



**finance**  
**MPUMALANGA PROVINCE**  
REPUBLIC OF SOUTH AFRICA



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

-

## **DECEMBER 2014**

*"Together We Move South Africa Forward"*



## **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)**

*"Together We Move South Africa Forward"*



## KEY FINDINGS

- Mpumalanga's percentage share of the national population of 54.0 million was 7.8 per cent, or 4.2 million, in 2014.
- In total over the last year, Mpumalanga recorded 14 000 less jobs, however, the province registered an increase of 8 000 jobs in the third quarter of 2014.
- Mpumalanga (29.3 per cent), recorded the fourth highest strict unemployment rate among the nine provinces. The expanded unemployment rate was 42.0 per cent in the third quarter of 2014.
- The male unemployment rate was 25.7 per cent, the female unemployment was 33.6 per cent and the youth (15-34 years) unemployment rate was 41.8 per cent.
- By 2013, 10.8 per cent of the people 20 years and older had not received any schooling.
- In 2013, the Mpumalanga's Grade 12 pass rate (77.6 per cent) was the fifth highest/lowest.
- 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 2013, Mpumalanga recorded a HDI score of 0.60, 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 2013, which was higher (better) than the national figure of 6.7 per cent for 2013, but still lower than the 8.9 per cent share achieved in 1996.
- In 2013, 36.5 per cent or 1.5 million of Mpumalanga population lived below the lower-bound poverty line of R548 per month.
- A major share of households (62.1 per cent) in Mpumalanga reported expenditure of less than R2 500 per month in 2013.
- Mpumalanga's contribution to the national economy was the fifth largest with a share of 7.3 per cent in 2013.
- The provincial GDP growth of 3.0 per cent forecasted for the period 2013-2018 is lower than the expected national growth rate of 3.4 per cent.
- 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 October 2014 inflation measurement in Mpumalanga of 5.6 per cent was lower than the national level of 5.9 per cent and lower than the upper band of the inflation target zone for the second month in succession.

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## **PREFACE**

### **Global economic outlook**

Global growth is projected to reach 3.3 per cent in 2014 and the global growth projection for 2015 stands at 3.8 per cent. Downside risks, such as increased geopolitical risks as well as stagnant and low potential growth in advanced economies and a decline in potential growth in emerging markets remain concerns. Global growth could be moderate for longer, given the lack of momentum in advanced economies despite very low interest rates. In advanced economies this will require continued support from monetary policy and fiscal adjustments to help boost long term growth. In emerging market economies, an increase in public infrastructure investment can also provide support to demand in the short and medium term.

### **Domestic economic outlook**

The economy increased by 1.4 per cent in the third quarter of 2014 after mixed results in the first six months of the year. External economic developments, such as the economic slowdown in Europe and China, have strong influence on South Africa. South Africa also faces the immediate challenge of conducting policy under a highly uncertain global environment and to deliver better outcomes on employment, education, health and public infrastructure, while preserving macroeconomic stability.

The annual real growth rate for South Africa in 2013 was 2.2 per cent. The domestic economy tracked world growth relatively closely since 1994 (Figure 1). The key measure of economic success identified in the National Development Plan 2030 (NDP) is that South Africa achieves annual average GDP growth of over 5 per cent up to 2030. South Africa's forecasted growth rate up to 2018 is expected to lag average world growth prospects as well as that of emerging and developing economies.

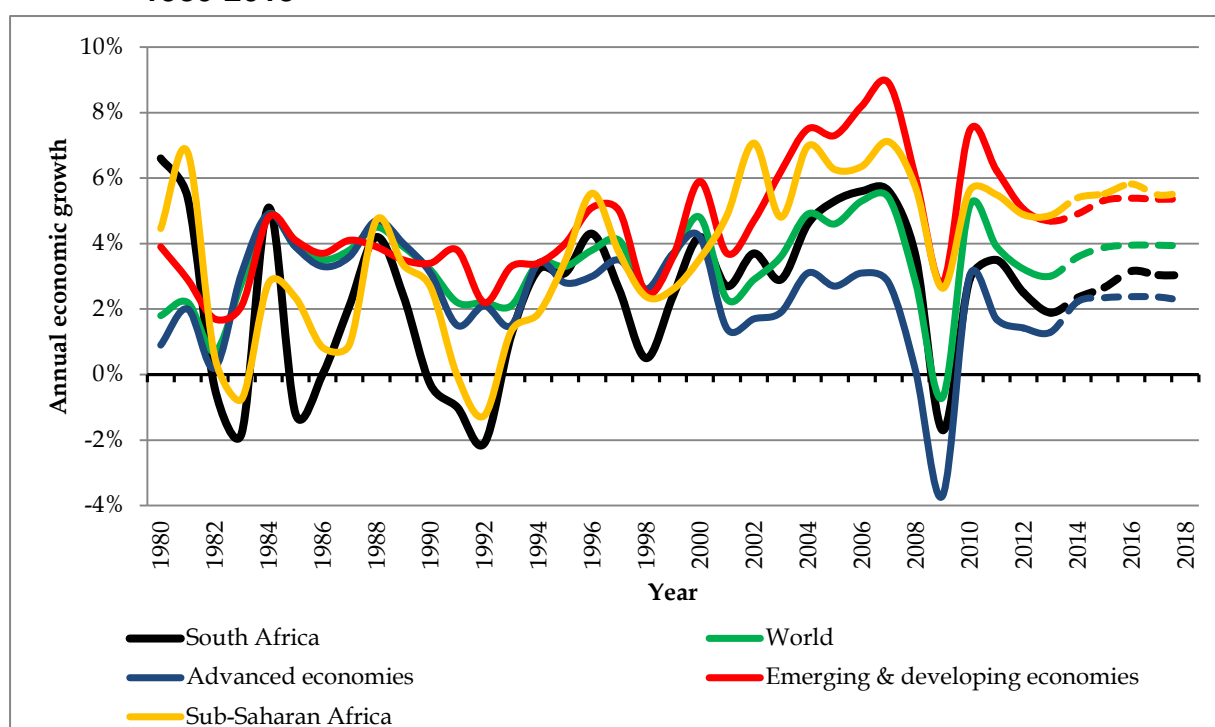
In November 2014, the World Bank's forecasted economic growth for South Africa at 1.4 per cent in 2014 and 2.5 per cent in 2015. The expectation by the International Monetary Fund in October 2014 was overall economic growth in South Africa of 1.4 per cent in 2014, rising to 2.3 per cent in 2015. The Minister of Finance, in October 2014, estimated real GDP growth to reach around 1.4 per cent in 2014. At the Monetary Policy Committee (MPC) meeting in November 2014 the forecast of

the South African Reserve Bank (SARB) was adjusted downward to 1.4 per cent for 2014 and 2.5 per cent in 2015.

