



provincial treasury  
MPUMALANGA PROVINCE  
REPUBLIC OF SOUTH AFRICA

# **SOCIO-ECONOMIC REVIEW & OUTLOOK OF MPUMALANGA**



**WHEN THE SUN RISES  
WE WORK HARD TO DELIVER**

**SEPTEMBER 2015**

## **COMPILED BY: ECONOMIC ANALYSIS**

**CONTACT DETAILS:**    **No 7 Government Boulevard**  
                                 **Building No 4**  
                                 **Riverside Park Extension 2**  
                                 **Nelspruit**  
                                 **1201**  
                                 **Tel: 013 766 4409**  
                                 **Fax: 013 766 9139**  
                                 **Email: [lcvanvuren@mpg.gov.za](mailto:lcvanvuren@mpg.gov.za)**

## KEY FINDINGS

- Mpumalanga's percentage share of the national population of 55.0 million was 7.8 per cent, or 4.28 million, in 2015.
- In total over the last year, Mpumalanga recorded 52 893 more jobs and the province registered an increase of 26 249 jobs in the second quarter of 2015.
- Mpumalanga (27.2 per cent), recorded the fourth highest strict unemployment rate among the nine provinces. The expanded unemployment rate was 39.1 per cent in the second quarter of 2015.
- In the second quarter of 2015, the male unemployment rate was 24.4 per cent, the female unemployment was 29.2 per cent and the youth (15-34 years) unemployment rate was 38.8 per cent.
- By 2014, 9.4 per cent of the people 20 years and older in Mpumalanga had not received any schooling.
- In 2014, Mpumalanga's Grade 12 pass rate (79.0 per cent) was the fifth highest/lowest among the provinces.
- In 2012, the HIV prevalence rate of the female population aged 15-49 in Mpumalanga was 35.6 per cent - the second highest after KwaZulu-Natal.
- In 2014, Mpumalanga recorded a HDI score of 0.59, an improvement from the relatively low level achieved in 1996.
- The poorest 40 per cent of households in Mpumalanga earned 7.6 per cent of income in 2014, which was higher (better) than the national figure of 6.6 per cent for 2014, but still lower than the 8.9 per cent share achieved in 1996.
- In 2014, 37.0 per cent or 1.6 million of Mpumalanga population lived below the lower-bound poverty line of R548 per month.
- The majority of households (59.9 per cent) in Mpumalanga reported expenditure of less than R2 500 per month in 2014.
- Mpumalanga's contribution to the national economy was the fifth largest with a share of 7.3 per cent in 2013.
- In 2013, the three largest contributors to the provincial economy were mining (25.4 per cent), community services (16.4 per cent) and trade (15.0 per cent).
- The July 2015 inflation measurement in Mpumalanga of 4.7 per cent was lower than the national level of 5.0 per cent for the fifth consecutive month and lower than the upper band of the inflation target zone for the eleventh month in succession.

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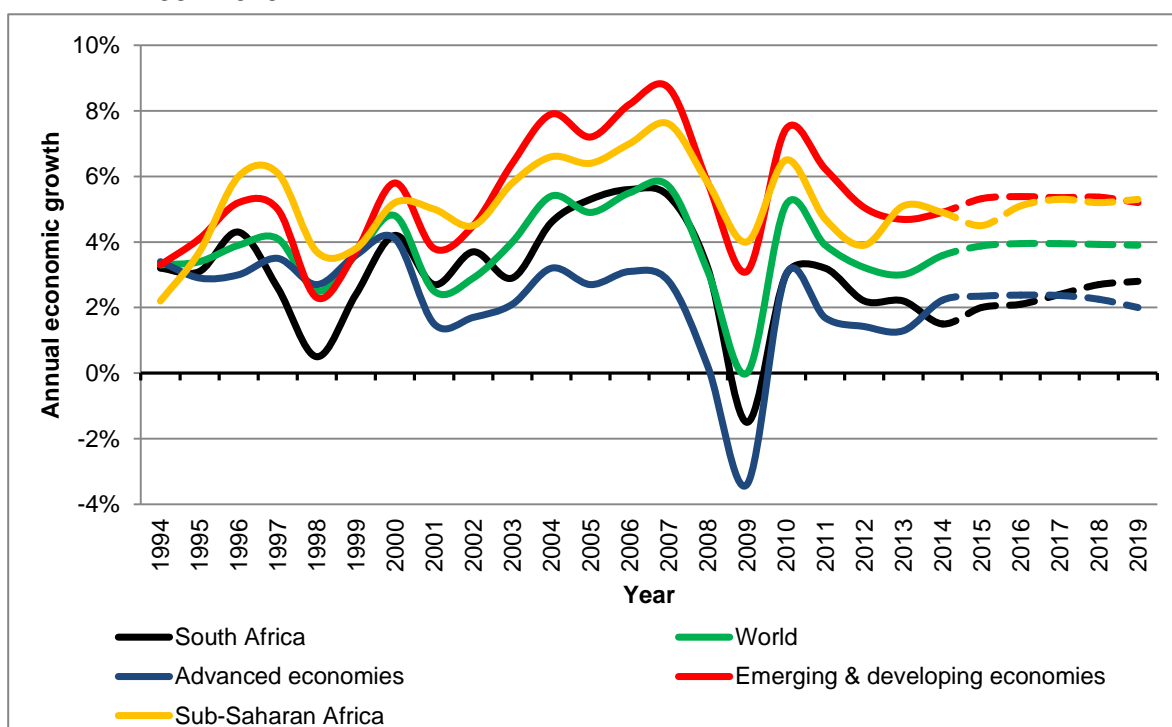
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## PREFACE

### Global economic outlook

Global growth reached 3.4 per cent in 2014 and is projected to be slightly lower in 2015 at 3.3 per cent. Downside risks are financial market volatility, economic distress from geopolitical factors, lower commodity prices undermining growth in low-income countries, advanced economies not reaching full employment, further USA dollar appreciation creating challenges for dollar debtors and sharper than expected economic slowdown in China. More can be done to ensure the projected increase in global growth, from 2016 onwards, materialises. Advanced economies can continue accommodative monetary policies, increase infrastructure investment where fiscal space exists and aim for debt-reduction policies that minimize the drag on economic activity. Emerging markets and developing economies can support demand through tax reform, reprioritize government spending and adopt structural reforms to raise productivity and remove production bottlenecks.

**Figure 1: Historic & forecasted real GDP growth for the world and South Africa, 1994-2019**



**Source: IMF – World Economic Outlook Update, April 2015**

### Domestic economic outlook

In 2014, the annual real economic growth rate for South Africa was 1.5 per cent. The domestic economy tracked world growth relatively closely in the period between 2000 and 2008 (Figure 1). However, since the economic downturn in 2009, the domestic economy

has struggled to achieve even modest world growth levels. South Africa's forecasted growth rate up to 2019 is expected to continue lagging average world growth prospects and rather labour along at the forecast for advanced economies. The key measure of economic success identified in the National Development Plan 2030 (NDP) is that South Africa achieves annual average gross domestic product (GDP) growth of over 5 per cent up to 2030.

Both the World Bank and International Monetary Fund forecast economic growth for South Africa at 2.0 per cent in 2015, rising modestly to 2.1 per cent in 2016. At the Monetary Policy Committee (MPC) meeting in July 2015 the economic growth forecast of the South African Reserve Bank (SARB) was adjusted downward to 2.0 per cent for 2015 and 2.1 per cent in 2016.

The domestic economy increased by 1.6 per cent for the first six months of 2015 after real GDP growth contracted 1.3 per cent (quarter on quarter) in the second quarter of 2015. The agriculture, mining and manufacturing industries performed particularly poorly as poor crops due to persistent drought as well as load shedding, rising domestic production costs, patchy global and domestic demand and the slide in international commodity prices weighed it down. Electricity supply shortages, competitive challenges, numerous structural constraints and imbalances as well as an unsupportive world economy will continue to weigh on the economy's performance during the remainder of this year and much of next year.

### **Domestic inflation outlook**

The year-on-year inflation rate as measured by the consumer price index (CPI) for all urban areas was 6.1 per cent in July 2015. The national inflation forecast of the SARB was revised at the Monetary Policy Committee (MPC) meeting in July 2015. The forecast for 2015 was increased marginally to 5.0 per cent, compared with the previous forecast of 4.9 per cent. The forecast for 2016 and 2017 was unchanged at 6.1 per cent and 5.7 per cent, respectively.

### **Domestic balance of payments**

South Africa's balance of payments position improved slightly between 2013 and 2014, with the current account deficit that improved to 5.4 per cent of GDP from 5.8 per cent (Table 1). The improvement continued in the first quarter of 2015 and the current account deficit declined further to 4.8 per cent. The volume of merchandise exports and a decline in export prices resulted in lower export earnings in the first quarter of 2015. The shortfall

on the service, income and current transfer account with the rest of the world narrowed substantially and neutralised the slight deterioration in the trade balance.

**Table 1: South Africa's balance of payments on current account (R billions), 2013-Q1 2015**

Components	2013	2014	Q1 2015
Merchandise exports	854	941	937
Net gold exports	64	63	59
Merchandise imports	-991	-1 072	-1 067
<b>Trade balance</b>	<b>-74</b>	<b>-69</b>	<b>-71</b>
Net service, income & current transfer payments	-124	-138	-117
<b>Balance on current account</b>	<b>-197</b>	<b>-207</b>	<b>-189</b>
<b>- As a % of GDP</b>	<b>-5.8%</b>	<b>-5.4%</b>	<b>-4.8%</b>

**Source: SARB – Quarterly Bulletin, June 2015**

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

### Domestic labour market

At the end of the second quarter 2015, some 15.7 million South Africans between the ages of 15 and 64 were employed in the economy. The NDP envisage the creation of 11 million additional jobs by 2030. According to recent data from Statistics South Africa, the domestic economy created 561 678 jobs in the year since the end of the second quarter 2014. The data presented in Table 2 demonstrates that the construction industry registered 219 028 more jobs at the end of the second quarter 2015 than a year earlier - the highest number of new jobs. In the twelve months from the end of the second quarter 2014, job losses occurred in three industries with the highest number of job losses recorded in the trade industry (-59 957).

**Table 2: South Africa's employment changes, 2014-2015**

Industry	Number of employed Q2 2015 '000	Employment changes Q1 2015 to Q2 2015		Employment changes Q2 2014 to Q2 2015	
		'000	%	'000	%
Agriculture	869	-22	-2.5	200	29.8
Mining	446	3	0.7	27	6.5
Manufacturing	1 756	-23	-1.3	-11	-0.7
Utilities	136	-7	-4.8	18	15.2
Construction	1 401	79	6.0	219	18.5
Trade	3 119	73	2.4	-60	-1.9
Transport	922	24	2.6	-25	-2.7
Finance	2 164	-31	-1.4	153	7.6
Community services	3 548	98	2.8	17	0.5
Private households	1 292	4	0.3	1	0.1
<b>Total</b>	<b>15 653</b>	<b>198</b>	<b>1.3</b>	<b>562</b>	<b>3.7</b>

**Source: Statistics South Africa – Quarterly Labour Force Survey (QLFS), 2015**

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

At the end of the second quarter 2015, the strict unemployment rate was 25.0 per cent, which was lower than the 25.5 per cent recorded a year ago. To achieve sustainable and

inclusive growth the NDP targets a decline in the unemployment rate to 14.0 per cent by 2020 and 6.0 per cent by 2030. The labour absorption rate was 43.5 per cent at the end of the second quarter 2015, which was higher than the 42.7 per cent registered at the end of the second quarter 2014. The labour force participation rate at the end of the second quarter 2015 (58.1 per cent) was higher than a year earlier. The NDP targets an increase in the labour force participation rate to 65.0 per cent by 2030.



## **1. INTRODUCTION**

The Socio-Economic Review and Outlook (SERO) of Mpumalanga is a bi-annual publication from Economic Analysis of Provincial Treasury. The purpose of the SERO is to provide an essential reference to policy makers in Mpumalanga by providing socio-economic data and analysis for assessing the success of government social and economic policies in the province. Placing Mpumalanga on a sound growth and integrated development trajectory requires coherent and co-ordinated public sector response to the province's socio-economic opportunities and challenges. Therefore, the SERO is crucial in the planning and provincial budget process to ensure that any measures introduced by Provincial Government, are in line with the ever-changing socio-economic dynamics.

The following socio-economic aspects of Mpumalanga and its three districts were analysed in the September 2015 publication: demographics, labour, education, health and social services, household services, development and income indicators, economic sectors and performance as well as international trade. The concluding part of the document will give some comparative socio-economic statistics of Mpumalanga. Due to the dynamic nature of data and the regular release of the latest data sets, it is important to note that the cut-off date for data presented in the document was the third week of August 2015.

Data presented was primarily sourced from Statistics South Africa with certain aspects gathered from Department of Basic Education, Department of Health, Department of Labour, Department of Water Affairs, Health Systems Trust, IHS Global Insight, International Monetary Fund, National Planning Commission, Quantec, South African Advertising Research Foundation, South African Reserve Bank, South African Social Security Agency and Tourism South Africa.

## **2. DEMOGRAPHICS**

### **2.1 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 3). 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 3. 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 3: Population in South Africa by province, 2001, 2011 & 2015**

Region	Census				2015 Mid-year estimates	
	2001		2011		Number	% share of national
	Number	% share of national	Number	% 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	<b>3 365 554</b>	<b>7.5</b>	<b>4 039 939</b>	<b>7.8</b>	<b>4 283 900</b>	<b>7.8</b>
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 2 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.

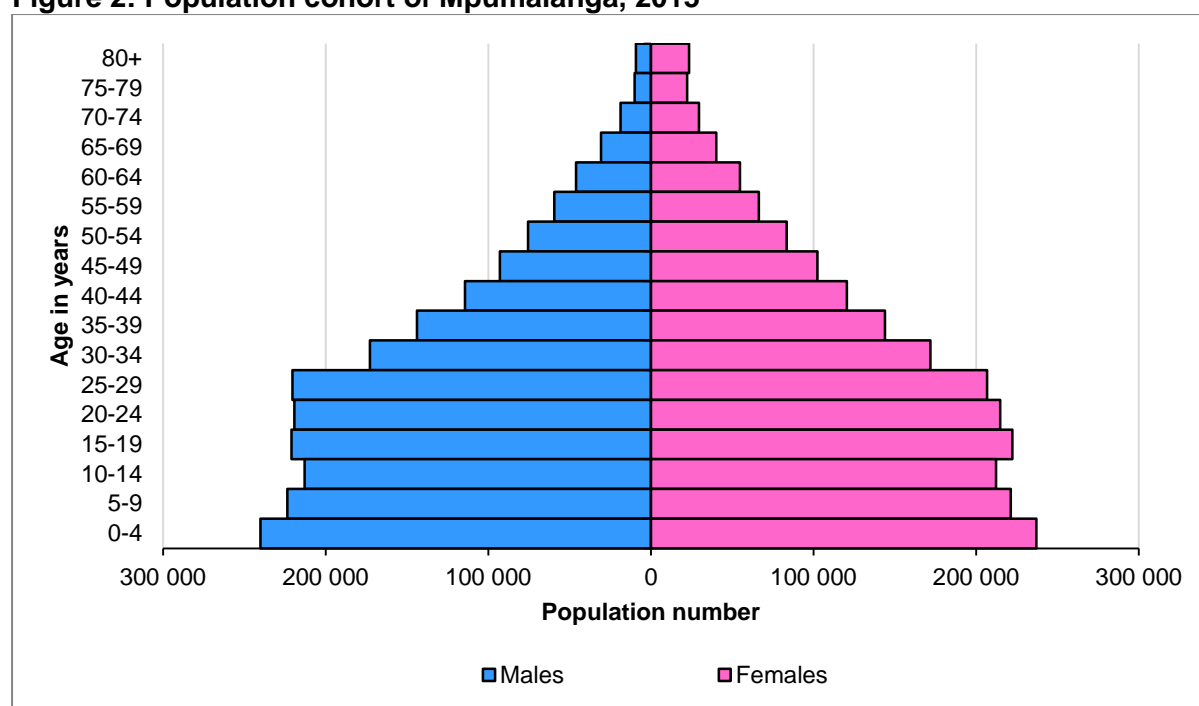
The population of South Africa increased by 6.2 per cent between 2011 and 2015, as is evident from Figure 3. When expressed in absolute terms, the population of Mpumalanga increased by 6.0 per cent between 2011 and 2015. This was marginally lower than South Africa's population increase and the joint 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 3.3. 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

<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.

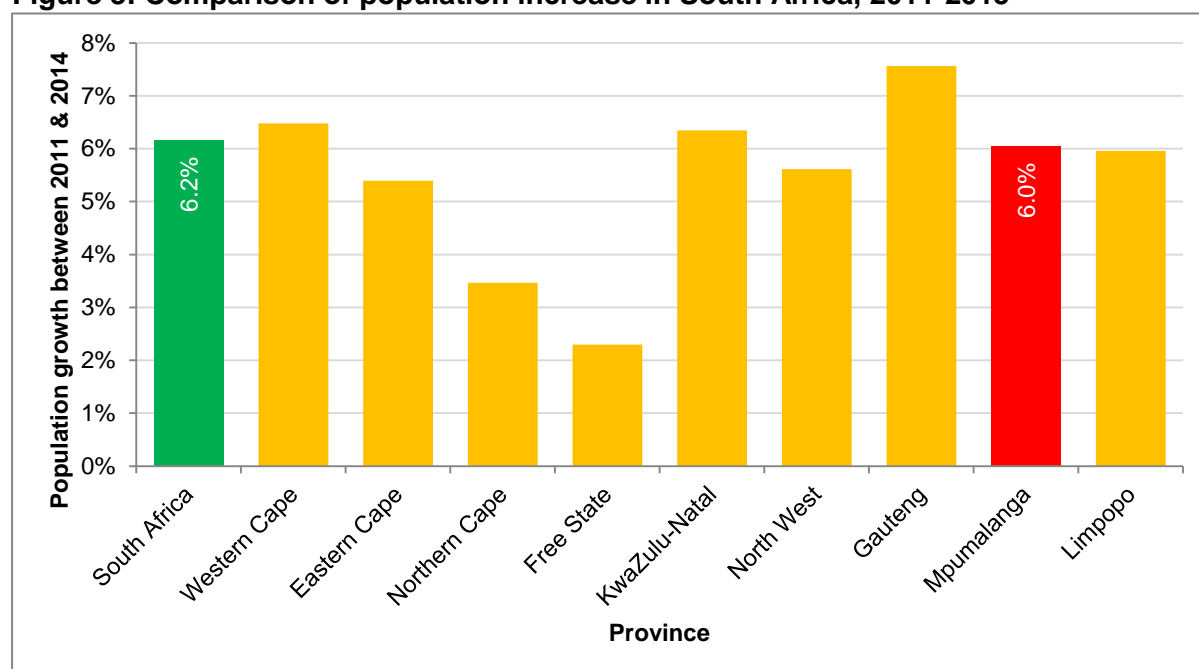
cent), Asians (0.7 per cent) and Others (0.2 per cent) jointly contributed nearly 2 per cent to the total population in 2011.

**Figure 2: Population cohort of Mpumalanga, 2015**



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

**Figure 3: Comparison of population increase in South Africa, 2011-2015**

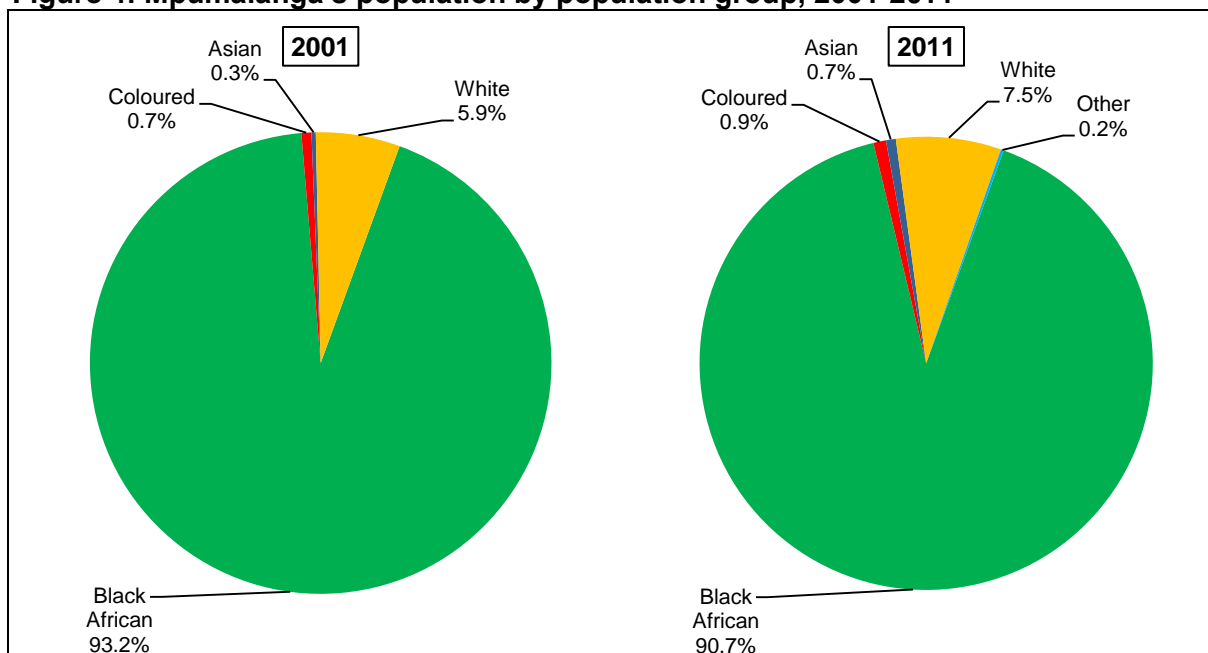


**Source: Statistics South Africa – 2014 Mid-year Population Estimates**

In 2011, 41.8 per cent of Mpumalanga's population resided in Ehlanzeni, 32.4 per cent in Nkangala and 25.8 per cent in Gert Sibande (Figure 3.4). Females were in the majority in both Ehlanzeni (52.4 per cent) and Gert Sibande (50.7 per cent), whereas males formed the

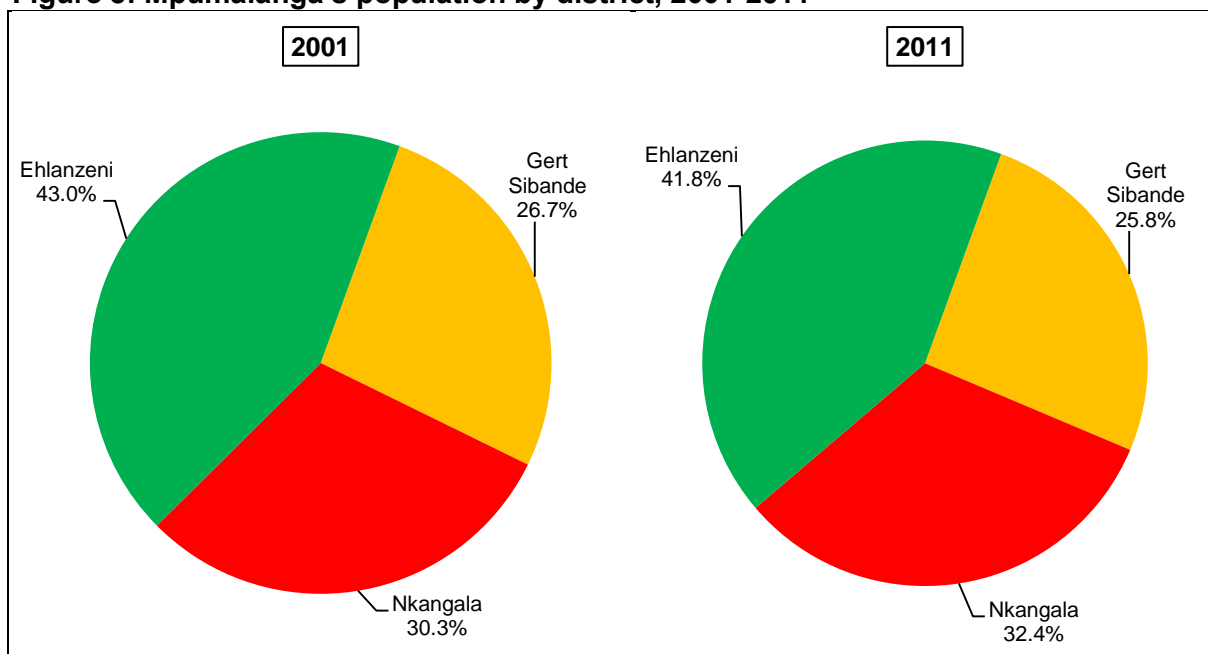
bulk of Nkangala's population with a share of 50.2 per cent. In 2011, 72.1 per cent of Ehlanzeni's population was younger than 35 years of age, followed by Gert Sibande (69.0 per cent) and Nkangala (66.2 per cent).

**Figure 4: Mpumalanga's population by population group, 2001-2011**



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

**Figure 5: Mpumalanga's population by district, 2001-2011**



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

## 2.2 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).

## 2.3 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.

## 2.4 Migration

Table 4 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 4: Estimated provincial net migration in South Africa, 2001-2016**

Region	Census 2011 2001-2011	Net migration 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*

## 2.5 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.

Using this classification system in the *General Household Survey's* (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. Table 5 presents the findings of the GHS as well as Census 2011 on disability in South Africa. 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.

