

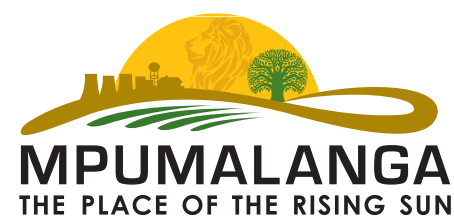
# Estimates of the Provincial Revenue and Expenditure for 2016/17



**Together We Move South Africa Forward**



provincial treasury  
MPUMALANGA PROVINCE  
REPUBLIC OF SOUTH AFRICA



## Foreword

The Provincial Budget for the 2016/17 financial year is tabled within highly constrained domestic economic environment, with prospects for growth intertwined with global developments.

According to the GDP figures on Provincial level, the Mpumalanga economy recorded the second highest growth rate (at 2.7 per cent) of the nine provinces in 2014.

This is encouraging news in a very difficult economic climate, perhaps indicating that Mpumalanga has the potential to perform well economically – especially if our largest industry, that is mining, could perform well and experience a high growth rate, as was the case in 2014.

In formulating this budget, which amounts to **R41 301 337** for the 2016/17 financial year, consideration was given to pro-poor policies that continued to shield most of our people from the effect of the global economy and shrinking financial resources.

The provincial government remains rooted to the principle of using the budget as a tool for growth and development as directed by the National Development Plan and Mpumalanga Vision 2030.

This budget also recognizes the prevailing fiscal constraints imposed on us by the prevailing global and national dynamics, which have resulted to reduction in the equitable shares of the provinces.

As the National Treasury advises it is important that the reductions which are compelled by the current economic environment are implemented in order to generate savings that will allow government to stabilize public debt, reduce the budget deficit, while keeping within its expenditure ceiling.

The provincial budget takes into account our shared responsibility to improve educational experience and outcomes; improve access to and modernise the health care services and accelerate the provisioning of human settlements amongst others.



Hon SE Kholwane

By MEC for Finance, Economic Development and Tourism

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## 1. 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.

### 1.1 DEMOGRAPHICS

#### 1.1.1 Population figures and growth

According to Statistics South Africa's *Census 2011*, Mpumalanga's population was 4.04 million or 7.8 per cent of the national total (Table 1.1). Mpumalanga registered the sixth largest share among the provinces. In 2011, Gauteng (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.

The latest population estimates by Statistics South Africa (*2015 Mid-year Population Estimates*) are also presented in Table 1.1. According to these, Mpumalanga's population increased to 4.28 million in 2015, whilst the share of the national total remained constant at 7.8 per cent. Mpumalanga was one of three provinces where the shares remained unchanged, whilst the shares of three provinces decreased and three increased.

**Table 1.1: Population in South Africa by province, 2001, 2011 & 2015**

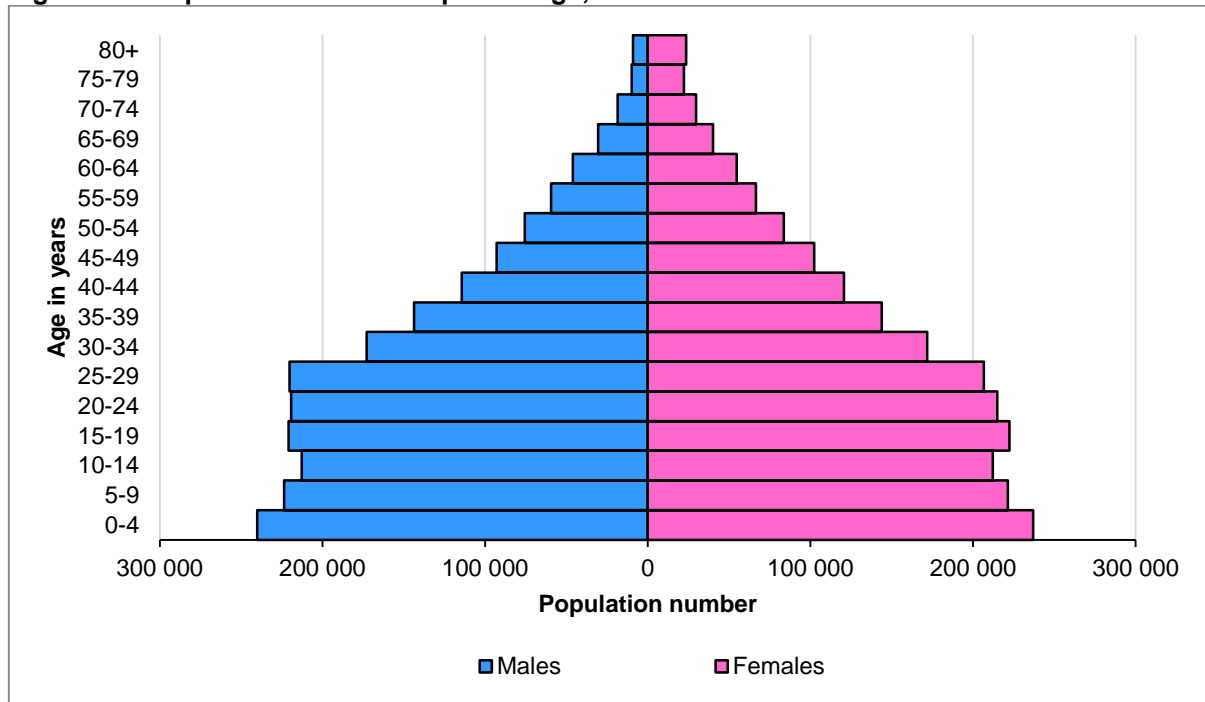
Region	Census				2015 Mid-year estimates	
	2001		2011			
	Number	per cent share of national	Number	per cent share of national	Number	per cent share of national
Western Cape	4 524 335	10.1	5 822 734	11.2	6 200 100	11.3
Eastern Cape	6 278 651	14.0	6 562 053	12.7	6 916 200	12.6
Northern Cape	991 919	2.2	1 145 861	2.2	1 185 600	2.2
Free State	2 706 775	6.0	2 754 590	5.3	2 817 900	5.1
KwaZulu-Natal	9 584 129	21.4	10 267 300	19.8	10 919 100	19.9
North West	2 984 097	6.7	3 509 953	6.8	3 707 000	6.7
Gauteng	9 388 855	20.9	12 272 263	23.7	13 200 300	24.0
Mpumalanga	3 365 554	7.5	4 039 939	7.8	4 283 900	7.8
Limpopo	4 995 462	11.1	5 404 868	10.4	5 726 800	10.4
Total	44 819 777	100.0	51 770 560	100.0	54 956 900	100.0

**Source:** *Statistics South Africa – Census 2011*  
*Statistics South Africa – 2015 Mid-year Population Estimates*

Figure 1.1 shows the population cohort of Mpumalanga according to the *2015 Mid-year Population Estimates*. Females constituted 2.17 million or 50.7 per cent of the provincial population distribution and males 2.11 million (49.3 per cent). The youth cohort (0-34 years) made up 69.9 per cent of the total population in the province and the age group 60 years and older, only 6.6 per cent. The age cohort of 0-4 years represented the most populous age cohort with 477 100 individuals or some 11.1 per cent of the provincial population. In South Africa, the youth cohort

made up 66.6 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 10.8 per cent of the population.

**Figure 1.1: Population cohort of Mpumalanga, 2015**



**Source: Statistics South Africa – 2015 Mid-year Population Estimates**

The population of South Africa increased by 6.2 per cent between 2011 and 2015, as is evident from Figure 1.2. When expressed in absolute terms, the population of Mpumalanga increased by 6.0 per cent between 2011 and 2015. This was marginally lower than South Africa's population increase and the joint fourth largest population increase behind Gauteng (7.6 per cent), Western Cape (6.5 per cent) and KwaZulu-Natal (6.3 per cent) over the period under review. The population of Free State increased by only 2.3 per cent over the same period. Expressed in annual average growth, Mpumalanga's population increased by 1.5 per cent per annum between 2011 and 2015.

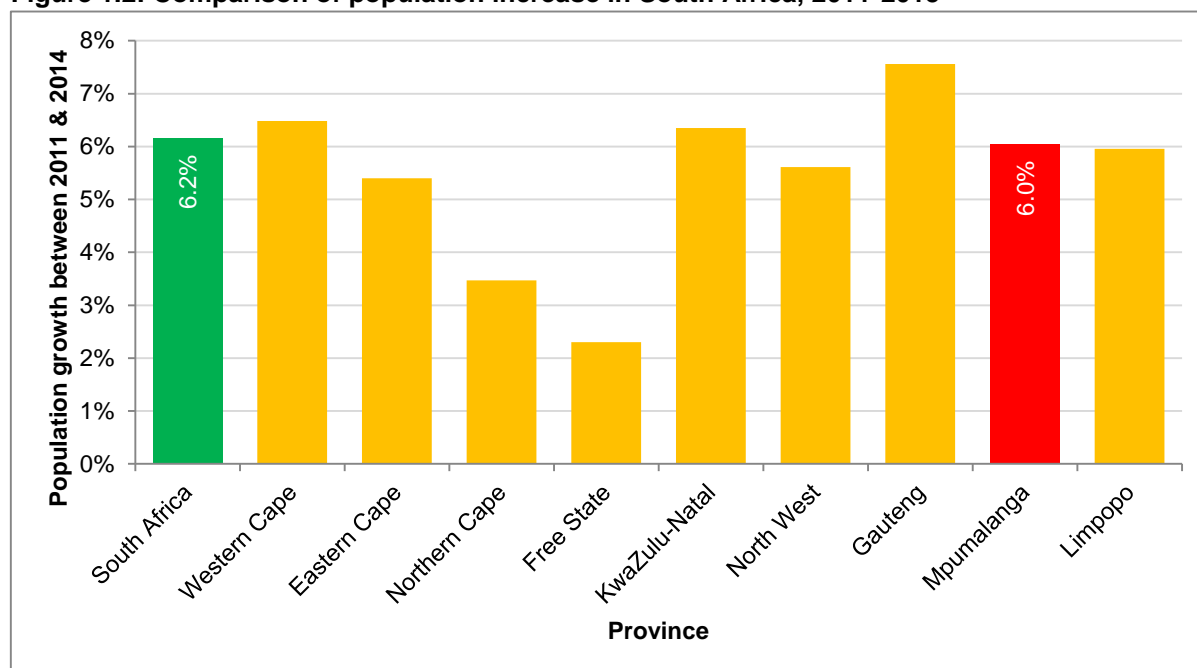
The breakdown by population group for Mpumalanga in 2001 and 2011<sup>1</sup>, according to *Census 2011*, is presented in Figure 1.3. The majority of Mpumalanga's population in 2011 was Black Africans (90.7 per cent) with Whites contributing 7.5 per cent. Coloureds (0.9 per cent), Asians (0.7 per cent) 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 1.4). 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

<sup>1</sup> The provincial 2015 Mid-year population numbers were neither disaggregated by population group nor by district as, therefore Census 2011 population numbers were used for Figure 4 and Figure 5.

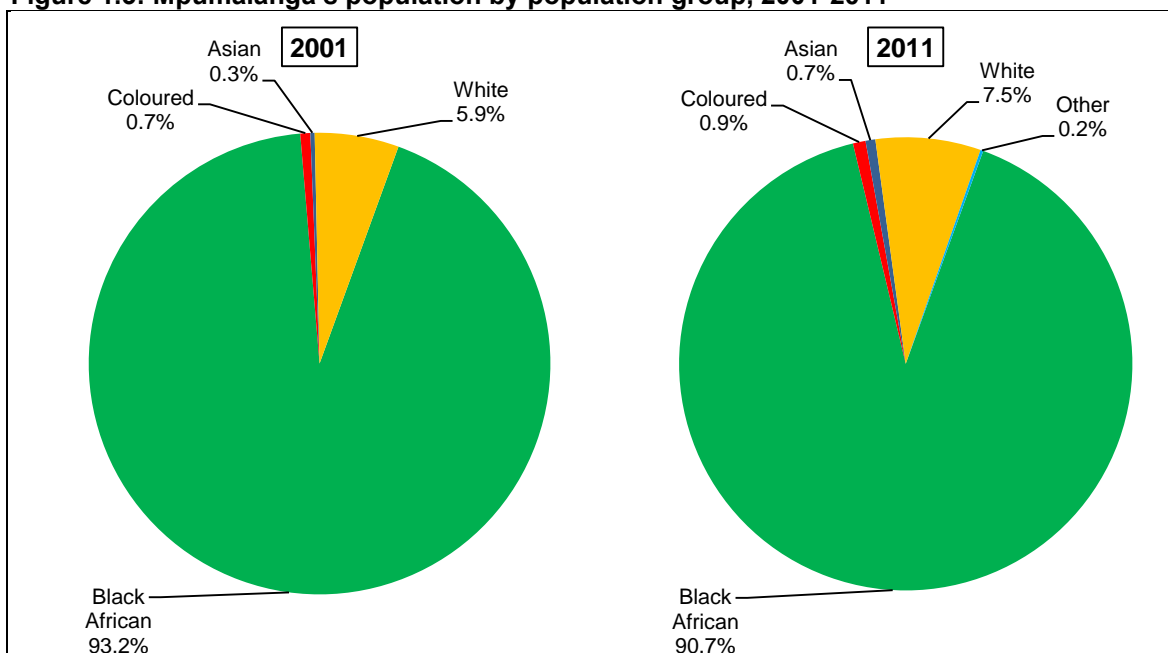
population was younger than 35 years of age, followed by Gert Sibande (69.0 per cent) and Nkangala (66.2 per cent).

**Figure 1.2: Comparison of population increase in South Africa, 2011-2015**



**Source: Statistics South Africa – 2015 Mid-year Population Estimates**

**Figure 1.3: Mpumalanga's population by population group, 2001-2011**



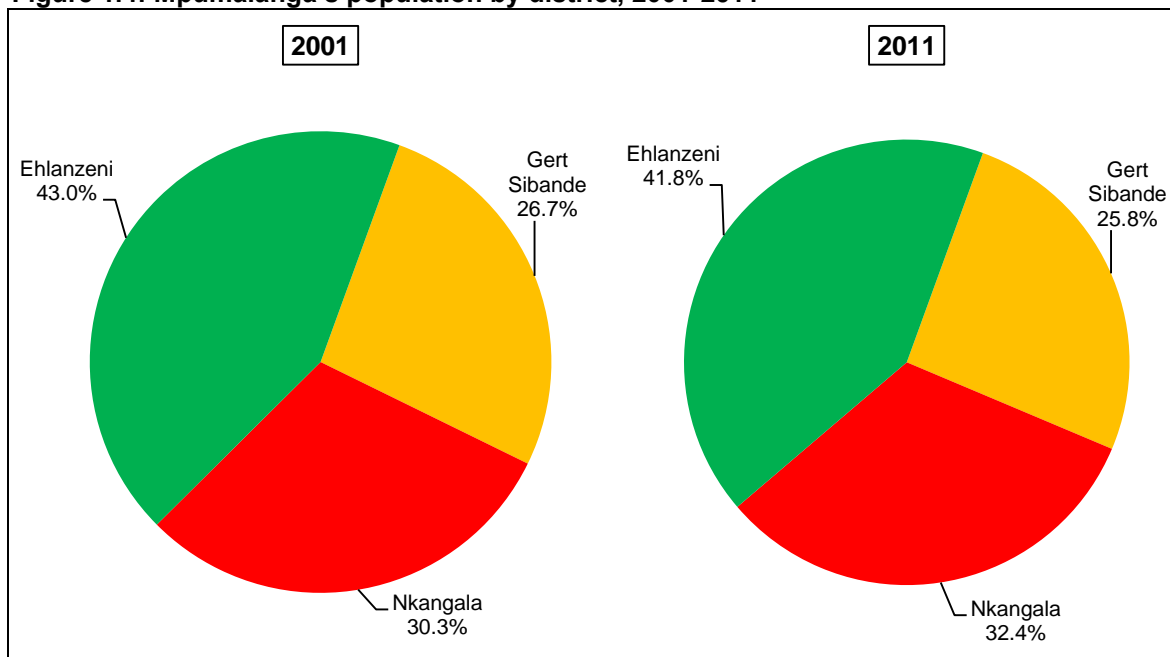
**Source: Statistics South Africa – Census 2011**

### 1.1.2 Fertility

The fertility rate is defined as the number of children the average women would have in her lifetime. According to the *2015 Mid-year Population Estimates*, Mpumalanga's average fertility rate for the period 2001-2006 was 2.97, for the period 2006-2011 it was 2.73 and it is projected to decrease to 2.53 in the period 2011-2016. When compared with the other provinces it is expected

that Mpumalanga should have the fifth highest fertility rate for the period 2011-2016, Eastern Cape (3.00) the highest and Gauteng the lowest (2.08).

**Figure 1.4: Mpumalanga's population by district, 2001-2011**



**Source: Statistics South Africa – Census 2011**

### 1.1.3 Life expectancy

Mpumalanga's male life expectancy at birth for the period 2001-2006 was 49.1 years and 53.2 years for the period 2006-2011. The projections for the period 2011-2016, according to the *2015 Mid-year Population Estimates*, suggest that it will increase further to 55.8 years. Mpumalanga's male life expectancy for the period 2011-2016 is expected to be the sixth highest/fourth lowest. Western Cape (63.7 years) is expected to have the highest/best male life expectancy with Free State (53.0 years) the lowest.

Mpumalanga's female life expectancy for the periods 2001-2006 and 2006-2011 were 50.8 years and 54.9 years, respectively. The provincial figure is projected to increase to 57.2 years for the period 2011-2016, which will leave Mpumalanga with the seventh highest/third lowest female life expectancy. Western Cape (66.0 years) is expected to have the highest/best female life expectancy and Free State (54.7 years) the lowest. The NDP targets both average male and female life expectancy at birth to improve to 70 years by 2030.

### 1.1.4 Migration

Table 1.2 shows the net migration streams of the provinces over three periods, namely 2001 to 2011, 2006 to 2011 and 2011 to 2016. The data was sourced from *Census 2011* and *2015 Mid-year Population Estimates*. Gauteng and Western Cape received the highest number of migrants in all three periods. Mpumalanga and North West were the only two other provinces to also register positive net migration in all three periods. Eastern Cape, Free State and Limpopo recorded the largest outflows throughout.

**Table 1.2: Estimated provincial net migration in South Africa, 2001-2016**

Region	Net migration		
	Census 2011 2001-2011	2015 Mid-year estimates	
		2006-2011	2011-2016
Eastern Cape	-278 261	-67 875	-53 143
Free State	-24 301	-11 938	-6 182
Gauteng	1 037 871	497 208	543 109
KwaZulu-Natal	-30 684	-15 446	-7 032
Limpopo	-152 857	-67 007	-47 357
Mpumalanga	52 845	42 614	53 692
Northern Cape	-6 735	-2 649	-4 005
North West	107 169	78 406	89 317
Western Cape	303 823	143 036	156 964

**Source:** *Statistics South Africa – Census 2011*  
*Statistics South Africa – 2015 Mid-year Population Estimates*

### 1.1.5 Disability

Statistics South Africa's questions on disability require each person in the household to rate their ability level for a range of activities such as seeing, hearing, walking a kilometre or climbing a flight of steps, remembering and concentrating, self-care, and communicating in his/her most commonly used language, including sign language. During the analysis, individuals who said that they had some difficulty with two or more of the activities or had a lot of difficulty, or were unable to perform any one activity, were then classified as disabled.

**Table 1.3: Percentage of persons aged 5 years and older with disability by province, 2011-14**

Region	Census 2011	General Household Survey 2015	
	2011	2011	2014
Western Cape	5.3%	4.2%	4.3%
Eastern Cape	9.5%	6.2%	6.0%
Northern Cape	10.8%	9.6%	7.5%
Free State	10.9%	6.6%	7.1%
KwaZulu-Natal	8.2%	4.7%	4.7%
North West	9.8%	7.5%	7.4%
Gauteng	5.3%	3.3%	3.7%
Mpumalanga	7.0%	5.6%	4.6%
Limpopo	6.7%	6.0%	4.6%
South Africa	7.4%	5.1%	4.9%

**Source:** *Statistics South Africa – Census 2011*  
*Statistics South Africa – GHS 2014*

Table 1.3 presents the findings of the *General Household Survey* (GHS) as well as Census 2011 on disability in South Africa. Using this classification system in the GHS, 5.1 per cent and 4.9 per cent of South Africans aged 5 years and older were classified as disabled in 2011 and 2014, respectively. By comparison, Census 2011 found that 7.4 per cent of individuals aged 5 years and older had disabilities. Mpumalanga's percentage of persons aged 5 years and older with disability was 7.0 per cent according to Census 2011 and according to GHS, 4.6 per cent in 2014.



## 1.2. LABOUR PROFILE

### 1.2.1 Labour force profile

The labour force comprises of all the employed and the unemployed population in a region. The national labour force of 21.2 million individuals was 982 657 more at the end of the fourth quarter 2015<sup>2</sup> than a year earlier. The number of employed in South Africa increased by 698 457, or by 4.6 per cent, while the unemployed increased by 284 200, or by 5.8 per cent, between the end of the fourth quarter 2014 and the end of the fourth quarter 2015.

As a result, the strict unemployment rate for South Africa increased marginally from 24.3 per cent to 24.5 per cent between the fourth quarter 2014 and the fourth quarter 2015. The national labour absorption rate was 44.2 per cent at the end of the fourth quarter 2015, which was higher than the 43.0 per cent registered a year earlier. The labour force participation rate at the end of the fourth quarter 2015 (58.5 per cent) was also higher than the rate recorded at the end of the fourth quarter 2014.

The provincial labour force of around 1.6 million individuals was 54 032 more at the end of the fourth quarter 2015 than a year earlier (Table 1.4). The number of employed at 1 191 252 at the end of the fourth quarter 2015 was 53 220 more than at the end of the fourth quarter 2014. The number of employed was also 7 167 higher than the 1 184 086 in the previous quarter. The number of unemployed increased by 812 to 412 715 between the end of the fourth quarter 2014 and the end of the fourth quarter 2015. The number of discouraged workers increased by 4 179 to 266 475 over the last four quarters.

**Table 1.4: Labour force profile of Mpumalanga, 2014-2015**

Indicator	Q4 2014	Q3 2015	Q4 2015	Q3 2015 to Q4 2015 change	Year-on- year change
	'000	'000	'000	'000	'000
- Working age population (15-64 years)	2 723	2 763	2 776	13	53
- Not economically active	1 173	1 159	1 172	13	-1
- Labour Force/EAP	1 550	1 604	1 604	0	54
- Employed	1 138	1 184	1 191	7	53
- Unemployed	412	420	413	-8	1
- Discouraged work seekers	262	245	266	22	4
<b>Rates</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
- Unemployment rate (strict definition)	26.6	26.2	25.7	-0.5	-0.9
- Unemployment rate (expanded definition)	40.5	39.0	39.4	0.4	-1.1
- Employed/population ratio (absorption rate)	41.8	42.9	42.9	0.0	1.1
- Labour force participation rate	56.9	58.1	57.8	-0.3	0.9
- Employed per 1 dependent <sup>3</sup>	0.37	0.39	0.39	0.00	0.02
- Dependents supported by 1 employed	2.69	2.58	2.57	-0.01	-0.12

**Source: Statistics South Africa – QLFS, 2016**

**Note: Due to rounding numbers do not necessarily add up to totals or change**

<sup>2</sup> Following the 2011 Census, Stats SA introduced a new master sample to account for the changes in the structure of the underlying population, which had changed significantly since the previous census. Stats SA indicated that from the first quarter of 2015, QLFS estimates had been based on the new master sample, while employment estimates in previous quarters were based on the old master sample. The year-on-year changes this year have thus been influenced by the change in the updated sample and not only by labour market movements. Data reported in the 2015 QLFS releases is not entirely comparable to data reported in QLFS releases of 2008-2014.

<sup>3</sup> Dependents are calculated as people outside the working age population (pensioners and children) as well as non-working people of working age.

The unemployment rate (strict definition) was lower at the end of the fourth quarter 2015 (25.7 per cent) than a year earlier (26.6 per cent). The unemployment rate according to the expanded definition also decreased/improved to 39.4 per cent at the end of the fourth quarter 2015, down from 40.5 per cent a year earlier.

Over the last four quarters, the labour absorption rate rose/improved to 42.9 per cent, whereas the labour force participation rate did likewise to 57.8 per cent. At the end of the fourth quarter 2015, there were 0.39 workers per dependent. This was a marginal improvement from a year earlier when there were 0.37 workers per dependant. In other words, every person with a job supported 2.58 other people, whether directly in their households or indirectly through taxes, compared with 2.69 other people at the end of the fourth quarter 2014.

## 1.2.2 Employment

The national labour market gained 698 457 jobs between the end of the fourth quarter 2014 and the end of the fourth quarter 2015 (Table 1.5). On an annual basis, Western Cape added 209 509 more jobs, the most among the provinces, whilst Mpumalanga recorded 53 220 more jobs. Between the end of the third quarter 2015 and the end of the fourth quarter 2015, Mpumalanga's employment numbers increased by 7 167, whilst two provinces (KwaZulu-Natal and Limpopo) recorded a quarterly decline in employment. Total employment in Mpumalanga constituted 7.4 per cent of employment in the country, the same share of a year earlier.

**Table 1.5: Changes in employment in South Africa and provinces, 2014-2015**

Region	Q4 2014 '000	Q3 2015 '000	Q4 2015 '000	Q3 2015 to Q4 2015 change '000	Year-on-year change '000
Western Cape	2 170	2 317	2 380	62	210
Eastern Cape	1 336	1 372	1 411	39	76
Northern Cape	320	302	312	9	-9
Free State	772	795	825	30	53
KwaZulu-Natal	2 520	2 573	2 529	-43	10
North West	948	921	969	48	21
Gauteng	4 881	5 011	5 090	79	209
Mpumalanga	1 138	1 184	1 191	7	53
Limpopo	1 235	1 353	1 311	-42	76
South Africa	15 320	15 828	16 018	190	698

**Source: Statistics South Africa – QLFS, 2016**

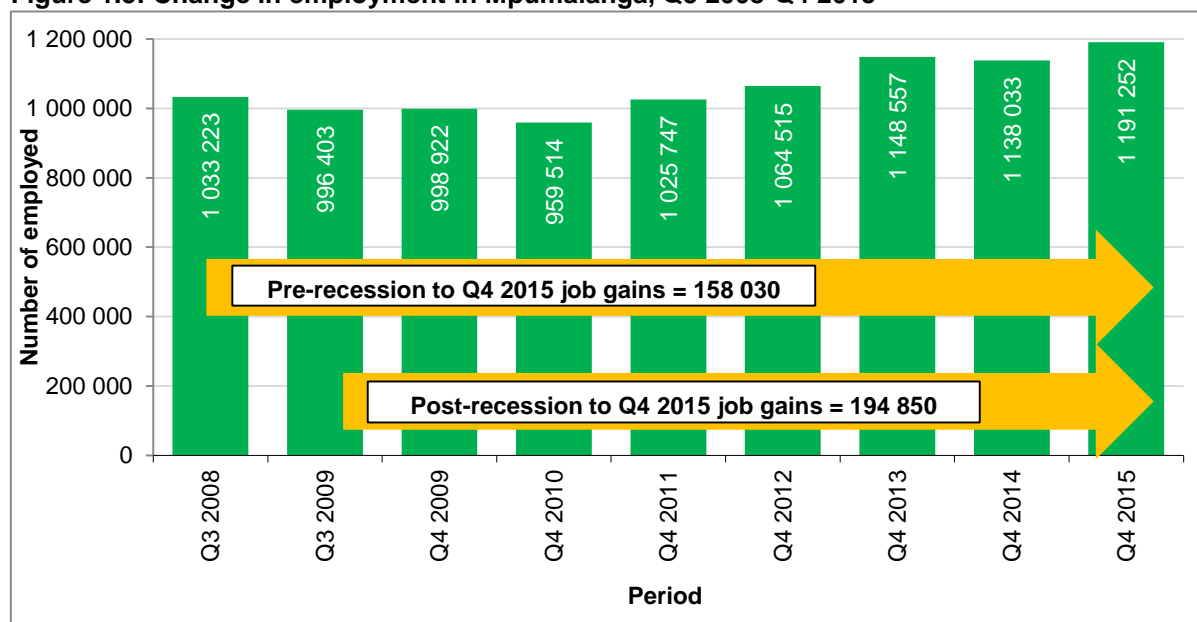
**Note: Due to rounding numbers do not necessarily add up to totals or change**

Over the past 29 quarters (seven years and 3 months) from before the recession, the highest and lowest number of employed in the province was measured at the end of the fourth quarter 2015 and end of the fourth quarter 2010 (959 514), respectively. The change in Mpumalanga's total employment from the end of the third quarter 2008 (before the recession) to the fourth quarter 2015 is displayed in Figure 1.5.

The latest employment level, at the end of the fourth quarter 2015, of 1 184 086 was 158 030 above the pre-recession level and some 194 850 more jobs than the post-recession level. When compared with the lowest level of employment at the end of the fourth quarter 2010, 231 739 more individuals are employed today. In annual terms, the 231 739 translates to 46 348 more individuals employed every year.

For the past thirteen quarters, Mpumalanga's employment numbers have consistently exceeded the pre-recession number. South Africa's employment number has exceeded the national pre-recession employment level for the last twelve quarters. At the end of the fourth quarter 2015, the employment numbers of KwaZulu-Natal (-11 951), Free State (-9 035) and Northern Cape (-4 873) were, however, lower than the pre-recession level.

**Figure 1.5: Change in employment in Mpumalanga, Q3 2008-Q4 2015**



**Source: Statistics South Africa – QLFS, 2016**

#### *Employment target*

The NDP targets a decline in the national unemployment rate to 14.0 per cent by 2020 and 6.0 per cent by 2030. Similarly, the Provincial Vision 2030 targets a decline in the provincial unemployment rate to 15.0 per cent by 2020 and 6.0 per cent by 2030. In order to reach the unemployment rate target by 2030, some 1.2 million new, sustainable jobs must be created.

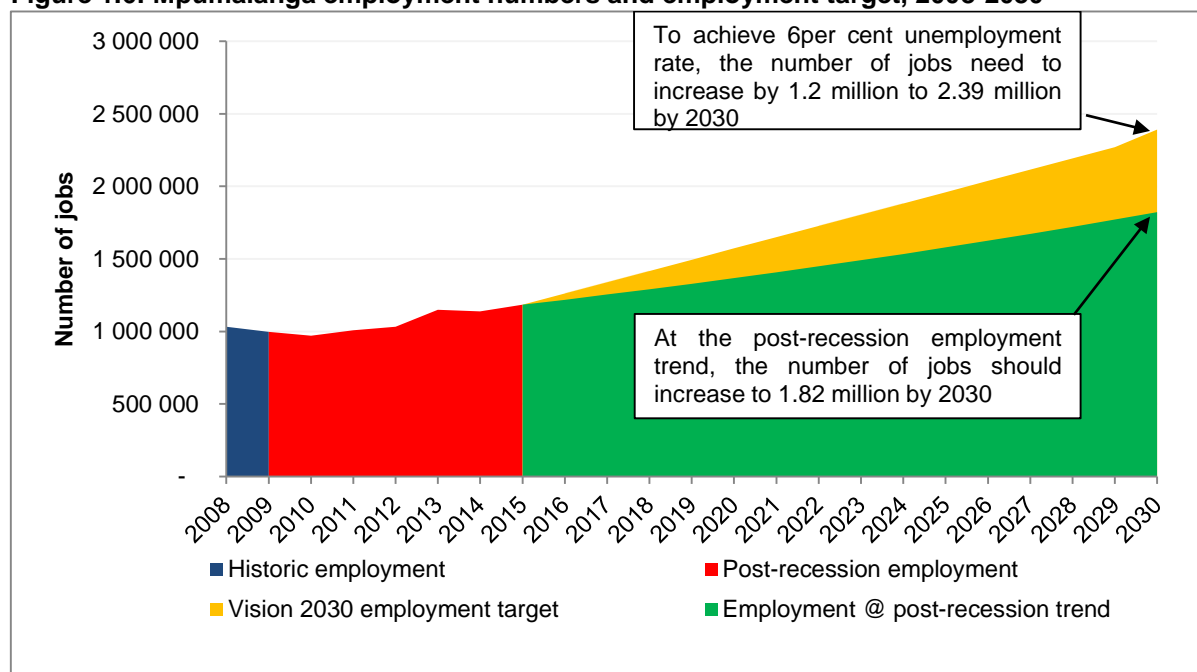
The 1.2 million jobs equates to more or less 77 800 jobs per annum or an annual average employment growth of 4.7 per cent per annum. Figure 1.6 depicts historical employment numbers and required employment growth in Mpumalanga. It is evident from the illustration that employment growth of 2.9 per cent per annum – the employment growth post-recession – will not be sufficient to reach the employment target of 2.39 million jobs by 2030.

#### *Aggregate employment*

Table 1.6 shows the aggregated employment composition of employment in South Africa and the province from the end of the fourth quarter 2014 to the end of the fourth quarter 2015. In Mpumalanga, the formal employees' share of total employment increased from 62.8 per cent at end of the fourth quarter 2014 to 63.6 per cent at the end of the fourth quarter 2015. The formal sector in Mpumalanga recorded a smaller share of total employment than was the case nationally (69.8 per cent).

In Mpumalanga, the informal sector's share declined from 20.8 per cent to 20.3 per cent over the same period. Agriculture's share decreased marginally from 7.9 per cent to 7.7 per cent and private households' to 8.3 per cent. The informal sector, agriculture and private households in Mpumalanga registered larger shares of total employment in the fourth quarter of 2015, than was the case nationally.

**Figure 1.6: Mpumalanga employment numbers and employment target, 2008-2030**



**Source: Statistics South Africa – QLFS, 2016**

**Table 1.6: Aggregate employment in South Africa & Mpumalanga, 2014-2015**

Sector	Q4 2014		Q3 2015		Q4 2015	
	SA	MP	SA	MP	SA	MP
Formal sector	71.2%	62.8%	69.1%	61.8%	69.8%	63.6%
Informal sector <sup>4</sup>	16.0%	20.8%	17.2%	21.4%	16.8%	20.3%
Agriculture <sup>5</sup>	4.8%	7.9%	5.7%	8.1%	5.4%	7.7%
Private households	8.0%	8.5%	8.1%	8.7%	8.1%	8.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Source: Statistics South Africa – QLFS, 2016**

#### *Employment by industry*

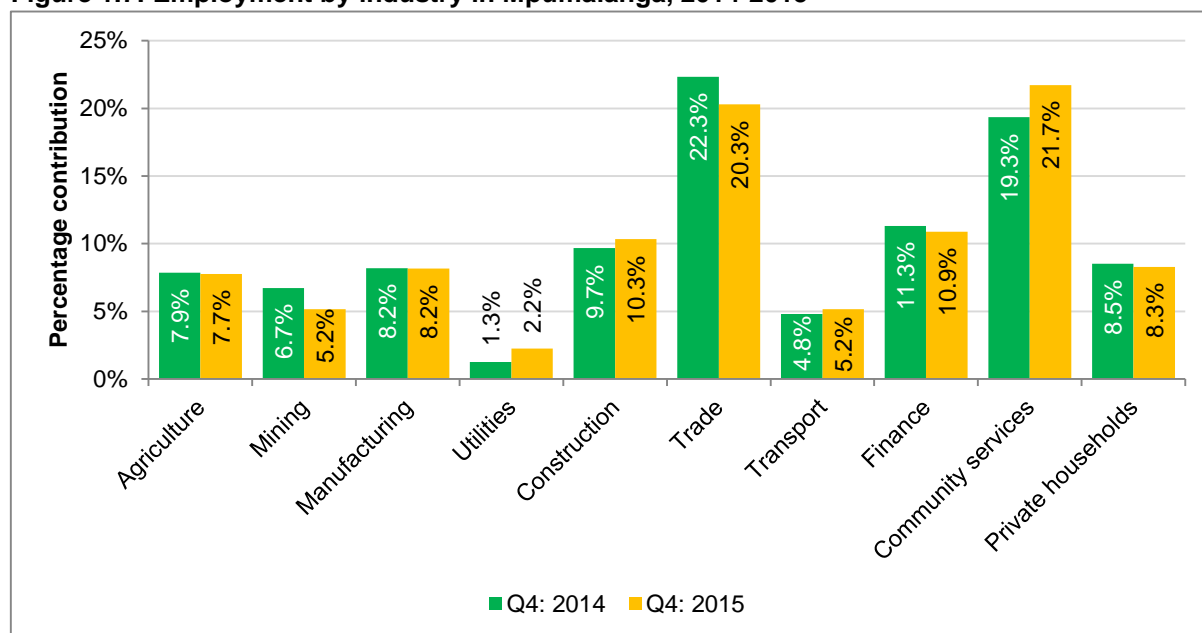
Figure 1.7 depicts employment by industry in Mpumalanga in the fourth quarters of 2014 and 2015, respectively. Community services employed the largest share of individuals in the province with 21.7 per cent at the end of the fourth quarter 2015. This was larger than the 19.3 per cent share registered 12 months earlier. The trade industry (20.3 per cent) was the second biggest employer and recorded a smaller share than at the end of the fourth quarter 2014 (22.3 per cent). The utilities industry was the smallest in both years and mining the joint second smallest industry

<sup>4</sup> The informal sector comprises 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.