## Domestic inflation outlook

The year-on-year inflation rate as measured by the consumer price index (CPI) for all urban areas was 5.9 per cent in October 2014. The national inflation forecast of the SARB was revised at the Monetary Policy Committee (MPC) meeting in November 2014. The forecast for 2014 was lowered to 6.1 per cent and the forecasts for 2015 and 2016 were adjusted downward to 5.3 per cent 5.5 per cent, respectively.

**Figure 1: Historic & forecasted real GDP growth for the world and South Africa, 1980-2018**



**Source: IMF – World Economic Outlook Update, October 2014**

## Domestic balance of payments

South Africa's balance of payments position deteriorated during the second quarter of 2014, with the current account deficit that worsened to 6.2 per cent of GDP from 4.5 per cent in the first quarter of 2014 (Table 1). Despite the contraction in merchandise imports between the first and second quarter the prolonged industrial action and a moderation in global demand as well as declining commodity prices severely dented South Africa's export performance in the second quarter. In particular, notable declines in price and volume were registered in platinum group metal exports as well as ferro-manganese and coal.

The larger trade deficit coincided with a widening in the deficit on the services, income and current transfer account with the rest of the world narrowed considerably



on account of higher net income payments to non-resident investors and the absence of extraordinary large dividend inflows recorded in the first quarter of 2014.

**Table 1: South Africa's balance of payments on current account (R billions), 2013-Q2 2014**

Components	2013	Q1 2014	Q2 2014
<b>Merchandise exports</b>	854	967	905
Net gold exports	64	51	59
Merchandise imports	-991	-1 092	-1 065
<b>Trade balance</b>	<b>-74</b>	<b>-75</b>	<b>-101</b>
Net service, income & current transfer payments	-124	-86	-121
<b>Balance on current account</b>	<b>-197</b>	<b>-161</b>	<b>-222</b>
<b>- As a % of GDP</b>	<b>-5.8%</b>	<b>-4.5%</b>	<b>-6.2%</b>

*Source: SARB – Quarterly Bulletin, September 2014*

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

### Domestic labour market

At the end of the second quarter 2014, some 15.1 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 81 000 jobs in the year since the end of the third quarter 2013. The data presented in Table 2 demonstrates that the community services industry registered 140 000 more jobs at the end of the third quarter 2014 than a year earlier - the highest number of new jobs. In the twelve months from the end of the third quarter 2013, job losses occurred in five industries with the highest number of job losses recorded in private households (-83 000).

**Table 2: South Africa's employment changes, 2013-2014**

Industry	Number of employed Q3 2014 '000	Employment changes Q2 2014 to Q3 2014		Employment changes Q3 2013 to Q3 2014	
		'000	%	'000	%
<b>Agriculture</b>	686	16	2.3	-54	-7.9
<b>Mining</b>	441	22	5.0	19	4.3
<b>Manufacturing</b>	1 741	-4	-0.2	-38	-2.2
<b>Utilities</b>	118	0	0	-21	-17.8
<b>Construction</b>	1 280	99	7.7	135	10.6
<b>Trade</b>	3 197	18	0.6	12	0.4
<b>Transport</b>	93	-15	-1.6	6	0.7
<b>Finance</b>	2 024	13	0.6	-36	-1.8
<b>Community services</b>	3 514	-17	-0.5	140	4.0
<b>Private</b>	1 190	-110	-9.3	-83	-7.1

households					
Total	15 117	22	0.1	81	0.5

**Source: Statistics South Africa – Quarterly Labour Force Survey (QLFS), 2014**

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

At the end of the third quarter 2014, the strict unemployment rate was 25.4 per cent, which was higher than the 24.5 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 42.6 per cent at the end of the third quarter 2014, which was marginally lower than the 43.1 per cent registered at the end of the third quarter 2013. The labour force participation rate at the end of the third quarter 2014 (57.1 per cent) was unchanged from 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 the Economic Analysis Division of the Department of Finance. 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 the 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 December 2014 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 last week of November 2014.

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 (Regional eXplorer – ReX), IMF, 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. Gauteng with 23.7 per cent was the province with the largest share of the national population, followed by KwaZulu-Natal

with a 19.8 per cent share. Northern Cape recorded the lowest percentage share of the national population at 2.2 per cent.

The latest population estimates by Statistics South Africa (*2014 Mid-year Population Estimates*) are also presented in Table 3. According to these, Mpumalanga's population increased to 4.23 million in 2014, whilst the share of the national total remained constant at 7.8 per cent. Mpumalanga was one of five provinces where the shares remained unchanged, whilst the shares of two provinces decreased and two increased.