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

Region	Census 2011 2011	General Household Survey 2015	
		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*

## 3. LABOUR PROFILE

### 3.1 Labour force profile

The labour force comprises of all the employed and the unemployed population in a region. The national labour force of 20.9 million individuals was 638 983 more at the end of the second quarter 2015 than a year earlier. The number of employed in South Africa increased by 562 760, or by 3.7 per cent, while the unemployed increased by 76 224, or by 1.5 per cent, between the end of the second quarter 2014 and the end of the second quarter 2015.

As a result, the strict unemployment rate for South Africa decreased marginally from 25.5 per cent to 25.0 per cent between the second quarter 2014 and the second quarter 2015. The national labour absorption rate was 43.5 per cent at the end of the second

quarter 2015, which was higher than the 42.7 per cent registered a year earlier. The labour force participation rate at the end of the second quarter 2015 (58.1 per cent) was also higher than the rate recorded at the end of the second quarter 2014.

The provincial labour force of around 1.6 million individuals was 23 996 more at the end of the second quarter 2015 than a year earlier (Table 6). The number of employed at 1 180 292 at the end of the second quarter 2015 was 52 893 more than at the end of the second quarter 2014. The number of employed was also 26 249 higher than the 1 154 043 in the previous quarter. The number of unemployed decreased by 28 897 to 442 058 between the end of the second quarter 2014 and the end of the second quarter 2015. The number of discouraged workers decreased by 3 520 to 222 978 over the last four quarters.

**Table 6: Labour force profile of Mpumalanga, 2014-2015**

Indicator	Q2 2014	Q1 2015	Q2 2015	Q1 2015 to Q2 2015 change	Year-on- year change
	'000	'000	'000	'000	'000
- Working age population (15-64 years)	2 696	2 736	2 750	13	53
- Not economically active	1 098	1 124	1 127	3	29
- Labour Force/EAP	1 598	1 612	1 622	11	24
- Employed	1 127	1 154	1 180	26	53
- Unemployed	471	458	442	-16	-29
- Discouraged work seekers	226	233	223	-10	-4
<b>Rates</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
- Unemployment rate (strict definition)	29.5	28.4	27.2	-1.2	-2.3
- Unemployment rate (expanded definition)	42.2	40.7	39.1	-1.6	-3.1
- Employed/population ratio (absorption rate)	41.8	42.2	42.9	0.7	1.1
- Labour force participation rate	59.3	58.9	59.0	0.1	-0.3
- Employed per 1 dependent <sup>2</sup>	0.37	0.38	0.39	0.01	0.02
- Dependents supported by 1 employed	2.70	2.65	2.58	-0.07	-0.12

**Source: Statistics South Africa – QLFS, 2015**

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

The unemployment rate (strict definition) was lower at the end of the second quarter 2015 (27.2 per cent) than a year earlier (29.5 per cent). The unemployment rate according to the expanded definition also decreased/improved to 39.1 per cent at the end of the second quarter 2014, down from 42.2 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 declined/deteriorated marginally to 59.0 per cent. At the end of the second 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 2.70 other people at the end of the second quarter 2014.

<sup>2</sup> Dependents are calculated as people outside the working age population (pensioners and children) as well as non-working people of working age.

### 3.2 Employment

The national labour market gained 562 760 jobs between the end of the second quarter 2014 and the end of the second quarter 2015 (Table 7). On an annual basis, Gauteng added 166 529 more jobs, the most among the provinces, whilst Mpumalanga recorded 52 893 more jobs. Between the end of the first quarter 2015 and the end of the second quarter 2015, Mpumalanga's employment numbers increased by 26 249, whilst three provinces (Western Cape, Northern Cape and Free State) recorded a quarterly decline in employment. Total employment in Mpumalanga constituted 7.5 per cent of employment in the country, the same share of a year earlier.

**Table 7: Changes in employment in South Africa and provinces, 2014-2015**

Region	Q2 2014	Q1 2015	Q2 2015	Q1 2015 to Q2 2015 change	Year-on-year change
	'000	'000	'000	'000	'000
Western Cape	2 192	2 261	2 257	-3	65
Eastern Cape	1 355	1 358	1 366	8	10
Northern Cape	297	307	297	-11	0
Free State	745	802	798	-4	53
KwaZulu-Natal	2 480	2 546	2 556	10	75
North West	879	912	940	28	61
Gauteng	4 803	4 911	4 969	58	167
Mpumalanga	1 127	1 154	1 180	26	53
Limpopo	1 214	1 208	1 293	85	79
South Africa <sup>3</sup>	15 094	15 459	15 657	198	563

**Source: Statistics South Africa – QLFS, 2015**

Over the 27 quarters from the third quarter 2008 (pre-recession), the highest and lowest number of employed in the province was measured at the end of the second 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 second quarter 2015 is displayed in Figure 6.

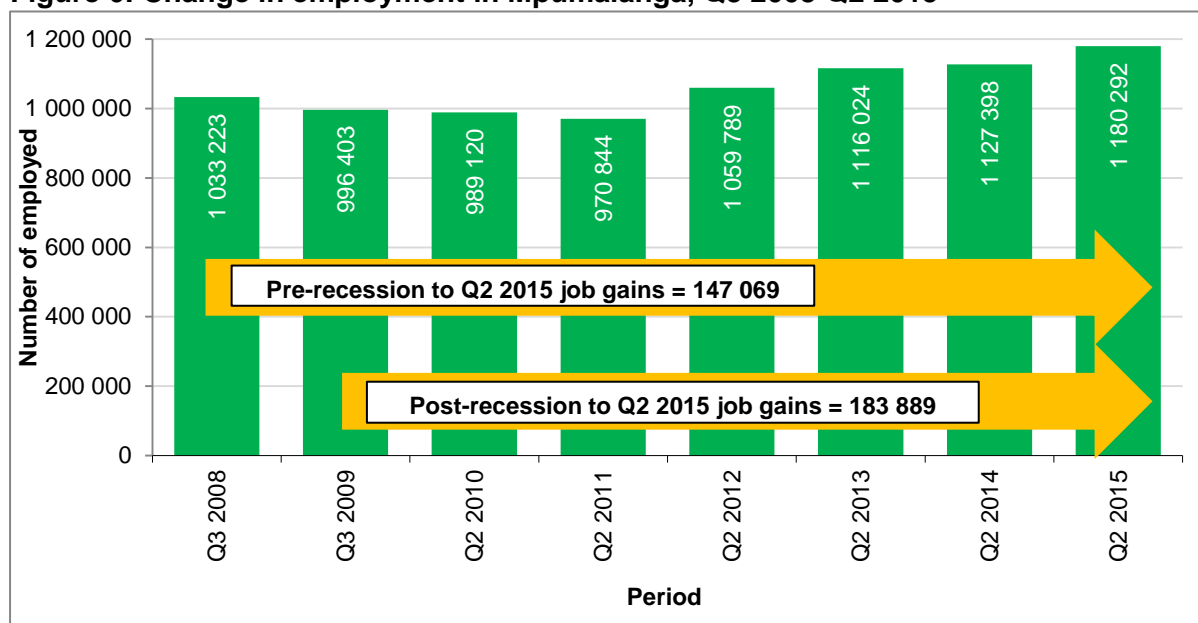
The latest employment level, at the end of the second quarter 2015, of 1 180 292 was 147 069 above the pre-recession level and some 183 889 more jobs than the post-recession level. When compared with the lowest level of employment at the end of the fourth quarter 2010, 220 778 more individuals are employed today. In annual terms, the 220 778 translates to 49 000 more individuals employed every year.

For the past eleven 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 ten quarters. At the end of the second quarter 2015, the employment numbers of Free State and Northern Cape were, however, lower than the pre-recession level.

<sup>3</sup> Due to rounding, numbers do not necessarily add up to totals



**Figure 6: Change in employment in Mpumalanga, Q3 2008-Q2 2015**



**Source: Statistics South Africa – QLFS, 2015**

#### *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 1.31 million new, sustainable jobs must be created.

The 1.3 million jobs equates to more or less 81 000 jobs per annum or an annual average employment growth of 4.9 per cent per annum. Figure 7 depicts historical employment numbers and required employment growth in Mpumalanga. It is evident from the illustration that employment growth of 3.0 per cent per annum – the employment growth post-recession – will not be sufficient to reach the employment target of 2.44 million jobs by 2030.

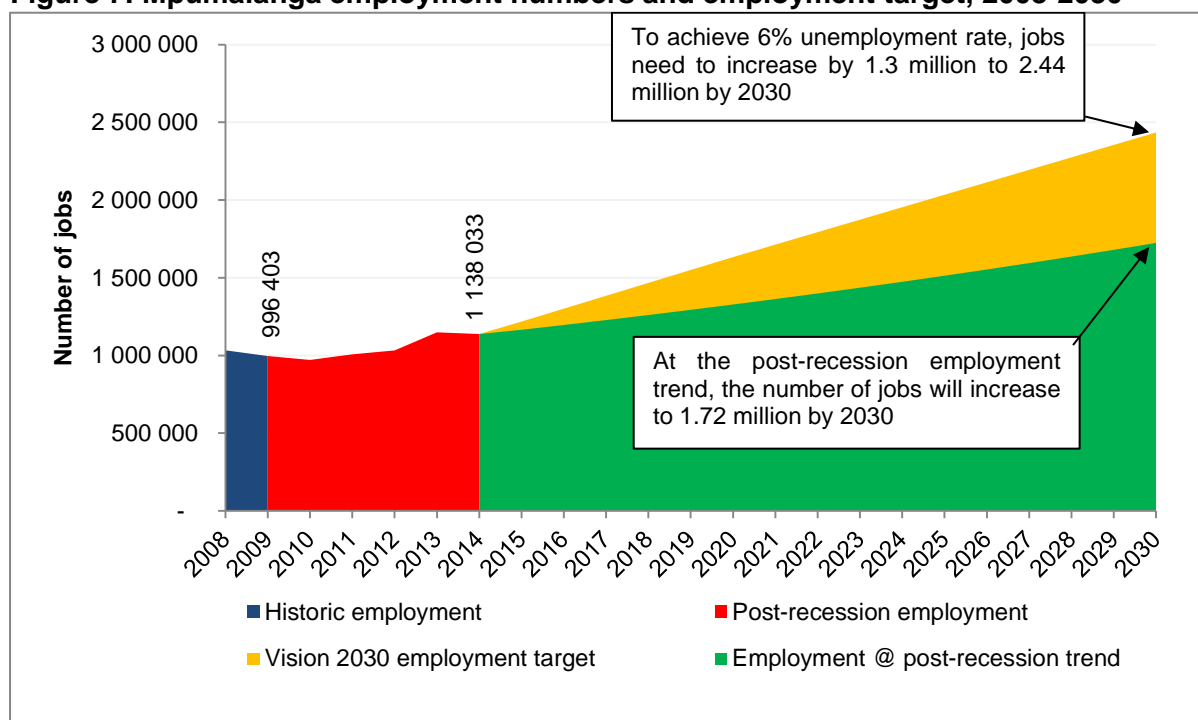
#### *Aggregate employment*

Table 8 shows the aggregated employment composition of employment in South Africa and the province from the end of the second quarter 2014 to the end of the second quarter 2015. In Mpumalanga, the formal employees' share of total employment increased from 60.1 per cent at end of the second quarter 2014 to 62.3 per cent at the end of the second quarter 2015. The formal sector in Mpumalanga recorded a smaller share of total employment than was the case nationally (69.2 per cent).

In Mpumalanga, the informal sector's share declined from 23.6 per cent to 21.1 per cent over the same period. Agriculture's share increased from 7.2 per cent to 7.5 per cent, whereas private households' increased marginally to 9.1 per cent. The informal sector, agriculture

and private households in Mpumalanga registered larger shares of total employment in the second quarter of 2015, than was the case nationally.

**Figure 7: Mpumalanga employment numbers and employment target, 2008-2030**



**Source: Statistics South Africa – QLFS, 2015**

**Table 8: Aggregate employment in South Africa & Mpumalanga, 2014-2015**

Sector	Q2 2014		Q1 2015		Q2 2015	
	SA	MP	SA	MP	SA	MP
Formal sector	71.3%	60.1%	69.8%	63.7%	69.2%	62.3%
Informal sector <sup>4</sup>	15.8%	23.6%	16.1%	21.1%	17.0%	21.1%
Agriculture <sup>5</sup>	4.4%	7.2%	5.8%	6.7%	5.6%	7.5%
Private households	8.5%	9.0%	8.3%	8.5%	8.3%	9.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Source: Statistics South Africa – QLFS, 2015**

### *Employment by industry*

Figure 8 depicts employment by industry in Mpumalanga in the second quarters of 2014 and 2015, respectively. Community services employed the largest share of individuals in the province at 21.1 per cent at the end of the second quarter 2015. This was larger than the 20.7 per cent share registered 12 months earlier. The trade industry (20.3 per cent) was the second biggest employer also with a smaller share than at the end of the second quarter 2014 (21.0 per cent). The utilities industry was the smallest in both quarters and mining the

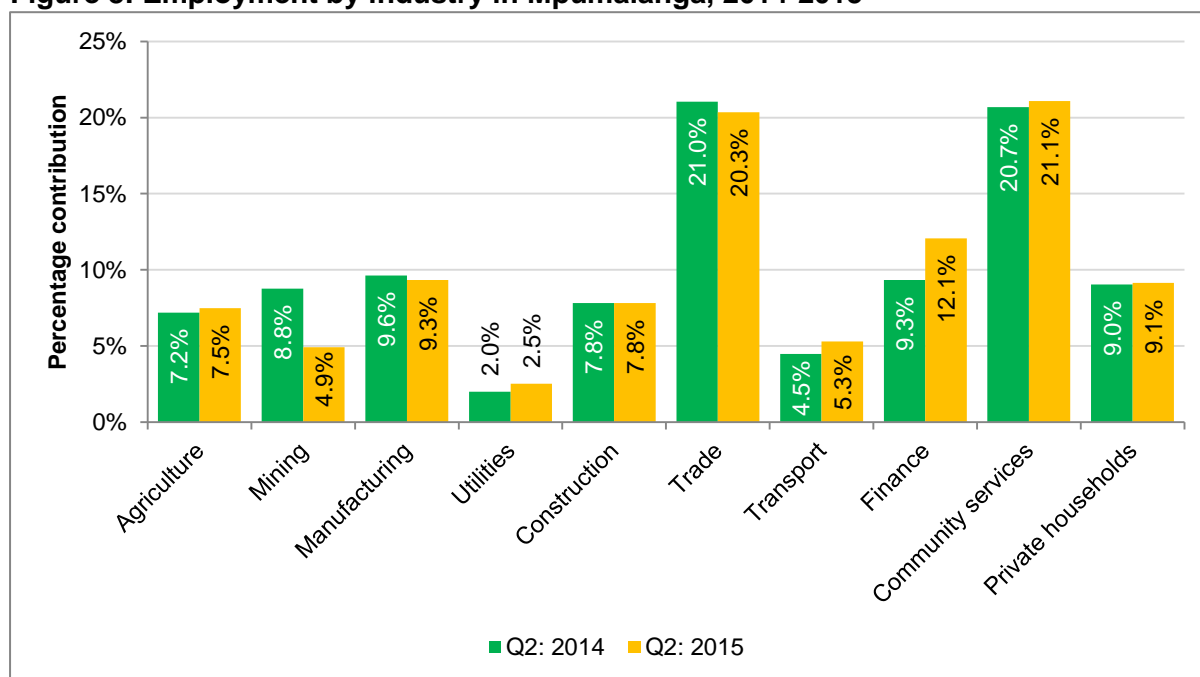
<sup>4</sup> The informal sector comprises i) Employees working in establishments that employ less than 5 employees, who do not deduct income tax from their salaries & ii) Employers, own-account workers and persons helping unpaid in their household business who are not registered for either income tax or value-added tax.

<sup>5</sup> An additional 109 118 citizens were involved in subsistence farming (non-market activities) in the province.

second smallest industry in the second quarter of 2015. Mining recorded the largest percentage point decline and finance the largest increase.

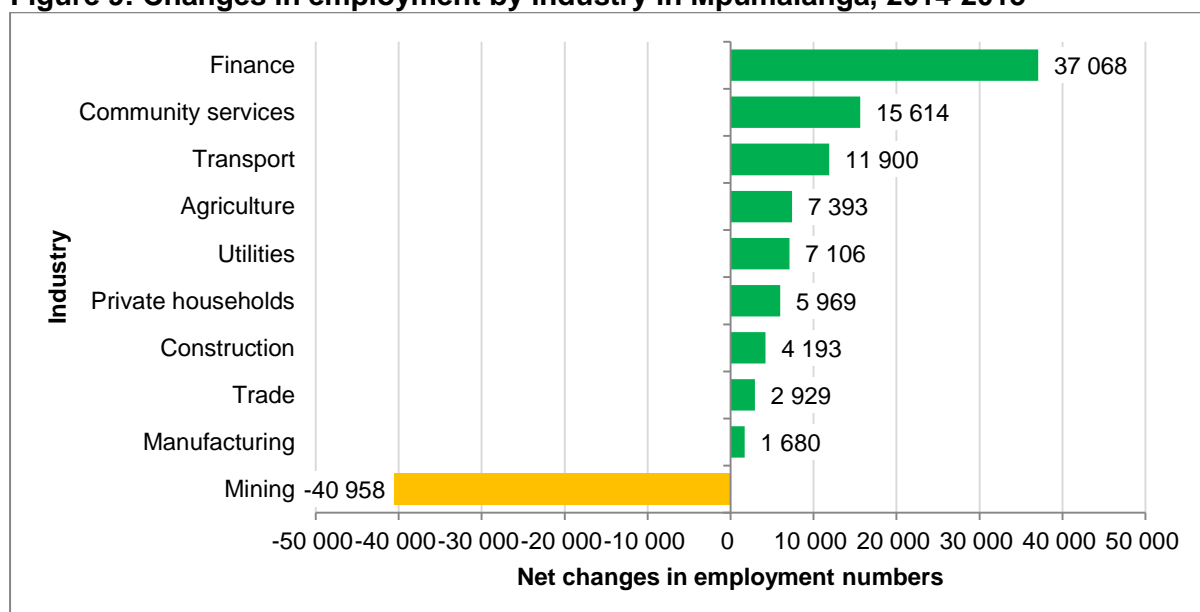
According to Figure 9, finance (37 068), community services (15 614) and transport (11 900) were the three industries in Mpumalanga that recorded the highest employment increase from the second quarter 2014 to the end of the second quarter 2015. Mining (-40 958) was the only industry that recorded job losses over the one year period.

**Figure 8: Employment by industry in Mpumalanga, 2014-2015**



Source: Statistics South Africa – QLFS, 2015

**Figure 9: Changes in employment by industry in Mpumalanga, 2014-2015**



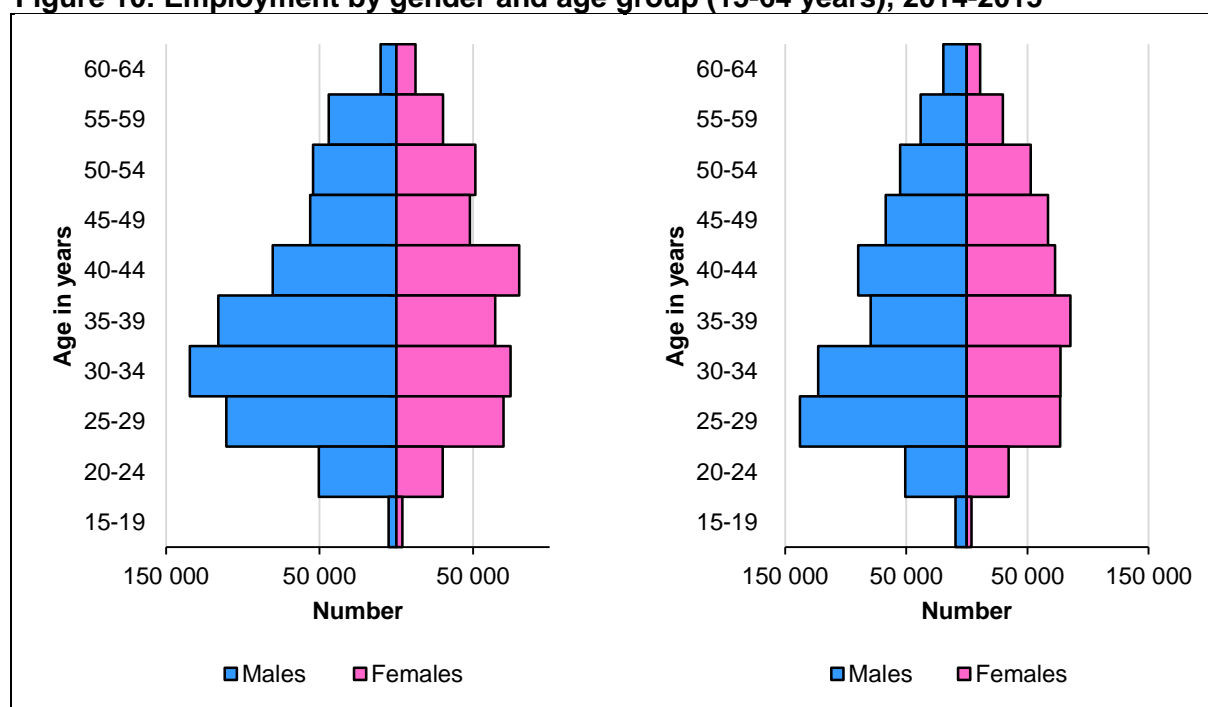
Source: Statistics South Africa – QLFS, 2015

### *Employment by gender and age*

Males led employment in Mpumalanga with a share of 56.7 per cent at the end of the second quarter 2015. Despite the fact that male employment numbers increased by 7 238 to 668 703, males recorded a lower share than at the end of the second quarter 2014 (58.7 per cent). The reason for the decline in share is because female employment numbers increased by 45 656 and pushed up the female share to 43.3 per cent from 41.3 per cent a year earlier. Figure 10 displays the employment by gender and age for the second quarters of 2014 and 2015, respectively.

At the end of the second quarter 2015, adults (35-64 years) held the majority (56.5 per cent) of jobs in Mpumalanga. Although adult employment numbers increased by 18 989 from the end of the second quarter 2014, the share declined from 57.5 per cent. The main reason for the slight decline in share, is that youth (15-34 years) employment numbers increased by 33 905 thus pushing the youth share up to 43.5 per cent at the end of the second quarter 2015.

**Figure 10: Employment by gender and age group (15-64 years), 2014-2015**



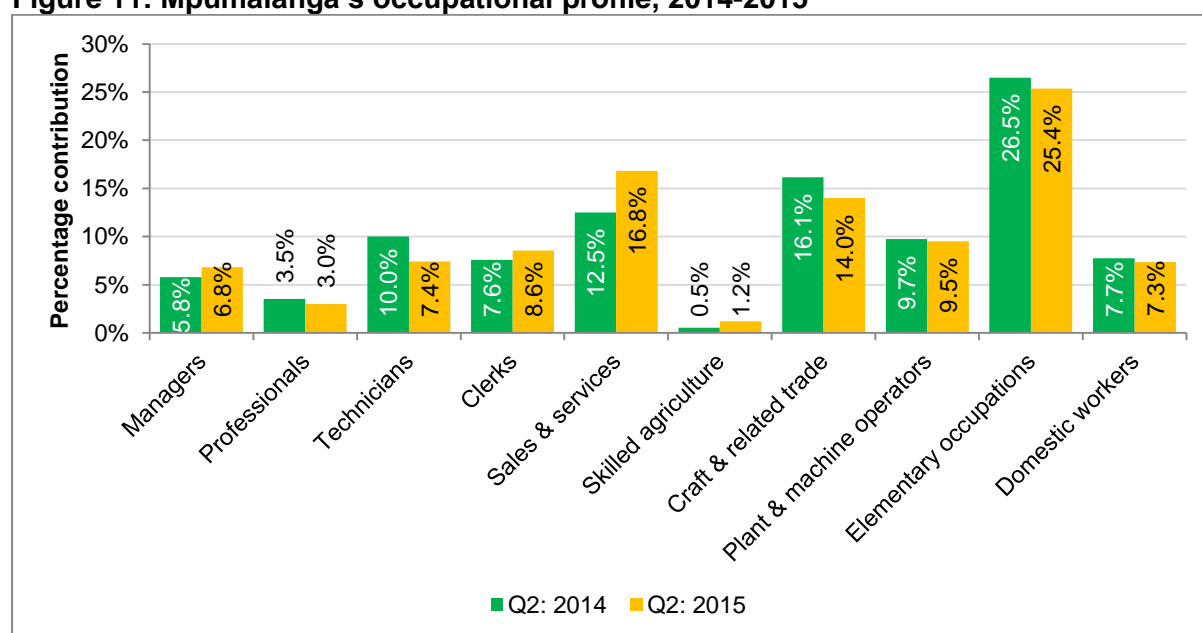
**Source: Statistics South Africa – QLFS, 2015**

### **3.3 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 11 illustrates the occupational profile of Mpumalanga in the second 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 17.2 per cent in the second quarter of 2015, which was lower than the 19.3 per cent share a year earlier. The share of semi-skilled occupations increased to 50.1 per cent over the period under review. The combined share of elementary occupations and domestic workers (unskilled occupations) was 32.7 per cent at the end of the second quarter 2015, lower than the 34.2 per cent share one year earlier.