<sup>5</sup> An additional 103 472 citizens were involved in subsistence farming (non-market activities) in the province.

with transport in the fourth quarter of 2015. Trade recorded the largest percentage point decline and community services the largest increase.

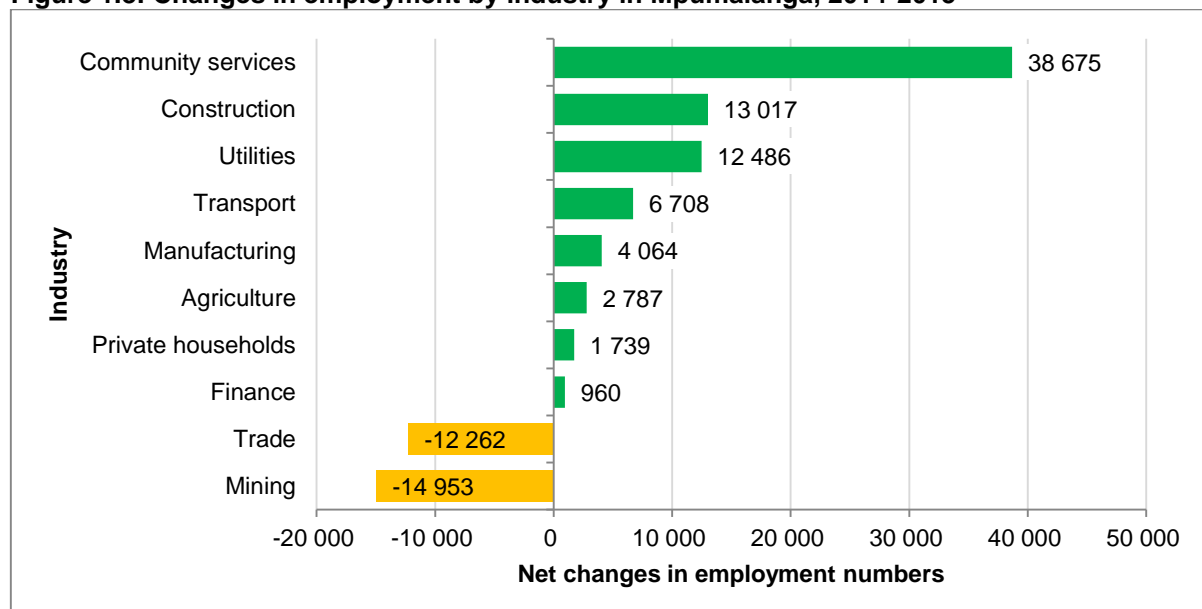
**Figure 1.7: Employment by industry in Mpumalanga, 2014-2015**



**Source: Statistics South Africa – QLFS, 2016**

According to Figure 1.8, community services (38 675), construction (13 017) and utilities (12 486) were the three industries in Mpumalanga that recorded the highest employment increase from the fourth quarter 2014 to the end of the fourth quarter 2015. Mining (-14 953) and Trade (-12 262) were the only two industries that recorded job losses over the one year period.

**Figure 1.8: Changes in employment by industry in Mpumalanga, 2014-2015**



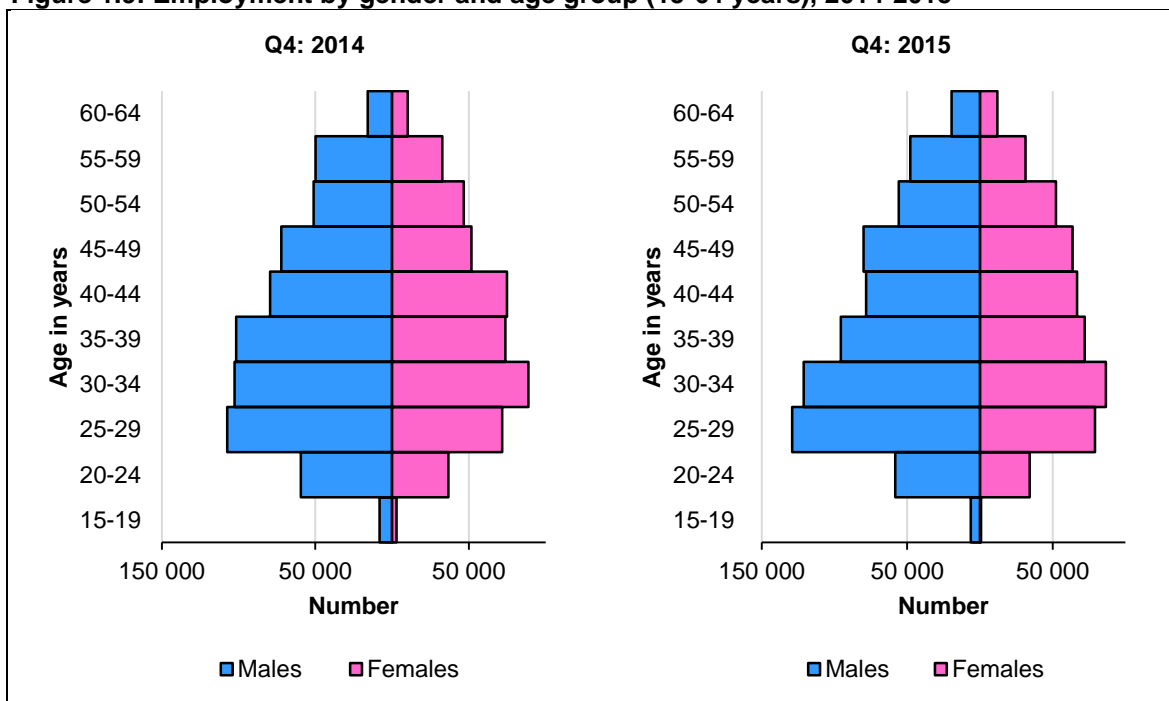
**Source: Statistics South Africa – QLFS, 2016**

*Employment by gender and age*

Males led employment in Mpumalanga with a share of 58.1 per cent at the end of the fourth quarter 2015. Male employment numbers increased by 44 264 to 692 412 and recorded a higher share than at the end of the fourth quarter 2014 (57.0 per cent). The reason for the increase in share is because female employment numbers only increased by 8 955 and therefore the female share declined to 41.9 per cent from 43.0 per cent a year earlier. Figure 1.9 displays the employment by gender and age for the fourth quarters of 2014 and 2015, respectively.

At the end of the fourth quarter 2015, adults (35-64 years) held the majority (56.7 per cent) of jobs in Mpumalanga. Although adult employment numbers increased by 15 111 from the end of the fourth quarter 2014, the share declined from 58.0 per cent. The main reason for the decline in share, is that youth (15-34 years) employment numbers increased by 38 111 thus pushing the youth share up to 43.3 per cent at the end of the fourth quarter 2015.

**Figure 1.9: Employment by gender and age group (15-64 years), 2014-2015**



**Source: Statistics South Africa – QLFS, 2016**

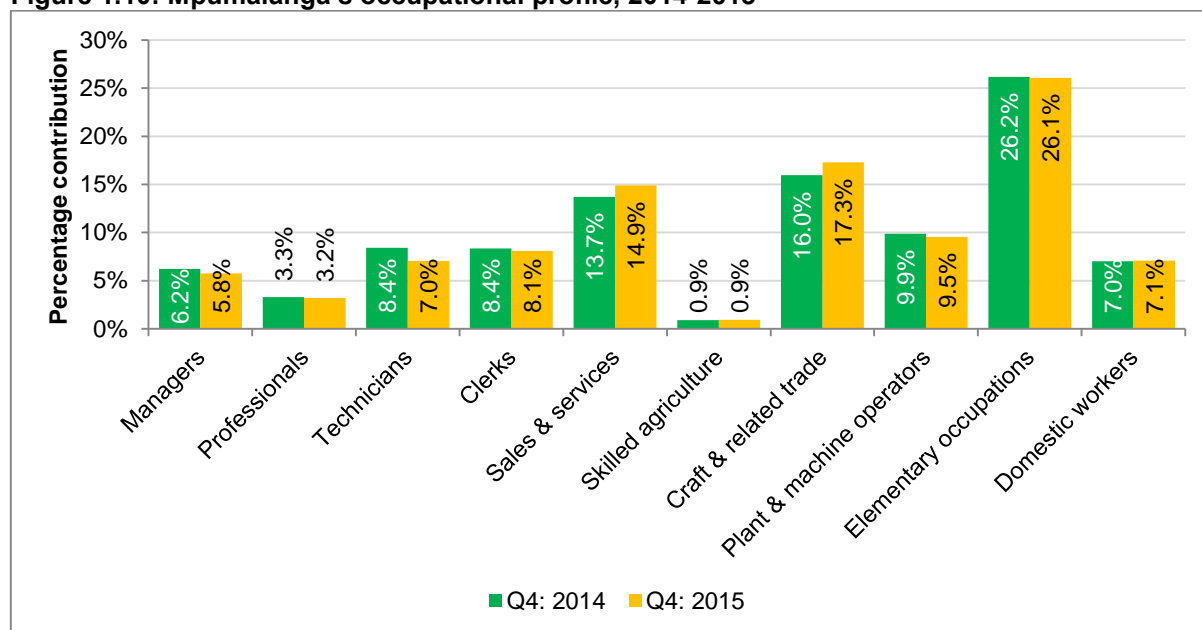
### 1.2.3 Occupational profile

The occupational profile is an indicator of the quality of the labour force. It provides information on the proficiency levels and assists in identifying the shortage of skills in the economy, by matching the demand for labour with its relative supply.

Figure 1.10 illustrates the occupational profile of Mpumalanga in the fourth quarters of 2014 and 2015, respectively. The occupational profile was skewed towards semi- and unskilled occupations in both years. The share of skilled occupations (managers, professionals and technicians) was 16.0 per cent in the fourth quarter of 2015, which was lower than the 17.9 per cent share a year earlier. The share of semi-skilled occupations increased to 50.8 per cent over the period under review. The combined share of elementary occupations and domestic workers (unskilled

occupations) was 33.2 per cent at the end of the fourth quarter 2015, equal to the share of one year earlier.

**Figure 1.10: Mpumalanga's occupational profile, 2014-2015**



**Source: Statistics South Africa – QLFS, 2016**

#### 1.2.4 Unemployment

According to Statistics South Africa's QLFS, the unemployment rate in Mpumalanga was 25.7 per cent at the end of the fourth quarter 2015, which was lower than the 26.6 per cent recorded at the end of the fourth quarter 2014 (Figure 1.11). This was higher than the national average of 24.5 per cent at the end of the fourth quarter 2015. Mpumalanga, recorded the fifth highest/lowest unemployment rate among the nine provinces with Free State (29.8 per cent) registering the highest unemployment rate. Mpumalanga's unemployment rate decreased along with six other provinces from the end of the fourth quarter 2014 to the end of the fourth quarter 2015.

##### *Unemployed by gender and age*

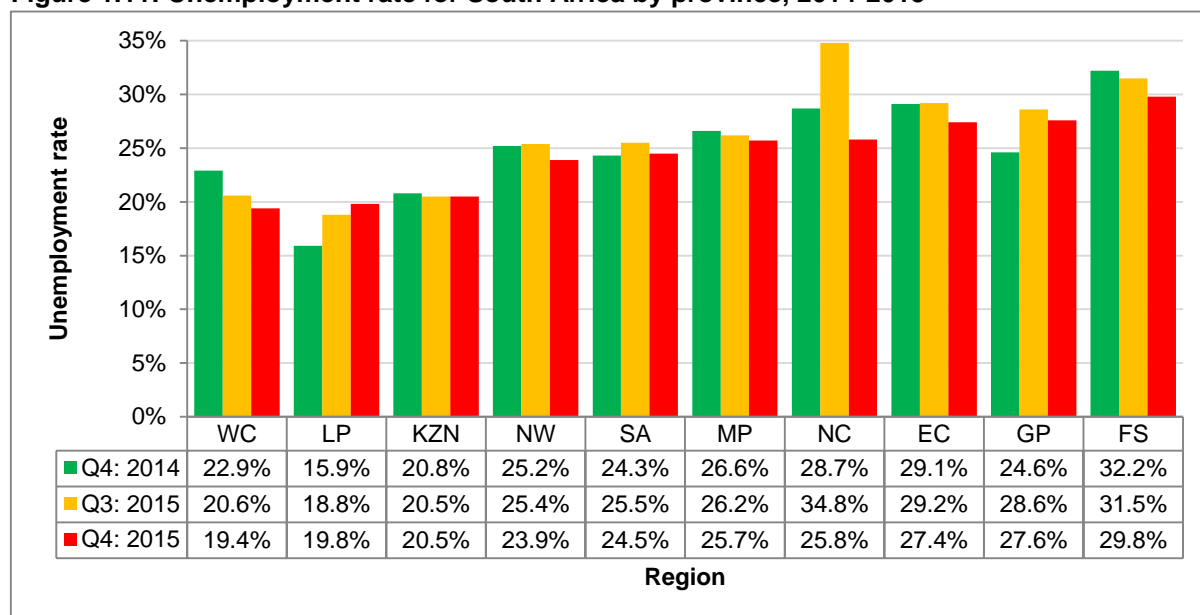
At the end of the fourth quarter 2015, the unemployment rate of males (22.7 per cent) was lower than the female unemployment rate of 29.5 per cent. The unemployment rate of youth of working age (15-34 years<sup>6</sup>) in Mpumalanga was 36.6 per cent, whilst the unemployment rate of adults (35-64 years) was 14.6 per cent.

Figure 1.12 displays the employment by gender and age for the fourth quarters of 2014 and 2015, respectively. At the end of the fourth quarter 2015, females contributed 50.6 per cent to the number of unemployed, which was more than males (49.4 per cent). This was higher than twelve months earlier when females contributed 49.2 per cent. The youth added 72.1 per cent to the total

<sup>6</sup> The International Labour Organization defines youth as individuals between the ages of 15 to 24 years, with 15 being the minimum school-leaving age and legal employment age. It is important to note, however, that Statistics South Africa utilizes a broader definition, covering individuals between the ages of 15 and 34 years.

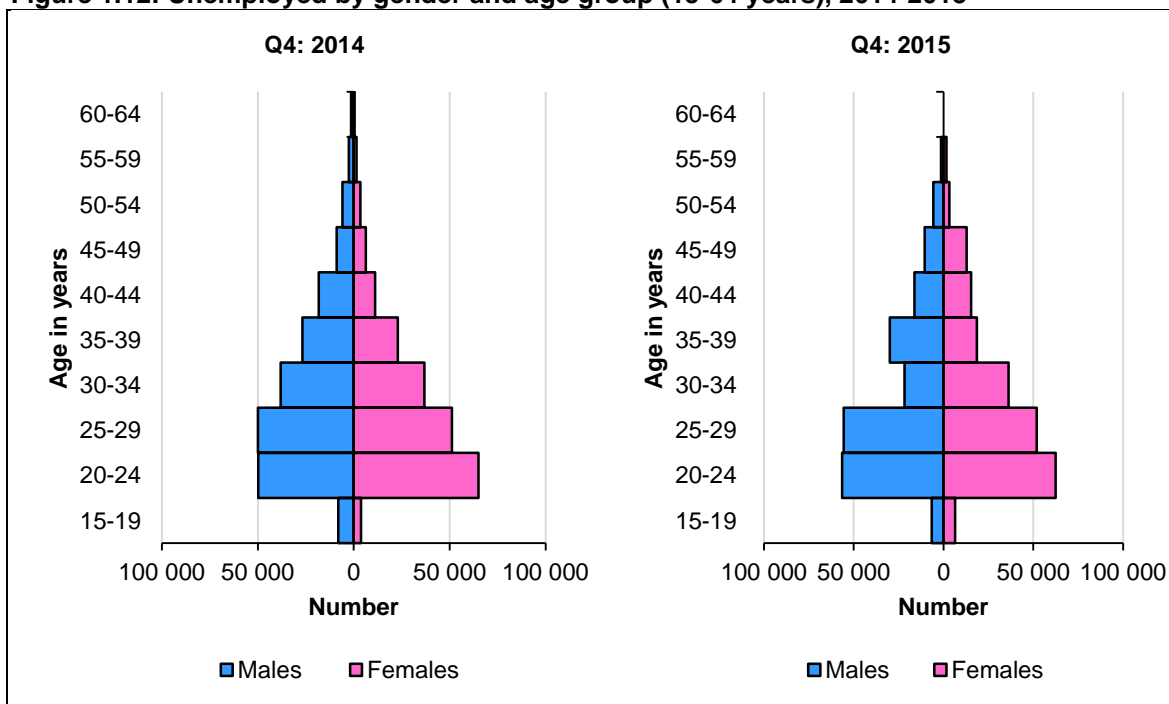
number of unemployed in the province, which was lower than the 73.5 per cent at the end of the fourth quarter 2014.

**Figure 1.11: Unemployment rate for South Africa by province, 2014-2015**



Source: Statistics South Africa – QLFS, 2016

**Figure 1.12: Unemployed by gender and age group (15-64 years), 2014-2015**



Source: Statistics South Africa – QLFS, 2016

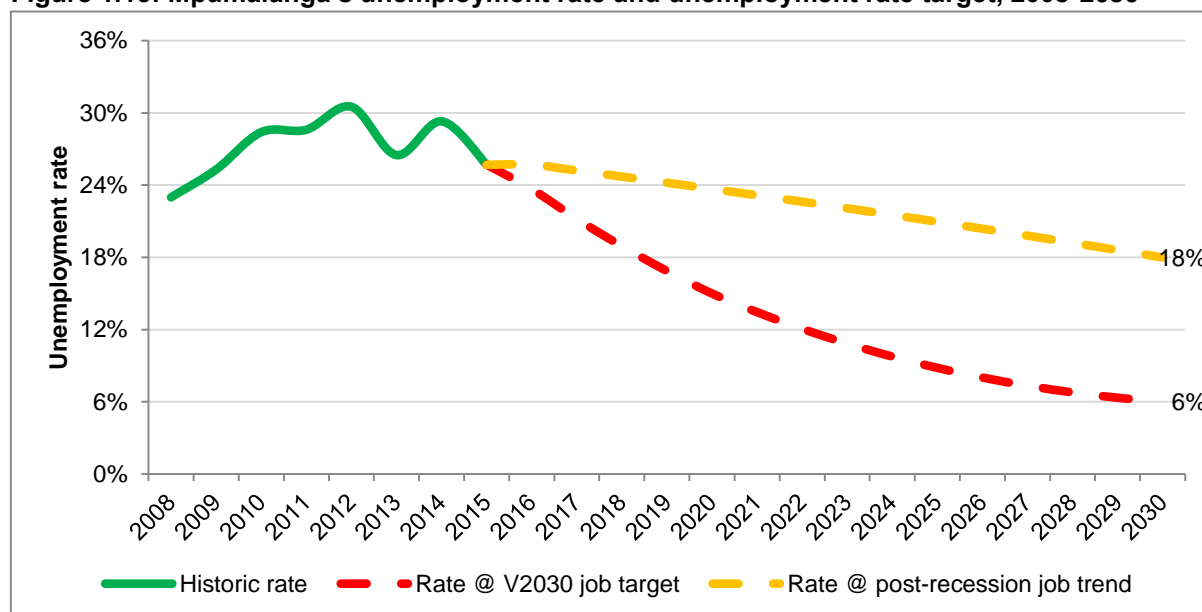
#### Target unemployment rate

The Vision 2030 target unemployment rate for Mpumalanga is 6 per cent by 2030. A significant unemployment rate sub-target is a reduction to 15.0 per cent by 2020 (MEGDP). If 1.2 million jobs are to be created up to 2030, the unemployment rate should, in all probability, drop to 6 per cent as is displayed in Figure 1.13. If jobs, however, are to be created at the annual average



post-recession increase, the unemployment rate could possibly decline only to 18 per cent by 2030.

**Figure 1.13: Mpumalanga's unemployment rate and unemployment rate target, 2008-2030**



**Source: Statistics South Africa – QLFS, 2016**

#### *Duration of unemployment*

The incidence of long-term unemployment (1 year and longer) in Mpumalanga increased between the end of the fourth quarter 2014 and the end of the fourth quarter 2015. The share of the unemployed in Mpumalanga that indicated they were unemployed in excess of 12 months, increased from 69.5 per cent to 70.9 per cent (Table 1.7). Both the number of males and females in long-term unemployment increased. The number of males in short-term unemployment decreased, whereas the number of females in short-term unemployment increased marginally. The incidence of long-term unemployment was highest among females in both 2014 and 2015. The youth cohort contributed 72.4 per cent to the number of unemployed that has been struggling to secure employment for more than 12 months.

**Table 1.7: Duration of unemployment in Mpumalanga, 2014-2015**

Duration	Q4 2014			Q4 2015		
	Males	Females	Share of unemployed	Males	Females	Share of unemployed
1 year and longer	132 844	153 344	69.5%	133 666	158 926	70.9%
Less than 1 year	76 590	49 124	30.5%	70 178	49 945	29.1%
<b>Total</b>	<b>209 435</b>	<b>202 468</b>	<b>100.0%</b>	<b>203 844</b>	<b>208 871</b>	<b>100.0%</b>

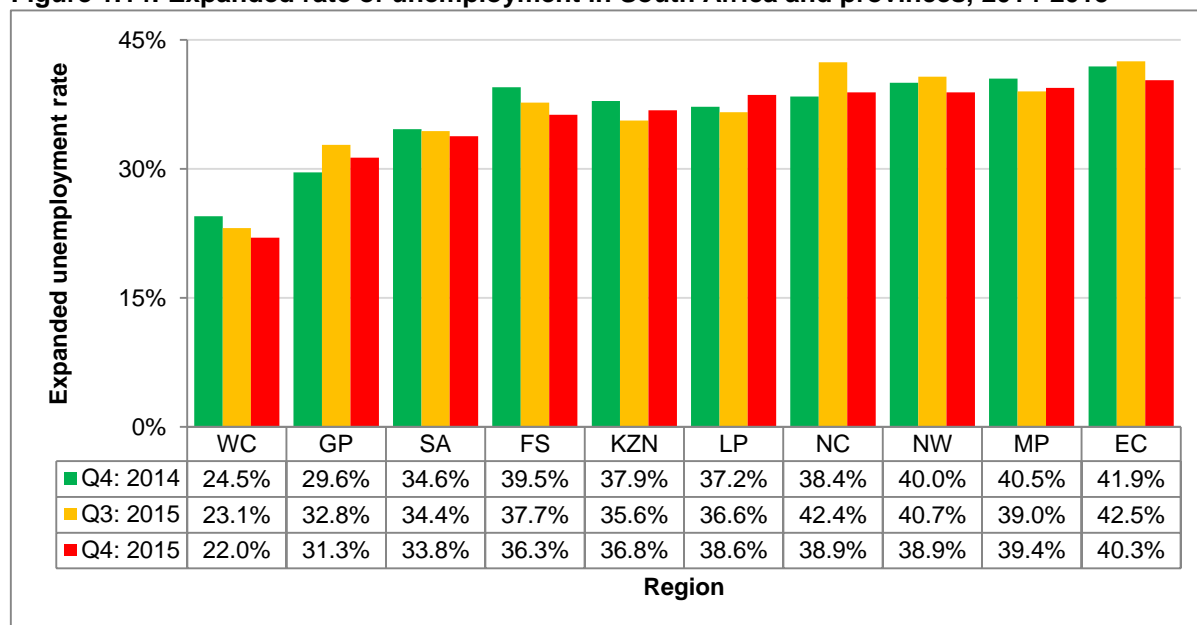
**Source: Statistics South Africa – QLFS, 2016**

#### *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 1.14 shows that South Africa's expanded unemployment rate was recorded at 34.6 per cent at the end of the fourth quarter 2014 and decreased/improved to 33.8 per cent at the end of the fourth quarter 2015. Mpumalanga's expanded unemployment rate was 39.4 per cent at the end of the fourth quarter 2015, lower than the reading of a year earlier (40.5 per cent). It was, however, higher than the national average. Mpumalanga was the province with the second highest expanded unemployment rate among the nine provinces. It is notable how much higher the expanded unemployment rate of Limpopo (38.6 per cent) and KwaZulu-Natal (36.8 per cent) is than their respective strict unemployment rates as depicted in Figure 1.11.

**Figure 1.14: Expanded rate of unemployment in South Africa and provinces, 2014-2015**



**Source: Statistics South Africa – QLFS, 2016**

#### *Discouraged work seekers*

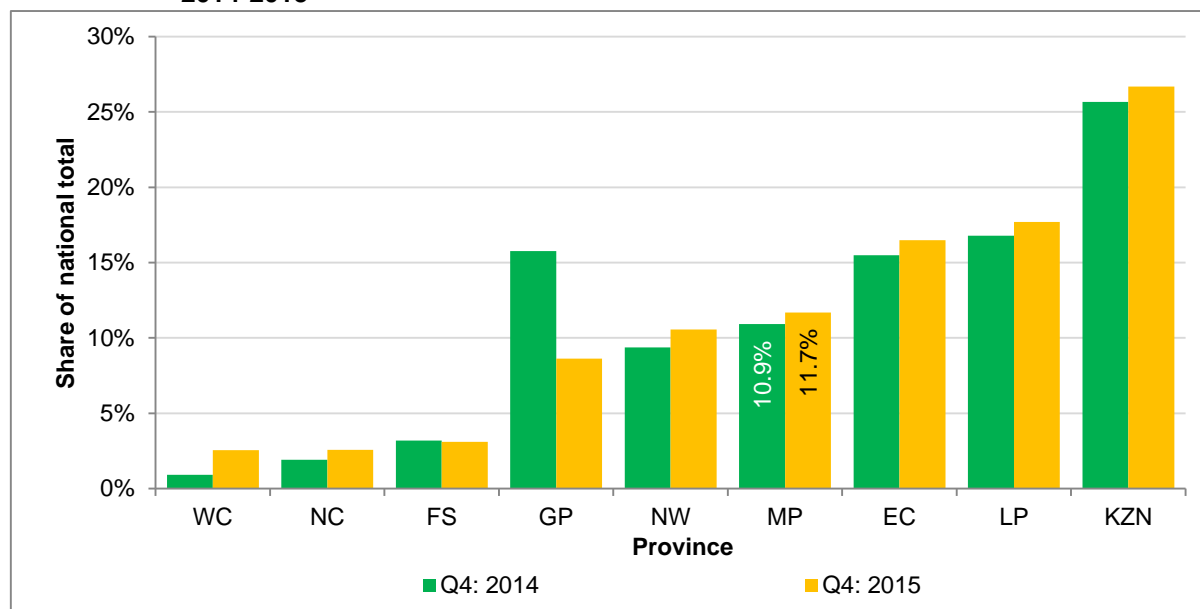
Statistics South Africa defines a discouraged work-seeker as a person, who was not employed during the reference period, wanted to work, was available to work or start a business but did not take active steps to find work during the four week that preceded the reference period.

South Africa had approximately 2.3 million discouraged workers by the end of the fourth quarter 2015. This represents a decrease of 124 171 over the end of the fourth quarter 2014. Figure 1.15 indicates that Mpumalanga's share was 266 475 or some 11.7 per cent of South Africa's discouraged work seekers at the end of the fourth quarter 2015, up from a 10.9 per cent share a year earlier. The number of discouraged work seekers in Mpumalanga increased by 4 179 from the end of the fourth quarter 2014 to the end of the fourth quarter 2015. When compared with other provinces, Mpumalanga registered the fourth highest/sixth lowest share of discouraged workers nationally.

It is evident from Figure 1.16 that Mpumalanga's discouraged work seekers as a percentage of the provincial working age population (15-64 years) was virtually unchanged between the fourth quarter 2014 to the end of the fourth quarter 2015. The discouraged work seekers' share of

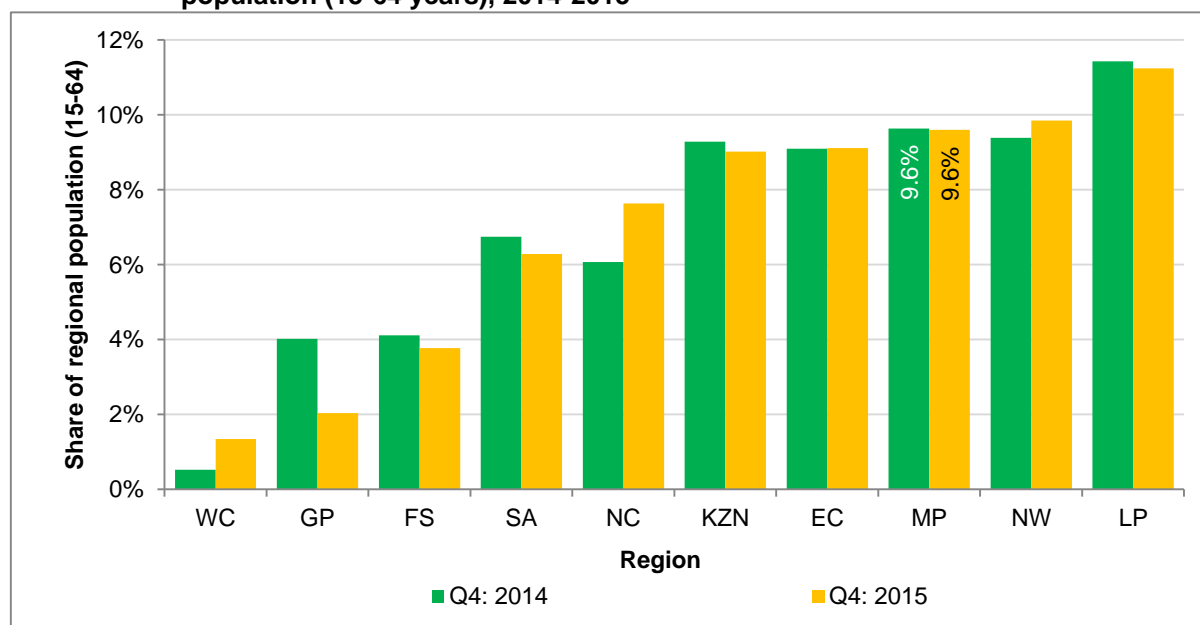
working age population in Mpumalanga was larger than the national share (6.3 per cent) at the end of the fourth quarter 2015. Discouraged work seekers in three provinces constituted a larger share of the working age population than in Mpumalanga at the end of the fourth quarter 2015.

**Figure 1.15: Provincial contribution to number of discouraged work seekers nationally, 2014-2015**



Source: Statistics South Africa – QLFS, 2016

**Figure 1.16: Comparison of discouraged work seekers as a ratio of regional working age population (15-64 years), 2014-2015**



Source: Statistics South Africa – QLFS, 2016

### 1.3. EDUCATION PROFILE

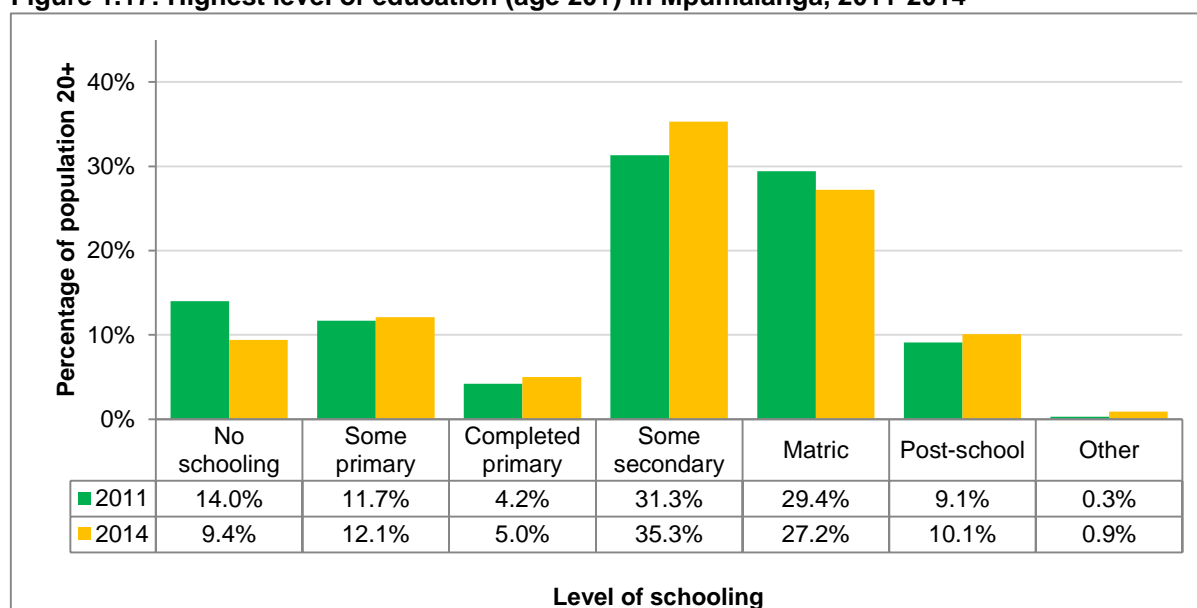
#### Level of education

When the highest level of schooling in 2014 is compared with figures of 2011, it is evident that the situation regarding the level of education in Mpumalanga improved over the 3-year period. For

example in 2014, 9.4 per cent of the people 20 years and older have not received any schooling compared to 14.0 per cent in 2011 (Figure 1.17). The percentage of the population that obtained a qualification higher than matric increased from 9.1 per cent in 2011 to 10.1 per cent in 2014.

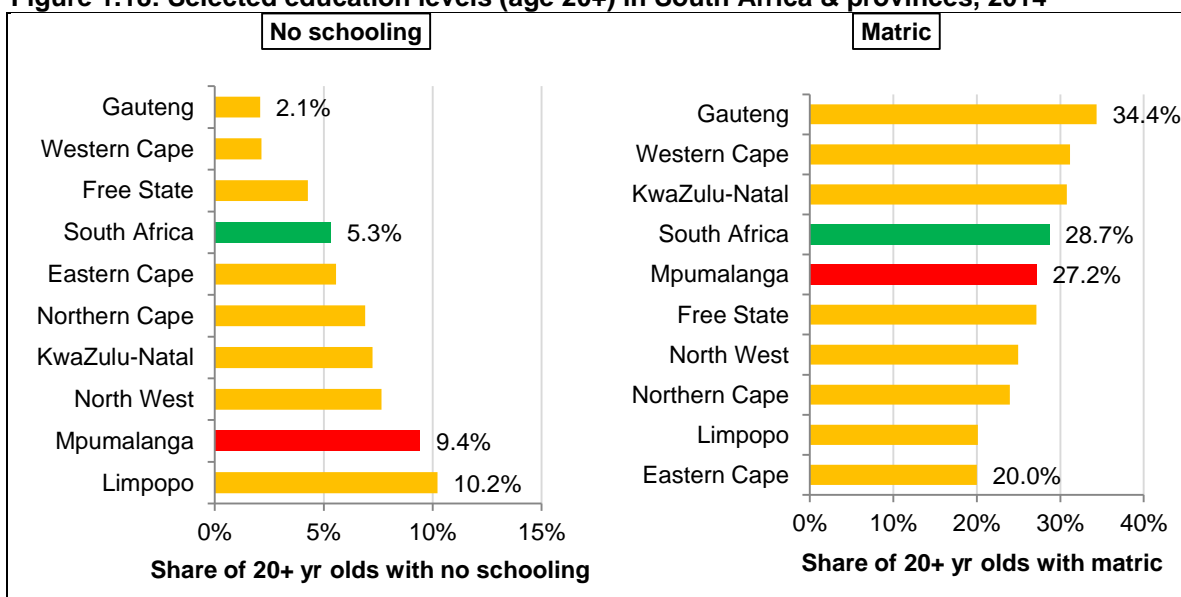
It is evident from Figure 1.18, that Mpumalanga (9.4 per cent) registered the second highest (worst) share of people 20 years and older with no schooling. It was 4.1 percentage points higher than the national share of 5.3 per cent in 2014. Mpumalanga (27.2 per cent) recorded the fourth highest share of people 20 years and older with matric among the nine provinces, slightly lower than the national share of 28.7 per cent.