**Table 3: Population in South Africa by province, 2001, 2011 & 2014**

Region	Census				2014 Mid-year estimates	
	2001 Number	% share of national	2011 Number	% share of national	Number	% share of national
Western Cape	4 524 335	10.1	5 822 734	11.2	6 116 300	11.3
Eastern Cape	6 278 651	14.0	6 562 053	12.7	6 786 900	12.6
Northern Cape	991 919	2.2	1 145 861	2.2	1 166 700	2.2
Free State	2 706 775	6.0	2 754 590	5.3	2 786 800	5.2
KwaZulu-Natal	9 584 129	21.4	10 267 300	19.8	10 694 400	19.8
North West	2 984 097	6.7	3 509 953	6.8	3 676 300	6.8
Gauteng	9 388 855	20.9	12 272 263	23.7	12 914 800	23.9
Mpumalanga	3 365 554	7.5	4 039 939	7.8	4 229 300	7.8
Limpopo	4 995 462	11.1	5 404 868	10.4	5 630 500	10.4
Total	44 819 777	100.0	51 770 560	100.0	54 002 000	100.0

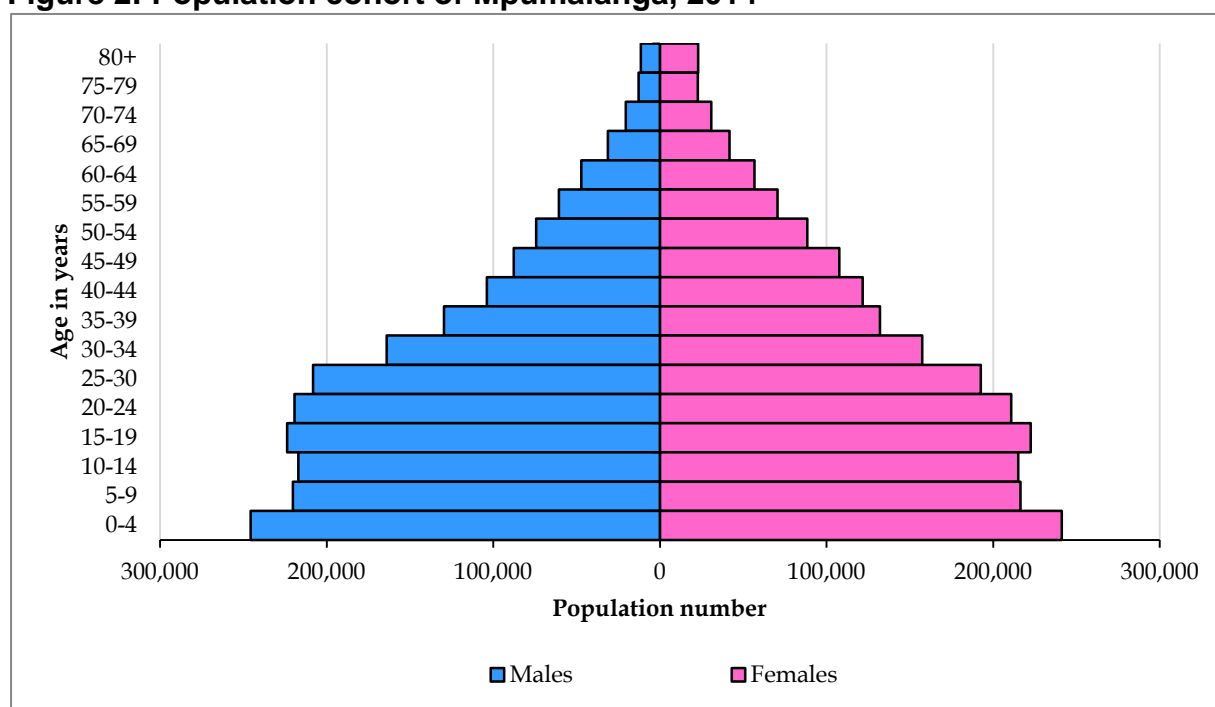
**Source:** Statistics South Africa – Census 2011  
Statistics South Africa – 2014 Mid-year Population Estimates

Figure 2 shows the population cohort of Mpumalanga according to the *2014 Mid-year Population Estimates*. Females constituted 2.15 million or 50.9 per cent of the provincial population distribution and males 2.08 million (49.1 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 7.1 per cent. The age cohort of 0-4 years represented the most populous age cohort with 486 985 individuals or some 11.5 per cent of the provincial population. In South Africa, the youth cohort made up 66.1 per

cent of the total population and the age group 60 years and older, 8.4 per cent. Nationally the most populous age cohort was also the 0-4 years group that represented some 10.6 per cent of the population.

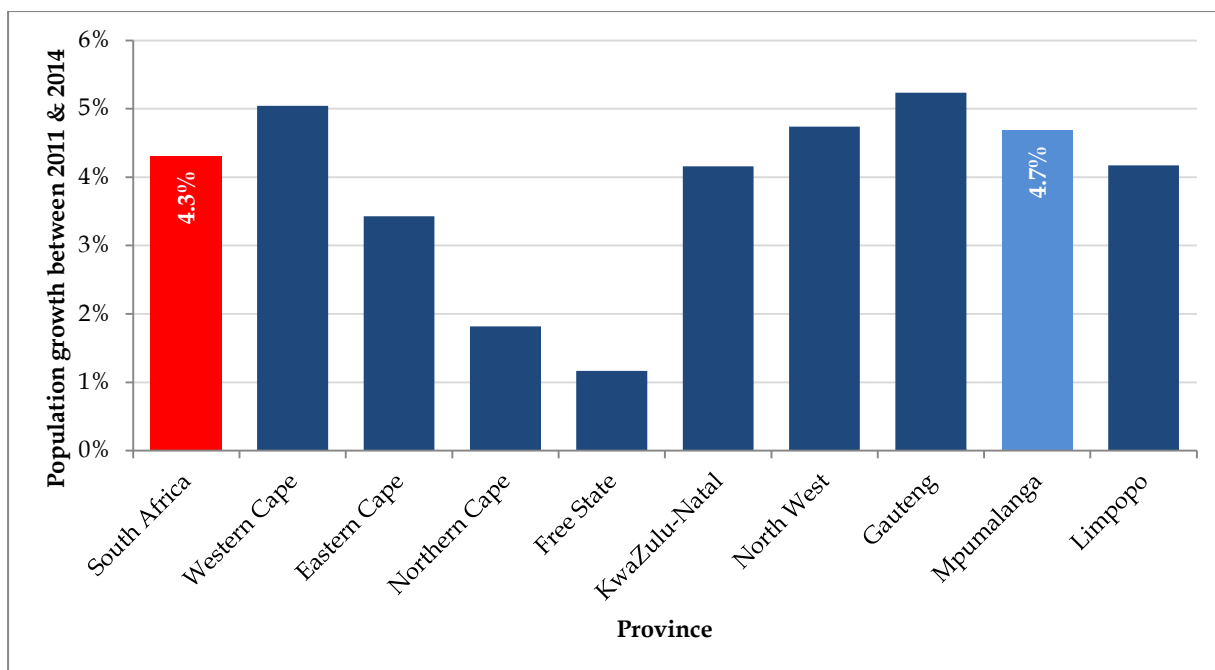
The population of South Africa increased by 4.3 per cent between 2011 and 2014, as is evident from Figure 3. When expressed in absolute terms, the population of Mpumalanga increased by 4.7 per cent between 2011 and 2014. This was in excess of South Africa's population increase and the joint third largest population increase behind Gauteng (5.2 per cent) and Western Cape (5.0 per cent) over the period under review. The population of Free State increased by a mere 1.2 per cent over the same period. Expressed in annual average growth, Mpumalanga' population increased by 1.5 per cent per annum between 2011 and 2014.