**Figure 11: Mpumalanga's occupational profile, 2014-2015**



**Source: Statistics South Africa – QLFS, 2015**

### 3.4 Unemployment

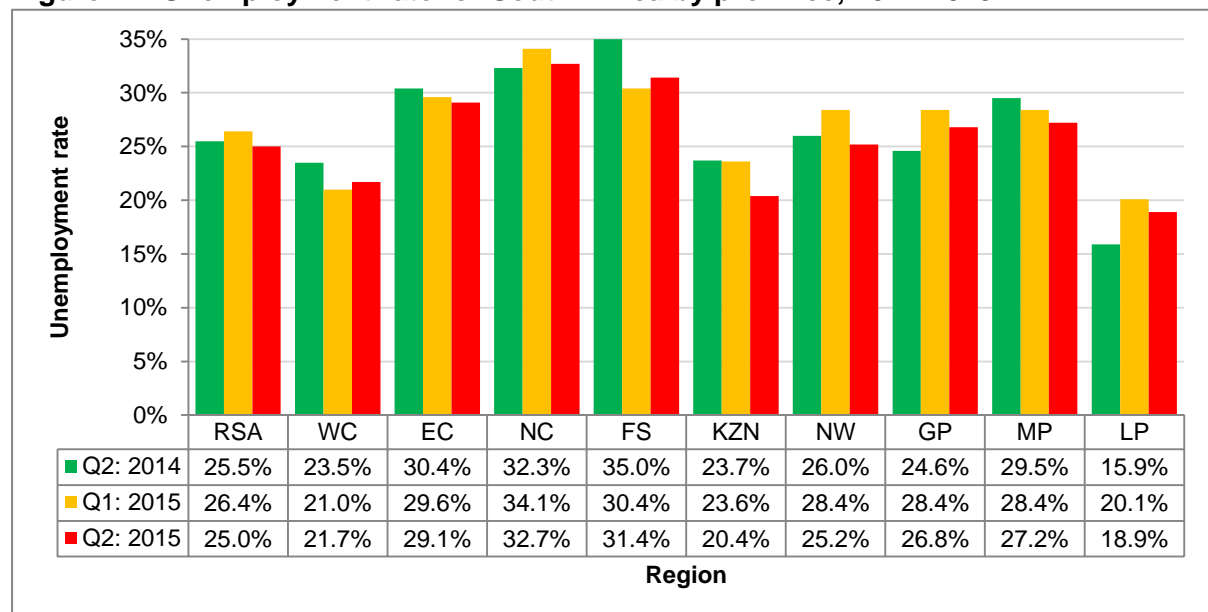
According to Statistics South Africa's QLFS, the unemployment rate in Mpumalanga was 27.2 per cent at the end of the second quarter 2015, which was lower than the 29.5 per cent recorded at the end of the second quarter 2014 (Figure 12). This was higher than the national average of 25.0 per cent at the end of the second quarter 2015. Mpumalanga, recorded the fourth highest unemployment rate among the nine provinces with Northern Cape (32.7 per cent) registering the highest unemployment rate. Mpumalanga's unemployment rate decreased along with five other provinces from the end of the second quarter 2014 to the end of the second quarter 2015.

#### *Unemployed by gender and age*

At the end of the second quarter 2015, the unemployment rate of males (24.4 per cent) was lower than the female unemployment rate of 29.2 per cent. The unemployment rate of youth

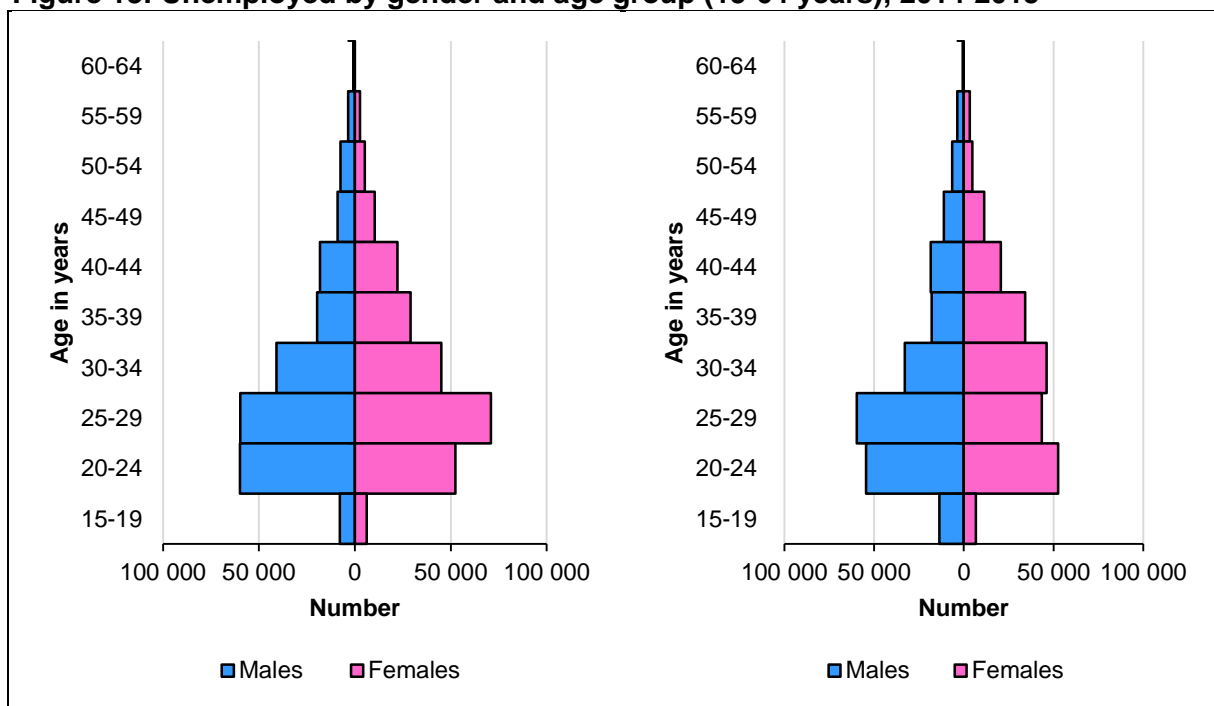
of working age (15-34 years<sup>6</sup>) in Mpumalanga was 38.8 per cent, whilst the unemployment rate of adults (35-64 years) was 16.6 per cent.

**Figure 12: Unemployment rate for South Africa by province, 2014-2015**



**Source: Statistics South Africa – QLFS, 2015**

**Figure 13: Unemployed by gender and age group (15-64 years), 2014-2015**



**Source: Statistics South Africa – QLFS, 2015**

Figure 13 displays the employment by gender and age for the second quarters of 2014 and 2015, respectively. At the end of the second quarter 2015, females contributed 50.4 per

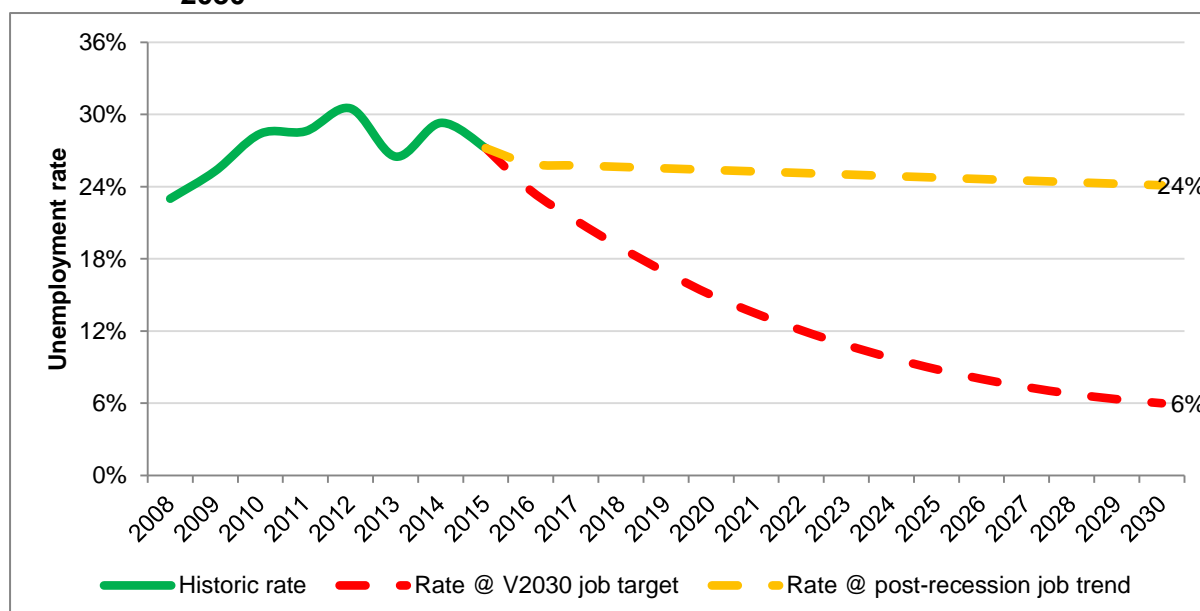
<sup>6</sup> The International Labour Organization defines youth as individuals between the ages of 15 to 24 years, with 15 being the minimum school-leaving age and legal employment age. It is important to note, however, that South Africa utilizes a broader definition, covering individuals between the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

cent to the number of unemployed, which was marginally more than males (49.6 per cent). This was slightly lower from twelve months earlier when females contributed 51.7 per cent. The youth constituted 70.0 per cent of the total number of unemployed in the province, which was lower than the 72.8 per cent at the end of the second quarter 2014.

#### *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 1.3 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 14. If jobs, however, are to be created at the annual average post-recession increase of 3.0 per cent per annum, the unemployment rate could possibly decline only to 24 per cent by 2030.

**Figure 14: Mpumalanga's unemployment rate and unemployment rate target, 2008-2030**



**Source: Statistics South Africa – QLFS, 2015**

#### *Duration of unemployment*

The incidence of long-term unemployment (1 year and longer) in Mpumalanga decreased between the end of the second quarter 2014 and the end of the second quarter 2015. The share of the unemployed in Mpumalanga that indicated they were unemployed in excess of 12 months, decreased from 71.0 per cent to 65.4 per cent (Table 9). Both the number of males and females in long-term unemployment decreased, whereas the numbers in short-term unemployment increased. The incidence of long-term unemployment was highest among females in both 2014 and 2015. The youth cohort contributed 75.5 per cent to the number of unemployed that has been struggling to secure employment for more than 12 months.

**Table 9: Duration of unemployment in Mpumalanga, 2014-2015**

Duration	Q2 2014			Q2 2015		
	Males	Females	Share of unemployed	Males	Females	Share of unemployed
1 year and longer	142 607	191 829	71.0%	128 017	161 219	65.4%
Less than 1 year	84 630	51 889	29.0%	91 121	61 702	34.6%
<b>Total</b>	<b>227 237</b>	<b>243 718</b>	<b>100.0%</b>	<b>219 137</b>	<b>222 921</b>	<b>100.0%</b>

**Source: Statistics South Africa – QLFS, 2015**

#### *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 15 shows that South Africa's expanded unemployment rate was recorded at 35.6 per cent at the end of the second quarter 2014 and decreased to 34.9 per cent at the end of the second quarter 2015. Mpumalanga's expanded unemployment rate was 39.1 per cent at the end of the second quarter 2015, lower than the reading of a year earlier (42.2 per cent). It was, however, higher than the national average. Mpumalanga was the province with the fourth highest expanded unemployment rate among the nine provinces. It is notable how much higher the expanded unemployment rate of Limpopo (39.0 per cent) and KwaZulu-Natal (36.3 per cent) is than their respective strict unemployment rates as depicted in Figure 12.

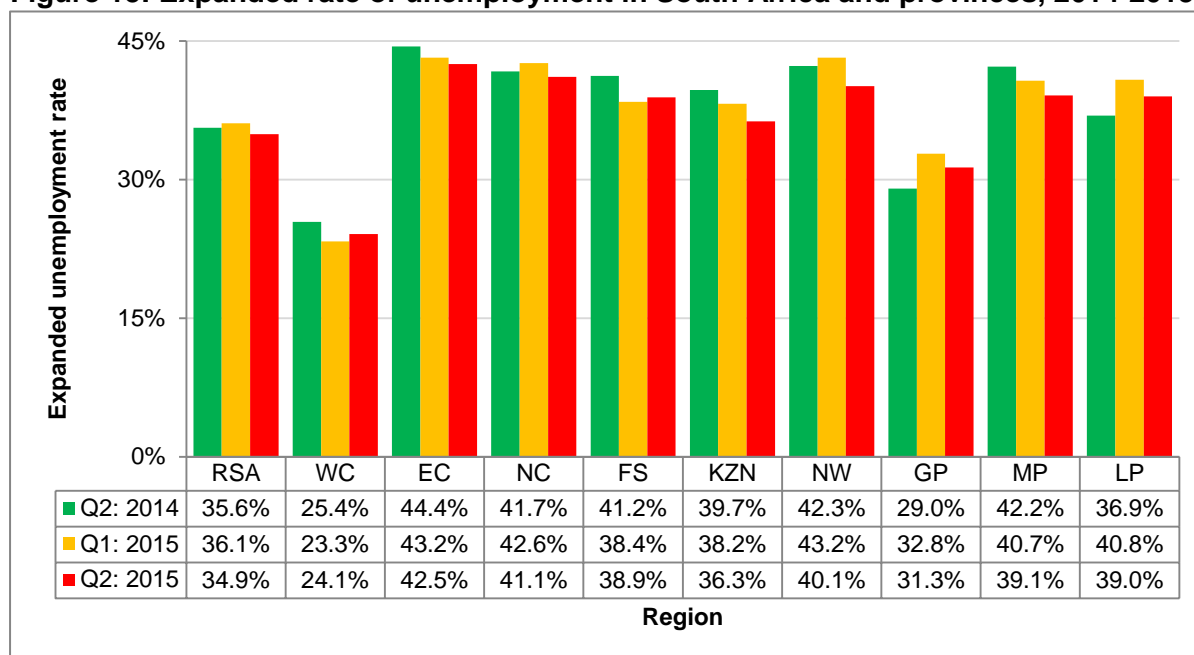
#### *Discouraged work seekers*

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 2.4 million discouraged workers by the end of the second quarter 2015. This represents an increase of 15 620 over the end of the second quarter 2014. Figure 16 indicates that Mpumalanga's share was 222 978 or some 9.2 per cent of South Africa's discouraged work seekers at the end of the second quarter 2015, marginally down from a 9.4 per cent share a year earlier. The number of discouraged work seekers in Mpumalanga decreased by 3 520 from the end of the second quarter 2014 to the end of the second quarter 2015. When compared with other provinces, Mpumalanga registered the sixth highest/fourth lowest share of discouraged workers nationally.

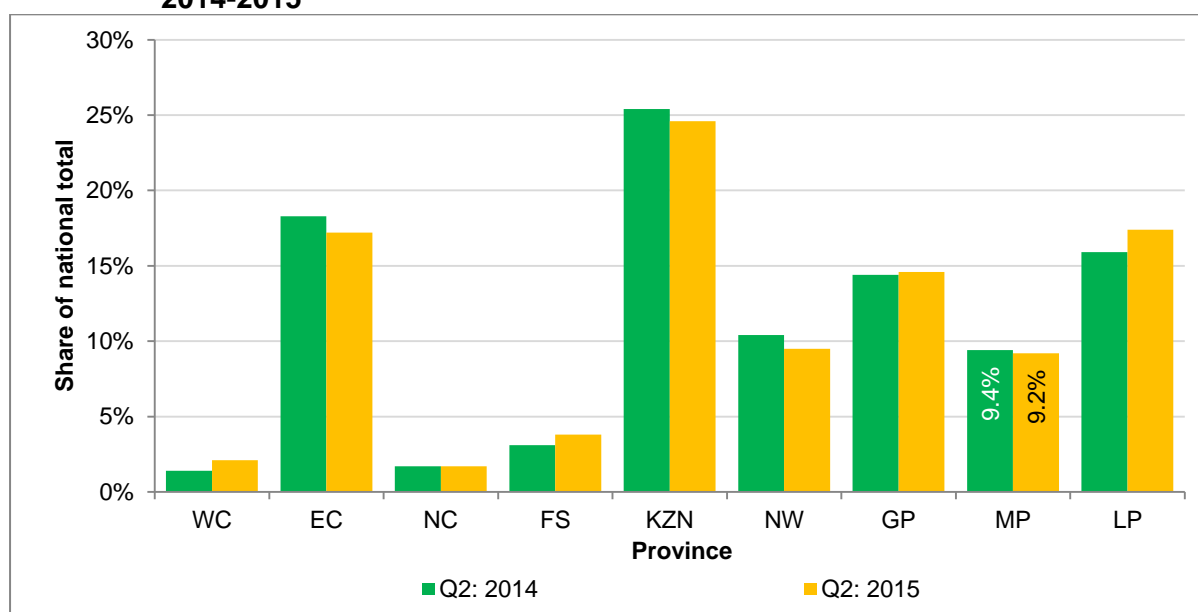


**Figure 15: Expanded rate of unemployment in South Africa and provinces, 2014-2015**



**Source: Statistics South Africa – QLFS, 2015**

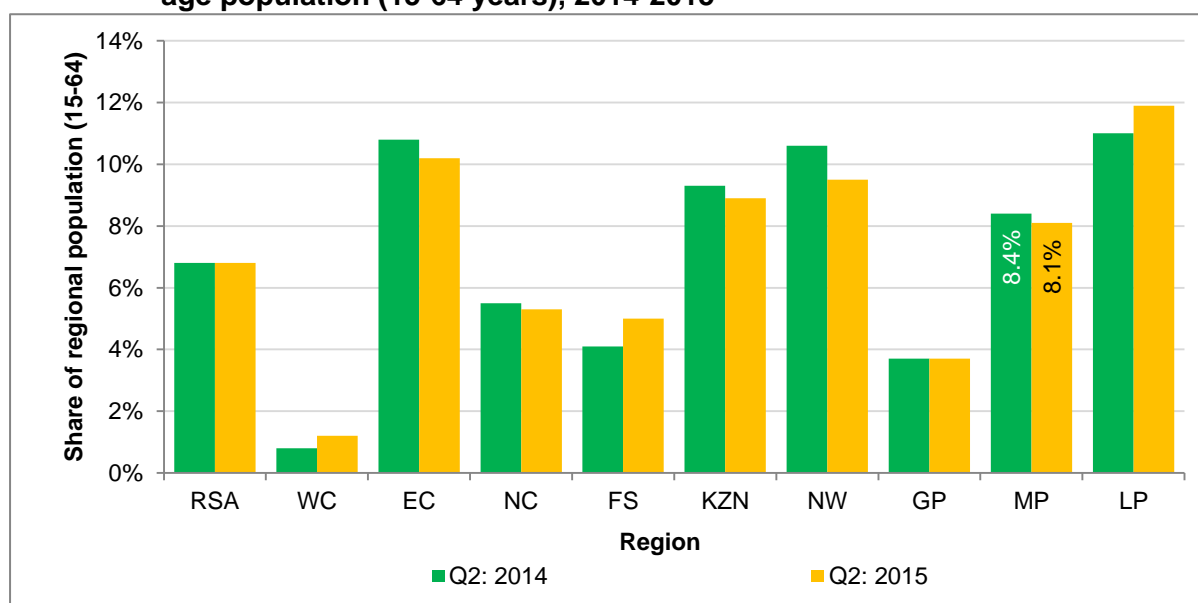
**Figure 16: Provincial contribution to number of discouraged work seekers nationally, 2014-2015**



**Source: Statistics South Africa – QLFS, 2015**

It is evident from Figure 17 that Mpumalanga's discouraged work seekers decreased as a percentage of the provincial working age population (15-64 years) from the end of the second quarter 2014 (8.4 per cent) to the end of the second quarter 2015 (8.1 per cent). The discouraged work seekers' share of working age population in Mpumalanga was larger than the national share (6.8 per cent) at the end of the second quarter 2015. Discouraged work seekers in four provinces constituted a larger share of the working age population than in Mpumalanga at the end of the second quarter 2015.

**Figure 17: Comparison of discouraged work seekers as a ratio of regional working age population (15-64 years), 2014-2015**



**Source: Statistics South Africa – QLFS, 2015**

#### **4. 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 18). 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.

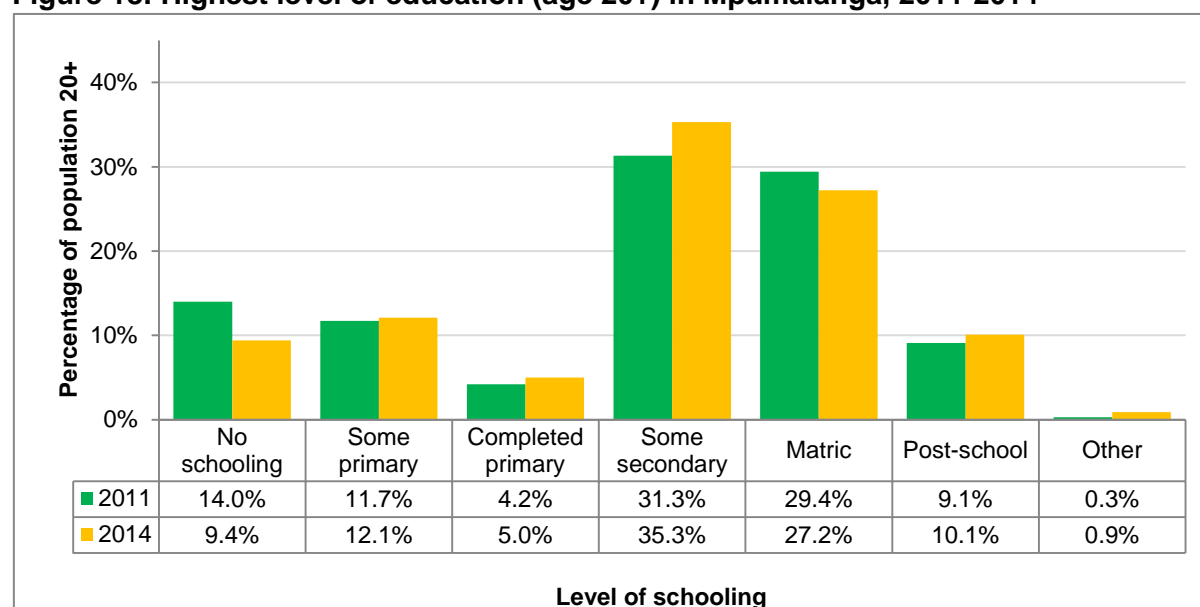
It is evident from Figure 19, that Mpumalanga (9.4 per cent) registered the second highest (worst) share of people 20 years and older with no schooling. It was 4.1 percentage points higher than the national share of 5.3 per cent in 2014. Mpumalanga (27.2 per cent) recorded the fourth highest share of people 20 years and older with matric among the nine provinces, slightly lower than the national share of 28.7 per cent.

##### *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

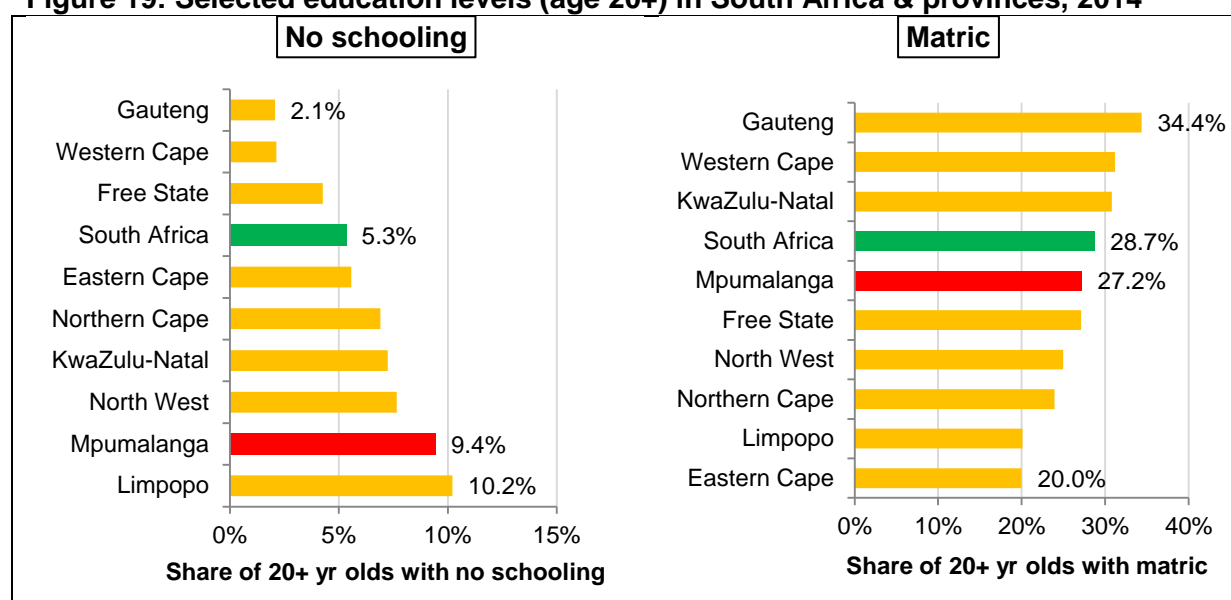
reflection of an individual's literacy ability, a question that directly measures literacy was introduced in 2009. The question requires respondents to indicate whether they have 'no difficulty', 'some difficulty', 'a lot of difficulty' or are 'unable to' read newspapers, magazines and books in at least one language; or write a letter in at least one language.

