 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.

FUNDING OF PROVINCIAL PRIORITIES

REVISION OF 2013/14 MTEF DEPARTMENTAL BASELINES FOR THE FUNDING OF PROVINCIAL PRIORITIES

The Budget and Finance Committee during its meeting of 10th March 2013 resolved that departmental baselines relating to compensation of employees be reduced downwards in order to make funds available for the funding of provincial priorities.

Earlier stages of allocation

MPUMALANGA PROVINCIAL FISCAL FRAMEWORK

SUMMARY OF ACTUAL AND BUDGETED RECEIPTS AND PAYMENTS

	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
R'000	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Receipts									
Transfer receipts from National Government	23 047 920	25 622 208	29 316 200	30 298 256	30 887 638	30 887 638	32 998 151	34 700 225	36 607 116
Equitable share	19 833 656	21 570 720	23 792 673	24 717 507	25 130 419	25 130 419	27 210 543	29 079 599	31 092 725
Conditional grants	3 214 264	4 051 488	5 523 527	5 580 749	5 757 219	5 757 219	5 787 608	5 620 626	5 514 391
Provincial own revenue	501 506	525 020	651 002	669 675	665 661	665 661	702 388	737 035	770 201
Total departmental receipts	23 549 426	26 147 228	29 967 202	30 967 931	31 553 299	31 553 299	33 700 539	35 437 260	37 377 317
Payments									
Programmes									
Education	10 888 000	11 543 254	13 024 202	13 983 862	14 284 994	14 284 994	14 832 456	15 759 387	17 032 305
Health	5 758 822	6 528 421	7 224 940	7 544 189	7 649 290	7 649 290	8 084 505	8 592 676	9 161 059
Social Development	748 563	847 957	957 588	920 299	924 261	923 041	1 141 294	1 224 170	1 312 097
Office of the Premier	175 459	157 004	144 554	158 103	164 926	164 926	168 385	177 269	185 044
Mpumalanga Provincial Legislature	138 333	221 065	190 698	213 600	232 331	232 331	225 934	237 788	250 671
Finance	203 638	214 282	223 270	255 340	255 865	252 668	272 924	287 016	302 350
Co-Operative Governance and Traditional Affairs	408 125	367 647	460 832	337 424	347 409	347 409	368 628	387 988	409 789
Agriculture, Rural Development and Land Administration	722 252	729 000	968 320	980 476	982 333	982 333	1 058 466	1 098 386	1 151 716
Economic Development, Environment and Tourism	589 478	715 546	701 917	770 191	792 640	792 966	823 442	864 044	906 498
Public Works, Roads and Transport	2 309 974	2 791 291	3 587 947	3 510 977	3 527 481	3 633 859	3 992 675	4 124 991	3 650 441
Community Safety, Security and Liaison	363 904	412 692	443 195	803 704	854 459	1 006 782	851 379	913 263	962 194
Culture, Sport and Recreation	267 779	292 199	361 173	324 817	357 044	357 044	320 488	373 551	424 471
Human Settlements	915 057	1 226 207	1 095 822	1 164 949	1 179 744	1 179 744	1 353 168	827 513	836 047
Total programmes	23 489 384	26 046 565	29 384 458	30 967 931	31 552 777	31 807 387	33 493 744	34 868 042	36 584 682
Surplus/(deficit) before financing	60 042	100 663	582 744	-	522	(254 088)	206 795	569 218	792 635
Provision for unauthorised Expenditure already condoned for Department of Health							(41 174)	-	-
Amount available for reallocation							165 621	569 218	792 635
Allocation to DEDET (Included in the estimates)							121 827	128 851	69 904
Total allocation -2011 Census impact							328 622	698 069	862 539

The unallocated funds left in earlier process have been allocated as on the following table:

Proposals for allocation of the preliminary surplus			
Vote number	Name of vote	Motivation for proposed approval	R0'000
Vote 1	Office of the Premier	Mpumalanga Aids Council Office only has budget for compensation of employees and this allocation will be made towards operational budgets	2
		Premier's Bursary fund	2
		Strengthening of Communication + Re - branding and repositioning of the province + Protocol issues	20
		Strengthening of monitoring and evaluation in the Province (departments, Public Entities and municipalities)	10
Vote 2	Provincial Legislature	Deepening Democracy - limit lack of information that frustrates communities, more direct contact with communities, strengthening of constituency work as well as public participation work	17.5
Vote 3	Finance	Reduce budget from Programme 4 to Programme 2 and also re-prioritise from Compensation of employees -Infrastructure coordination for increasing the capacity of Programme in line with IDMS - Infrastructure Delivery Management System	0
Vote 4	Co-operative Governance and Traditional Affairs	Option 1 : Department requested R21 million for funding of CDWs however department is currently underspending during 2012/13 - funding for CDWs will be prioritised from the current year underspending. A submission will be made after 31 May 2013 to Budget and Finance Committee to request funds to be allocated to same vote. Option 2 - department to reprioritise and fund CDWs especially 127 already undergone training.	0
Vote 5	Agriculture, Rural Development and Land Administration	Department has requested operational budget for coordination work for Comprehensive Rural Development Programme. It is recommended that the Department is advised to collaborate with all participating departments in sharing resources, given that CRDP is a provincial programme and not departmental in nature.	0
Vote 6	Economic Development, Environment and Tourism - Mpumalanga Gambling Board	Assist towards operational budget in preparation for the Fourth Casino licence	6
Vote 7	Education	Re-grading of level 3 to 5 clerks as per DPSA directive + additional funding for ECD	64.5
Vote 8	Public Works, Roads and Transport	Funded from re-prioritisation of compensation of employees	0
Vote 9	Community Safety, Security and Liaison	Funding of Traffic college -reprioritisation of Compensation of employees budget	0
Vote 10	Health	Funded from re-prioritisation of compensation of employees	0
Vote 11	Culture, Sport and Recreation	Funding of Cultural Hub (R20 million) and High Altitude centre (R10 million)	30
Vote 12	Social Development	Profiling of households	13
	Social Development	Infrastructure -branch offices - due to evictions and addressing backlogs - department to prioritise from compensation of employees and provide funding for branch offices	0
Vote 13	Human Settlements		0
			165

WORK PERFORMED ON COMPENSATION OF EMPLOYEES AS A FOCUS AREA

COMPENSATION OF EMPLOYEES																
	Main Budget 2012/13	Total Adjustments	Adjusted Budget	Actual to the end of Jan 2013	Outcome as % Budget	Projections to end of Mar 2013	(Over)/ under- spending	%(Over)/ under- spending	Main Budget 2011/12	Total Adjustments	Adjusted Budget	Actual to the end of Jan 2012	Outcome as % Budget	Projections to end of Mar 2012	(Over)/ under- spending	%(Over)/ under- spending
R Thousands																
Social Services	16 046 190	70 708	16 116 898	13 259 287	82.3%	2 753 593	104 018	0.6%	14 332 145	646 974	14 979 119	12 203 193	81.5%	2 768 888	7 038	0.0%
EDUCATION	10 980 130	144 012	11 124 142	9 213 558	82.8%	1 910 584	-	0.0%	10 022 528	280 901	10 313 429	8 531 234	82.7%	1 782 195	-	0.0%
HEALTH	4 665 857	(71 304)	4 594 553	3 721 429	81.0%	770 383	102 741	2.2%	3 950 125	349 031	4 299 156	3 371 328	78.4%	923 791	4 037	0.1%
SOCIAL DEVELOPMENT	400 203	(2 000)	398 203	324 300	81.4%	72 626	1 277	0.3%	359 492	7 042	366 534	300 631	82.0%	62 902	3 001	0.8%
Non-Social Services	2 585 967	(43 740)	2 542 217	2 042 460	80.3%	476 717	23 040	0.9%	2 389 911	(13 210)	2 376 301	1 931 057	81.3%	421 240	24 004	1.0%
OFFICE OF THE PREMIER	114 364	(5 980)	108 384	84 428	77.9%	23 055	891	0.8%	114 428	(10 024)	104 404	81 604	78.2%	22 355	445	0.4%
LEGISLATURE	109 358	(10 643)	98 715	72 558	73.5%	19 961	6 196	6.3%	95 022	(7 475)	87 547	62 849	71.8%	19 579	5 119	5.8%
FINANCE	131 808	(107)	131 701	105 196	79.9%	23 911	2 594	2.0%	118 741	(527)	118 214	98 763	83.5%	20 266	(815)	-0.7%
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	250 874	2 534	253 408	196 861	77.7%	56 547	-	0.0%	224 375	2 327	226 702	181 338	80.0%	38 313	7 051	3.1%
AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION	417 911	2 000	419 911	347 231	82.7%	69 259	3 421	0.8%	381 578	4 000	385 578	313 028	81.2%	69 094	3 456	0.9%
ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM	161 926	(1 410)	160 516	129 172	80.5%	27 784	3 560	2.2%	157 345	149	157 494	125 414	79.6%	24 817	7 263	4.8%
PUBLIC WORKS, ROADS AND TRANSPORT	816 137	(23 737)	792 400	645 644	81.5%	139 994	6 762	0.9%	1 000 532	(234 205)	766 326	632 713	82.6%	132 102	1 511	0.2%
COMMUNITY SAFETY, SECURITY AND LIASON	333 003	(6 929)	326 074	257 397	82.0%	59 061	(334)	-0.1%	69 420	234 746	304 166	253 089	83.2%	51 081	16	0.0%
CULTURE SPORT AND RECREATION	111 680	532	112 212	88 694	79.0%	23 528	-	0.0%	106 280	(2 200)	104 080	84 911	81.6%	19 066	103	0.1%
HUMAN SETTLEMENT	138 886	-	138 886	105 279	75.8%	33 607	-	0.0%	121 790	-	121 790	97 368	79.9%	24 567	(145)	-0.1%
TOTAL	18 632 147	26 968	18 659 115	15 301 747	82.0%	3 230 310	127 058	0.7%	16 721 656	633 764	17 355 420	14 134 250	81.4%	3 190 128	31 042	0.2%

Extract from SOPA 2012 – shift composition of expenditure from consumption to investment in infrastructure

Extract from the 2013 National Treasury Benchmark report – Mpumalanga is overgenerous on growth in personnel

Table: Summary: Compensation of employees over the MTEF

	2012/13	2013/14	2014/15	2015/16	%Growth rates: Estimated actual (Nominal)	
R thousand	Projected outcome	Medium -term estimates			2012/13- 2013/14	2012/13- 2015/16
Province						
Eastern Cape	36 781 355	38 471 673	40 148 158	42 546 425	4.6%	5.0%
Free State	15 593 873	15 801 719	16 650 776	17 531 555	1.3%	4.0%
Gauteng	40 495 073	43 450 203	47 527 955	52 117 532	7.3%	8.8%
Kw aZulu-Natal	50 051 518	52 593 804	55 563 678	59 349 680	5.1%	5.8%
Limpopo	31 960 645	33 888 614	36 057 546	37 978 820	6.0%	5.9%
Mpumalanga	18 480 134	20 240 342	21 520 810	22 931 315	9.5%	7.5%
Northern Cape	6 143 347	6 632 915	7 033 242	7 425 299	8.0%	6.5%
North West	15 408 795	16 452 742	17 415 940	18 442 352	6.8%	6.2%
Western Cape	21 848 739	23 506 657	25 050 608	26 477 776	7.6%	6.6%
Total payments	236 763 478	251 038 669	266 968 712	284 800 754	6.0%	6.4%

Percentage of Compensation of Employees against total estimates of provincial expenditure
 Gauteng = 56% :Western Cape = 55% : Northern Cape = 54%: **Mpumalanga = 60%**: Limpopo
 70%: Free State 60%: North West 57%: KwaZulu Natal 59%: Eastern Cape 64%, **National
 average = 59%**.

1.2 Summary of budget aggregates

MPUMALANGA

SUMMARY OF ACTUAL AND BUDGETED RECEIPTS AND PAYMENTS

	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R'000									
Receipts									
Transfer receipts from provincial	23 047 920	25 622 208	29 316 200	30 298 256	30 887 638	30 887 638	32 998 151	34 700 225	36 607 116
Equitable share	19 833 656	21 570 720	23 792 673	24 717 507	25 130 419	25 130 419	27 210 543	29 079 599	31 092 725
Conditional grants	3 214 264	4 051 488	5 523 527	5 580 749	5 757 219	5 757 219	5 787 608	5 620 626	5 514 391
Provincial own revenue	501 506	525 020	651 002	669 675	665 661	665 661	702 388	737 035	770 201
Total departmental receipts	23 549 426	26 147 228	29 967 202	30 967 931	31 553 299	31 553 299	33 700 539	35 437 260	37 377 317
Payments									
Programmes									
Education	10 888 000	11 543 254	13 024 202	13 983 862	14 284 994	14 284 994	14 896 956	15 823 887	17 204 772
Health	5 758 822	6 528 421	7 224 940	7 544 189	7 649 290	7 649 290	8 084 505	8 592 676	9 216 370
Social Development	748 563	847 957	957 588	920 299	924 261	923 041	1 154 294	1 224 170	1 331 237
Office Of The Premier	175 459	157 004	144 554	158 103	164 926	164 926	200 492	207 250	215 025
Mpumalanga Provincial Legislature	138 333	221 065	190 698	213 600	232 331	232 331	243 434	255 288	268 171
Finance	203 638	214 282	223 270	255 340	255 865	252 668	266 868	280 471	292 091
Co-Operative Governance And Traditional Affairs	408 125	367 647	460 832	337 424	347 409	347 409	425 908	379 183	395 940
Agriculture, Rural Development And Land Administration	722 252	729 000	968 320	980 476	982 333	982 333	1 050 045	1 080 513	1 123 495
Economic Development, Environment And Tourism	589 478	715 546	701 917	770 191	792 640	792 966	821 567	860 059	886 068
Public Works, Roads And Transport	2 309 974	2 791 291	3 587 947	3 510 977	3 527 481	3 633 859	3 971 072	4 079 149	3 578 064
Community Safety, Security And Liaison	363 904	412 692	443 195	803 704	854 459	1 006 782	841 748	892 382	929 285
Culture, Sport And Recreation	267 779	292 199	361 173	324 817	357 044	357 044	351 808	398 731	446 861
Human Settlement	915 057	1 226 207	1 095 822	1 164 949	1 179 744	1 179 744	1 350 668	822 177	827 622
Total programmes	23 489 384	26 046 565	29 384 458	30 967 931	31 552 777	31 807 387	33 659 365	34 895 935	36 715 001
Surplus/(deficit) before financing	60 042	100 663	582 744	-	522	(254 088)	41 174	569 218	792 635
Provision for unauthorised Expenditure							41 174	-	-
Available - Unallocated							-	569 218	792 635
Allocation to DEDET (Included in the estimates)							121 827	128 851	69 904

This allocation to DEDET excludes ICS amount allocated to DEDET - only allocated from the adjustment due to impact of new data 2011 census.

1.3 Financing

- Allocation of the 2013 MTEF Provincial Total Receipts amounting to R33.7 billion,
- Allocation of the 2013 MTEF Provincial Total Receipts amounting to R33.6 billion, to departmental baselines in order to fund the financial requirements of the province.
- R41.174 million is set aside for clearing unauthorised expenditures already condoned by the Select Committee on Public Accounts in the Department of Health.

2. BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK

- The Budget Process schedule was developed and distributed to all stakeholders during July 2013. 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 on the 10th March 2013. Several retreats were held with departments in February as an effort to improve the quality of documents.
- The MTEC Hearings were held in the province In November 2012. 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.

3. During the Executive Council Lekgotla that took place from 20 to 22 February 2013 at Skukuza Camp, highlights of the MTEC discussions were presented in the Provincial Treasury presentation for noting and further endorsement.
4. The Benchmark session held with National Treasury on 16 January 2013 have provided us with an opportunity to refine the databases in preparation for the final submission.
5. Post Benchmark sessions were also introduced and held together with National Treasury in Nelspruit Treasury on 25th February 2013. Benchmark sessions primarily to respond to issues raised during benchmark sessions.
6. The Technical Committee on Finance, a committee of HODs for Provincial Treasuries took place on 31 January 2013.
7. State of Nation Address was presented on 1st March 2013.

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 *Census 2011*, Mpumalanga's percentage share in 2011 of the national population of 51.77 million was 7.8 per cent or 4.04 million (Table 3.1). Mpumalanga registered the sixth largest share among the provinces. Gauteng with 23.7 per cent was the province with the largest share of the national population, followed by KwaZulu-Natal with a 19.8 per cent share. Northern Cape recorded the lowest percentage share of the national population at 2.2 per cent.

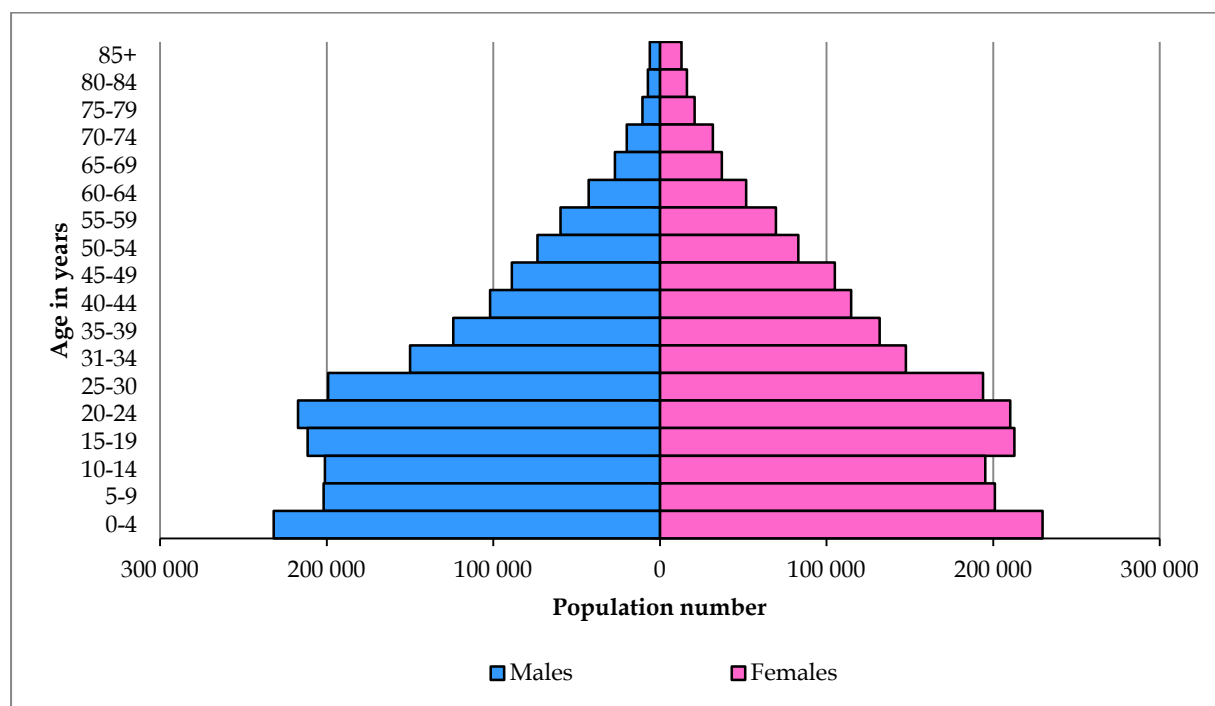
Figure 3.1 shows the population cohort of Mpumalanga according to the *Census 2011*. Females constituted 2.07 million or 51.1 per cent of the provincial population distribution and males 1.97 million (48.9 per cent). The youth cohort (0-34 years) made up 69.4 per cent of the total population in the province and the age group 60 years and older, only 7.0 per cent. The age cohort of 0-4 years represented the most populous age cohort with 461 559 individuals or some 11.4 per cent of the provincial population. In South Africa, the youth cohort made up 66.8 per cent of the total population and the age group 60 years and older, 8.0 per cent. Nationally the most populous age cohort was also the 0-4 years group that represented some 11.0 per cent of the population.

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

Region	2001 Census		2011 Census	
	Number	% share of national	Number	% share of national
Western Cape	4 524 335	10.1	5 822 734	11.2
Eastern Cape	6 278 651	14.0	6 562 053	12.7
Northern Cape	991 919	2.2	1 145 861	2.2
Free State	2 706 775	6.0	2 754 590	5.3
KwaZulu-Natal	9 584 129	21.4	10 267 300	19.8
North West	2 984 097	6.7	3 509 953	6.8
Gauteng	9 388 855	20.9	12 272 263	23.7
Mpumalanga	3 365 554	7.5	4 039 939	7.8
Limpopo	4 995 462	11.1	5 404 868	10.4
Total	44 819 777	100.0	51 770 560	100.0

Source: Statistics South Africa – Census 2011

Figure 3.1: Population cohort of Mpumalanga, 2011



Source: Statistics South Africa – Census 2011

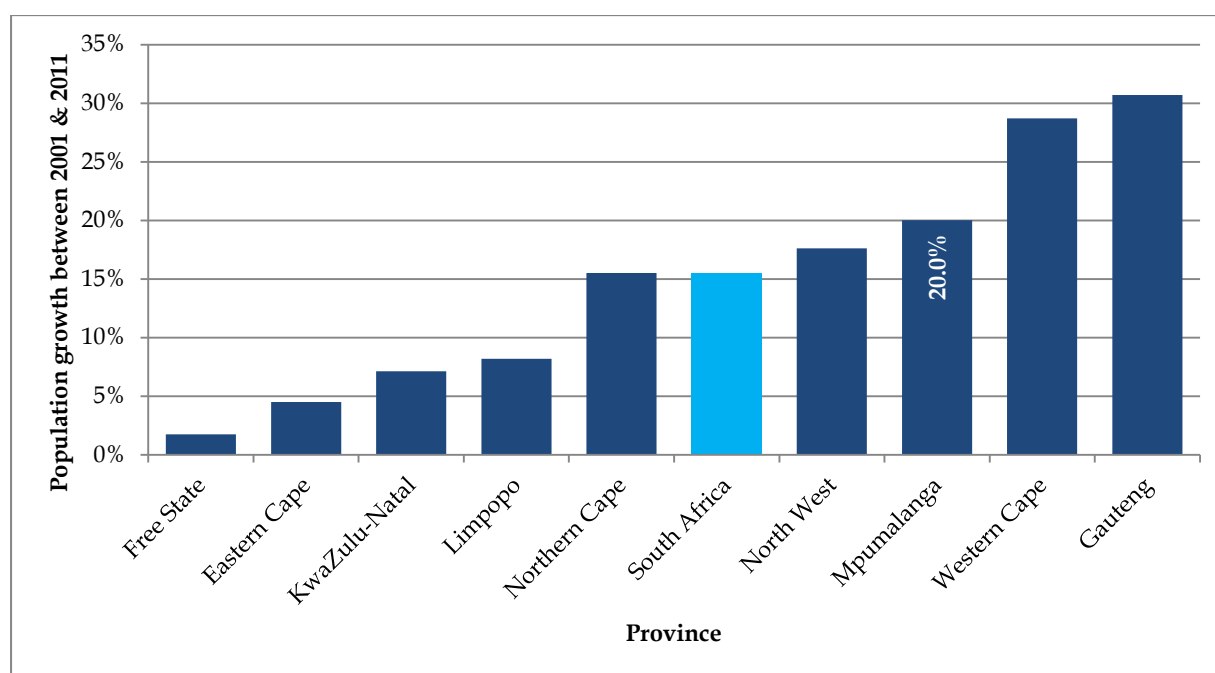
The population of South Africa increased by 15.5 per cent between 2001 and 2011, as is evident from Figure 3.2. When expressed in absolute terms, the population of Mpumalanga increased by 20.0 per cent between 2001 and 2011. This was in excess of South Africa's population increase and the third largest population increase behind Gauteng (30.7 per cent)

and Western Cape (28.7 per cent) over the period under review. The population of Free State increased by a mere 1.8 per cent over the same period. Expressed in annual average growth, the population of Mpumalanga increased by 1.8 per cent per annum between 2001 and 2011.

The breakdown by population group for Mpumalanga in 2001 and 2011, according to *Census 2011*, is presented in Figure 3.3. The majority of Mpumalanga's population in 2011 was Black Africans (90.6 per cent) with Whites contributing 7.5 per cent. Coloureds (0.9 per cent), Asians (0.7 per cent) and Others (0.2 per cent) jointly contributed nearly 2 per cent to the total population in 2011.

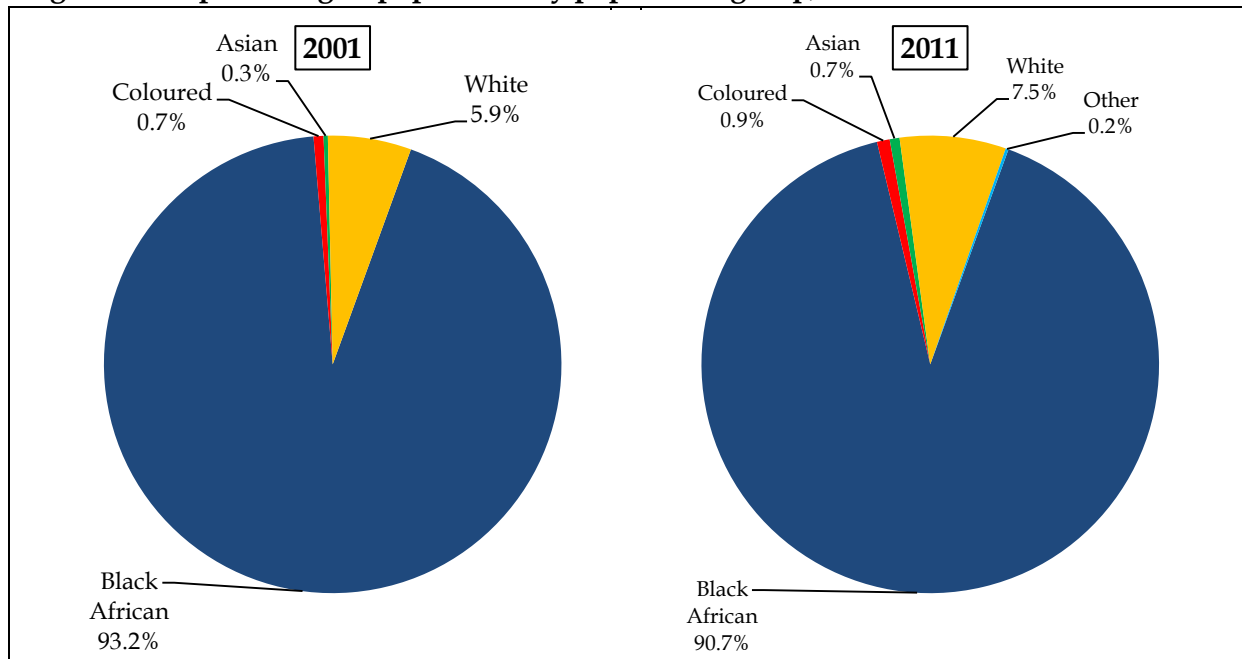
In 2011, 41.8 per cent of Mpumalanga's population resided in Ehlanzeni, 32.4 per cent in Nkangala and 25.8 per cent in Gert Sibande (Figure 3.4). Females were in the majority in both Ehlanzeni (52.4 per cent) and Gert Sibande (50.7 per cent), whereas males formed the bulk of Nkangala's population with a share of 50.2 per cent. In 2011, 72.1 per cent of Ehlanzeni's population was younger than 35 years of age, followed by Gert Sibande (69.0 per cent) and Nkangala (66.2 per cent).

Figure 3.2: Comparison of population increase in South Africa, 2001-2011



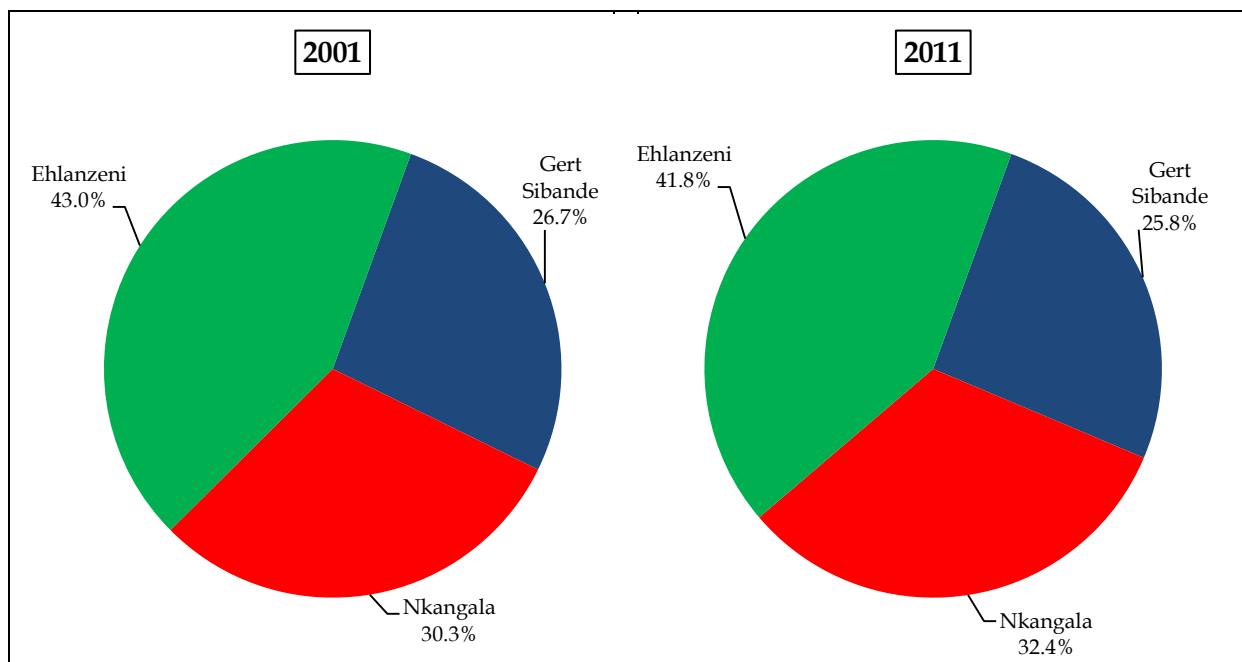
Source: Statistics South Africa – Census 2011

Figure 3.3: Mpumalanga's population by population group, 2001-2011



Source: Statistics South Africa – Census 2011

Figure 3.4: Mpumalanga's population by district, 2001-2011



Source: Statistics South Africa – Census 2011

3.1.2 Migration

Table 3.2 shows the migration streams between the provinces over the period 2001 to 2011. Mpumalanga registered an outflow of 191 089 compared to the inflow of 243 934, resulting in a net migration of 52 845. Mpumalanga recorded the fifth highest net outflow and the fifth highest inflow. Mpumalanga was one of four provinces that demonstrated a positive net migration, with Gauteng (1 037 871) and Western Cape (303 823) that registered the largest positive net migration.