**Figure 2: Population cohort of Mpumalanga, 2014**



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

**Figure 3: Comparison of population increase in South Africa, 2011-2014**

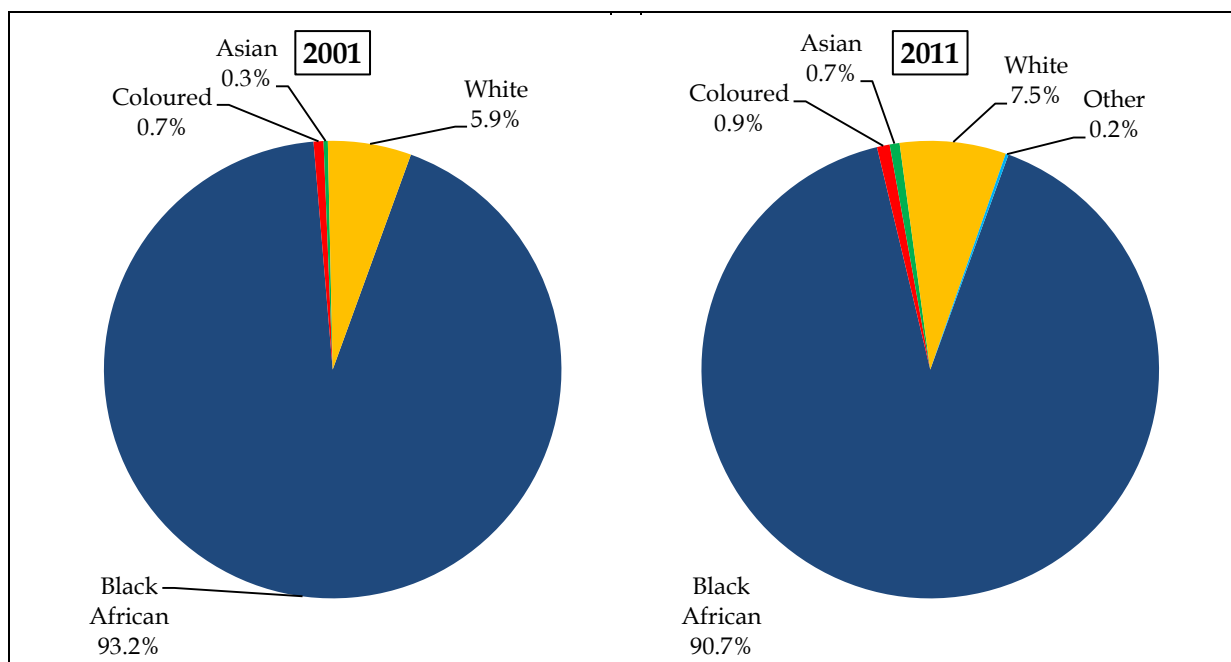


**Source: Statistics South Africa – 2014 Mid-year Population Estimates**

The breakdown by population group for Mpumalanga in 2001 and 2011, according to *Census 2011*, is presented in Figure 4. The majority of Mpumalanga's population in 2011 was Black Africans (90.7 per cent) with Whites contributing 7.5 per cent. Coloureds (0.9 per cent), Asians (0.7 per cent) and Others (0.2 per cent) jointly contributed nearly 2 per cent to the total population in 2011.