**Figure 18: Highest level of education (age 20+) in Mpumalanga, 2011-2014**



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

**Figure 19: Selected education levels (age 20+) in South Africa & provinces, 2014**

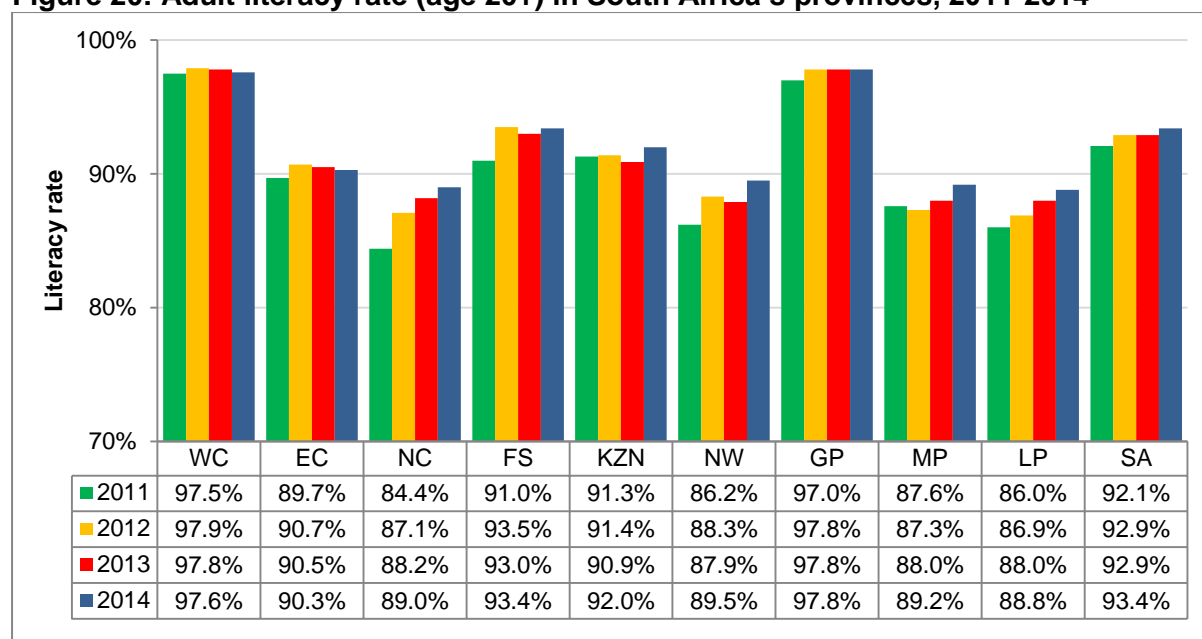


**Source:** *Statistics South Africa – GHS 2014*

The regional picture, presented in Figure 20, 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 20: 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 2014 is calculated, it is evident that just more than 50 per cent of the 2003 grade 1 class wrote the grade 12 examinations in 2014.

Table 10 compares the grade 12 pass rates among the various provinces from 2003 to 2014. The national pass rate of matriculants decreased from 78.2 per cent in 2013 to 75.8 per cent in 2014. On the contrary, Mpumalanga's Grade 12 pass rate improved from 77.6 per cent in 2013 to 79.0 per cent in 2014. Mpumalanga's 1.4 percentage point increase was the second largest among the nine provinces behind North West. It was also one of only four provinces to have achieved a higher pass mark than in 2013. Mpumalanga improved from the province with the lowest pass rate in 2010 to the province with the fifth highest pass rate in 2014. Gauteng (84.7 per cent) recorded the highest Grade 12 pass rate in 2014 and Eastern Cape (65.4 per cent) the lowest.

A comparison of Grade 12 pass rates among the four education districts from 2009 to 2014 is presented in Table 11. The Grade 12 pass rates of three of the four education districts improved, with Bohlabela achieving the largest improvement from 72.0 per cent in 2013 to 76.8 per cent in 2014. Although Ehlanzeni (82.1 per cent) recorded the highest Grade 12

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

pass rate in 2014 it was slightly lower than the 2013 figure. The two highest pass rates among the local municipal areas were recorded in Nkomazi (86.0 per cent) and Emakhazeni (85.7 per cent) with the lowest registered in Umjindi (67.6 per cent). In 2014, Dr Pixley Ka Isaka Seme and Umjindi were the only two municipal areas with a pass rate below 70 per cent.

**Table 10: Comparative grade 12 pass rate for South Africa and provinces, 2003-2014**

Province	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EC <sup>8</sup>	60.0%	53.5%	56.7%	59.3%	57.1%	50.6%	51.0%	58.3%	58.1%	61.6%	64.9%	65.4%
FS <sup>9</sup>	80.0%	78.7%	77.8%	72.2%	70.5%	71.6%	69.4%	70.7%	75.7%	81.1%	87.4%	82.8%
GP <sup>10</sup>	81.5%	76.8%	74.9%	78.3%	74.6%	76.3%	71.8%	78.6%	81.1%	83.9%	87.0%	84.7%
KZN <sup>11</sup>	77.2%	74.0%	70.5%	65.7%	63.8%	57.2%	61.1%	70.7%	68.1%	73.1%	77.4%	69.7%
LP <sup>12</sup>	70.0%	70.6%	64.9%	55.7%	58.0%	54.7%	48.9%	57.9%	63.9%	66.9%	71.8%	72.9%
MP <sup>13</sup>	<b>58.2%</b>	<b>61.8%</b>	<b>58.6%</b>	<b>65.3%</b>	<b>60.7%</b>	<b>51.8%</b>	<b>47.9%</b>	<b>56.8%</b>	<b>64.8%</b>	<b>70.0%</b>	<b>77.6%</b>	<b>79.0%</b>
NW <sup>14</sup>	70.5%	64.9%	63.0%	67.0%	67.2%	67.9%	67.5%	75.7%	77.8%	79.5%	87.2%	84.6%
NC <sup>15</sup>	90.7%	83.4%	78.9%	76.8%	70.3%	72.7%	61.3%	72.3%	68.8%	74.6%	74.5%	76.4%
WC <sup>16</sup>	87.1%	85.0%	84.4%	83.7%	80.0%	78.7%	75.7%	76.8%	82.9%	82.8%	85.1%	82.2%
National	<b>73.3%</b>	<b>70.7%</b>	<b>68.3%</b>	<b>66.6%</b>	<b>65.2%</b>	<b>62.2%</b>	<b>60.6%</b>	<b>67.8%</b>	<b>70.2%</b>	<b>73.9%</b>	<b>78.2%</b>	<b>75.8%</b>

**Source:** Department of Basic Education - National Senior Certificate Examinations 2014 Technical Report

**Table 11: Comparative grade 12 pass rate for education districts in Mpumalanga, 2009-2014**

Education district	% Pass rate					
	2009	2010	2011	2012	2013	2014
Bohlabela <sup>17</sup>	28.2	40.1	52.7	62.5	72.0	76.8
Ehlanzeni <sup>18</sup>	57.0	67.5	72.1	74.0	82.8	82.1
Gert Sibande	52.2	59.3	65.4	69.0	76.4	77.1
Nkangala	53.6	59.1	67.9	73.0	77.5	78.8

**Source:** Mpumalanga Department of Education, 2015

#### *Annual national assessments*

Improvement in the quality of basic education has been identified as a top priority of the South African Government on which the Department of Basic Education (DBE) has to deliver. Within this context, the Annual National Assessments (ANA) is a critical measure for monitoring progress in learner achievement. ANA is a testing programme that requires all schools in the country to conduct the same grade-specific Language and Mathematics tests for Grades 1 to 6 and Grade 9. The NDP sets the target that by 2030, 90 per cent of learners in Grades 3, 6 and 9 must achieve 50 per cent or more in ANA.

All learners in public schools in Grades 1 to 6 and Grade 9 took curriculum-appropriate tests

<sup>8</sup> EC = Eastern Cape

<sup>9</sup> FS = Free State

<sup>10</sup> GP = Gauteng

<sup>11</sup> KZN = KwaZulu-Natal

<sup>12</sup> LP = Limpopo

<sup>13</sup> MP = Mpumalanga

<sup>14</sup> NW = North West

<sup>15</sup> NC = Northern Cape

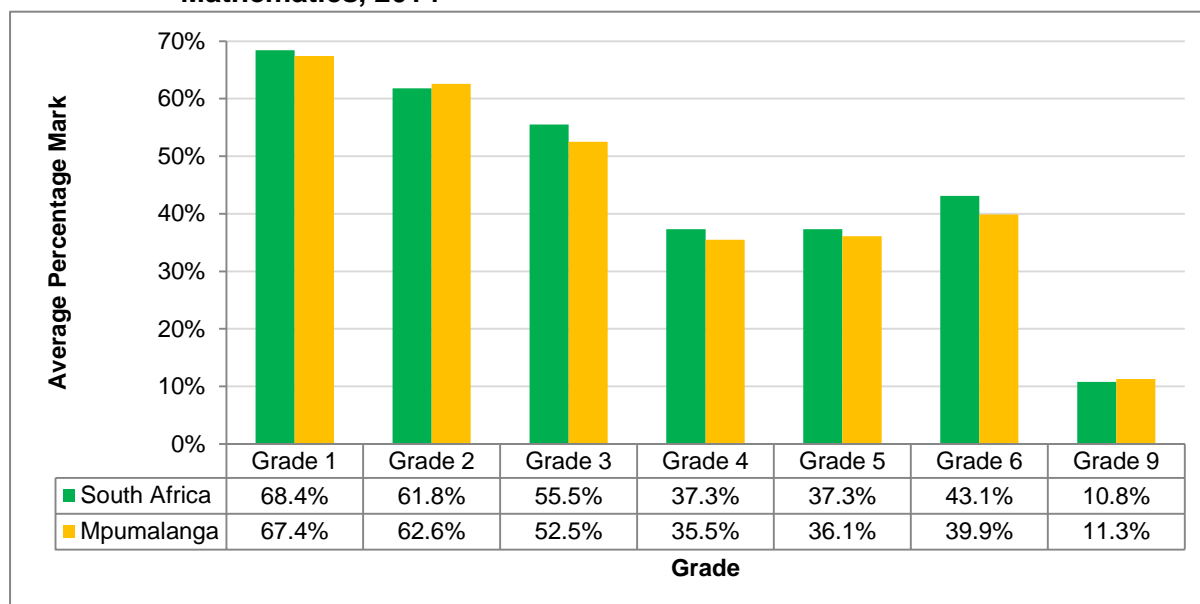
<sup>16</sup> WC = Western Cape

<sup>17</sup> The Bohlabela education district includes schools in Bushbuckridge and Thaba Chweu

<sup>18</sup> The Ehlanzeni education district includes schools in Mbombela, Umjindi and Nkomazi

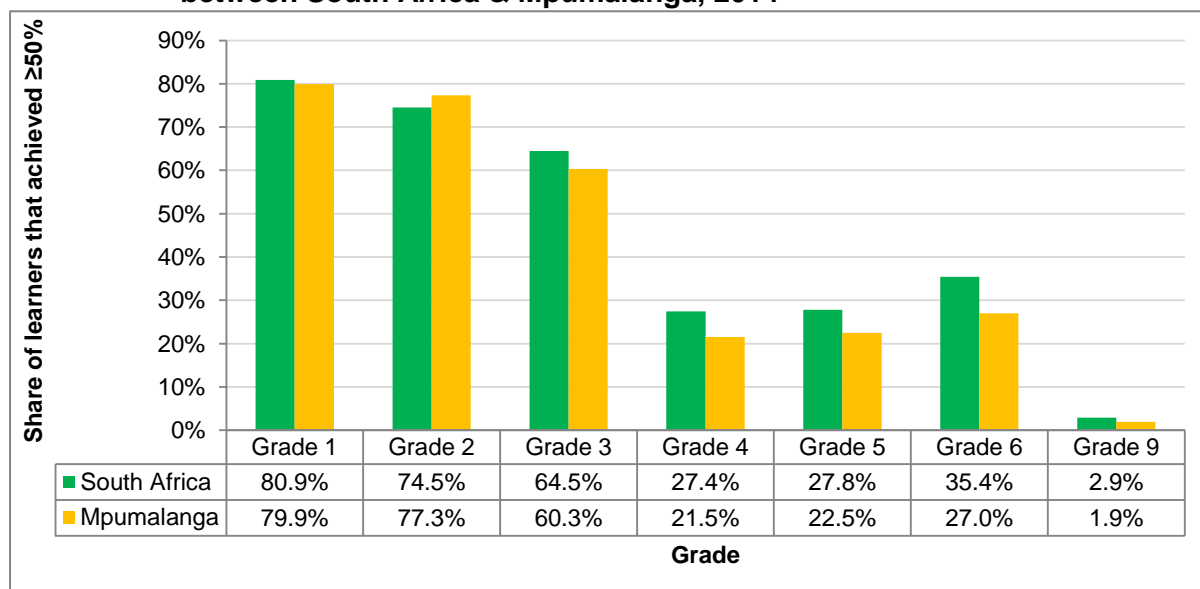
developed by the DBE in Mathematics and Language. It is apparent from Figure 21 that Mpumalanga, when compared with South Africa, achieved higher average percentage marks in Mathematics only for grades 2 and 9. When compared with other provinces, Mpumalanga ranked in 6<sup>th</sup> position for Grade 3 and 5<sup>th</sup> position for Grade 6 and Grade 9, respectively.

**Figure 21: Comparing South Africa & Mpumalanga average percentage mark in Mathematics, 2014**



**Source: Department of Basic Education – Report on the Annual National Assessments (ANA) of 2014**

**Figure 22: Comparing acceptable achievements (≥50 per cent) in Mathematics between South Africa & Mpumalanga, 2014**



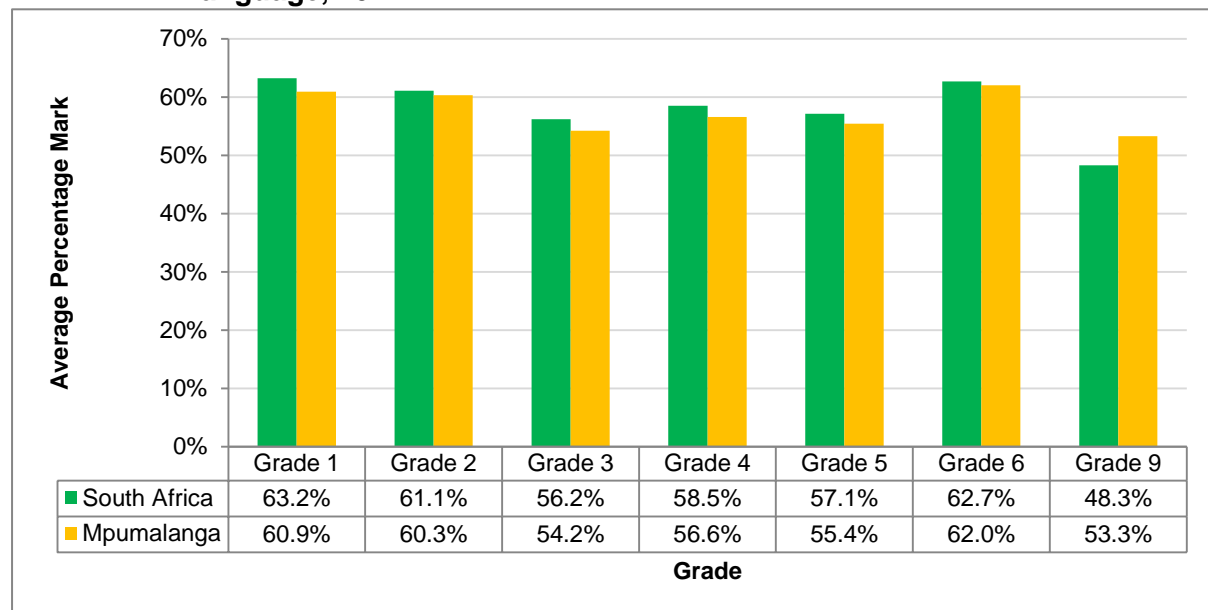
**Source: Department of Basic Education – Report on the ANA of 2014**

Except for Grade 2, Mpumalanga, when compared to South Africa, recorded a lower percentage of learners with an acceptable achievement in Mathematics in all grades (Figure 22). When compared with other provinces, Mpumalanga ranked in 5<sup>th</sup> position for Grade 3,

6<sup>th</sup> position for Grade 6 and 7<sup>th</sup> position for Grade 9 in terms of acceptable achievements.

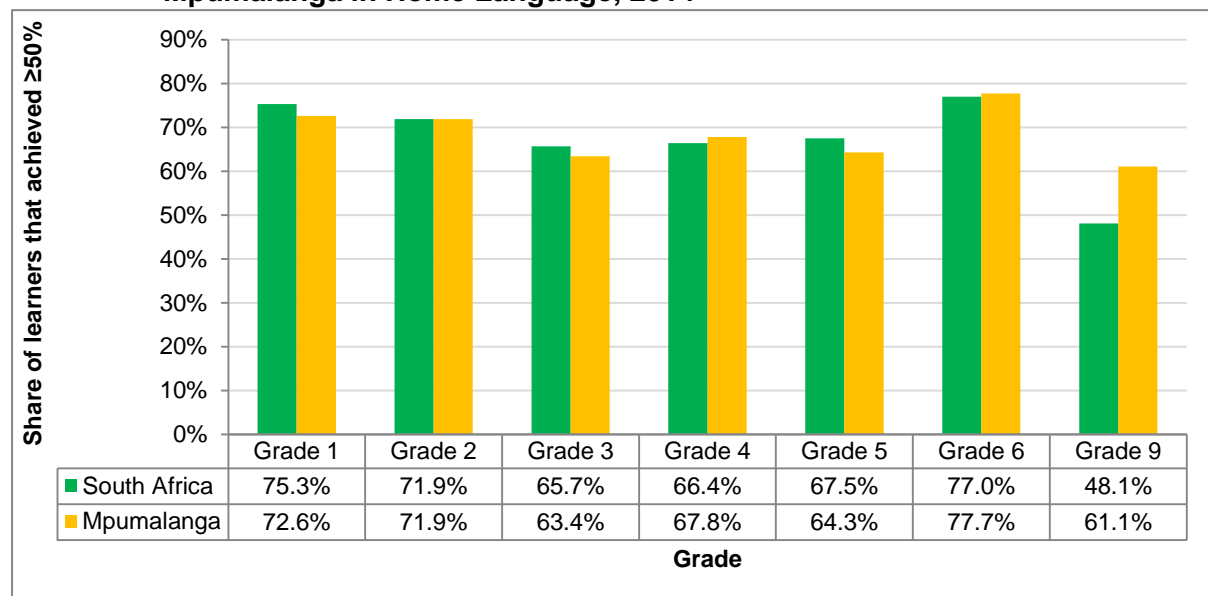
With the exception of Grade 9, Mpumalanga recorded lower average percentage marks in Home Language across all grades when compared to South Africa (Figure 23). When compared with other provinces, Mpumalanga ranked in 5<sup>th</sup> position for Grades 3 and 6 and 1<sup>st</sup> position for Grade 9.

**Figure 23: Comparing South Africa & Mpumalanga average percentage mark in Language, 2014**



**Source: Department of Basic Education – Report on the ANA 2014**

**Figure 24: Comparing acceptable achievements (≥50 per cent) in South Africa & Mpumalanga in Home Language, 2014**



**Source: Department of Basic Education – Report on the ANA 2014**

It is apparent from Figure 24 that Mpumalanga recorded a higher percentage of learners with an acceptable achievement in Home Language compared to South Africa in Grades 4, 6 and

9. When compared with other provinces, Mpumalanga ranked in 5<sup>th</sup> position for Grade 3, 4<sup>th</sup> position for Grade 6 and 1<sup>st</sup> position for Grade 9 in terms of acceptable achievements.

#### *Education ratios*

According to the Department of Education's *Education Realities* report of 2014, there were 1 057 788 learners in ordinary public and independent schools in Mpumalanga, who attended 1 867 schools and were served by 35 000 educators. The learner-educator ratio (LER) in public schools of Mpumalanga improved from 33.5 learners per educator in 2005 to 30.8 in 2014 (Table 12). This was slightly lower (better) than the national level of 31.0 learners per educator. The learner-school ratio (LSR) in public schools of Mpumalanga was higher than the national figure of 504 in 2014 and increased from 479 learners per school in 2005 to 587 in 2014. According to the educator-school ratio (ESR), the number of educators per public school increased from 14 per school in 2005 to 19 in 2014. The latter ratio was also higher than the national level for 2014 of 16 educators per public school.

**Table 12: Comparison of education ratios in public schools for South Africa and provinces, 2005-2014**

Province	LER		LSR		ESR	
	2005	2014	2005	2014	2005	2014
Eastern Cape	33.0	30.8	349	340	11	11
Free State	29.4	27.8	356	503	12	18
Gauteng	31.6	32.0	843	939	27	29
KwaZulu-Natal	34.3	31.3	473	479	14	15
Limpopo	34.1	30.4	450	425	13	14
Mpumalanga	<b>33.5</b>	<b>30.8</b>	<b>479</b>	<b>587</b>	<b>14</b>	<b>19</b>
Northern Cape	31.9	32.1	492	517	15	16
North West	31.1	31.4	413	518	13	16
Western Cape	31.5	31.8	653	704	21	22
National	<b>32.8</b>	<b>31.0</b>	<b>464</b>	<b>504</b>	<b>14</b>	<b>16</b>

**Source: Department of Education – 2005 & 2014 Education Realities**

#### *School nutrition programme*

According to the 2014 General Household Survey (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.

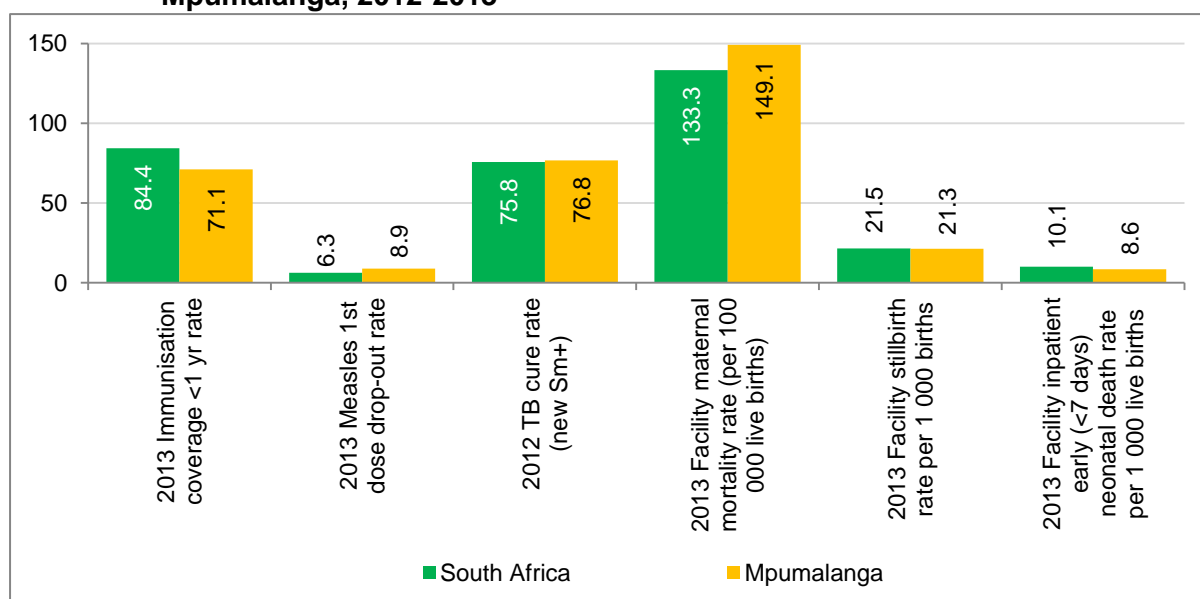


## 5. HEALTH AND SOCIAL SERVICES

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 71.1 per cent was considerably lower (worse) than the national level of 84.4 per cent and the second lowest overall in 2013. Mpumalanga's 2013 measles 1<sup>st</sup> dose dropout rate was the second highest (worst) in the country at 8.9 per cent. The TB cure rate of 76.8 per cent in 2012 was better than the national average and the fourth highest (best) in the country. Mpumalanga's maternal mortality rate of 149.1 was higher (worse) than the national rate of 133.3 and the fourth highest (worst) among the provinces. In 2013, the province's stillbirth rate was recorded at 21.3 per 1 000 births, which was slightly lower (better) than the national rate. The inpatient early neonatal<sup>19</sup> death rate in facility of 8.6 per 1 000 live births was lower (better) than the national rate and the second lowest (best) among the provinces. Figure 25 compares some of Mpumalanga's health indicators with the national average level.