Table 3.2: Provincial migration in South Africa, 2001-2011

Region	Out migration	In migration	Net migration
Western Cape	128 967	432 790	303 823
Eastern Cape	436 466	158 205	-278 261
Northern Cape	69 527	62 792	-6 735
Free State	151 402	127 101	-24 301
KwaZulu-Natal	281 568	250 884	-30 684
North West	166 008	273 177	107 169
Gauteng	402 271	1 440 142	1 037 871
Mpumalanga	191 089	243 934	52 845
Limpopo	372 283	219 426	-152 857

Source: Statistics South Africa – Census 2011

3.2 LABOUR PROFILE

3.2.1 Labour force profile

Census 2011 also reports on the labour market and different results¹ were recorded when compared to QLFS employment numbers. The results differ from QLFS results for two main reasons. The reference period for employment in *Census 2011* was fixed to the week before Census night compared to the QLFS incorporating a moving reference period over a three-month period. *Census 2011* results are also based on the *de facto*² measure of population while the QLFS is based on the *de jure*³ measure. Due to these reasons and to draw comparisons with the latest QLFS labour data, this report will consider only QLFS data and not the Census 2011 results.

The labour force comprises of all the employed and the unemployed population in a region. The national number of employed and unemployed increased by 80 000 and 257 000, respectively between the end of the fourth quarter 2011 and the end of the fourth quarter 2012. The resultant strict unemployment rate increased (worsened) from 23.9 per cent in the fourth quarter 2011 to 24.9 per cent in the fourth quarter 2012. The National Development Plan (NDP) targets a decline in the unemployment rate to 14.0 per cent by 2020 and 6.0 per cent by 2030.

Nationally, the labour absorption rate was 41.0 per cent at the end of the fourth quarter 2012, which was marginally lower (worse) than the 41.3 per cent registered at the end of the fourth quarter 2011. According to the NDP, the South African economy must become more labour absorbing and a level of 61 per cent is envisaged by 2030. The labour force participation rate

¹ Census 2011 report respective national and Mpumalanga unemployment rates of 29.8 per cent and 31.6 per cent, compared with QLFS fourth quarter 2011 rates of 23.9 per cent and 27.7 per cent, respectively.

² A Census in which people are enumerated according to where they are on Census night.

³ A Census in which people are enumerated according to where they usually live.

at the end of the fourth quarter 2012 (54.6 per cent) was higher than the rate recorded a year earlier at the end of the fourth quarter 2011 (54.3 per cent), but still below the NDP target of 65 per cent by 2030

The provincial labour force of around 1.36 million individuals was some 80 000 higher at the end of the fourth quarter 2012 than at the end of the fourth quarter 2011. The number of employed at 959 000 at the end of the fourth quarter 2012 was 36 000 higher than at the end of the fourth quarter 2011. The number of unemployed increased by 45 000 to 399 000 between the end of the fourth quarter 2012 and the end of the fourth quarter 2011. The number of discouraged workers, however, decreased by 6 000 over the last 12 months. Table 3.3 depicts the labour force profile of the province.

The unemployment rate (strict definition) was slightly lower at the end of the fourth quarter 2012 (29.4 per cent) than at the end of the third quarter 2012 (31.1 per cent), however, it was higher than a year earlier at the end of the fourth quarter 2012 (27.7 per cent). The unemployment rate according to the expanded definition increased to 43.5 per cent at the end of the fourth quarter 2012, up from 42.8 per cent at the end of the fourth quarter 2011. Over the last twelve months, the labour absorption rate improved from 39.3 per cent to 40.2 per cent and the labour force participation rate improved by 2.5 percentage points to 56.9 per cent.

Table 3.3: Labour force profile of Mpumalanga, 2011-2012

Indicator	Q4 2011 '000	Q3 2012 '000	Q4 2012 '000	Q3 2012 to Q4 2012 change '000	Year-on- year change '000
- Working age population (15-64 years)	2 346	2 376	2 386	10	40
- Labour Force/EAP	1 277	1 345	1 357	12	80
- Employed	923	928	959	31	36
- Unemployed	354	418	399	-19	45
- Not economically active	1 069	1 031	1 029	-2	-40
- Discouraged work seekers	232	243	226	-17	-6
Rates	%	%	%	%	%
- Unemployment rate (strict definition)	27.7	31.1	29.4	-1.7	1.7
- Unemployment rate (expanded definition)	42.8	45.4	43.5	-1.9	0.7
- Employed/population ratio (absorption rate)	39.3	39.1	40.2	1.1	0.9
- Labour force participation rate	54.4	56.6	56.9	0.3	2.5

Source: Statistics South Africa – QLFS, 2013

3.2.2 Employment

The national labour market gained 80 000 jobs over last year, however, it lost 68 000 jobs over the last quarter of 2012. In total over the last year, Mpumalanga recorded 36 000 more jobs and was only one of five provinces with higher employment numbers year-on-year (Table 3.4). On a year-on-year basis, KwaZulu-Natal (-69 000) lost the most jobs, whereas Limpopo (107 000) gained the most. Total employment in the province constituted 7.1 per cent of employment in the country at the end of the fourth quarter 2012.

Table 3.4: Changes in employment in South Africa and provinces, 2011-2012

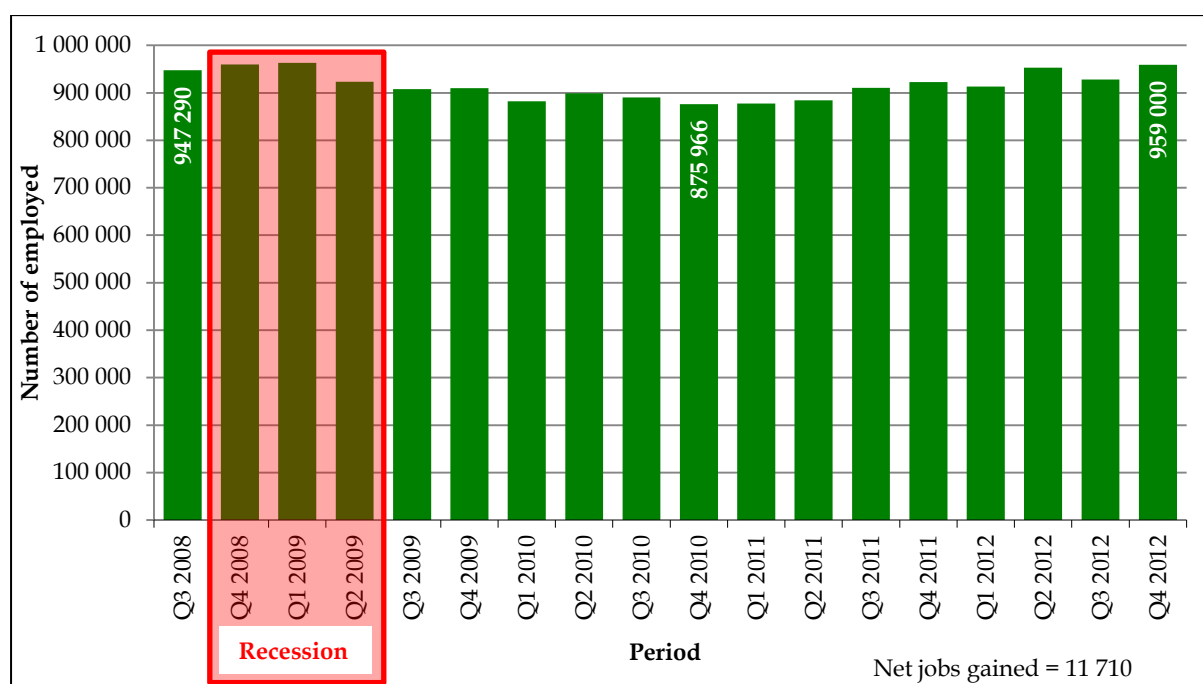
Region	Q4 2011	Q3 2012	Q4 2012	Q3 2012 to Q4 2012 change	Year-on-year change
	'000	'000	'000	'000	'000
Western Cape	1 842	1 806	1 824	18	-18
Eastern Cape	1 326	1 330	1 261	-69	-65
Northern Cape	291	290	292	2	1
Free State	753	736	732	-4	-21
KwaZulu-Natal	2 562	2 533	2 493	-40	-69
North West	700	745	747	2	47
Gauteng	4 115	4 194	4 178	-16	63
Mpumalanga	923	928	959	31	36
Limpopo	985	1 084	1 092	8	107
South Africa ⁴	13 497	13 645	13 577	-68	80

Source: Statistics South Africa – QLFS, 2013

Over the last four years (including the recession), the lowest number of employed in the province was measured at the end of the fourth quarter 2010 at 875 966. This was 71 324 lower than the pre-recession high (947 290) recorded at the end of the third quarter 2008. The majority of recession induced job losses took place after economic growth returned to positive territory by the end of the third quarter 2009. The latest reading, at the end of the fourth quarter 2012, of 959 000 was some 11 710 more than the pre-recession high. Not only was it the highest level over the last eighteen quarters but it was also 83 034 higher than the lowest number recorded at the end of the fourth quarter 2010. The change in total employment from the end of the third quarter 2008 (before the recession) to the fourth quarter 2012 is displayed in Figure 3.5.

⁴ Due to rounding, numbers do not necessarily add up to totals

Figure 3.5: Change in employment in Mpumalanga, Q3 2008-Q4 2012



Source: Statistics South Africa – QLFS, 2013

In Mpumalanga, the formal employees' share of total employment declined from 60.2 per cent at the end of the fourth quarter 2011 to 57.1 per cent at the end of the fourth quarter 2012. The formal sector in Mpumalanga recorded a smaller share of total employment than was the case nationally (70.8 per cent). The informal sector's share increased from 21.4 per cent to 23.8 per cent over the same period. Private households' share decreased to 9.2 per cent from 10.3 per cent a year earlier, whilst agriculture's share increased from 8.1 per cent to 9.9 per cent. The informal sector, agriculture and private households in Mpumalanga registered larger shares of total employment in the fourth quarter of 2012, than was the case nationally. Table 3.5 shows the aggregated employment composition of employment in South Africa and the province from the end of the fourth quarter 2011 to the end of the fourth quarter 2012.

Table 3.5: Aggregate employment in South Africa & Mpumalanga, 2011-2012

Sector	Q4 2011		Q3 2012		Q4 2012	
	SA	MP	SA	SA	MP	SA
Formal sector	71.2%	60.2%	70.8%	71.2%	60.2%	70.8%
Informal sector ⁵	15.8%	21.4%	16.1%	15.8%	21.4%	16.1%
Agriculture ⁶	4.7%	8.1%	4.8%	4.7%	8.1%	4.8%
Private households	8.3%	10.3%	8.2%	8.3%	10.3%	8.2%
Total ⁷	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Statistics South Africa – QLFS, 2013

⁵ 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.

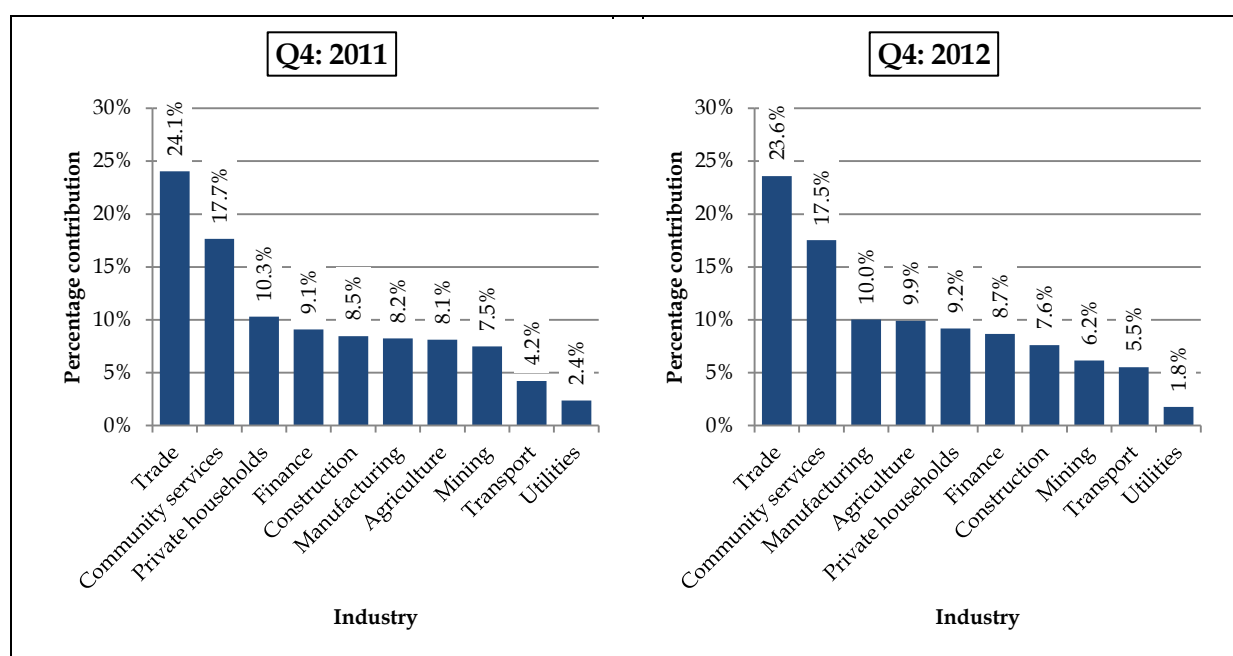
⁶ An additional 192 000 citizens were involved in subsistence farming (non-market activities) in the province.

⁷ Due to rounding, numbers do not necessarily add up to totals

Figure 3.6 depicts employment by industry in Mpumalanga in the fourth quarters of 2011 and 2012, respectively. The trade industry (wholesale and retail trade) employed the largest share of individuals in the province at 23.6 per cent at the end of the fourth quarter 2012. This was slightly smaller than the 24.1 per cent share registered 12 months earlier. Community and social services (17.5 per cent) was the second biggest employer albeit also with a smaller share than at the end of the fourth quarter 2011 (17.7 per cent). The manufacturing and agriculture industries improved their rankings significantly to third and fourth largest from sixth and seventh, respectively. The utilities industry was the smallest in both quarters followed by transport as the second smallest.

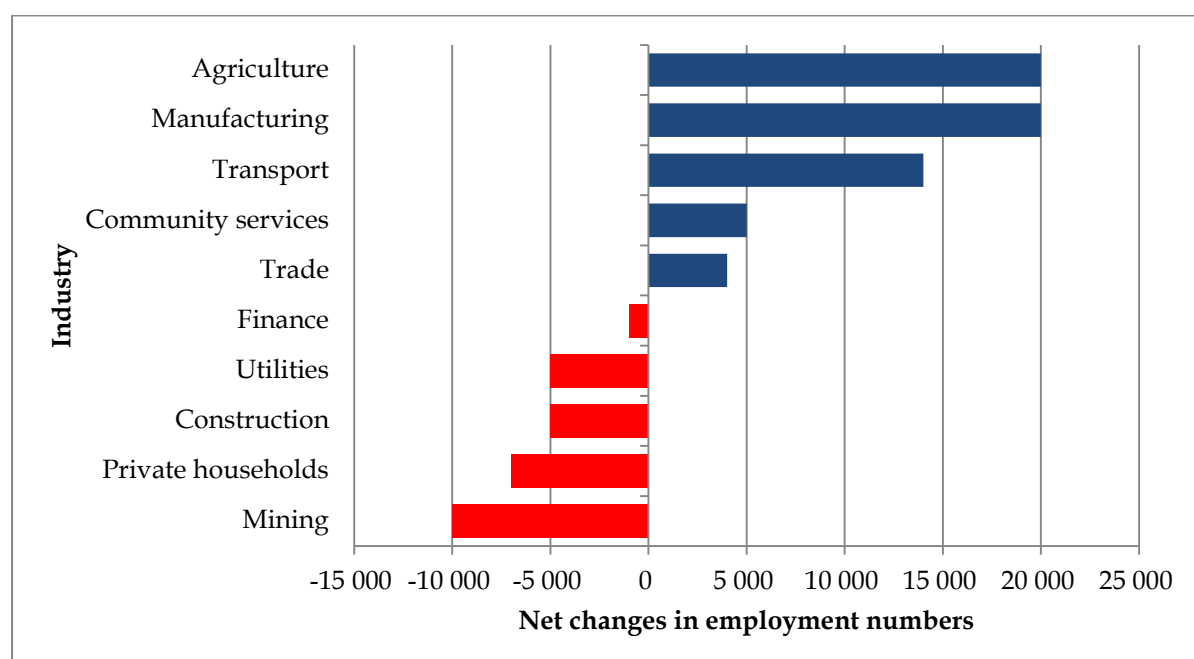
According to Figure 3.7, agriculture (20 000), manufacturing (20 000) and transport (14 000) were the three industries in Mpumalanga that recorded the highest employment increase from the fourth quarter 2011 to the end of the fourth quarter 2012. Community services and trade also registered respective increases of 5 000 and 4 000 year-on-year. Mining (-10 000) recorded the highest number of job losses over the same period followed by private households (-7 000).

Figure 3.6: Employment by industry in Mpumalanga, Q4 2011-Q4 2012



Source: Statistics South Africa - QLFS, 2012

Figure 3.7: Changes in employment by industry in Mpumalanga, Q4 2011-Q4 2012

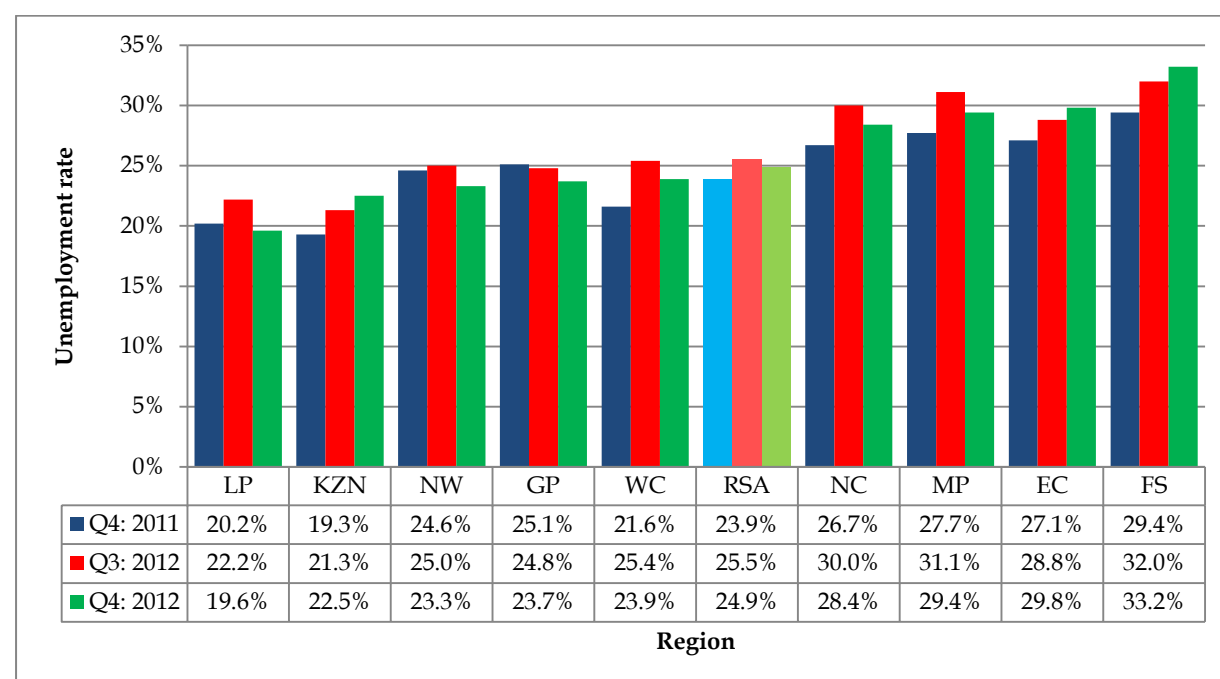


Source: Statistics South Africa – QLFS, 2013

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 and increased to 29.4 per cent at the end of the fourth quarter 2012 (Figure 3.8). This was higher than the national average, which was recorded at 24.9 per cent at the end of the fourth quarter 2012. Mpumalanga, recorded the third highest unemployment rate among the nine provinces behind Free State (33.2 per cent) and Eastern Cape (29.8 per cent).

Figure 3.8: Unemployment rate for South Africa by province, 2011-2012



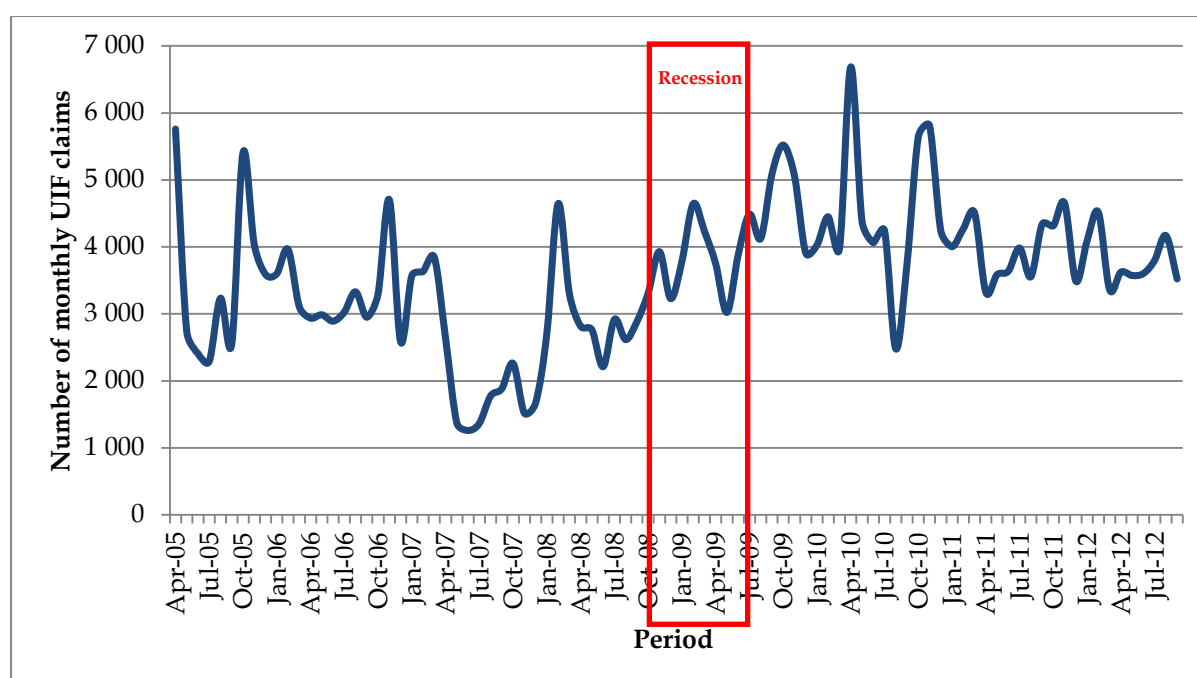
Source: Statistics South Africa – QLFS, 2013

Unemployment insurance claims

According to unemployment insurance claims⁸ data from the Department of Labour and displayed in Figure 3.9, there was on average 3 586 monthly claims received in Mpumalanga between April 2005 and September 2012. The lowest number of monthly claims were in June 2007 (1 260) and the highest number in April 2010 (6 687).

Before the recession commenced, the average number of claims were 2 977 per month, 3 754 per month during the recession and 4 202 per month after the recession ended. This correlates with data from the QLFS that demonstrates that more jobs in the Mpumalanga economy were lost after the recession ended than during the recession itself. The number of monthly claims have not broken below 3 000 since August 2010 and monthly claims remain elevated above the long-term average and indicates prevailing insecurity in the labour market.

Figure 3.9: Number of monthly unemployment insurance claims in Mpumalanga, 2005-2012



Source: Department of Labour – Unemployment Insurance Fund, 2012

Expanded definition of unemployment

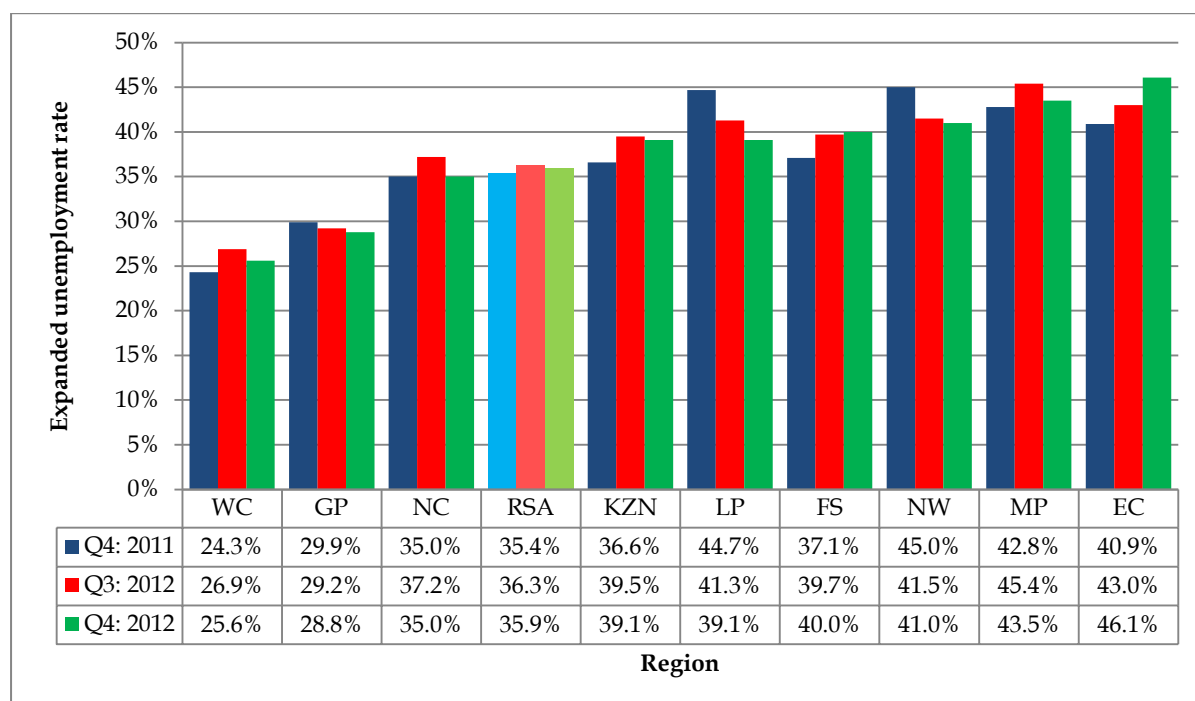
The expanded unemployment rate takes into account everybody who was available for work even if they did not search for work. In essence, it includes all persons who are unemployed according to the official definition plus part of the inactive population (according to official definition) who indicated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

Figure 3.10 shows that South Africa's expanded unemployment rate was recorded at 35.4 per cent at the end of the fourth quarter 2011 and subsequently increased to 35.9 per cent at the end of the fourth quarter 2012. Mpumalanga's expanded unemployment rate

⁸ Unemployment insurance claims are submitted by people who are unemployed due to retrenchments or dismissals. People who resign do not qualify.

was 42.9 per cent at the end of the fourth quarter 2011, which was substantially higher than the national average. It increased to 43.5 per cent at the end of the fourth quarter 2012, whilst remaining higher than the national figure and second highest overall.

Figure 3.10: Expanded rate of unemployment in South Africa and provinces, 2011-2012



Source: Statistics South Africa – QLFS, 2013

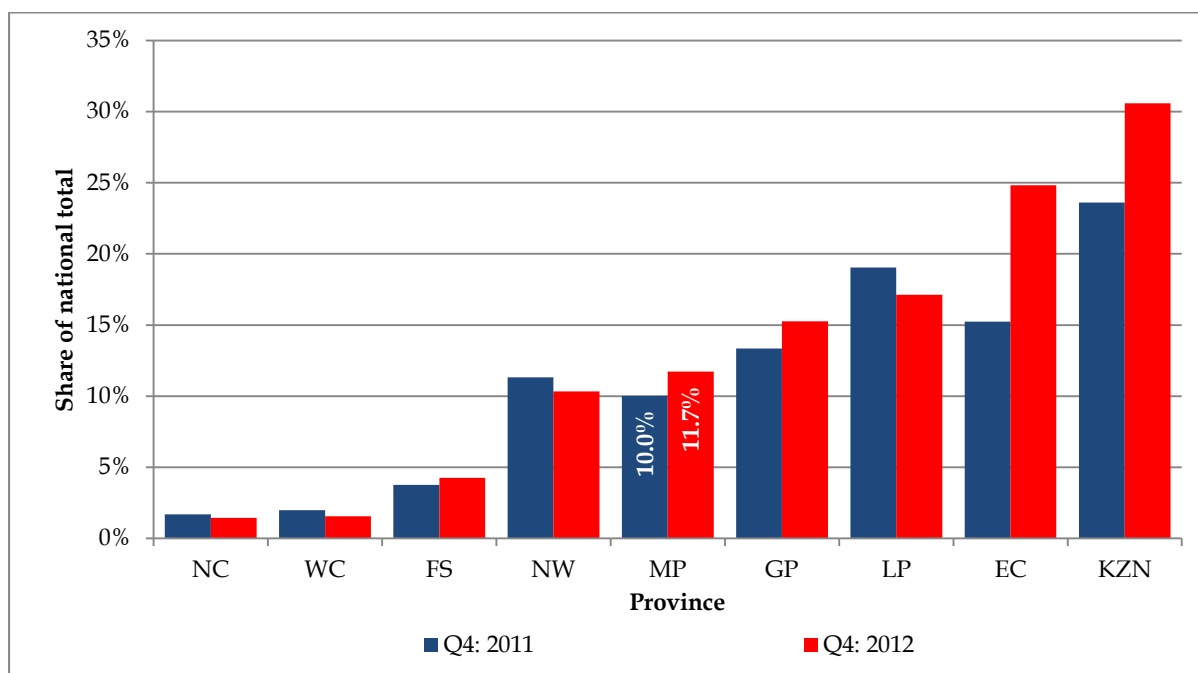
Discouraged work seekers

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 2012. This represents a decrease of 58 000 over the end of the fourth quarter 2011. Figure 3.11 indicates that Mpumalanga's share was 11.7 per cent of South Africa's discouraged work seekers at the end of the fourth quarter 2012, up from a 10.0 per cent share at the end of the fourth quarter 2011. The number of discouraged work seekers in Mpumalanga decreased by 6 000 from the end of the fourth quarter 2011 to the end of the fourth quarter 2012. When compared with other provinces, Mpumalanga registered the fifth lowest share of the national total of discouraged workers.