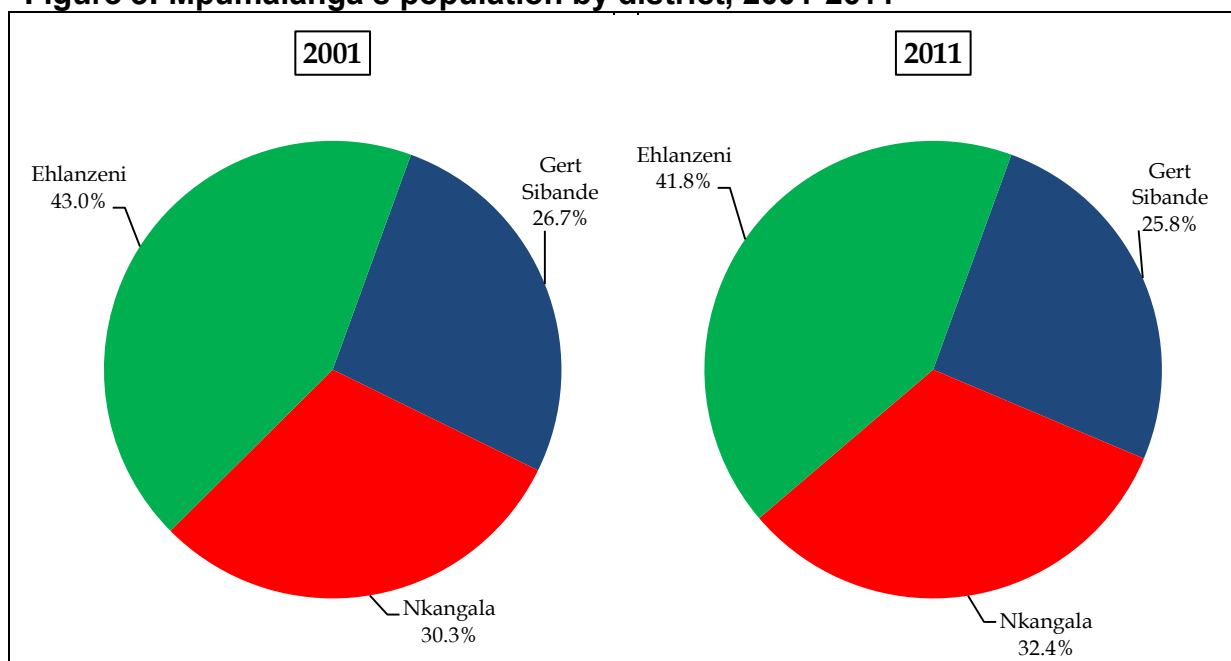
In 2011, 41.8 per cent of Mpumalanga's population resided in Ehlanzeni, 32.4 per cent in Nkangala and 25.8 per cent in Gert Sibande (Figure 5). Females were in the majority in both Ehlanzeni (52.4 per cent) and Gert Sibande (50.7 per cent), whereas males formed the bulk of Nkangala's population with 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 *2014 Mid-year Population Estimates*, Mpumalanga's fertility rate for the period 2001-2006 was 3.13, for the period 2006-2011 it was 3.00 and it is projected to decrease to 2.86 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 (3.13) the highest and Gauteng the lowest (2.02).

### **2.3 Life expectancy**

Mpumalanga's male life expectancy at birth for the period 2001-2006 was 49 years and 51.5 years for the period 2006-2011. The projections for the period 2011-2016, according to the *2014 Mid-year Population Estimates*, suggest that it will increase further to 56.9 years. Mpumalanga's male life expectancy for the period 2011-2016 is expected to be the fourth highest. Western Cape (63.7 years) is expected to have the highest male life expectancy with Free State (50.7 years) the lowest.

Mpumalanga was the province with the fifth highest female life expectancy for the periods 2001-2006 (52.5 years) and 2006-2011 (55.5 years), respectively. The provincial figure is projected to increase to 60.1 years for the period 2011-2016, which will see to it that Mpumalanga rise to fourth highest female life expectancy. Western Cape (67.9 years) is expected to have the highest female life expectancy and Free State (53.6 years) the lowest. The NDP targets 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 *2014 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 and Limpopo recorded the largest outflows throughout.

### **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 5.4 per cent of South Africans aged 5 years and older were classified as disabled in 2011 and 2013, 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, 5.3 per cent in 2013.

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

Region	Census 2011 2001-2011	Net migration 2014 Mid-year estimates	
		2006-2011	2011-2016
Eastern Cape	-278 261	-75 892	-64 937
Free State	-24 301	-7 819	-5 646
Gauteng	1 037 871	492 852	481 732
KwaZulu-Natal	-30 684	-6 555	-7 012
Limpopo	-152 857	-66 678	-61 632
Mpumalanga	52 845	37 569	37 818
Northern Cape	-6 735	-2 590	-3 892
North West	107 169	67 409	65 254
Western Cape	303 823	153 611	150 221

Source: *Statistics South Africa – Census 2011*  
*Statistics South Africa – 2014 Mid-year Population Estimates*

**Table 5: Percentage of persons aged 5 years and older with disability by province, 2011-13**

Region	Census 2011 2011	General Household Survey 2013	
		2011	2013
Western Cape	5.3%	4.2%	4.6%
Eastern Cape	9.5%	6.2%	6.2%
Northern Cape	10.8%	9.6%	8.3%
Free State	10.9%	6.6%	7.1%
KwaZulu-Natal	8.2%	4.7%	5.9%
North West	9.8%	7.5%	8.1%
Gauteng	5.3%	3.3%	3.9%
Mpumalanga	7.0%	5.6%	5.3%
Limpopo	6.7%	6.0%	4.7%
South Africa	7.4%	5.1%	5.4%

Source: *Statistics South Africa – Census 2011*  
*Statistics South Africa – GHS 2013*

### 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 20.2 million individuals was 351 440 more at the end of the third quarter 2014 than a year earlier. The number of employed in South Africa increased by 80 725, or by 0.5 per cent, while the unemployed increased by 270 714, or by 5.5 per cent, between the end of the third quarter 2013 and the end of the third quarter 2014.

The resultant strict unemployment rate for South Africa increased from 24.5 per cent to 25.4 per cent between the third quarter 2013 and the third quarter 2014. The national labour absorption rate was 42.6 per cent at the end of the third quarter 2014, which was marginally lower than the 43.1 per cent registered a year earlier. The labour force participation rate at the end of the third quarter 2014 (57.1 per cent) was unchanged from the rate recorded at the end of the third quarter 2013.

The provincial labour force of around 1.6 million individuals was 41 680 more at the end of the third quarter 2014 than a year earlier (Table 6). The number of employed at 1 135 374 at the end of the third quarter 2014 was 13 671 less than at the end of the third quarter 2013. The number of employed was 7 976 higher than the 1 127 398 in the previous quarter. The number of unemployed increased by 55 351 to 470 552 between the end of the third quarter 2013 and the end of the third quarter 2014. The number of discouraged workers increased by 22 712 to 258 938 over the last four quarters.