**Figure 1.17: Highest level of education (age 20+) in Mpumalanga, 2011-2014**



Sources: Statistics South Africa – Census 2011  
Statistics South Africa – GHS 2014

**Figure 1.18: Selected education levels (age 20+) in South Africa & provinces, 2014**



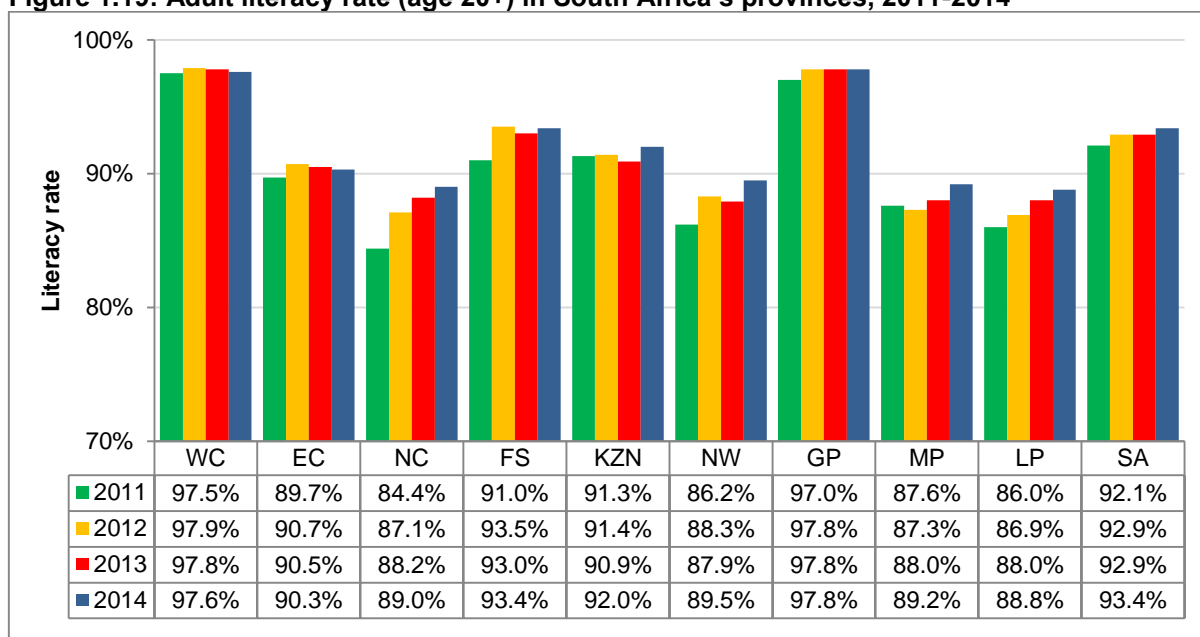
Source: Statistics South Africa – GHS 2014

## Adult literacy

Literacy rates are used as a key social indicator of development by government and international development agencies. Although a simple definition of literacy is the ability to read and write, its simplicity is confounded by questions such as: “Read and write what, how well and to what purpose?” Because it is so difficult to measure literacy, Statistics South Africa has historically measured adult literacy rates based on an individual completing at least Grade 7. Since a specific educational achievement is, however, not necessarily a good reflection of an individual's literacy ability, a question that directly measures literacy was introduced in 2009. The question requires respondents to indicate whether they have 'no difficulty', 'some difficulty', 'a lot of difficulty' or are 'unable to' read newspapers, magazines and books in at least one language; or write a letter in at least one language.

The regional picture, presented in Figure 1.19, reflects the literacy rates in South Africa and the provinces of adults aged 20 and above. In 2011, the literacy rate in Mpumalanga was 87.6 per cent and it improved to 89.2 per cent by 2014. Mpumalanga's adult literacy rate was lower than the national rate of 93.4 per cent in 2014 and the joint second lowest among the provinces. In 2014, Gauteng registered the highest adult literacy rate of 97.8 per cent and Limpopo the lowest at 88.8 per cent.

**Figure 1.19: Adult literacy rate (age 20+) in South Africa's provinces, 2011-2014**



**Source: Statistics South Africa – GHS 2014**

## Grade 12 results

The NDP is very clear that the throughput<sup>7</sup> rate should be between 80 and 90 per cent by 2030 and that at least 80 per cent of them should successfully pass the exit exams. When Mpumalanga's throughput rate for 2015 is calculated, it is evident that 54.9 per cent of the 2004 grade 1 class wrote the grade 12 examinations in 2015.

<sup>7</sup> Learners writing Grade 12 examinations within 12 years of starting school in Grade 1.

Table 1.8 compares the grade 12 pass rates among the various provinces from 2009 to 2015. The national pass rate of matriculants decreased from 75.8 per cent in 2014 to 70.7 per cent in 2015. Mpumalanga's Grade 12 pass rate declined from 79.0 per cent in 2014 to 78.6 per cent in 2015. With the exception of Western Cape that realised an increase, Mpumalanga's 0.4 percentage point decrease was the smallest among the other eight provinces. Mpumalanga was the only province whose 2015 pass rate was higher than the rate achieved in 2013. Mpumalanga improved from the province with the lowest pass rate in 2009 to the province with the fifth highest pass rate in 2015. Western Cape (84.7 per cent) recorded the highest Grade 12 pass rate in 2015 and Eastern Cape (56.8 per cent) the lowest.

**Table 1.8: Comparative grade 12 pass rate for South Africa and provinces, 2009-2015**

Province	2009	2010	2011	2012	2013	2014	2015
Eastern Cape	51.0%	58.3%	58.1%	61.6%	64.9%	65.4%	56.8%
Free State	69.4%	70.7%	75.7%	81.1%	87.4%	82.8%	81.6%
Gauteng	71.8%	78.6%	81.1%	83.9%	87.0%	84.7%	84.2%
KwaZulu-Natal	61.1%	70.7%	68.1%	73.1%	77.4%	69.7%	60.7%
Limpopo	48.9%	57.9%	63.9%	66.9%	71.8%	72.9%	65.9%
Mpumalanga	47.9%	56.8%	64.8%	70.0%	77.6%	79.0%	78.6%
North West	67.5%	75.7%	77.8%	79.5%	87.2%	84.6%	81.5%
Northern Cape	61.3%	72.3%	68.8%	74.6%	74.5%	76.4%	69.4%
Western Cape	75.7%	76.8%	82.9%	82.8%	85.1%	82.2%	84.7%
National	60.6%	67.8%	70.2%	73.9%	78.2%	75.8%	70.7%

**Source:** Department of Basic Education - National Senior Certificate Examinations 2015 Technical Report

A comparison of Grade 12 pass rates among the four education districts from 2009 to 2015 is presented in Table 1.9. The Grade 12 pass rates of two of the four education districts improved, with Nkangala achieving the largest improvement from 78.8 per cent in 2014 to 81.7 per cent in 2015. Although Ehlanzeni (82.4 per cent) recorded the highest Grade 12 pass rate in 2015 it was still slightly lower than the record high 2013 figure. The two highest pass rates among the local municipal areas were recorded in Emakhazeni (87.0 per cent) and Steve Tshwete (86.3 per cent) with the lowest registered in Dipaleseng (53.6 per cent). In 2015, Mkhondo, Dr Pixley Ka Isaka Seme and Dipaleseng were the only three municipal areas with a pass rate below 70 per cent.

**Table 1.9: Comparative grade 12 pass rate for education districts in Mpumalanga, 2009-2015**

Education district	per cent Pass rate						
	2009	2010	2011	2012	2013	2014	2015
Bohlabela <sup>8</sup>	28.2	40.1	52.7	62.5	72.0	76.8	76.7
Ehlanzeni <sup>9</sup>	57.0	67.5	72.1	74.0	82.8	82.1	82.4
Gert Sibande	52.2	59.3	65.4	69.0	76.4	77.1	72.6
Nkangala	53.6	59.1	67.9	73.0	77.5	78.8	81.7

**Source:** Mpumalanga Department of Education, 2016

#### Education ratios

According to the Department of Education's *Education Realities* report of 2015, there were 1 079 280 learners in ordinary public and independent schools in Mpumalanga, who attended 1 862 schools and were served by 35 153 educators. The learner-educator ratio (LER) in public

<sup>8</sup> The Bohlabela education district includes schools in Bushbuckridge and Thaba Chweu

<sup>9</sup> The Ehlanzeni education district includes schools in Mbombela, Umjindi and Nkomazi

schools of Mpumalanga improved from 33.5 learners per educator in 2005 to 31.4 in 2015 (Table 1.10). This was slightly lower (better) than the national level of 32.3 learners per educator. The learner-school ratio (LSR) in public schools of Mpumalanga was higher than the national figure of 512 in 2015 and increased from 479 learners per school in 2005 to 603 in 2015. According to the educator-school ratio (ESR), the number of educators per public school increased from 14 per school in 2005 to 19 in 2015. The latter ratio was also higher than the national level for 2015 of 16 educators per public school.

**Table 1.10: Comparison of education ratios in public schools for South Africa and provinces, 2005-2015**

Province	LER <sup>10</sup>		LSR		ESR	
	2005	2015	2005	2015	2005	2015
Eastern Cape	33.0	31.0	349	343	11	11
Free State	29.4	29.4	356	529	12	18
Gauteng	31.6	32.4	843	961	27	30
KwaZulu-Natal	34.3	34.4	473	477	14	14
Limpopo	34.1	31.8	450	435	13	14
Mpumalanga	33.5	31.4	479	603	14	19
Northern Cape	31.9	32.5	492	519	15	16
North West	31.1	33.1	413	535	13	16
Western Cape	31.5	31.8	653	717	21	23
National	32.8	32.3	464	512	14	16

**Source: Department of Education – 2005 & 2015 Education Realities**

#### *School nutrition programme*

According to the 2014 GHS, 86.4 per cent of children attending public schools in Mpumalanga benefitted from the school nutrition programme in 2014. This was higher than the national average (75.6 per cent) and Mpumalanga ranked third highest among the nine provinces.

#### *Early Childhood Development*

One of the most important educational priorities is 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 2014 GHS, 25.1 per cent of the provincial population aged 0-4 years attended an ECD centre, which was lower than the 2013 figure of 30.7 per cent and lower than the national level of 32.2 per cent in 2014.

### **1.4. HEALTH AND SOCIAL SERVICES**

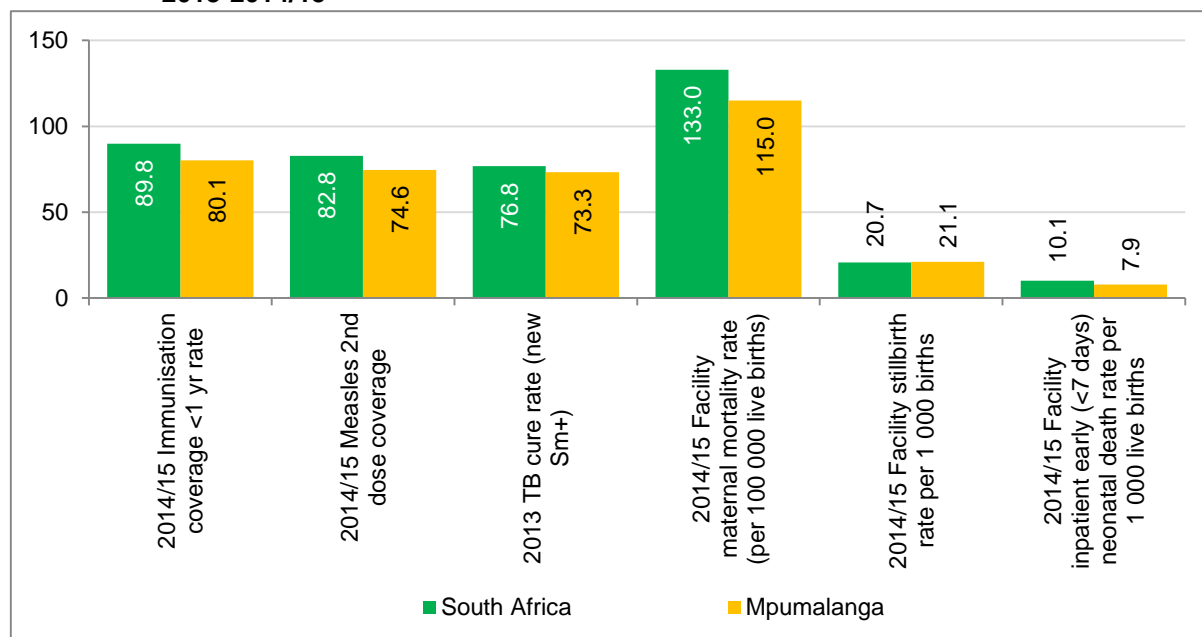
The first phase of the National Health Insurance (NHI) commenced in 2012 with the piloting of NHI in eleven districts across the country. Gert Sibande was selected as the district in Mpumalanga where a District Service Package based on primary health care (PHC) principles will be piloted.

The immunisation coverage (<1 year) in Mpumalanga of 80.1 per cent was considerably lower (worse) than the national level of 89.8 per cent and the lowest overall in 2014/15. Mpumalanga's 2014/15 measles 2<sup>nd</sup> dose coverage was the second lowest (worst) in the country at 74.6 per cent. The TB cure rate of 73.3 per cent in 2013 was worse than the national average and the fifth highest/lowest in the country. Mpumalanga's maternal mortality rate of 115 was lower (better) than

<sup>10</sup> State paid and School Governing Body paid educators

the national rate of 133 and the third lowest among the provinces. In 2014/15, the province's stillbirth rate was recorded at 21.1 per 1 000 births, which was slightly higher (worse) than the national rate (20.7). The inpatient early neonatal<sup>11</sup> death rate in facility of 7.9 per 1 000 live births was lower (better) than the national rate and the second lowest (best) among the provinces. Figure 1.20 compares some of Mpumalanga's health indicators with the national average level.

**Figure 1.20: Comparison of selected health indicators between South Africa & Mpumalanga, 2013-2014/15**



**Source: Health Systems Trust – District Health Barometer 2014/15**

#### *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 2012 is depicted in Figure 1.21. The estimated overall prevalence rate for this group in 2012 was 29.5 per cent for South Africa and 35.6 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. There is an embargo on the 2013 National Antenatal Sentinel HIV report and therefore only the prevalence rate of Mpumalanga (and three districts) can be reported for 2013. Mpumalanga's prevalence rate increased to 37.3 per cent in 2013.

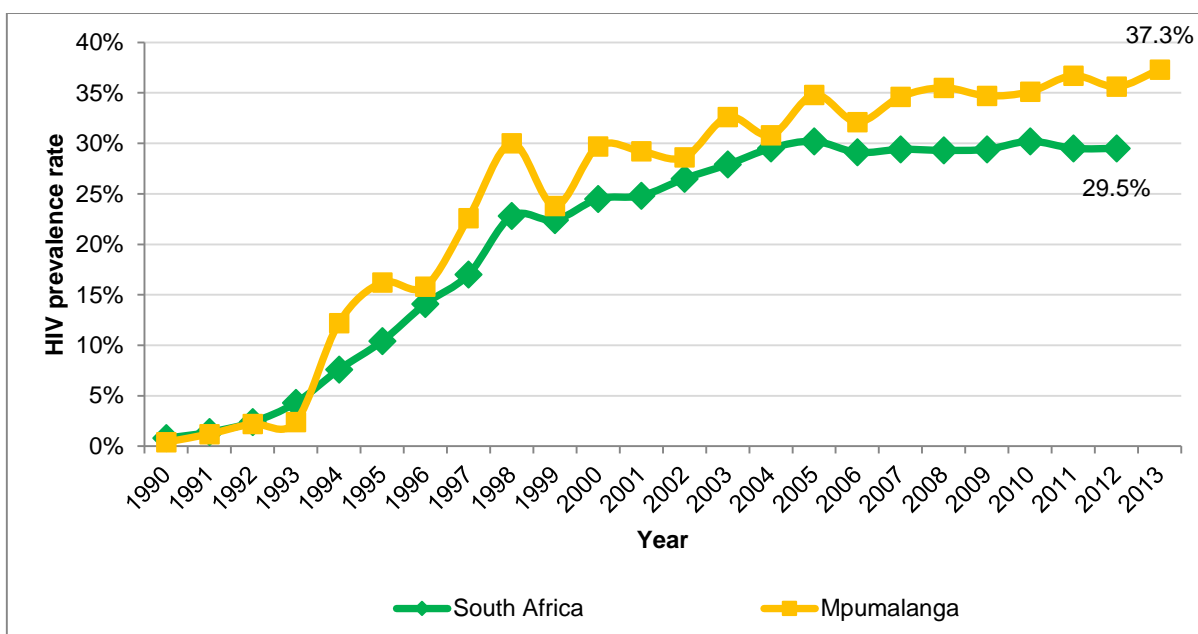
Figure 1.22 compares the HIV prevalence rate for female aged 15-49 in the various provinces. The 2012 prevalence rate in Mpumalanga was the second highest after KwaZulu-Natal (37.4 per cent). Mpumalanga was one of five provinces where the prevalence rate decreased between 2011 and 2012 and recorded the second largest decrease behind Western Cape.

**Figure 1.21: Comparison of HIV prevalence rate among females aged 15-49 in South Africa & Mpumalanga, 1990-2013<sup>12</sup>**

<sup>11</sup> This rate measures the number of deaths of live born babies that occur within 7 completed days after birth per 1 000 live births. It includes only neonatal deaths when the foetus is of 26 or more weeks' gestational age and/or weighs 500g or more.

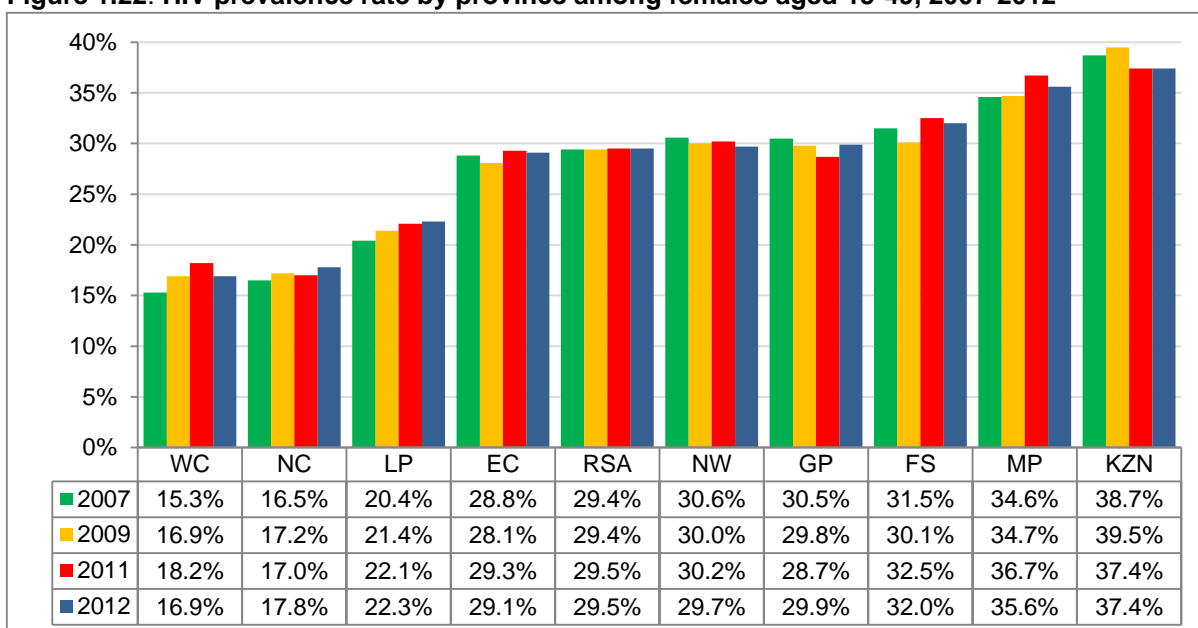
<sup>12</sup> There is an embargo on the national figures for 2013.





**Sources:** *National Department of Health – 2012 National Antenatal Sentinel HIV & Herpes Simplex Type-2 Prevalence Survey in South Africa*  
*Provincial Department of Health – Mpumalanga Province HIV Prevalence 2013*

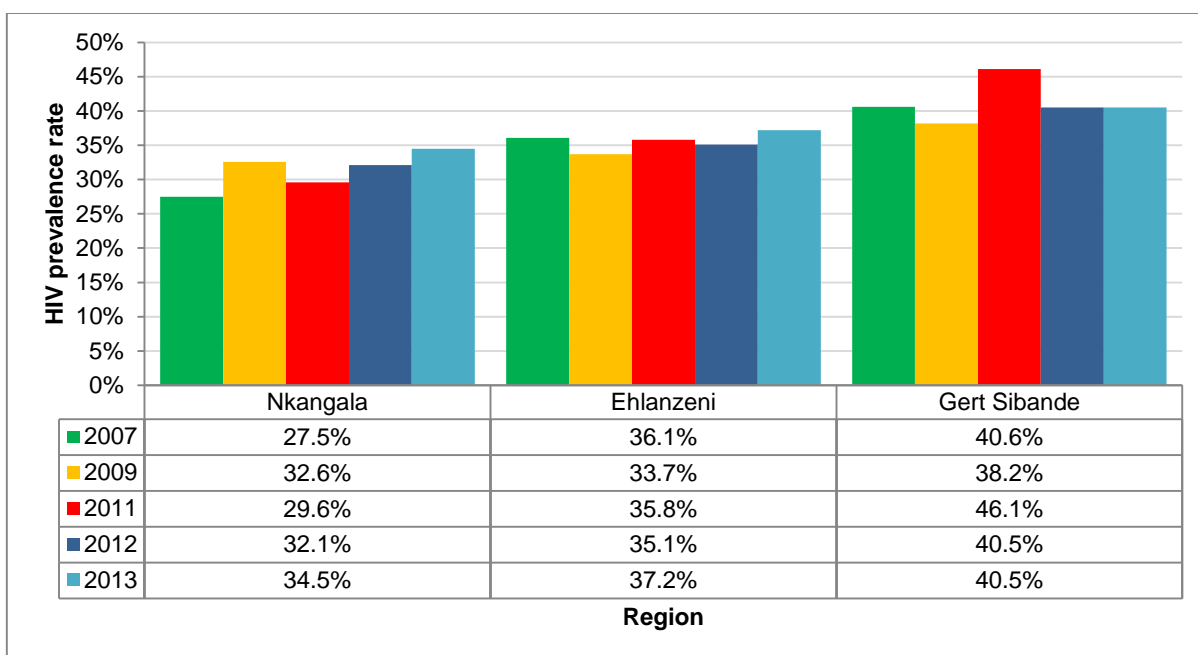
**Figure 1.22: HIV prevalence rate by province among females aged 15-49, 2007-2012**



**Source:** *National Department of Health – 2012 National Antenatal Sentinel HIV & Herpes Simplex Type-2 Prevalence Survey in South Africa*

When comparing districts (Figure 1.23), the highest HIV prevalence rate for females aged 15-49 in Mpumalanga was recorded in Gert Sibande (40.5 per cent) and the lowest in Nkangala (34.5 per cent). The prevalence rates for both Nkangala and Ehlanzeni increased between 2012 and 2013, whereas the rate for Gert Sibande remained at 40.5 per cent.

**Figure 1.23: HIV prevalence rate by district among females aged 15-49, 2007-2013**

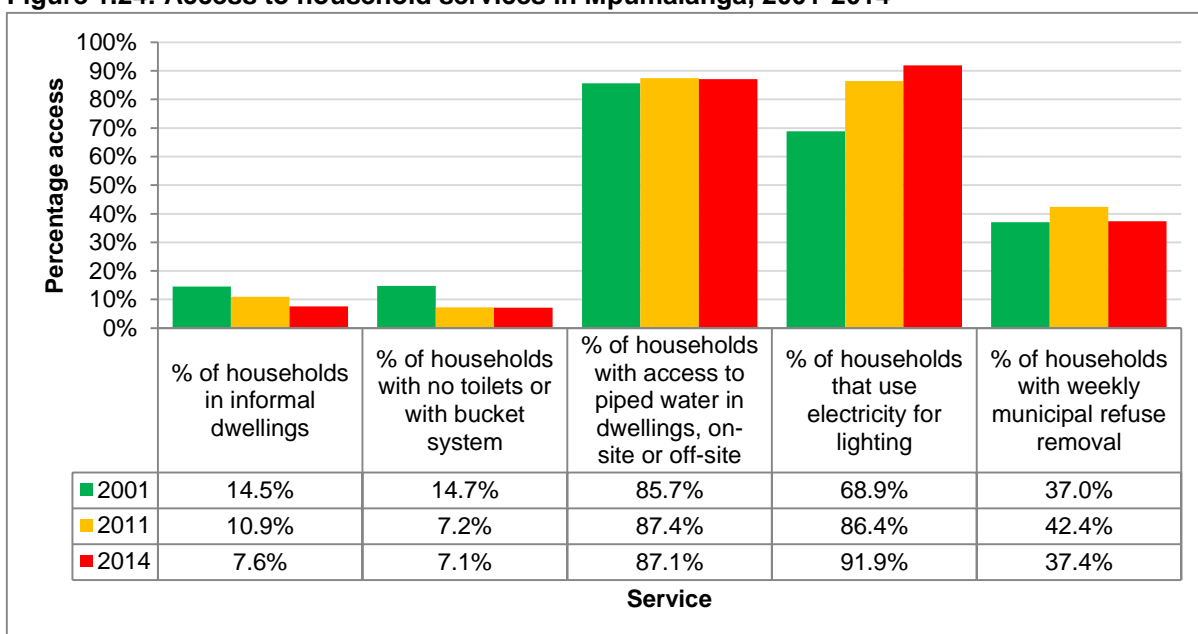


**Sources:** *National Department of Health – 2012 National Antenatal Sentinel HIV & Herpes Simplex Type-2 Prevalence Survey in South Africa*  
*Provincial Department of Health – Mpumalanga Province HIV Prevalence 2013*

### 1.5. HOUSEHOLD SERVICES

According to Figure 1.24, fewer households in Mpumalanga occupied informal dwellings (7.6 per cent) and fewer households had no access to toilets (7.1 per cent) in 2014 than in 2011. The proportion of Mpumalanga's households with access to piped water (87.1 per cent) and with weekly municipal refuse removal (37.4 per cent) declined between 2011 and 2014, whereas the share of households with access to electricity (91.9 per cent) was higher in 2014 than in 2011.

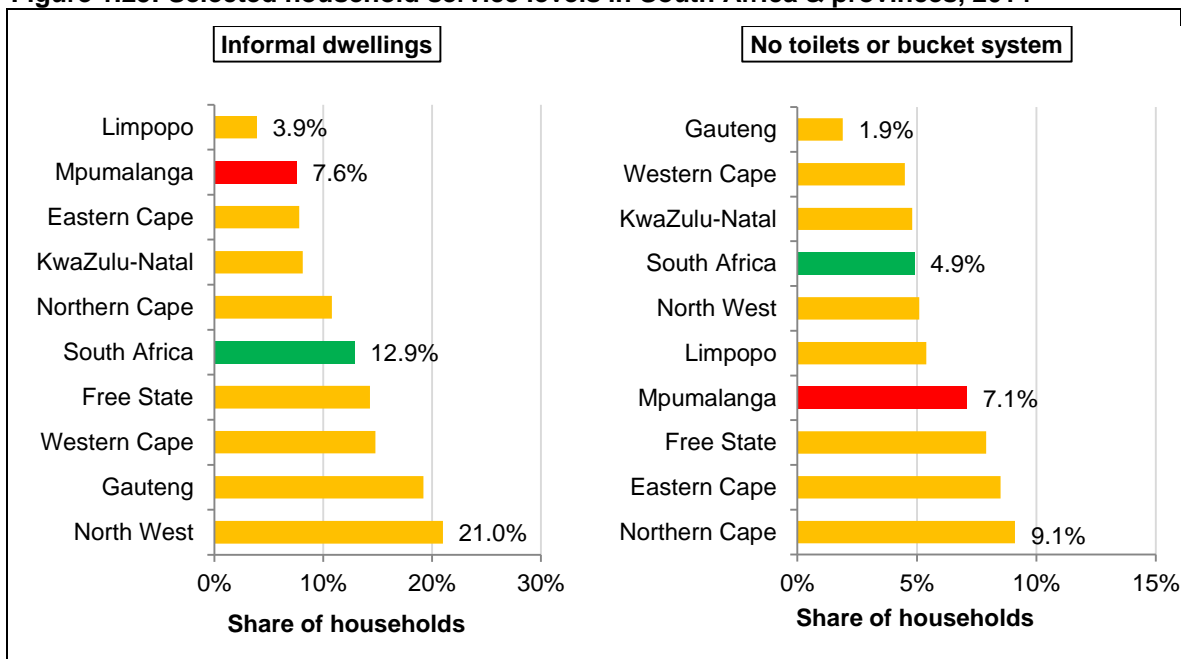
**Figure 1.24: Access to household services in Mpumalanga, 2001-2014**



**Sources:** *Statistics South Africa – Census 2011*  
*Statistics South Africa – GHS 2014*

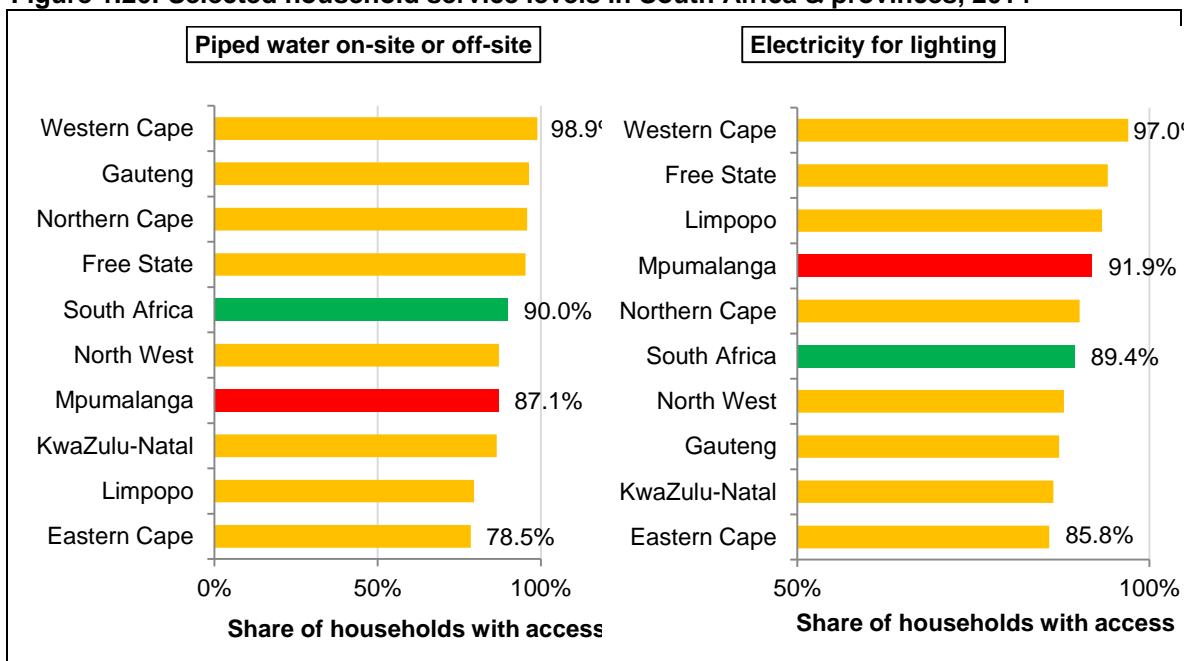
A relatively small percentage of households in Mpumalanga (7.6 per cent) occupied informal dwellings in 2014, compared to the national figure of 12.9 per cent. Mpumalanga ranked second lowest (best) among the nine provinces (Figure 1.25). The percentage of households in Mpumalanga without toilets and still using the bucket system improved to 7.1 per cent in 2014, however, it was still higher than the national level of 4.9 per cent. Figure 30 further reveals that Mpumalanga had the sixth lowest (best) share of households without access to toilets and still with the bucket system.

**Figure 1.25: Selected household service levels in South Africa & provinces, 2014**



Source: Statistics South Africa – GHS 2014

**Figure 1.26: Selected household service levels in South Africa & provinces, 2014**



Source: Statistics South Africa – GHS 2014

In 2014, the percentage of households with access to all types of piped water recorded a relatively moderate level of delivery in Mpumalanga at 87.1 per cent (Figure 1.26). This was the fourth lowest (worst) among the nine provinces and lower than the national level of 90.0 per cent. The percentage of households that used electricity as main source of lighting increased to 91.9 per cent in 2014. A larger share of households in Mpumalanga had access to electricity for lighting in 2014, than five other provinces and South Africa in general.

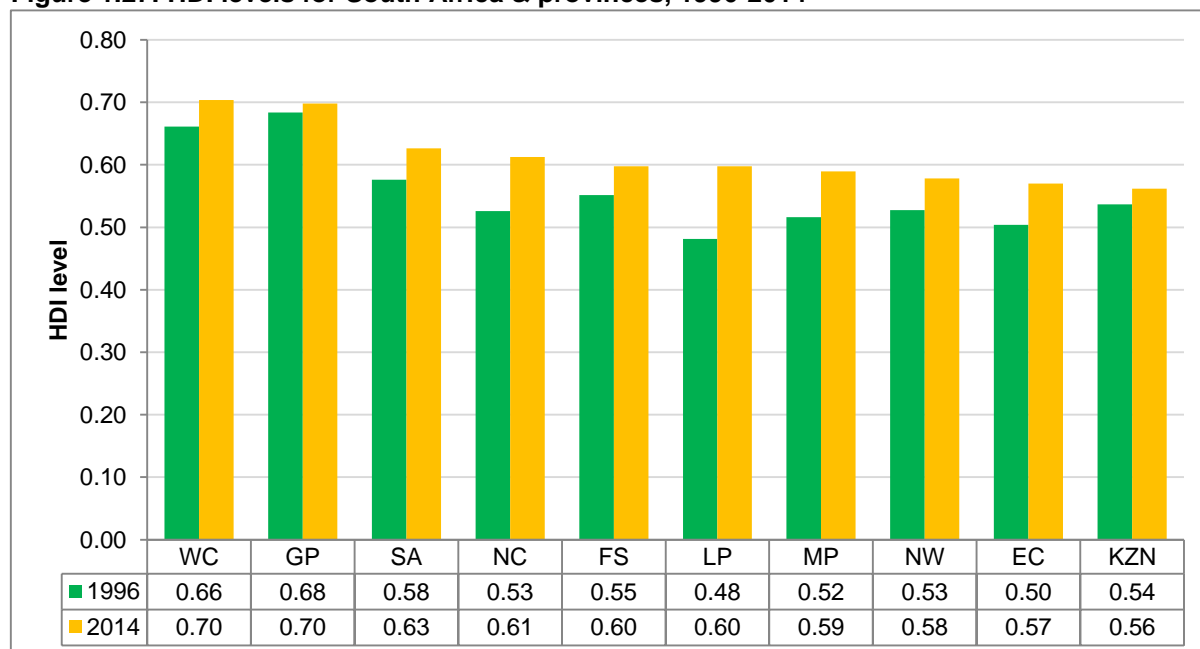
## 1.6. DEVELOPMENT AND INCOME ASPECTS

### 1.6.1 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.

Mpumalanga's HDI level improved from 0.52 in 1996 to 0.59 in 2014 (Figure 1.27). Despite improving between 1996 and 2014, it was still lower than the national level of 0.63 in 2014. Mpumalanga recorded the fourth lowest HDI level among the nine provinces in 2014 with Western Cape (0.70) the highest. Between the three districts in the province, Nkangala recorded the highest HDI level of 0.61 in 2014 and Ehlanzeni the lowest at 0.57 (Table 1.12).

**Figure 1.27: HDI levels for South Africa & provinces, 1996-2014**



**Source: IHS Global Insight – Regional eXplorer (ReX), December 2015**

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 0.85 in 2014. Asians and Coloureds followed with HDI levels of 0.73 and 0.64, respectively. The Black African population registered the lowest HDI level of 0.54 (Table 1.13).