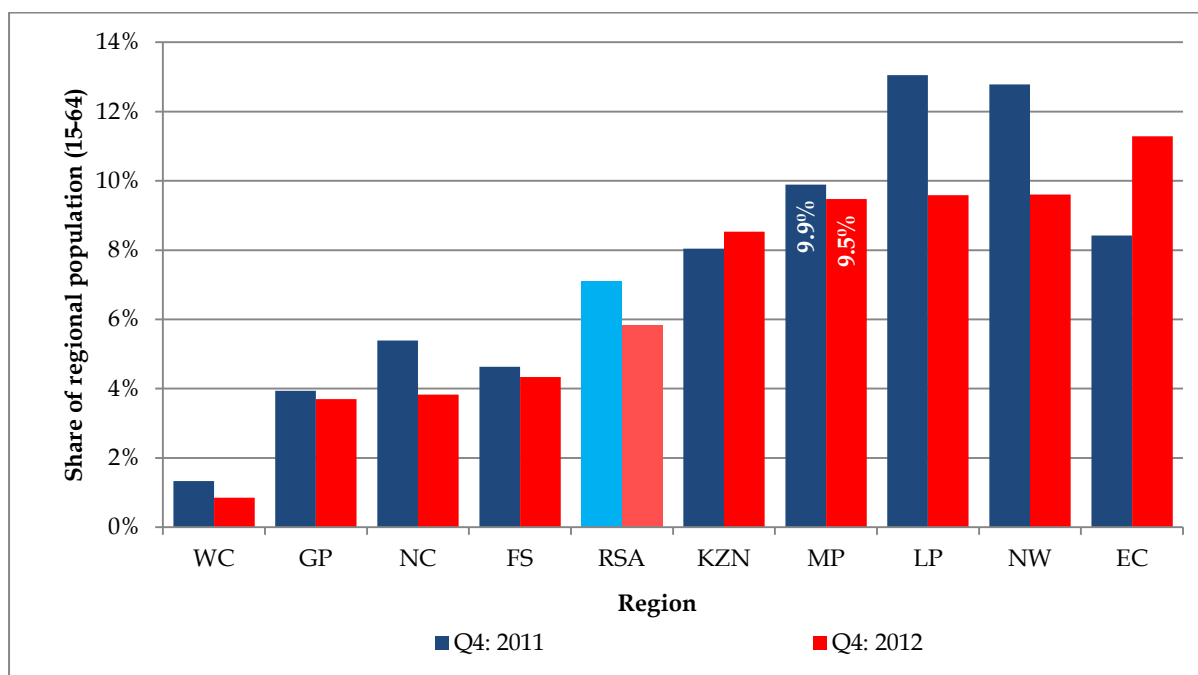
It is evident from Figure 3.12 that Mpumalanga's discouraged work seekers decreased slightly as a percentage of the provincial working age population (15-64 years) from the end of the fourth quarter 2011 (9.9 per cent) to the end of the fourth quarter 2012 (9.5 per cent). Three provinces had larger shares of discouraged work seekers than Mpumalanga at the end of the fourth quarter 2012. However, discouraged work seekers' share of working age population in Mpumalanga was larger than the national share (5.8 per cent) at the end of the fourth quarter 2012.

Figure 3.11: Provincial contribution to number of discouraged work seekers nationally, 2011-2012



Source: Statistics South Africa – QLFS, 2013

Figure 3.12: Comparison of discouraged work seekers as a ratio of regional working age population (15-64 years), 2011-2012



Source: Statistics South Africa – QLFS, 2012

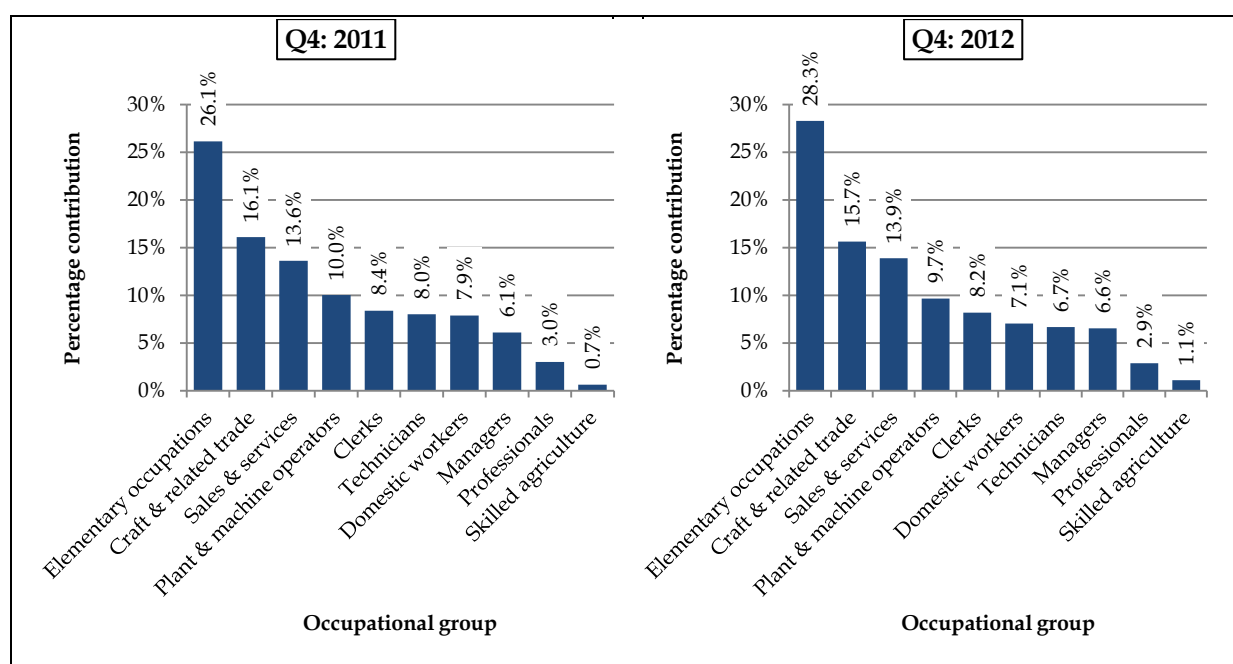
3.2.4 Occupational profile

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 3.13 illustrates the occupational profile of Mpumalanga at the end of the fourth quarter of 2011 and 2012, respectively. It was heavily skewed towards semi- and unskilled occupations in both years. The share of highly educated or skilled occupations (managers and professionals) was 9.5 per cent at the end of the fourth quarter 2012. This was slightly higher than the 9.1 per cent share recorded at the end of the fourth quarter 2011. The combined share of elementary occupations and domestic workers was 35.4 per cent at the end of the fourth quarter 2012, higher than the 34.0 per cent share one year earlier. The majority of these people are normally unskilled or semi-skilled workers.

Figure 3.13: Mpumalanga's occupational profile, 2011-2012



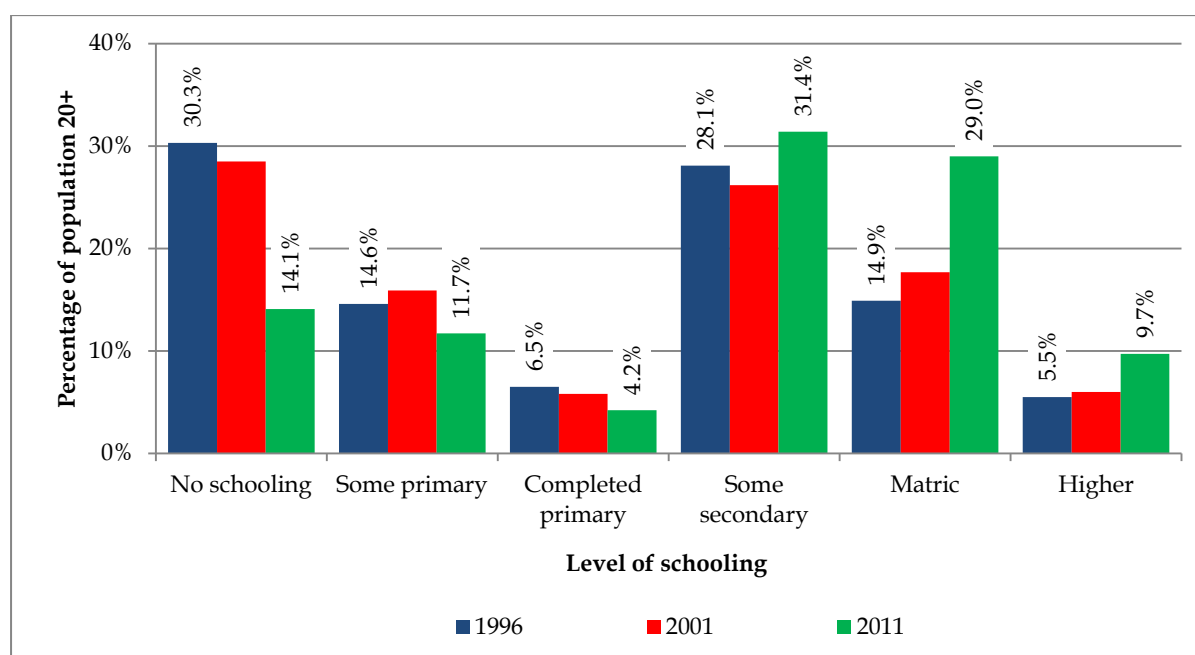
Source: Statistics South Africa - QLFS, 2013

3.3. EDUCATION PROFILE

Level of education

When the highest level of schooling in 2011 is compared with figures of 1996, it is evident that the situation regarding the level of education in Mpumalanga improved over the 15-year period. For example in 2011, 14.1 per cent of the people 20 years and older have not received any schooling compared to the unacceptably high level of 30.3 per cent in 1996 (Figure 3.14). Although it was still higher (worse) than the national level of 8.6 per cent in 2011, the 16.2 percentage point improvement over the 15-year period was only bettered by Limpopo with a 19.1 percentage point improvement.

Figure 3.14: Highest level of education (age 20+) in Mpumalanga, 1996-2011



Source: Statistics South Africa – Census 2011

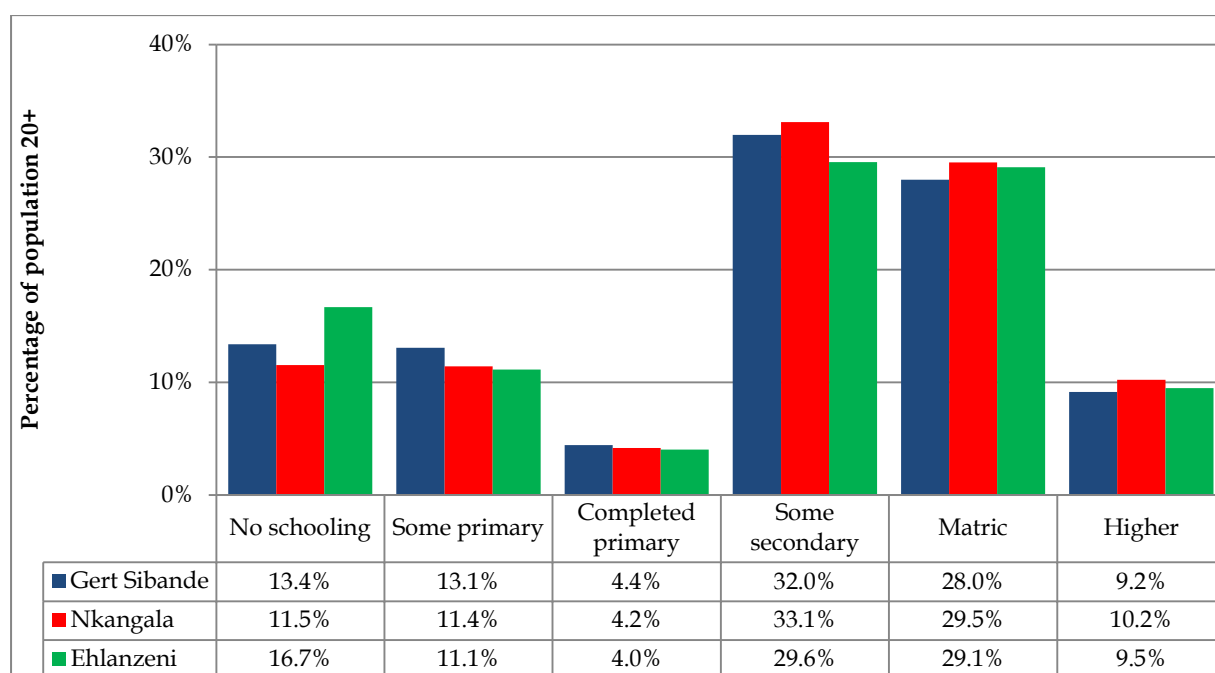
The percentage of the population 20 years and older that completed secondary education (matric) in Mpumalanga increased from 14.9 per cent in 1996 to 29.0 per cent in 2011. The improvement of 14.1 percentage points was the second highest among the nine provinces and higher than the national improvement of 12.6 per cent. The percentage of the population that obtained a qualification higher than matric increased from 5.5 per cent in 1996 to 9.7 per cent in 2011. The 4.2 percentage point improvement was lower than the national improvement (4.7 percentage points) and the second highest improvement among the nine provinces.

In 2011, Ehlanzeni (16.7 per cent) registered the highest share of people 20 years and older that have not received any schooling and Nkangala (11.5 per cent) the lowest (Figure 3.15). The majority of people 20 years and older in all three districts have completed some secondary schooling followed by people with some primary schooling. Nkangala registered the largest share of people 20 years and older that have completed matric (29.5 per cent) and some higher education (10.2 per cent).

Functional literacy

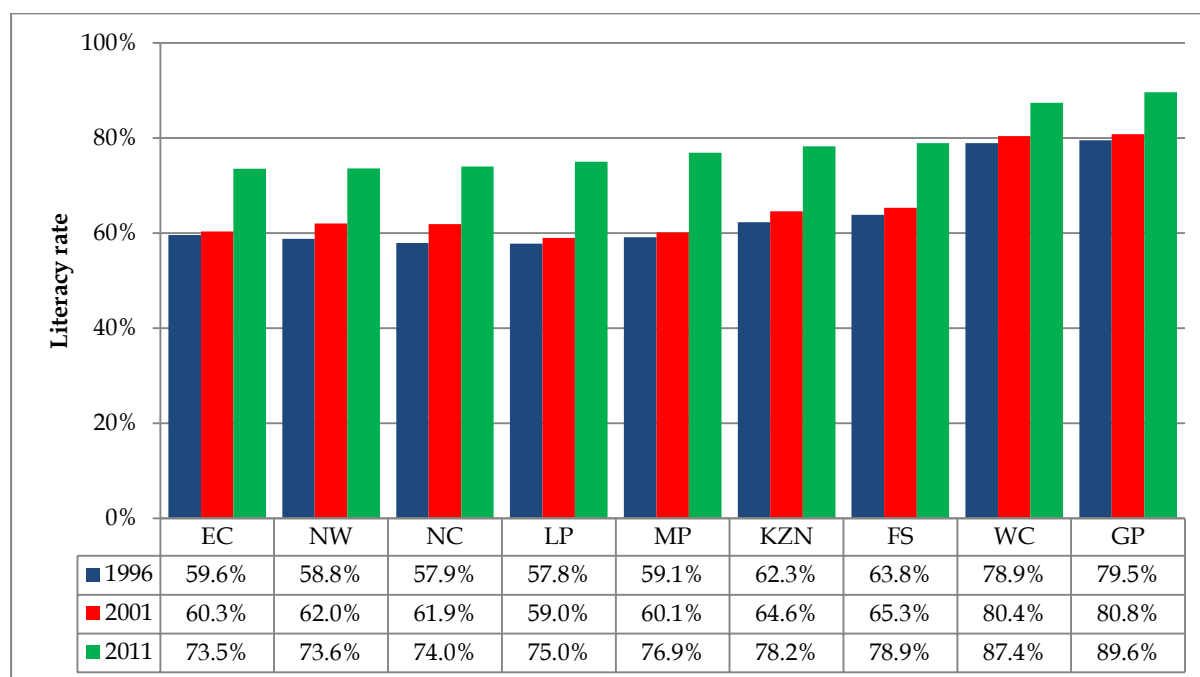
The functional literacy rate is defined as the proportion of persons aged 15 and above that has completed grade 7 and higher. In Mpumalanga, this rate increased from 59.1 per cent in 1996 to 76.9 per cent in 2011 (Figure 3.16). However, it was still 4.0 percentage points below the national level of 80.9 per cent in 2011. In 2011, functional literacy was the highest in Gauteng (89.6 per cent) and the lowest in Eastern Cape (73.5 per cent). Mpumalanga's functional literacy was the fifth highest among the nine provinces in 2011 and showed a 17.8 percentage point improvement between 1996 and 2011 – the largest among provinces.

Figure 3.15: Highest level of education (age 20+) in Mpumalanga's districts, 2011



Source: Statistics South Africa – Census 2011

Figure 3.16: Functional literacy rate in South Africa's provinces, 1996-2011



Source: Statistics South Africa – Census 2011

Grade 12 results

Table 3.6 compares the grade 12 pass rates among the various provinces from 2003 to 2012. The national pass rate of matriculants increased from 70.2 per cent in 2011 to 73.9 per cent in 2012. Mpumalanga's pass rate also increased by 5.2 percentage points from 64.8 per cent in 2011 to 70.0 per cent in 2012. . Mpumalanga's 5.2 percentage point increase was the third largest among the nine provinces behind Free State and Northern Cape. Mpumalanga

improved from the province with the lowest pass rate in 2010 to the province with the third lowest pass rate in 2012. Gauteng (83.9 per cent) recorded the highest Grade 12 pass rate in 2012 and Eastern Cape (61.6 per cent) the lowest.

The Grade 12 pass rates of all four education districts improved, with Bohlabela achieving the largest improvement from 52.7 per cent in 2011 to 62.5 per cent in 2012. Ehlanzeni (74.0 per cent) recorded the highest Grade 12 pass rate in 2012 followed by Nkangala (73.0 per cent). A comparison of Grade 12 pass rates among the four education districts from 2009 to 2012 is presented in Table 3.7.

Table 3.6: Comparative grade 12 results for South Africa and provinces, 2003-2012

Province	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EC	60.0%	53.5%	56.7%	59.3%	57.1%	50.6%	51.0%	58.3%	58.1%	61.6%
FS	80.0%	78.7%	77.8%	72.2%	70.5%	71.6%	69.4%	70.7%	75.7%	81.1%
GP	81.5%	76.8%	74.9%	78.3%	74.6%	76.3%	71.8%	78.6%	81.1%	83.9%
KZN	77.2%	74.0%	70.5%	65.7%	63.8%	57.2%	61.1%	70.7%	68.1%	73.1%
LP	70.0%	70.6%	64.9%	55.7%	58.0%	54.7%	48.9%	57.9%	63.9%	66.9%
MP	58.2%	61.8%	58.6%	65.3%	60.7%	51.8%	47.9%	56.8%	64.8%	70.0%
NW	70.5%	64.9%	63.0%	67.0%	67.2%	67.9%	67.5%	75.7%	77.8%	79.5%
NC	90.7%	83.4%	78.9%	76.8%	70.3%	72.7%	61.3%	72.3%	68.8%	74.6%
WC	87.1%	85.0%	84.4%	83.7%	80.0%	78.7%	75.7%	76.8%	82.9%	82.8%
National	73.3%	70.7%	68.3%	66.6%	65.2%	62.2%	60.6%	67.8%	70.2%	73.9%

Source: Mpumalanga Department of Education, 2013

Table 3.7: Comparative grade 12 results for education districts in Mpumalanga, 2009-2012

Education district	% Pass rate			
	2009	2010	2011	2012
Bohlabela ⁹	28.2	40.1	52.7	62.5
Ehlanzeni ¹⁰	57.0	67.5	72.1	74.0
Gert Sibande	52.2	59.3	65.4	69.0
Nkangala	53.6	59.1	67.9	73.0

Source: Mpumalanga Department of Education, 2013

In 2012, schools in Steve Tshwete achieved the highest Grade 12 pass rate among the local municipal areas of 84.0 per cent (Table 3.8). The pass rate in twelve of the eighteen local municipal areas was higher than the provincial pass rate of 70.0 per cent. The Grade 12 pass rate in Bushbuckridge was the lowest at 61.7 per cent. Between 2011 and 2012 the pass rate improved in fourteen local municipal areas, with Dipaleseng registering the largest improvement of 23.8 percentage points between 2001 and 2012. Govan Mbeki recorded a decline of 7.2 per cent between 2011 and 2012, the largest decline amongst the eighteen municipal areas.

⁹ The Bohlabela education district includes schools in Bushbuckridge and Thaba Chweu

¹⁰ The Ehlanzeni education district includes schools in Mbombela, Umjindi and Nkomazi

Table 3.8: Comparative grade 12 results for local municipal areas in Mpumalanga, 2011-2012

Local municipal area	2011	2012
Steve Tshwete	74.4%	84.0%
Nkomazi	76.2%	77.5%
Lekwa	71.1%	77.1%
Umjindi	74.9%	76.8%
Victor Khanye	70.3%	76.7%
Emakhazeni	74.8%	72.2%
Emalahleni	75.8%	72.0%
Chief Albert Luthuli	69.7%	71.1%
Thaba Chweu	69.0%	71.1%
Mbombela	69.1%	71.1%
Msukaligwa	74.1%	70.9%
Dr JS Moroka	57.6%	70.6%
Thembisile Hani	67.2%	69.6%
Mkhondo	55.2%	68.3%
Dipaleseng	42.6%	66.4%
Dr Pixley ka Isaka Seme	46.0%	65.4%
Govan Mbeki	71.3%	64.2%
Bushbuckridge	51.2%	61.7%

Source: Mpumalanga Department of Education, 2013

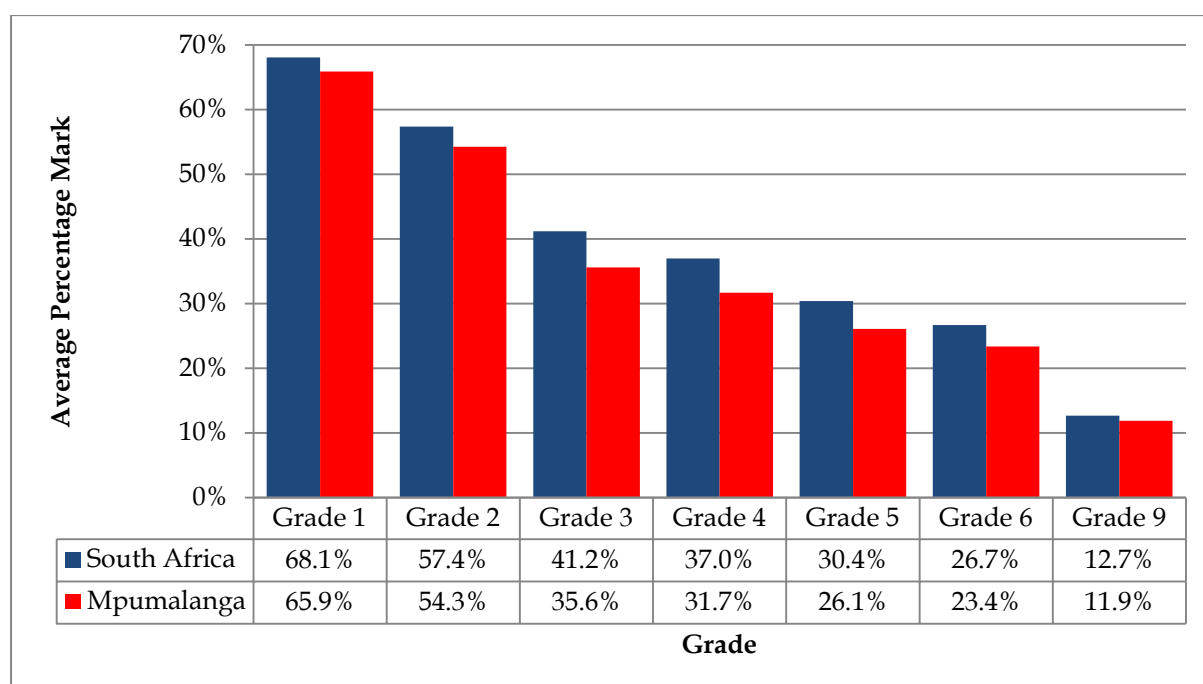
Annual national assessments

Improvement in the quality of basic education has been identified as a top priority of the South African Government on which the Department of Basic Education (DBE) has to deliver. Within this context, the ANA is a critical measure for monitoring progress in learner achievement. ANA is a testing programme that requires all schools in the country to conduct the same grade-specific Language and Mathematics tests for Grades 1 to 6 and Grade 9.

All learners in public schools in Grades 1 to 6 and Grade 9 took curriculum-appropriate tests developed by the DBE in Mathematics and Language in September 2012. It is apparent from Figure 3.17 that Mpumalanga achieved lower average percentage marks in Mathematics across all grades when compared to South Africa. The national and provincial marks became progressively lower as the grade increased. When compared with other provinces, Mpumalanga ranked in 7th position for all grades with the exception of 5th position for Grade 1 and 8th position for Grade 6.

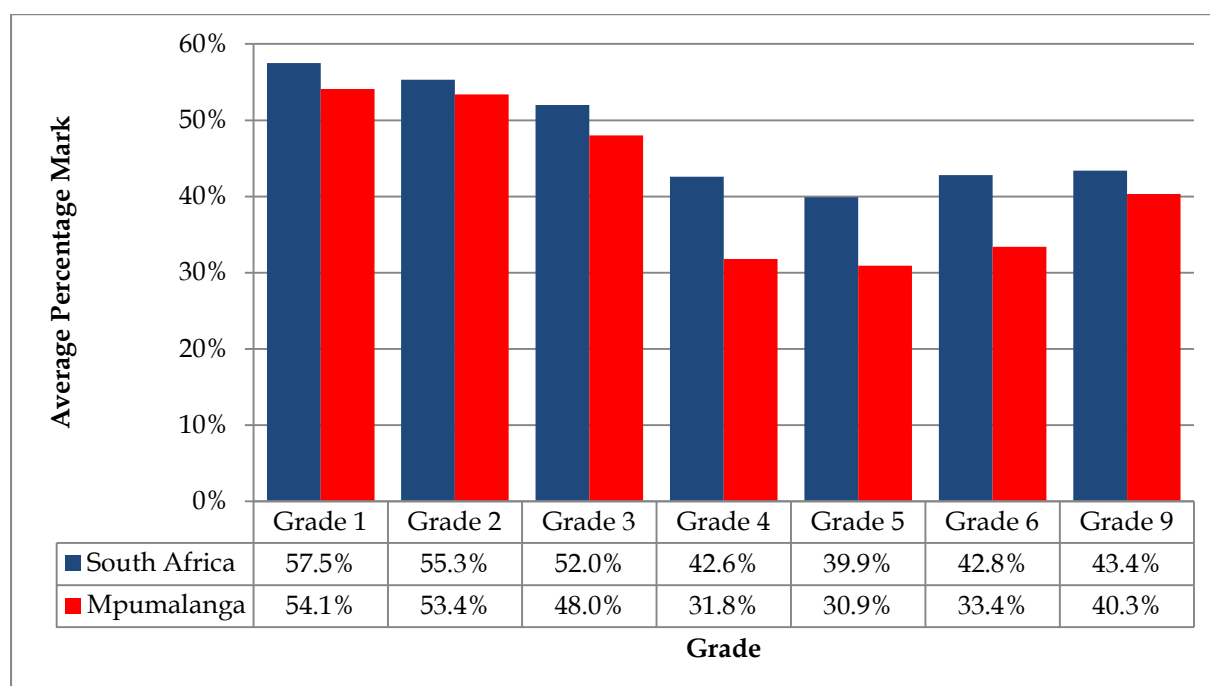
Mpumalanga achieved lower average percentage marks in Languages across all grades when compared to South Africa (Figure 3.18). The average percentage mark dropped progressively up to Grade 5 after which an increase, both nationally and provincially, is noticeable. When compared with other provinces, Mpumalanga ranked in 7th position for all grades with the exception of 5th position for Grade 2 and 6th position for Grade 9.

Figure 3.17: Comparing South Africa & Mpumalanga achievement in Mathematics, 2012



Source: Department of Basic Education – Report on the 2012 Annual National Assessments

Figure 3.18: Comparing South Africa & Mpumalanga achievement in Language, 2012



Source: Department of Basic Education – Report on the 2012 Annual National Assessments

Education ratios

According to the Department of Education's *Education Realities* report of 2012, there were 1 054 783 learners in ordinary public and independent schools in Mpumalanga, who attended 1 920 schools and were served by 34 664 educators. The learner-educator ratio (LER) in public schools of Mpumalanga improved from 34 learners per educator in 2005 to

31 in 2012 (Table 3.9). This was slightly higher (worse) than the national level of 30 learners per educator. The learner-school ration (LSR) in public schools of Mpumalanga was higher than the national figure of 492 in 2012 and increased from 479 learners per school in 2005 to 569 in 2012. According to the educator-school ratio (ESR), the number of educators per public school increased from 14 per school in 2005 to 18 in 2012. The latter ratio was also higher than the national level for 2012 of 16 educators per public 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 2011 *General Household Survey* (GHS), 31.0 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 34.5 per cent in 2011. In 2011, 83.1 per cent of children attending public schools with feeding schemes in Mpumalanga benefitted from the school nutrition programme. This was higher than the national norm (74.2 per cent) and Mpumalanga ranked fourth highest among the nine provinces. Furthermore, 61.9 per cent of children in Mpumalanga aged 5 years and older who attended public educational institutions attended no fee schools in 2011.

Table 3.9: Comparison of education ratios in public schools for South Africa and provinces, 2005-2012

Province	LER		LSR		ESR	
	2005	2011	2005	2011	2005	2011
Eastern Cape	33	29	349	340	11	12
Free State	29	27	356	478	12	18
Gauteng	32	31	843	909	27	29
KwaZulu-Natal	34	31	473	472	14	15
Limpopo	34	30	450	423	13	14
Mpumalanga	34	31	479	569	14	18
Northern Cape	32	32	492	490	15	15
North West	31	31	413	478	13	16
Western Cape	32	31	653	683	21	22
National	33	30	464	492	14	16

Source: Department of Education – 2005 & 2012 Education Realities

3.4. HEALTH AND SOCIAL SERVICES

The first phase of the National Health Insurance (NHI) commenced in 2012 with the piloting of NHI in eleven districts across the country. Gert Sibande was selected as the district in Mpumalanga where a District Service Package based on primary health care (PHC) principles will be piloted.