**Figure 25: Comparison of selected health indicators between South Africa & Mpumalanga, 2012-2013**



**Source: Health Systems Trust – District Health Barometer 2013/14**

### *HIV prevalence<sup>20</sup>*

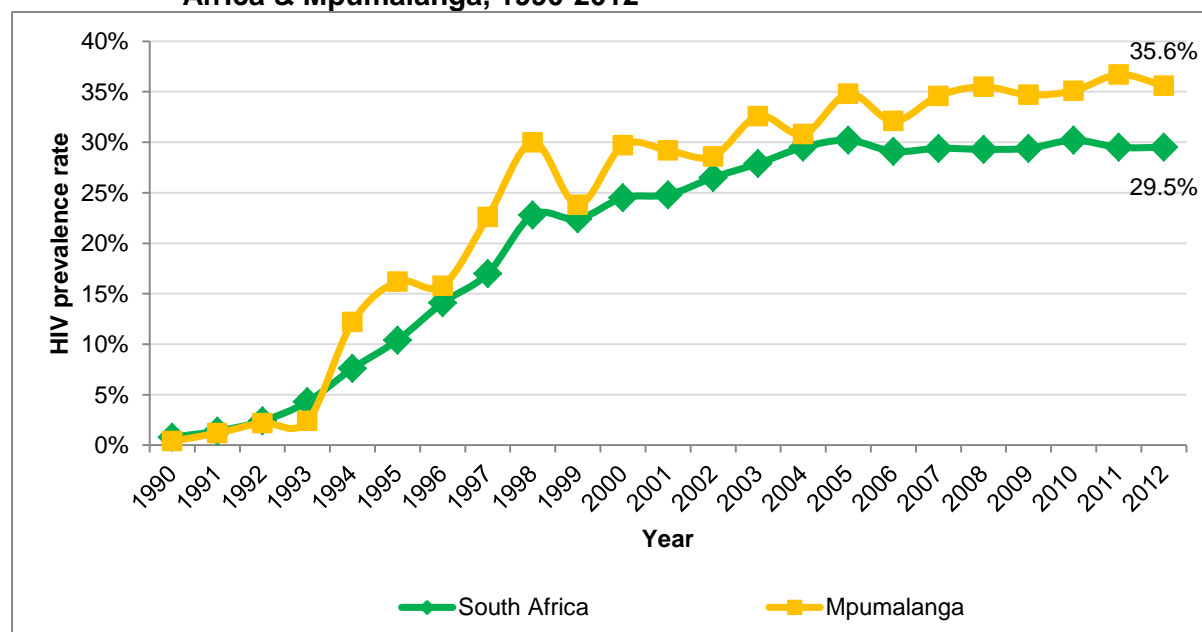
Changes in the HIV prevalence of the female population distribution for the 15–49 age group in the province and nationally between 1990 and 2012 is depicted in Figure 26. The

<sup>19</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>20</sup> 2012 figures are the latest available. Department of Health placed an embargo on the 2013 HIV prevalence figures.

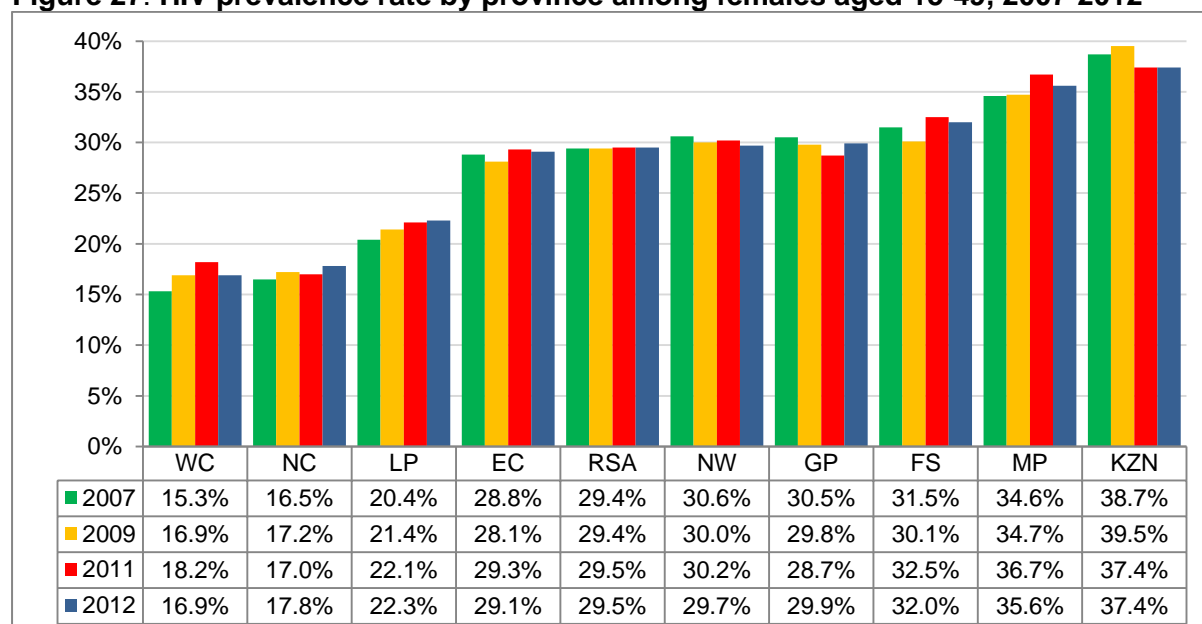
estimated overall prevalence rate for this group in 2012 was 29.5 per cent for South Africa and 35.6 per cent for Mpumalanga. With the exception of the first few results in the early nineties, the prevalence rate in Mpumalanga was consistently higher than the average recorded nationally.

**Figure 26: Comparison of HIV prevalence rate among females aged 15-49 in South Africa & Mpumalanga, 1990-2012**



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

**Figure 27: HIV prevalence rate by province among females aged 15-49, 2007-2012**



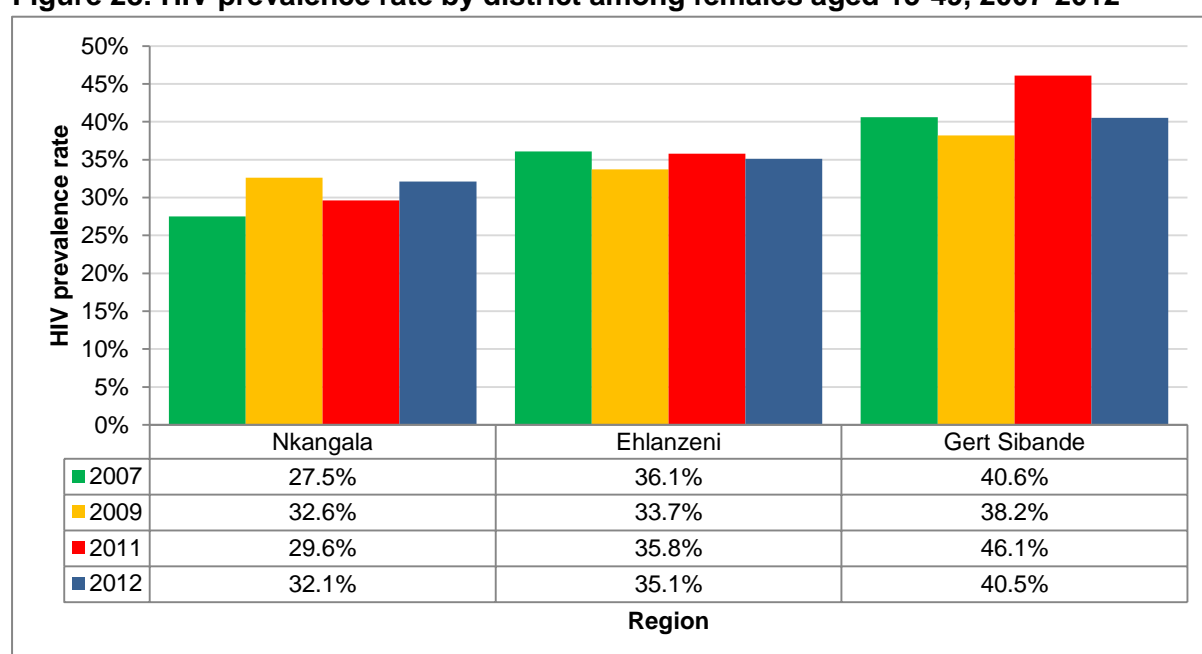
**Source: National Department of Health – 2012 National Antenatal Sentinel HIV & Herpes Simplex Type-2 Prevalence Survey in South Africa**

Figure 27 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.

When comparing districts (Figure 28), 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 (32.1 per cent). Among the 52 health districts nationally, Gert Sibande recorded the 2<sup>nd</sup> highest (worst) prevalence rate in 2012, followed by Ehlanzeni and Nkangala in 12<sup>th</sup> and 20<sup>th</sup> highest, respectively.

**Figure 28: HIV prevalence rate by district 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**

#### *HIV and AIDS numbers*

According to Statistics South Africa, the number of people in Mpumalanga suffering from HIV and Aids (as diagnosed by a medical practitioner or nurse) increased from 64 000 in 2011 to 105 000 in 2014. That is an average increase over the 3-year period of 17.9 per cent per year. Between 2011 and 2014, males suffering from HIV and AIDS in Mpumalanga increased from 22 000 to 37 000, whereas females increased from 42 000 to 68 000. Despite the fact that the number of males did not increase between 2013 and 2014, the average annual increase of males (18.9 per cent per annum) over the 3-year period was higher than females (17.4 per cent per annum).

**Table 13: Population in Mpumalanga suffering from HIV and AIDS as diagnosed by a medical practitioner or nurse, 2011-2014**

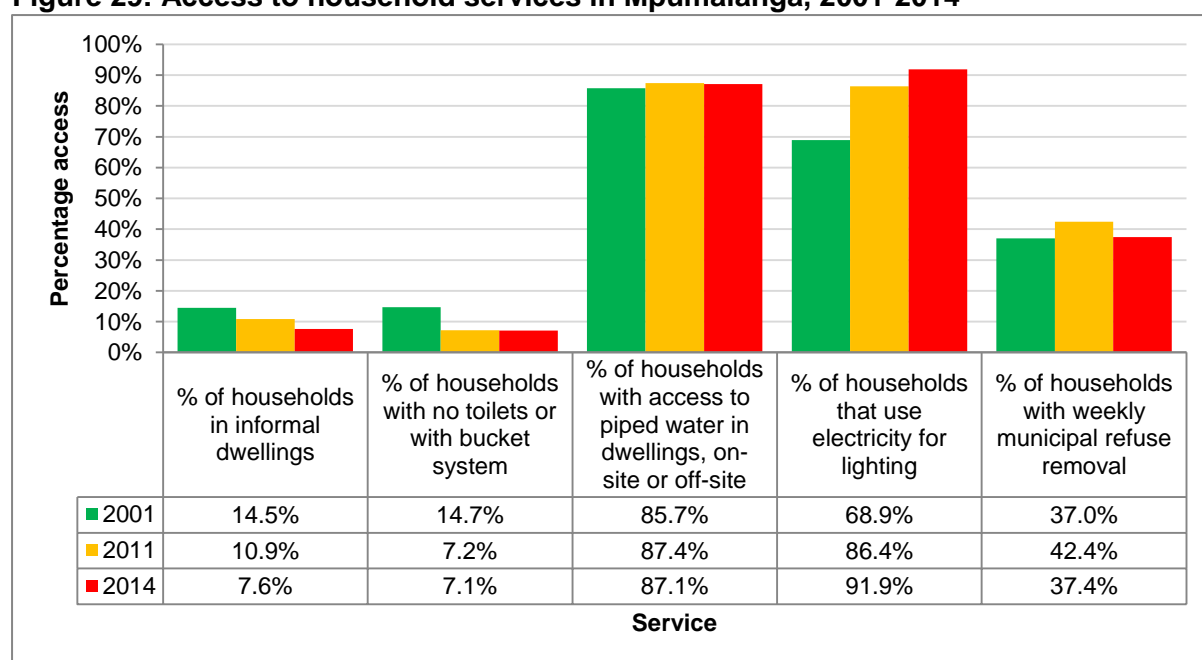
Year	Suffering from HIV and AIDS		
	Male	Female	Total
2011	22 000	42 000	64 000
2012	27 000	53 000	80 000
2013	37 000	66 000	103 000
2014	37 000	68 000	105 000

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

## 6. HOUSEHOLD SERVICES

According to Figure 29, 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.

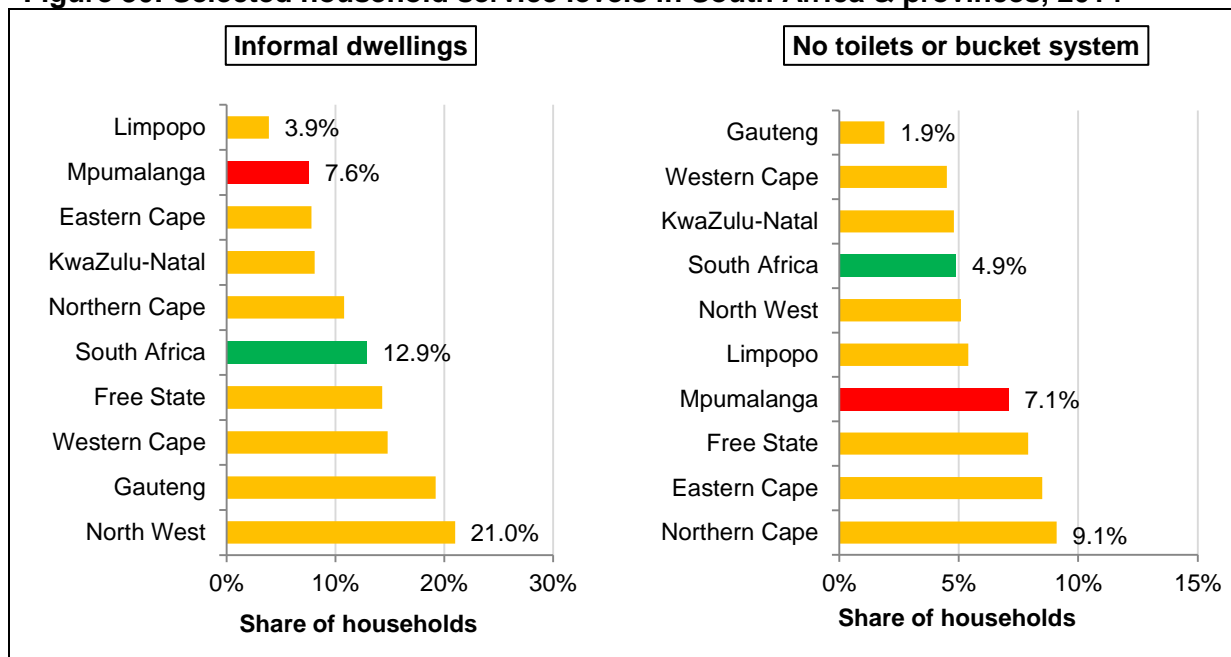
**Figure 29: Access to household services in Mpumalanga, 2001-2014**



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

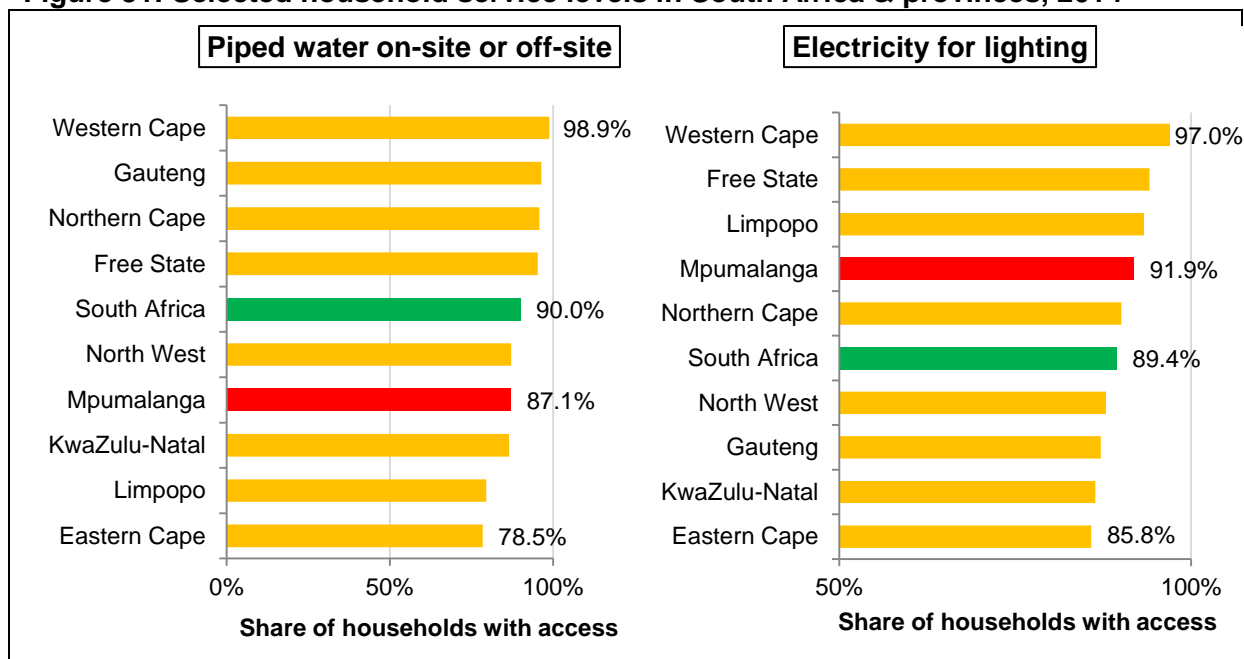
A relatively small percentage of households in Mpumalanga (7.6 per cent) occupied informal dwellings in 2014, compared to the national figure of 12.9 per cent. Mpumalanga ranked second lowest (best) among the nine provinces (Figure 30). The percentage of households in Mpumalanga without toilets and still 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 30: Selected household service levels in South Africa & provinces, 2014**



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

**Figure 31: 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 31). 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.

## 7. DEVELOPMENT AND INCOME ASPECTS

### 7.1 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 32). 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 14).

**Figure 32: HDI levels for South Africa & provinces, 1996-2014**



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

**Table 14: 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	0.49	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, June 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 0.65, respectively. The Black African

population registered the lowest HDI level of 0.54 (Table 15).

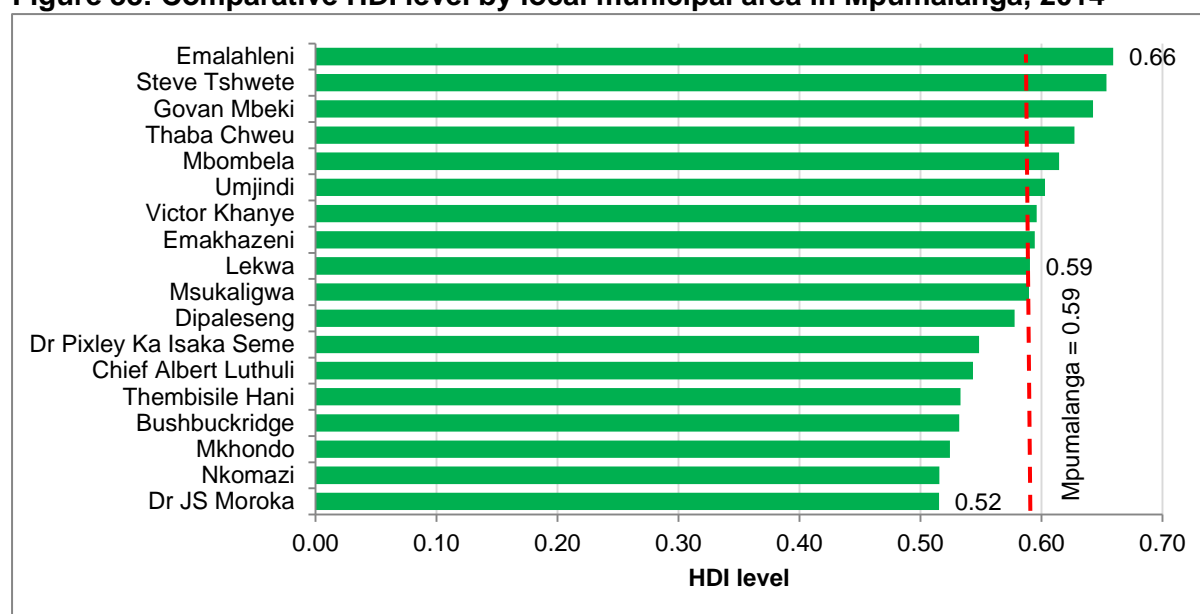
**Table 15: HDI level by population group in Mpumalanga, 1996-2014**

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	0.65
Asian	0.72	0.73	0.75	0.73	0.73
Total	0.52	0.49	0.49	0.53	0.59

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

Figure 33 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 (0.52) the lowest. Eight of the eighteen local municipal areas recorded higher HDI levels than the province at 0.59.

**Figure 33: Comparative HDI level by local municipal area in Mpumalanga, 2014**



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

## 7.2 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 16). Despite improving

(declining) from a level of 0.67 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 0.65. 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 registered the highest Gini-coefficient of 0.62.

**Table 16: Gini-coefficient for South Africa, Mpumalanga & districts, 1996-2014**

Region	1996	1999	2004	2009	2014
South Africa	0.61	0.65	0.67	0.64	0.64
Mpumalanga	0.59	0.63	0.65	0.62	0.61
Gert Sibande	0.59	0.63	0.66	0.63	0.61
Nkangala	0.58	0.62	0.64	0.61	0.61
Ehlanzeni	0.58	0.62	0.65	0.61	0.62

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

#### *Shares 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 7.6 per cent of income in 2014 (Table 17). This was higher/better than the national figure of 6.6 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 (7.9 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 7.3 per cent and 7.5 per cent, respectively.

**Table 17: Share of income earned by poorest 40% in South Africa, Mpumalanga & districts, 1996-2014**

Region	1996	1999	2004	2009	2014
South Africa	7.7%	6.2%	5.7%	6.7%	6.6%
Mpumalanga	8.9%	7.5%	6.5%	7.5%	7.6%
Gert Sibande	8.7%	7.3%	6.1%	7.2%	7.5%
Nkangala	8.4%	7.2%	6.6%	7.5%	7.3%
Ehlanzeni	9.6%	7.9%	7.2%	8.2%	7.9%

**Source: IHS Global Insight – ReX, June 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 18 displays the Palma ratio for South Africa, Mpumalanga and the districts over the period 1996 to 2014. South Africa's high Palma ratio of 7.90 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 R7.90. Unequal as it is, the ratio has declined from a high of 9.79 in 2004 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 (6.31) was the least unequal among the three districts, whereas Nkangala (6.59) ended 2014 with the highest Palma ratio.

**Table 18: Palma ratio in South Africa, Mpumalanga & districts, 1996-2014**

Region	1996	1999	2004	2009	2014
South Africa	6.14	8.61	9.79	7.47	7.90
Mpumalanga	5.34	6.94	8.49	6.63	6.46
Gert Sibande	5.40	7.15	9.04	6.81	6.48
Nkangala	5.26	6.82	8.01	6.33	6.59
Ehlanzeni	5.11	6.66	7.66	6.28	6.31

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

### 7.3 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>21</sup>), lower-bound poverty line (LBPL<sup>22</sup>) and upper-bound poverty line (UBPL<sup>23</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 19 that the share of South Africa's population below the LBPL declined from 49.7 per cent in 1996 to 34.8 per cent in 2014. In terms of numbers, it was a reduction from 21.1 million in 1996 to 18.7 million in 2013. Mpumalanga's population below the LBPL also declined over the 18-year period from 2.0 million to 1.6 million or from

<sup>21</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>22</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>23</sup> Includes expenditure on adequate food and non-food items and amounted to R767 per capita per month in 2013.

56.2 per cent to 37.0 per cent. Mpumalanga's share was, however, still the fourth highest among the provinces with Limpopo (43.9 per cent) registering the highest share and Western Cape (22.6 per cent) the lowest.

**Table 19: Share of population below the LBPL in South Africa & provinces, 1996-2014**

Region	% of population				
	1996	1999	2004	2009	2013
Western Cape	27.4%	31.6%	30.5%	27.7%	22.6%
Eastern Cape	63.6%	67.3%	64.4%	57.5%	43.5%
Northern Cape	52.0%	53.7%	47.7%	38.7%	29.3%
Free State	50.0%	53.7%	52.3%	46.7%	35.6%
KwaZulu-Natal	58.1%	60.9%	58.1%	54.7%	42.5%
North West	51.1%	56.3%	54.7%	47.3%	35.3%
Gauteng	26.6%	31.0%	33.3%	31.6%	25.6%
Mpumalanga	<b>56.2%</b>	<b>59.3%</b>	<b>58.3%</b>	<b>51.1%</b>	<b>37.0%</b>
Limpopo	67.0%	69.3%	66.8%	59.7%	43.9%
South Africa	<b>49.7%</b>	<b>52.9%</b>	<b>51.0%</b>	<b>45.8%</b>	<b>34.8%</b>

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

Nkangala (31.3 per cent) recorded the lowest share of population below the LBPL in 2014 followed by Gert Sibande (36.5 per cent). In 2014, Ehlanzeni recorded the highest share and the largest number of people below the LBPL with 41.8 per cent and 733 567, respectively (Table 20). Ehlanzeni, however, recorded the largest decrease (improvement) in terms of percentage change (20.3 percentage points) and number (-195 187) between 1996 and 2014.