**Table 1.12: HDI levels for South Africa, Mpumalanga & districts, 1996-2014**

Region	1996	1999	2004	2009	2014
South Africa	0.58	0.56	0.55	0.58	0.63
Mpumalanga	0.52	0.49	0.48	0.53	0.59
Gert Sibande	0.52	0.50	0.49	0.53	0.59
Nkangala	0.55	0.52	0.51	0.55	0.61
Ehlanzeni	0.48	0.47	0.46	0.51	0.57

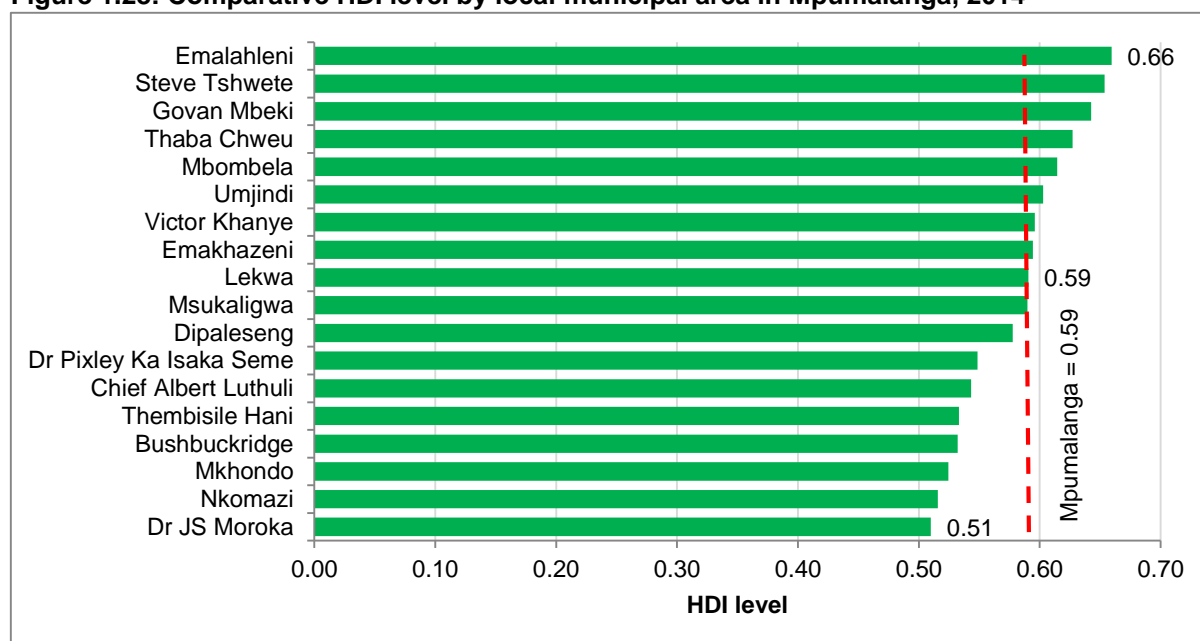
*Source: IHS Global Insight – ReX, December 2015*

**Table 1.13: HDI level by population group in Mpumalanga, 1996-2014**

Population group	1996	1999	2004	2009	2014
Black African	0.46	0.44	0.44	0.48	0.54
White	0.83	0.83	0.84	0.84	0.85
Coloured	0.57	0.60	0.59	0.63	0.64
Asian	0.72	0.73	0.76	0.73	0.73
Total	0.52	0.49	0.49	0.53	0.59

*Source: IHS Global Insight – ReX, December 2015*

Figure 1.28 displays the HDI levels of all eighteen local municipal areas of Mpumalanga. In 2014, Emalahleni's HDI level of 0.66 was the highest and that of Dr JS Moroka (0.51) the lowest. Eight of the eighteen local municipal areas recorded higher HDI levels than the province at 0.59.

**Figure 1.28: Comparative HDI level by local municipal area in Mpumalanga, 2014**

*Source: IHS Global Insight – ReX, December 2015*

## 1.6.2 Income inequality

### Gini-coefficient

The Gini-coefficient is one of the most commonly used measures of income inequality. 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. 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 0.64 in 2014 (Table 1.14). Despite improving (declining) from a level of 0.65 in 2004, the most recent national level still reflects a more unequal income distribution than was the case in 1996.

The provincial income distribution followed the national trend and was still more unequal in 2014 than in 1996. Mpumalanga's latest Gini-coefficient level of 0.61 is also lower than the 2004 level of 0.63. Among the provinces, Mpumalanga (0.61) registered the fifth highest/lowest level of income inequality in 2014, with Limpopo and Northern Cape, jointly on 0.60, the lowest inequality and Gauteng (0.65) the most unequal. In 2014, Ehlanzeni and Gert Sibande jointly registered the highest Gini-coefficient of 0.61.

**Table 1.14: Gini-coefficient for South Africa, Mpumalanga & districts, 1996-2014**

Region	1996	1999	2004	2009	2014
South Africa	0.61	0.65	0.65	0.64	0.64
Mpumalanga	0.59	0.63	0.63	0.62	0.61
Gert Sibande	0.59	0.63	0.64	0.62	0.61
Nkangala	0.58	0.62	0.62	0.61	0.60
Ehlanzeni	0.58	0.62	0.63	0.61	0.61

**Source: IHS Global Insight – ReX, December 2015**

#### *Share of income*

The NDP targets that the poorest 40 per cent of households in South Africa must earn at least 10 per cent of total income by 2030. In practise, one is able to calculate that the poorest 40 per cent of households in Mpumalanga earned 7.7 per cent of income in 2014 (Table 1.15). This was higher/better than the national figure of 6.7 per cent for 2014, but still lower than the 8.9 per cent share achieved in 1996. Among the provinces, Mpumalanga registered the fourth lowest share behind Limpopo (8.8 per cent) in first place. In 2014, Ehlanzeni (8.2 per cent) registered the highest share of income by the poorest 40 per cent in Mpumalanga, whereas the poorest 40 per cent in Nkangala and Gert Sibande reached shares of 7.4 per cent and 7.5 per cent, respectively.

**Table 1.15: Share of income earned by poorest 40per cent in South Africa, Mpumalanga & districts, 1996-2014**

Region	1996	1999	2004	2009	2014
South Africa	7.8%	6.2%	6.2%	6.7%	6.7%
Mpumalanga	8.9%	7.5%	7.1%	7.6%	7.7%
Gert Sibande	8.8%	7.3%	6.8%	7.3%	7.5%
Nkangala	8.5%	7.2%	7.2%	7.5%	7.4%
Ehlanzeni	9.6%	7.9%	7.7%	8.2%	8.2%

**Source: IHS Global Insight – ReX, December 2015**

#### *Palma ratio*

The Palma ratio is a recently developed measure of inequality that can also assist in measuring the effectiveness of poverty reduction strategies. The ratio compares the top 10 per cent of population's share of gross income with the poorest 40 per cent of the population's share of income. Internationally, a Palma ratio of more than 3 would place a region in the most unequal quartile and a Palma of less than 1.5 in the least unequal quartile.

Table 1.16 displays the Palma ratio for South Africa, Mpumalanga and the districts over the period 1996 to 2014. South Africa's high Palma ratio of 7.68 in 2014 is comparable to the 7.05 calculated by Cobham and Sumner (2013) using World Bank indicators of 2010. The interpretation of South Africa's high Palma reveals that for every R1 of total income that the poorest 40 per cent received, the richest 10 per cent received R7.68. Unequal as it is, the ratio has declined from a high of 8.65 in 1999 to the most recent level, suggesting that poverty reduction strategies are bearing fruit.

Mpumalanga's Palma ratio is lower than the national total, however, it was still unacceptably high according to international standards. Mpumalanga's ratio was the sixth lowest among the provinces with the lowest/best ratio in Limpopo (5.74) and the highest in Gauteng (9.54). Mpumalanga's 2014 ratio is still higher than the 1996 ratio, although it is considerably lower than the 2004 level. Ehlanzeni (6.00) was the least unequal among the three districts, whereas Gert Sibande (6.46) ended 2014 with the highest Palma ratio.

**Table 1.16: Palma ratio in South Africa, Mpumalanga & districts, 1996-2014**

Region	1996	1999	2004	2009	2014
South Africa	6.09	8.65	8.61	7.52	7.68
Mpumalanga	5.32	7.00	7.38	6.60	6.34
Gert Sibande	5.38	7.22	7.74	6.80	6.46
Nkangala	5.23	6.87	6.93	6.33	6.35
Ehlanzeni	5.10	6.71	6.81	6.26	6.00

**Source: IHS Global Insight – ReX, December 2015**

### 1.6.3 Poverty aspects

#### *Poverty lines*

In 2012, Statistics South Africa published a set of three national poverty lines based on expenditure data collected. The three lines were described as the food poverty line (FPL<sup>13</sup>), lower-bound poverty line (LBPL<sup>14</sup>) and upper-bound poverty line (UBPL<sup>15</sup>). The NDP refers to the LBPL when it states that the proportion of citizens in poverty must reduce from 39 per cent to zero by 2030.

It is evident from Table 1.17 that the share of South Africa's population below the LBPL declined from 52.0 per cent in 1996 to 33.8 per cent in 2014. In terms of numbers, it was a reduction from 22.1 million in 1996 to 18.2 million in 2014. Mpumalanga's population below the LBPL also declined over the 18-year period from 2.0 million to 1.5 million or from 59.1 per cent to 35.9 per cent. Mpumalanga's share was, however, still the fourth highest among the provinces with Limpopo (42.6 per cent) registering the highest share and Western Cape (22.0 per cent) the lowest.

Nkangala (30.3 per cent) recorded the lowest share of population below the LBPL in 2014 followed by Gert Sibande (35.2 per cent). In 2014, Ehlanzeni recorded the highest share and the largest number of people below the LBPL with 40.9 per cent and 717 038, respectively (Table 1.18).

<sup>13</sup> The level of consumption below which individuals are unable to purchase sufficient food to provide them with an adequate diet and amounted to R396 per capita per month in 2013.

<sup>14</sup> Includes expenditure on non-food items, but requires that individuals sacrifice food in order to obtain it and amounted to R548 per capita per month in 2013.

<sup>15</sup> Includes expenditure on adequate food and non-food items and amounted to R767 per capita per month in 2013.

Ehlanzeni, however, recorded the largest decrease (improvement) in terms of percentage change (24.3 percentage points) and number (256 263) between 1996 and 2014.

**Table 1.17: Share of population below the LBPL in South Africa & provinces, 1996-2014**

Region	per cent of population				
	1996	1999	2004	2009	2014
Western Cape	28.0%	33.0%	29.9%	27.6%	22.0%
Eastern Cape	66.1%	69.5%	63.7%	57.5%	42.2%
Northern Cape	53.4%	55.6%	46.8%	38.6%	28.7%
Free State	52.9%	56.5%	51.7%	46.7%	34.1%
KwaZulu-Natal	60.3%	63.1%	57.5%	54.8%	41.3%
North West	54.1%	59.0%	54.2%	47.3%	33.9%
Gauteng	28.8%	33.4%	32.8%	31.7%	24.7%
Mpumalanga	59.1%	62.1%	57.8%	51.2%	35.9%
Limpopo	69.8%	71.9%	66.1%	59.7%	42.6%
South Africa	52.0%	55.2%	50.4%	45.8%	33.8%

*Source: IHS Global Insight – ReX, December 2015*

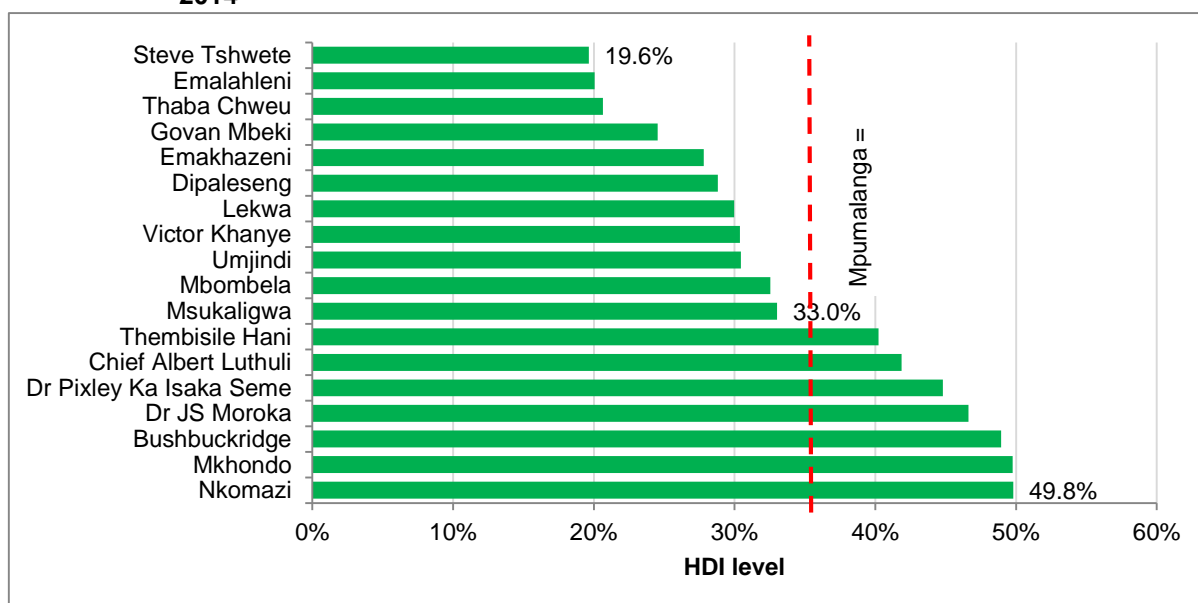
**Table 1.18: Share of population below the LBPL in Mpumalanga's districts, 1996-2014**

Region	per cent of population				
	1996	1999	2004	2009	2014
Gert Sibande	56.6%	60.5%	57.0%	49.6%	35.2%
Nkangala	52.6%	55.9%	52.0%	44.9%	30.3%
Ehlanzeni	65.2%	67.4%	62.5%	56.9%	40.9%
Mpumalanga	59.1%	62.1%	57.8%	51.2%	35.9%

*Source: IHS Global Insight – ReX, December 2015*

Figure 1.29 displays the share of population below the LBPL of all eighteen local municipal areas in Mpumalanga. In 2014, Steve Tshwete's share of population below the LBPL of 19.6 per cent was the lowest (best) and that of Mkhondo and Nkomazi (jointly on 49.8 per cent) the highest. Seven of the eighteen local municipal areas recorded higher shares of population below the LBPL than Mpumalanga's share of 35.9 per cent. All the local areas recorded percentage point declines in the shares of population below the LBPL, with Chief Albert Luthuli (33.6 percentage points) registering the largest decrease and Emalahleni (11.7 percentage points) the smallest decrease.

**Figure 1.29: Share of population below the LBPL by local municipal area in Mpumalanga, 2014**





**Source: IHS Global Insight – ReX, December 2015**

Bushbuckridge recorded 165 459 less people below the LBPL in 2014 than in 1996, the largest decline among the local municipalities. Mkhondo recorded 16 529 more people below the LBPL in 2014 than in 1996. Steve Tshwete (5 127) as well as Emalahleni (4 978) also registered higher numbers of people below the LBPL in 2014 than in 1996.

#### *Multidimensional poverty*

Poverty is often defined by income or expenditure. While this provides a very useful way of measuring absolute poverty, it does not fully capture all the aspects that constitute poverty. Multidimensional poverty constitutes several factors that amount to the poor's experience of deprivation such as poor health, lack of education, inadequate living standards, lack of income and lack of decent work.

The South African Multidimensional Poverty Index (SAMPI), published by Statistics South Africa in 2014, provides multidimensional poverty data at provincial and municipal levels. It is not intended to replace the poverty headcount using the poverty lines that have been developed and should rather be seen as a complementary measure to these money-metric measures. The SAMPI score is derived from the product of the headcount or the proportion of households defined as multidimensionally poor and the intensity of the poverty experienced or the average proportion of indicators in which poor households are deprived.

In 2001, the headcount showed that 18.8 per cent of households in Mpumalanga were poor, with the average intensity at 43.2 per cent amongst the poor households (Table 1.19). This resulted in a SAMPI score of 0.08, which was equal to that of South Africa and joint fourth lowest/best. By 2011, the fraction of poor households decreased to 7.9 per cent, the average intensity was slightly lower at 41.8 per cent and the SAMPI score declined to 0.03. Mpumalanga's 2011 SAMPI score was joint fifth lowest and equal to the national score. The decrease in the SAMPI was mainly due to the decrease in the headcount and not the average intensity of poverty amongst the poor.

**Table 1.19: Multidimensional poverty in South Africa & provinces, 2001-2011**

Province	Census 2001			Census 2011		
	Headcount	Intensity	SAMPI	Headcount	Intensity	SAMPI
Western Cape	6.7%	44.9%	0.03	3.6%	42.6%	0.02
Eastern Cape	30.2%	43.7%	0.13	14.4%	41.9%	0.06
Northern Cape	11.3%	42.3%	0.05	7.1%	42.1%	0.03
Free State	17.4%	44.3%	0.08	5.5%	42.2%	0.02
KwaZulu-Natal	22.3%	43.9%	0.10	10.9%	42.0%	0.05
North West	19.5%	43.4%	0.08	9.2%	42.0%	0.04
Gauteng	10.5%	45.0%	0.05	4.8%	43.8%	0.02
Mpumalanga	18.8%	43.2%	0.08	7.9%	41.8%	0.03
Limpopo	21.8%	43.5%	0.09	10.1%	41.6%	0.04
South Africa	17.9%	43.9%	0.08	8.0%	42.3%	0.03

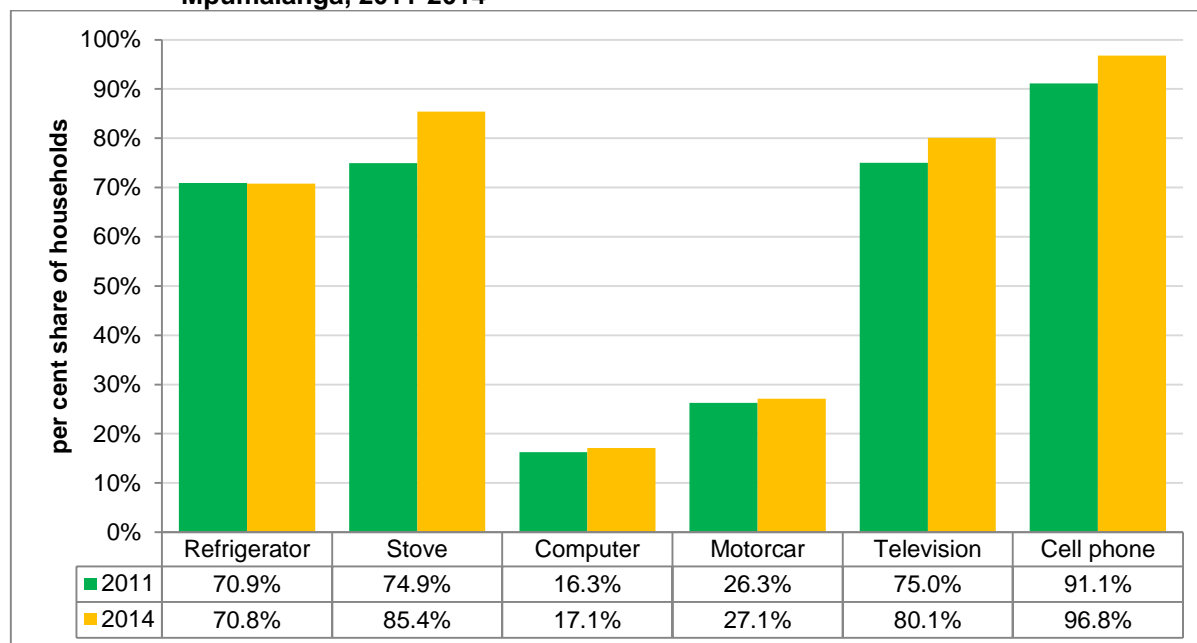
**Source: Source: Statistics South Africa – The South African MPI, 2014**

#### **1.6.4 Ownership of household goods**

Figure 1.30 compares the ownership levels of certain household goods in Mpumalanga between 2011 and 2014. It is evident that, with the exception of refrigerators, more households in

Mpumalanga owned the specific assets in 2014 than in 2011. The ownership of electrical stoves (10.5 percentage point increase) increased the most between 2011 and 2014, followed by cell phones (5.7 percentage point increase).

**Figure 1.30: Percentage distribution of households owning various household goods in Mpumalanga, 2011-2014**



**Sources: Statistics South Africa – Census 2011  
Statistics South Africa – GHS 2014**

### 1.6.5 Income and expenditure 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 1.31).

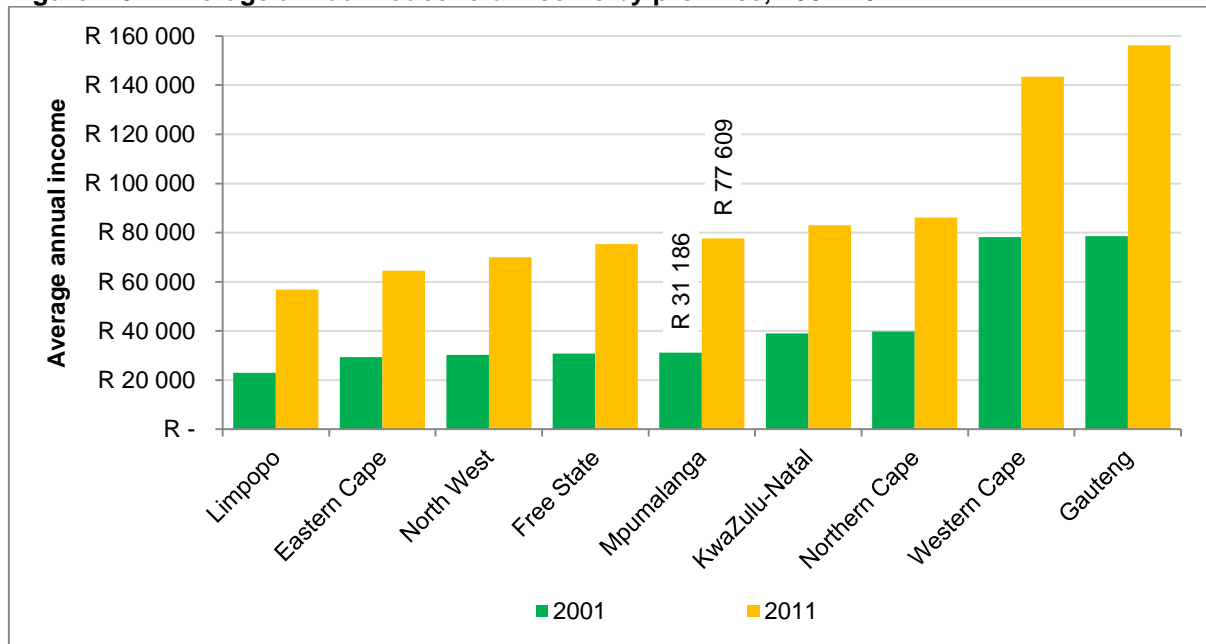
This represents an absolute increase of 148.9 per cent in nominal terms over the 10-year period, which was higher than the national increase and the highest among the nine provinces. Mpumalanga's average household income was the fifth highest in 2001 and in 2011. In 2011, the average household income of Gauteng households (R156 243 per annum) was the highest and that of Limpopo households (R56 844 per annum) the lowest.

#### *Expenditure categories*

In the 2014 GHS, respondents indicated what expenditure category best describes the monthly household expenditure in 2014. The results of this question for South Africa and Mpumalanga is summarised in Table 1.20. It is evident that the major share of households in Mpumalanga (59.9 per cent) indicated expenditure of less than R2 500 per month. The major share of households in South Africa (51.6 per cent) indicated expenditure of less than R2 500 per month. Some 15.2 per

cent of households in South Africa indicated expenditure of more than R10 000 per month compared with 9.7 per cent of households in Mpumalanga.

**Figure 1.31: Average annual household income by province, 2001-2011**



Source: Statistics South Africa – Census 2011

**Table 1.20: Household expenditure in South Africa & Mpumalanga, 2014**

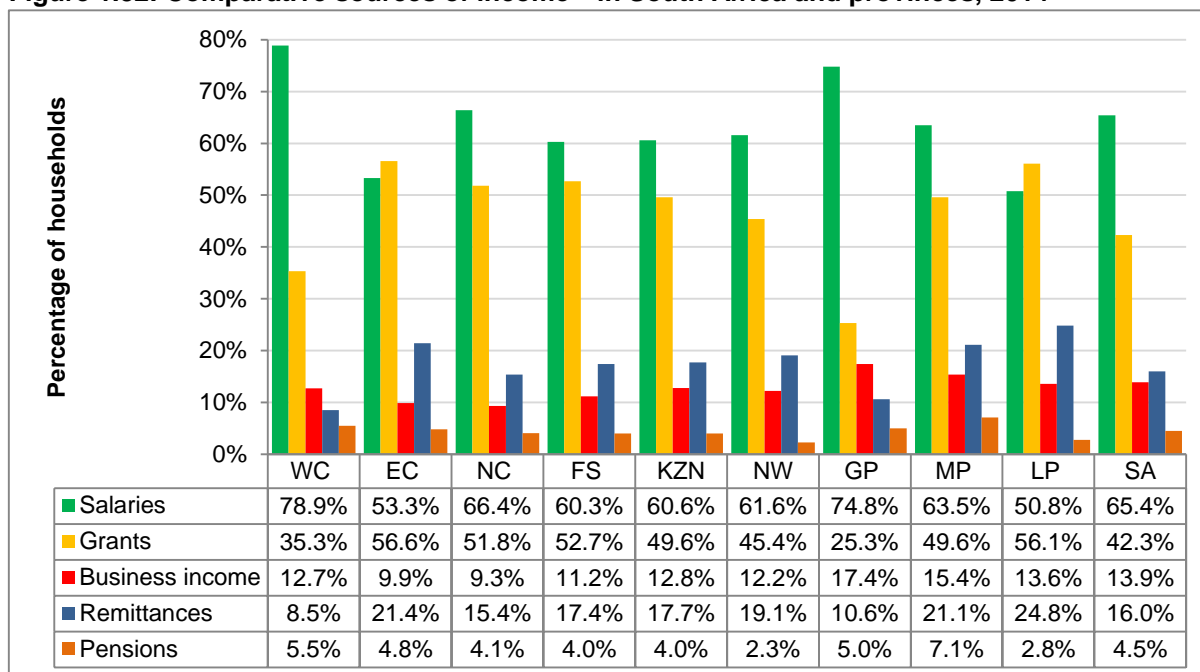
Expenditure category	Mpumalanga		South Africa	
	per cent of total	Cumulative per cent	per cent of total	Cumulative per cent
R0	0.5%	0.5%	0.6%	0.5%
R1-R199	0.7%	1.2%	0.8%	1.4%
R200-R399	2.3%	3.5%	2.8%	4.2%
R400-R799	8.6%	12.2%	8.3%	12.5%
R800-R1 199	15.1%	27.2%	12.2%	24.7%
R1 200-R1 799	16.8%	44.0%	13.8%	38.5%
R1 800-R2 499	15.9%	59.9%	13.1%	51.6%
R2 500-R4 999	17.4%	77.3%	17.6%	69.2%
R5 000-R9 999	11.7%	89.0%	12.5%	81.7%
R10 000 or more	9.7%	98.7%	15.2%	96.9%
Do not know	0.3%	99.0%	1.9%	98.8%
Refused	0.0%	99.0%	0.5%	99.3%
Unspecified	1.0%	100.0%	0.7%	100.0%
Total	100.0%	-	100.0%	-

Source: Statistics South Africa – GHS 2014

#### Household income sources

The majority of households in South Africa are dependent on incomes from salaries. Nationally, 65.4 per cent of households received an income from salaries in 2014. In Mpumalanga 63.5 per cent of households received an income from salaries. In 2014, 42.3 per cent and 49.6 per cent of respective households in South Africa and Mpumalanga obtained income from grants. Some 56.6 per cent of households in Eastern Cape received income from grants, whilst only 25.3 per cent of households in Gauteng received income from grants. Comparative figures of household income sources are presented in Figure 1.32.

**Figure 1.32: Comparative sources of income<sup>16</sup> in South Africa and provinces, 2014**



**Source: Statistics South Africa – GHS 2014**

As part of 2014 GHS, households were asked to indicate their main source of income. As a result salaries was indicated to be the main source for 57.5 per cent of households nationally, whereas grants were the main source for 21.5 per cent of households (Figure 1.33). In Mpumalanga, salaries were also the main source for the majority (54.5 per cent) of households with grants the main source for 23.1 per cent of households in the province.

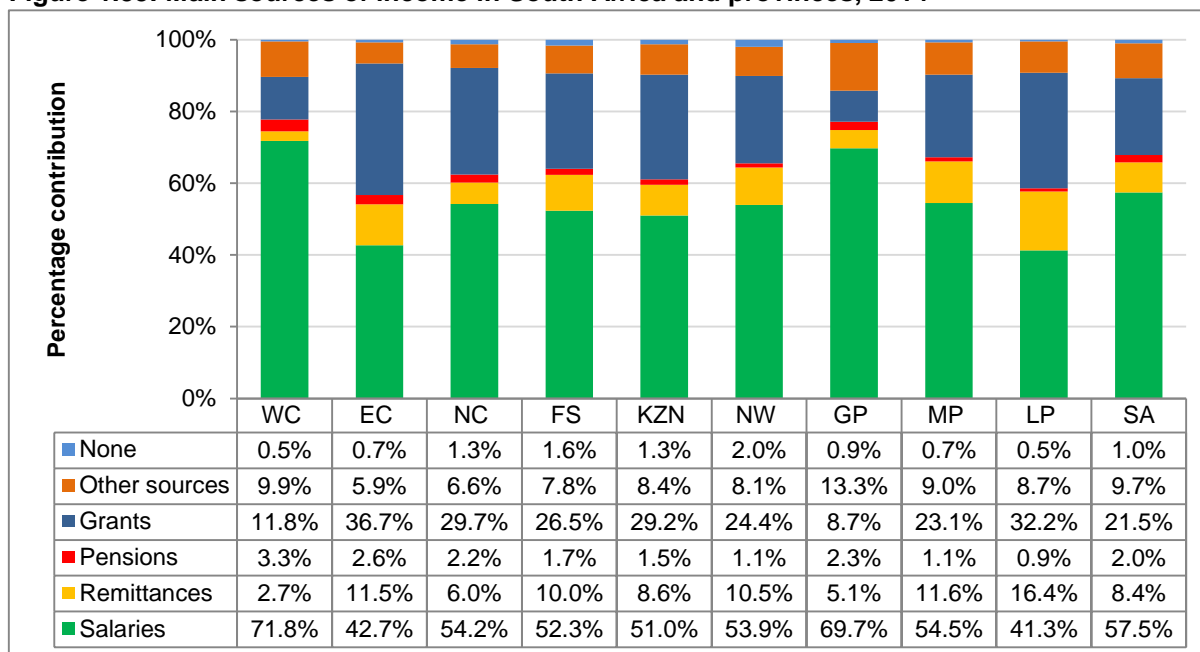
#### *Social assistance grants*

Together with providing income security to certain income insecure groups, the payments of grants made a positive impact on poverty and income inequality in Mpumalanga. Grants assisted to reduce poverty and redistribute income in Mpumalanga and its sub regions through the provision of income security. The total monthly value of grants paid out in Mpumalanga amounted to R779.3 million in March 2015. Between March 2009 and March 2015, the annual increase in the value of social assistance grant payments was 11.3 per cent.

According to the South African Social Security Agency (SASSA), the number of South Africans that received social assistance grants increased from nearly 13.8 million in March 2009 to nearly 16.6 million by March 2015. In March 2009, 1.02 million citizens of Mpumalanga received social assistance grants. This was equal to a 7.4 per cent share of the total national grant recipients in 2009. By March 2015, the number of recipients in Mpumalanga increased to 1.4 million or 8.3 per cent of the total number of national grant recipients. Mpumalanga registered the sixth highest number of social assistance recipients among the nine provinces (Figure 1.34). KwaZulu-Natal (3.9 million) registered the highest number of grant recipients by March 2015 and Northern Cape (446 260) the lowest.

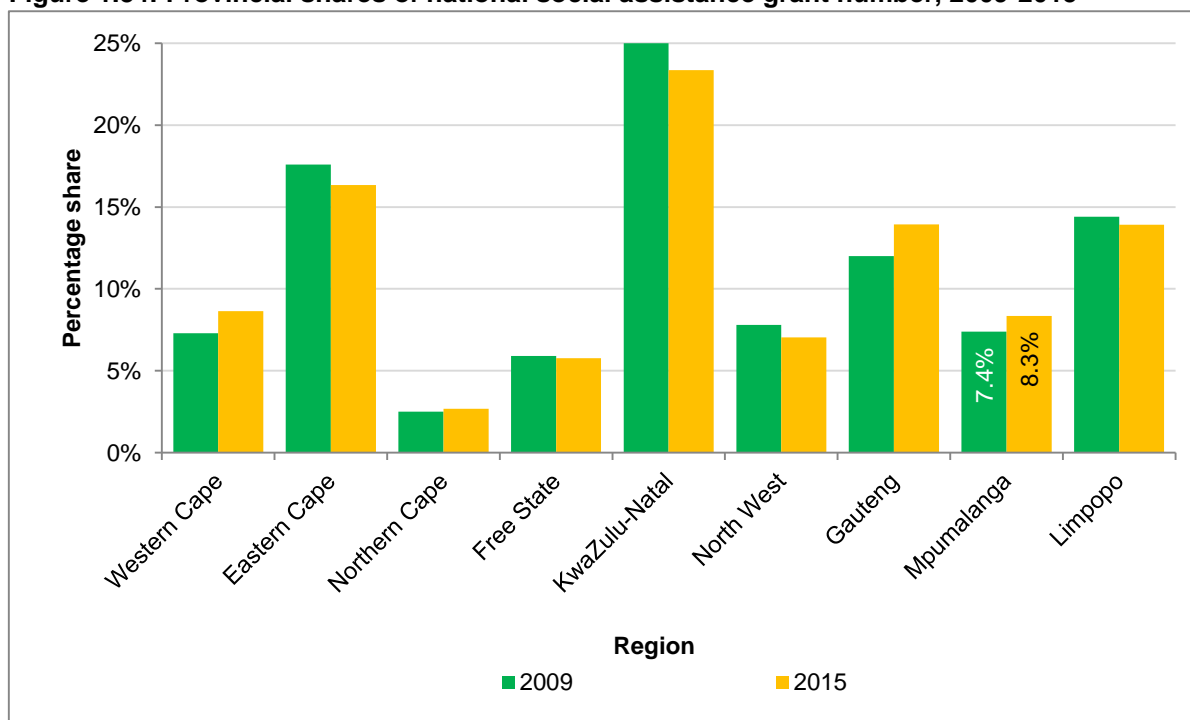
<sup>16</sup> Households can have more than one source of income; therefore, shares do not add up to 100 per cent.

**Figure 1.33: Main sources of income in South Africa and provinces, 2014**



Source: Statistics South Africa – GHS 2014

**Figure 1.34: Provincial shares of national social assistance grant number, 2009-2015**



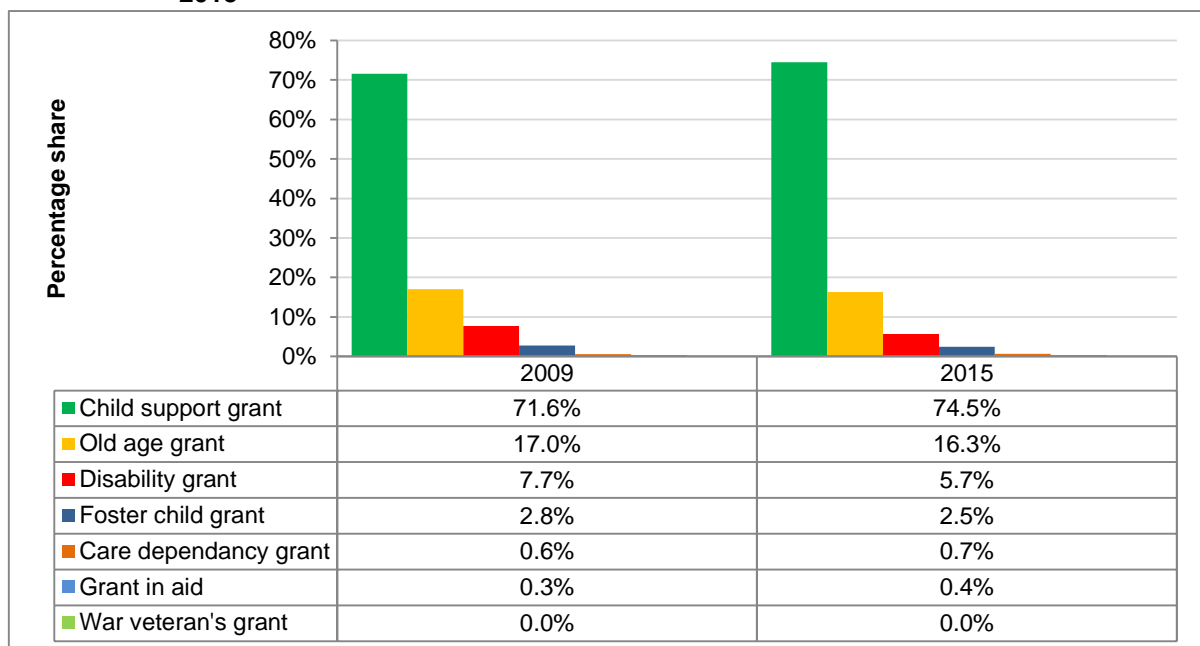
Source: SASSA - SOCPEN system, 2015

Despite the positive impact of social assistance grants on income distribution and poverty, skills development and employment creation remain the most important factors to improve the livelihoods of people. Skills constraints push up the premium for skilled labour, inducing large differences between salaries of skilled and unskilled people and thus raising levels of inequality. Income inequality can therefore most effectively be reduced by improving the labour force's skill levels and thus removing the premium for skilled labour. Poverty can also be reduced by building

and developing capabilities of the workforce on a broad scale in order to increase employment creation through increased labour productivity and economic growth.