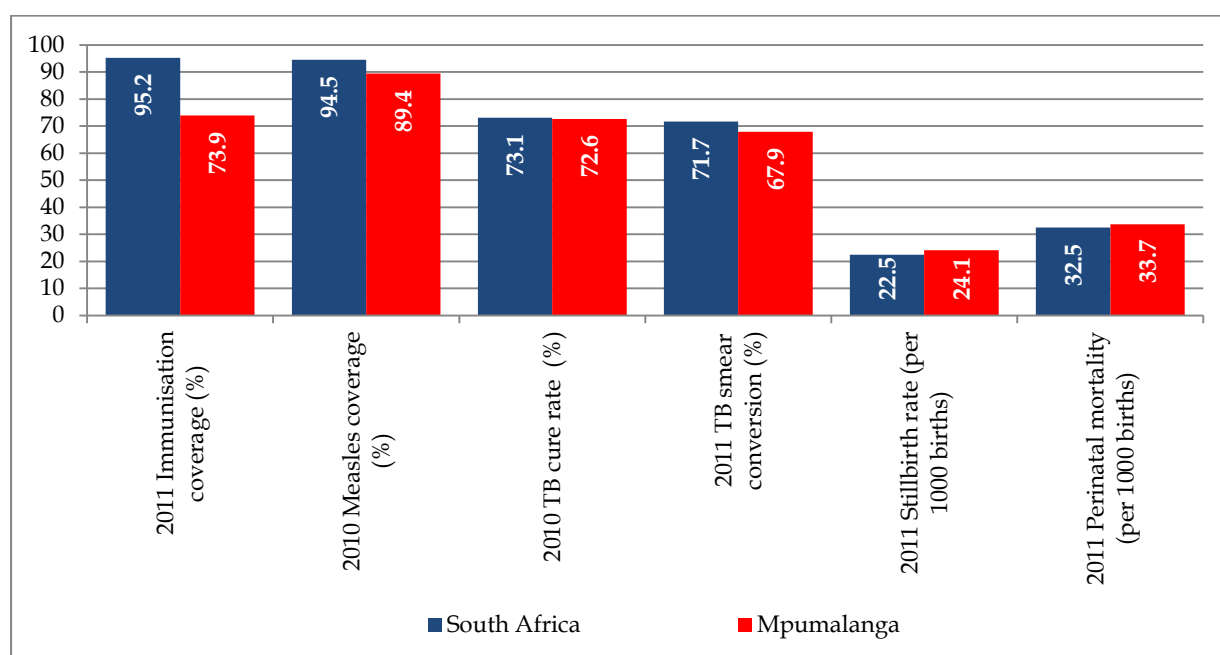
The immunisation coverage in Mpumalanga of 73.9 per cent was considerably lower than the national level of 95.2 per cent and the lowest overall in 2011. Mpumalanga's 2010 measles 1st dose coverage was the lowest in the country at 89.4 per cent. The TB smear conversion rate was at 67.9 per cent in 2011 and the TB cure rate continued to show steady improvement from 51.8 per cent in 2005 to 72.6 per cent in 2010, the fifth highest in the country. In 2011, the province's stillbirth rate and perinatal mortality rate were recorded at 24.1 and 33.7 per 1 000 births respectively. Both are slightly higher than the respective national averages for

2011. Figure 3.19 compares some of Mpumalanga's health indicators with the national average level.

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 2011 is depicted in Figure 3.20. The estimated overall prevalence rate for this age group in 2011 was 29.5 per cent for South Africa and 36.7 per cent for Mpumalanga. 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.

Figure 3.19: Comparison of selected health indicators between South Africa and Mpumalanga, 2010 & 2011

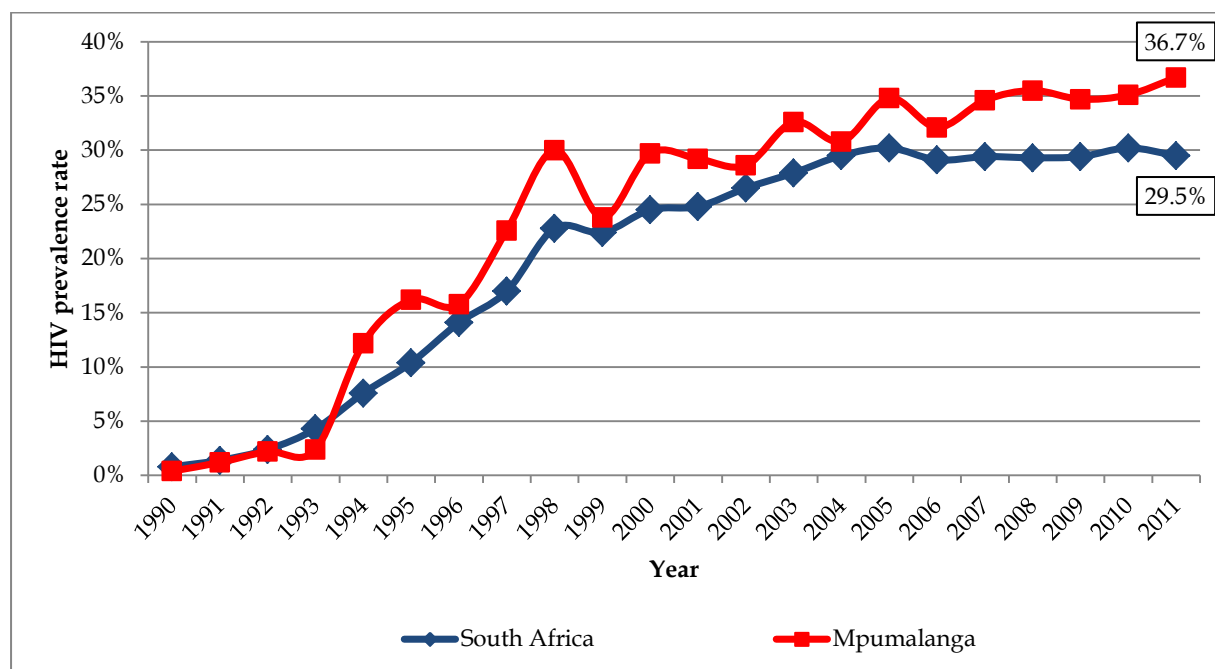


Source: National Department of Health - District Health Information System Database 2013

The 2011 prevalence rate in Mpumalanga was the second highest after KwaZulu-Natal (37.4 per cent). Mpumalanga recorded an increase of 1.6 percentage points between 2010 and 2011, the second largest increase among the nine provinces and one of four provinces where the prevalence rate increased. The HIV prevalence rate for female aged 15-49 in the various provinces is compared in Figure 3.21.

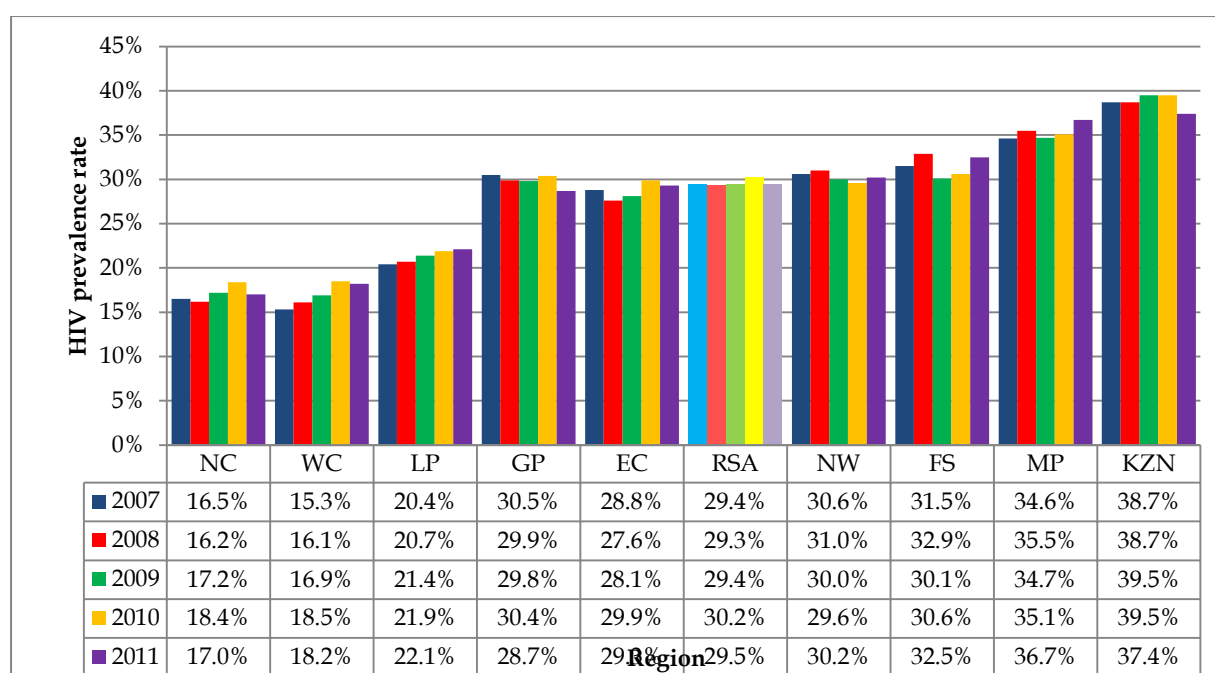
When comparing districts (Figure 3.22), the highest HIV prevalence rate for females aged 15-49 in Mpumalanga was recorded in Gert Sibande (46.1 per cent) and the lowest in Nkangala (29.6 per cent). Among the 52 health districts nationally, Gert Sibande recorded the highest (worst) prevalence rate in 2011 followed by Ehlanzeni and Nkangala in 10th and 25th place, respectively.

Figure 3.20: Comparison of HIV prevalence rate among females aged 15-49 in South Africa & Mpumalanga, 1990-2011



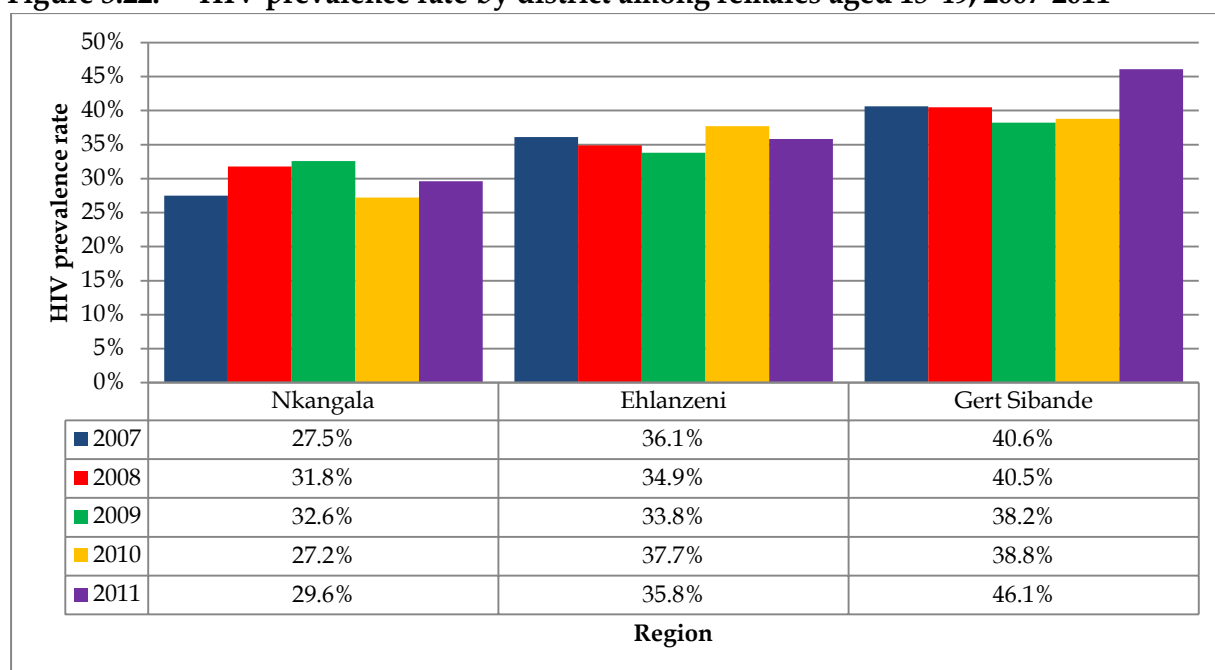
Source: National Department of Health – 2011 National Antenatal Sentinel HIV & Syphilis Prevalence Survey in South Africa

Figure 3.21: HIV prevalence rate by province among females aged 15-49, 2007-2011



Source: National Department of Health – 2011 National Antenatal Sentinel HIV and Syphilis Prevalence Survey in South Africa

Figure 3.22: HIV prevalence rate by district among females aged 15-49, 2007-2011



Source: National Department of Health – 2011 National Antenatal Sentinel HIV and Syphilis Prevalence Survey in South Africa

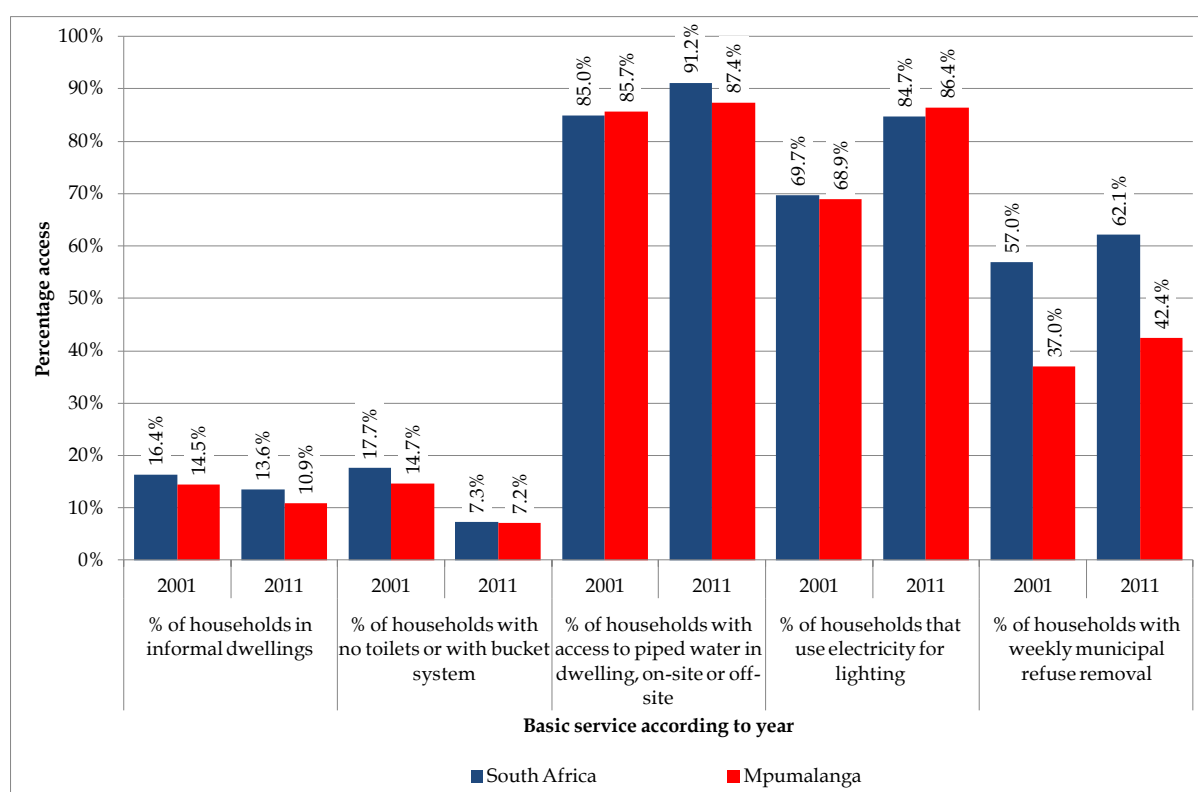
3.5 BASIC SERVICE DELIVERY/INFRASTRUCTURE

A relatively small percentage of households in Mpumalanga (10.9 per cent) occupied informal houses in 2011, compared to the national figure of 13.6 per cent. The provincial figure was 3.6 percentage points lower (better) than in 2001. The percentage of households in Mpumalanga without toilets and still using the bucket system decreased (improved) from 14.7 per cent in 2001 to 7.2 per cent in 2011, however, the improvement was slower than the 10.4 percentage point national progress.

In 2011, 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 3.23). The provincial figure increased from 85.7 per cent in 2001. The percentage of households that used electricity as main source of lighting increased from 69.1 per cent in 2001 to 86.4 per cent in 2011. The proportion of Mpumalanga's households with weekly municipal refuse removal (42.4 per cent) was considerably lower than the national figure of 62.1 per cent in 2011.

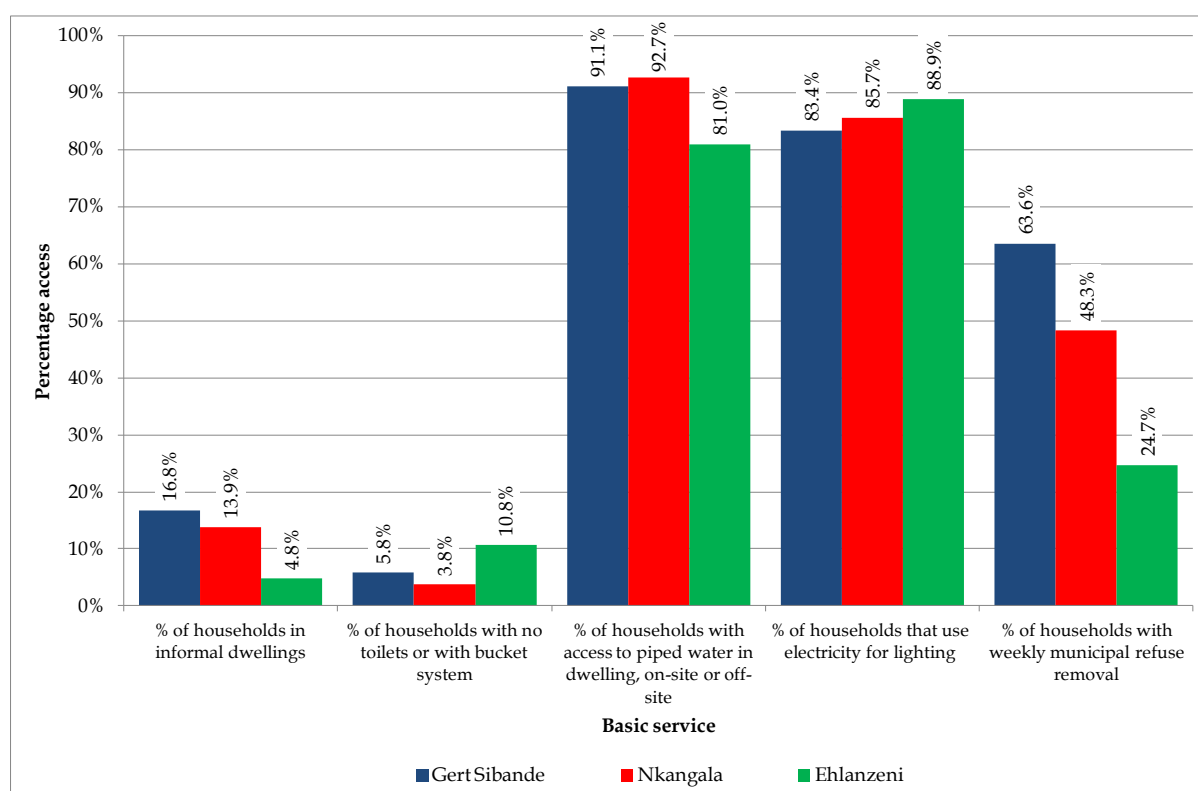
Figure 3.24 reveal certain basic services delivery indicators of the three districts in 2011. Ehlanzeni (4.8 per cent) registered the lowest (best) percentage of households that occupied informal dwellings and Gert Sibande (16.8 per cent) the highest. Ehlanzeni (10.8 per cent) held the highest percentage of households that did not have a toilet or that still made use of the bucket system.

Figure 3.23: Access to basic service delivery in South Africa and Mpumalanga, 2001-2011



Source: Statistics South Africa – Census 2011

Figure 3.24: Access to basic service delivery in Mpumalanga's districts, 2011



Source: Statistics South Africa – Census 2011

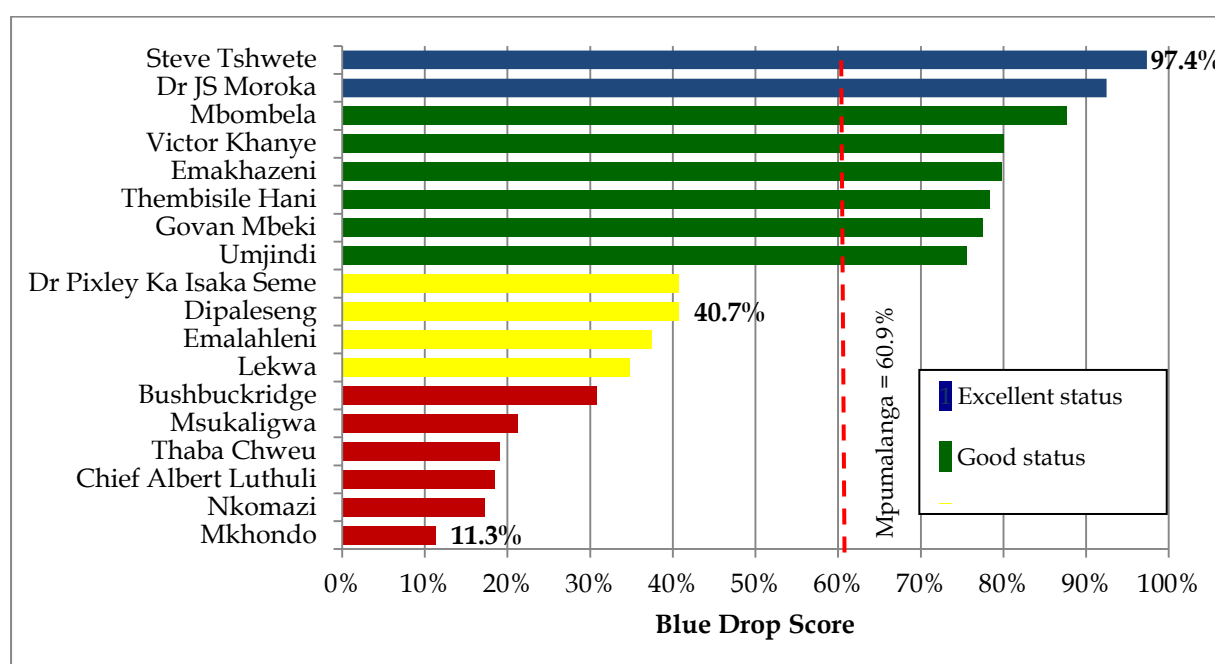
A larger percentage of households in Nkangala (92.7 per cent) had access to any type of piped water than households in the other two districts. In 2011, Ehlanzeni (88.9 per cent) recorded the largest percentage of households that used electricity for lighting. Gert Sibande (63.6 per cent) registered the highest percentage of households with weekly municipal refuse removal and Ehlanzeni (24.7 per cent) the lowest.

Water quality processes

The Blue Drop Certification Programme by the Department of Water Affairs assesses the quality of drinking water and ventures into the sphere of risk management, operations and asset management. Therefore, a low score does not automatically mean that water is unsafe for human consumption but may refer to shortcomings identified with the overall process.

According to the 2012 *Blue Drop Report*, Mpumalanga's Blue Drop score of 60.9 per cent was the lowest in South Africa. Mpumalanga's score improved from 56.5 per cent in 2011, however, it was still much lower than the national level of 87.6 per cent. Eight of the local municipal areas in the province recorded a Blue Drop score of more than 70 per cent, with Steve Tshwete leading the way with 97.4 per cent in 2012 (Figure 3.25). The other ten municipal areas scored less than 41 per cent, with Mkhondo (11.3 per cent) ranking last.

Figure 3.25: Comparative Blue Drop score level by local municipal area in Mpumalanga, 2012



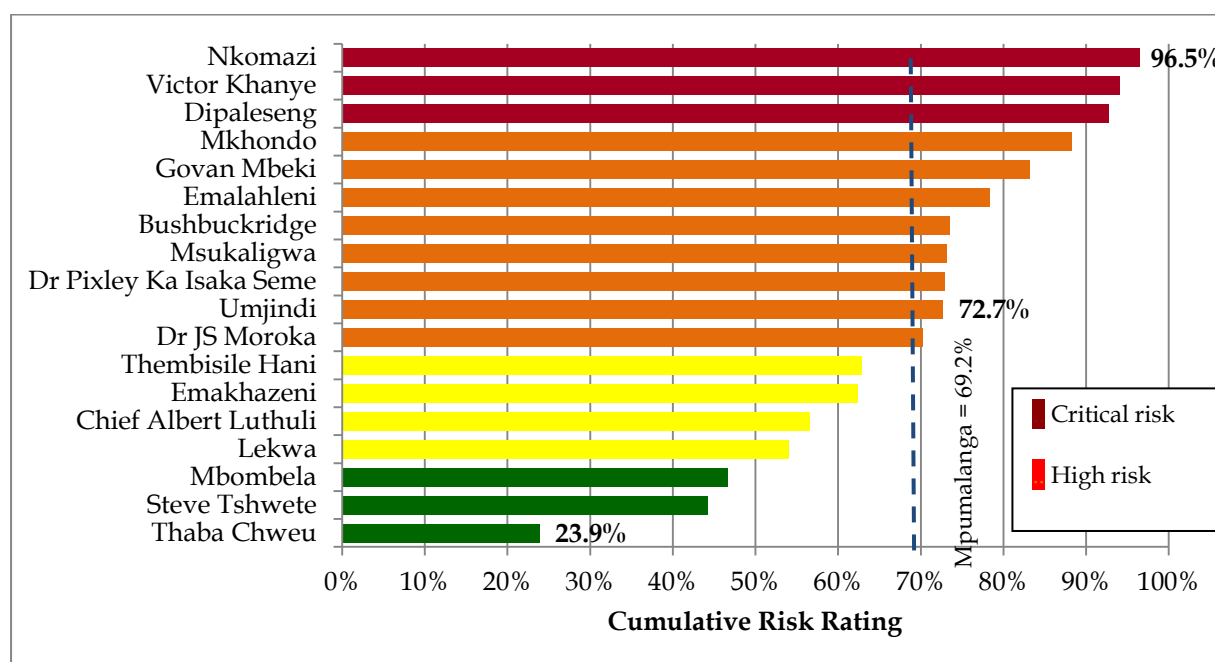
Source: Department of Water Affairs – 2012 Blue Drop Report

The Green Drop Certification Programme by the Department of Water Affairs assesses the quality of wastewater management processes. The 2012 *Green Drop Progress Report* measures and compares the results of the performance of water service authorities by local municipal area. Wastewater risk abatement planning and implementation is part of the criteria and the report uses cumulative risk ratios (CRR) to track progress on a year-to-year basis. The lower the CRR value of a facility the better.

According to the 2012 *Green Drop Progress Report*, Mpumalanga's CRR in 2012 was the fourth highest (riskiest) in South Africa. At 69.2 per cent, it was an improvement over the 72.6 per

cent recorded in 2011, however, North West and Northern Cape improved their rankings to the detriment of Mpumalanga. Eleven local municipal areas in the province recorded CRR values of more than 70 per cent, with Nkomazi (96.5 per cent) registering the highest unfavourable ranking in 2012 (Figure 3.26). Thaba Chweu (23.9 per cent) ranked the lowest with a CRR of 23.9 per cent.

Figure 3.26: Comparative Green Drop risk rating by local municipal area in Mpumalanga, 2012



Source: Department of Water Affairs – 2012 Green Drop Progress Report

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 2011, Mpumalanga recorded a HDI score of 0.53, 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 15-year period (Table 3.10). Mpumalanga recorded the sixth highest HDI level among the nine provinces in 2011. Of the three districts in the province, Nkangala recorded the highest HDI level of 0.57 in 2011 and Ehlanzeni the lowest at 0.50.

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 2011. Asians and Coloureds followed with HDI levels of 0.76 and 0.68, respectively. The Black African population registered the lowest HDI level of 0.48 (Table 3.11).

Table 3.10: HDI figures for South Africa, Mpumalanga & districts, 1996-2011

Region	1996	2001	2011
South Africa	0.57	0.57	0.59
Mpumalanga	0.50	0.50	0.53
Gert Sibande	0.51	0.51	0.52
Nkangala	0.54	0.54	0.57
Ehlanzeni	0.47	0.47	0.50

Source: IHS Global Insight – ReX, January 2013

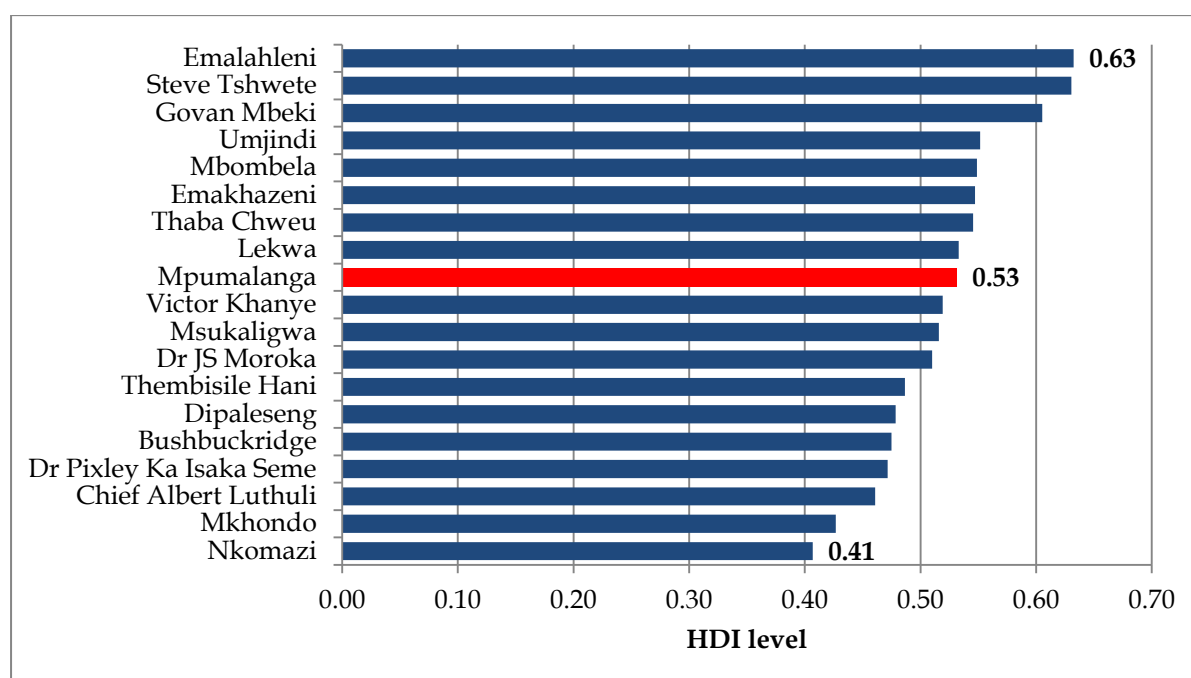
Table 3.11: HDI by population group in Mpumalanga, 1996-2011

Population group	1996	2001	2011
Black African	0.44	0.44	0.48
White	0.84	0.86	0.86
Coloured	0.60	0.63	0.68
Asian	0.74	0.74	0.76
Total	0.50	0.50	0.53

Source: IHS Global Insight – ReX, January 2013

Figure 3.27 displays the HDI levels of all eighteen local municipal areas of Mpumalanga. In 2011, Emalahleni's HDI level of 0.63 was the highest and that of Nkomazi (0.41) the lowest. Eight of the eighteen local municipal areas recorded higher HDI levels than the province.

Figure 3.27: Comparative HDI level by local municipal area in Mpumalanga, 2011



Source: IHS Global Insight – ReX, January 2013

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 0.63 in 2011 (Table 3.12). Despite improving (declining) from a level of 0.67 in 2001, the most recent national level still reflects a more unequal income distribution than was the case in 1996. The NDP targets a reduction in the Gini-coefficient to at least 0.60 by 2030.