**Table 20: Share of population below the LBPL in Mpumalanga's districts, 1996-2014**

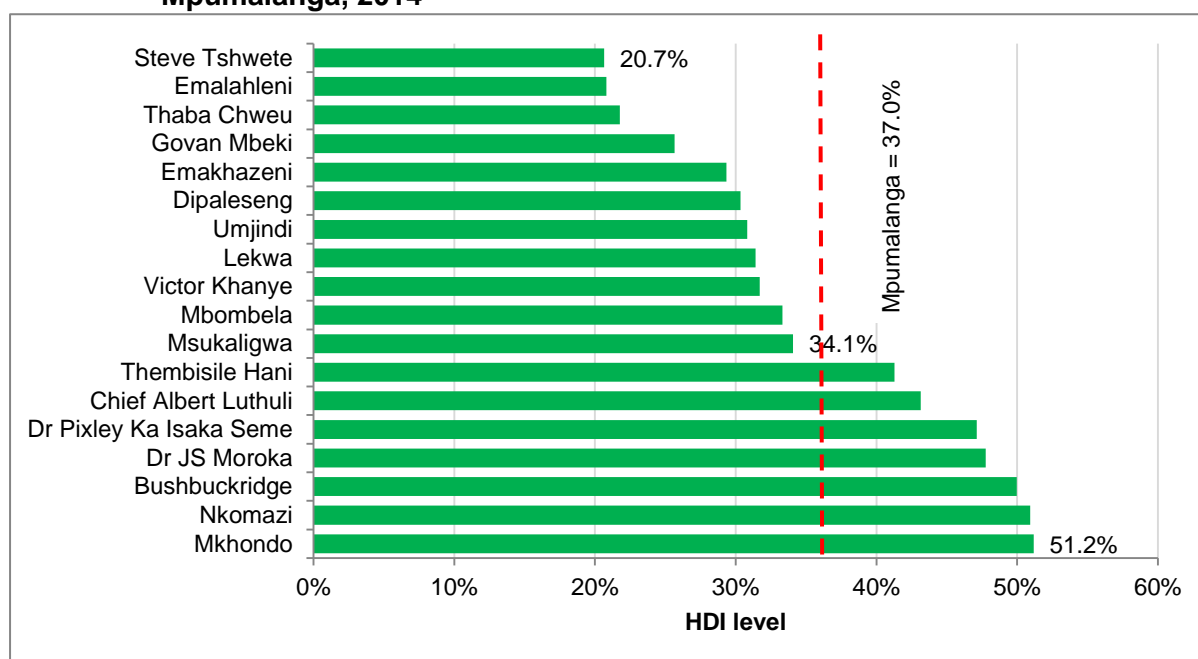
Region	% of population				
	1996	1999	2004	2009	2014
Gert Sibande	53.8%	57.8%	57.5%	49.6%	36.5%
Nkangala	49.7%	53.1%	52.5%	44.8%	31.3%
Ehlanzeni	62.2%	64.7%	63.0%	56.9%	41.8%
Mpumalanga	<b>56.2%</b>	<b>59.3%</b>	<b>58.3%</b>	<b>51.1%</b>	<b>37.0%</b>

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

Figure 34 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 20.7 per cent was the lowest (best) and that of Mkhondo (51.2 per cent) the highest. Seven of the eighteen local municipal areas recorded higher shares of population below the LBPL than Mpumalanga's share of 37.0 per cent. All the local areas recorded percentage point declines in the shares of population below the LBPL, with Chief Albert Luthuli (29.7 percentage points) registering the largest decrease and Emalahleni (8.5 percentage points) the smallest decrease.

Bushbuckridge recorded 142 853 less people below the LBPL in 2014 than in 1996, the largest decline among the local municipalities. Mkhondo recorded 22 341 more people below the LBPL in 2014 than in 1996. Emalahleni (14 669) as well as Steve Tshwete (11 158) also registered higher numbers of people below the LBPL in 2014 than in 1996.

**Figure 34: Share of population below the LBPL by local municipal area in Mpumalanga, 2014**



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

#### *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 21). 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 21: Multidimensional poverty in South Africa & provinces, 2001-2011**

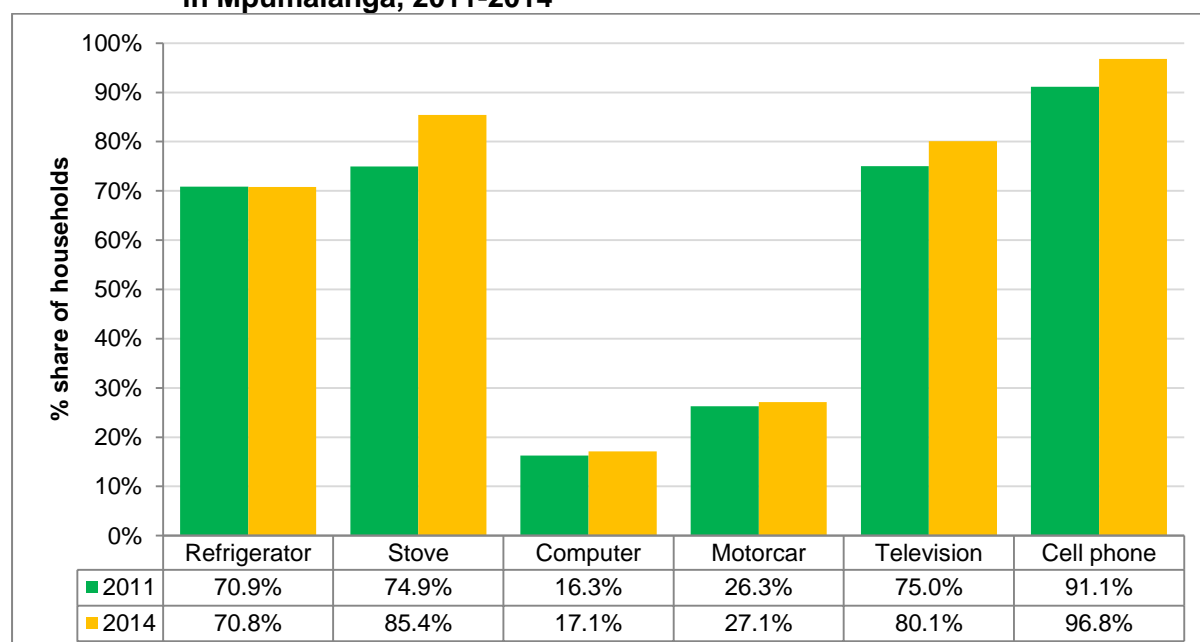
Province	Census 2001			Census 2011		
	Headcount	Intensity	SAMPI	Headcount	Intensity	SAMPI
Western Cape	6.7%	44.9%	0.03	3.6%	42.6%	0.02
Eastern Cape	30.2%	43.7%	0.13	14.4%	41.9%	0.06
Northern Cape	11.3%	42.3%	0.05	7.1%	42.1%	0.03
Free State	17.4%	44.3%	0.08	5.5%	42.2%	0.02
KwaZulu-Natal	22.3%	43.9%	0.10	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	<b>18.8%</b>	<b>43.2%</b>	<b>0.08</b>	<b>7.9%</b>	<b>41.8%</b>	<b>0.03</b>
Limpopo	21.8%	43.5%	0.09	10.1%	41.6%	0.04
South Africa	<b>17.9%</b>	<b>43.9%</b>	<b>0.08</b>	<b>8.0%</b>	<b>42.3%</b>	<b>0.03</b>

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

#### 7.4 Ownership of household goods

Figure 35 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 35: Percentage distribution of households owning various household goods in Mpumalanga, 2011-2014**



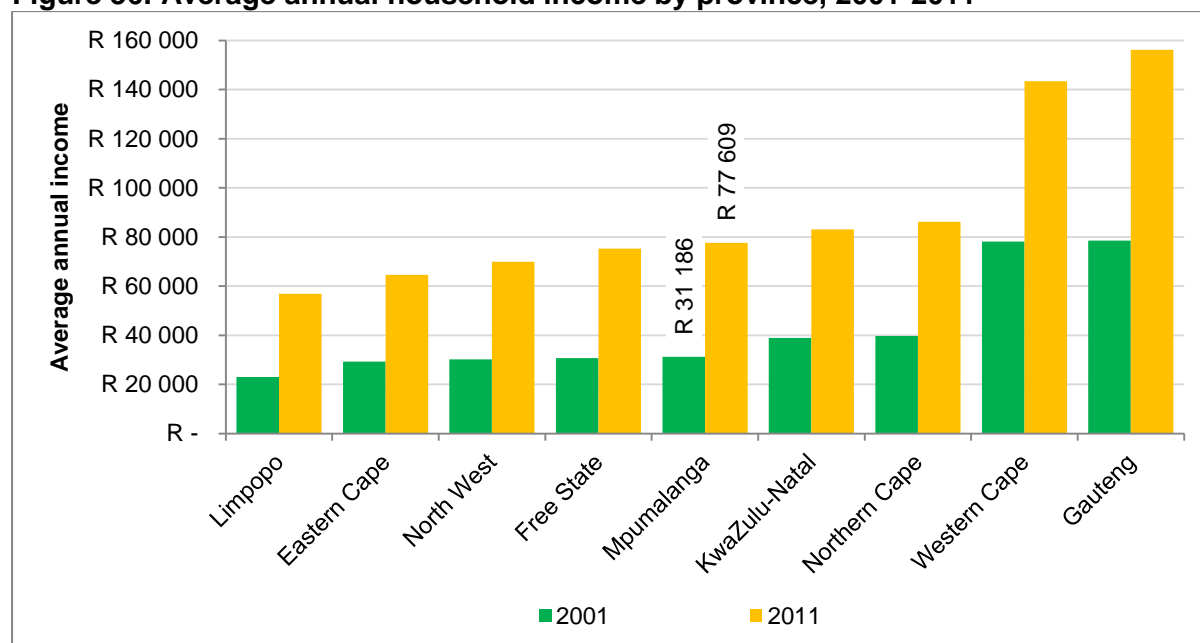
**Sources: Statistics South Africa – Census 2011  
Statistics South Africa – GHS 2014**

## 7.5 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 36).

**Figure 36: Average annual household income by province, 2001-2011**



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

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 GHS 2014, 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 22. 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.

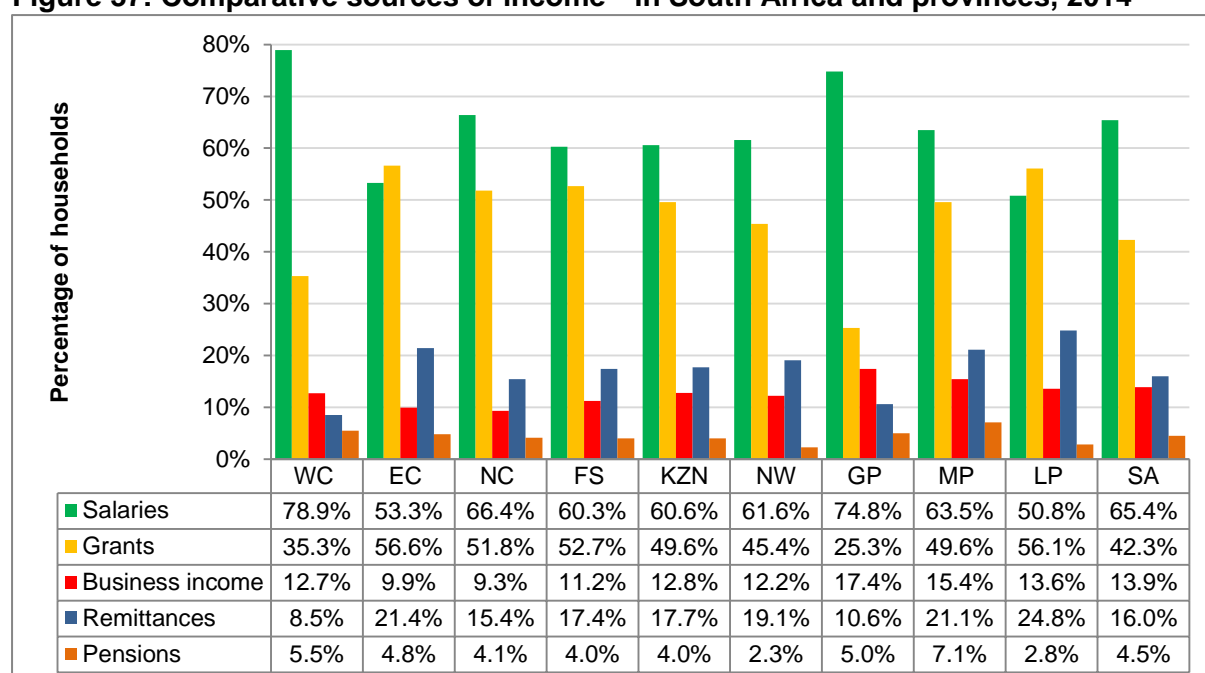
**Table 22: Household expenditure in South Africa & Mpumalanga, 2014**

Expenditure category	Mpumalanga		South Africa	
	% of total	Cumulative %	% of total	Cumulative %
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 37.

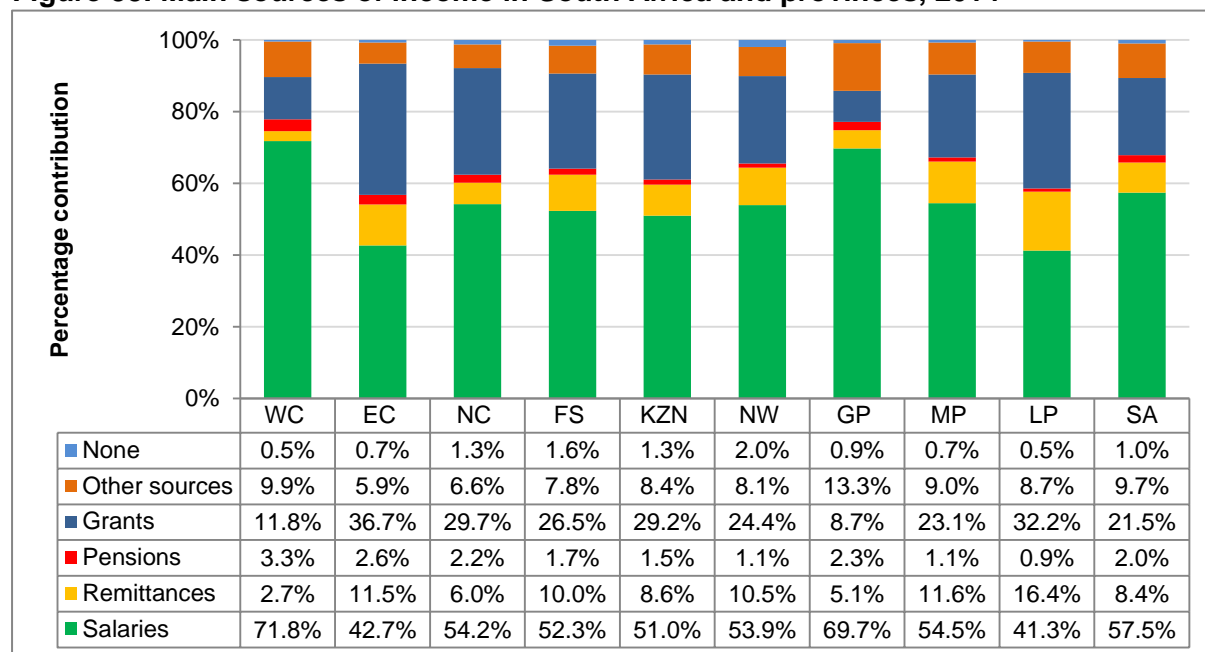
**Figure 37: Comparative sources of income<sup>24</sup> in South Africa and provinces, 2014**

Source: Statistics South Africa – GHS 2014

<sup>24</sup> Households can have more than one source of income; therefore, shares do not add up to 100 per cent.

As part of GHS 2014, 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 38). 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.

**Figure 38: Main sources of income in South Africa and provinces, 2014**



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

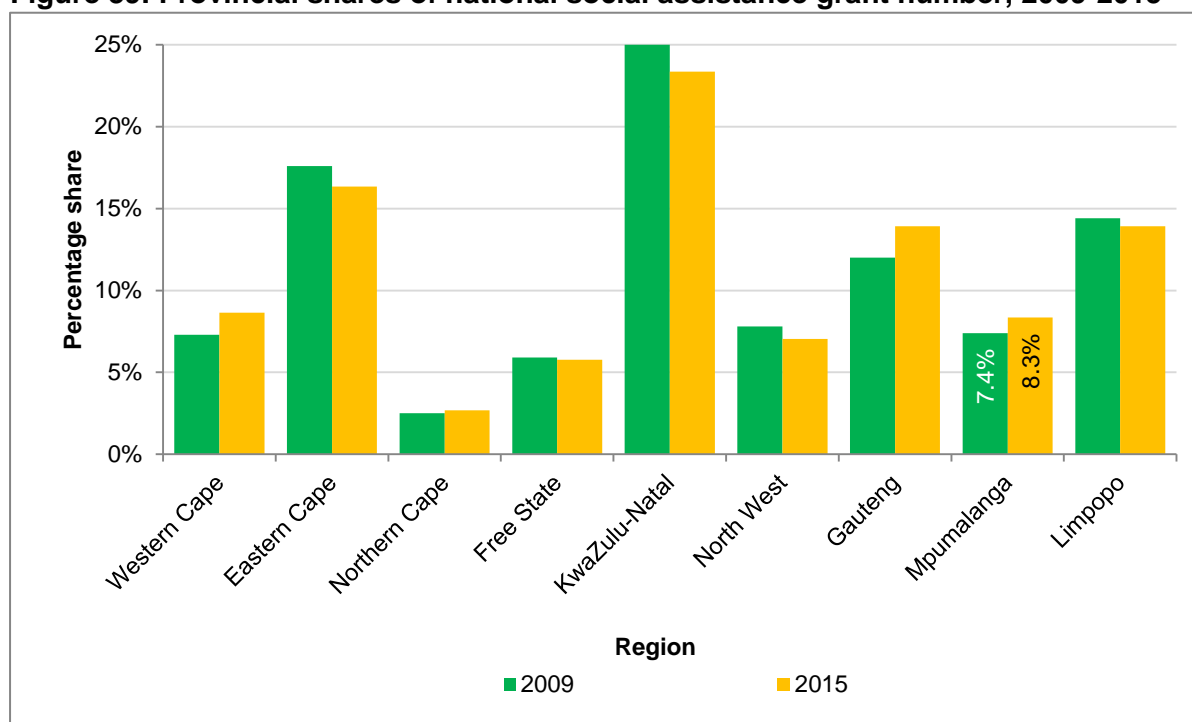
#### *Social assistance grants*

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 39). KwaZulu-Natal (3.9 million) registered the highest number of grant recipients by March 2015 and Northern Cape (446 260) the lowest.

**Figure 39: Provincial shares of national social assistance grant number, 2009-2015**



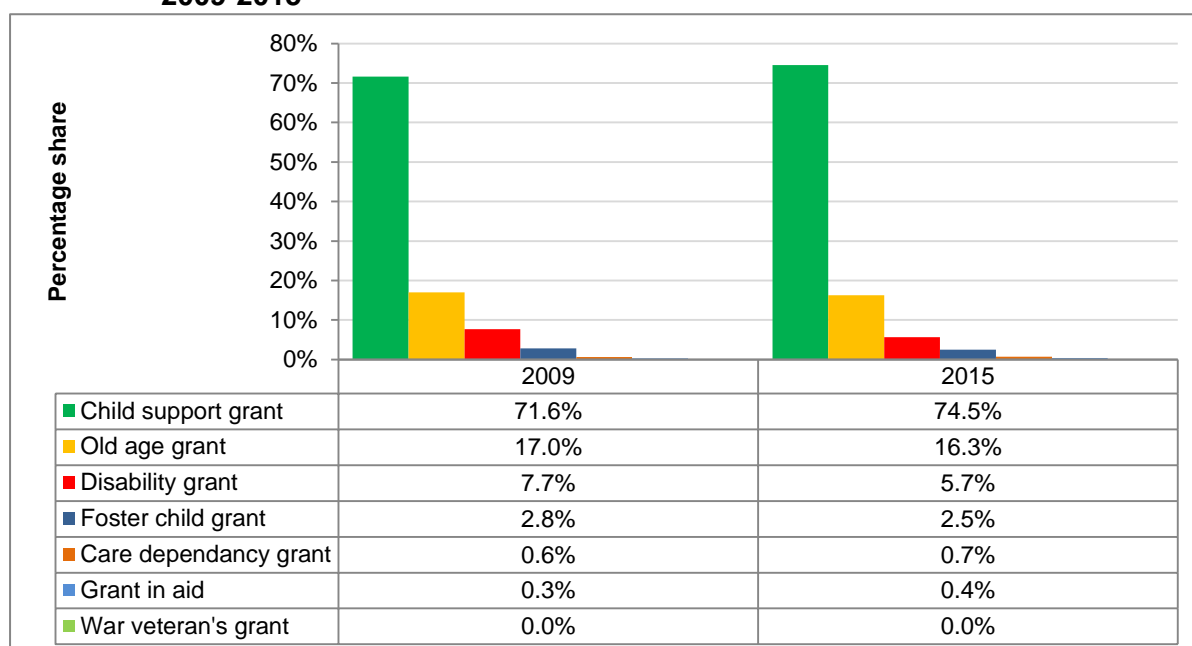
**Source: SASSA - SOCPEN system, 2015**

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 40, 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 40: Distribution of various types of social assistance grants in Mpumalanga, 2009-2015**



**Source: SASSA - SOCPEN system, 2015**

## **8. ECONOMIC SECTORS AND PERFORMANCE**

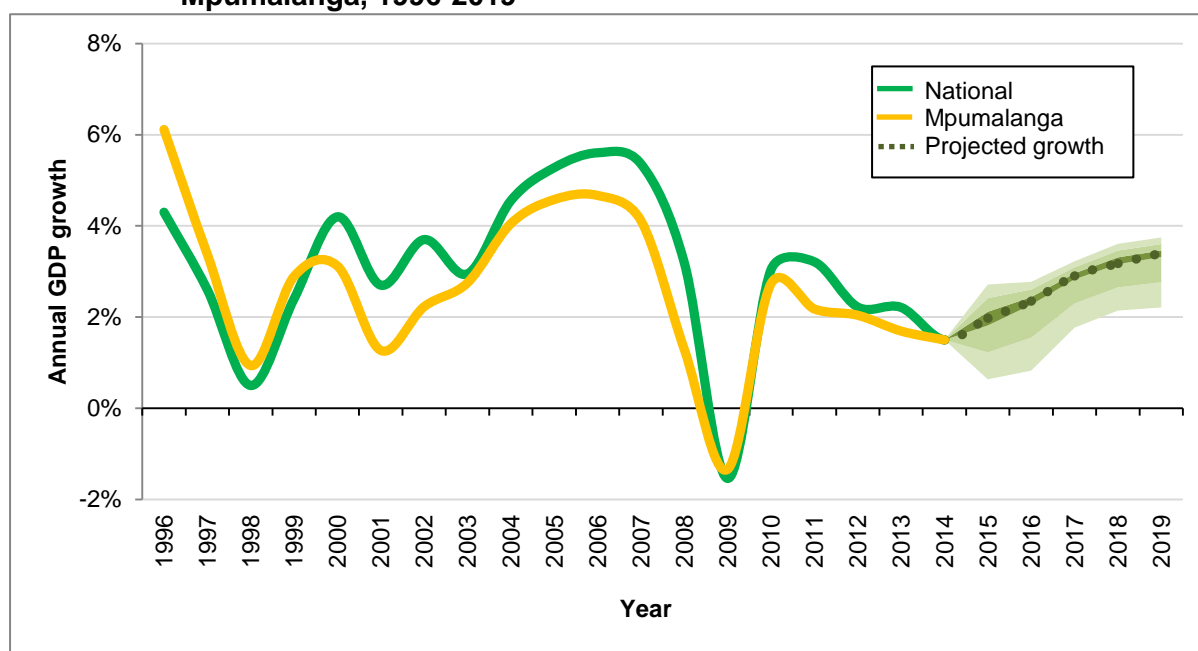
### **8.1 GDP growth**

It is estimated that in 2013, Mpumalanga contributed some R269.9 billion in current prices or some 7.6 per cent to the GDP of South Africa. Mpumalanga's contribution in constant 2010 prices was R215.1 billion. According to estimates, Mpumalanga's contribution in constant 2010 prices was the fifth largest among the nine provinces and registered a decrease from a 7.8 per cent contribution in 1995, to 7.3 per cent in 2013.

At the start of the period under review, the economic growth of the province, as measured by real GDP growth, was higher than the national rate. However, the provincial economy has not outperformed the national economy in terms of GDP growth since 1999. The forecasted annual growth rates for South Africa and Mpumalanga is projected to rise between 2014 and 2019, however, there is some downside risk as portrayed in Figure 41. The NDP targets average national GDP growth above 5 per cent up to 2030.