It is evident from Figure 1.35, that 74.5 per cent of Mpumalanga's total social assistance grants in March 2015 were child support grants, which was higher than the 71.6 per cent share in 2009. In actual numbers, child support grant beneficiaries increased from 735 648 in 2009 to 1 034 942 in 2015. Although the number of old age grant beneficiaries increased from 174 343 in 2009 to 226 625 in 2015, the share of the total number of grant beneficiaries decreased from 17.0 per cent in 2009 to 16.3 per cent in 2015. Disability grant recipients decreased marginally in number from 79 244 in 2009 to 78 487 in 2015 and recorded a smaller share in 2015 (5.7 per cent) of the total number of assistance grant beneficiaries than in 2009 (7.7 per cent).

**Figure 1.35: Distribution of various types of social assistance grants in Mpumalanga, 2009-2015**



**Source: SASSA - SOC PEN system, 2015**

## 1.7. ECONOMIC SECTORS AND PERFORMANCE

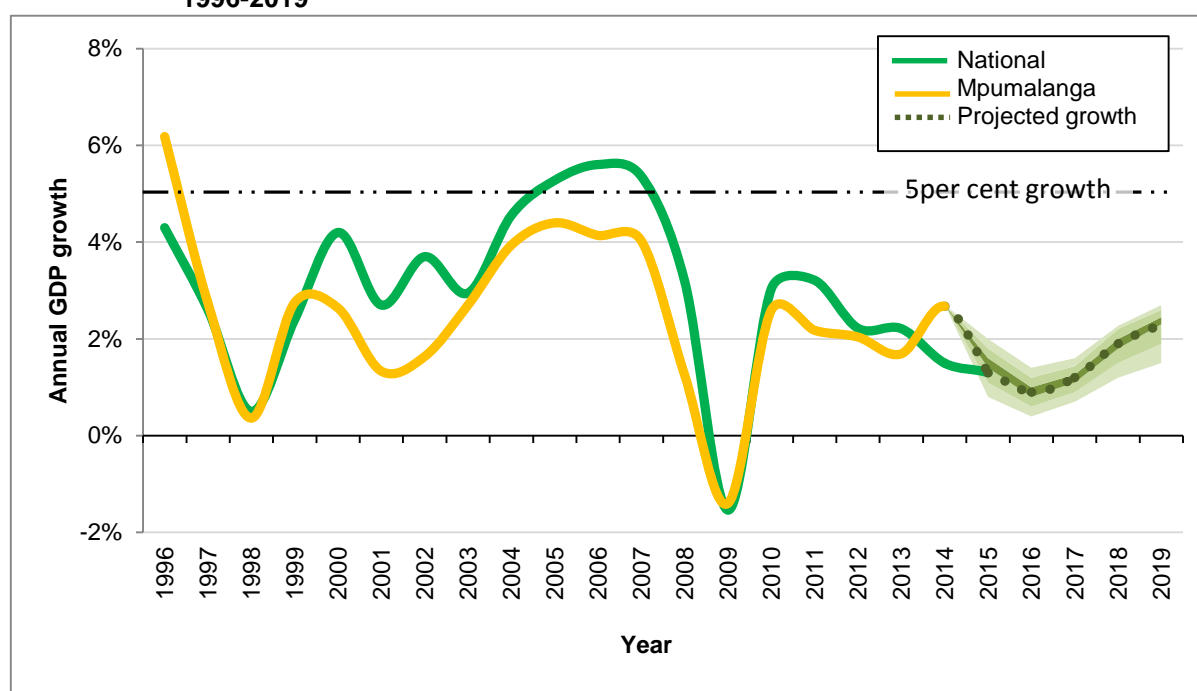
### 1.7.1 GDP growth

It is estimated that in 2014, Mpumalanga contributed some R284.2 billion in current prices or some 7.5 per cent to the GDP of South Africa. Mpumalanga's contribution in constant 2010 prices was R220.9 billion. According to estimates, Mpumalanga's contribution in constant 2010 prices was the fifth largest among the nine provinces and registered a decrease from an 8.1 per cent contribution in 1995, to 7.3 per cent in 2013.

For the first two years under review, the economic growth of the province, as measured by real GDP growth, was higher than the national rate. However, since then the provincial economy has outperformed the national economy in terms of GDP growth only in 1999, 2009 and 2014. The forecasted annual growth rates for South Africa and Mpumalanga is projected to remain low and

rising slowly up to 2019, however, there is some downside risk as portrayed in Figure 1.36. The NDP targets average national GDP growth above 5 per cent up to 2030.

**Figure 1.36: GDP (constant 2010 prices) growth rates for South Africa and Mpumalanga, 1996-2019**



**Sources:** *Statistics South Africa – GDP, 2016 (Historic growth)*  
*IHS Global Insight - ReX, December 2015 (Future growth)*

Because of the moderate economic growth experienced in South Africa over the last 19 years, the South African economy has not doubled in size over this period. From Figure 1.37 it is also evident that no provincial economy by 2014 was double its size of 1995. By 2014, the Western Cape economy, which grew the fastest between 1995 and 2014, was 187.8 per cent of its 1995 size. Mpumalanga's economy was 160.1 per cent of its 1995 size and registered the sixth highest/fourth lowest increase. For an economy to double in size over a 19-year period that economy needs to grow at an annual average growth rate of 3.7 per cent.

#### *GDP per capita*

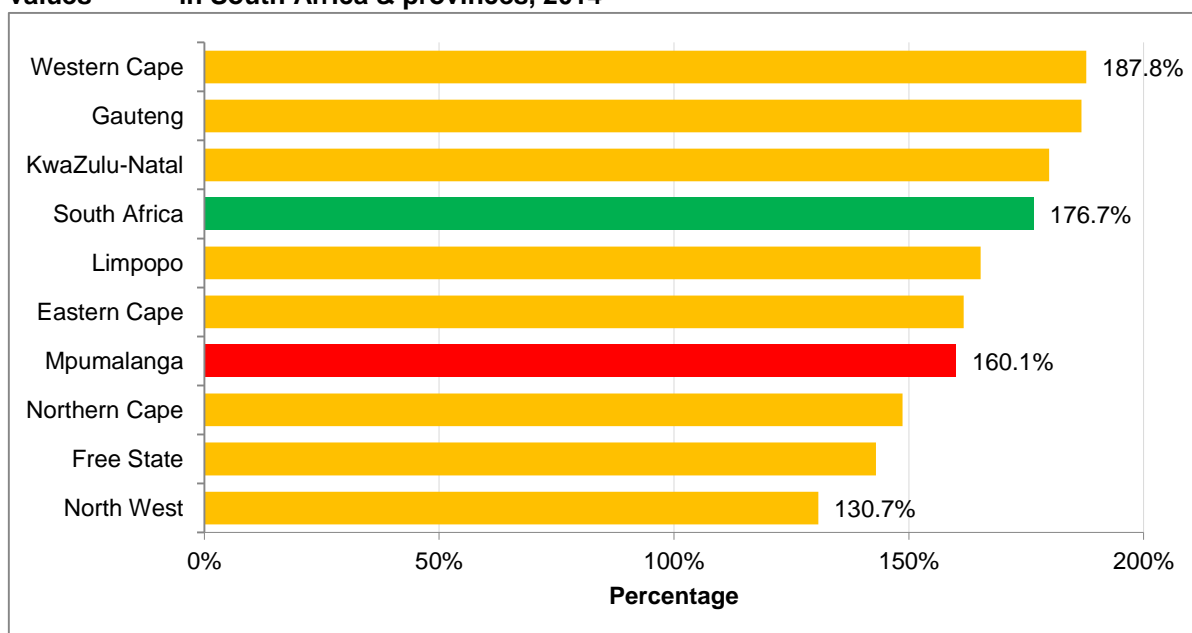
GDP per capita is often considered an indicator of a region's standard of living on the rationale that all citizens would benefit from the region's increased economic production. GDP per capita expressed in constant prices must increase from approximately R51 000 in 2010 to R110 000 by 2030. In 2013, the provincial GDP per capita was equal to approximately R51 600. Sustained annual average GDP growth above 5 per cent is necessary to achieve this target.

#### *Fixed investment*

Investment in infrastructure builds economic capacity and enhances competitiveness, while contributing to the quality of life of poor people. In 2013, the gross domestic fixed investment (GDFI) in Mpumalanga amounted to R37.0 billion which was equal to 9.1 per cent of total GDFI in

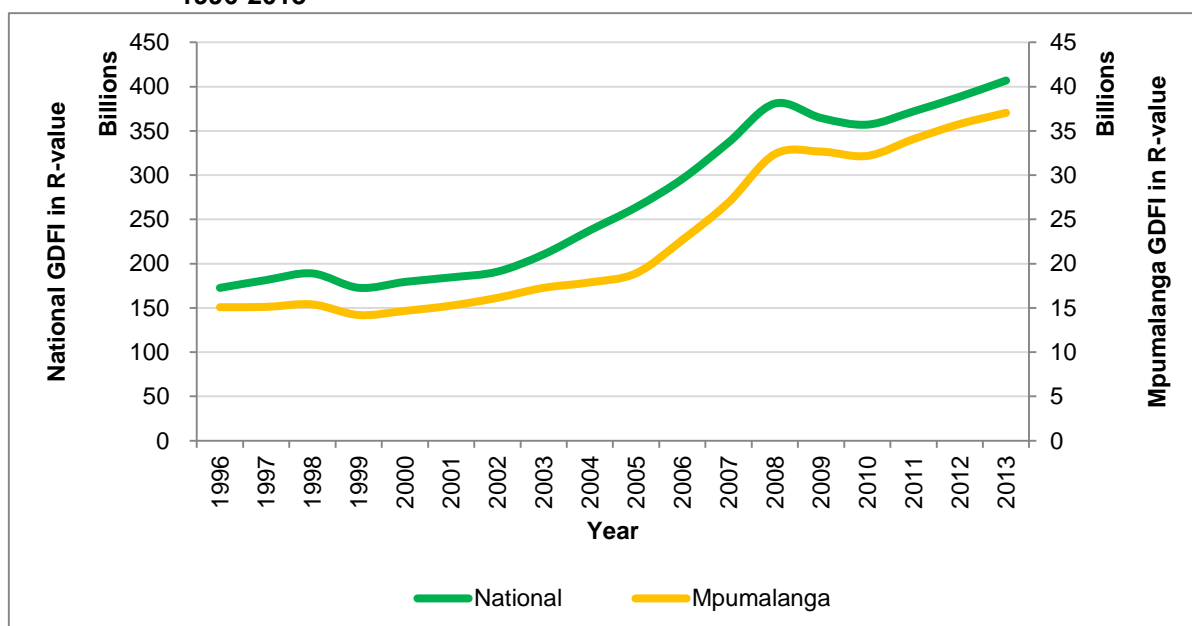
South Africa (Figure 1.38). From 1996 to 2013, GDFI in South Africa grew on average by 5.2 per cent per annum and by 5.4 per cent annually in Mpumalanga.

**Figure 1.37: 2013 GDP (constant 2010 prices) expressed as a percentage of 1995 GDP values in South Africa & provinces, 2014**



Source: Statistics South Africa – GDP, 2016

**Figure 1.38: Comparison of GDFI (constant 2005 prices) in South Africa and Mpumalanga, 1996-2013**



Source: Quantec, 2015

According to the NDP, public infrastructure investment must be equal to 10 per cent of GDP by 2030. In 2014, expenditure by the Mpumalanga Provincial Government (MPG) on infrastructure was equal to approximately 1.8 per cent of provincial GDP. If the Municipal Infrastructure Grant (MIG) expenditure by municipalities is added to MPG infrastructure expenditure, then public expenditure on infrastructure was equal to 2.6 per cent. In order to reach the stated Vision 2030



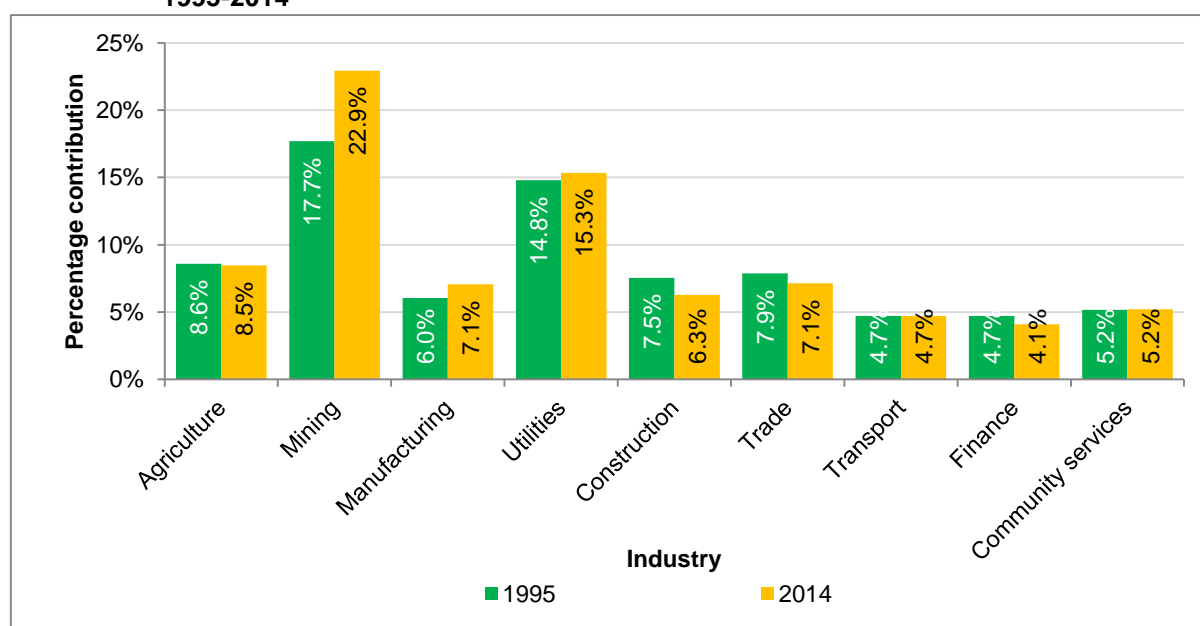
goal of 10 per cent of GDP by 2030 in Mpumalanga, public expenditure on infrastructure in Mpumalanga has to increase by at least 11.6 per cent per annum up to 2030.

### 1.7.2 Regional contribution

The economic industries are classified according to the International Standard Industrial Classification of all Economic Activities (ISIC). This classification system, employed by Statistics South Africa, 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.

Figure 1.39 depicts the contribution of each of the economic industries in Mpumalanga to the corresponding national industry in 1995 and 2014. It is estimated that in 2014, the province was a substantial role-player in the national mining and utilities (mainly electricity) industries, with respective shares of 22.9 per cent and 15.3 per cent. It is noticeable that the contribution by mining, manufacturing and utilities increased between 1995 and 2014, whilst the other industries' contribution to the national figure either declined or remained constant.

**Figure 1.39: Mpumalanga's contribution to South Africa's industries (constant 2010 prices), 1995-2014**



Sources: Statistics South Africa – GDP, 2016

Table 1.21 exhibits the contribution by each of the three districts to the provincial industries in 1996 and 2014. Nkangala was the largest contributor to the provincial GVA with a share of 41.1 per cent in 1996 and 42.4 per cent in 2014. In 2014, the contribution by Gert Sibande was 29.8 per cent and that of Ehlanzeni 27.8 per cent. Nkangala made considerable contributions to the province's mining (72.3 per cent) and utilities (57.0 per cent) industries in 2014. In 2014, Gert Sibande was the main contributor to Mpumalanga's manufacturing (52.5 per cent), whilst Ehlanzeni played a major role in the province's tertiary industries.

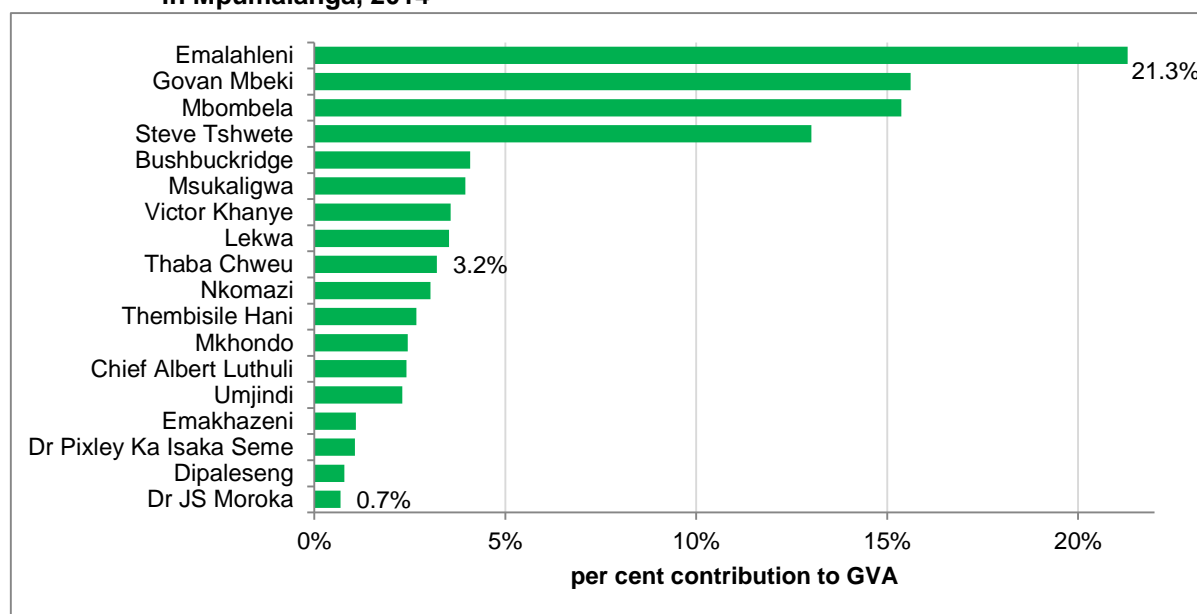
Figure 1.40 depicts the percentage contribution by the eighteen local municipal areas to the provincial GVA in 2014. In 2014, Emalahleni (21.3 per cent), Govan Mbeki (15.6 per cent), Mbombela (15.4 per cent) and Steve Tshwete (13.1 per cent) contributed 65.4 per cent to the Mpumalanga economy. Dr JS Moroka (0.7 per cent) and Dipaleseng (0.8 per cent) made the smallest contributions to the provincial economy.

**Table 1.21: Regional contribution to Mpumalanga's industries (GVA at constant 2010 prices), 1996-2014**

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2014	1996	2014	1996	2014
Agriculture <sup>17</sup>	36.9%	36.8%	25.7%	26.9%	37.4%	36.3%
Mining <sup>18</sup>	40.7%	24.1%	52.9%	72.3%	6.4%	3.6%
Manufacturing <sup>19</sup>	37.7%	52.5%	36.8%	27.5%	25.5%	19.9%
Utilities <sup>20</sup>	24.1%	26.8%	54.3%	57.0%	21.6%	16.2%
Construction <sup>21</sup>	23.9%	26.0%	34.8%	33.2%	41.3%	40.7%
Trade <sup>22</sup>	26.9%	28.4%	31.5%	30.4%	41.7%	41.1%
Transport <sup>23</sup>	28.9%	30.1%	34.3%	34.5%	36.7%	35.4%
Finance <sup>24</sup>	18.1%	24.1%	37.9%	33.0%	44.1%	42.9%
Community services <sup>25</sup>	23.5%	26.4%	31.0%	28.7%	45.5%	44.9%
<b>Total</b>	<b>31.5%</b>	<b>29.8%</b>	<b>41.1%</b>	<b>42.4%</b>	<b>27.4%</b>	<b>27.8%</b>

Source: IHS Global Insight – ReX, December 2015

**Figure 1.40: Contribution to provincial GVA (constant 2010 prices) by local municipal area in Mpumalanga, 2014**



Source: IHS Global Insight – ReX, December 2015

<sup>17</sup> ISIC detailed description = Agriculture, forestry and fishing

<sup>18</sup> ISIC detailed description = Mining and quarrying

<sup>19</sup> ISIC detailed description = Manufacturing

<sup>20</sup> ISIC detailed description = Electricity, gas and water

<sup>21</sup> ISIC detailed description = Construction

<sup>22</sup> ISIC detailed description = Wholesale and retail trade, catering and accommodation

<sup>23</sup> ISIC detailed description = Transportation, storage and communication

<sup>24</sup> ISIC detailed description = Finance, insurance, real estate and business services

<sup>25</sup> ISIC detailed description = Community, health and personal services

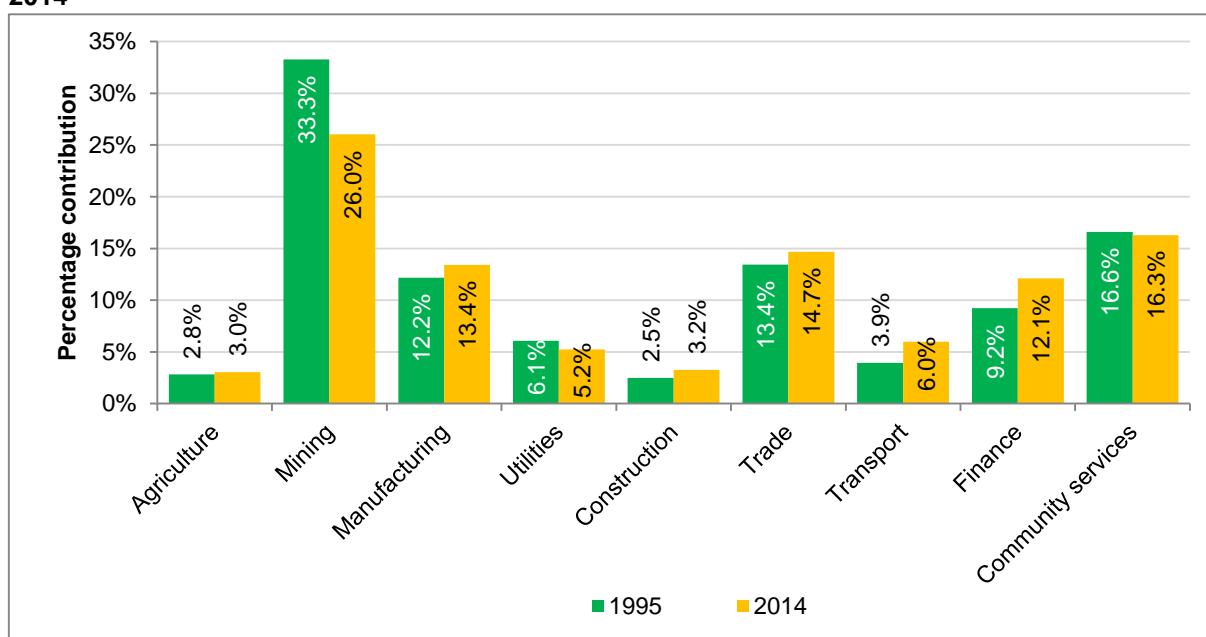
### 1.7.3 Sectoral contribution and performance

#### Contribution

It is estimated that in 2014, the primary sector in Mpumalanga contributed 29.1 per cent, the secondary sector 21.9 per cent and the tertiary sector 49.0 per cent to the provincial GDP at basic prices. Although the economy depended less on the primary sector in 2014 than in 1995 (36.1 per cent), it continued to stand in contrast to the national primary sector's small contribution of 11.0 per cent in 2014. Nationally, the secondary sector added 20.2 per cent and the tertiary sector 68.8 per cent in 2014.

It is estimated that in 2013, the three largest contributors to the provincial economy were mining (26.0 per cent), community services (16.3 per cent) and trade (14.7 per cent). This was unchanged from 1995, when mining (33.1 per cent) was also the leading industry followed by community services (16.6 per cent) and trade (13.4 per cent). Figure 1.41 displays the share of each economic industry in the provincial economy in 1995 and 2014.

**Figure 1.41: Contribution to Mpumalanga GDP (constant 2010 prices) by industry, 1995-2014**

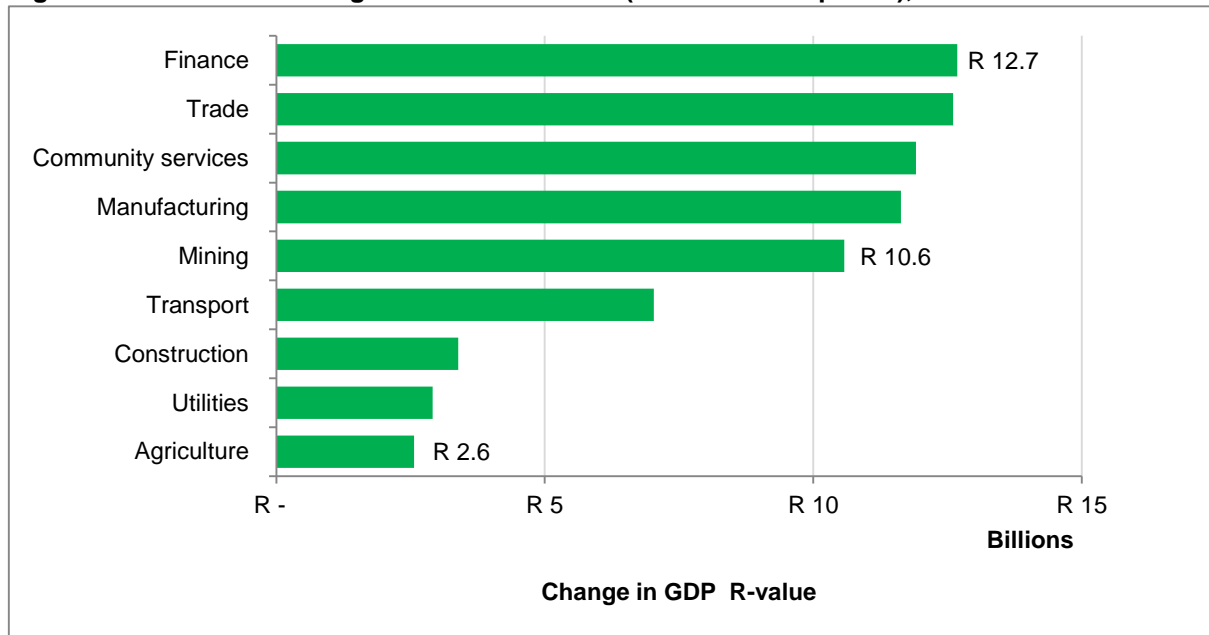


**Source: Statistics South Africa – GDP, 2016**

Figure 1.42 illustrates the change in monetary terms by industry from 1995 to 2014. The real value of all nine industries increased between 1995 and 2014. The finance industry (R12.7 billion) registered the largest absolute change over the 19-year period and the agriculture industry (R2.6 million) the smallest.

Table 1.22 displays the share of each economic industry in the three districts' economies in 1996 and 2014. The manufacturing industry led the district economy of Gert Sibande in 2014 with a 23.0 per cent share. Mining activities dominated the Nkangala economy as it added 43.4 per cent to the district's economy in 2014. The largest contributing industry in Ehlanzeni in 2014 was community services with a share of 26.7 per cent.

**Figure 1.42: Absolute change in GDP rand value (constant 2010 prices), 1995-2014**



**Source: Statistics South Africa – GDP, 2016**

**Table 1.22: Contribution to individual districts' GVA (constant 2010 prices) by industry, 1996-2014**

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2014	1996	2014	1996	2014
Agriculture	4.2%	3.8%	2.2%	2.0%	4.8%	4.0%
Mining	42.5%	20.5%	42.3%	43.4%	7.7%	3.3%
<b>Primary industries</b>	<b>46.7%</b>	<b>24.3%</b>	<b>44.5%</b>	<b>45.3%</b>	<b>12.5%</b>	<b>7.3%</b>
Manufacturing	14.2%	23.0%	10.6%	8.5%	11.1%	9.4%
Utilities	4.8%	4.8%	8.3%	7.2%	5.0%	3.1%
Construction	1.5%	2.9%	1.7%	2.6%	3.1%	4.8%
<b>Secondary industries</b>	<b>20.6%</b>	<b>30.7%</b>	<b>20.7%</b>	<b>18.2%</b>	<b>19.1%</b>	<b>17.3%</b>
Trade	11.2%	14.3%	10.0%	10.8%	20.0%	22.1%
Transport	3.7%	6.1%	3.4%	4.9%	5.4%	7.7%
Finance	5.7%	9.9%	9.2%	9.5%	16.0%	18.9%
Community services	12.1%	14.7%	12.2%	11.2%	27.0%	26.7%
<b>Tertiary industries</b>	<b>32.7%</b>	<b>45.0%</b>	<b>34.8%</b>	<b>36.4%</b>	<b>68.4%</b>	<b>75.4%</b>
<b>Total industries</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Source: IHS Global Insight – ReX, December 2015**

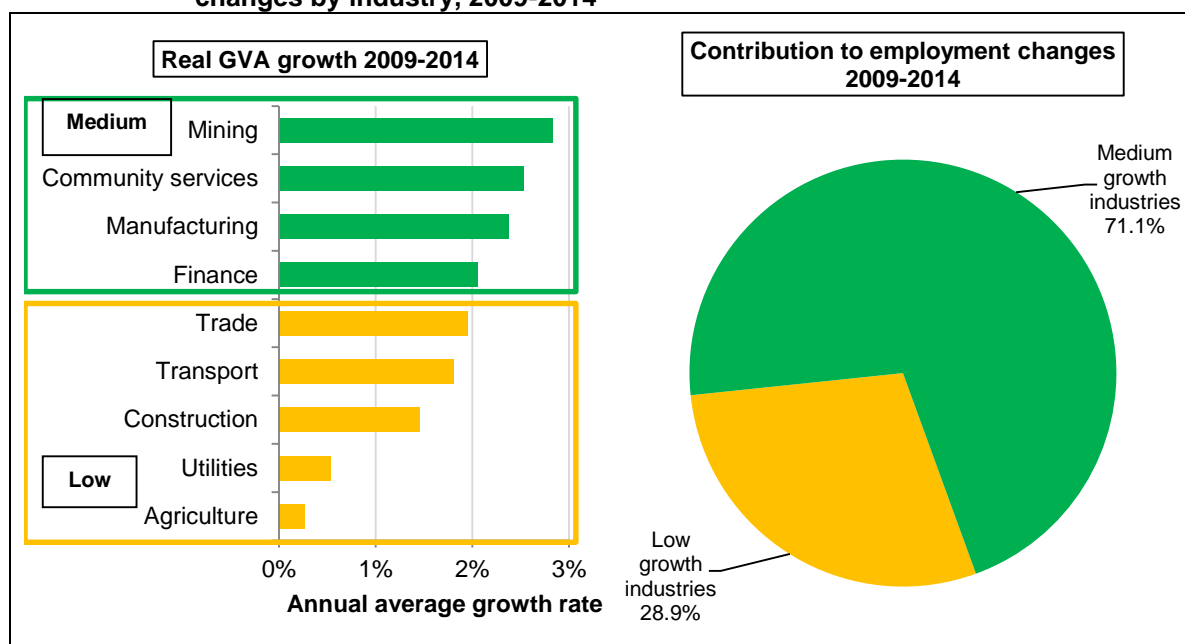
#### *Performance and employment*

Figure 1.43 depicts the real GVA growth per industry over the period 2009 to 2014 in the left-hand diagram and the contribution to changes in employment numbers over the same period in the right-hand diagram. Over the 5-year period mining, community services and manufacturing achieved the highest annual average growth rates, whereas agriculture and utilities recorded the lowest average annual growth.

In 2014, some 136 900 more people were employed by the nine industries in Mpumalanga than in 2009. In the right hand diagram, it is observable that the medium growth industries (between 2 and 4 per cent average annual growth) contributed 71.1 per cent to the increased number of employed. The low growth industries, with growth of less than 2 per cent per annum, contributed 28.9 per cent. Based on the two diagrams, it is evident that an industry makes a larger

contribution to employment growth when it achieves a medium to high growth rate, than when it grows at a low growth rate.

**Figure 1.43: Real GVA growth (constant 2010 prices) and contribution to employment changes by industry, 2009-2014**



**Sources:** Statistics South Africa – GDP, 2016  
Statistics South Africa – QLFS, 2016

#### 1.7.4 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.

In 2014, the economy of Mpumalanga appears to be more diversified than that of South Africa with an index score of 36.7 compared to a national score of 39.5. Among the nine provinces, Mpumalanga ranked first in terms of the most diversified economy, jointly with Free State (36.7) and ahead of KwaZulu-Natal (39.7).

#### 1.7.5 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 (1.23), mining (2.93), utilities (1.99) and trade (1.06) held a comparative advantage over the same industry in the national economy in 2014. Table 1.23 provides the location quotients of the various industries, indicating their respective comparative advantages.

### 1.7.6 Labour intensity

Labour intensive industries are identified by comparing the output generation capacity with the utilisation of labour by each of the industries. In 2014, 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 1.23 provides a comparison of employment with output at industry level for 2014.

### 1.7.7 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. 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 economic growth rate during the same past period.

In Mpumalanga, the utilities industry recorded the highest employment elasticity of 25.50 over the period 2009 to 2014. Therefore, on average over the 5-year period, every 1 per cent of real GVA growth in the province's utilities industry translated into a 25.5 per cent increase in employment in the utilities industry. The employment growth in mining and trade were negative over the 5-year period and therefore these industries recorded negative employment elasticity – or jobless growth. Table 1.23 provides the historic employment elasticities of the various industries.

### 1.7.8 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 2013 (Table 1.23).

**Table 1.23: Essential economic ratio's by industry in Mpumalanga, 2001-2014**

Industry	Comparative advantage 2014	Labour intensity 2014	Employment elasticity 2009-2014	Labour productivity 2014
Agriculture	1.23	2.78	2.34	0.36
Mining	2.93	0.47	-1.51	4.63
Manufacturing	0.97	0.66	0.36	1.50
Utilities	1.99	0.22	25.11	2.14
Construction	0.83	3.47	1.56	0.29
Trade	1.06	1.51	-0.51	0.66
Transport	0.68	0.94	1.29	1.06
Finance	0.51	0.98	0.07	1.02
Community services	0.69	1.45	1.30	0.69
Total	-	-	1.18	1.00

Sources: Statistics South Africa – GDP, 2015  
IHS Global Insight - ReX, December 2015  
Statistics South Africa – QLFS, 2016

### 1.7.9 Tourism

Because tourism is not a clearly defined industry in the SIC, it was therefore the first economic activity to use Satellite Account<sup>26</sup> 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 2.9 per cent to GDP in 2014. Some 680 817 persons were directly engaged in producing goods and services purchased by visitors, which accounted for 4.5 per cent of total employment in 2014.

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. It is, however, possible to express tourism spend as a percentage of regional GDP in order to indicate how large an impact it makes and whether its contribution is growing. In terms of this indicator, tourism spend in 2001 was equal to 6.1 per cent and 5.9 per cent of South Africa and Mpumalanga's GDP, respectively. By 2014, tourism spend in South Africa increased to 6.2 per cent of GDP, whilst in Mpumalanga it increased to 6.5 per cent of the provincial GDP. Among the nine provinces, Western Cape (10.3 per cent) registered the largest tourism spend to GDP share (Table 1.24).

According to Tourism South Africa's *Annual Report 2014*, Mpumalanga was the fourth most visited province by foreign visitors in 2014, with a share of 12.0 per cent of total foreign arrivals visiting the province. This was down from 12.6 per cent of total foreign arrivals in 2013. Mpumalanga captured 10.8 per cent of the total bed-nights spent by all foreign tourists in South Africa. This was higher than the 10.4 per cent in 2013. Mpumalanga attracted 11.8 per cent of domestic tourists in 2014.