Table 3.12: Gini-coefficient for South Africa, Mpumalanga & districts, 1996-2011

Region	1996	2001	2011
South Africa	0.62	0.67	0.63
Mpumalanga	0.60	0.67	0.62
Gert Sibande	0.61	0.67	0.63
Nkangala	0.59	0.66	0.62
Ehlanzeni	0.60	0.65	0.60

Source: IHS Global Insight – ReX, January 2013

The provincial income distribution followed the national trend and became more unequal from 1996 to 2011. Among the provinces, Mpumalanga (0.62) registered the third most unequal income distribution in 2011 behind KwaZulu-Natal and Free State. In 2011, Gert Sibande registered the highest Gini-coefficient of 0.63 in Mpumalanga, whereas Ehlanzeni (0.60) recorded a lower level of income inequality.

3.6.3 Poverty aspects

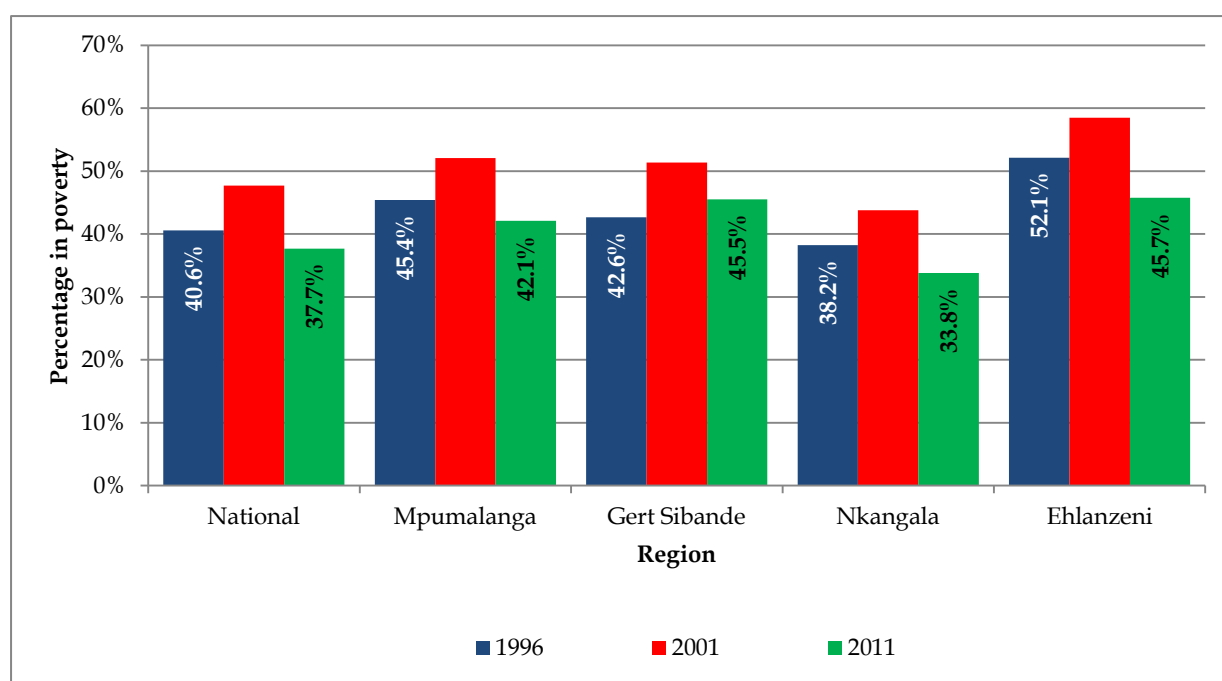
Poverty rate

According to the *Living Conditions Survey 2008-09* (LCS) by Statistics South Africa, 47.6 per cent of Mpumalanga's population lived below the lower-bound poverty line (R416 per person per month) compared to 38.9 per cent in South Africa. The target of the NDP is to reduce the proportion of households with a monthly income below R419 per person (in 2009 prices) to zero by 2030.

To assist reporting and comparison of poverty rates until the next LCS, poverty income based on the Minimum Living Level (MLL) as published by the Bureau for Market Research (BMR) will be used. 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 2011 for a household of four was R2 658 and R3 695 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 2011, Mpumalanga's poverty rate of 42.1 per cent was higher than the national rate of 37.7 per cent (Figure 3.28). Mpumalanga's poverty rate was the sixth lowest among the nine provinces. It was estimated that 1.6 million of Mpumalanga's citizens lived in households with an income less than the poverty income. Over the 15-year period from 1996 to 2011, the poverty rate in Mpumalanga improved (decreased) by 3.3 percentage points.

Figure 3.28: Poverty rates in South Africa, Mpumalanga and districts, 1996-2011

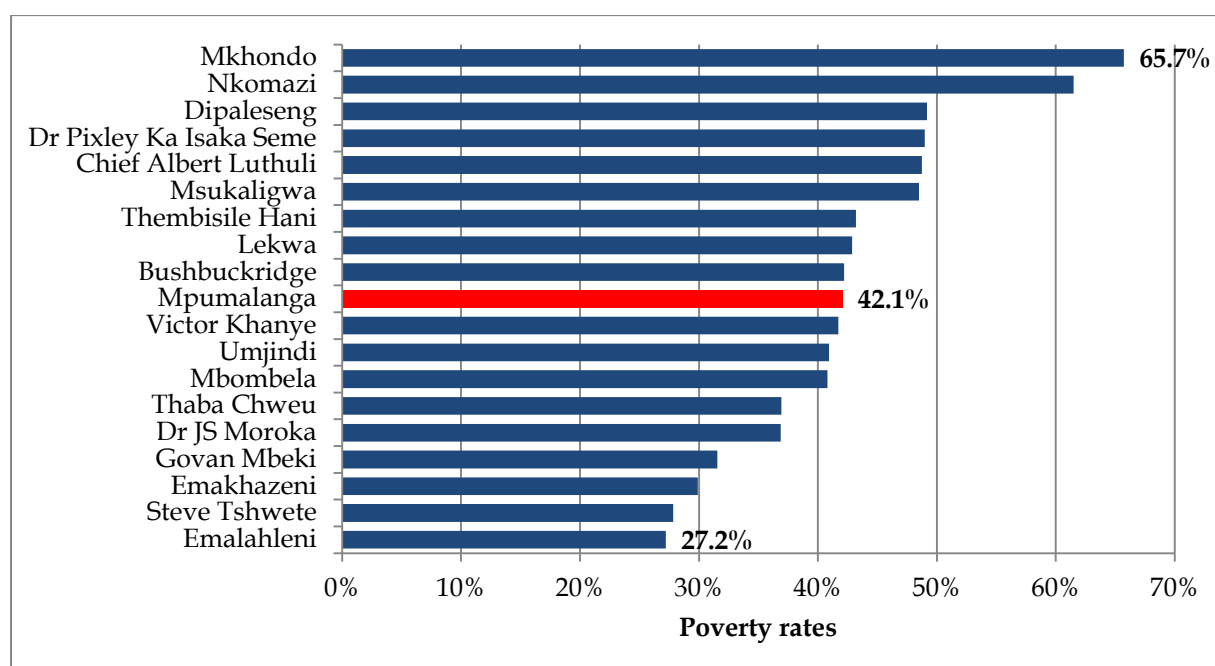


Source: IHS Global Insight - ReX, January 2013

Among the three districts, both Ehlanzeni (45.7 per cent) and Gert Sibande (45.5 per cent) registered poverty rates above the provincial level in 2011, whilst Nkangala recorded the lowest rate of 33.8 per cent. Nkangala, with 390 500 people living below the poverty income in 2011, had the lowest number of people in poverty in the province and Ehlanzeni with 720 800, the highest. According to calculations, the poverty rate in Gert Sibande increased from 42.6 per cent in 1996 to 45.5 per cent in 2011, the only district where the poverty rate did not decrease over the 15-year period.

The 2011-poverty rates of all of the eighteen local municipal areas of Mpumalanga are displayed in Figure 3.29. In 2011, Emalahleni's poverty rate of 27.2 per cent was the lowest and that of Mkhondo (65.7 per cent) the highest. Nine of the eighteen local municipal areas recorded higher poverty rates than the province at 42.1 per cent.

Figure 3.29: Poverty rates by local municipal area in Mpumalanga, 2011



Source: IHS Global Insight – ReX, January 2013

Poverty gap

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.

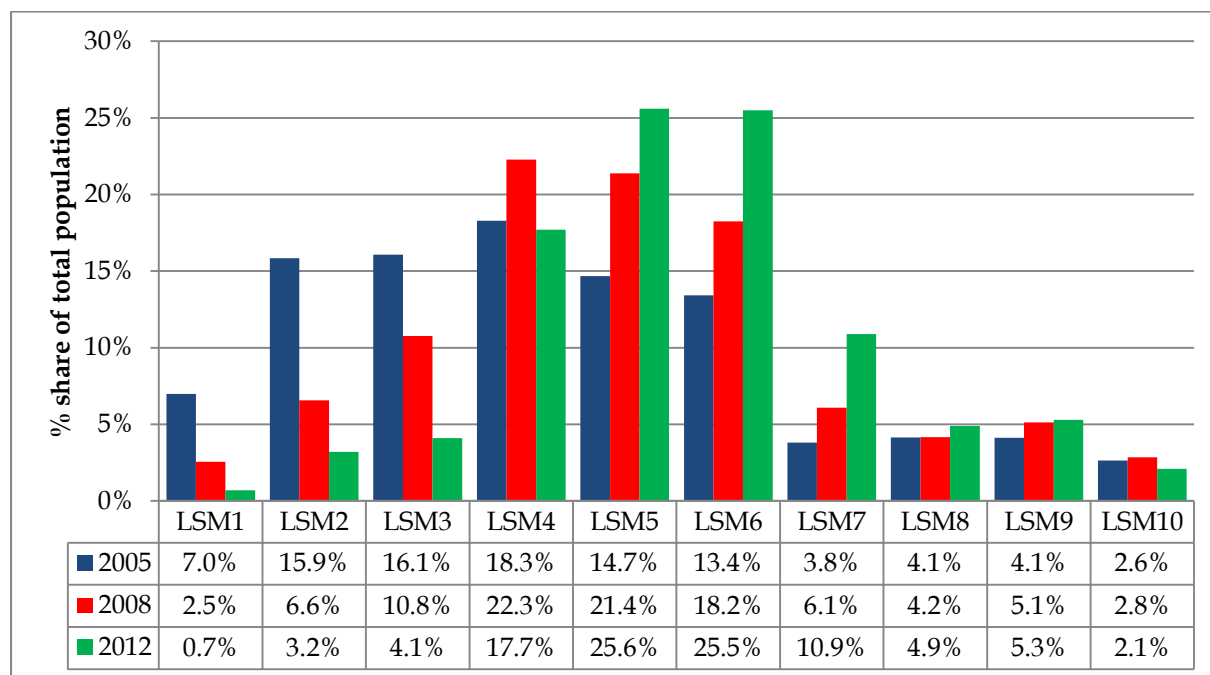
According to this dimension of poverty measurement, the poverty gap in South Africa increased (deteriorated) from R46.8 billion in 2010 to R47.4 billion in 2011. Similarly, the poverty gap in Mpumalanga deteriorated from R4.5 billion in 2010 to R4.6 billion in 2011. Over the 15-year period under review, the national poverty gap widened by 6.9 per cent annually. Mpumalanga's poverty gap widened faster at 7.3 per cent per annum between 1996 and 2011.

3.6.4 Living standards

The Living Standards Measure (LSM) groups people according to their living standards and were developed by the South African Advertising Research Foundation (SAARF). Essentially, the LSM is a wealth measure based on standard of living rather than income. It is based on a set of marketing differentiators, which group people according to their living standards, using criteria such as ownership of cars and major appliances (assets). Respondents are given a positive or negative score for each of the 29 variables they have or do not have and are then placed into one of the 10 LSM groups, based on their total score. The lowest LSM group is LSM1 and the highest or wealthiest group LSM10.

It is evident from Figure 3.30 that, according to the LSM measurement, the population in Mpumalanga moved progressively from the lower LSM groups to the higher LSM groups between 2005 and 2012. In 2005, some 39.0 per cent and 10.8 per cent of Mpumalanga's population occupied the three lowest and three highest LSM groups, respectively. By 2012, the share of the population within the three lowest LSM groups dropped to 8.0 per cent, whereas the share within the three highest LSM groups increased to 12.3 per cent. In 2011, the largest share of Mpumalanga's population fell in the LSM5 group and the smallest share in the LSM1 group.

Figure 3.30: Distribution of LSM groups in Mpumalanga, 2005-2012

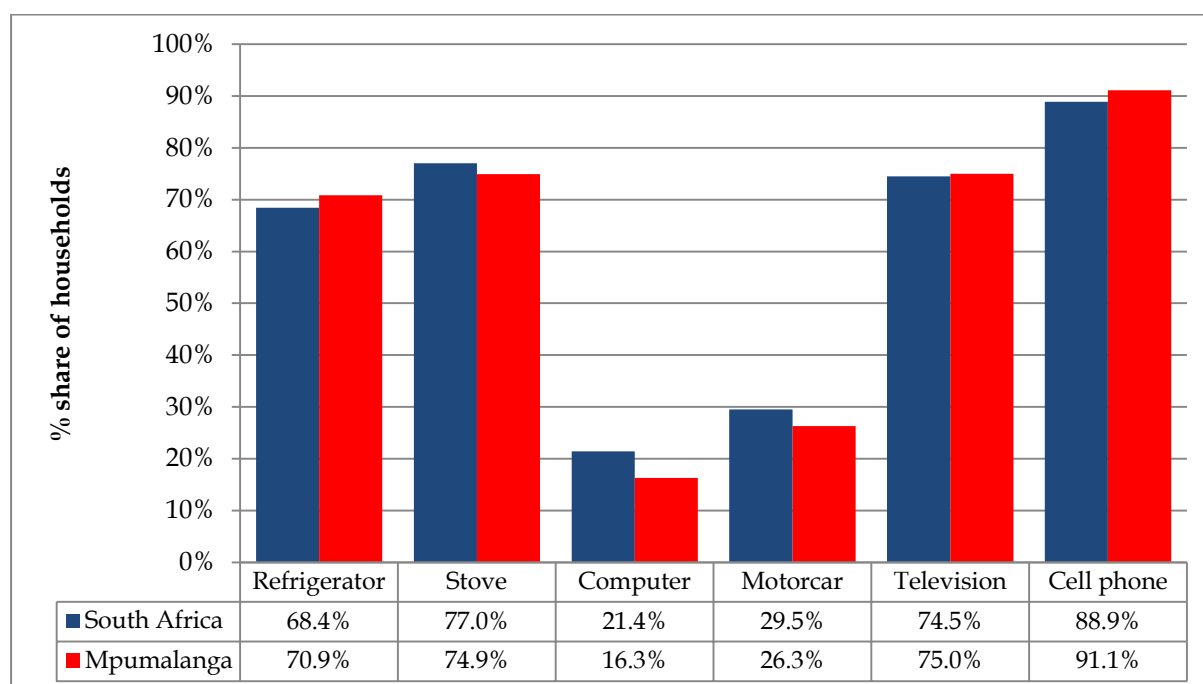


Source: SAARF – AMPS Technical Report, 2012

3.6.5 Ownership of household goods

Figure 3.31 compares the ownership levels of certain household goods between South Africa and Mpumalanga in 2011. It is evident that more households in Mpumalanga owned refrigerators, televisions and cell phones than the norm in South Africa. Contrary, less households in Mpumalanga owned electric or gas stoves, personal computers and motorcars than the standard for South African households.

Figure 3.31: Percentage distribution of households owning various household goods in South Africa and Mpumalanga, 2011



Source: Statistics South Africa – Census 2011

3.6.6 Income aspects

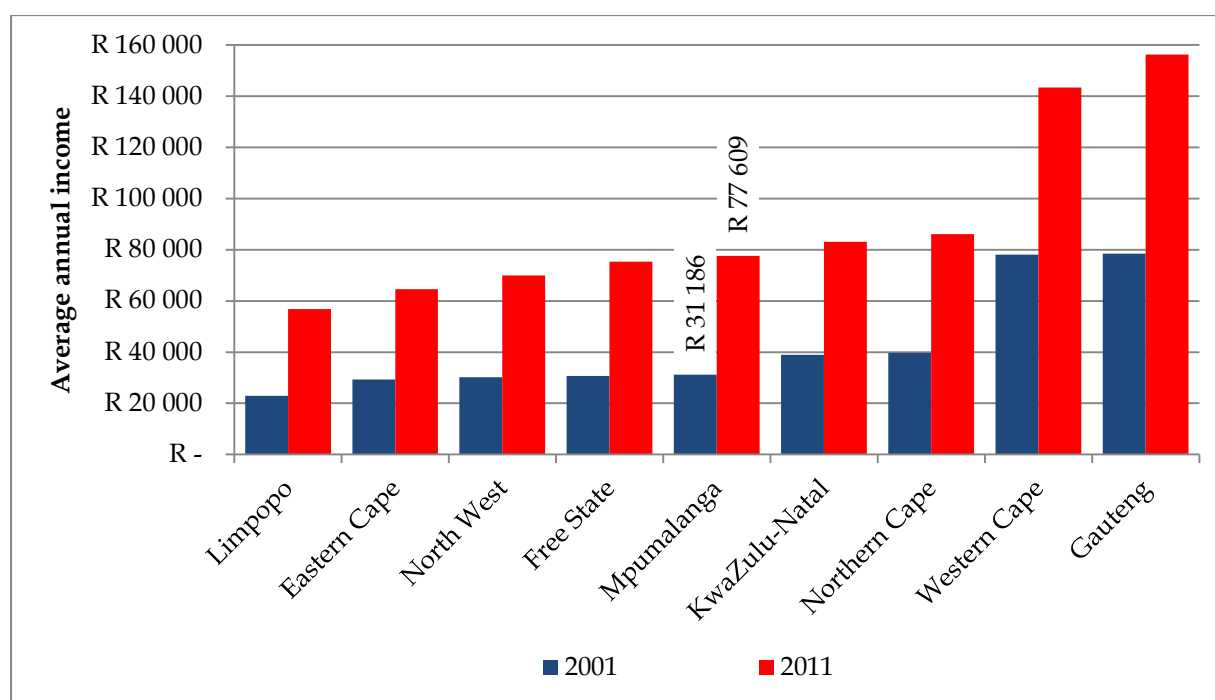
Household income

According to *Census 2011*, the average annual household income for all households in South Africa increased from R48 385 per annum in 2001 to R103 204 per annum (R8 600 per month) in 2011. This represents an absolute increase of 113.3 per cent in nominal terms over the 10-year period. Average household income in Mpumalanga increased from R31 186 per annum in 2001 to R77 609 per annum (R6 467 per month) in 2011 (Figure 3.32). This represents an absolute increase of 148.9 per cent in nominal terms over the 10-year period, which was higher than the national increase and the highest among the nine provinces. Mpumalanga's average household income was the fifth highest in 2001 and in 2011. In 2011, the average household income of Gauteng households (R156 243 per annum) was the highest and that of Limpopo households (R56 844 per annum) the lowest.

Income distribution

In *Census 2011*, respondents were asked what income category best describes the gross individual annual income before deductions and including all sources of income. The question included all persons in the household, also small children, since they could have an income in the form of grants. The results of this question for South Africa and Mpumalanga is summarised in Table 3.13.

Figure 3.32: Average annual household income by province, 2001-2011



Source: Statistics South Africa – Census 2011

Table 3.13: Individual income per income category (current R-prices) in South Africa & Mpumalanga, 2011

Income category (annualised)	Mpumalanga		South Africa	
	% of total	Cumulative %	% of total	Cumulative %
No income	42.0%	42.0%	40.6%	40.6%
R1-R4 800	20.7%	62.7%	17.3%	57.9%
R4 801-R9 600	3.2%	65.8%	3.2%	61.2%
R9 601-R19 200	11.1%	76.9%	11.3%	72.5%
R19 201-R38 400	5.6%	82.4%	5.8%	78.3%
R38 401-R76 800	3.9%	86.3%	4.3%	82.7%
R76 801-R153 600	3.2%	89.5%	3.7%	86.3%
R153 601-R307 200	2.2%	91.7%	2.7%	89.0%
R307 201-R614 400	0.8%	92.5%	1.1%	90.1%
R614 401-R1 228 800	0.2%	92.6%	0.3%	90.5%
R1 228 801-R2 457 600	0.1%	92.7%	0.1%	90.6%
R2 457 601 or more	0.1%	92.8%	0.1%	90.7%
Unspecified	6.2%	99.0%	7.8%	98.4%
Not applicable	1.0%	100.0%	1.6%	100.0%
Total	100.0%	-	100.0%	-

Source: Statistics South Africa – Census 2011

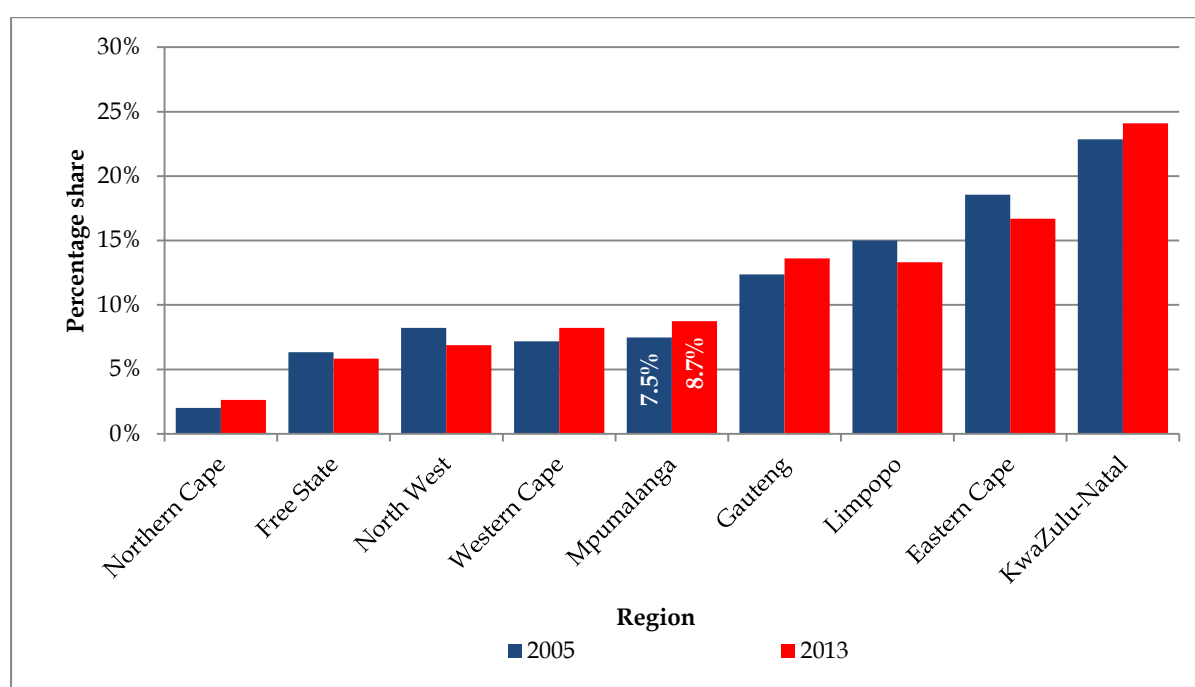
It is evident that a major share of individuals in Mpumalanga (42.0 per cent) indicated that they did not receive any income in 2011. The provincial figure was higher than the comparative figure for South Africa (40.6 per cent) in 2011. A further one-fifth of individuals in Mpumalanga (20.7 per cent) indicated that they received less than R4 800 per annum (R400 per month) compared to 17.3 per cent in South Africa. Cumulatively in 2011, some 82.4 per cent of individuals in Mpumalanga indicated that they received less than R38 400

per annum (R3 200 per month) compared to 78.3 per cent of individuals in South Africa.

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 nearly 16.1 million by January 2013. 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 January 2013, the number of recipients in Mpumalanga increased to 1.4 million or 8.7 per cent of the total number of national grant recipients. Mpumalanga registered the fifth highest number of social assistance recipients among the nine provinces (Figure 3.35). KwaZulu-Natal (3.9 million) registered the highest number of grant recipients by January 2013 and Northern Cape (420 600) the lowest.

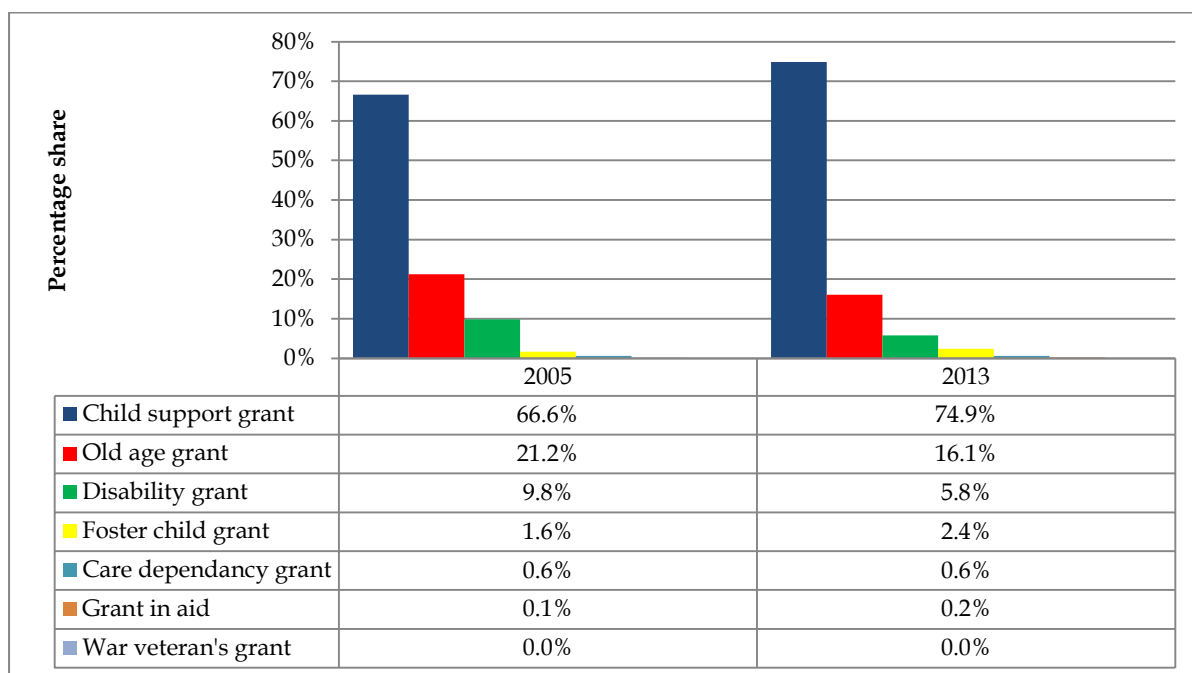
Figure 3.35: Provincial shares of national social assistance grants, 2005-2013



Source: SASSA - SOCPEN system, 2013

It is evident from Figure 3.36, that 74.9 per cent of Mpumalanga's total social assistance grants in January 2013 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 1.05 million in 2013. Although the number of old age grant beneficiaries increased from 149 200 in 2005 to 225 600 in 2013, the share of the total number of grant beneficiaries decreased from 21.2 per cent in 2005 to 16.1 per cent in 2013. Disability grant recipients increased in numbers from 69 200 in 2005 to 81 200 in 2013, however, they recorded a smaller share in 2013 (5.8 per cent) of the total number of assistance grant beneficiaries than in 2005 (9.8 per cent).

Figure 3.36: Distribution of various types of social assistance grants in Mpumalanga, 2005-2013



Source: SASSA - SOCPEN system, 2013

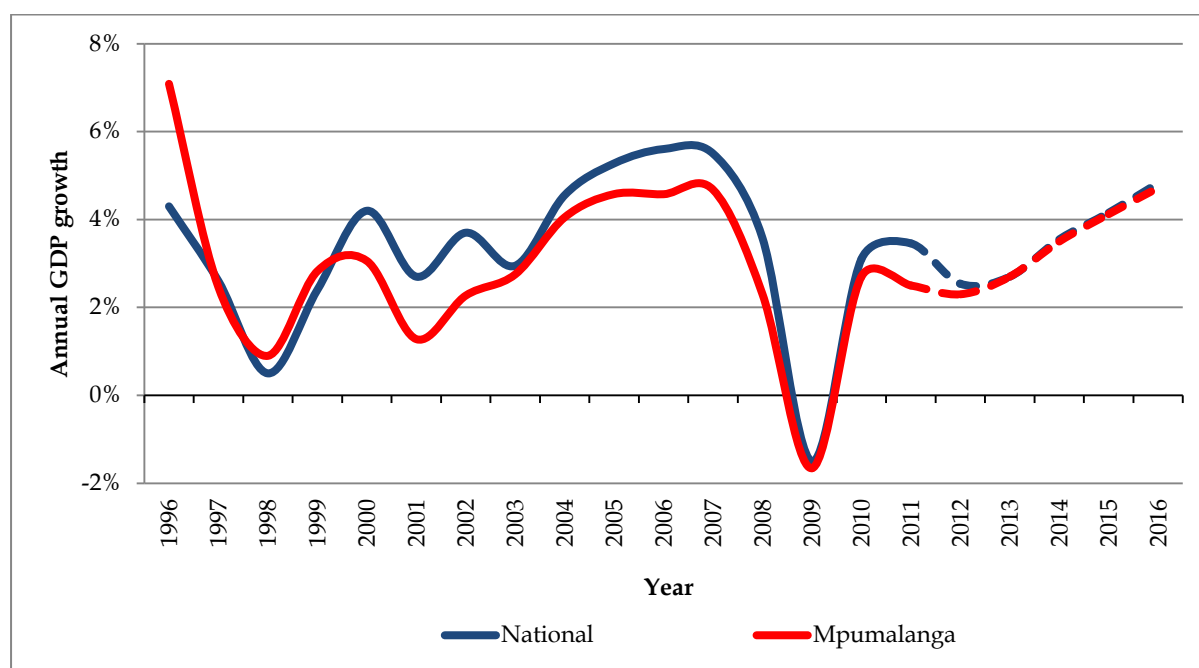
3.7. ECONOMIC SECTORS AND PERFORMANCE

3.7.1 GDP growth

It is estimated that in 2011, Mpumalanga contributed some R205.6 billion in current prices and R120.7 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 6.3 per cent in 2011. 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 3.37).

The average annual growth rate for the country and Mpumalanga over the period 1996 to 2011 was 3.2 per cent and 2.7 per cent, respectively. The NDP targets average national GDP growth of over 5 per cent up to 2030. The annual average growth rates for South Africa and Mpumalanga, from 2011 to 2016 is forecasted at 3.6 per cent and 3.5 per cent, respectively (Table 3.14).