**Table 6: Labour force profile of Mpumalanga, 2013-2014**

Indicator	Q3 2013  '000	Q2 2014  '000	Q3 2014  '000	Q2 2014 to Q3 2014 change '000	Year- on-year change '000
- Working age population (15-64 years)	2 656	2 696	2 710	14	54
- Labour Force/EAP	1 564	1 598	1 606	8	42
- Employed	1 149	1 127	1 135	8	-14
- Unemployed	415	471	471	0	55
- Not economically active	1 092	1 098	1 104	6	12
- Discouraged work seekers	236	226	259	32	23
Rates	%	%	%	%	%

- Unemployment rate (strict definition)	26.5	29.5	29.3	-0.2	2.8
- Unemployment rate (expanded definition)	40.2	42.2	42.0	-0.2	1.8
- Employed/population ratio (absorption rate)	43.3	41.8	41.9	0.1	-1.4
- Labour force participation rate	58.9	59.3	59.3	0.0	0.4

**Source: Statistics South Africa – QLFS, 2014**

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

The unemployment rate (strict definition) was higher at the end of the third quarter 2014 (29.3 per cent) than a year earlier (26.5 per cent). The unemployment rate according to the expanded definition increased to 42.0 per cent at the end of the third quarter 2014, up from 40.2 per cent a year earlier. Over the last four quarters, the labour absorption rate deteriorated to 41.9 per cent, whereas the labour force participation rate improved 59.3 per cent.

### 3.2 Employment

The national labour market gained 80 725 jobs between the end of the third quarter 2013 and the end of the third quarter 2014 (Table 7). Mpumalanga, however, recorded 13 671 fewer jobs as did Northern Cape (-14 031), KwaZulu-Natal (-150 065) and Gauteng (-3 279). On a year-on-year basis, Eastern Cape (84 035) and North West (69 082) gained the most jobs. Between the end of the second quarter 2014 and the end of the third quarter 2014, Mpumalanga's employment numbers increased by 7 976, whilst three provinces (Western Cape, KwaZulu-Natal and Limpopo) recorded a quarterly decline in employment. Total employment in Mpumalanga constituted 7.5 per cent of employment in the country, which was marginally lower than the 7.6 per cent share of a year earlier.

**Table 7: Changes in employment in South Africa and provinces, 2013-2014**

Region	Q3 2013 '000	Q2 2014 '000	Q3 2014 '000	Q2 2014 to Q3 2014 change '000	Year-on- year change '000
Western Cape	2 138	2 192	2 182	-10	44
Eastern Cape	1 293	1 355	1 377	22	84
Northern Cape	316	297	302	5	-14
Free State	737	745	755	10	18

<b>KwaZulu-Natal</b>	2 569	2 480	2 419	-61	-150
<b>North West</b>	851	879	921	42	69
<b>Gauteng</b>	4 823	4 803	4 820	17	-3
<b>Mpumalanga</b>	<b>1 149</b>	<b>1 127</b>	<b>1 135</b>	<b>8</b>	<b>-14</b>
<b>Limpopo</b>	1 159	1 214	1 206	-8	47
<b>South Africa<sup>1</sup></b>	<b>15 036</b>	<b>15 094</b>	<b>15 117</b>	<b>22</b>	<b>81</b>

**Source: Statistics South Africa – QLFS, 2014**

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

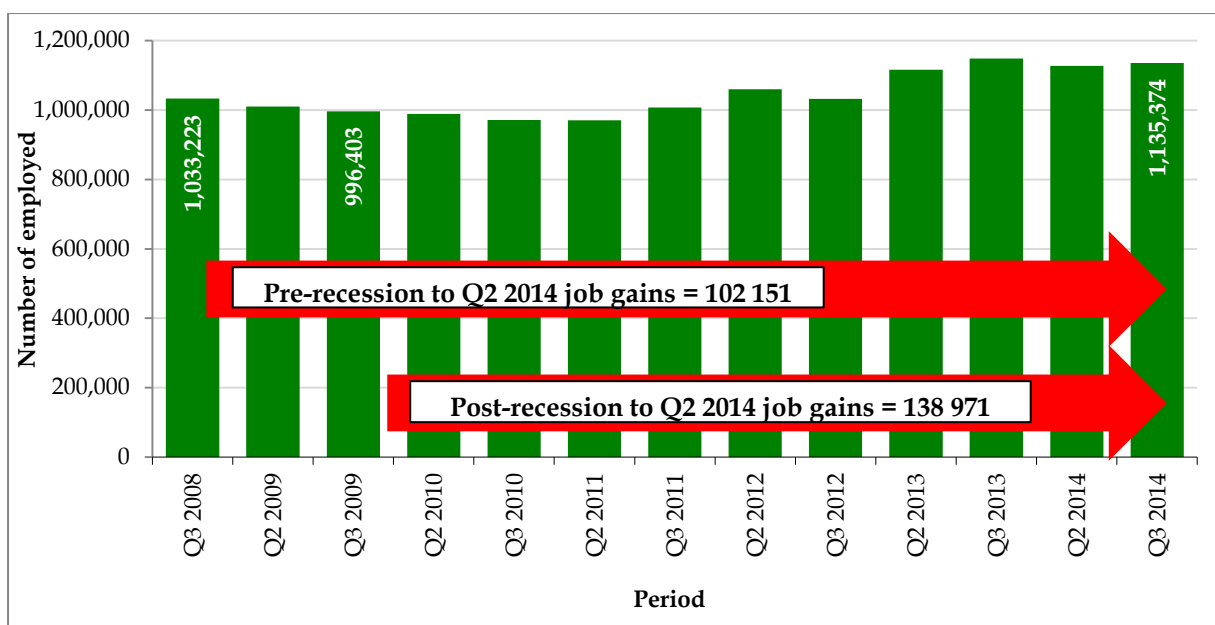
Over the last 25 quarters (including the three recession quarters), the lowest number of employed in the province was measured at the end of the fourth quarter 2010 (959 514). This was 73 709 lower than the 1 033 223 recorded at the end of the third quarter 2008 (before the recession started). The majority of recession induced job losses took place after economic growth returned to positive territory by the third quarter 2009. The change in Mpumalanga's total employment from the end of the third quarter 2008 (before the recession) to the third quarter 2014 is displayed in Figure 6.