**Table 1.24: Tourism spend in South Africa and provinces, 2014**

Province	Total tourism spend R-million	Tourism spend as per cent of GDP (current prices)
Western Cape	53 934	10.3%
Eastern Cape	12 797	4.3%
Northern Cape	3 343	4.4%
Free State	9 338	4.9%
KwaZulu-Natal	40 951	6.7%
North West	11 770	5.2%
Gauteng	58 631	4.5%
Mpumalanga	19 006	6.5%
Limpopo	23 743	8.7%
<b>Total</b>	<b>233 514</b>	<b>6.2%</b>

**Source: IHS Global Insight – ReX, December 2015**

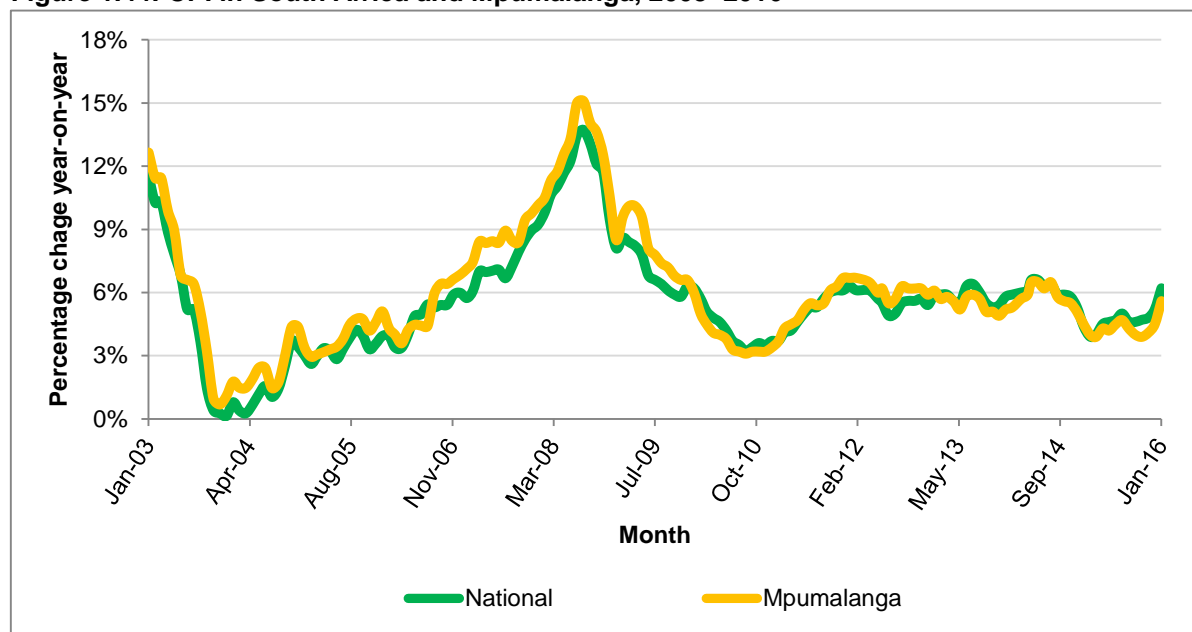
### 1.7.10 Inflation

The most common way to measure inflation is by reference to a 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 2015 was 4.2 per cent, which was lower than the

<sup>26</sup> 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.

average for South Africa (4.6 per cent) as well as the third lowest overall. In January 2016, Mpumalanga recorded the second lowest inflation measurement of 5.6 per cent among the provinces. Mpumalanga's inflation rate was lower than the national inflation rate for the eleventh consecutive month and below the upper limit of the inflation target zone for the seventeenth consecutive month. The comparative percentage change in the CPI for South Africa and Mpumalanga from January 2003 to January 2016 is displayed in Figure 1.44.

**Figure 1.44: CPI in South Africa and Mpumalanga, 2003–2016**



**Source: Statistics South Africa – CPI, 2016**

The 2015 average annual inflation rate in Witbank/Nelspruit<sup>27</sup> was 4.4 per cent, which was the joint fourth lowest of the thirteen urban areas. The inflation measurement for Witbank/Nelspruit was 6.0 per cent in January 2016, 1.1 of a percentage point higher than the December 2015 measurement of 4.9 per cent. It was lower than the national inflation rate but higher than the provincial inflation rate for January 2016. It was equal to the upper limit of the inflation target zone and the joint fourth lowest inflation measurement amongst the urban areas.

The main determinants of inflation in Mpumalanga based on their respective weightings, as provided in Table 1.25, are price changes in food and non-alcoholic beverages (FNAB), housing and utilities, transport as well as miscellaneous goods and services (MGS). These four broad determinants, in terms of the weighting, contribute more than 70 per cent to the level of inflation and inflation movements in Mpumalanga.

It appears from Table 1.25, that the FNAB index was accountable for 24.3 per cent of the average price increase in Mpumalanga during January 2016. The housing and utilities as well as the MGS indices were accountable for 16.0 per cent and 14.5 per cent, respectively. The transport index was only responsible for 11.4 per cent of the average price increase. The alcoholic beverages and

<sup>27</sup> Official description by Statistics South Africa for the combined urban areas of Emalahleni and Mbombela



tobacco as well as the recreation and culture indices made considerable contributions, respectively, of 9.2 per cent and 10.1 per cent when compared with its weighting.

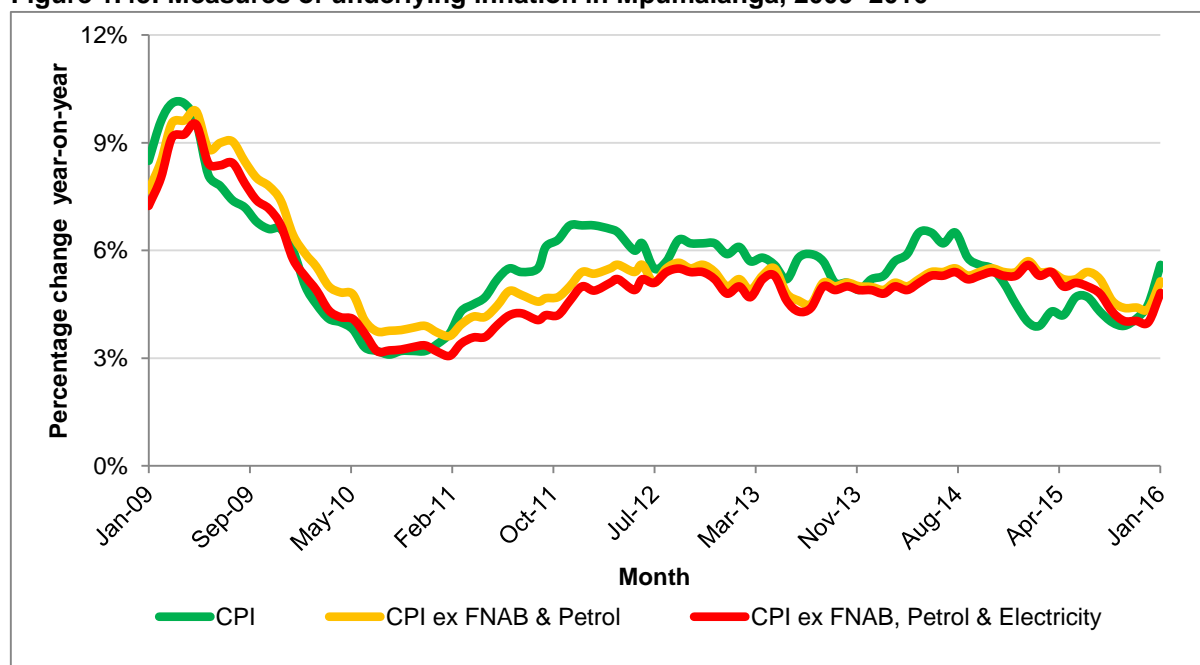
**Table 1.25: Mpumalanga's CPI group indices, weights, percentage change & contribution to inflation, January 2016**

Index description	Weight	Percentage change		Estimated contribution to inflation
		Month-on-month	Year-on-year	
Food & non-alcoholic beverages	20.72	+1.2	+6.6	24.3%
Alcoholic beverages and tobacco	4.81	+1.9	+10.8	9.2%
Clothing and footwear	5.36	+0.4	+6.0	5.7%
Housing and utilities	21.37	+0.0	+4.2	16.0%
Household contents and services	5.75	+0.6	+3.3	3.4%
Health	1.38	-1.0	+5.0	1.2%
Transport	14.88	+0.4	+4.3	11.4%
Communication	2.25	+0.0	-0.3	-0.1%
Recreation and culture	6.20	+8.3	+9.2	10.1%
Education	1.58	+0.0	+8.2	2.3%
Restaurants and hotels	2.56	+0.6	+4.2	1.9%
Miscellaneous goods and services	13.14	+0.7	+6.2	14.5%
<b>All items</b>	<b>100.0</b>	<b>+1.0</b>	<b>+5.6</b>	<b>100.0%</b>

**Source: Statistics South Africa – CPI Additional Tables, 2016**

When the impact of the more volatile food and petrol prices are excluded from the consumer price index as in Figure 1.45, the underlying annual inflation amounted to 5.1 per cent in January 2016. If electricity prices are also excluded from the calculation of headline CPI inflation, the resultant core inflation would have been 4.8 per cent in January 2016.

**Figure 1.45: Measures of underlying inflation in Mpumalanga, 2009–2016**



**Source: Statistics South Africa – CPI Additional Tables, 2016**

The MPC announced at the conclusion of its January 2016 meeting that the SARB's national inflation forecast shows a marked increase. The forecast for 2016 was increased to 6.8 per cent, compared with the previous forecast of 6.0 per cent. The forecast for 2017 was increased from 5.8 per cent to 7.0 per cent.

## 1.8. INTERNATIONAL TRADE

Mpumalanga's contribution to total national trade was 1.2 per cent in 2014, unchanged from the 1.2 per cent contribution in 1996. The two leading provinces, in terms of total trade contribution in 2014, were Gauteng with a share of 62.4 per cent and Western Cape (16.9 per cent). Mpumalanga contributed 1.8 per cent and 0.5 per cent to national exports and national imports, respectively.

Mpumalanga recorded vigorous average annual growth in terms of exports (12.2 per cent) and imports (12.1 per cent) from 1996 to 2014. The province's exports grew marginally faster than the national exports at 12.0 per cent and slightly slower than national imports at 13.0 per cent. Mpumalanga occupied the sixth position in terms of export growth and the fourth position in terms of import growth.

Mpumalanga registered a positive trade balance of R12.9 billion in 2014, 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 2014 with a deficit of R68.6 billion. Mpumalanga was the province with the second highest positive trade balance in 2014 after Limpopo.

Among the three districts, Ehlanzeni (42.7 per cent) was the main contributor to provincial exports in 2014 followed by Nkangala and Gert Sibande with respective contributions of 32.8 per cent and 24.5 per cent (Table 1.26). Exports from Gert Sibande (19.5 per cent) recorded the highest growth since 1996 and those from Nkangala the slowest (9.7 per cent). Nkangala attracted 35.5 per cent of Mpumalanga's imports in 2014, followed by Gert Sibande and Ehlanzeni. Imports flowing to Ehlanzeni recorded the highest growth rate (18.2 per cent) over the 18-year period and those to Gert Sibande the lowest (8.2 per cent).

Among the three districts, Ehlanzeni recorded the largest positive trade balance of R6.1 billion in 2014, followed by Nkangala (R4.1 billion). Gert Sibande recorded a positive trade balance in 2014 of R2.7 million and is the only district in Mpumalanga that, from time to time, records a negative trade balance.

**Table 1.26: Mpumalanga districts' contribution to provincial exports and imports, 2014**

District	Exports		Imports	
	Share of Mpumalanga 2014	Growth per annum 96-14	Share of Mpumalanga 2014	Growth per annum 96-14
Gert Sibande	24.5%	19.5%	32.4%	8.2%
Nkangala	32.8%	9.7%	35.5%	14.0%
Ehlanzeni	42.7%	12.1%	32.1%	18.2%

**Source: IHS Global Insight – ReX, December 2015**

## 1.9. CRIME RATES

Crime in South Africa occupies centre stage in the hearts and minds of the public. Unacceptably high levels of crime, especially serious and violent crimes, result in people in South Africa living in fear and feeling unsafe. It also impacts negatively on the country's economic development,

undermines the wellbeing of people in the country and hinders their ability to achieve their potential.

Violent and property crimes decreased between 2010/11 and 2014/15 in South Africa as well as in Mpumalanga (Table 1.27). Over the same period, Western Cape and Limpopo recorded increases in the violent crimes index. Three provinces registered increases in the property crimes index. In 2014/15, Mpumalanga registered the second lowest violent crimes index and the third lowest property crimes index.

Some progress has been made in Mpumalanga in reducing the levels of most violent and property crimes between 2010/11 and 2014/15, however, increases were recorded in two of the selected crime categories, namely murder and drug-related crime (Table 1.28).

**Table 1.27: Violent and property crime indices in South Africa and provinces, 2010/11-2014/15**

Provinces	Violent crimes index (weighted average/100 000 people)		Property crimes index (weighted average/100 000 people)	
	2010/11	2014/15	2010/11	2014/15
Western Cape	137.35	155.38	382.24	395.40
Eastern Cape	102.66	91.61	168.49	153.34
Northern Cape	148.53	137.99	195.07	213.95
Free State	145.37	128.71	231.72	227.00
KwaZulu-Natal	93.11	80.82	175.64	171.87
North-West	92.93	85.28	185.36	178.27
Gauteng	122.89	103.01	288.17	246.39
Mpumalanga	83.82	63.70	175.59	166.70
Limpopo	52.03	58.25	100.73	123.43
<b>Total</b>	<b>105.03</b>	<b>96.32</b>	<b>219.67</b>	<b>211.65</b>

**Source: IHS Global Insight – ReX, December 2015**

**Table 1.28: Crime rates (crimes/100 000 people) of selected crime categories in Mpumalanga, 2010/11-2014/15**

Indicator	2010/11	2014/15
<b>Violent crimes</b>		
- Murder	18.1	19.5
- Sexual crimes	109.4	81.7
- Neglect & ill-treatment of children	3.5	2.5
- Assault with intent	361.8	253.5
- Common assault	258.3	176.6
- Robbery with aggravating circumstances	139.0	133.1
- Common robbery	88.5	69.0
<b>Property crimes</b>		
- Commercial crime	111.6	105.7
- Burglary at business premises	131.3	130.3
- Burglary at residential premises	454.4	427.7
- Theft of motor vehicles	68.7	54.2
- Stock-theft	63.4	51.6
- Shoplifting	91.2	82.2
- Drug-related crime	79.7	207.7

**Source: IHS Global Insight – ReX, December 2015**

## 2. Budget strategy and aggregates

### 2.1 Introduction

*The Mandate and the Context (summary as defined in the State of the Province Address presented on 26 February 2016.)*

Among other key areas of government intervention, the Province continues to focus on:

- Improved **economic growth and employment** to ensure that the Province grows the economy and create much needed employment
- Improved **quality of education and training** to expand the skills base that responds to the needs of the provincial economy
- Improved **healthcare system** effectiveness to increase life expectancy and mitigate the negative impact of HIV/Aids, TB and opportunistic diseases.
- Investing in **adequate infrastructure** to facilitate the achievement of priority development goals
- Building integrated, sustainable human settlements, including economic opportunities, social amenities and **access to basic services** that contribute towards a better quality of life.

In as much as the Province wants to achieve the above priorities, the reality is that the 2016 Budget is tabled in the context of a constrained domestic economic environment and an uncertain global economic outlook. Spending over the 2016 MTEF remains within the levels set in the 2015 Budget. In the 2016 MTEF most of new spending has been funded through reprioritisation of funds and identification of savings.

The weaker than expected economic performance, rising debt costs and falling revenue projections, and the need to fund new national policy priorities while restoring fiscal sustainability necessitated reconsideration by Cabinet of the allocations across the three spheres of government, and thus changes to the Division of Revenue were inevitable. With respect to provinces the impact of the reduction is on both provincial equitable share (PES) and conditional grants.

Cabinet (national) authorised 2 rounds of budget cuts with different conceptual rationale behind where each round of reductions should be applied. The first round was envisioned to target inefficiencies in the system, especially on non-core spending, while trying as much as possible to protect frontline services.

The second round of cuts was envisioned as a starting point for government in its efforts to address the unsustainable government wage bill. The Executive Council had been proactive enough to implement a moratorium from 13 March 2015 to date.

As the equitable share is the budgetary allocation tool used to divide revenue amongst provinces, this same formula is used to distribute both first and second round cuts to the provincial PES baselines.

These budget reductions were implemented in order to generate savings that will allow government to stabilize public debt, reduce the budget deficit, while keeping within its expenditure ceiling.

## **Budget Cuts in 2016/17 financial year**

Several budget reductions continue to be experienced over the MTEF period.

The recent reductions amounting to R122.893 million are implemented during 2016/17 while further budget cuts are implemented during 2017/18 and 2018/19 financial year.

The Province's budget has been cushioned to a certain extent by the savings generated from natural attrition as the Province has been implementing moratorium since 13 March 2015. The cushion has also been provided by the non- allocation of R479.022 million has been declared as savings that will cushion the Provincial Revenue Fund and avail the much needed savings for funding provincial priorities.

## **TECHNICAL ADJUSTMENTS**

### **EQUITABLE SHARE ALLOCATIONS - NOTES ON THE EQUITABLE SHARE ALLOCATIONS**

#### **Personnel inflation related adjustments**

Key drivers of wage agreement costs over the 2016 MTEF are revised inflation projections, above CPI cost of living adjustments, housing allowance increase and medical allowance contribution increases as follows:

The following are the consumer price inflation assumptions for the 2016 MTEF planning process:

2016/17: 6.2 per cent

2017/18: 5.8 per cent

2018/19: 5.8 per cent

Departments are advised to add indicative funds to the last year of the new MTEF based on an inflation – related adjustment of 5.0 per cent on the recurrent baseline.

- a) A 7per cent (CPI + 2.2per cent) cost-of-living adjustment in 2015/16, followed by improvements of CPI + 1per cent in each of the next two fiscal years.
- b) An increase of the housing allowance from R900 per qualifying person per month to R1200 for 2015/16 increasing by inflation from 2017/18 financial year.
- c) An increase in medical allowance of 28.5per cent for 2015/16 increasing in line with medical CPI for subsequent periods.

In previous budget cycles significant resources were available at a national level to accommodate unanticipated wage pressure. This included drawdowns on the contingency reserves and other additions to baselines. Given current fiscal constraints, scope for the provision of additional resources from a national perspective is very limited. This calls for departments to package the compensation of employees budget in line with the budget guidelines issued by both the National and Provincial Treasuries.

As was the case in 2014/15 and 2015/16 financial years, departments were requested to re-prioritise from existing baselines and manage headcount growth to respond to above-inflation wage pressures over the next three years.

Departments were also urged to pro-actively manage their personnel establishments and take action to reduce costs associated with promotions and progression over the medium term.

The Executive Council has cautioned all departments that active steps will be taken against institutions that do not abide by this requirement.

### **Compensation of employees**

In preparing budgets for the 2016 MTEF, departments were advised to fully and properly budget for current staff on their approved and funded organizational structure.

As indicated in 2015 EPRE – the moratorium was introduced on 13 March 2015 as is still continuing. This was confirmed during the State of Province Address on 26 February 2016.

### **Moratorium and rationalisation processes**

Past trends in government expenditure show that the wage bill in all the spheres of government has become the fastest growing component of spending.

In order to continue to stabilise its finances, the Province continues with moratorium and rationalisation. This has been emphasised in the 2016 State of the Province Address.

Funds have been set aside to procure services of organisational design experts to commence with rationalisation of officials in levels 1-12 after due processes have been followed with negotiations with Organised Labour.

The introduction of an instant moratorium has resulted in the reduction of the percentage share between the compensation of employees as a percentage of the entire budget of the Province from 59.9 per cent to 58.33 per cent during 2015/16 financial year.

In 2016/17 the percentage share has increased slightly to 59.5 percent. An analysis of compensation of employees in the Department of Education is underway.

As indicated above, the administration posts in the Department of Health will be filled through the rationalization process and so are the posts in the other departments. The budgets for Compensation of Employees in the Department of Health have been reduced on the overtime line item. This is also in line with the SOPA pronouncement that this item should be targeted as a wastage item and only allow for overtime that is justifiable.

The Budget and Finance Committee is making a recommendation to the Executive Council to review its earlier decision of a moratorium and a possibility of allowing the Department of Human Settlements the filling of most critical posts.

Other Technical adjustments – Equitable share

Budget reprioritisation introduced at a provincial level

The Province implemented its own reprioritisation process by reduction of 3per cent on equitable share across all departments. These funds have been reallocated to baselines of departments to fund provincial priorities. This has assisted in further shifting the composition of expenditure from consumption to investment upfront instead of later in the year during adjustment processes.

In these budgets, the Province has for the first time made a concerted effort to re-allocate funding to grow the economy of the Province.

The funds generated from the provincial budget reprioritisation were used to fund the priorities listed below, amongst others:

**Office of the Premier** – carry through funding towards establishment of a command centre for Operation Vuka Sisebente that was launched during 2015/16 financial year.

**Provincial Legislature** – Special allocation towards the construction of a Parliamentary village appropriated to the implementing agent namely Department of Public Works, Roads and Transport

**Provincial Treasury:** The additional funding is for targeted support to municipalities that are experiencing governance problems as well as improvements on financial viability. The Province would like to see municipalities move into the next maturity level. This is level 3 where compliance is the order of the day, where a culture of doing things right the first time, daily reconciliations, amongst others exists.

**Department of Cooperative Governance and Traditional Affairs:** The additional budget is for various priorities namely support to municipalities and traditional councils, which amongst others are the rehabilitation of the 2 palaces, provision for allowances of headmen and headwomen who were not receiving same, the increase in the grant from government from R120 000 to R150 000.

**Department of Economic Development and Tourism:** The Executive Council took a deliberate move to allocate funding to the Mpumalanga Economic Growth Agency to grow the economy of Mpumalanga Province.

The Agri-hubs have been halted and allocation thereof shifted to the International Fresh Produce Market. The function has been shifted to the Department of Economic Development and Tourism for implementation by MEGA.

**Department of Agriculture, Rural Development, Land and Environmental affairs:** No additional funding has been appropriated.

**Department of Education:** The additional funding is for amongst other things, bursaries, eradication of unsafe structures in 5 schools in Bushbuckridge, design and planning of the second phase Shongwe Boarding School, construction of a school in Pienaar and installation of lights in all boarding schools, amongst others.

A function on Schools Sports League is shifted from the Department of Culture, Sport and Recreation to the Department of Education.

**Department of Public Works, Roads and Transport:** The additional funds are for improvement of road infrastructure in the province as well as cost towards construction of a parliamentary village.

**Department of Community Safety, security and Liaison:** The additional funding is for completion of the Traffic College and its operationalisation as well as sustaining security services. There is funding made available for cameras in various town.

**Department of Health:** The additional funding is for electronic patient record management system, funding of Cuban students. Funding is made available for the upgrading of Bethal and construction of a new hospital in Middleburg and Mapulaneng.

**Department of Culture Sport and Recreation:** The reduction of the baseline includes R13.3 million from compensation of employees that was earmarked for appointment of 29 staff members. These funds have been declared and allocated to the Department of Education to fund the Schools Sports League, a new function shift to the Department of Education.

**Department of Social Development:** The additional funding is addressing recent priorities that includes construction of 2 youth centres, one in Msogwaba and another one in Daantjie, the construction of Nkangala treatment centre, as well as ECD centres.

**Department of Human Settlements:** The additional funding is for provision of water and sanitation in some municipalities, namely, Emalahleni Local Municipality amounting to R121 million, Dipaleseng Local Municipality amounting to R30 million, Dr Pixley ka Isaka Seme Local Municipality amounting to R35 million and Bushbuckridge Local Municipality amounting to R75 million.

There are villages that do not have street lighting in the following municipalities Chief Albert Luthuli, Nkomazi, Bushbuckridge, and Mbombela in particular in the areas around Pienaar. This is contribution by the Provincial Administration whilst issues of financial viability are addressed as this should be the function of municipalities.

#### Budget Process – 2016 MTEF

Following extensive intergovernmental consultations at a National level and Provincial level which took place in the form of Budget Council, provincial MTEC engagements 1, 2 and 3 Budget and Finance Committee of 23 February 2016 as well as 1 March 2016, Executive Council Lekgotla held on 16-18 February 2016, One on One sessions chaired by the Honourable Premier which took place on 4 February 2016, the provincial budgets were presented for consideration and approval by the Executive Council on 2 March 2016. The budgets were tabled in the Provincial Legislature on 8 March 2016.

#### 2016 Budget Proposals

The priorities that underpin these budgets were clearly defined during the recent Executive Council Lekgotla and have been outlined in the State of the Province document. These will also find expression in the Strategic documents and annual performance plans of the various departments and public entities.

Executive Council has also been emphasised that there should be a concerted effort to delivery services in a more equitable manner across various communities

**EFFICIENCY MEASURES THAT WILL EITHER BE INTRODUCED OR STRENGTHENED**



### **Goods and services:**

Goods and services takes up 19.1 percent of provincial budgets

The itemised budget of goods and services continues to be monitored. The budgets of some of items that have presented themselves as areas of possible wastages were reduced upfront. These items will not be increased even during adjustment.

The budget cuts implemented at provincial level have provided an opportunity to reduce such budgets upfront even before the provincial budgets are tabled.

### **Efficiency measures on Transfers and subsidies**

#### **This item of spending takes up 13.1 percent of provincial budgets**

- a) This area of spending will be targeted to ensure efficiency spending in the transfers that are made to the various spending agencies.
- b) The introduction of In - Year Monitoring reporting to the Public Entities on a monthly basis. Section 40(4) (c) of the Public Finance Management Act will be applied as is the case with provincial departments.
- c) The analysis of the entities' draft budgets has already commenced despite the fact that entities operate outside the BAS and LOGIS systems.
- d) New reforms will be introduced to the transfers to schools in line with PCF resolution on payments to Eskom that these budgets should be ring-fenced by the parent department.
- e) An expenditure review will be conducted on the transfers that are made by government to NGOs, NPOs and NPIs. The review will be targeting whether the funds are spent for the purpose for which they were appropriated.
- f) An expenditure review will also be conducted on transfers done through the Human Settlements Development Grant.

### **EFFICENCES IN THE SPENDING ON INFRASTRUCTURE DELIVERY**

The Executive Council has over the years emphasised the need to shift the composition of spending from consumption to infrastructure investment.

In this budget proposal infrastructure has once again been prioritised.

However the Executive Council Lekgotla raised concerns on the cost of delivery of infrastructure and directed the Office of the Premier to assess issues of value for money on the cost of implementing infrastructure in the Province.

### **CONDITIONAL GRANT SPENDING**

During the MTEC discussions there was general consensus amongst the Members of Executive Council that conditional grant performance was not at the expected level. This was emphasised at both the One on One meetings and the Executive Council Lekgotla.

The Budget and Finance Committee has also emphasised the need for improving spending on conditional grants in order to benefit from incentives programmes that have been introduced.

### **TEST OF ALLOCATIVE EFFICIENCY**

It can be confirmed that:

- a) In all the votes, budgets have been allocated in a manner that will allow for service delivery in line with each department's mandate.
- b) Departments should be in a position to spend 100 percent of their budgets.
- c) Adequate provision has been made for all employees in line with 2016 budget guideline.
- d) That there is a reasonable balance between all 4 items of economic classification (compensation of employees, goods and services, transfers and services as well as payments for capital assets)
- e) That there are no risks or pressures that have been identified prior to the tabling of budgets except for issues reported in the Department of Public Works, Roads and Transport relating to the reduction on Coal Haulage routes.
- f) The Department of Community Safety, Security and Liaison has also been cautioned by the Executive Council Lekgotla on improvements that are required on financial management especially on security service costs.
- g) Funds have been allocated in an effort to respond to the socio – economic challenges as reported in the Socio-Economic Review and Outlook (SERO) report of the Province.
- h) The Executive Council Lekgotla re- emphasised its earlier position that budgets should be guided by strong political oversight as this is a tool to change the lives of the people and should not be an administrative compliance matter.
- i) There is an attempt to reach communities with the most need.
- j) The impact of budget cuts on Health and Education need to be monitored closely by Budget and Finance Committee and as such a special meeting will be convened to assess the impact.

The issues of financial management and financial governance are key in our Province so much that they are incorporated in the Premier's Address in line with the State of the Nation's Address. The issues raised below are in line with the National Development plan.

#### "Capable Development Oriented State

1. Accountability for performance and prudent utilization of public resources are essential features of a capable and development oriented government. The capacity of the state is seriously undermined when financial resources are depleted without achieving desired development outcomes.
2. The "upgrade" of our state machinery that we committed ourselves to last year has been in full swing and we are pleased with the progress that we have made with respect to "honing our skills and cutting our costs".
3. The Province in many ways pre-empted recent calls for cost curtailment and continues its proactive shift away from a consumptive narrative towards one that has the delivery of services as its apex priority.

4. The Province is continuing to release more money from the salary bill to fund infrastructure and service delivery initiatives.
5. The Province has indeed made progress with respect to streamlining our organisational structures with a view to halting wastage and duplication, and with the implementation of the moratorium on filling vacant posts we will no doubt continue to pare down the burdensome compensation of employees' costs associated with a bloated administration.
6. The moratorium will continue through the coming financial year, with the exclusion of scarce and critical posts in the health and education sectors. Indeed, it will stay in place until such time as we have achieved an acceptable ratio with respect to spending on salaries and spending on socio-economic transformation and service delivery.
7. To augment these measures, we will take a tough stance when it comes to our service providers and we will be vigilant in terms of ensuring value for money when programmatic or technical assistance is sought.
8. As such, the Executive Council has instructed the Department of Public Works, Roads and Transport to conduct a thorough assessment of the pricing and service models of our service providers to ensure that we are not paying inflated rates in exchange for substandard products.
9. In 2016/17, we will continue with the rationalization process across the Administration to ensure the equitable distribution and utilization of available human resources to drive the implementation of service delivery priorities.
10. As part of cost saving measures, we will conduct a comprehensive review of the current regional service delivery model to identify and eliminate overlaps, wastage, and duplications. We will consider recommendations on a new, cost-effective regional service delivery model that reduces costs and enhances efficiencies, effectiveness, and public accountability.

#### Infrastructure Investment

11. The National Development Plan identifies economic infrastructure as a growth catalyst to achieve development imperatives. This, of course, goes beyond just our productive sectors, such as agriculture, and includes targeted development of strategic socio-economic infrastructure such as health facilities, schools, electricity and water and sanitation infrastructure, effective and efficient road and transport networks as well as fast and reliable ICT systems
12. To support development, industrialization and economic growth, investment in strategic socio-economic infrastructure is a pre-requisite for the Province.
13. The Province will continue to prioritise investment in socio-economic infrastructure such as water and sanitation, schools and roads. We will continue to prioritise infrastructure to address backlogs in many parts of the Province.
14. In the past year alone, the Province invested R2.3 billion in road construction and maintenance projects spanning the rural and urban localities of Mpumalanga. In the coming year, R2.4 billion has been set

aside to maintain and renew road infrastructure and to increase capacity to meet projected future demand.

The investment in roads infrastructure is targeting critical areas of need in many parts of the Province to enhance mobility and access. In 2016/17, these roads will, amongst others, include:

- The coal haulage network in many parts of the Province
- Upgrading of a road between Ximhungwe and Lisbon passing through Kildare, Lillydale, Justicia, Huntington, Metsi, Rulani and Mabharule
- Upgrading of a bridge over the Sand River near Rolle Village
- Construction of an access road to the new Traffic College
- Reconstruction of Kumani bridge near Thulamahashe
- Upgrading of a rural access road between the R40 Junction (near Bushbuckridge) and Merry Pebble
- Design for rehabilitation of a road through Newforest A to Dwarsloop towards Thulamahashe
- The 2nd phase of rehabilitation of the road between Bambi and Mashishing in Thaba Chweu Local Municipality.
- Upgrading a rural access road west of Barberton towards Umjindi Trusts.
- Rehabilitation of a rural access road between the R571 and the Samora Machel Monument in Mbuzini.
- The light rehabilitation of a road from the N2 to Klipwal (towards the KZN Boundary) as part of the Mpumalanga – KwaZulu Natal partnership programme.

For the 2016/17 financial year, over R4 billion has been set aside by Provincial Government to deliver on socio-economic infrastructure such as roads, schools, health facilities and other critical social development infrastructure.

This infrastructure is critical in catalysing local economic activities that empower local businesses and create much needed employment.

Despite progress made in infrastructure delivery, there is no doubt that continued dependence on the fiscal resources to address infrastructure backlogs will take over 50 years at the current pace when matched by the current available fiscal resources.

In SOPA it was emphasised that there is a need to think differently and inventively to find new ways of raising the capital required to fund the infrastructure build programme.

Faced with this reality, the Province has developed an infrastructure funding model intended to attract private sector investment for the delivery of key provincial infrastructure. In the next few months, the finalization of all regulatory approvals by the Provincial and National Treasuries are expected.

As part of this process, MEGA will, this year, establish the Provincial Infrastructure Fund that will crowd in private sector capital in the delivery of key infrastructure projects across all the key sectors of government work. “

## **2.2. Aligning provincial budgets to achieve government's prescribed outcomes**

The Presidency has identified 12 outcomes in the Medium Term Strategic Framework (MTSF) to address the main strategic priorities as part of the change agenda in government. 2 more outcomes have been added in recent years.

The work of government is aligned to the 14 outcomes as indicated below. A lot of collaboration in the various sectors is encouraged to avoid possible duplications.

1. Quality basic education\*
2. A long and healthy life for all South Africans\*
3. All people in South Africa are and feel safe
4. Decent employment through inclusive economic growth
5. Skilled and capable workforce to support an inclusive growth path\*
6. An efficient, competitive and responsive economic infrastructure network
7. Vibrant, equitable, sustainable rural communities contributing towards food security for all\*
8. Sustainable human settlements and improved quality of household life\*
9. Responsive, accountable, effective and efficient Local Government system\*
10. Protect and enhance our environmental assets and natural resources\*
11. Create a better South Africa, a better Africa and a better world
12. An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship\*\*
13. An inclusive and responsive social protection system
14. Nation Building and Social cohesion

\* Concurrent functions, outcomes coordinated by MinMECs

\*\* Coordinated by G&A cluster including provincial representation and SALGA

## **2.3. Summary of budget aggregates**

Table 1.6: Provincial budget summary

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Provincial receipts									
Transfer receipts from national	29 829 095	33 157 580	35 798 918	37 880 564	38 158 313	38 158 313	40 436 539	42 703 783	45 491 322
Equitable share	24 202 843	27 360 539	29 396 392	31 029 509	31 336 643	31 336 643	33 449 947	36 207 867	38 505 835
Conditional grants	5 626 252	5 797 041	6 402 526	6 851 055	6 821 670	6 821 670	6 986 592	6 495 916	6 985 487
Provincial own receipts	670 661	689 753	702 727	821 638	821 638	821 638	864 798	908 853	957 584
Total provincial receipts	30 499 756	33 847 333	36 501 645	38 702 202	38 979 951	38 979 951	41 301 337	43 612 636	46 448 906
Provincial payments									
Current payments	24 738 333	26 727 986	28 479 369	30 370 411	30 845 864	30 852 615	32 440 049	35 911 649	38 361 065
Transfers and subsidies	3 553 355	3 912 393	4 663 835	4 706 798	5 122 527	5 151 684	5 462 793	5 299 005	5 558 929
Payments for capital assets	2 548 310	2 768 001	2 986 689	3 619 993	3 722 587	3 722 690	3 398 495	2 401 982	2 528 912
Payments for financial assets	5 733	2 553	28 521	5 000	349	381	-	-	-
Unallocated contingency reserve									
Total provincial payments	30 845 731	33 410 933	36 158 414	38 702 202	39 691 327	39 727 370	41 301 336	43 612 636	46 448 906
Surplus/(deficit) before financing	-345 975	436 400	343 231	-	-711 376	-747 419	0	0	0
Financing									
Provincial roll-overs	149 537	65 160	177 271		229 137	229 137			
Provincial cash reserves	904 006	272 997	349 319		453 020	453 020			
Donor Funding		25	40 000		29 219	29 219			
Other (Specify)									
Surplus/(deficit) after financing	707 568	774 582	909 821	-	-	-36 043	0	0	0

Due to the shrinking economic status in the country there was dire need to reduce the nationally raised revenue in an attempt to curb expenditure in government. In the 2016/17 financial year our province had to shed R122.8 million to national government, which meant that the provincial expenditure is curbed on the 2015/16 baseline with a minimal addition made.

The Provincial own revenue has not increased from the 2015/16 MTEF baselines which requires the provincial government to look into as this can be an area which could cushion the pressure that comes as a result of the national reduction.