Figure 3.37: GDP (constant 2005 prices) growth rates for South Africa and Mpumalanga, 1996-2016



Sources: Statistics South Africa – GDP Q3, 2012 (Historic growth)

IHS Global Insight - ReX, January 2013 (Future growth)

Table 3.14: Historic and forecasted GDP growth rates for South Africa and Mpumalanga, 1996-2016

Period	National	Mpumalanga
1996-2011	3.2%	2.7%
2011-2016	3.6%	3.5%

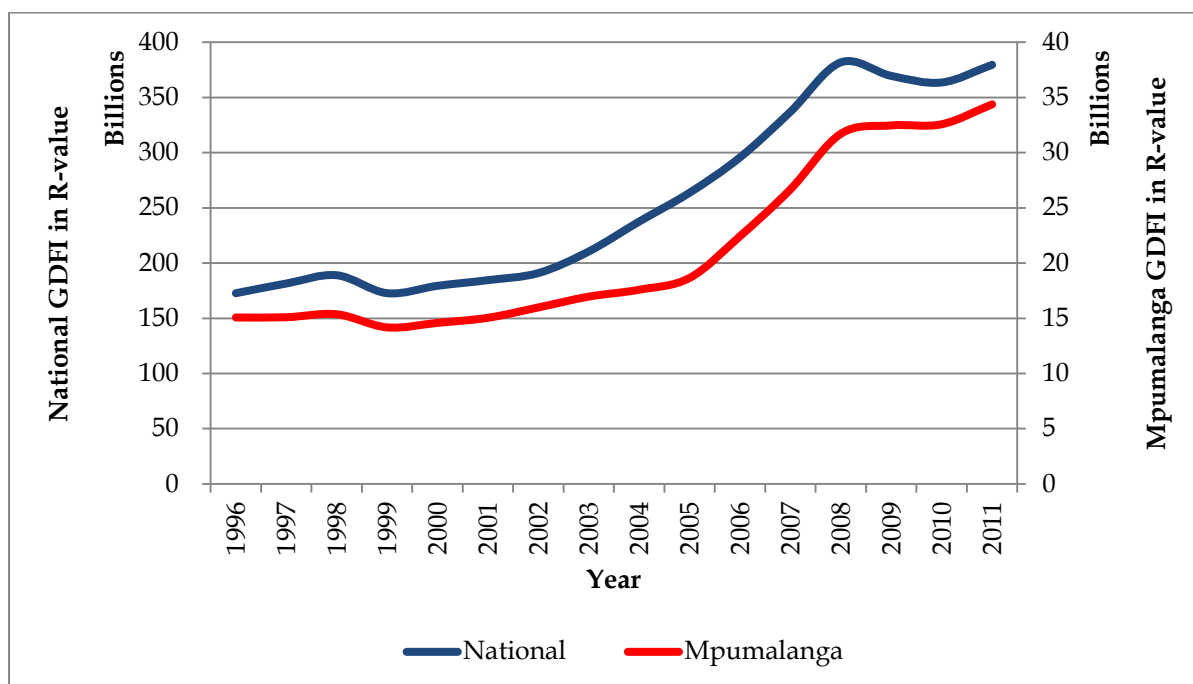
Sources: Statistics South Africa – GDP Q3, 2012 (Historic growth)

IHS Global Insight - ReX, January 2013 (Future growth)

Investment

Investment in infrastructure builds economic capacity and enhances competitiveness, while contributing to the quality of life of poor people. Historical evidence for the period 1996-2011 indicates that gross domestic fixed investment (GDFI) both in South Africa and Mpumalanga peaked respectively in 2008 and 2011 (Figure 3.38). GDFI in Mpumalanga amounted to R34.4 billion in 2011 which was equal to 9.1 per cent of total GDFI in South Africa. From 1996 to 2011, GDFI in South Africa grew on average by 5.4 per cent per annum and by 5.7 per cent annually in Mpumalanga.

Figure 3.38: Comparison of GDFI (constant 2005 prices) in South Africa and Mpumalanga, 1996-2011



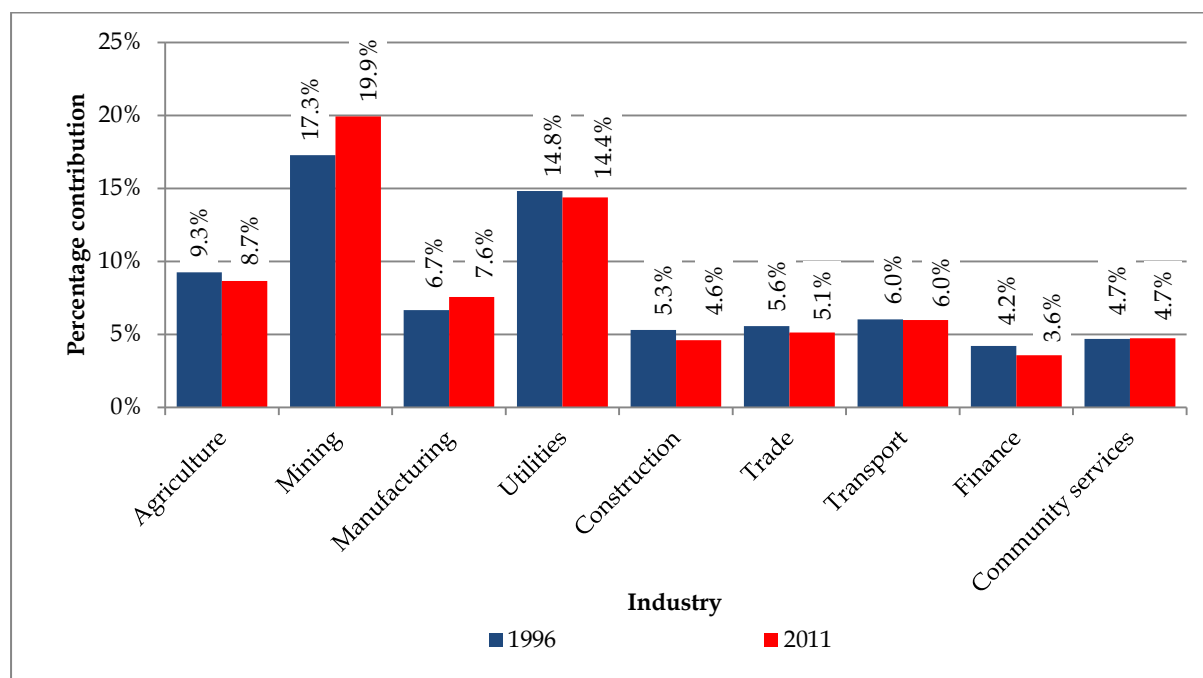
Source: Quantec, 2012

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 ISIC classification when collecting and reporting its information.

Figure 3.39 depicts the contribution of each of the economic industries in Mpumalanga to the corresponding national industry in 1996 and 2011. It is estimated that in 2011, the province was a substantial role-player in the national mining and utilities (mainly electricity) industries, with respective shares of 19.9 per cent and 14.4 per cent. It is noticeable that the contribution by mining, manufacturing and community services increased between 1996 and 2011, whilst the other industries' contribution to the national figure, stagnated or declined.

Figure 3.39: Mpumalanga's contribution to South Africa's industries (constant 2005 prices), 1996-2011



Sources: Statistics South Africa - GDP Q3, 2012

Table 3.15 exhibits the contribution by each of the three districts to the provincial industries in 1996 and 2011. Nkangala was the largest contributor to the provincial GVA with a share of 37.7 per cent in 1996 and 39.1 per cent in 2011. Nkangala made considerable contributions to the province's utilities (71.8 per cent) and mining (66.7 per cent) industries in 2011. Ehlanzeni with a 31.2 per cent share in 1996 and a 30.5 per cent share in 2011 was the second largest contributor followed by Gert Sibande in third place adding 31.1 per cent in 1996 and 30.4 per cent in 2011. In 2011, Gert Sibande was the main contributor to Mpumalanga's manufacturing (54.6 per cent) and agriculture industries (41.2 per cent), whilst Ehlanzeni played major roles in the province's finance (42.6 per cent), community services (45.1 per cent) and trade industries (46.1 per cent).

In 2011, Mbombela (19.1 per cent), Govan Mbeki (18.6 per cent), Emalahleni (17.3 per cent) and Steve Tshwete (14.7 per cent) contributed some 70 per cent to the Mpumalanga economy. Figure 3.40 depicts the percentage contribution by the eighteen local municipal areas to the provincial GVA in 2011. Dipaleseng (0.6 per cent) and Dr Pixley Ka Isaka Seme (1.1 per cent) made the smallest contributions to the provincial economy.

Table 3.15: Regional contribution to Mpumalanga's industries (GVA at constant 2005 prices), 1996-2011

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2011	1996	2011	1996	2011
Agriculture¹¹	41.6%	41.2%	24.1%	22.5%	34.3%	36.2%
Mining¹²	36.3%	24.4%	49.1%	66.7%	14.6%	8.9%
Manufacturing¹³	42.9%	54.6%	31.5%	26.0%	25.6%	19.4%
Utilities¹⁴	26.1%	25.3%	70.0%	71.8%	3.8%	2.9%
Construction¹⁵	24.9%	25.6%	30.3%	31.9%	44.8%	42.5%
Trade¹⁶	26.4%	24.4%	27.3%	29.6%	46.3%	46.1%
Transport¹⁷	27.3%	23.2%	33.7%	36.9%	39.1%	39.9%
Finance¹⁸	21.6%	22.4%	34.9%	34.9%	43.5%	42.6%
Community services¹⁹	22.4%	22.7%	32.0%	32.2%	45.5%	45.1%
Total	31.1%	30.4%	37.7%	39.1%	31.2%	30.5%

Source: IHS Global Insight – ReX, January 2013

¹¹ ISIC detailed description = Agriculture, forestry and fishing

¹² ISIC detailed description = Mining and quarrying

¹³ ISIC detailed description = Manufacturing

¹⁴ ISIC detailed description = Electricity, gas and water

¹⁵ ISIC detailed description = Construction

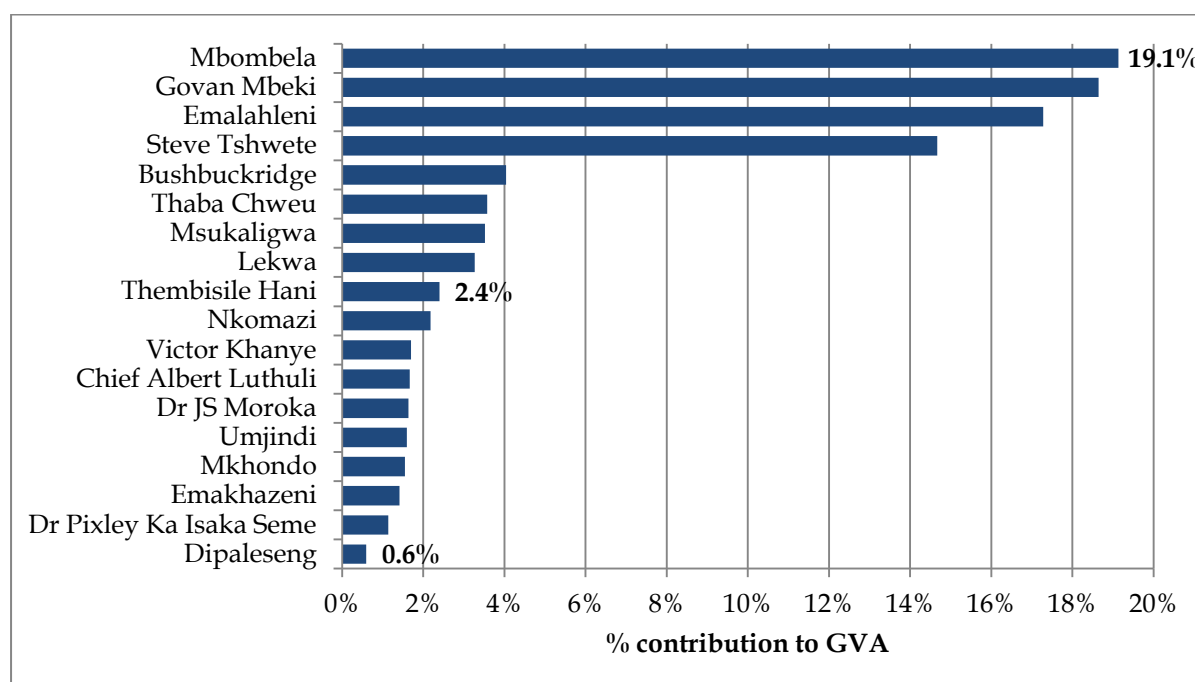
¹⁶ ISIC detailed description = Wholesale and retail trade, catering and accommodation

¹⁷ ISIC detailed description = Transportation, storage and communication

¹⁸ ISIC detailed description = Finance, insurance, real estate and business services

¹⁹ ISIC detailed description = Community, health and personal services

Figure 3.40: Contribution to provincial GVA by local municipal area in Mpumalanga, 2011



Source: IHS Global Insight – ReX, January 2013

3.7.3 Sectoral contribution and performance

Contribution

It is estimated that in 2011, the primary sector in Mpumalanga contributed 21.9 per cent, secondary sector 27.8 per cent and tertiary sector 50.4 per cent to the provincial GDP. Although the economy depended less on the primary sector in 2011 than in 1996 (28.3 per cent), it continued to stand in contrast to the national primary sector's small contribution of 8.3 per cent in 2011. Nationally, the secondary sector added 22.6 per cent and the tertiary sector 69.1 per cent in 2011.

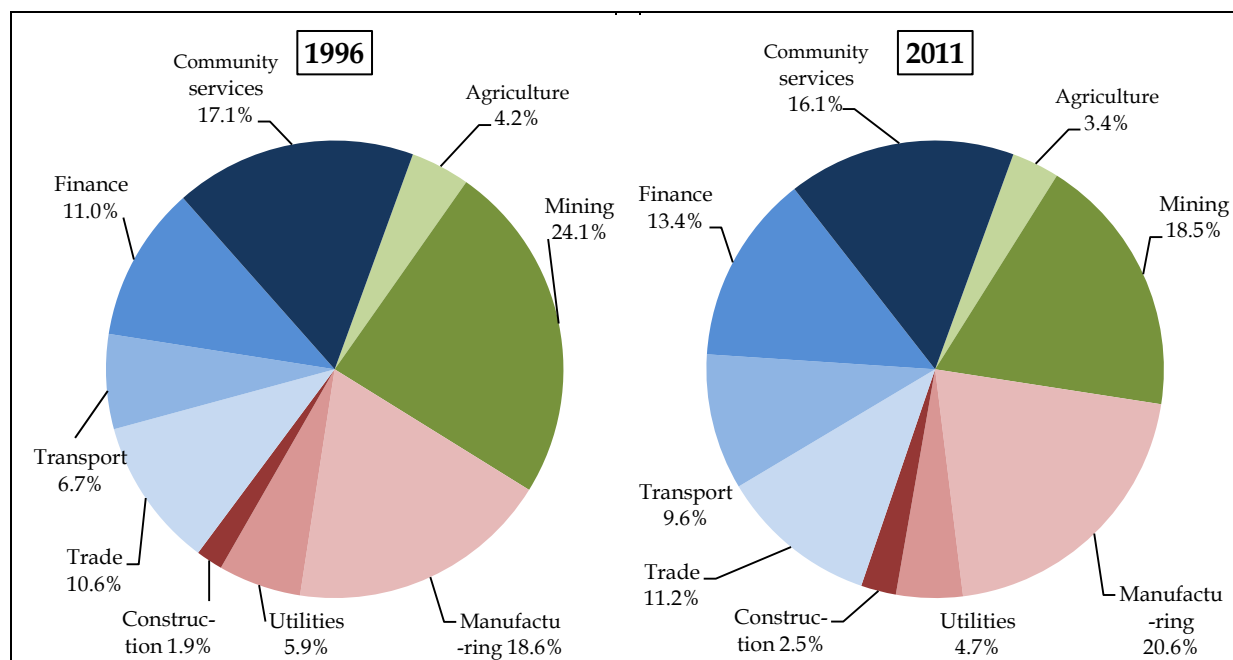
It is estimated that in 2011, the three largest contributors to the provincial economy were manufacturing (20.6 per cent), mining (18.5 per cent) and community services (16.1 per cent). This was slightly different from 1996, when mining (24.1 per cent) was the leading industry followed by manufacturing (18.6 per cent) and community services (17.1 per cent). Figure 3.41 displays the share of each economic industry in the provincial economy in 1996 and 2011.

Figure 3.42 illustrate the change in monetary terms by industry from 1996 to 2011. The real value of all nine industries increased between 1996 and 2011. It is therefore apparent that, even though the GDP contribution by industries such as agriculture and mining declined in Figure 3.43, the real value that these industries contributed, increased. The manufacturing industry (R8.8 billion) registered the largest absolute change over the 15-year period and the agriculture industry (R575 million) the smallest.

Table 3.16 displays the share of each economic industry in the three districts' economies in 1996 and 2011. The manufacturing industry dominated the district economy of Gert Sibande

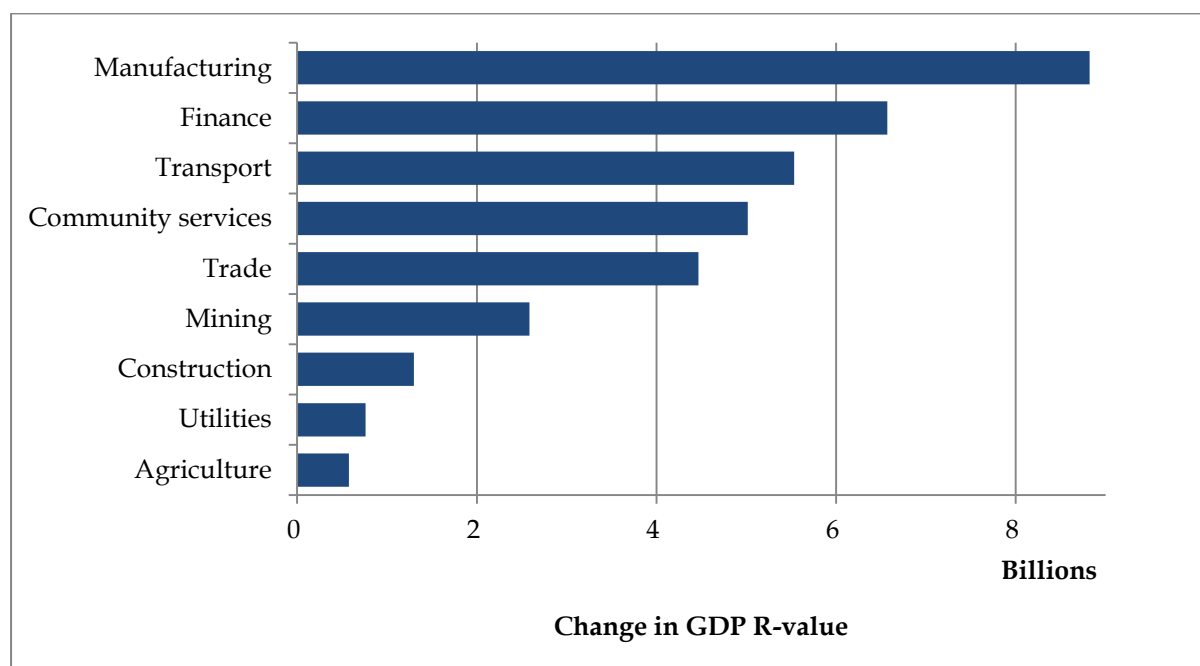
in 2011 with a 35.9 per cent share. Mining activities dominated the Nkangala economy as it added 30.3 per cent to the district's economy in 2011. The largest contributing industry in Ehlanzeni in 2011 was community services with a share of 24.1 per cent.

Figure 3.41: Contribution to Mpumalanga GDP (constant 2005 prices) by industry, 1996-2011



Source: Statistics South Africa - GDP Q3, 2012

Figure 3.42: Absolute change in GDP rand value (constant 2005 prices), 1996-2011



Source: Statistics South Africa - GDP Q3, 2012

Table 3.16: Contribution to individual districts' GVA (constant 2005 prices) by industry, 1996-2011

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2011	1996	2011	1996	2011
Agriculture	5.5%	4.5%	2.6%	1.9%	4.5%	3.9%
Mining	27.5%	14.3%	30.6%	30.3%	11.0%	5.2%
Primary industries	33.0%	18.8%	33.3%	32.2%	15.6%	9.1%
Manufacturing	25.0%	35.9%	15.1%	13.3%	14.9%	12.7%
Utilities	4.9%	3.8%	10.8%	8.3%	0.7%	0.4%
Construction	1.6%	2.1%	1.6%	2.1%	2.9%	3.5%
Secondary industries	31.5%	41.7%	27.6%	23.6%	18.5%	16.6%
Trade	9.2%	9.4%	7.8%	8.9%	16.0%	17.7%
Transport	5.7%	7.3%	5.8%	9.0%	8.2%	12.4%
Finance	8.0%	10.6%	10.6%	12.8%	16.0%	20.0%
Community services	12.7%	12.2%	14.9%	13.5%	25.7%	24.1%
Tertiary industries	35.5%	39.5%	39.2%	44.1%	65.9%	74.3%
Total industries	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: IHS Global Insight – ReX, January 2013

Performance

The historic and forecasted GVA growth for the economic industries of Mpumalanga is presented in Table 3.17. Between 1996 and 2011, the fastest growing industries in terms of GVA growth was estimated to be transport (5.2 per cent) and construction (4.5 per cent). Over the period 2011-2016, it is expected that agriculture will record the highest average annual GVA growth of 4.8 per cent per annum followed by transport (4.4 per cent), mining (4.3 per cent) as well as manufacturing (4.3 per cent).

Table 3.17: Historic and forecasted GVA (constant 2005 prices) growth rates for Mpumalanga's economic industries, 1996-2016

Industry	1996-2011	2011-2016
Agriculture	1.2%	4.8%
Mining	0.9%	4.3%
Manufacturing	3.4%	4.3%
Utilities	1.1%	3.1%
Construction	4.5%	2.7%
Trade	3.1%	3.1%
Transport	5.2%	4.4%
Finance	4.1%	3.9%
Community services	2.3%	3.6%

Sources: Statistics South Africa - GDP Q3, 2012 (Historic growth)

IHS Global Insight - ReX, January 2013 (Future growth)

According to Table 3.18, manufacturing (22.5 per cent), mining (20.4 per cent), community services (14.6 per cent) as well as finance (13.4 per cent) can be expected to be the main drivers of provincial GVA growth between 2011-2016. Transport (10.4 per cent) and trade (8.9 per cent) are expected to aid provincial growth to a lesser degree, whereas agriculture (4.2 per cent), utilities (3.7 per cent) and construction (1.7 per cent) is expected to contribute the least to economic growth between 2011-2016.

Table 3.18: Contribution to GVA growth (constant 2005 prices) in Mpumalanga by industry, 2011-2016

Industry	GVA share 2011	Estimated industry GVA growth 2011-2016	Estimated contribution to provincial GVA growth 2011-2016
Agriculture	3.4%	4.8%	4.2%
Mining	18.5%	4.3%	20.4%
Manufacturing	20.6%	4.3%	22.5%
Utilities	4.7%	3.1%	3.7%
Construction	2.5%	2.7%	1.7%
Trade	11.2%	3.1%	8.9%
Transport	9.6%	4.4%	10.7%
Finance	13.4%	3.9%	13.4%
Community services	16.1%	3.6%	14.6%

Sources: Statistics South Africa - GDP Q3, 2012

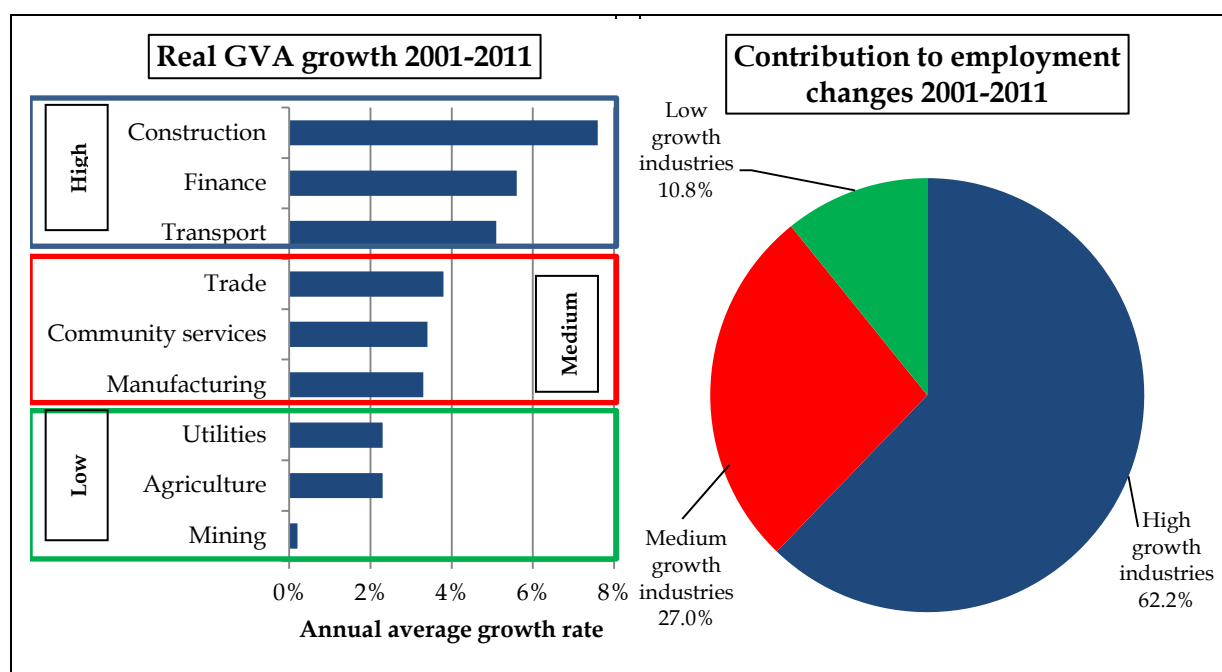
IHS Global Insight - ReX, January 2013

Performance and employment

Figure 3.43 depicts the real GVA growth per industry over the period 2001 to 2011 in the left-hand diagram and the contribution to changes in employment numbers over the same period in the right-hand diagram. Over the 10-year period construction, finance and transport achieved the highest annual average growth rates, whereas utilities, agriculture and mining recorded the lowest average annual growth.

In 2011, some 117 000 more people were employed in Mpumalanga than in 2001. In the right hand diagram, it is observable that the three high growth (in excess of 5 per cent average annual growth) industries contributed 62.2 per cent to the increased number of employed. The low growth (less than 3 per cent average annual growth) industries contributed 10.8 per cent. Based on the two diagrams, it is evident that the high growth industries historically contributed more to higher employment numbers than the medium (between 3 and 5 per cent average annual growth) and low growth industries combined.

Figure 3.43: Real GVA growth (constant 2005 prices) and contribution to employment changes by industry, 2001-2011



Sources: Statistics South Africa - GDP Q3, 2012

Statistics South Africa - LFS Historical Revision, 2009

Statistics South Africa - QLFS, 2012

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 of Mpumalanga appears to be slightly more diversified than that of South Africa with an index score of 38.4 compared to 40.4 in 2011. Among the nine provinces, Mpumalanga ranked first in terms of the most diversified economy, followed by KwaZulu-Natal (41.6) and Free State (42.1).

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 (1.30), mining (2.69) and utilities (2.12) held a comparative advantage over the same industry in the national economy in 2011. Table 3.19 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 2011, 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 3.19 provides a comparison of employment with output at industry level for 2011.

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 mining industry recorded the highest employment elasticity of 5.2 over the period 2001 to 2011. Therefore, on average over the 10-year period, every 1 per cent of real economic growth in the province's mining industry translated into a 5.2 per cent increase in employment in the mining industry. The employment growth in agriculture and manufacturing was negative over the 10-year period and therefore these industries recorded negative employment elasticities – or jobless growth. Table 3.19 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 (mining, manufacturing, utilities, transport and finance) achieved higher labour productivity than the total industries combined in 2011 (Table 3.19).

Table 3.19: Essential economic ratio's by industry in Mpumalanga, 2001-2011

Industry	Comparative advantage 2011	Labour intensity 2011	Employment elasticity 2001-2011	Labour productivity 2011
Agriculture	1.30	2.71	-0.20	0.37
Mining	2.69	0.41	5.20	2.22
Manufacturing	0.95	0.46	-0.81	2.25
Utilities	2.12	0.52	1.93	1.75
Construction	0.75	3.59	0.39	0.26
Trade	0.79	2.42	0.03	0.42
Transport	0.81	0.49	0.57	2.04
Finance	0.62	0.75	1.26	1.32
Community services	0.74	1.27	1.31	0.82
Total	-	-	0.51	1.00

Sources: IHS Global Insight – ReX, January 2013

Statistics South Africa – GDP Q3, 2012

Statistics South Africa – LFS Historical Revision, 2009

Statistics South Africa – QLFS, 2012

3.7.9 Tourism

Because tourism is not a clearly defined industry in the SIC, it was therefore the first economic activity to use Satellite Account²⁰ standards to measure its impact on national economies – as approved by the United Nations (UN) in March 2000. According to Statistics South Africa's Tourism Satellite Account (TSA), the national tourism sector was simulated to have contributed some 3.0 per cent to GDP in 2010. South Africa's 567 400 tourism jobs accounted for 4.3 per cent of total employment in 2010.

The current lack of sufficient baseline data of tourism supply on a provincial level makes an assessment of the supply side, and therefore a similar exercise such as the TSA for South Africa on a provincial basis, impossible. Therefore, the only official tourism data, on a provincial level, are of tourist arrivals, bed-nights spend and tourism expenditure.