The latest employment level, at the end of the third quarter 2014, of 1 135 374 was 102 151 above the pre-recession level and some 138 971 more jobs than the post-recession level. Males contributed 652 833 or 57.5 per cent of the total number of employed with females adding the remaining 482 540. The youth cohort made up 43.0 per cent of the total number of employed in the province.

For the past eight 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 seven quarters. At the end of the third quarter 2014, the employment numbers of Northern Cape, Free State and KwaZulu-Natal were, however, still lower than the pre-recession level.

**Figure 6: Change in employment in Mpumalanga, Q3 2008-Q3 2014**

<sup>1</sup> Due to rounding, numbers do not necessarily add up to totals



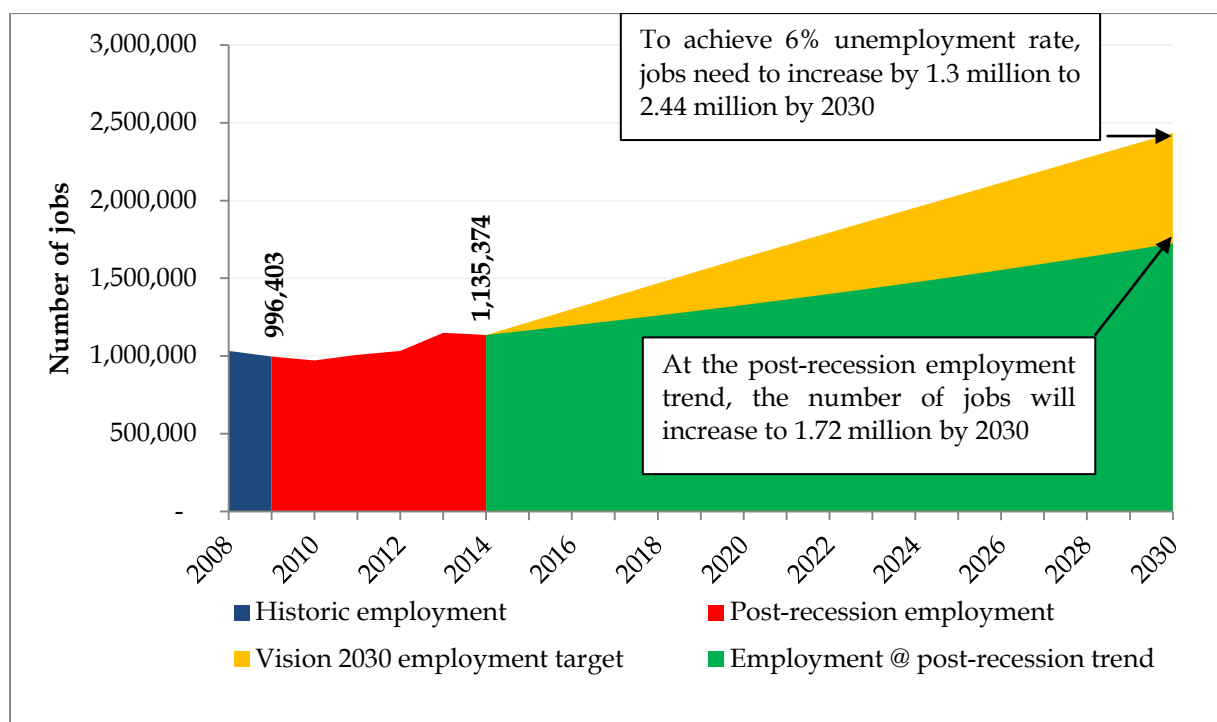
**Source: Statistics South Africa – QLFS, 2014**

### *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 1.6 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.

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



**Source: Statistics South Africa – QLFS, 2014**

### *Aggregate employment*

Table 8 shows the aggregated employment composition of employment in South Africa and the province from the end of the third quarter 2013 to the end of the third quarter 2014. In Mpumalanga, the formal employees' share of total employment declined from 61.1 per cent at end of the third quarter 2013 to 60.1 per cent at the end of the third quarter 2014. The formal sector in Mpumalanga recorded a smaller share of total employment than was the case nationally (71.6 per cent).

In Mpumalanga, the informal sector's share increased from 21.4 per cent to 22.9 per cent over the same period. Agriculture's share decreased from 8.6 per cent to 7.3 per cent, whereas private households' increased to 9.7 per cent. The informal sector, agriculture and private households in Mpumalanga registered larger shares of total employment in the third quarter of 2014, than was the case nationally.

**Table 8: Aggregate employment in South Africa & Mpumalanga, 2013-2014**

Sector	Q3 2013		Q2 2014		Q3 2014	
	SA	MP	SA	MP	SA	MP
Formal sector	71.2%	61.1%	71.0%	61.7%	71.6%	60.1%
Informal sector <sup>2</sup>	15.4%	21.4%	16.1%	23.0%	15.5%	22.9%
Agriculture <sup>3</sup>	4.9%	8.6%	4.7%	6.7%	4.7%	7.3%
Private households	8.4%	8.9%	8.2%	8.7%	8.2%	9.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Source: Statistics South Africa – QLFS, 2014**