### 3. Receipts

#### 4.1 Overall position

##### Provincial Equitable Share (PES)

Table 1.7: Summary of provincial receipts

Outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Transfer receipts from National									
Equitable share	25 033 292	27 397 015	29 477 481	31 029 509	31 638 297	31 628 357	33 449 947	36 207 867	38 505 834
Conditional grants	5 392 579	5 707 802	6 451 649	6 851 055	7 021 292	7 034 820	6 986 592	6 495 916	6 985 486
Total transfer receipts from National	30 425 871	33 104 817	35 929 130	37 880 564	38 659 589	38 663 177	40 436 539	42 703 783	45 491 320
Provincial own receipts									
Tax receipts	383 224	491 715	453 462	510 696	510 696	510 696	538 491	565 948	598 772
Casino taxes	62 522	64 048	72 006	75 608	75 608	75 608	79 388	83 357	88 192
Horse racing taxes	6 707	9 947	7 936	8 332	8 332	8 332	9 176	9 635	10 193
Liquor licences	4 708	2 112	2 218	17 861	17 861	17 861	19 361	20 861	22 071
Motor vehicle licences	309 287	415 608	371 302	408 895	408 895	408 895	430 566	452 094	478 316
Sales of goods and services other than capital assets	141 166	127 684	121 414	120 449	120 449	119 991	125 017	130 690	133 490
Transfers received	-	-	250	-	-	-	-	-	-
Fines, penalties and forfeits	35 959	32 475	63 674	85 097	85 097	90 297	90 175	94 132	99 353
Interest, dividends and rent on land	83 198	76 261	98 564	89 917	89 917	90 978	94 022	99 288	106 363
Sales of capital assets	5 295	11 925	3 920	4 429	4 429	4 392	4 561	5 718	6 151
Financial transactions in assets and liabilities	22 490	31 214	13 769	11 050	11 050	19 187	12 531	13 077	13 455
Total provincial own receipts	671 332	771 274	755 053	821 638	821 638	835 541	864 798	908 853	957 584
Other funding	-	-	-	-	-	-	-	-	-
Total provincial receipts	31 097 203	33 876 091	36 684 183	38 702 202	39 481 227	39 498 718	41 301 337	43 612 636	46 448 904

The PES is a nationally raised funds that are shared amongst the three spheres of government and it provides for a formula based approach, largely driven by population data, to unconditionally transfer funds to provinces. The formula is designed to equitably divide the national revenue in an appropriate, efficient and transparent manner.

The data used in the formula is updated on an annual basis to ensure that the formula is updated and responsive to population and service delivery changes, and is reflective of interprovincial changes and migration of the citizen. To ensure continuity in funding allocations and to cushion provinces against significant changes to the Provincial Equitable Share as a result of data updates, changes to the Provincial Equitable Share are phased in over a three year MTEF period.

The table also reflects the main provincial revenue items, which are motor vehicle licences, casino licences, gambling taxes, etc.

## 4.2 Equitable share

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Vote 01: Office of the Premier	164 926	278 427	216 820	237 773	267 649	267 649	245 071	235 017	249 933
Vote 02: Provincial Legislature	197 495	215 656	254 937	257 141	282 383	282 383	258 847	279 729	297 482
Vote 03: Provincial Treasury	248 449	255 005	258 108	278 693	269 386	269 386	278 211	305 982	325 410
Vote 04: Co-operative Governance and Traditional Affairs	347 409	425 709	478 622	441 265	473 659	473 659	495 344	486 924	517 827
Vote 05: Agriculture, Rural Development, Land and Environment	708 327	746 617	767 575	792 586	776 586	776 586	742 160	987 834	1 050 528
Vote 06: Economic Development and Tourism	791 640	830 678	760 732	739 893	796 343	796 343	990 231	892 685	949 319
Vote 07: Education	12 361 286	13 132 758	14 002 624	15 177 232	15 315 587	15 315 587	16 234 327	17 683 930	18 806 259
Vote 08: Public Works, Roads and Transport	1 754 297	1 975 200	2 081 000	2 093 140	2 135 144	2 135 144	2 409 885	2 637 694	2 805 099
Vote 09: Community Safety, Security and Liaison	854 459	1 103 729	1 098 349	990 308	1 199 254	1 199 254	1 030 146	1 071 130	1 139 272
Vote 10: Health	6 259 278	6 806 164	7 523 357	8 080 059	8 120 059	8 120 059	8 628 677	9 534 860	10 139 848
Vote 11: Culture, Sport and Recreation	242 932	253 270	275 941	257 180	246 180	246 180	242 687	323 516	344 048
Vote 12: Social Development	924 261	1 169 633	1 214 297	1 273 924	1 275 424	1 275 424	1 388 910	1 494 540	1 589 392
Vote 13: Human Settlements	178 533	204 169	545 119	410 315	480 643	470 703	505 451	274 026	291 417
<b>Total provincial own receipts by Vote</b>	<b>25 033 292</b>	<b>27 397 015</b>	<b>29 477 481</b>	<b>31 029 509</b>	<b>31 638 297</b>	<b>31 628 357</b>	<b>33 449 947</b>	<b>36 207 867</b>	<b>38 505 834</b>

The Provincial Equitable share has realised a nominal average growth of 6.7 per cent from 2013/14 financial year to 2015/17 financial year. There has been a national reduction of the national raised revenue to curb government expenditure at 2015/16 baseline and to also to reduce government expenditure.

### 4.3 Provincial own revenue

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Vote 01: Office of the Premier	-	-	-	-	-	-	-	-	-
Vote 02: Provincial Legislature	34 836	35 749	36 184	37 812	37 812	37 812	39 513	41 489	43 563
Vote 03: Provincial Treasury	6 624	-	8 476	8 857	8 857	8 857	9 255	9 718	10 204
Vote 04: Co-operative Governance and Traditional Affairs	-	-	-	-	-	-	-	-	-
Vote 05: Agriculture, Rural Development, Land and Environmental A	102 650	113 032	118 684	-	-	-	-	-	-
Vote 06: Economic Development and Tourism	-	-	-	-	-	-	-	-	-
Vote 07: Education	396 726	417 660	438 068	206 081	360 081	360 081	240 330	249 089	261 544
Vote 08: Public Works, Roads and Transport	-	-	25 785	27 177	27 177	27 177	28 645	30 077	31 581
Vote 09: Community Safety, Security and Liaison	-	-	-	48 876	48 876	48 876	34 917	36 209	41 308
Vote 10: Health	124 776	129 163	135 622	492 835	548 935	548 935	482 138	542 271	569 385
Vote 11: Culture, Sport and Recreation	-	-	-	-	-	-	-	-	-
Vote 12: Social Development	-	-	-	-	-	-	30 000	-	-
Vote 13: Human Settlements	-	-	-	-	-	-	-	-	-
<b>Total provincial own receipts by Vote</b>	<b>665 612</b>	<b>695 604</b>	<b>762 819</b>	<b>821 638</b>	<b>1 031 738</b>	<b>1 031 738</b>	<b>864 798</b>	<b>908 853</b>	<b>957 585</b>



## 4.4 Conditional Grants

R thousand	Outcome			Main appropriation	Adjusted appropriation 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
<b>Vote 04: Co-operative Governance and Traditional Affairs</b>	-	-	2 000	2 633	2 633	2 633	2 762	-	-
Expanded Public Works Programme Incentive Grant for	-	-	2 000	2 633	2 633	2 633	2 762	-	-
<b>Vote 05: Agriculture, Rural Development, Land and Environmental Affairs</b>	171 356	190 699	199 251	226 038	226 038	226 038	231 973	236 695	250 320
Comprehensive Agricultural Support Programme Grant	114 829	130 986	135 810	169 684	169 684	169 684	172 414	177 885	185 098
Ilima/Letsema Projects Grant	42 000	43 845	46 062	46 270	46 270	46 270	49 136	52 213	58 242
Land Care Programme Grant: Poverty Relief and Infrastructure	10 958	10 249	6 105	5 948	5 948	5 948	6 208	6 597	6 980
Expanded Public Works Programme Incentive Grant for	3 569	5 619	11 274	4 136	4 136	4 136	4 215	-	-
<b>Vote 06: Economic Development and Tourism</b>	1 000	1 431	3 561	3 138	3 138	3 138	3 911	-	-
Expanded Public Works Programme Incentive Grant for	1 000	1 431	3 561	3 138	3 138	3 138	3 911	-	-
<b>Vote 07: Education</b>	1 106 261	1 102 651	1 234 276	1 473 456	1 487 889	1 487 889	1 442 126	1 415 849	1 497 136
Dinaledi Schools Grant	9 802	9 675	10 228	-	-	-	-	-	-
Education Infrastructure Grant	530 711	536 370	623 602	857 247	857 247	857 247	788 153	750 184	792 863
HIV and Aids (Life Skills Education) Grant	17 896	18 015	19 404	19 631	19 631	19 631	18 798	20 102	21 267
National School Nutrition Programme Grant	506 561	504 835	541 636	545 910	557 035	557 035	574 843	603 585	638 593
Occupation Specific Dispensation for Education Sector Training	-	-	1 072	337	337	337	-	-	-
Technical Secondary Schools Recapitalisation Grant	25 678	30 756	28 682	-	-	-	-	-	-
Maths, Science and Technology Grant	-	-	-	39 136	42 444	42 444	41 639	41 978	44 413
Expanded Public Works Programme Incentive Grant for	3 000	3 000	3 340	2 453	2 453	2 453	3 066	-	-
Social Sector Expanded Public Works Programme Incentive Grant for	12 613	-	6 312	8 742	8 742	8 742	15 627	-	-
<b>Vote 08: Public Works, Roads and Transport</b>	1 773 184	1 973 010	2 134 806	2 237 728	2 237 728	2 237 728	2 208 501	1 469 220	1 547 830
Devolution of Property Rate Funds Grant to Provinces	76 870	-	-	-	-	-	-	-	-
Expanded Public Works Programme Incentive Grant for	16 617	20 691	12 798	16 038	16 038	16 038	20 504	-	-
Provincial Roads Maintenance Grant	1 240 694	1 489 393	1 630 590	1 719 418	1 719 418	1 719 418	1 638 865	887 286	938 702
Public Transport Operations Grant	439 003	462 926	491 418	502 272	502 272	502 272	549 132	581 934	609 128
<b>Vote 09: Community Safety, Security and Liaison</b>	522	819	2 580	1 000	1 000	1 000	4 307	-	-
Social Sector Expanded Public Works Programme Incentive Grant for	522	819	2 580	1 000	1 000	1 000	4 307	-	-
<b>Vote 10: Health</b>	1 261 017	1 186 859	1 373 568	1 422 915	1 494 908	1 494 908	1 531 329	1 744 142	1 949 531
Comprehensive HIV and Aids Grant	586 097	690 591	818 836	927 214	927 214	927 214	1 032 055	1 193 020	1 353 707
Forensic Pathology Services Grant	2 051	-	-	-	-	-	-	-	-
Hospital Facility Revitalisation Grant	479 584	306 645	343 509	287 942	359 935	359 935	281 174	333 023	347 410
Health Professions Training and Development Grant	85 837	89 894	95 288	97 460	97 460	97 460	101 646	108 013	114 278
National Health Insurance Grant	11 500	4 850	7 770	7 206	7 206	7 206	7 546	-	-
AFCON Grant	3 000	-	-	-	-	-	-	-	-
Human Papilloma virus Grant	-	-	-	-	-	-	-	-	17 665
Expanded Public Works Programme Incentive Grant for	1 069	3 000	2 732	2 264	2 264	2 264	2 311	-	-
Social Sector Expanded Public Works Programme Incentive Grant for	-	-	3 384	1 518	1 518	1 518	3 000	-	-
National Tertiary Services Grant	91 879	91 879	102 049	99 311	99 311	99 311	103 597	110 086	116 471
<b>Vote 11: Culture, Sport and Recreation</b>	114 112	126 237	167 635	197 711	211 142	211 142	209 220	217 324	229 559
Community Library Services Grant	72 705	77 405	115 897	150 325	162 729	162 729	155 289	165 087	174 404
Mass Participation and Sport Development Grant	39 883	47 140	46 959	44 039	45 066	45 066	49 043	52 237	55 155
Social Sector Expanded Public Works Programme Incentive Grant for	524	1 142	2 580	1 199	1 199	1 199	2 888	-	-
Expanded Public Works Programme Incentive Grant for	1 000	550	2 199	2 148	2 148	2 148	2 000	-	-
<b>Vote 12: Social Development</b>	-	-	6 012	19 274	19 274	19 274	35 806	18 050	26 118
Expanded Public Works Programme Incentive Grant for	-	-	2 024	2 000	2 000	2 000	2 074	-	-
Social Sector Expanded Public Works Programme Incentive Grant for	-	-	3 988	17 274	17 274	17 274	33 732	-	-
Early Childhood Development Grant	-	-	-	-	-	-	-	18 050	26 118
<b>Vote 13: Human Settlements</b>	965 127	1 126 096	1 327 960	1 267 162	1 337 542	1 351 070	1 316 657	1 394 636	1 484 992
Human Settlements Development Grant	965 127	1 126 096	1 327 960	1 265 162	1 335 542	1 349 070	1 314 645	1 394 636	1 484 992
Expanded Public Works Programme Incentive Grant for	-	-	-	2 000	2 000	2 000	2 012	-	-
<b>Total conditional grants</b>	<b>5 392 579</b>	<b>5 707 802</b>	<b>6 451 649</b>	<b>6 851 055</b>	<b>7 021 292</b>	<b>7 034 820</b>	<b>6 986 592</b>	<b>6 495 916</b>	<b>6 985 486</b>

The total conditional grants available over the 2016 MTEF is R6 986.6 million in 2016/17 financial year, R6 495.9 million in 2017/18 financial year and R6 985.5 million in the outer year. The evident reduction is also due to the stand taken by national government to contain the spiralling expenditure by government.

The conditional grants reflects the government's investment in infrastructure which is evident in grants allocated to Departments of Health, Education, Human Settlements and other departments that has infrastructure related projects.

## 4.5 Total provincial own receipts (own revenue)

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Vote 01: Office of the Premier	449	1 937	816	786	786	564	480	495	524
Vote 02: Provincial Legislature	1 028	1 090	1 206	1 224	1 224	1 224	1 289	1 353	1 432
Vote 03: Provincial Treasury	70 609	60 921	68 226	56 199	56 199	56 199	59 571	63 145	66 808
Vote 04: Co-operative Governance and Traditional Affairs	223	1 464	1 464	1 406	1 406	1 406	1 406	1 478	1 564
Vote 05: Agriculture, Rural Development, Land and Environmental	3 854	6 010	3 607	3 957	3 957	17 821	4 339	3 641	3 674
Vote 06: Economic Development and Tourism	82 251	79 300	83 963	103 706	103 706	103 706	109 495	115 501	122 200
Vote 07: Education	25 911	29 752	27 048	24 282	24 282	24 282	25 570	26 753	28 305
Vote 08: Public Works, Roads and Transport	25 780	23 970	21 357	22 346	22 346	22 346	23 531	24 708	25 114
Vote 09: Community Safety, Security and Liaison	372 547	487 372	470 683	535 683	535 683	535 683	562 776	590 915	625 188
Vote 10: Health	81 356	70 762	70 662	66 544	66 544	66 544	70 470	74 628	75 049
Vote 11: Culture, Sport and Recreation	1 388	1 816	1 115	1 301	1 301	1 301	1 370	1 438	1 522
Vote 12: Social Development	2 191	3 330	2 728	2 092	2 092	2 353	2 203	2 313	2 447
Vote 13: Human Settlements	3 745	3 550	2 178	2 112	2 112	2 112	2 298	2 484	3 759
<b>Total provincial own receipts by Vote</b>	<b>671 332</b>	<b>771 274</b>	<b>755 053</b>	<b>821 638</b>	<b>821 638</b>	<b>835 541</b>	<b>864 798</b>	<b>908 853</b>	<b>957 584</b>

Departments have shown no growth in their estimates as compared to their 2015/16 MTEF estimates and this is some departments is due to estimates department have been making on the basis of interest made on balances they usually had in the bank account and due to continuous monitoring of their accounts in ensuring that money is not transferred to their bank with some balances the estimates has reduced.

## 4. Payments

### 5.1 Overall position

The province has curbed increase on compensation of employees. Departments may only appoint employees with approval from the provincial administration. Only Departments of Health and Education have been granted permission to appoint professional staff.

### 5.2 Payments by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Vote 01: Office of the Premier	153 711	274 248	211 586	237 773	267 649	267 649	245 071	235 017	249 933
Vote 02: Provincial Legislature	231 048	250 877	288 670	294 953	320 195	324 960	298 360	321 218	341 045
Vote 03: Provincial Treasury	249 549	267 160	275 329	287 550	278 243	273 983	287 466	315 700	335 614
Vote 04: Co-operative Governance and Traditional Affairs	336 914	396 929	447 006	443 898	476 292	476 292	498 106	486 924	517 827
Vote 05: Agriculture, Rural Development, Land and Environmental	1 028 958	1 007 100	1 004 444	1 018 624	1 002 624	1 002 624	974 133	1 224 529	1 300 848
Vote 06: Economic Development and Tourism	722 549	739 257	764 536	743 031	799 481	799 481	994 142	892 685	949 319
Vote 07: Education	13 864 273	14 653 069	15 674 968	16 856 769	17 163 557	17 173 325	17 916 783	19 348 868	20 564 939
Vote 08: Public Works, Roads and Transport	3 523 082	3 947 153	4 241 161	4 358 045	4 400 049	4 400 049	4 647 031	4 136 991	4 384 510
Vote 09: Community Safety, Security and Liaison	844 849	1 099 184	1 003 379	1 040 184	1 249 130	1 271 312	1 069 370	1 107 339	1 180 580
Vote 10: Health	7 483 981	8 046 982	8 858 526	9 995 809	10 163 902	10 163 902	10 642 144	11 821 273	12 658 764
Vote 11: Culture, Sport and Recreation	331 730	373 622	411 103	454 891	457 322	457 322	451 907	540 840	573 607
Vote 12: Social Development	928 267	1 136 357	1 220 303	1 293 198	1 294 698	1 294 698	1 454 716	1 512 590	1 615 510
Vote 13: Human Settlements	1 146 820	1 218 995	1 757 403	1 677 477	1 818 185	1 821 773	1 822 108	1 668 662	1 776 409
<b>Total provincial payments and estimates by Vote</b>	<b>30 845 731</b>	<b>33 410 933</b>	<b>36 158 414</b>	<b>38 702 202</b>	<b>39 691 327</b>	<b>39 727 370</b>	<b>41 301 336</b>	<b>43 612 636</b>	<b>46 448 905</b>

## 5.3 Summary of payments and estimates by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
<b>Current payments</b>	<b>24 738 333</b>	<b>26 727 986</b>	<b>28 479 369</b>	<b>30 370 411</b>	<b>30 845 864</b>	<b>30 852 615</b>	<b>32 440 049</b>	<b>35 911 649</b>	<b>38 361 065</b>
Compensation of employees	18 208 509	19 704 426	21 233 017	22 854 834	22 979 142	22 962 104	24 558 157	26 898 757	28 702 660
Goods and services	6 528 850	7 023 099	7 243 636	7 515 577	7 866 722	7 890 109	7 881 892	9 012 892	9 658 405
Interest and rent on land	974	461	2 716	—	—	402	—	—	—
<b>Transfers and subsidies to:</b>	<b>3 553 355</b>	<b>3 912 393</b>	<b>4 663 835</b>	<b>4 706 798</b>	<b>5 122 527</b>	<b>5 151 684</b>	<b>5 462 793</b>	<b>5 299 005</b>	<b>5 558 929</b>
Provinces and municipalities	87 454	188 601	410 190	136 641	429 561	451 093	404 011	138 485	146 573
Departmental agencies and accounts	328 528	372 260	408 376	409 927	409 822	410 107	451 603	511 712	547 585
Universities and technicians	—	—	—	—	—	—	—	—	—
Foreign governments and international organisations	—	—	—	—	—	—	—	—	—
Public corporations and private enterprises	703 057	668 923	709 877	709 073	757 073	757 016	963 898	796 515	837 573
Non-profit institutions	1 080 861	1 300 951	1 387 363	1 778 984	1 714 108	1 714 754	1 751 320	1 853 645	1 950 203
Households	1 353 455	1 381 658	1 748 029	1 672 173	1 811 963	1 818 714	1 891 961	1 998 648	2 076 995
<b>Payments of capital assets</b>	<b>2 548 310</b>	<b>2 768 001</b>	<b>2 986 689</b>	<b>3 619 993</b>	<b>3 722 587</b>	<b>3 722 690</b>	<b>3 398 495</b>	<b>2 401 982</b>	<b>2 528 912</b>
Buildings and other fixed structures	2 273 729	2 507 640	2 589 051	3 127 704	3 258 569	3 259 754	3 085 672	1 976 605	2 067 956
Machinery and equipment	225 534	231 078	384 218	459 816	440 196	438 173	312 167	424 084	459 650
Heritage assets	—	—	—	—	—	—	—	—	—
Specialised military assets	—	—	—	—	—	—	—	—	—
Biological assets	—	50	—	—	102	102	—	—	—
Land and sub-soil assets	30 190	21 300	—	—	—	—	—	—	—
Software and other intangible assets	18 857	7 933	13 420	32 473	23 720	24 661	656	1 293	1 306
<b>Payments for financial assets</b>	<b>5 733</b>	<b>2 553</b>	<b>28 521</b>	<b>5 000</b>	<b>349</b>	<b>381</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total economic classification</b>	<b>30 845 731</b>	<b>33 410 933</b>	<b>36 158 414</b>	<b>38 702 202</b>	<b>39 691 327</b>	<b>39 727 370</b>	<b>41 301 336</b>	<b>43 612 636</b>	<b>46 448 906</b>

### 5.3.1 Summary of provincial Compensation of Employees by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Vote 01: Office of the Premier	99 707	108 215	118 236	121 541	123 788	122 924	129 850	148 100	150 896
Vote 02: Provincial Legislature	88 047	101 616	115 908	143 563	137 392	132 939	157 181	165 710	176 713
Vote 03: Provincial Treasury	128 424	148 314	142 059	152 250	152 063	151 598	163 786	179 678	185 961
Vote 04: Co-operative Governance and Traditional Affairs	242 626	294 397	319 399	352 207	352 207	347 878	368 919	386 821	408 145
Vote 05: Agriculture, Rural Development, Land and Environmental	464 669	500 535	498 615	551 565	522 462	521 276	563 231	631 917	706 998
Vote 06: Economic Development and Tourism	100 452	107 317	112 823	117 773	121 041	119 472	121 928	132 049	134 923
Vote 07: Education	10 911 524	11 618 763	12 406 448	13 094 156	13 230 011	13 230 011	14 003 938	15 183 093	16 166 722
Vote 08: Public Works, Roads and Transport	770 852	804 836	839 217	855 181	879 185	879 185	973 250	1 006 286	1 069 782
Vote 09: Community Safety, Security and Liaison	319 313	336 397	366 644	385 708	400 708	398 393	422 182	482 226	498 375
Vote 10: Health	4 457 266	4 970 826	5 516 897	6 213 604	6 185 160	6 185 160	6 722 932	7 519 638	8 085 727
Vote 11: Culture, Sport and Recreation	106 444	125 533	145 187	153 310	151 260	151 260	157 033	193 403	201 966
Vote 12: Social Development	393 494	450 592	500 387	562 039	562 039	562 039	606 202	682 734	718 493
Vote 13: Human Settlements	125 691	137 085	151 197	151 937	161 826	159 969	167 725	187 102	197 958
<b>Total provincial payments and estimates by Vote</b>	<b>18 208 509</b>	<b>19 704 426</b>	<b>21 233 017</b>	<b>22 854 834</b>	<b>22 979 142</b>	<b>22 962 104</b>	<b>24 558 157</b>	<b>26 898 757</b>	<b>28 702 660</b>

### 5.3.2 Summary of provincial Goods and Services by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Vote 01: Office of the Premier	43 183	152 628	84 032	97 963	131 377	132 240	105 048	77 726	89 312
Vote 02: Provincial Legislature	114 782	110 798	130 287	98 717	94 296	103 514	97 273	111 061	117 308
Vote 03: Provincial Treasury	114 892	110 151	123 550	122 985	113 689	109 925	119 457	128 981	143 320
Vote 04: Co-operative Governance and Traditional Affairs	68 976	65 676	72 448	63 234	62 713	67 021	70 918	66 976	74 093
Vote 05: Agriculture, Rural Development, Land and Environmental	195 090	223 768	195 639	235 002	253 889	252 525	195 490	284 039	312 448
Vote 06: Economic Development and Tourism	68 479	57 879	89 845	75 361	79 743	80 992	69 448	102 416	115 818
Vote 07: Education	1 643 263	1 608 599	1 568 464	1 581 134	1 778 790	1 787 104	1 661 594	2 016 449	2 135 023
Vote 08: Public Works, Roads and Transport	1 269 159	1 283 696	1 414 320	1 388 903	1 500 274	1 474 319	1 585 679	1 783 955	1 888 317
Vote 09: Community Safety, Security and Liaison	499 531	730 701	541 394	527 657	569 319	595 076	520 151	591 661	646 812
Vote 10: Health	2 184 532	2 243 510	2 642 172	2 951 385	2 891 844	2 891 442	3 042 240	3 386 308	3 620 389
Vote 11: Culture, Sport and Recreation	121 499	153 366	147 167	144 276	161 442	161 442	170 799	175 484	203 644
Vote 12: Social Development	166 109	234 582	183 229	174 437	177 634	178 330	186 736	210 401	228 506
Vote 13: Human Settlements	39 355	47 745	51 089	54 523	51 712	56 179	57 060	77 436	83 415
<b>Total provincial payments and estimates by Vote</b>	<b>6 528 850</b>	<b>7 023 099</b>	<b>7 243 636</b>	<b>7 515 577</b>	<b>7 866 722</b>	<b>7 890 109</b>	<b>7 881 892</b>	<b>9 012 892</b>	<b>9 658 405</b>

### 5.3.3 Summary of provincial Transfers and Subsidies by Vote

Table 1.11 (d): Summary of provincial transfers and subsidies by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16	2015/16		2016/17	2017/18	2018/19
Vote 01: Office of the Premier	3 329	4 051	8 516	4 640	10 808	10 808	7 363	8 414	8 902
Vote 02: Provincial Legislature	24 484	37 149	37 819	51 493	58 742	58 742	40 954	43 002	45 496
Vote 03: Provincial Treasury	249	3 860	6 646	3 531	3 366	3 384	1 261	599	634
Vote 04: Co-operative Governance and Traditional Affairs	19 464	13 469	22 816	21 493	20 893	20 893	25 546	24 417	25 829
Vote 05: Agriculture, Rural Development, Land and Environmental	271 360	225 314	230 798	181 689	180 249	182 964	194 163	303 455	275 986
Vote 06: Economic Development and Tourism	545 113	571 734	556 540	541 297	595 097	595 417	800 866	652 909	692 958
Vote 07: Education	663 497	729 643	893 163	1 224 749	1 137 371	1 138 825	1 277 916	1 302 150	1 368 095
Vote 08: Public Works, Roads and Transport	549 328	621 689	642 975	661 562	661 562	687 489	718 902	746 925	788 140
Vote 09: Community Safety, Security and Liaison	2 316	2 327	2 986	3 500	3 500	2 706	2 776	2 643	2 796
Vote 10: Health	200 124	278 279	264 468	273 074	479 199	479 199	298 307	321 482	338 272
Vote 11: Culture, Sport and Recreation	8 702	10 675	8 720	7 220	9 020	9 020	10 466	10 034	10 616
Vote 12: Social Development	290 774	394 792	453 208	463 533	450 836	450 140	494 749	484 606	512 258
Vote 13: Human Settlements	974 615	1 019 411	1 535 180	1 269 017	1 511 884	1 512 097	1 589 524	1 398 369	1 488 947
<b>Total provincial payments and estimates by Vote</b>	<b>3 553 355</b>	<b>3 912 393</b>	<b>4 663 835</b>	<b>4 706 798</b>	<b>5 122 527</b>	<b>5 151 684</b>	<b>5 462 793</b>	<b>5 299 005</b>	<b>5 558 929</b>

### 5.3.1 Summary of provincial Payments of Capital Assets by Vote

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16	2015/16		2016/17	2017/18	2018/19
Vote 01: Office of the Premier	7 485	9 354	802	13 629	1 676	1 677	2 810	778	823
Vote 02: Provincial Legislature	2 794	1 314	4 656	1 180	29 765	29 765	2 952	1 445	1 528
Vote 03: Provincial Treasury	5 980	4 835	3 070	8 784	9 125	9 065	2 962	6 442	5 699
Vote 04: Co-operative Governance and Traditional Affairs	5 520	23 213	32 343	6 964	40 130	40 130	32 723	8 710	9 760
Vote 05: Agriculture, Rural Development, Land and Environmental	97 838	57 352	78 705	50 368	46 024	45 859	21 249	5 118	5 416
Vote 06: Economic Development and Tourism	8 480	2 319	5 328	3 600	3 600	3 600	1 900	5 311	5 620
Vote 07: Education	645 989	695 932	780 092	966 730	1 017 385	1 017 385	973 335	847 176	895 100
Vote 08: Public Works, Roads and Transport	931 241	1 235 142	1 343 558	1 452 399	1 359 028	1 359 056	1 369 200	599 826	638 271
Vote 09: Community Safety, Security and Liaison	23 689	29 759	92 322	123 319	275 603	275 137	124 262	30 809	32 596
Vote 10: Health	639 160	554 038	434 074	557 746	607 699	607 699	578 665	593 845	614 376
Vote 11: Culture, Sport and Recreation	95 085	84 048	108 323	150 085	135 600	135 600	113 609	161 919	157 382
Vote 12: Social Development	77 890	56 061	83 479	93 189	104 189	104 189	167 029	134 849	156 253
Vote 13: Human Settlements	7 159	14 634	19 937	202 000	92 763	93 528	7 799	5 755	6 089
<b>Total provincial payments and estimates by Vote</b>	<b>2 548 310</b>	<b>2 768 001</b>	<b>2 986 689</b>	<b>3 619 993</b>	<b>3 722 587</b>	<b>3 722 690</b>	<b>3 398 495</b>	<b>2 401 982</b>	<b>2 528 912</b>

## 5.4 Payments and estimates by functional area

Table 1.12: Summary of provincial payments and estimates by functional area

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16	2015/16		2016/17	2017/18	2018/19
General public services	1 840 322	2 002 265	2 040 614	2 210 010	2 291 469	2 291 974	2 413 163	2 528 726	2 679 066
Public order and safety	844 849	1 099 184	1 003 379	1 040 184	1 249 130	1 271 312	1 069 370	1 107 339	1 180 580
Economic affairs	4 243 094	4 714 199	5 071 144	5 049 412	5 144 099	5 144 099	5 420 805	4 974 071	5 272 067
Environmental protection	70 005	94 969	69 438	85 683	87 406	87 406	92 962	91 218	108 924
Housing and community amenities	1 146 820	1 218 995	1 757 403	1 677 477	1 818 185	1 821 773	1 822 108	1 668 662	1 776 409
Health	7 346 263	7 892 129	8 684 557	9 827 701	9 964 563	9 964 554	10 422 003	11 585 004	12 415 898
Recreation, culture and religion	331 730	373 622	411 103	454 891	457 322	457 322	451 907	540 840	573 607
Education	14 094 381	14 879 213	15 900 473	17 063 646	17 384 455	17 394 232	18 154 303	19 604 186	20 826 844
Social protection	928 267	1 136 357	1 220 303	1 293 198	1 294 698	1 294 698	1 454 716	1 512 590	1 615 510
<b>Total provincial payments and estimates by function</b>	<b>30 845 731</b>	<b>33 410 933</b>	<b>36 158 414</b>	<b>38 702 202</b>	<b>39 691 327</b>	<b>39 727 370</b>	<b>41 301 336</b>	<b>43 612 636</b>	<b>46 448 905</b>

## 5.5 Infrastructure payments and estimates by Vote

Table 1.13(a): Summary of provincial infrastructure payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16	2015/16		2016/17	2017/18	2018/19
Vote 01: Office of the Premier	—	—	—	—	—	—	—	—	—
Vote 02: Provincial Legislature	3 309	3 318	3 968	4 361	17 946	17 946	729	397	417
Vote 03: Provincial Treasury	—	—	4 085	1 776	1 776	3 776	4 888	5 376	5 914
Vote 04: Co-operative Governance and Traditional Affairs	—	—	5 778	6 102	10 602	10 602	37 896	11 307	11 702
Vote 05: Agriculture, Rural Development, Land and Environmental	107 610	171 921	228 316	128 514	110 259	110 259	133 125	125 989	118 947
Vote 06: Economic Development and Tourism	6 468	—	16 000	12 358	13 858	13 858	12 358	12 951	13 574
Vote 07: Education	626 389	707 810	909 971	955 088	1 106 101	1 089 388	1 003 909	590 229	544 964
Vote 08: Public Works, Roads and Transport	1 375 171	1 492 167	1 891 753	1 918 809	1 918 809	1 918 809	2 013 031	2 022 536	1 998 611
Vote 09: Community Safety, Security and Liaison	11 709	36 182	100 778	134 760	134 760	134 760	33 702	39 621	41 919
Vote 10: Health	555 731	503 517	446 612	421 688	421 688	605 447	265 948	299 236	434 843
Vote 11: Culture, Sport and Recreation	84 178	73 153	99 180	120 084	120 084	120 887	98 100	120 746	114 052
Vote 12: Social Development	137 112	119 640	82 585	92 837	92 837	92 837	178 507	111 317	119 968
Vote 13: Human Settlements	—	—	7 002	7 217	7 217	6 583	6 239	8 654	9 155
<b>Total</b>	<b>2 907 677</b>	<b>3 107 708</b>	<b>3 796 028</b>	<b>3 803 594</b>	<b>3 955 937</b>	<b>4 125 152</b>	<b>3 788 432</b>	<b>3 348 359</b>	<b>3 414 066</b>

## 5.5.1 Provincial infrastructure payments and estimates by category

Table 1.13(b): Summary of provincial infrastructure payments and estimates by Category

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
<b>New infrastructure assets</b>	<b>678 702</b>	<b>703 901</b>	<b>991 460</b>	<b>923 048</b>	<b>1 126 243</b>	<b>1 206 209</b>	<b>387 055</b>	<b>524 777</b>	<b>372 321</b>
<b>Existing infrastructure assets</b>	<b>2 109 945</b>	<b>2 187 472</b>	<b>2 492 053</b>	<b>2 656 518</b>	<b>2 609 292</b>	<b>2 668 590</b>	<b>3 133 447</b>	<b>2 549 303</b>	<b>2 766 674</b>
Upgrading and additions	726 063	666 383	567 302	649 923	675 785	651 017	1 329 175	587 011	769 320
Rehabilitation, renovations and refurbishment	743 182	993 192	1 263 018	1 267 183	1 188 821	1 282 516	896 741	1 131 000	1 083 486
Maintenance and repairs	640 700	527 897	661 733	739 412	744 686	735 057	907 531	831 292	913 868
<b>Infrastructure transfers</b>	<b>38 621</b>	<b>153 186</b>	<b>208 075</b>	<b>80 649</b>	<b>81 710</b>	<b>81 710</b>	<b>118 625</b>	<b>110 964</b>	<b>103 371</b>
Current	38 621	133 697	169 783	80 649	81 710	81 710	118 625	110 964	103 371
Capital	-	19 489	38 292	-	-	-	-	-	-
<b>Infrastructure payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Infrastructure leases</b>	<b>80 409</b>	<b>82 638</b>	<b>142 732</b>	<b>143 379</b>	<b>138 692</b>	<b>168 643</b>	<b>149 305</b>	<b>163 315</b>	<b>171 700</b>
<b>Total provincial infrastructure payments and estimates<sup>2</sup></b>	<b>2 907 677</b>	<b>3 127 197</b>	<b>3 834 320</b>	<b>3 803 594</b>	<b>3 955 937</b>	<b>4 125 152</b>	<b>3 788 432</b>	<b>3 348 359</b>	<b>3 414 066</b>

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

## 5.6 Provincial Public-Private Partnership (PPP) projects

Not applicable in this province

## 5.7 Transfers

### 5.7.1. Transfers to public entities

Table 1.15: Summary of provincial transfers to public entities by transferring department