According to Tourism South Africa's *Annual Report 2011*, Mpumalanga was the third most visited province by foreign visitors in 2011 with a share of 15.8 per cent of total foreign arrivals. This was up from 14.1 per cent of total foreign arrivals in 2010. However, Mpumalanga captured only 6.7 per cent of the total bed-nights spent by all foreign tourists in South Africa. This was higher than the 6.0 per cent in 2010, although the province

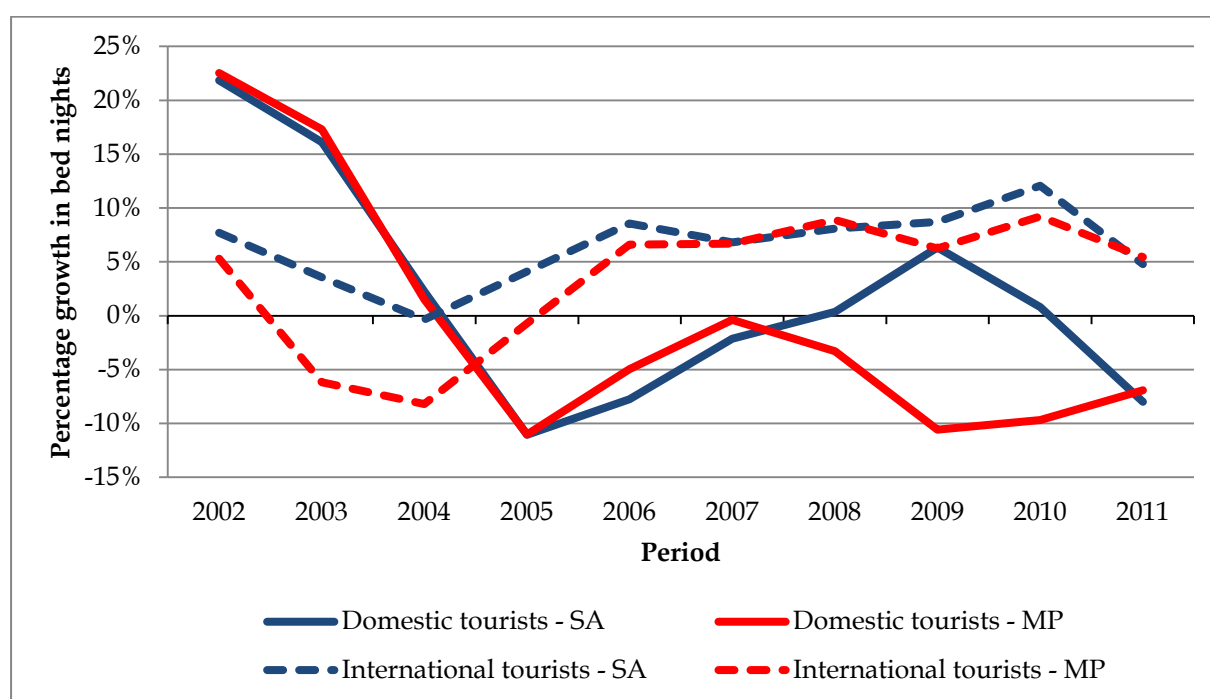
²⁰ A Satellite Account is a term developed by the UN to measure the size of economic sectors that are not defined as industries in national accounts.

remained in fourth position overall. Mpumalanga attracted 8.0 per cent of domestic tourists in 2011 and remained in sixth position nationally.

Bed nights spent by domestic tourists in South Africa and Mpumalanga have not grown significantly since 2004. Bed nights spent by international tourists in Mpumalanga recorded lower growth rates than the national standard over practically the entire period under consideration. Figure 3.44 compares the growth in bed nights by tourists in South Africa and Mpumalanga according to their origin.

In 2011, total tourism expenditure in Mpumalanga amounted to approximately R8 billion, which equated to some 4.6 per cent of total tourism expenditure in South Africa. Total tourism expenditure in Mpumalanga during 2011, expressed as a share of economic activity in Mpumalanga was close to 3.6 per cent.

Figure 3.44: Comparison of growth in bed nights by origin of tourist in South Africa and Mpumalanga, 2002-2011



Source: IHS Global Insight – ReX, September 2012

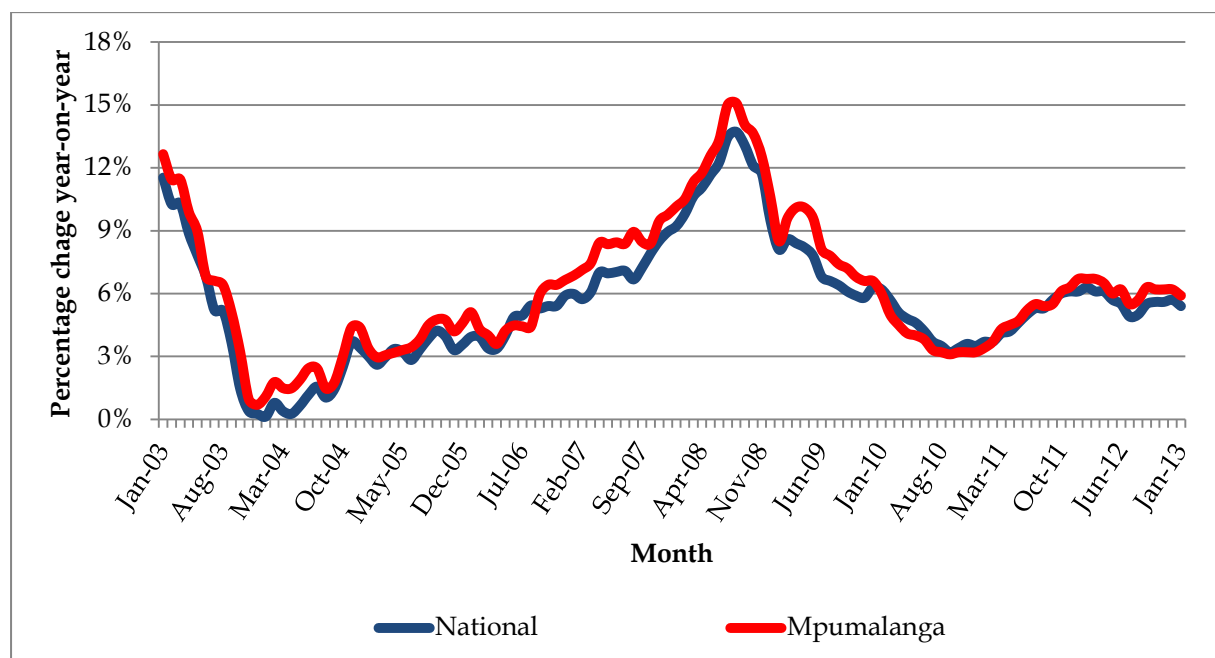
3.7.10 Inflation

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. Mpumalanga's average annual inflation rate for 2012 was 6.2 per cent, which was higher than the average for South Africa (5.6 per cent) as well as the joint second highest overall.

The January 2013 inflation measurement in Mpumalanga of 5.9 per cent was the joint second highest among the nine provinces for January 2013, albeit it lower than the provincial average for 2012. The provincial rate was lower than the 6.2 per cent in December 2012 and the first instance in five months that Mpumalanga's inflation rate was lower than the upper limit of the inflation target zone of 6 per cent. The comparative percentage change in the CPI for South Africa and Mpumalanga from January 2003 to January 2013 is displayed in Figure 3.45.

The average annual inflation rate in Witbank/Nelspruit²¹ for 2012 was 5.3 per cent, which was the second lowest of the thirteen urban areas. The January 2013 inflation measurement for Witbank/Nelspruit²¹ was 4.7 per cent, which was lower than the 5.0 per cent measured in December 2012. It was also the lowest among the thirteen urban areas and lower than the respective provincial and national rates.

Figure 3.45: CPI in South Africa and Mpumalanga, 2003–2013



Source: Statistics South Africa – CPI, 2013

Statistics South Africa introduced the new basket and weights for the CPI in the January 2013 publication. The new basket and weights are based on the 2010/11 Income and Expenditure Survey. The new basket has higher weights for alcoholic beverages and tobacco, clothing and footwear, housing and utilities, health, recreation and culture as well as restaurants and hotels. The weights for food and non-alcoholic beverages (FNAB), household contents and services, transport, communication, education as well as miscellaneous goods and services are lower.

The main determinants of inflation in Mpumalanga based on their respective weightings, as provided in Table 3.20, are price changes in FNAB, housing and utilities, transport as well as miscellaneous goods and services. These four 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 3.20 that the FNAB index was accountable for 28.3 per cent of the average price increase in Mpumalanga during January 2013, followed by the housing and utilities index with a 23.8 per cent contribution. Miscellaneous goods and services as well as transport were accountable for 12.8 per cent and 12.0 per cent, respectively. The main contributors to the FNAB index, namely meat as well as bread and cereals, exerted strong upward pressure on the increase in the average price level. Within the housing and utilities index, water and electricity price increases provided strong upward momentum.

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

Table 3.20: CPI group indices, weights, percentage change & contribution to inflation for Mpumalanga, January 2013

Index description	Weight	Percentage change		Estimated contribution to inflation
		Month-on-month	Year-on-year	
Food & non-alcoholic beverages	20.72	+0.4	+8.0	28.3%
Alcoholic beverages and tobacco	4.81	-0.3	+8.1	6.7%
Clothing and footwear	5.36	+0.3	+3.8	3.5%
Housing and utilities	21.37	+0.0	+6.5	23.8%
Household contents and services	5.75	+0.3	+4.2	4.1%
Health	1.38	+0.4	+5.8	1.4%
Transport	14.88	-0.2	+4.7	12.0%
Communication	2.25	+0.4	+0.3	0.1%
Recreation and culture	6.20	+0.1	+2.5	2.7%
Education	1.58	+0.0	+6.3	1.7%
Restaurants and hotels	2.56	+2.5	+6.9	3.0%
Miscellaneous goods and services	13.14	+0.6	+5.7	12.8%
All items	100.0	+0.4	+5.9	100.0%

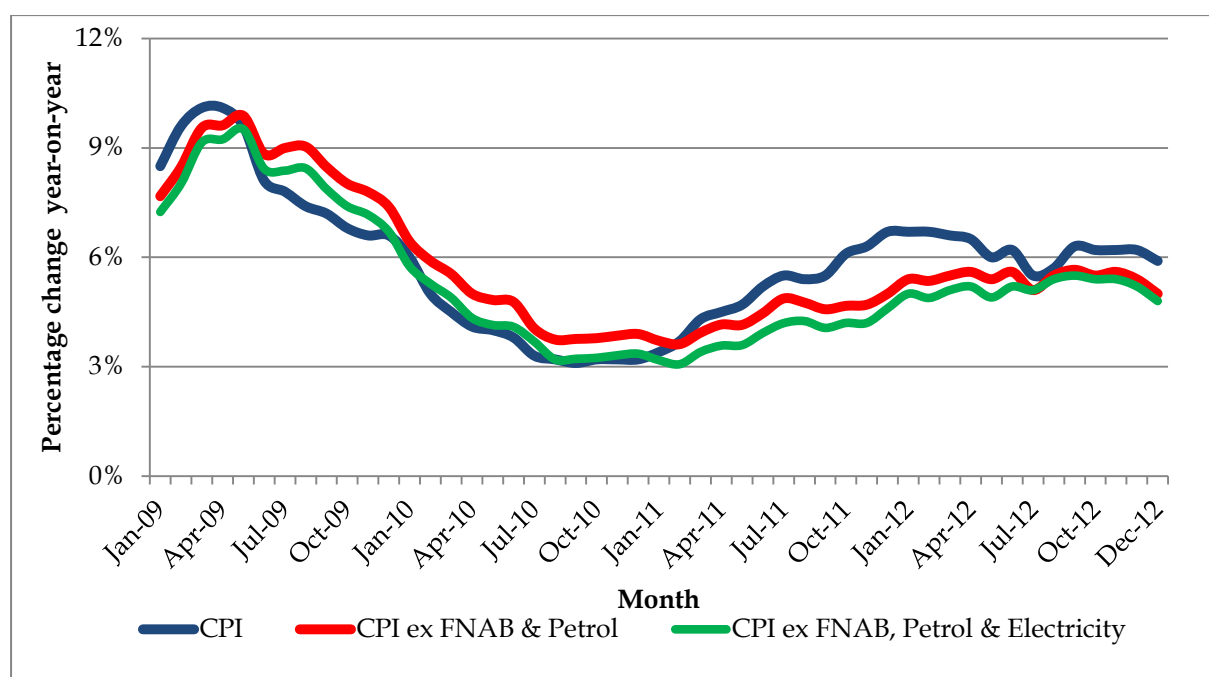
Source: Statistics South Africa – CPI Additional Tables, 2013

When the impact of the more volatile FNAB and petrol prices are excluded from the consumer price index as in Figure 3.46, underlying annual inflation amounted to 5.0 per cent in January 2013. If electricity prices are also excluded from the calculation of headline CPI inflation, the rate of increase would have been at 4.8 per cent in January 2013.

The national inflation forecast of the SARB was revised marginally upward at the Monetary Policy Committee (MPC) meeting in January 2013. Inflation is expected to average 5.8 per cent in 2013 and 5.2 per cent in 2014 compared with previous forecasts of 5.5 per cent and 5.0 per cent for the respective years.

Inflation will remain elevated in the months ahead with pressure from high food prices, a relatively weaker rand and expected increases in administrative prices. The key risk to the inflation outlook in 2013 is likely to be the exchange rate. Barring any major depreciation, national inflation should remain close to the upper end of the target range. Although recent indicators showed some recovery in domestic growth, the pace of the recovery remains slow and uneven, with activity under pressure due to subdued domestic spending, recession in the Eurozone and slow growth elsewhere in the world.

Figure 3.46: Measures of underlying inflation in Mpumalanga, 2009–2013



Source: Statistics South Africa – CPI Additional Tables, 2013

3.8. INTERNATIONAL TRADE

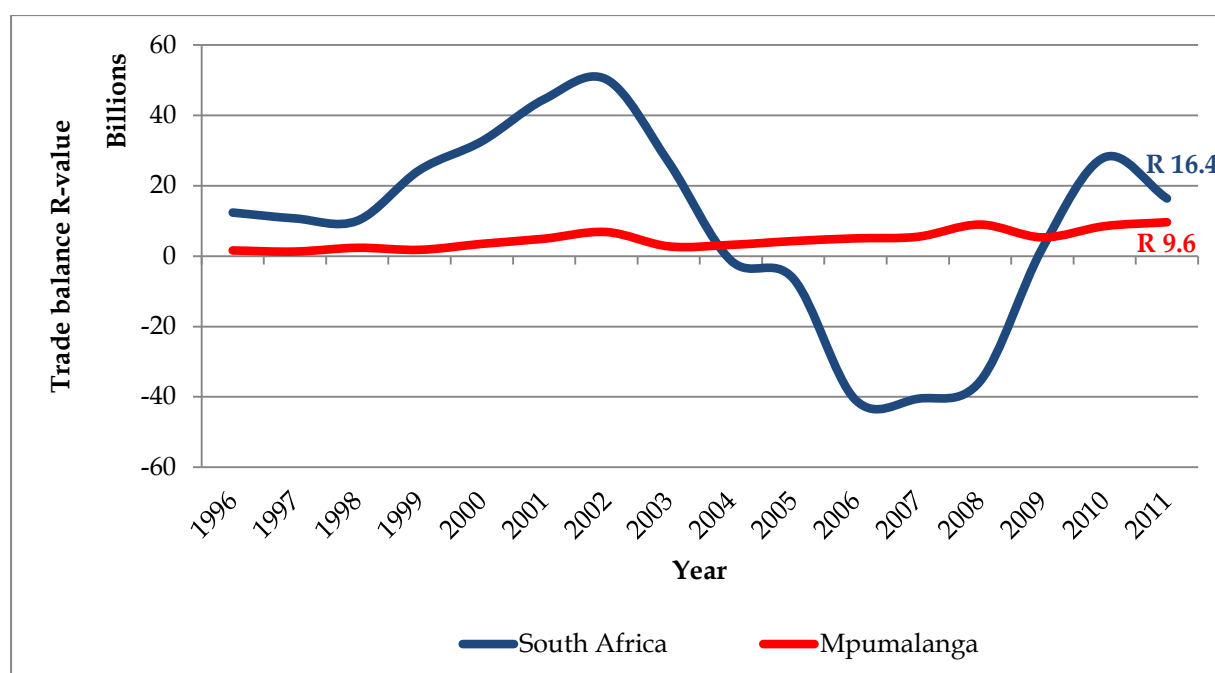
Mpumalanga's contribution to total national trade was 1.1 per cent in 2011, down from 1.2 per cent in 1996. The two leading provinces, in terms of total trade contribution in 2011, were Gauteng with a share of 65.7 per cent and the Western Cape (13.3 per cent). Mpumalanga contributed 1.7 per cent and 0.4 per cent to national exports and national imports, respectively.

Mpumalanga recorded vigorous average annual growth in terms of exports (11.9 per cent) and imports (10.2 per cent) from 1996 to 2011. The province failed to grow exports and imports faster than the country's respective growth rates over the 15-year period. Mpumalanga occupied the sixth position in terms of both export and import growth.

Mpumalanga registered a positive trade balance of R9.6 billion in 2011, 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 2011 at R16.4 billion. A comparison of Mpumalanga's trade balance with the national trade balance is displayed in Figure 3.47. Mpumalanga was the province with the fourth highest positive trade balance in 2011 after Gauteng, North West and Limpopo.

Among the three districts, Nkangala (46.4 per cent) was the main contributor to provincial exports in 2011 followed by Ehlanzeni and Gert Sibande with respective contributions of 29.4 per cent and 24.3 per cent (Table 3.21). Exports from Gert Sibande (20.7 per cent) recorded the highest growth since 1996 and those from Ehlanzeni the slowest (9.0 per cent). Gert Sibande attracted 56.7 per cent of Mpumalanga's imports in 2011, followed by Nkangala and Ehlanzeni. Imports flowing to Ehlanzeni recorded the highest growth rate (12.4 per cent) over the 15-year period and those to Gert Sibande the lowest (9.6 per cent).

Figure 3.47: Trade balance of South Africa and Mpumalanga, 1996-2011



Source: IHS Global Insight – ReX, September 2012

Among the three districts, Nkangala recorded the largest positive trade balance of R5.1 billion in 2011, followed by Ehlanzeni (R3.2 billion). Gert Sibande recorded the smallest trade balance in 2011 of R1.4 billion and is the only district in Mpumalanga that, from time to time (1996, 1997, 2004, 2005 and 2009), record negative trade balances.

Table 3.21: Mpumalanga districts' contribution to provincial exports and imports, 2011

District	Exports		Imports	
	Share of Mpumalanga	Growth per annum	Share of Mpumalanga	Growth per annum
	2011	96-11	2011	96-11
Gert Sibande	24.3%	20.7%	56.7%	9.6%
Nkangala	46.4%	11.6%	26.5%	10.2%
Ehlanzeni	29.4%	9.0%	16.8%	12.4%

Source: IHS Global Insight – ReX, January 2012

4. RECEIPTS

4.1 Overall position

In this section the allocation of the 2013 MTEF budget amounting to **R33.7 billion** to departmental baselines in order to fund the financial requirements of the province is reflected.

R thousand	Outcome			Main appropriation	Adjusted appropriation 2012/13	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Transfer receipts from National									
Equitable share	20 206 581	21 960 025	23 373 531	24 722 507	25 131 181	25 388 876	27 169 369	28 538 276	30 430 410
Conditional grants	3 155 066	4 006 689	5 339 408	5 580 749	5 756 356	5 720 105	5 787 608	5 620 626	5 514 391
Total transfer receipts from National	23 361 647	25 966 714	28 712 939	30 303 256	30 887 537	31 108 981	32 956 977	34 158 902	35 944 801
Provincial own receipts									
Tax receipts	283 668	289 534	299 079	375 554	375 554	362 878	446 987	469 336	492 803
Casino taxes	39 087	43 961	55 030	57 034	57 034	57 034	64 048	67 250	70 613
Horse racing taxes	4 500	4 261	4 572	5 732	5 732	5 732	9 947	10 444	10 966
Liquor licences	1 711	2 361	540	1 994	1 994	1 994	2 112	2 218	2 329
Motor vehicle licences	238 370	238 951	238 937	310 794	310 794	298 118	370 880	389 424	408 895
Sales of goods and services other than capital assets	89 078	112 776	129 162	87 259	87 259	100 130	95 982	99 867	105 978
Transfers received	100	200	18 236	-	-	-	-	-	-
Fines, penalties and forfeits	32 576	34 797	25 530	74 755	74 755	46 550	76 604	80 904	85 097
Interest, dividends and rent on land	73 555	64 749	60 634	112 318	112 318	106 641	87 987	90 176	91 026
Sales of capital assets	9 775	10 530	12 270	11 876	11 876	11 676	7 334	7 783	8 157
Financial transactions in assets and liabilities	10 148	14 775	18 006	8 941	8 941	52 832	7 580	7 890	7 990
Total provincial own receipts	498 900	527 361	562 917	670 703	670 703	680 707	722 474	755 956	791 051
Other funding	-	-	23	-	102	77	8 072	8 476	8 857
Total provincial receipts	23 860 547	26 494 075	29 275 879	30 973 959	31 558 342	31 789 765	33 687 523	34 923 334	36 744 709

4.2 Equitable share

R thousand	Outcome			Main appropriation	Adjusted appropriation 2012/13	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Vote 01: Office of the Premier	168 751	157 004	144 643	158 103	164 926	164 926	200 492	207 250	215 025
Vote 02: Provincial Legislature	130 394	210 343	162 757	180 750	198 496	198 496	208 973	219 104	230 359
Vote 03: Finance	203 638	214 282	219 211	247 667	248 090	245 967	258 796	271 995	283 234
Vote 04: Co-operative Governance and Traditional Affairs	408 125	367 647	460 944	337 424	347 409	347 409	425 908	379 183	395 940
Vote 05: Agriculture, Rural Development and Land Administration	605 172	621 932	725 347	710 039	708 327	711 896	746 617	775 115	804 589
Vote 06: Economic Development, Environment and Tourism	566 383	690 604	701 917	770 191	791 640	791 966	820 136	860 059	886 068
Vote 07: Education	10 408 605	10 618 968	11 373 862	12 186 903	12 436 722	12 436 722	13 262 713	14 018 858	15 086 478
Vote 08: Public Works, Roads and Transport	1 322 528	1 886 456	1 902 893	1 754 410	1 754 297	1 859 534	1 999 733	2 079 799	2 167 156
Vote 09: Community Safety, Security and Liaison	658 897	737 413	442 575	803 704	854 981	1 006 887	840 929	892 382	929 285
Vote 10: Health	4 713 565	5 302 400	5 864 511	6 237 083	6 259 278	6 259 278	6 791 619	7 137 060	7 609 746
Vote 11: Culture, Sport and Recreation	163 560	170 892	268 187	216 112	242 932	242 932	232 823	236 939	245 828
Vote 12: Social Development	715 620	810 788	927 196	920 299	924 261	923 041	1 154 294	1 224 170	1 331 237
Vote 13: Human Settlement	141 343	171 296	179 488	199 822	199 822	199 822	226 336	236 362	245 465
Total provincial own receipts by Vote	20 206 581	21 960 025	23 373 531	24 722 507	25 131 181	25 388 876	27 169 369	28 538 276	30 430 410

The above table reflects equitable share allocated to each vote in the 2013 MTEF period.

Table 1.7(b): Summary of provincial revenue allocated by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Vote 01: Office of the Premier	6 708	-	-	-	-	-	-	-	-
Vote 02: Provincial Legislature	7 939	10 722	27 941	32 850	33 835	33 835	34 461	36 184	37 812
Vote 03: Finance	-	-	9 365	7 673	7 673	6 624	8 072	8 476	8 857
Vote 04: Co-operative Governance and Traditional Affairs	-	-	-	-	-	-	-	-	-
Vote 05: Agriculture, Rural Development and Land Administration	6 697	-	93 484	102 650	102 650	102 650	113 032	118 684	124 025
Vote 06: Economic Development, Environment and Tourism	23 095	24 942	-	-	-	-	-	-	-
Vote 07: Education	24 281	117 820	329 500	396 726	396 726	396 726	417 660	438 069	457 782
Vote 08: Public Works, Roads and Transport	197 462	-	-	-	-	-	-	-	-
Vote 09: Community Safety, Security and Liaison	-	-	-	-	-	-	-	-	-
Vote 10: Health	2 219	42 050	-	124 776	124 776	124 776	129 163	135 621	141 724
Vote 11: Culture, Sport and Recreation	18 491	19 020	-	-	-	-	-	-	-
Vote 12: Social Development	5 832	6 785	-	-	-	-	-	-	-
Vote 13: Human Settlement	14 462	29 983	-	-	-	-	-	-	-
Total provincial own receipts by Vote	307 186	251 322	460 290	664 675	665 660	664 611	702 388	737 034	770 200

The above table reflects the provincial revenue fund that is allocated to department in addition to deliver services in the province.

The own revenue for the Provincial Legislature is retained by the Legislature due to arrangements relating to separation of powers.

4.3 Conditional grants

Conditional Grants allocations per vote

Table 1.8: Summary of conditional grants by grant									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Vote 05: Agriculture, Rural Development and Land Administration	110 383	107 068	149 489	167 787	171 356	167 787	190 396	186 714	194 881
Comprehensive Agricultural Support Programme Grant	70 067	82 026	102 438	114 829	114 829	114 829	130 683	134 547	140 719
Ilimal/Letsema Projects Grant	5 000	20 000	39 999	42 000	42 000	42 000	43 845	46 062	47 702
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 657	4 868	5 197	10 958	10 958	10 958	10 249	6 105	6 460
EPWP Integrated Grant for Provinces	487	174	1 855	-	3 569	-	5 619	-	-
Agriculture Disaster Management Grant	30 172	-	-	-	-	-	-	-	-
Vote 06: Economic Development, Environment and Tourism	-	-	-	-	1 000	1 000	1 431	-	-
EPWP Integrated Grant for Provinces	-	-	-	-	1 000	1 000	1 431	-	-
	-	-	-	-	-	-	-	-	-
Vote 07: Education	497 132	856 288	1 371 890	1 400 233	1 451 546	1 451 546	1 216 583	1 366 960	1 660 512
Dinaledi Schools Grant	-	-	5 696	9 172	9 802	9 802	9 675	10 228	10 698
Education Infrastructure Grant	252 680	180 042	590 184	530 711	530 711	530 711	531 504	644 463	905 339
HIV and Aids (Life Skills Education) Grant	13 191	17 060	15 881	17 416	17 896	17 896	18 015	19 404	20 297
National School Nutrition Programme Grant	231 261	368 513	415 973	474 560	506 561	506 561	496 661	524 913	545 910
Technical Secondary Schools Recapitalisation Grant	-	1 738	21 780	25 678	25 678	25 678	27 058	28 682	30 087
Further Education and Training College Sector Grant	-	288 935	321 840	342 696	345 285	345 285	130 670	139 270	148 181
EPWP Integrated Grant for Provinces	-	-	536	-	3 000	3 000	3 000	-	-
Social Sector EPWP Incentive Grant for Provinces	-	-	-	-	12 613	12 613	-	-	-
	-	-	-	-	-	-	-	-	-
Vote 08: Public Works, Roads and Transport	794 509	904 835	1 690 316	1 756 567	1 773 184	1 754 794	1 971 339	1 999 350	1 410 908
Devolution of Property Rate Funds Grant to Provinces	58 473	57 615	73 963	76 870	76 870	76 870	-	-	-
Provincial Roads Maintenance Grant	-	-	1 016 603	1 240 694	1 240 694	1 238 921	1 487 722	1 513 010	902 196
Public Transport Operations Grant	370 527	393 455	416 978	439 003	439 003	439 003	462 926	486 340	508 712
Infrastructure Grant to Provinces - Roads and Transport	360 984	445 646	174 894	-	-	-	-	-	-
EPWP Integrated Grant for Provinces	4 525	8 119	7 878	-	16 617	-	20 691	-	-
	-	-	-	-	-	-	-	-	-
Vote 09: Community Safety, Security and Liaison	-	-	-	-	-	417	819	-	-
Social Sector EPWP Incentive Grant for Provinces	-	-	-	-	-	417	819	-	-
	-	-	-	-	-	-	-	-	-
Vote 10: Health	907 722	1 008 178	1 110 096	1 182 330	1 265 236	1 265 236	1 163 723	1 319 995	1 464 900
Comprehensive HIV and Aids Grant	289 929	394 139	448 559	575 032	586 097	586 097	690 591	806 706	914 542
Forensic Pathology Services Grant	44 702	46 016	52 780	-	2 051	2 051	-	-	-
Health Facility Revitalisation Grant	458 819	389 040	429 627	408 971	474 063	474 063	283 509	313 885	341 706
Health Professions Training and Development Grant	45 648	77 485	80 089	85 208	85 837	85 837	89 894	95 288	99 671
National Tertiary Services Grant	68 624	90 769	95 731	91 879	91 879	91 879	91 879	97 116	101 584
Nursing Colleges and Schools Grant	-	-	-	9 740	9 740	9 740	-	-	-
World Cup Health Preparation Strategy Grant	-	4 345	-	-	-	-	-	-	-
EPWP Integrated Grant for Provinces	-	6 384	3 310	-	1 069	1 069	3 000	-	-
National Health Insurance Grant	-	-	-	11 500	11 500	11 500	4 850	7 000	7 397
AFCON Grant	-	-	-	-	3 000	3 000	-	-	-
Vote 11: Culture, Sport and Recreation	86 068	102 607	100 940	108 705	114 112	114 112	118 985	161 792	201 033
Community Library Services Grant	56 535	70 944	62 598	68 822	72 705	72 705	72 521	114 781	151 671
EPWP Integrated Grant for Provinces	-	-	-	-	1 000	1 000	550	-	-
Social Sector EPWP Incentive Grant for Provinces	-	-	-	-	524	524	1 142	-	-
Mass Participation and Sport Development Grant	29 533	31 663	38 342	39 883	39 883	39 883	44 772	47 011	49 362
	-	-	-	-	-	-	-	-	-
Vote 12: Social Development	-	2 856	-	-	-	-	-	-	-
Social Sector EPWP Incentive Grant for Provinces	-	2 856	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Vote 13: Human Settlement	759 252	1 024 857	916 677	965 127	979 922	965 213	1 124 332	585 815	582 157
Human Settlements Development Grant	759 252	1 024 857	916 677	965 127	979 922	965 213	1 124 332	585 815	582 157
	-	-	-	-	-	-	-	-	-
Total conditional grants	3 155 066	4 006 689	5 339 408	5 580 749	5 756 356	5 720 105	5 787 608	5 620 626	5 514 391

4.4 Total provincial own receipts (own revenue)

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Vote 01: Office of the Premier	1 351	1 100	764	661	661	480	692	742	786
Vote 02: Provincial Legislature	2 115	2 343	970	1 028	1 028	1 028	1 090	1 155	1 224
Vote 03: Finance	52 688	51 685	48 183	57 169	57 169	70 609	51 199	51 597	51 653
Vote 04: Co-operative Governance and Traditional Affairs	1 759	1 954	1 101	1 232	1 232	1 167	1 293	1 364	1 406
Vote 05: Agriculture, Rural Development and Land Administration	5 883	4 422	20 644	4 911	4 911	4 911	5 157	5 414	5 685
Vote 06: Economic Development, Environment and Tourism	48 228	54 883	65 536	67 539	67 539	67 539	79 300	83 366	87 535
Vote 07: Education	24 283	23 351	20 938	24 631	24 631	22 398	23 274	23 790	24 282
Vote 08: Public Works, Roads and Transport	13 107	14 202	22 230	48 246	48 246	48 246	20 268	21 303	22 346
Vote 09: Community Safety, Security and Liaison	293 365	297 425	288 664	411 349	411 349	410 200	485 252	509 714	535 683
Vote 10: Health	50 520	67 446	82 516	47 516	47 516	47 516	50 368	52 886	55 531
Vote 11: Culture, Sport and Recreation	1 123	1 419	1 453	1 033	1 033	1 051	1 190	1 115	1 301
Vote 12: Social Development	1 815	2 907	7 068	1 643	1 643	1 817	1 864	1 983	2 092
Vote 13: Human Settlement	2 663	4 224	2 850	3 745	3 745	3 745	1 527	1 527	1 527
Total provincial own receipts by Vote	498 900	527 361	562 917	670 703	670 703	680 707	722 474	755 956	791 051

The table above reflects projections of provincial own revenue that departments will collect in the 2013 MTEF period.