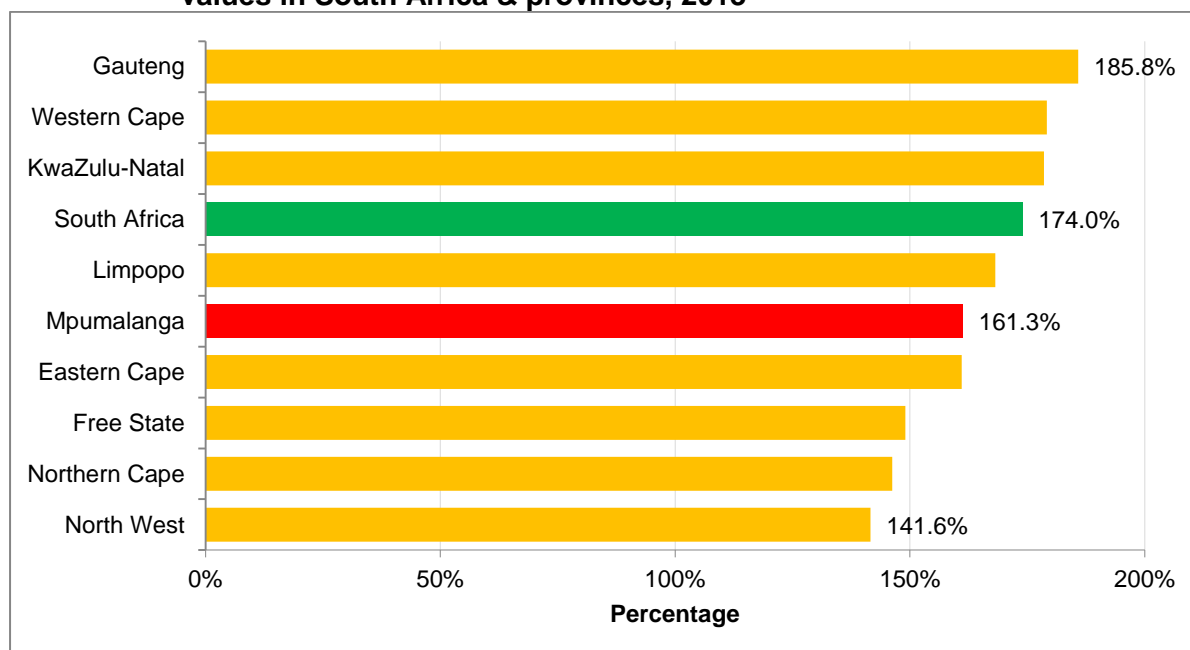
Because of the moderate economic growth experienced in South Africa over the last 18 years, the South African economy has not doubled in size over this period. From Figure 42 it is also evident that no provincial economy by 2013 was double its size of 1995. By 2013, Gauteng's economy, which grew the fastest between 1995 and 2013, was 185.8 per cent of its 1995 size. Mpumalanga's economy was 161.3 per cent of its 1995 size and registered the fifth highest increase. For an economy to double in size over an 18-year period that economy needs to grow at an annual average growth rate of 3.9 per cent.

**Figure 41: GDP (constant 2010 prices) growth rates for South Africa and Mpumalanga, 1996-2019**



**Sources:** *Statistics South Africa – GDP Q3, 2014 (Historic growth)*  
*IHS Global Insight - ReX, June 2015 (Future growth)*

**Figure 42: 2013 GDP (constant 2010 prices) expressed as a percentage of 1995 GDP values in South Africa & provinces, 2013**



**Source:** *Statistics South Africa – GDP Q3, 2014*

### GDP per capita

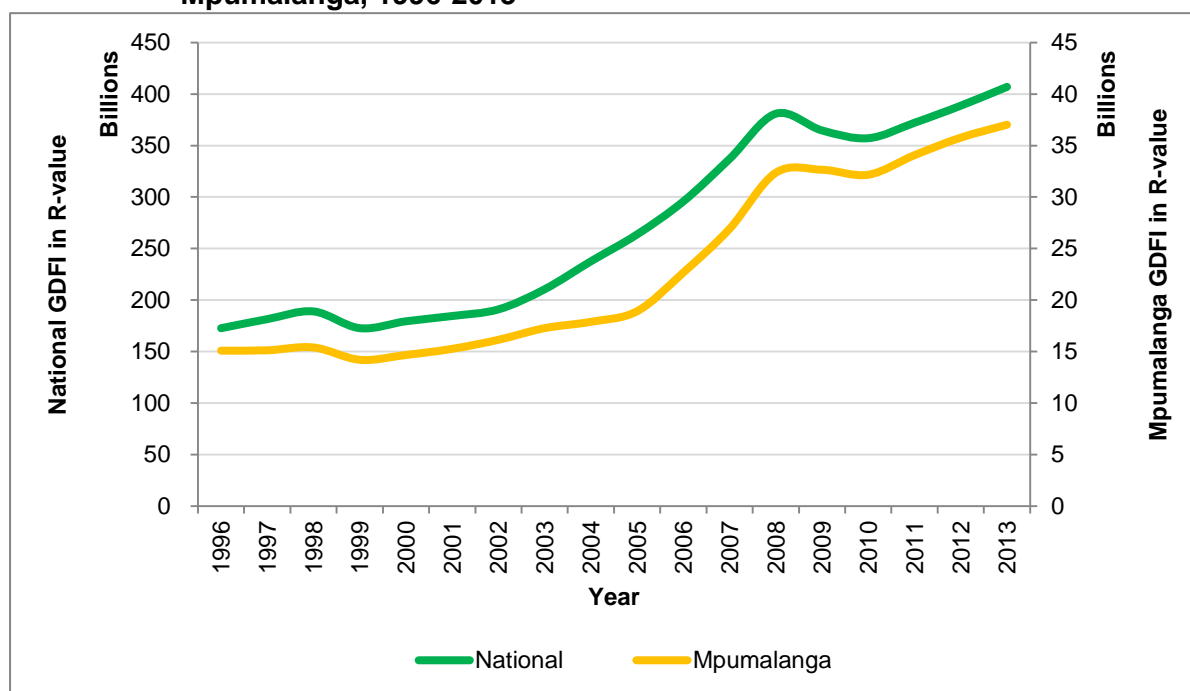
GDP per capita is often considered an indicator of a region's standard of living on the rationale that all citizens would benefit from the region's increased economic production. GDP per capita expressed in constant prices must increase from approximately R51 000 in 2010 to R110 000 by 2030. In 2013,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

approximately R52 100. 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 43). 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 43: 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 2013, expenditure by the Mpumalanga Provincial Government (MPG) on infrastructure was equal to approximately 1.1 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 1.4 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 15.0 per cent per annum up to 2030.

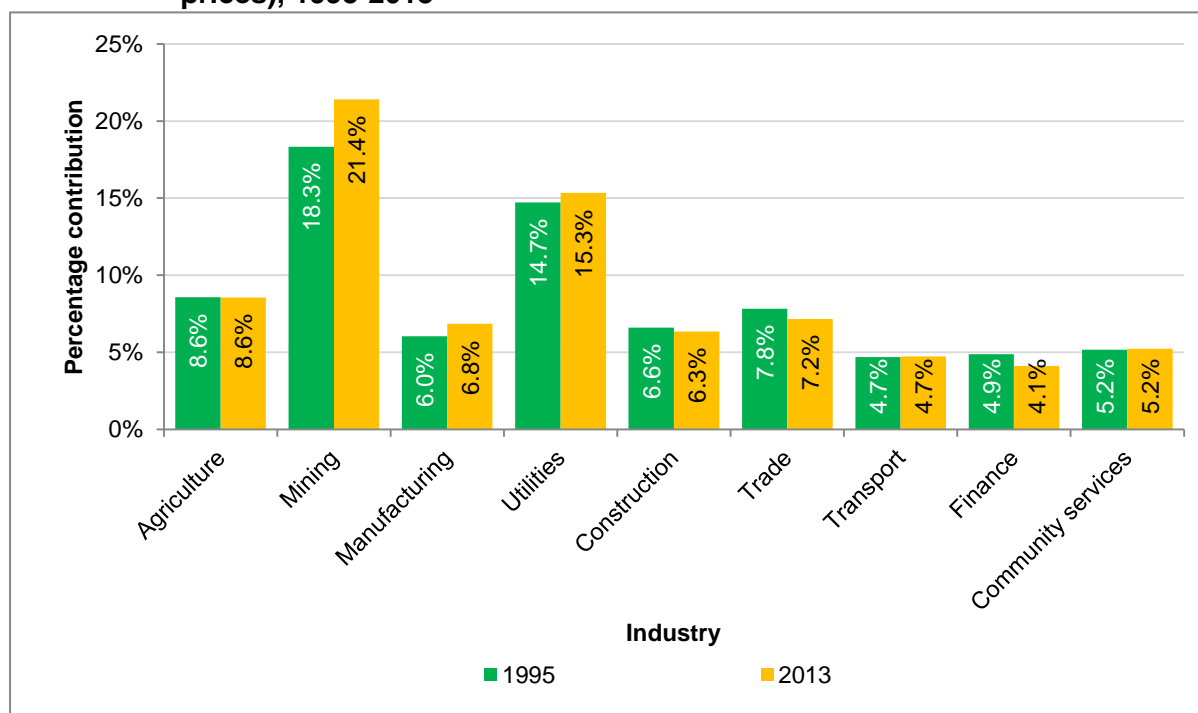
## **8.2 Regional contribution**

The economic industries are classified according to the International Standard Industrial Classification of all Economic Activities (ISIC). This classification system groups together

economic activities that are closely related. Statistical information is then collected and classified according to the categories of economic activities, which are as homogenous as possible. Statistics South Africa uses the ISIC classification when collecting and reporting its information.

Figure 44 depicts the contribution of each of the economic industries in Mpumalanga to the corresponding national industry in 1995 and 2013. It is estimated that in 2013, the province was a substantial role-player in the national mining and utilities (mainly electricity) industries, with respective shares of 21.4 per cent and 15.3 per cent. It is noticeable that the contribution by mining, manufacturing and utilities increased between 1995 and 2013, whilst the other industries' contribution to the national figure either declined or remained constant.

**Figure 44: Mpumalanga's contribution to South Africa's industries (constant 2010 prices), 1995-2013**



**Sources: Statistics South Africa – GDP Q3, 2014**

Table 23 exhibits the contribution by each of the three districts to the provincial industries in 1996 and 2013. Nkangala was the largest contributor to the provincial GVA with a share of 41.2 per cent in 1996 and 42.3 per cent in 2013. In 2013, the contribution by Gert Sibande was 29.1 per cent and that of Ehlanzeni 28.6 per cent. Nkangala made considerable contributions to the province's mining (72.4 per cent) and utilities (58.1 per cent) industries in 2013. In 2013, Gert Sibande was the main contributor to Mpumalanga's manufacturing (51.1 per cent), whilst Ehlanzeni played a major role in the province's other industries.

Figure 45 depicts the percentage contribution by the eighteen local municipal areas to the provincial GVA in 2013. In 2013, Emalahleni (21.6 per cent), Mbombela (15.7 per cent),

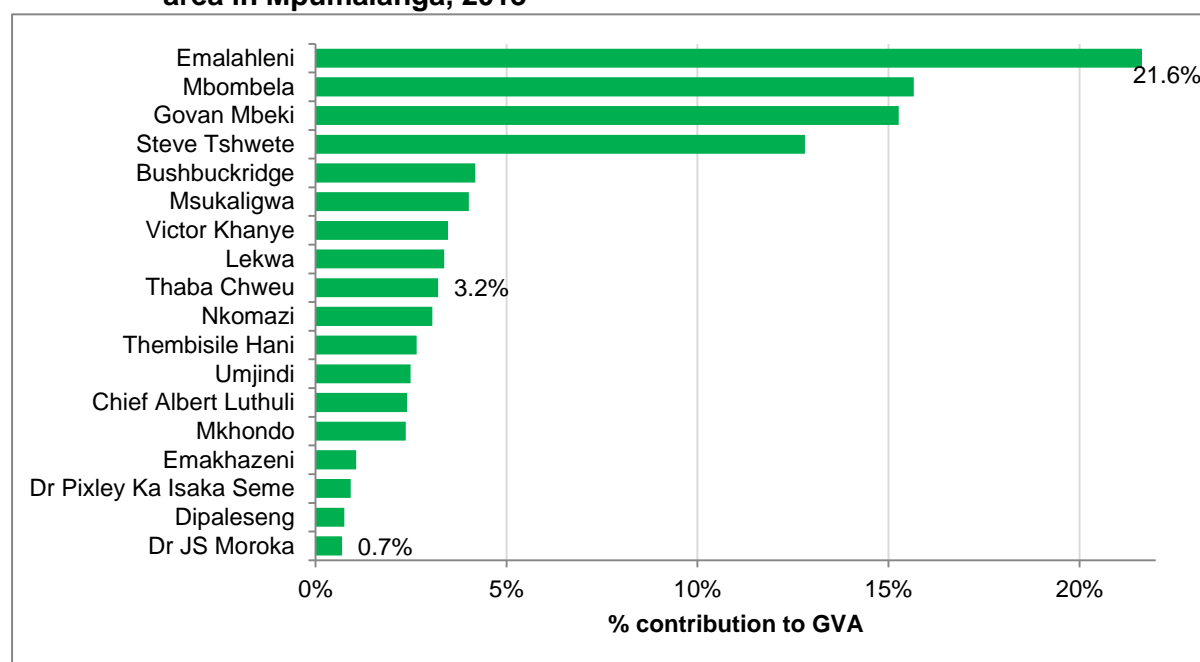
Govan Mbeki (15.3 per cent) and Steve Tshwete (12.8 per cent) contributed 65.4 per cent to the Mpumalanga economy. Dr JS Moroka (0.7 per cent) and Dipaleseng (0.8 per cent) made the smallest contributions to the provincial economy.

**Table 23: Regional contribution to Mpumalanga's industries (GVA at constant 2010 prices), 1996-2013**

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2013	1996	2013	1996	2013
Agriculture <sup>25</sup>	37.0%	36.0%	25.3%	25.9%	37.7%	38.1%
Mining <sup>26</sup>	40.7%	23.7%	52.9%	72.4%	6.4%	3.9%
Manufacturing <sup>27</sup>	37.7%	51.1%	36.8%	28.1%	25.4%	20.8%
Utilities <sup>28</sup>	24.3%	25.6%	54.2%	58.1%	21.5%	16.4%
Construction <sup>29</sup>	23.9%	25.1%	34.9%	33.0%	41.2%	41.9%
Trade <sup>30</sup>	26.8%	27.6%	31.6%	30.3%	41.6%	42.1%
Transport <sup>31</sup>	28.9%	29.4%	34.5%	34.2%	36.6%	36.4%
Finance <sup>32</sup>	18.0%	23.4%	37.9%	32.6%	44.1%	44.1%
Community services <sup>33</sup>	23.6%	25.6%	31.1%	28.3%	45.4%	46.0%
<b>Total</b>	<b>31.5%</b>	<b>29.1%</b>	<b>41.2%</b>	<b>42.3%</b>	<b>27.3%</b>	<b>28.6%</b>

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

**Figure 45: Contribution to provincial GVA (constant 2010 prices) by local municipal area in Mpumalanga, 2013**



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

<sup>25</sup> ISIC detailed description = Agriculture, forestry and fishing

<sup>26</sup> ISIC detailed description = Mining and quarrying

<sup>27</sup> ISIC detailed description = Manufacturing

<sup>28</sup> ISIC detailed description = Electricity, gas and water

<sup>29</sup> ISIC detailed description = Construction

<sup>30</sup> ISIC detailed description = Wholesale and retail trade, catering and accommodation

<sup>31</sup> ISIC detailed description = Transportation, storage and communication

<sup>32</sup> ISIC detailed description = Finance, insurance, real estate and business services

<sup>33</sup> ISIC detailed description = Community, health and personal services

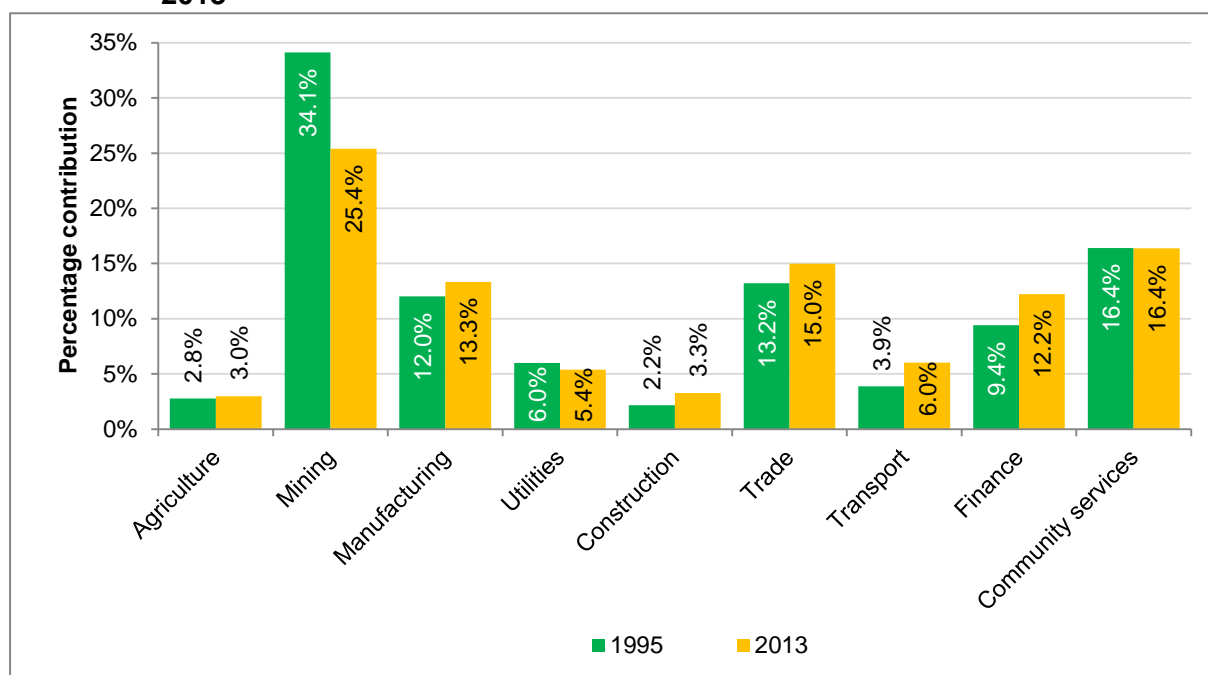
### 8.3 Sectoral contribution and performance

#### Contribution

It is estimated that in 2013, the primary sector in Mpumalanga contributed 28.4 per cent, secondary sector 22.0 per cent and tertiary sector 49.6 per cent to the provincial GDP at basic prices. Although the economy depended less on the primary sector in 2013 than in 1995 (36.9 per cent), it continued to stand in contrast to the national primary sector's small contribution of 11.1 per cent in 2013. Nationally, the secondary sector added 20.4 per cent and the tertiary sector 68.5 per cent in 2013.

It is estimated that in 2013, the three largest contributors to the provincial economy were mining (25.4 per cent), community services (16.4 per cent) and trade (15.0 per cent). This was unchanged from 1995, when mining (34.1 per cent) was also the leading industry followed by community services (16.4 per cent) and trade (13.2 per cent). Figure 46 displays the share of each economic industry in the provincial economy in 1995 and 2013.

**Figure 46: Contribution to Mpumalanga GDP (constant 2010 prices) by industry, 1995-2013**



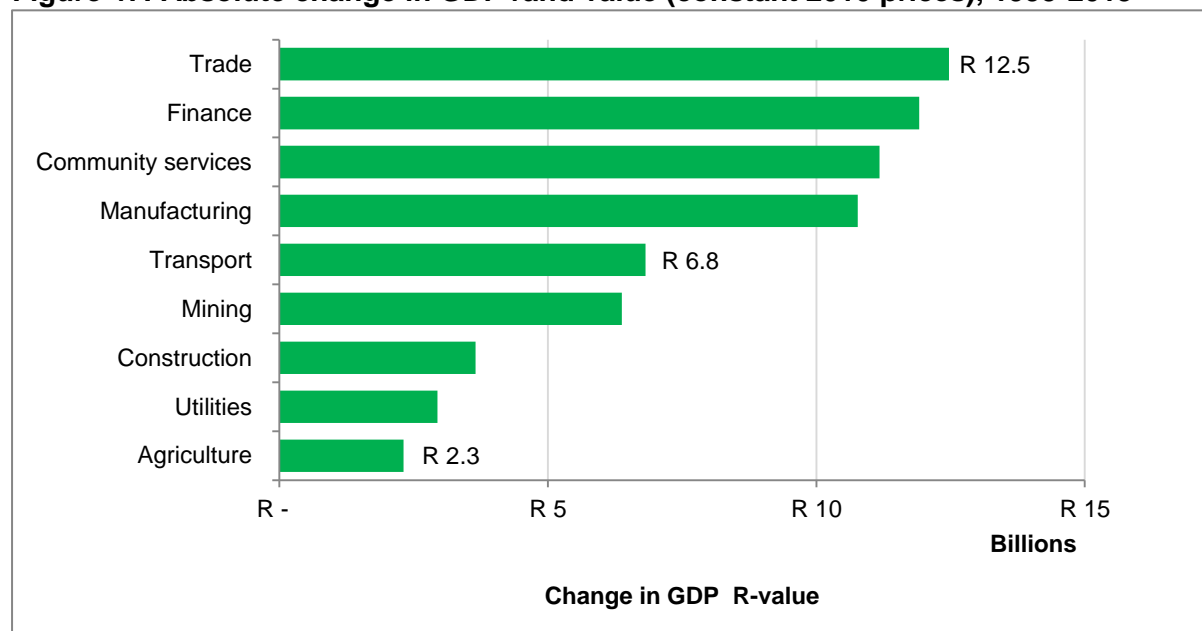
**Source: Statistics South Africa – GDP Q3, 2014**

Figure 47 illustrate the change in monetary terms by industry from 1995 to 2013. The real value of all nine industries increased between 1995 and 2013. The trade industry (R12.5 billion) registered the largest absolute change over the 18-year period and the agriculture industry (R2.3 million) the smallest.

Table 24 displays the share of each economic industry in the three districts' economies in 1996 and 2013. The manufacturing industry dominated the district economy of Gert Sibande

in 2013 with a 23.4 per cent share. Mining activities dominated the Nkangala economy as it added 43.4 per cent to the district's economy in 2013. The largest contributing industry in Ehlanzeni in 2013 was community services with a share of 26.4 per cent.

**Figure 47: Absolute change in GDP rand value (constant 2010 prices), 1995-2013**



**Source: Statistics South Africa – GDP Q3, 2014**

**Table 24: Contribution to individual districts' GVA (constant 2010 prices) by industry, 1996-2013**

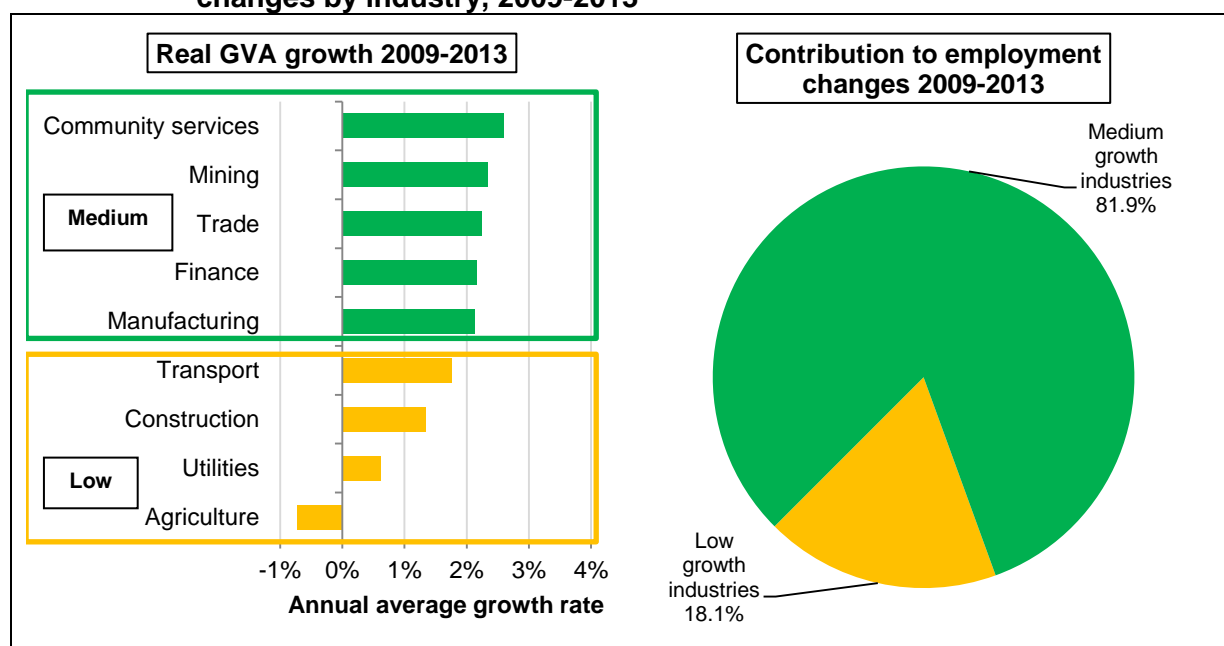
Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2013	1996	2013	1996	2013
Agriculture	4.2%	3.7%	2.2%	1.8%	4.9%	4.0%
Mining	42.5%	20.7%	42.3%	43.4%	7.7%	3.5%
<b>Primary industries</b>	<b>46.6%</b>	<b>24.4%</b>	<b>44.4%</b>	<b>45.2%</b>	<b>12.6%</b>	<b>7.4%</b>
Manufacturing	14.2%	23.4%	10.6%	8.9%	11.1%	9.7%
Utilities	4.9%	4.7%	8.3%	7.4%	5.0%	3.1%
Construction	1.5%	2.8%	1.7%	2.6%	3.1%	4.8%
<b>Secondary industries</b>	<b>20.7%</b>	<b>31.0%</b>	<b>20.7%</b>	<b>18.8%</b>	<b>19.1%</b>	<b>17.6%</b>
Trade	11.2%	14.2%	10.1%	10.7%	20.0%	22.1%
Transport	3.7%	6.1%	3.4%	4.9%	5.4%	7.7%
Finance	5.7%	9.8%	9.2%	9.4%	16.1%	18.9%
Community services	12.1%	14.5%	12.2%	11.0%	26.9%	26.4%
<b>Tertiary industries</b>	<b>32.7%</b>	<b>44.6%</b>	<b>34.9%</b>	<b>36.0%</b>	<b>68.3%</b>	<b>75.0%</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, June 2015**

### *Performance and employment*

Figure 48 depicts the real GVA growth per industry over the period 2009 to 2013 in the left-hand diagram and the contribution to changes in employment numbers over the same period in the right-hand diagram. Over the 4-year period community services, mining and trade achieved the highest annual average growth rates, whereas agriculture and utilities recorded the lowest average annual growth.