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Vote 01: Office of the Premier	-	-	-	-	-	-	-	-	-
Vote 02: Provincial Legislature	-	-	-	-	-	-	-	-	-
Vote 03: Provincial Treasury	-	-	-	-	-	-	-	-	-
Vote 04: Co-operative Governance and Traditional Affairs	-	-	-	-	-	-	-	-	-
Vote 05: Agriculture, Rural Development, Land and Environ	-	-	-	-	-	-	-	-	-
Vote 06: Economic Development and Tourism	523 723	531 735	537 046	537 046	537 046	520 297	798 001	643 104	688 482
Vote 07: Education	105 915	98 000	87 627	221 088	221 088	221 088	228 815	245 375	249 561
Vote 08: Public Works, Roads and Transport	-	-	-	-	-	-	-	-	-
Vote 09: Community Safety, Security and Liaison	-	-	-	-	-	-	-	-	-
Vote 10: Health	-	-	-	-	-	-	-	-	-
Vote 11: Culture, Sport and Recreation	-	-	-	-	-	-	-	-	-
Vote 12: Social Development	-	-	-	-	-	-	-	-	-
Vote 13: Human Settlements	-	-	-	-	-	-	-	-	-
<b>Total provincial transfers to public entities</b>	<b>629 638</b>	<b>629 735</b>	<b>624 673</b>	<b>758 134</b>	<b>758 134</b>	<b>741 385</b>	<b>1 026 816</b>	<b>888 479</b>	<b>938 043</b>

### 5.7.2. Transfers to local government

Table 1.17: Summary of provincial transfers to local government by category

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Category A	-	-	-	-	-	-	-	-	-
Category B	77 997	188 413	392 949	124 901	426 322	447 745	404 011	138 485	146 574
Category C	9 133	71	17 175	11 606	3 106	3 000	-	-	-
Unallocated	324	117	112	134	134	374	-	-	-
<b>Total provincial transfers to local government</b>	<b>87 454</b>	<b>188 601</b>	<b>410 236</b>	<b>136 641</b>	<b>429 562</b>	<b>451 119</b>	<b>404 011</b>	<b>138 485</b>	<b>146 574</b>

## 5.7.3 Personnel numbers and costs

Vote	Personnel numbers				Actual				Revised estimate				Medium-term expenditure estimate				Average annual growth over MTEF		
	2012/13		2013/14		2014/15		2015/16		2016/17		2017/18		2018/19		2019/20		2015/16 - 2018/19		
	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Filled posts	Additional posts	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel growth rate	Costs growth rate	% Costs of Total
<b>Total provincial personnel numbers</b>	<b>75 703</b>	<b>19 208 509</b>	<b>77 217</b>	<b>19 704 426</b>	<b>78 263</b>	<b>21 233 017</b>	<b>73 209</b>	<b>1 476</b>	<b>74 685</b>	<b>9 588 860</b>	<b>75 997</b>	<b>24 857 114</b>	<b>75 710</b>	<b>26 839 884</b>	<b>76 108</b>	<b>28 541 316</b>	<b>0.6%</b>	<b>43.8%</b>	<b>100.0%</b>

<sup>1</sup> Personnel numbers includes all filled posts together with those posts additional to the approved establishment

## 5.8 Payments on training

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
<b>Total provincial payments on training</b>	<b>168 808</b>	<b>153 610</b>	<b>135 668</b>	<b>142 124</b>	<b>142 124</b>	<b>142 124</b>	<b>147 025</b>	<b>155 557</b>	<b>164 579</b>

## **Annexure to the Overview of Provincial Revenue and Expenditure**

**Table A.1: Details of information on provincial own receipts**

**Table A.1: Details of total provincial own receipts**

R thousand	Outcome			Main appropriation	Adjusted appropriation 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
<b>Tax receipts</b>	<b>383 224</b>	<b>491 715</b>	<b>453 462</b>	<b>510 696</b>	<b>510 696</b>	<b>510 696</b>	<b>538 491</b>	<b>565 948</b>	<b>598 772</b>
Casino taxes	62 522	64 048	72 006	75 608	75 608	75 608	79 388	83 357	88 192
Horse racing taxes	6 707	9 947	7 936	8 332	8 332	8 332	9 176	9 635	10 193
Liquor licences	4 708	2 112	2 218	17 861	17 861	17 861	19 361	20 861	22 071
Motor vehicle licences	309 287	415 608	371 302	408 895	408 895	408 895	430 566	452 094	478 316
<b>Sales of goods and services other than capital assets</b>	<b>141 166</b>	<b>127 684</b>	<b>121 414</b>	<b>120 449</b>	<b>120 449</b>	<b>119 991</b>	<b>125 017</b>	<b>130 690</b>	<b>133 490</b>
Sales of goods and services produced by department (e)	<b>140 918</b>	<b>127 462</b>	<b>121 069</b>	<b>120 326</b>	<b>120 326</b>	<b>119 991</b>	<b>124 888</b>	<b>130 554</b>	<b>133 346</b>
Sales by market establishments	69 158	67 980	64 084	77 164	77 164	76 806	69 639	70 684	69 954
Administrative fees	13 264	14 166	14 574	13 392	13 392	13 415	14 222	16 556	17 516
Other sales	58 496	45 316	42 411	29 770	29 770	29 770	41 027	43 314	45 876
Of which									
Health patient fees	48 898	35 583	33 427	27 313	27 313	27 313	29 000	30 711	32 523
Sales of scrap, waste, arms and other used current goods	248	222	345	123	123	—	130	136	144
<b>Transfers received from:</b>	<b>—</b>	<b>—</b>	<b>250</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Other governmental units (Excl. Equitable share and contributions)	—	—	—	—	—	—	—	—	—
Higher education institutions	—	—	—	—	—	—	—	—	—
Foreign governments	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—
Public corporations and private enterprises	—	—	250	—	—	—	—	—	—
Households and non-profit institutions	—	—	—	—	—	—	—	—	—
<b>Fines, penalties and forfeits</b>	<b>35 959</b>	<b>32 475</b>	<b>63 674</b>	<b>85 097</b>	<b>85 097</b>	<b>90 297</b>	<b>90 175</b>	<b>94 132</b>	<b>99 353</b>
<b>Interest, dividends and rent on land</b>	<b>83 198</b>	<b>76 261</b>	<b>98 564</b>	<b>89 917</b>	<b>89 917</b>	<b>90 978</b>	<b>94 022</b>	<b>99 288</b>	<b>106 363</b>
Interest	83 198	76 261	98 564	89 908	89 908	90 978	94 010	99 275	106 349
Dividends	—	—	—	—	—	—	—	—	—
Rent on land	—	—	—	9	9	—	12	13	14
<b>Sales of capital assets</b>	<b>5 295</b>	<b>11 925</b>	<b>3 920</b>	<b>4 429</b>	<b>4 429</b>	<b>4 392</b>	<b>4 561</b>	<b>5 718</b>	<b>6 151</b>
Land and sub-soil assets	—	—	—	—	—	—	—	—	—
Other capital assets	5 295	11 925	3 920	4 429	4 429	4 392	4 561	5 718	6 151
<b>Financial transactions in assets and liabilities</b>	<b>22 490</b>	<b>31 214</b>	<b>13 769</b>	<b>11 050</b>	<b>11 050</b>	<b>19 187</b>	<b>12 531</b>	<b>13 077</b>	<b>13 455</b>
<b>Total departmental receipts</b>	<b>671 332</b>	<b>771 274</b>	<b>755 053</b>	<b>821 638</b>	<b>821 638</b>	<b>835 541</b>	<b>864 798</b>	<b>908 853</b>	<b>957 584</b>



**Table A.2: Details of information on conditional grants**

Table A.2: Information relating to Conditional Grants														
Vote and Grant	Purpose	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Main appropriation	Revised transfer estimate 2015/16	Revised expenditure	Medium-term estimates
R thousand		2012/13			2013/14			2014/15						2016/17 2017/18 2018/19
<b>Vote 04: Co-operative Governance and Traditional Affairs</b>		-	-	-	-	-	-	2 000	2 000	2 000	2 633	2 633	2 633	2 762 - -
Expanded Public Works Programme Incentive Grant for Provinces		-	-	-	-	-	-	2 000	2 000	2 000	2 633	2 633	2 633	2 762 - -
<b>Vote 05: Agriculture, Rural Development, Land and Environmental Affairs</b>		171 356	171 356	171 356	190 699	190 699	190 699	199 251	172 342	199 251	226 038	226 038	226 038	231 973 236 695 250 320
Comprehensive e Agricultural Support Programme Grant		114 829	114 829	114 829	130 986	130 986	130 986	135 810	108 901	135 810	169 684	169 684	169 684	172 414 177 885 185 098
Ilima/Letsema Projects Grant		42 000	42 000	42 000	43 845	43 845	43 845	46 062	46 062	46 062	46 270	46 270	46 270	49 136 52 213 58 242
Land Care Programme Grant: Poverty Relief and Infrastructure Development		10 958	10 958	10 958	10 249	10 249	10 249	6 105	6 105	6 105	5 948	5 948	5 948	6 208 6 597 6 980
Expanded Public Works Programme Incentive Grant for Provinces		3 569	3 569	3 569	5 619	5 619	5 619	11 274	11 274	11 274	4 136	4 136	4 136	4 215 - -
<b>Vote 06: Economic Development and Tourism</b>		1 000	1 000	1 000	1 431	1 431	1 431	3 561	3 561	3 561	3 138	3 138	3 138	3 911 - -
Expanded Public Works Programme Incentive Grant for Provinces		1 000	1 000	1 000	1 431	1 431	1 431	3 561	3 561	3 561	3 138	3 138	3 138	3 911 - -
<b>Vote 07: Education</b>		1 106 261	1 105 901	1 106 261	1 102 651	1 102 651	1 102 651	1 233 204	1 233 204	1 234 276	1 473 456	1 487 889	1 487 889	1 442 126 1 415 849 1 497 136
Dinaledi Schools Grant		9 802	9 802	9 802	9 675	9 675	9 675	10 228	10 228	10 228	-	-	-	- - -
Education Infrastructure Grant		530 711	530 711	530 711	536 370	536 370	536 370	623 602	623 602	623 602	857 247	857 247	857 247	788 153 750 184 792 863
HIV and Aids (Life Skills Education) Grant		17 896	17 896	17 896	18 015	18 015	18 015	19 404	19 404	19 404	19 631	19 631	19 631	18 798 20 102 21 267
National School Nutrition Programme Grant		506 561	506 201	506 561	504 835	504 835	504 835	541 636	541 636	541 636	545 910	557 035	557 035	574 843 603 585 638 593
Occupation Specific Dispensation for Education Sector Therapists Grant		-	-	-	-	-	-	-	-	1 072	337	337	337	- - -
Technical Secondary Schools Recapitalisation Grant		25 678	25 678	25 678	30 756	30 756	30 756	28 682	28 682	28 682	-	-	-	- - -
Maths, Science and Technology Grant		-	-	-	-	-	-	-	-	-	39 136	42 444	42 444	41 639 41 978 44 413
Expanded Public Works Programme Incentive Grant for Provinces		3 000	3 000	3 000	3 000	3 000	3 000	3 340	3 340	3 340	2 453	2 453	2 453	3 066 - -
Social Sector Expanded Public Works Programme Incentive Grant for Provinces		12 613	12 613	12 613	-	-	-	6 312	6 312	6 312	8 742	8 742	8 742	15 627 - -
<b>Vote 08: Public Works, Roads and Transport</b>		1 773 184	1 773 184	1 773 184	1 973 010	1 973 010	1 973 010	2 099 056	2 099 056	2 134 806	2 237 728	2 237 728	2 237 728	2 208 501 1 469 220 1 547 830
Devolution of Property Rate Funds Grant to Provinces		76 870	76 870	76 870	-	-	-	-	-	-	-	-	-	- - -
Expanded Public Works Programme Incentive Grant for Provinces		16 617	16 617	16 617	20 691	20 691	20 691	12 798	12 798	12 798	16 038	16 038	16 038	20 504 - -
Provincial Roads Maintenance Grant		1 240 694	1 240 694	1 240 694	1 489 393	1 489 393	1 489 393	1 594 840	1 594 840	1 630 590	1 719 418	1 719 418	1 719 418	1 638 865 887 286 938 702
Public Transport Operations Grant		439 003	439 003	439 003	462 926	462 926	462 926	491 418	491 418	491 418	502 272	502 272	502 272	549 132 581 934 609 128
<b>Vote 09: Community Safety, Security and Liaison</b>		522	522	522	819	819	819	2 580	2 580	2 580	1 000	1 000	1 000	4 307 - -
Social Sector Expanded Public Works Programme Incentive Grant for Provinces		522	522	522	819	819	819	2 580	2 580	2 580	1 000	1 000	1 000	4 307 - -
<b>Vote 10: Health</b>		1 265 236	1 265 236	1 261 017	1 186 647	1 185 747	1 186 859	1 373 568	1 373 568	1 373 568	1 422 915	1 494 908	1 494 908	1 531 329 1 744 142 1 949 531
Comprehensive HIV and Aids Grant		586 097	586 097	586 097	690 591	690 591	690 591	818 836	818 836	818 836	927 214	927 214	927 214	1 032 065 1 193 020 1 353 707
Forensic Pathology Services Grant		2 051	2 051	2 051	-	-	-	-	-	-	-	-	-	- - -
Hospital Facility Revitalisation Grant		483 803	483 803	479 584	306 433	306 433	306 645	343 509	343 509	343 509	287 942	359 935	359 935	281 174 333 023 347 410
Health Professions Training and Development Grant		85 837	85 837	85 837	89 894	89 894	89 894	95 288	95 288	95 288	97 460	97 460	97 460	101 646 108 013 114 278
National Health Insurance Grant		11 500	11 500	11 500	4 850	4 850	4 850	7 770	7 770	7 770	7 206	7 206	7 206	7 546 - -
AFCON Grant		3 000	3 000	3 000	-	-	-	-	-	-	-	-	-	- - -
Human Papilloma virus Grant		-	-	-	-	-	-	-	-	-	-	-	-	- - 17 665
Expanded Public Works Programme Incentive Grant for Provinces		1 069	1 069	1 069	3 000	2 100	3 000	2 732	2 732	2 732	2 264	2 264	2 264	2 311 - -
Social Sector Expanded Public Works Programme Incentive Grant for Provinces		-	-	-	-	-	-	3 384	3 384	3 384	1 518	1 518	1 518	3 000 - -
National Tertiary Services Grant		91 879	91 879	91 879	91 879	91 879	91 879	102 049	102 049	102 049	99 311	99 311	99 311	103 597 110 086 116 471
<b>Vote 11: Culture, Sport and Recreation</b>		114 112	110 229	114 112	126 237	126 237	126 237	167 635	167 635	167 635	197 711	211 142	211 142	209 220 217 324 229 559
Community Library Services Grant		72 705	68 822	72 705	77 405	77 405	77 405	115 897	115 897	115 897	150 325	162 729	162 729	155 289 165 087 174 404
Mass Participation and Sport Development Grant		39 883	39 883	39 883	47 140	47 140	47 140	46 959	46 959	46 959	44 039	45 066	45 066	49 043 52 237 55 155
Social Sector Expanded Public Works Programme Incentive Grant for Provinces		524	524	524	1 142	1 142	1 142	2 580	2 580	2 580	1 199	1 199	1 199	2 888 - -
Expanded Public Works Programme Incentive Grant for Provinces		1 000	1 000	1 000	550	550	550	2 199	2 199	2 199	2 148	2 148	2 148	2 000 - -
<b>Vote 12: Social Development</b>		-	-	-	-	-	-	6 012	6 012	6 012	19 274	19 274	19 274	35 806 18 050 26 118
Expanded Public Works Programme Incentive Grant for Provinces		-	-	-	-	-	-	2 024	2 024	2 024	2 000	2 000	2 000	2 074 - -
Social Sector Expanded Public Works Programme Incentive Grant for Provinces		-	-	-	-	-	-	3 988	3 988	3 988	17 274	17 274	17 274	33 732 - -
Early Childhood Development Grant		-	-	-	-	-	-	-	-	-	-	-	-	- 18 050 26 118
<b>Vote 13: Human Settlements</b>		965 127	965 127	965 127	1 126 096	1 126 096	1 126 096	1 327 960	1 327 960	1 327 960	1 267 162	1 337 542	1 351 070	1 316 657 1 394 636 1 484 992
Human Settlements Development Grant		965 127	965 127	965 127	1 126 096	1 126 096	1 126 096	1 327 960	1 327 960	1 327 960	1 265 162	1 335 542	1 349 070	1 314 645 1 394 636 1 484 992
Expanded Public Works Programme Incentive Grant for Provinces		-	-	-	-	-	-	-	-	-	2 000	2 000	2 000	2 012 - -
<b>Total conditional grants</b>		<b>5 396 798</b>	<b>5 392 555</b>	<b>5 392 579</b>	<b>5 707 590</b>	<b>5 706 690</b>	<b>5 707 802</b>	<b>6 414 827</b>	<b>6 387 918</b>	<b>6 451 649</b>	<b>6 851 055</b>	<b>7 021 292</b>	<b>7 034 820</b>	<b>6 986 592 6 495 916 6 985 486</b>

# Table A.3: Details of information on provincial payments and estimates

Table A.3: Details of provincial payments and estimates by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16	2015/16	2015/16	2016/17	2017/18	2018/19
<b>Current payments</b>	<b>24 738 333</b>	<b>26 727 986</b>	<b>28 479 369</b>	<b>30 370 411</b>	<b>30 845 864</b>	<b>30 852 615</b>	<b>32 440 049</b>	<b>35 911 649</b>	<b>38 361 065</b>
Compensation of employees	18 208 509	19 704 426	21 233 017	22 854 834	22 979 142	22 962 104	24 558 157	26 898 757	28 702 660
Salaries and wages	15 912 875	16 835 219	18 451 266	19 811 681	19 855 440	19 871 681	21 255 552	23 303 131	24 822 860
Social contributions	2 295 634	2 869 207	2 781 751	3 043 153	3 123 702	3 090 423	3 302 605	3 595 625	3 879 800
Goods and services	6 528 850	7 023 099	7 243 636	7 515 577	7 866 722	7 890 109	7 881 892	9 012 892	9 658 405
Administrative fees	23 468	27 490	16 453	19 977	47 471	48 321	19 218	24 878	26 260
Advertising	33 155	48 114	29 982	30 459	31 812	32 328	32 091	36 868	39 267
Minor Assets	78 918	36 861	47 357	49 062	59 507	47 812	47 415	48 981	56 818
Audit cost: External	65 241	76 048	79 971	82 868	83 252	83 885	83 613	100 623	106 851
Bursaries: Employees	64 520	85 832	20 575	17 066	17 333	16 633	24 243	19 199	20 302
Catering: Departmental activities	75 587	76 817	52 945	49 309	101 976	85 875	36 805	45 662	55 123
Communication (G&S)	138 209	152 766	148 583	139 030	144 162	151 922	145 784	170 842	181 959
Computer services	142 183	131 701	179 187	205 099	202 246	208 184	306 537	275 256	281 210
Consultants and professional services: Business	75 138	59 166	92 743	87 145	98 074	143 933	146 839	79 708	91 832
Consultants and professional services: Infrastruc	71 381	96 875	88 847	74 929	118 436	105 136	185 226	133 941	141 709
Consultants and professional services: Laborator	249 096	227 832	357 810	413 312	351 001	351 006	335 266	435 232	483 413
Consultants and professional services: Scientific	256	-	-	12 987	13 487	4 623	10 250	10 263	10 858
Consultants and professional services: Legal cos	22 326	18 134	20 532	74 374	72 704	71 112	65 805	66 015	68 309
Contractors	483 674	427 929	607 921	513 404	674 161	669 173	545 552	610 767	639 294
Agency and support / outsourced services	637 609	645 246	742 095	696 163	691 210	675 759	716 927	736 438	809 945
Entertainment	246	292	349	201	201	161	211	21	234
Fleet services (including government motor trans	205 186	226 689	247 715	241 326	239 931	241 372	260 971	291 953	315 749
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	8 903	6 866	5 442	12 872	16 784	4 233	3 916	14 242
Inventory: Farming supplies	4	7 127	4 556	5 211	6 117	5 767	6 017	5 215	7 478
Inventory: Food and food supplies	73 902	84 769	92 076	96 154	94 073	94 149	104 904	115 756	122 128
Inventory: Fuel, oil and gas	35 108	18 885	37 175	41 344	64 499	64 385	45 006	56 426	63 627
Inventory: Learner and teacher support material	526 868	572 684	478 449	427 267	398 036	397 392	272 534	521 913	552 182
Inventory: Materials and supplies	15 785	80 486	62 619	57 380	52 338	51 924	66 608	72 757	78 622
Inventory: Medical supplies	238 323	330 862	320 440	341 868	389 667	387 411	360 672	429 900	467 069
Inventory: Medicine	783 065	852 102	1 021 312	1 060 201	1 025 010	1 026 379	1 117 596	1 239 567	1 340 835
Medas inventory interface	828	10	-	-	-	67	-	-	-
Inventory: Other supplies	3 126	90 783	61 870	73 253	128 233	99 586	115 651	115 064	122 073
Consumable supplies	180 889	124 757	148 815	161 438	143 473	152 848	181 461	214 841	218 337
Consumable: Stationery, printing and office suppl	115 010	71 064	71 407	105 086	112 409	88 596	118 135	145 665	155 227
Operating leases	251 280	218 225	262 951	264 894	256 033	270 268	286 366	300 642	313 532
Property payments	731 154	910 618	817 620	1 002 949	1 088 208	1 064 450	986 433	1 278 449	1 350 571
Transport provided: Departmental activity	497 788	512 286	370 022	406 101	398 885	396 093	413 087	515 838	544 220
Travel and subsistence	465 468	473 495	509 933	446 496	435 144	491 576	422 536	499 799	538 176
Training and development	92 059	122 461	104 223	187 523	173 455	158 410	272 655	236 639	252 446
Operating payments	108 989	89 532	80 675	64 474	64 946	102 613	80 061	100 349	107 918
Venues and facilities	38 180	108 234	48 554	54 641	67 813	69 183	55 727	64 593	71 157
Rental and hiring	3 831	8 024	11 008	7 144	8 547	14 993	9 457	8 917	9 427
Interest and rent on land	974	461	2 715	-	-	402	-	-	-
Interest (incl. interest on finance leases)	974	461	2 648	-	-	402	-	-	-
Rent on land	-	-	68	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>3 553 355</b>	<b>3 912 393</b>	<b>4 663 835</b>	<b>4 706 798</b>	<b>5 122 527</b>	<b>5 151 684</b>	<b>5 462 793</b>	<b>5 299 005</b>	<b>5 558 929</b>
Provinces and municipalities	87 454	188 601	410 190	136 641	429 561	451 093	404 011	138 485	146 573
Provinces	148	12	8 125	400	400	195	422	444	470
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	148	12	8 125	400	400	195	422	444	470
Municipalities	87 306	188 589	402 065	136 241	429 161	450 898	403 589	138 041	146 103
Municipal bank accounts	1 201	3 390	17 489	12 006	299 952	300 079	834	790	871
Municipal agencies and funds	86 105	185 199	384 576	124 235	129 209	150 819	402 755	137 251	145 232
Departmental agencies and accounts	328 528	372 260	408 376	409 927	409 822	410 107	451 603	511 712	547 585
Social security funds	-	814	1 242	1 458	1 655	1 678	-	-	-
Departmental agencies (non-business entities)	328 528	371 446	407 134	408 469	408 167	408 429	451 603	511 712	547 585
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	703 057	668 923	709 877	709 073	757 073	757 016	963 898	796 515	837 573
Public corporations	702 838	668 827	709 866	709 073	757 073	757 016	963 898	796 515	837 573
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	702 838	668 827	709 866	709 073	757 073	757 016	963 898	796 515	837 573
Private enterprises	219	96	11	-	-	-	-	-	-
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	219	96	11	-	-	-	-	-	-
Non-profit institutions	1 080 861	1 300 951	1 387 363	1 778 984	1 714 108	1 714 754	1 751 320	1 853 645	1 950 203
Households	1 353 455	1 381 658	1 748 029	1 672 173	1 811 963	1 818 714	1 891 961	1 998 648	2 076 995
Social benefits	95 182	121 628	166 112	104 153	139 574	160 400	149 040	170 998	178 420
Other transfers to households	1 258 273	1 260 030	1 581 917	1 568 020	1 672 389	1 658 314	1 742 921	1 827 650	1 898 575
<b>Payments for capital assets</b>	<b>2 548 310</b>	<b>2 768 001</b>	<b>2 986 689</b>	<b>3 619 993</b>	<b>3 722 587</b>	<b>3 722 690</b>	<b>3 398 495</b>	<b>2 401 982</b>	<b>2 528 912</b>
Buildings and other fixed structures	2 273 729	2 507 640	2 589 051	3 127 704	3 258 569	3 259 754	3 085 672	1 976 605	2 067 956
Buildings	1 272 845	1 308 990	1 282 446	1 554 381	1 888 978	1 892 145	1 791 618	1 478 510	1 537 310
Other fixed structures	1 000 884	1 198 650	1 306 605	1 573 323	1 369 591	1 367 609	1 294 054	498 095	530 646
Machinery and equipment	225 534	231 078	384 218	459 816	440 196	438 173	312 167	424 084	459 650
Transport equipment	20 632	34 334	150 521	181 694	238 267	225 479	101 012	140 611	177 107
Other machinery and equipment	204 902	196 744	233 697	278 122	201 929	212 694	211 155	283 473	282 543
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	50	-	-	102	102	-	-	-
Land and sub-soil assets	30 190	21 300	-	-	-	-	-	-	-
Software and other intangible assets	18 857	7 933	13 420	32 473	23 720	24 661	656	1 293	1 306
<b>Payments for financial assets</b>	<b>5 733</b>	<b>2 553</b>	<b>28 521</b>	<b>5 000</b>	<b>349</b>	<b>381</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>30 845 731</b>	<b>33 410 933</b>	<b>36 158 414</b>	<b>38 702 202</b>	<b>39 691 327</b>	<b>39 727 370</b>	<b>41 301 336</b>	<b>43 612 636</b>	<b>46 448 906</b>

# Table A.4(a) Details of payments by functional area

Table A.4(a): Payments summary by functional area

Function	Category	Department	Programmes
General public services	Legislative	Premier	Administration Institutional Development Policy and Governance
		Provincial Legislature	Administration Parliamentary Business
		Co-operative Governance and Traditional Affairs	The House of Traditional Leaders
	General policy and administration	Co-operative Governance and Traditional Affairs	Administration Local Governance Development and Planning Traditional Institutional Management
	General Services	Public Works, Roads and Transport	Administration Public Works Infrastructure
	Financial and Fiscal Services	Provincial Treasury	Administration Sustainable Resources Management Asset And Liabilities Management Financial Governance
Public order and safety	Police services	Community Safety, Security and Liaison	Administration Civilian Oversight Security Management
Economic Affairs	Transport	Community Safety, Security and Liaison	Transport Regulation
		Public Works, Roads and Transport	Transport Infrastructure Transport Operations Community Based Programmes
	General economic affairs	Economic Development and Tourism	Administration Integrated Economic Development Trade and Sector Development Business Regulation and Governance Economic Planning
	Communication	Economic Development and Tourism	Tourism
	Agriculture	Agriculture, Rural Development, Land and Environmental Affairs	Administration Sustainable Resource Management Farmer Support and Development Veterinary Services Research and Technology Development Agricultural Economics Services Rural Development Coordination
Environmental Protection	Environmental protection	Agriculture, Rural Development, Land and Environmental Affairs	Environmental Affairs
Housing and community amenities	Housing development	Human Settlements	Administration Housing Needs, Planning and Research Housing Development Housing Asset Management
Health	Outpatient service	Health	District Health Services Health Facilities Management
	Hospital services		Administration District Health Services Emergency Medical Services Provincial Hospital Services Central Hospital Services Health Sciences and Training Health Care Support Services Health Facilities Management
Recreation, culture and religion	Recreational and sporting services	Culture, Sport and Recreation	Administration Sport and recreation
	Cultural services		Administration Cultural Affairs Library and Archives Services
Education	Pre-primary and primary	Education	Public Ordinary Schools Education Early Childhood Development
	Secondary education	Education	Public Ordinary Schools Education
	Subsidiary service to education	Education	Administration Public Ordinary Schools Education Independent Schools Subsidies Public Special Schools Education Early Childhood Development Infrastructure Development Examination and Education Related Services
	Education not definable by level	Education	Public Special Schools Education Independent Schools Subsidies
		Health	Health Sciences and Training
		Agriculture, Rural Development, Land and Environmental Affairs	Structured Agricultural Education and Training
Social protection	Social security services	Social Development	Administration Social Welfare Services Children and Families Restorative Services Development and Research

# Table A.4 (b): Details of payments by functional area

A.4(b): Details of provincial payments and estimates by functional area

Outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
General Public Services									
Executive and Legislature	397 551	538 977	515 281	549 204	604 322	610 613	563 413	574 297	611 089
Office of the Premier	153 711	274 248	211 586	237 773	267 649	267 649	245 071	235 017	249 933
The House of Traditional Leaders	12 792	13 852	15 025	16 478	16 478	18 004	19 982	18 062	20 111
Provincial Legislature	231 048	250 877	288 670	294 953	320 195	324 960	298 360	321 218	341 045
Financial and Fiscal Services	249 549	267 160	275 329	287 550	278 243	273 983	287 466	315 700	335 614
Provincial Treasury	249 549	267 160	275 329	287 550	278 243	273 983	287 466	315 700	335 614
General Services (Public Works, Local Government)	1 193 222	1 196 128	1 250 004	1 373 256	1 408 904	1 407 378	1 562 284	1 638 729	1 732 363
Total: General Public Services	1 840 322	2 002 265	2 040 614	2 210 010	2 291 469	2 291 974	2 413 163	2 528 726	2 679 066
Public Order and Safety									
Police Services	844 849	1 099 184	1 003 379	1 040 184	1 249 130	1 271 312	1 069 370	1 107 339	1 180 580
Community Safety, Security and Liaison	844 849	1 099 184	1 003 379	1 040 184	1 249 130	1 271 312	1 069 370	1 107 339	1 180 580
Total: Public Order and Safety	844 849	1 099 184	1 003 379	1 040 184	1 249 130	1 271 312	1 069 370	1 107 339	1 180 580
Economic Affairs									
General Economic Affairs	722 549	739 257	764 536	743 031	799 481	799 481	994 142	892 685	949 319
Economic Development and Tourism	722 549	739 257	764 536	743 031	799 481	799 481	994 142	892 685	949 319
Agriculture	866 563	840 840	883 470	894 172	893 659	893 659	863 792	1 114 262	1 172 885
Agriculture, Rural Dev., Land and Enviro Affairs	866 563	840 840	883 470	894 172	893 659	893 659	863 792	1 114 262	1 172 885
Transport	2 653 982	3 134 102	3 423 138	3 412 209	3 450 959	3 450 959	3 562 871	2 967 124	3 149 863
Transport	2 653 982	3 134 102	3 423 138	3 412 209	3 450 959	3 450 959	3 562 871	2 967 124	3 149 863
Total: Economic Affairs	4 243 094	4 714 199	5 071 144	5 049 412	5 144 099	5 144 099	5 420 805	4 974 071	5 272 067
Environmental Protection									
Environmental Protection	70 005	94 969	69 438	85 683	87 406	87 406	92 962	91 218	108 924
Total: Environmental Protection	70 005	94 969	69 438	85 683	87 406	87 406	92 962	91 218	108 924
Housing and Community Amenities									
Housing Development	1 146 820	1 218 995	1 757 403	1 677 477	1 818 185	1 821 773	1 822 108	1 668 662	1 776 409
Human Settlements	1 146 820	1 218 995	1 757 403	1 677 477	1 818 185	1 821 773	1 822 108	1 668 662	1 776 409
Total: Housing and Community Amenities	1 146 820	1 218 995	1 757 403	1 677 477	1 818 185	1 821 773	1 822 108	1 668 662	1 776 409
Health									
Outpatient services	2 770 057	3 005 399	3 282 129	3 738 770	3 778 952	3 778 970	3 907 807	4 356 755	4 694 833
Hospital Services	4 576 207	4 886 730	5 402 429	6 088 931	6 185 611	6 185 585	6 514 195	7 228 249	7 721 065
Total: Health	7 346 263	7 892 129	8 684 557	9 827 701	9 964 563	9 964 554	10 422 003	11 585 004	12 415 898
Recreation, Culture and Religion									
Sporting and Recreational Affairs	331 730	373 622	411 103	454 891	457 322	457 322	451 907	540 840	573 607
Sport, Arts and Culture	331 730	373 622	411 103	454 891	457 322	457 322	451 907	540 840	573 607
Total: Recreation, Culture and Religion	331 730	373 622	411 103	454 891	457 322	457 322	451 907	540 840	573 607
Education									
Pre-primary & Primary Phases	6 941 396	7 357 246	7 817 254	8 278 163	8 355 401	8 355 401	8 735 524	9 619 287	10 231 157
Secondary Education Phase	4 126 949	4 372 208	4 661 910	4 887 541	4 952 364	4 952 364	5 136 317	5 651 229	6 010 163
Subsidiary Services to Education	2 586 705	2 713 528	2 970 088	3 447 516	3 606 279	3 616 047	3 778 698	3 785 343	4 011 428
Education not defined by level	439 331	436 231	451 221	450 426	470 411	470 420	503 765	548 327	574 096
Total: Education	14 094 381	14 879 213	15 900 473	17 063 646	17 384 455	17 394 232	18 154 303	19 604 186	20 826 844
Social protection									
Social Services and Population Development	928 267	1 136 357	1 220 303	1 293 198	1 294 698	1 294 698	1 454 716	1 512 590	1 615 510
Total: Social protection	928 267	1 136 357	1 220 303	1 293 198	1 294 698	1 294 698	1 454 716	1 512 590	1 615 510
Total provincial payments and estimates by functional area	30 845 731	33 410 933	36 158 414	38 702 202	39 691 327	39 727 370	41 301 336	43 612 636	46 448 900

**Table A.5: Details of transfers to local government**

**Table A.5: Transfers to local government by category and municipality**

R thousand	Outcome			Main appropriation	Adjusted appropriation 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
<b>Category A</b>	–	–	–	–	–	–	–	–	–
<b>Category B</b>	<b>77 997</b>	<b>188 413</b>	<b>392 949</b>	<b>124 901</b>	<b>426 322</b>	<b>447 745</b>	<b>404 011</b>	<b>138 485</b>	<b>146 574</b>
MP301 Albert Luthuli	6 099	5 885	8 650	6 746	6 746	11 393	7 090	7 441	7 873
MP302 Msukaligwa	4 784	10 596	8 873	5 117	5 117	12 225	5 335	5 602	5 927
MP303 Mkhondo	1	7 702	2 065	6 406	163 206	162 683	6 734	7 071	7 481
MP304 Pixley Ka Seme	1 769	1 176	3 944	2 257	2 257	2 321	17 346	2 463	2 606
MP305 Lekwa	2 795	21 874	23 260	3 423	3 423	–	3 596	3 776	3 995
MP306 Dipaleseng	–	2 708	1 120	2 890	2 890	4 116	3 043	3 195	3 380
MP307 Govan Mbeki	6 276	6 198	68 695	9 264	22 986	24 171	32 771	10 221	10 814
MP311 Delmas	1 650	1 345	2 161	2 152	2 152	1 406	2 264	2 377	2 515
MP312 Emalahleni	4 932	12 080	49 427	10 449	66 038	72 711	161 940	11 487	12 153
MP313 Steve Tshwete	4 930	39 495	17 716	11 812	23 455	19 789	12 425	13 046	13 803
MP314 Emakhazeni	5 415	6 344	3 707	3 372	3 372	–	3 550	3 728	3 944
MP315 Thembisile	2	1 500	3 810	1 097	1 097	–	1 139	1 196	1 265
MP316 Dr JS Moroka	1 933	1 765	1 392	783	783	–	816	857	907
MP321 Thaba Chweu	4 632	5 365	5 479	5 455	6 733	7 451	5 732	6 019	6 368
MP322 Mbombela	17 449	23 428	105 039	24 150	86 539	92 450	26 196	27 419	29 066
MP323 Umjindi	1 710	383	770	1 582	1 582	802	1 654	1 737	1 838
MP324 Nkomazi	3 014	7 658	6 984	4 264	4 264	18 604	4 470	4 694	4 966
MP325 Bushbuckridge	10 606	32 911	79 857	23 682	23 682	17 623	107 910	26 156	27 673
<b>Category C</b>	<b>9 133</b>	<b>71</b>	<b>17 175</b>	<b>11 606</b>	<b>3 106</b>	<b>3 000</b>	–	–	–
DC30 Gert Sibande	–	31	11 064	4 285	35	–	–	–	–
DC31 Nkangala	9 126	24	4 750	3 021	3 021	3 000	–	–	–
DC32 Ehlanzeni	7	16	1 361	4 300	50	–	–	–	–
<b>Unallocated</b>	<b>324</b>	<b>117</b>	<b>112</b>	<b>134</b>	<b>134</b>	<b>374</b>	–	–	–
<b>Total departmental transfers to local government</b>	<b>87 454</b>	<b>188 601</b>	<b>410 236</b>	<b>136 641</b>	<b>429 562</b>	<b>451 119</b>	<b>404 011</b>	<b>138 485</b>	<b>146 574</b>