5 PAYMENTS

5.3 Overall position

5.4 Payments by vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Vote 01: Office of the Premier	175 459	157 004	144 643	158 103	164 926	164 926	200 492	207 250	215 025
Vote 02: Provincial Legislature	138 333	221 065	207 443	213 600	232 331	232 331	243 434	255 288	268 171
Vote 03: Finance	203 638	214 282	223 270	255 340	255 865	252 668	266 868	280 471	292 091
Vote 04: Co-operative Governance and Traditional Affairs	408 125	367 647	460 944	337 424	347 409	347 409	425 908	379 183	395 940
Vote 05: Agriculture, Rural Development and Land Administration	722 252	729 000	968 320	980 476	982 333	982 333	1 050 045	1 080 513	1 123 495
Vote 06: Economic Development, Environment and Tourism	589 478	715 546	702 051	770 191	792 640	792 966	821 567	860 059	886 068
Vote 07: Education	10 930 018	11 593 076	13 075 252	13 983 862	14 284 994	14 284 994	14 896 956	15 823 887	17 204 772
Vote 08: Public Works, Roads and Transport	2 309 974	2 791 291	3 534 642	3 510 977	3 527 481	3 633 859	3 971 072	4 079 149	3 578 064
Vote 09: Community Safety, Security and Liaison	658 897	737 413	442 575	803 704	854 981	1 007 304	841 748	892 382	929 285
Vote 10: Health	5 623 506	6 352 628	6 974 607	7 544 189	7 649 290	7 649 290	8 084 505	8 592 676	9 216 370
Vote 11: Culture, Sport and Recreation	267 779	292 199	372 702	324 817	357 044	357 044	351 808	398 731	446 861
Vote 12: Social Development	721 452	820 429	927 277	920 299	924 261	923 041	1 154 294	1 224 170	1 331 237
Vote 13: Human Settlement	915 057	1 226 207	1 096 165	1 164 949	1 179 744	1 179 744	1 350 668	822 177	827 622
Total provincial payments and estimates by Vote	23 663 968	26 217 787	29 129 891	30 967 931	31 553 299	31 807 909	33 659 365	34 895 936	36 715 001

5.5 Payment by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation 2012/13	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Current payments	18 961 957	20 991 895	23 048 511	24 687 205	24 902 052	25 193 787	26 786 505	28 431 274	30 372 362
Compensation of employees	13 664 114	15 354 805	17 011 315	18 632 147	18 659 115	18 635 093	20 214 158	21 481 225	23 006 441
Goods and services	5 296 662	5 634 258	6 035 199	6 055 058	6 242 849	6 558 324	6 572 347	6 950 049	7 365 921
Interest and rent on land	1 181	2 832	1 997	-	88	370	-	-	-
Transfers and subsidies to:	2 670 516	3 329 981	3 711 359	3 759 131	3 913 517	3 920 483	4 167 573	3 819 365	3 980 818
Provinces and municipalities	81 324	74 846	165 172	100 117	100 467	97 923	152 047	136 237	142 455
Departmental agencies and accounts	325 093	446 429	468 899	538 662	559 822	567 031	560 946	562 477	576 839
Universities and technikons	-	704	956	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	389 427	413 872	450 417	463 070	463 170	466 747	506 837	510 838	535 858
Non-profit institutions	957 255	1 197 582	1 336 964	1 350 715	1 430 491	1 431 300	1 463 282	1 588 497	1 701 347
Households	917 417	1 196 548	1 288 951	1 306 567	1 359 567	1 357 482	1 484 461	1 021 316	1 024 319
Payments of capital assets	2 022 257	1 894 468	2 362 937	2 521 595	2 737 730	2 693 566	2 695 602	2 637 467	2 356 821
Buildings and other fixed structures	1 776 901	1 615 493	1 996 692	2 289 465	2 376 595	2 336 762	2 408 640	2 374 961	2 033 321
Machinery and equipment	234 897	265 549	365 324	189 521	305 659	301 860	264 729	243 081	299 493
Heritage assets	-	52	-	-	-	16	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	58	-	17	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	30 000	30 000	26 280	21 000	-	-
Software and other intangible assets	10 401	13 374	904	12 609	25 476	28 648	1 233	19 425	24 007
Payments for financial assets	9 238	1 443	7 084	-	-	73	9 685	7 830	5 000
Total economic classification	23 663 968	26 217 787	29 129 891	30 967 931	31 553 299	31 807 909	33 659 365	34 895 936	36 715 001

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2012/13	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Vote 01: Office of the Premier	95 782	99 404	98 032	114 364	108 384	108 484	116 319	125 410	134 349
Vote 02: Provincial Legislature	70 725	68 304	81 520	109 358	98 715	92 653	112 440	123 577	130 525
Vote 03: Finance	99 112	107 773	118 499	131 808	131 701	130 091	144 383	153 186	161 690
Vote 04: Co-operative Governance and Traditional Affairs	177 609	211 151	217 104	250 874	253 408	252 536	274 376	294 692	312 707
Vote 05: Agriculture, Rural Development and Land Administration	294 598	336 281	379 420	417 911	419 911	415 661	452 892	470 287	501 962
Vote 06: Economic Development, Environment and Tourism	129 342	144 672	149 924	161 926	160 516	158 793	169 201	182 060	195 532
Vote 07: Education	8 416 088	9 253 275	10 235 116	10 980 130	11 124 142	11 124 142	11 939 540	12 631 426	13 627 451
Vote 08: Public Works, Roads and Transport	615 783	710 985	751 720	816 137	792 400	793 667	863 158	916 009	968 875
Vote 09: Community Safety, Security and Liaison	243 643	283 193	311 236	333 003	326 074	324 042	349 007	383 750	392 853
Vote 10: Health	3 073 377	3 614 346	4 083 293	4 665 857	4 594 553	4 586 913	5 043 020	5 422 909	5 743 070
Vote 11: Culture, Sport and Recreation	82 356	96 857	104 080	111 690	112 222	112 222	142 540	144 629	153 850
Vote 12: Social Development	276 842	323 848	361 169	400 203	398 203	397 003	457 563	472 492	512 970
Vote 13: Human Settlement	88 857	104 716	120 202	138 886	138 886	138 886	149 719	160 798	170 607
Total provincial payments and estimates by Vote	13 664 114	15 354 805	17 011 315	18 632 147	18 659 115	18 635 093	20 214 158	21 481 225	23 006 441

The above table reflects the summary payments for compensation of employees for each vote in the province.

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Vote 01: Office of the Premier	73 971	53 741	37 673	42 889	51 605	51 589	74 473	72 140	70 726
Vote 02: Provincial Legislature	48 426	104 532	105 634	82 929	98 645	104 837	86 923	90 533	94 111
Vote 03: Finance	102 254	93 645	99 467	116 122	116 895	115 308	118 691	120 382	122 840
Vote 04: Co-operative Governance and Traditional Affairs	85 904	84 177	107 544	61 423	67 118	67 983	74 502	65 919	68 961
Vote 05: Agriculture, Rural Development and Land Administration	297 662	264 446	228 237	213 699	200 627	216 240	236 996	249 633	262 193
Vote 06: Economic Development, Environment and Tourism	135 499	116 784	81 255	73 153	76 722	77 092	82 526	103 138	100 814
Vote 07: Education	1 560 498	1 159 526	1 681 373	1 376 033	1 466 876	1 466 876	1 473 845	1 562 617	1 645 415
Vote 08: Public Works, Roads and Transport	567 904	1 034 120	1 260 876	1 245 611	1 298 271	1 442 229	1 317 634	1 471 603	1 491 595
Vote 09: Community Safety, Security and Liaison	399 236	428 913	110 848	430 450	483 261	638 474	460 851	470 390	490 210
Vote 10: Health	1 746 063	2 003 230	2 002 644	2 110 106	2 070 103	2 065 371	2 274 128	2 366 736	2 606 024
Vote 11: Culture, Sport and Recreation	112 555	116 572	131 575	114 543	115 097	115 097	131 705	149 303	177 112
Vote 12: Social Development	127 415	130 339	147 702	143 100	154 500	154 480	190 099	172 919	178 890
Vote 13: Human Settlement	39 275	44 233	40 371	45 000	43 129	42 748	49 974	54 736	57 030
Total provincial payments and estimates by Vote	5 296 662	5 634 258	6 035 199	6 055 058	6 242 849	6 558 324	6 572 347	6 950 049	7 365 921

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

There has been a remarkable reduction because of reprioritisation in the allocation in most of the votes during 2013 MTEF in order to move away from consumption towards funding provincial priorities.

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Vote 01: Office of the Premier	334	895	3 839	150	1 028	1 009	3 750	3 850	3 950
Vote 02: Provincial Legislature	12 294	30 167	16 450	19 404	25 362	25 362	36 904	37 894	38 893
Vote 03: Finance	142	2 958	1 728	41	250	250	184	46	49
Vote 04: Co-operative Governance and Traditional Affairs	15 153	22 893	96 443	20 018	19 930	19 938	11 197	12 117	12 672
Vote 05: Agriculture, Rural Development and Land Administration	99 230	106 083	258 495	277 454	286 300	265 953	324 392	353 564	354 947
Vote 06: Economic Development, Environment and Tourism	321 512	442 666	461 861	523 723	544 723	545 136	550 740	553 485	567 222
Vote 07: Education	625 091	758 110	872 598	926 006	1 002 074	1 014 028	873 680	913 355	960 891
Vote 08: Public Works, Roads and Transport	439 007	470 930	521 047	544 990	544 990	546 814	605 080	637 169	668 003
Vote 09: Community Safety, Security and Liaison	815	332	1 871	1 150	1 250	1 894	1 500	72	-
Vote 10: Health	108 356	139 755	196 351	177 316	202 685	214 801	200 071	213 853	227 736
Vote 11: Culture, Sport and Recreation	8 792	4 824	13 150	8 400	9 020	9 012	11 600	8 854	9 078
Vote 12: Social Development	261 473	318 899	339 951	289 764	289 764	289 764	419 260	495 617	551 377
Vote 13: Human Settlement	778 317	1 031 469	927 575	970 715	986 141	986 522	1 128 615	589 489	586 000
Total provincial payments and estimates by Vote	2 670 516	3 329 981	3 711 359	3 759 131	3 913 517	3 920 483	4 167 573	3 819 365	3 980 818

The above table reflects summary payments per votes for transfers and subsidies. These are payments paid to non-government organisations, public entities as well as social payment as a results of retirements from service.

Table 1.11 (d): Summary of provincial payments of capital assets by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Vote 01: Office of the Premier	5 372	2 964	5 099	700	3 909	3 844	5 950	5 850	6 000
Vote 02: Provincial Legislature	6 833	17 858	3 839	1 909	9 609	9 432	7 167	3 284	4 642
Vote 03: Finance	2 108	9 906	3 576	7 369	7 019	7 019	3 610	6 857	7 512
Vote 04: Co-operative Governance and Traditional Affairs	129 459	49 095	39 720	5 109	6 865	6 864	65 833	6 455	1 600
Vote 05: Agriculture, Rural Development and Land Administration	30 762	21 563	102 163	71 412	75 495	84 479	32 935	4 199	4 393
Vote 06: Economic Development, Environment and Tourism	3 125	11 273	9 011	11 389	10 679	11 919	14 100	16 376	17 500
Vote 07: Education	328 341	422 165	285 262	701 693	691 902	679 948	609 891	716 489	971 015
Vote 08: Public Works, Roads and Transport	685 047	573 618	998 404	904 239	891 820	851 149	1 184 600	1 054 368	449 591
Vote 09: Community Safety, Security and Liaison	15 203	24 871	18 620	39 101	44 396	42 894	30 390	38 170	46 222
Vote 10: Health	687 601	594 082	691 225	590 910	781 949	781 923	567 286	589 178	639 540
Vote 11: Culture, Sport and Recreation	64 076	73 941	123 897	90 184	120 705	120 713	65 963	95 945	106 821
Vote 12: Social Development	55 722	47 343	78 455	87 232	81 794	81 794	85 517	83 142	88 000
Vote 13: Human Settlement	8 608	45 789	3 666	10 348	11 588	11 588	22 360	17 154	13 985
Total provincial payments and estimates by Vote	2 022 257	1 894 468	2 362 937	2 521 595	2 737 730	2 693 566	2 695 602	2 637 467	2 356 821

The above table shows amounts that departments have allocated towards investment into infrastructure as well as machinery. These amounts also include funds that have been set aside for equipments and office equipments and minor equipments that are costing more than R5 000.00.

Table 1.11 (e): Summary of provincial payments for financial assets by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Vote 01: Office of the Premier	-	-	-	-	-	-	-	-	-
Vote 02: Provincial Legislature	55	204	-	-	-	47	-	-	-
Vote 03: Finance	22	-	-	-	-	-	-	-	-
Vote 04: Co-operative Governance and Traditional Affairs	-	331	133	-	-	-	-	-	-
Vote 05: Agriculture, Rural Development and Land Administration	-	627	5	-	-	-	2 830	2 830	-
Vote 06: Economic Development, Environment and Tourism	-	151	-	-	-	26	5 000	5 000	5 000
Vote 07: Education	-	-	-	-	-	-	-	-	-
Vote 08: Public Works, Roads and Transport	1 127	21	2 595	-	-	-	-	-	-
Vote 09: Community Safety, Security and Liaison	-	104	-	-	-	-	-	-	-
Vote 10: Health	8 034	-	-	-	-	-	-	-	-
Vote 11: Culture, Sport and Recreation	-	5	-	-	-	-	-	-	-
Vote 12: Social Development	-	-	-	-	-	-	1 855	-	-
Vote 13: Human Settlement	-	-	4 351	-	-	-	-	-	-
Total provincial payments and estimates by Vote	9 238	1 443	7 084	-	-	73	9 685	7 830	5 000

The above table reflects amounts that departments have allocated for clearing unauthorised expenditure that have been condoned without funding and that becomes a first charge against allocation made to the department.

5.6 Payments by policy area

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
General public services	3 957 781	4 480 289	5 539 262	5 455 920	5 510 345	5 613 526	6 157 819	6 281 854	5 872 786
Public order and safety	658 897	737 413	442 575	803 704	854 981	1 007 304	841 748	892 382	929 285
Economic affairs and Environmental protection	589 478	715 546	702 051	770 191	792 640	792 966	821 567	860 059	886 068
Housing and community amenities	915 057	1 226 207	1 096 165	1 164 949	1 179 744	1 179 744	1 350 668	822 177	827 622
Health	5 623 506	6 352 628	6 974 607	7 544 189	7 649 290	7 649 290	8 084 505	8 592 676	9 216 370
Recreation, culture and religion	267 779	292 199	372 702	324 817	357 044	357 044	351 808	398 731	446 861
Education	10 930 018	11 593 076	13 075 252	13 983 862	14 284 994	14 284 994	14 896 956	15 823 887	17 204 772
Social protection	721 452	820 429	927 277	920 299	924 261	923 041	1 154 294	1 224 170	1 331 237
Total provincial payments and estimates by policy area	23 663 968	26 217 787	29 129 891	30 967 931	31 553 299	31 807 909	33 659 365	34 895 936	36 715 001

The above table reflects expenditure per policy area. This shows summary of departments that are delivering related functions as per grouping in government.

5.7 Infrastructure payments

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Vote 05: Agriculture, Rural Development and Land Administration	109 552	96 609	189 590	330 680	225 031	225 031	228 670	165 847	161 020
Vote 06: Economic Development, Environment and Tourism	25	7 293	7 042	9 389	8 379	9 619	12 000	12 500	12 500
Vote 07: Education	307 965	434 995	699 137	685 894	685 894	618 492	585 755	703 595	957 476
Vote 08: Public Works, Roads and Transport	667 101	1 028 001	1 258 554	1 375 171	1 375 171	1 445 171	1 586 051	1 837 808	1 548 526
Vote 10: Health	578 107	497 091	684 077	591 028	680 155	410 464	461 934	398 305	333 675
Vote 11: Culture, Sport and Recreation	56 449	59 761	106 383	82 290	99 840	99 840	55 758	67 826	67 755
Vote 12: Social Development	35 000	36 869	66 878	72 426	72 426	72 186	81 638	76 917	79 932
Total	1 754 199	2 160 619	3 011 661	3 146 878	3 146 896	2 880 803	3 011 806	3 262 798	3 160 884

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

Given the strategic focus of government to shifting the composition of expenditure towards investments in infrastructure, the province has allocated a total amount of R3.01 billion as reflected on table 1.14 for investment in infrastructure during the 2013/14 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.

Table 1.14(b): Summary of provincial infrastructure payments and estimates by category and Vote									
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
New and replacement assets									
Vote 05: Agriculture, Rural Development and Land Administration	447	24	4 279	50 329	5 479	5 479	23 419	5 000	6 000
Vote 07: Education	106 067	120 799	266 380	265 948	265 948	198 546	274 432	171 518	273 661
Vote 08: Public Works, Roads and Transport	77 079	52 284	40 836	36 788	36 788	36 788	62 782	100 572	69 713
Vote 10: Health	272 058	85 078	120 622	117 990	117 990	95 609	55 313	36 480	32 000
Vote 11: Culture, Sport and Recreation	53 516	59 689	100 822	63 890	86 983	85 890	55 358	61 826	67 255
Vote 12: Social Development	35 000	36 869	66 878	68 284	68 284	68 044	72 040	72 040	75 354
Sub-total: New and replacement assets	544 167	354 743	599 817	603 229	581 472	490 356	543 344	447 436	523 983
Upgrade and additions									
Vote 05: Agriculture, Rural Development and Land Administration	93 607	–	–	27 205	–	–	–	–	–
Vote 06: Economic Development, Environment and Tourism	25	7 293	7 042	9 389	8 379	9 619	12 000	12 500	12 500
Vote 07: Education	70 711	75 458	212 765	44 005	44 005	125 853	78 107	185 462	204 668
Vote 08: Public Works, Roads and Transport	369 681	249 192	261 901	172 438	172 438	207 438	350 950	247 445	403 456
Vote 10: Health	305 969	369 916	456 113	443 054	502 625	303 138	336 710	284 398	220 389
Vote 11: Culture, Sport and Recreation	2 933	72	5 561	18 400	12 857	13 950	400	6 000	500
Sub-total: Upgrade and additions	842 926	701 931	943 382	714 491	740 304	659 998	778 167	735 805	841 513
Rehabilitation, renovations and refurbishment									
Vote 05: Agriculture, Rural Development and Land Administration	2 661	1 967	–	19 361	31 513	31 513	4 763	5 000	5 000
Vote 07: Education	109 974	212 197	149 318	295 388	295 388	233 286	199 604	293 590	379 701
Vote 08: Public Works, Roads and Transport	68 594	284 026	541 000	625 045	625 045	625 045	748 137	1 233 291	794 101
Vote 10: Health	80	16 960	19 396	11 500	11 500	9 662	15 000	16 096	17 550
Sub-total: Rehabilitation, renovations and refurbishment	181 309	515 150	709 714	951 294	963 446	899 506	967 504	1 547 977	1 196 352
Maintenance and repairs									
Vote 05: Agriculture, Rural Development and Land Administration	–	627	6 854	–	–	–	–	–	–
Vote 07: Education	21 213	26 541	70 674	80 553	80 553	60 807	33 612	53 025	99 446
Vote 08: Public Works, Roads and Transport	151 747	442 499	414 817	540 900	540 900	575 900	424 182	256 500	281 256
Vote 10: Health	–	25 137	87 946	18 484	48 040	2 055	54 911	61 331	63 736
Vote 12: Social Development	–	–	–	4 142	4 142	4 142	9 598	4 877	4 578
Sub-total: Maintenance and repairs	172 960	494 804	580 291	644 079	673 635	642 904	522 303	375 733	449 016
Infrastructure transfers									
Vote 05: Agriculture, Rural Development and Land Administration	12 837	93 991	178 457	233 785	188 039	188 039	200 488	155 847	150 020
Sub-total: Infrastructure transfers	12 837	93 991	178 457	233 785	188 039	188 039	200 488	155 847	150 020
Total provincial infrastructure payments and estimates	1 754 199	2 160 619	3 011 661	3 146 878	3 146 896	2 880 803	3 011 806	3 262 798	3 160 884
1. Total provincial infrastructure is the sum of "Capital" plus "Recurrent maintenance".									

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

Table 1.15: Summary of provincial Public-Private Partnership (PPP) projects

Table 1: Summary of provincial public-private partnership (PPP) projects									
Project description	Annual cost of project Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Projects under implementation	–	–	–	–	–	–	84 000	86 520	89 116
PPP unitary charge	–	–	–	–	–	–	84 000	86 520	89 116
Penalties (if applicable)	–	–	–	–	–	–	–	–	–
Advisory fees	–	–	–	–	–	–	–	–	–
Project monitoring cost	–	–	–	–	–	–	–	–	–
Revenue generated (if applicable)	–	–	–	–	–	–	–	–	–
Contingent liabilities (information)	–	–	–	–	–	–	–	–	–
New projects	–	–	–	–	–	–	–	–	–
Advisory fees	–	–	–	–	–	–	–	–	–
Project team cost	–	–	–	–	–	–	–	–	–
Site acquisition costs	–	–	–	–	–	–	–	–	–
Other project costs	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	84 000	86 520	89 116

5.6 Transfers

5.6.1 Transfers to public entities

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Vote 06: Economic Development, Environment and Tourism	302 966	437 086	414 585	523 723	543 723	542 223	544 740	553 485	567 222
Vote 07: Education	23 470	29 594	56 084	92 741	100 741	100 741	98 000	97 650	102 533
Total provincial transfers to public entities	326 436	466 680	470 669	616 464	644 464	642 964	642 740	651 135	669 755

The table above 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.

Table 1.17: Summary of provincial transfers to other entities (such as NGOs etc)

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Vote 02: Provincial Legislature	12 268	30 167	17 343	19 404	25 362	25 362	36 904	37 894	38 893
Vote 04: Co-operative Governance and Traditional Affairs	4 930	6 960	8 350	10 030	10 030	10 030	10 370	11 217	11 733
Vote 10: Health	81 983	111 193	145 681	134 240	154 740	154 740	142 740	151 834	159 426
Vote 11: Culture, Sport and Recreation	4 998	4 271	13 487	7 900	8 400	8 374	10 700	8 154	8 478
Vote 12: Social Development	260 447	317 626	341 274	289 122	289 122	289 384	416 223	495 083	550 777
Total provincial transfers to other entities	364 626	470 217	526 135	460 696	487 654	487 890	616 937	704 182	769 307

The above table shows amounts that are transferred to non-government organisations as well as departments that are making those transfers.

5.6.2 Transfers to local government

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2012/13	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Category A	-	-	-	-	-	-	-	-	-
Category B	66 780	59 424	87 237	90 682	91 032	91 050	151 627	135 817	142 031
Category C	-	-	-	-	-	-	-	-	-
Total provincial transfers to local government	66 780	59 424	87 237	90 682	91 032	91 050	151 627	135 817	142 031

The above table shows transfers that are made to local government. Department of Health is transferring funds to local government for purposes of supporting municipal clinics and Department of Human Settlements for upgrading of informal settlements.

5.7 Personnel numbers

Table 1.19: Summary of personnel numbers and costs by Vote¹

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	299	292	264	271	314	319	321
Vote 02: Provincial Legislature	154	155	151	188	188	188	188
Vote 03: Finance	336	333	333	371	392	392	392
Vote 04: Co-operative Governance and Tradi	653	982	1 124	1 227	1 241	1 241	1 241
Vote 05: Agriculture, Rural Development and	1 618	1 550	1 814	1 864	1 885	1 885	1 885
Vote 06: Economic Development, Environme	516	491	498	456	458	501	502
Vote 07: Education	43 140	44 448	45 497	46 359	46 709	46 947	46 976
Vote 08: Public Works, Roads and Transport	5 560	4 501	4 061	4 094	4 148	4 148	4 148
Vote 09: Community Safety, Security and Lia	1 434	1 636	1 660	1 693	1 719	1 738	1 758
Vote 10: Health	17 921	18 026	18 666	18 758	18 783	19 509	19 929
Vote 11: Culture, Sport and Recreation	771	741	747	557	645	645	645
Vote 12: Social Development	1 825	1 862	1 875	1 820	2 003	2 003	2 003
Vote 13: Human Settlement	342	346	374	371	399	399	399
Total provincial personnel numbers	74 569	75 363	77 064	78 029	78 884	79 915	80 387
Total provincial personnel cost (R thousand)	13 664 114	15 354 805	17 011 315	18 635 093	20 214 158	21 481 225	23 006 441
Unit cost (R thousand)	183	204	221	239	256	269	286

5.8 Payments on training

Table 1.21: Summary of provincial payments on training by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2012/13	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Vote 01: Office of the Premier	3 238	1 585	1 653	1 141	1 082	1 082	1 217	1 317	1 405
Vote 02: Provincial Legislature	471	364	198	421	112	112	129	269	157
Vote 03: Finance	11 256	14 570	14 570	13 996	13 496	15 398	10 306	9 953	9 953
Vote 04: Co-operative Governance and Traditional	2 421	597	2 286	668	668	668	2 301	2 693	3 156
Vote 05: Agriculture, Rural Development and Land	4 199	1 998	4 810	5 348	5 348	5 348	5 643	5 160	5 195
Vote 06: Economic Development, Environment and	27	326	1 146	402	477	381	2 966	3 346	1 628
Vote 07: Education	29 092	29 720	29 933	29 933	29 933	32 631	35 123	36 940	39 814
Vote 08: Public Works, Roads and Transport	34 676	52 766	67 359	68 388	68 388	56 830	31 770	34 523	32 080
Vote 09: Community Safety, Security and Liaison	988	712	916	1 020	1 020	1 020	1 031	1 041	1 051
Vote 10: Health	31 257	29 970	45 610	39 776	39 776	39 776	40 269	40 445	46 900
Vote 11: Culture, Sport and Recreation	700	638	785	785	785	785	874	919	1 057
Vote 12: Social Development	14 192	16 273	7 943	7 600	7 600	7 600	5 600	5 897	6 192
Vote 13: Human Settlement	1 083	3 298	2 940	2 840	2 840	2 840	3 050	3 137	3 222
Total provincial payments on training	133 600	152 817	180 149	172 318	171 525	164 471	140 279	145 640	151 810

ALLOCATIONS TO VOTES

Vote 1: Office of the Premier

The Office of the Premier is allocated a total budget of **R200.4 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 **R243.4 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 **R266.8 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.

Vote 4: Co-operative Governance and Traditional Affairs

The Department of Co-operative Governance and Traditional Affairs is allocated a total budget of **R 425.9 million** in order to facilitate and co-ordinate inter-governmental structures and developmental agencies to provide sustainable integrated service delivery and to support the traditional system of governance in the province.

Vote 5: Agriculture, Rural Development and Land Administration

The total allocation to the Department of Agriculture, Rural Development and Land Administration is **R1.05 billion**, which is inclusive of the following grants:

Conditional Grants	R'000	2013/14
Comprehensive Agricultural Support Programme Grant		130 683
Ilima/Letsema Projects Grant		43 845
Land care Programme Grant: Poverty Relief & Infrastructure Development		10 249
Expanded Public Works Programme Integrated Grant to Provinces		5 619
TOTAL		190 396

Vote 6: Economic Development, Environment and Tourism

The total budget of the department is **R821.6 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 intended to enable the Mpumalanga Economic Growth Agency (MEGA) and the Mpumalanga Tourism and Parks Agency (MTPA) to drive strategic economic and tourism objectives.

The department is also a beneficiary to the Expanded Public Works Programme Integrated Grant to provinces amounting to R5.6 million for the job created.

Mpumalanga Tourism and Parks Agency

The allocation to this entity has been adjusted upward to enable the entity to execute its mandate of making this province a tourist destination and contribute to the dire need for employment.

Vote 7: Education

The Department has been allocated a total budget of **R14.9 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.

The allocation is also inclusive of the following conditional grants:

Conditional Grants	R'000	2013/14
Dinaledi Schools Grant		9 675
HIV and AIDS (Life skills education) Grant		18 015
National School Nutrition Programme Grant		496 661
Technical Secondary School Recapitalisation Grant		27 058
Education Infrastructure Grant		531 504
<i>of which</i>		
<i>Flood repair</i>		1 938
Further Education and Training College Sector Grant		130 670
Expanded Public Works Programme Integrated Grant to Provinces		3 000
TOTAL		1 216 583

Vote 8: Public Works, Roads and Transport

The Department of Public Works, Roads and Transport is allocated a total budget amounting to **R3.97 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.

Included in the allocation are the following conditional grants:

Conditional Grants	R'000	2013/14
Public Transport Operations Grant		462 926
Provincial Roads Maintenance Grant		1 487 722
<i>of which</i>		
<i>Coal Road Haulage system</i>		808 000
Expanded Public Works Programme Integrated Grant to Provinces		20 691
TOTAL		1 971 339

Vote 9: Community Safety, Security and Liaison

The Department of Community Safety, Security and Liaison is allocated a total budget of **R841.7 million** in order to improve the safety of communities and the coordination of security services.

The department has also benefited from the Social Sector *Expanded Public Works Incentive Grant to provinces amounting to R819 thousands for jobs created.*

Vote 10: Health

The Department of Health is allocated a total budget of **R8.08 billion** to provide health service in the province.

The allocation for this department includes the following conditional grants:

Conditional Grants	R'000	2013/14
Comprehensive HIV and AIDS Grant		690 591
Health Facility Revitalisation Grant		283 509
<i>of which</i>		
<i>Health infrastructure component</i>		58 509
<i>Hospital Revitalisation component</i>		225 000
Health Professions Training and Development Grant		89 894
National Tertiary Services Grant		91 879
National Health Insurance Grant		4 850
Expanded Public Works Programme Integrated Grant to Provinces		3 000
TOTAL		1 163 723

Vote 11: Culture, Sport and Recreation

The department receives a total budget of **R324.817 million** during the 2012/13 financial year to improve quality of life by providing libraries, sport and art and cultural activities in the province.

The following table reflects conditional grants that are allocated to this department:

Conditional Grants	R'000	2013/14
Community Library Service Grant		72 521
Mass Sport and Recreation Participation Program Grant		44 772
Social Sector Expanded Public Works Programme Incentive Grant for Provinces		1 142
Expanded Public Works Programme Integrated Grant to Provinces		550
TOTAL		118 985

Vote 12: Social Development

The Department of Social Development is allocated a total amount of **R1.15 billion** 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,
- A special allocation of R9.7 million has been made to this department to absorb an increased number of social work graduates funded through the social work scholarship programme run by the National department of Social Development.
- Included also in the total allocation is an amount of R8.09 million to support the NGO sector that is currently experiencing financial challenges.

Vote 13: Human Settlements

In order to facilitate the creation of integrated sustainable human settlements, the Department of Human Settlement is allocated a total amount of **R1.35 billion**.

Inclusive in this allocation is the Human Settlement Development Grant amounting to R1.12 billion for provision of housing in the province.