**Figure 48: Real GVA growth (constant 2010 prices) and contribution to employment changes by industry, 2009-2013**



**Sources: Statistics South Africa – GDP Q3, 2014  
Statistics South Africa – QLFS, 2015**

In 2013, some 145 000 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 81.9 per cent to the increased number of employed. The low growth industries, with growth of less than 2 per cent per annum, contributed 18.1 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.

#### 8.4 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 2013, the economy of Mpumalanga appears to be slightly more diversified than that of South Africa with an index score of 37.5 compared to a national score of 39.3. Among the nine provinces, Mpumalanga ranked second in terms of the most diversified economy, behind Free State (36.5) and ahead of KwaZulu-Natal (39.7).

#### 8.5 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 (2.82), utilities (2.00) and trade (1.03) held a comparative advantage over the same industry in the national economy in 2013. Table 25 provides the location quotients of the various industries, indicating their respective comparative advantages.

### **8.6 Labour intensity**

Labour intensive industries are identified by comparing the output generation capacity with the utilisation of labour by each of the industries. In 2013, 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 25 provides a comparison of employment with output at industry level for 2013.

### **8.7 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 21.64 over the period 2009 to 2013. Therefore, on average over the 4-year period, every 1 per cent of real GVA growth in the province's utilities industry translated into a 21.6 per cent increase in employment in the utilities industry. The employment growth in agriculture and manufacturing was negative over the 4-year period and therefore these industries recorded negative employment elasticity – or jobless growth. Table 25 provides the historic employment elasticities of the various industries.

### **8.8 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 25).

**Table 25: Essential economic ratio's by industry in Mpumalanga, 2001-2013**

Industry	Comparative advantage 2013	Labour intensity 2013	Employment elasticity 2008-2013	Labour productivity 2013
Agriculture	1.23	2.44	-1.68	0.41
Mining	2.82	0.31	4.87	3.00
Manufacturing	0.97	0.68	-1.44	1.83
Utilities	2.00	0.27	21.64	1.87
Construction	0.81	2.99	1.15	0.35
Trade	1.03	1.37	0.50	0.59
Transport	0.68	0.85	1.41	1.24
Finance	0.52	0.90	4.31	0.96
Community services	0.69	1.24	2.21	0.75
Total	-	-	1.75	1.00

**Sources:** *Statistics South Africa – GDP Q3, 2014*  
*IHS Global Insight - ReX, June 2015*  
*Statistics South Africa – QLFS, 2015*

## 8.9 Tourism

Because tourism is not a clearly defined industry in the SIC, it was therefore the first economic activity to use Satellite Account<sup>34</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 2013. Some 655 609 persons were directly engaged in producing goods and services purchased by visitors, which accounted for 4.4 per cent of total employment in 2013.

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 2013, tourism spend in South Africa declined to 5.8 per cent of GDP, whilst in Mpumalanga it increased to 6.7 per cent of the provincial GDP. Among the nine provinces, only Western Cape (8.8 per cent) registered a larger tourism spend to GDP share than Mpumalanga (Table 26).

According to Tourism South Africa's *Annual Report 2013*, Mpumalanga was the fourth most visited province by foreign visitors in 2013, with a share of 12.5 per cent of total foreign arrivals visiting the province. This was down from 15.2 per cent of total foreign arrivals in 2012. Mpumalanga captured 10.0 per cent of the total bed-nights spent by all foreign

<sup>34</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.

tourists in South Africa. This was higher than the 8.8 per cent in 2012 and the province moved from joint third position to third overall. Mpumalanga attracted 12.0 per cent of domestic tourists in 2013 and remained in fourth position.

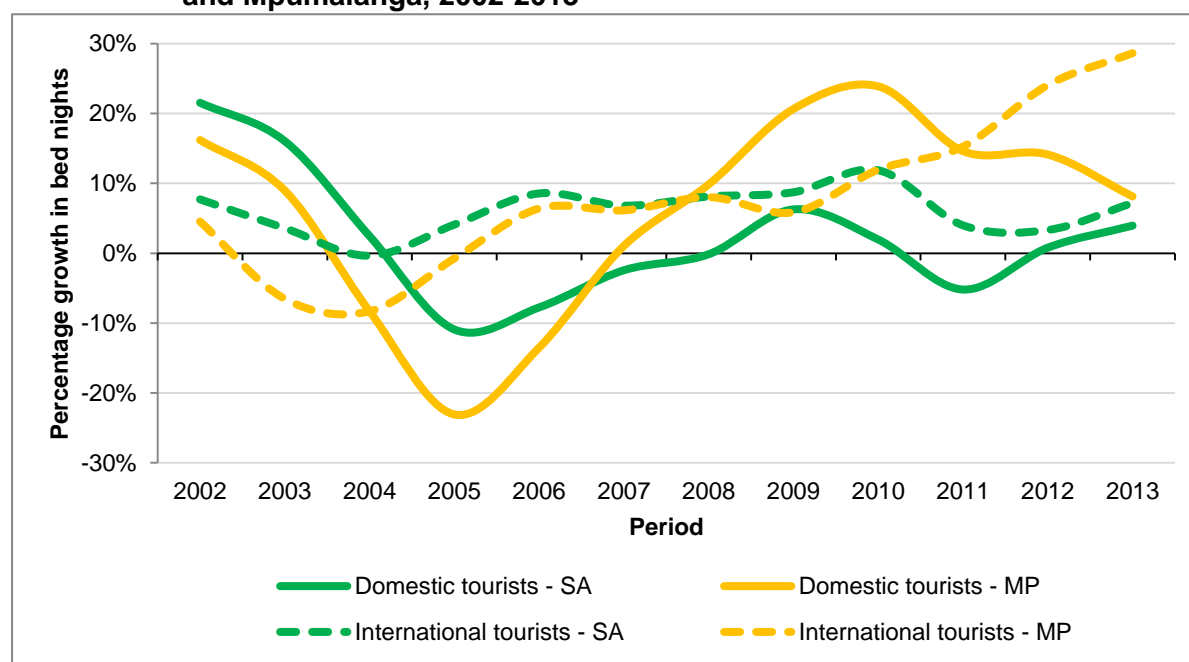
**Table 26: Tourism spend in South Africa and provinces, 2013**

Province	Total tourism spend R-million	Tourism spend as % of GDP (current prices)
Western Cape	42 669	8.8%
Eastern Cape	13 217	4.8%
Northern Cape	2 507	3.5%
Free State	11 929	6.6%
KwaZulu-Natal	27 722	4.9%
North West	6 493	3.0%
Gauteng	69 307	5.7%
Mpumalanga	17 985	6.7%
Limpopo	14 255	5.5%
<b>Total</b>	<b>206 084</b>	<b>5.8%</b>

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

Figure 49 compares the growth in bed nights by tourists in South Africa and Mpumalanga according to their origin. Annual growth in bed nights by domestic tourists in South Africa has fluctuated significantly between 2002 and 2013. Growth in bed nights by international tourist in Mpumalanga tracked the South African scenario closely up to 2009, however, since 2010 Mpumalanga experienced distinctly higher growth than South Africa. Since 2007, bed nights spent by domestic tourists in Mpumalanga recorded higher growth rates than the national standard.

**Figure 49: Comparison of growth in bed nights by origin of tourist in South Africa and Mpumalanga, 2002-2013**



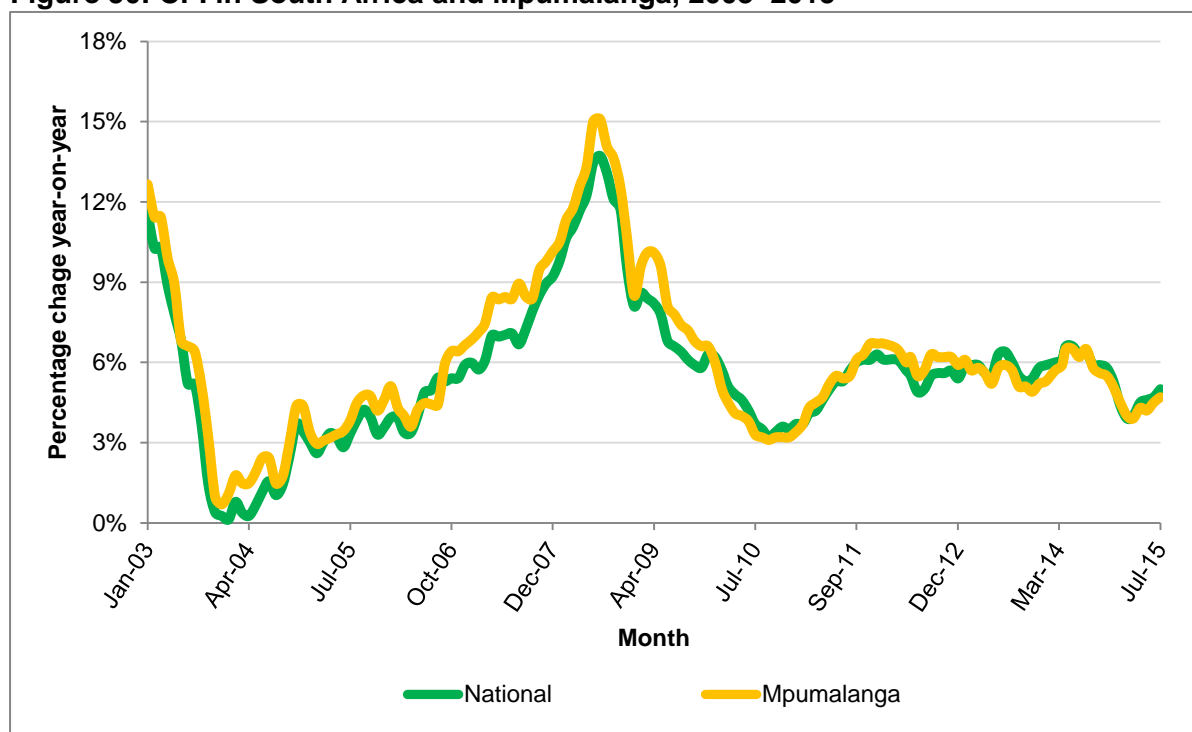
**Source: IHS Global Insight – ReX, June 2015**

## 8.10 Inflation

The most common way to measure inflation is by reference to a consumer price index (CPI), which measures the changes in prices of a basket of goods and services purchased by a representative set of households for 2014 was 5.8 per cent, which was lower than the average for South Africa (6.1 per cent) as well as the lowest overall. In July 2015, Mpumalanga recorded the fourth highest inflation measurement of 4.7 per cent among the provinces. Mpumalanga's inflation rate was lower than the national inflation rate for the fifth consecutive month and below the upper limit of the inflation target zone for the eleventh consecutive month. The comparative percentage change in the CPI for South Africa and Mpumalanga from January 2003 to July 2015 is displayed in Figure 50.

The average annual inflation rate in Witbank/Nelspruit<sup>35</sup> for 2014 was 5.4 per cent, which was the lowest of the thirteen urban areas. The inflation measurement for Witbank/Nelspruit was 4.9 per cent in July 2015, 0.2 of a percentage point higher than the June 2015 measurement of 4.7 per cent. It was, however, still below the upper limit of the inflation target zone. Witbank/Nelspruit recorded the sixth lowest inflation measurement in July 2015, which was lower than the national inflation rate but higher than the provincial inflation rate for July 2015.

**Figure 50: CPI in South Africa and Mpumalanga, 2003–2015**



**Source: Statistics South Africa – CPI, 2015**

<sup>35</sup> Official description by Statistics South Africa for the combined urban areas of Emalahleni and Mbombela

The main determinants of inflation in Mpumalanga based on their respective weightings, as provided in Table 27, 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 27, that the housing and utilities index was accountable for 26.0 per cent of the average price increase in Mpumalanga during July 2015. The FNAB as well as the MGS indices were accountable for 19.9 per cent and 19.6 per cent, respectively. The transport index was only responsible for 2.5 per cent of the average price increase, despite carrying a large weighting. Conversely, the alcoholic beverages and tobacco index made a considerable contribution of 12.1 per cent compared with its weighting of 4.8 per cent.

**Table 27: Mpumalanga's CPI group indices, weights, percentage change & contribution to inflation, July 2015**

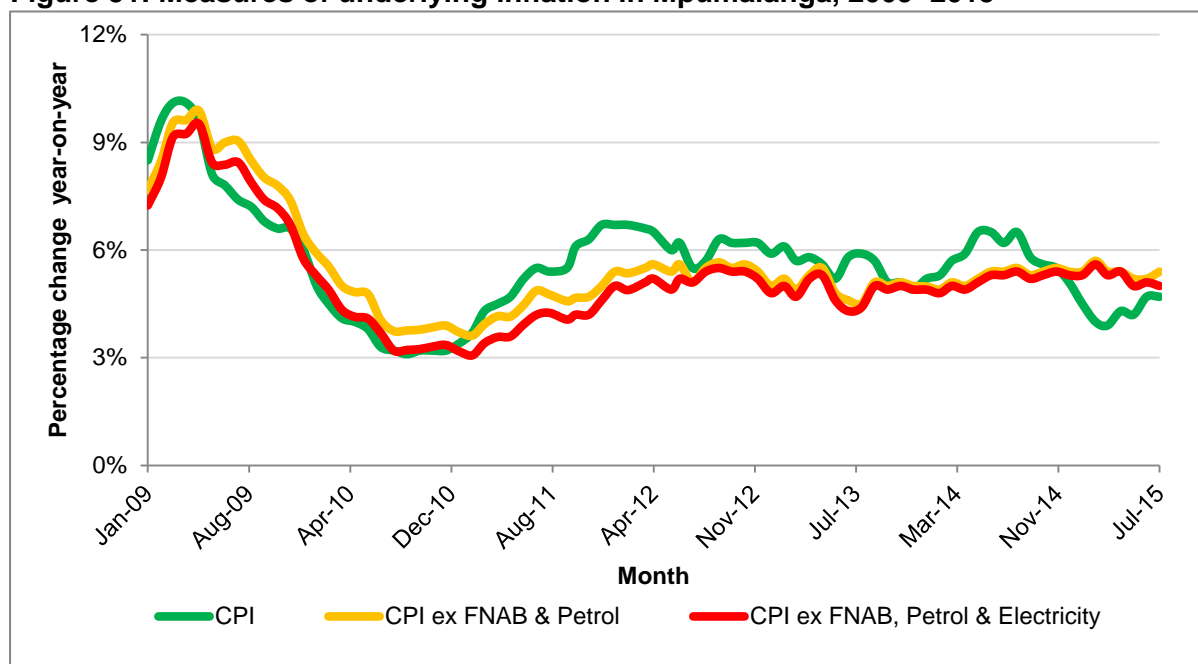
Index description	Weight	Percentage change		Estimated contribution to inflation
		Month-on-month	Year-on-year	
Food & non-alcoholic beverages	20.72	-0.3	+4.5	19.9%
Alcoholic beverages and tobacco	4.81	+0.2	+11.8	12.1%
Clothing and footwear	5.36	+0.5	+8.7	9.9%
Housing and utilities	21.37	+2.7	+5.7	26.0%
Household contents and services	5.75	-1.3	+1.9	2.3%
Health	1.38	-0.5	+6.8	2.0%
Transport	14.88	+1.0	+0.8	2.5%
Communication	2.25	-0.4	-1.6	-0.8%
Recreation and culture	6.20	+0.0	+0.1	0.1%
Education	1.58	+0.0	+8.2	2.8%
Restaurants and hotels	2.56	+0.9	+6.5	3.5%
Miscellaneous goods and services	13.14	+0.3	+7.0	19.6%
<b>All items</b>	<b>100.0</b>	<b>+0.7</b>	<b>+4.7</b>	<b>100.0%</b>

**Source: Statistics South Africa – CPI Additional Tables, 2015**

When the impact of the more volatile food and petrol prices are excluded from the consumer price index as in Figure 51, the underlying annual inflation amounted to 5.4 per cent in July 2015. If electricity prices are also excluded from the calculation of headline CPI inflation, the resultant core inflation would have been 5.0 per cent in July 2015.

The Monetary Policy Committee (MPC) announced at the conclusion of its July meeting that the SARB's national inflation forecast have been revised higher. The forecast for 2015 was increased marginally to 5.0 per cent, compared with the previous forecast of 4.9 per cent. The forecast for 2016 and 2017 was unchanged at 6.1 per cent and 5.7 per cent, respectively.

**Figure 51: Measures of underlying inflation in Mpumalanga, 2009–2015**



**Source: Statistics South Africa – CPI Additional Tables, 2015**

## 9. 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 28). 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 28: 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, June 2015**

## 10. 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 2013/14 in South Africa as well as in Mpumalanga (Table 29). Over the same period, Western Cape and Limpopo recorded increases in the violent crimes index as well as increases in the property crimes index together with four other provinces. In 2013/14, Mpumalanga registered the second lowest violent crimes index and the third lowest property crimes index.

**Table 29: Violent and property crime indices in South Africa and provinces, 2010/11-2013/14**

Provinces	Violent crimes index (weighted average/100 000 people)		Property crimes index (weighted average/100 000 people)	
	2010/11	2013/14	2010/11	2013/14
Western Cape	138.06	148.40	384.67	407.68
Eastern Cape	103.36	98.41	170.39	159.91
Northern Cape	149.02	141.70	196.38	216.19
Free State	146.84	141.70	235.81	244.48
KwaZulu-Natal	93.88	85.98	177.42	179.36
North-West	93.51	86.61	186.91	187.41
Gauteng	124.58	103.77	292.16	262.19
Mpumalanga	84.60	65.66	177.95	173.10
Limpopo	52.47	59.65	101.43	123.83
Total	105.98	98.66	222.08	220.91

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

Some progress has been made in Mpumalanga in reducing the levels of most violent and property crimes between 2010/11 and 2013/14, however, increases were recorded in three of the selected crime categories, namely murder, commercial crime and drug-related crime (Table 30).

**Table 30: Crime rates (crimes/100 000 people) of selected crime categories in Mpumalanga, 2010/11-2013/14**

Indicator	2010/11	2013/14
<b>Violent crimes</b>		
- Murder	18.2	19.4
- Sexual crimes	111.9	94.5
- Neglect & ill-treatment of children	3.5	2.4
- Assault with intent	363.8	258.3
- Common assault	260.6	181.1
- Robbery with aggravating circumstances	139.8	126.4
- Common robbery	89.4	72.2
<b>Property crimes</b>		
- Commercial crime	116.1	125.9
- Burglary at business premises	131.9	127.1
- Burglary at residential premises	456.6	444.65
- Theft of motor vehicles	69.3	56.4
- Stock-theft	73.3	61.9
- Shoplifting	91.2	75.4
- Drug-related crime	79.9	178.3

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

## 11. SUMMARY AND CONCLUSION

The negative impact of the global economic developments since 2008 and national infrastructure constraints, such as the weak electricity supply, on the performance of the Mpumalanga economy is evident from the data presented. Most industries in the province did not contribute appropriately in terms of average annual growth over the past 18 years.

Therefore, there needs to be a focus on speeding up the transition to a knowledge-based and service-orientated economy, adopting the appropriate industry development strategies and attracting investment to build infrastructure and stimulate growth in the province. Public infrastructure investment can play a leading role and must be equal to 10 per cent of provincial GDP by 2030.

To achieve higher economic growth the province needs to develop the capabilities of the workforce on a broad scale. Improved education outcomes should create more investment opportunities, which in turn will probably increase the employment opportunities and lower the unemployment rate. Despite the positive impact of social grants on the alleviation of poverty in Mpumalanga, job creation is the most important factor to impact positively on poverty. The accelerated reduction of poverty can therefore be attained most economically through a better educated and skilled workforce.



Another benefit of improved education outcomes will be that the skills constraints, which push up the premium for skilled labour, will be reduced and even removed completely. The removal of the dominant factor that induces the large difference in the salaries of skilled and unskilled workers should result in lower levels of income inequality.

Table 31 presents a summary of relevant provincial trends and comparisons of certain socio-economic indicators. There are general improvements in terms of the trends in a provincial context, except for the contribution to national GDP. When the provincial figures are compared with the national figures, only one of the provincial indicators (income share of the bottom 40 per cent) recorded a level better than the national figure.

**Table 31: Comparative socio-economic indicators of Mpumalanga**

Socio-economic indicators	Statistics	Trend: improve (+) or deteriorate (-)	Better (+) or worse (-) than South Africa	Provincial ranking: best (1) – worst (9)
Share of population (2015)	7.8%	+	N/A	6
Unemployment rate (Q2 2015)	27.2%	+	-	6
No schooling (2014)	9.4%	+	-	8
Education higher than matric (2014)	10.1%	+	-	4
Functional literacy rate (2014)	89.2%	+	-	8
HIV+ rate (15-49) (2012)	35.6%	+	-	8
HDI (2014)	0.59	+	-	6
Income share of bottom 40% (2014)	7.6%	+	+	5
Share of population below LBPL (2014)	37.0%	+	-	6
GDP growth 1995-2013	2.7%	N/A	-	6
% contribution to national GDP (2013)	7.3%	-	N/A	5

Table 32 presents a comparison between the districts in the province of virtually the same socio-economic indicators used in the first table. When comparing the results of the districts, it is apparent that Nkangala ranked better in the majority of the selected socio-economic indicators than either Gert Sibande or Ehlanzeni.

**Table 32: Comparative socio-economic indicators of Gert Sibande, Nkangala & Ehlanzeni**

Socio-economic indicators	Gert Sibande	Nkangala	Ehlanzeni
Share of population (2011)	25.8%	32.4%	41.8%
No schooling (2011)	13.4%	11.5%	16.7%
Education higher than matric (2011)	8.6%	9.4%	9.2%
HIV+ rate (15-49) (2012)	40.5%	32.1%	35.1%
HDI (2014)	0.59	0.61	0.57
Income share of bottom 40% (2014)	7.5%	7.3%	7.9%
Share of population below LBPL (2014)	36.5%	31.3%	41.8%
GDP growth 1996-2013	2.3%	2.9%	2.4%
% contribution to provincial GDP (2013)	29.6%	40.8%	29.5%

Table 33 presents a summary of the relevant national and provincial targets as expressed in the NDP and Mpumalanga Vision 2030.

**Table 33: Relevant national and provincial targets**

Indicator	Target	
	National Development Plan (national targets)	Mpumalanga Vision 2030 (provincial targets)
<b>Number of employed</b>	About 11 million additional jobs by 2030.	About 1.1 million additional jobs between 2013 and 2030. Total employment numbers should rise to at least 2.15 million to achieve 6 per cent unemployment rate. <sup>36</sup>
<b>Unemployment rate</b>	The unemployment rate should be 6 per cent by 2030.	The unemployment rate should be 6 per cent by 2030.
<b>Annual average GDP growth rate</b>	Average annual GDP growth above 5 per cent.	Average annual GDP growth above 5 per cent.
<b>GDP per capita</b>	Raise per capita GDP to R110 000 by 2030 in constant prices.	GDP per capita, in constant prices, should increase to R110 000 by 2030.
<b>Poverty rate</b>	The poverty rate should be reduced to 0 per cent by 2030.	The poverty rate should be reduced to 5 per cent by 2030.
<b>Income inequality</b>	The proportion of income earned by the bottom 40 per cent in South Africa should rise to 10 per cent by 2030.	The proportion of income earned by the bottom 40 per cent in Mpumalanga should rise to 10 per cent by 2030.

<sup>36</sup> Number of additional jobs and employment numbers differ from latest 2014 calculations expressed in Figure 7, as these numbers in Table 31 were derived when Vision 2030 was crafted in 2013.