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

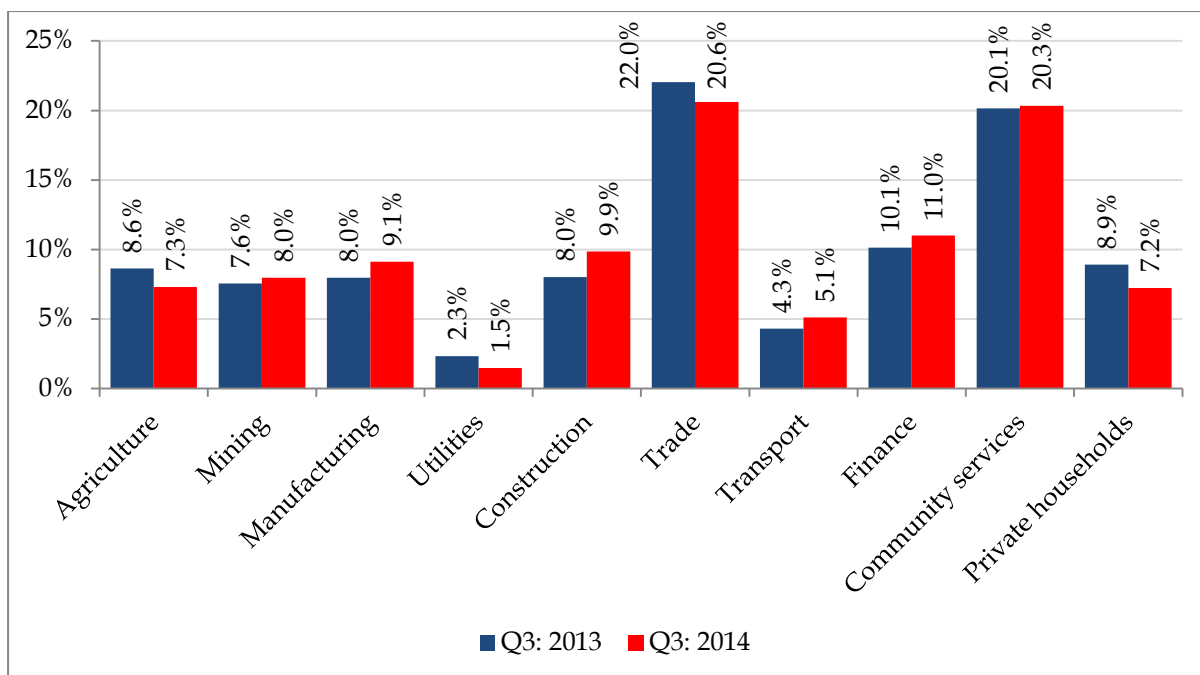
### *Employment by industry*

Figure 8 depicts employment by industry in Mpumalanga in the third quarters of 2013 and 2014, respectively. The trade industry (wholesale and retail trade) employed the largest share of individuals in the province at 20.6 per cent at the end of the third quarter 2014. This was smaller than the 22.0 per cent share registered 12 months earlier. Community services (20.3 per cent) was the second biggest employer with a larger share than at the end of the third quarter 2013 (20.1 per cent). The utilities industry was the smallest in both quarters, followed by transport as the second smallest. Private households recorded the largest percentage point decline and construction the largest increase.

**Figure 8: Employment by industry in Mpumalanga, 2013-2014**

<sup>2</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.

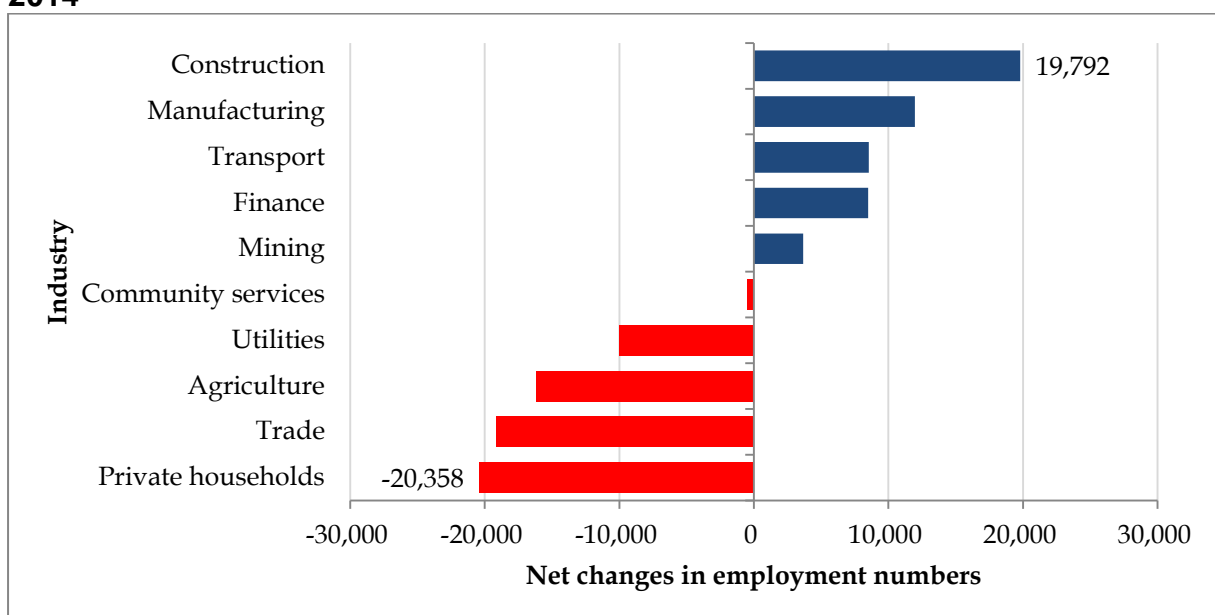
<sup>3</sup> An additional 71 105 citizens were involved in subsistence farming (non-market activities) in the province.



**Source: Statistics South Africa – QLFS, 2014**

According to Figure 9, construction (19 792), manufacturing (11 957) and transport (8 542) were the three industries in Mpumalanga that recorded the highest employment increase from the third quarter 2013 to the end of the third quarter 2014. Private households (-20 358) recorded the highest number of job losses over the same period followed by trade (-19 140) and agriculture (-16 124).

**Figure 9: Changes in employment by industry in Mpumalanga, Q3 2013 – Q3 2014**



**Source: Statistics South Africa – QLFS, 2014**

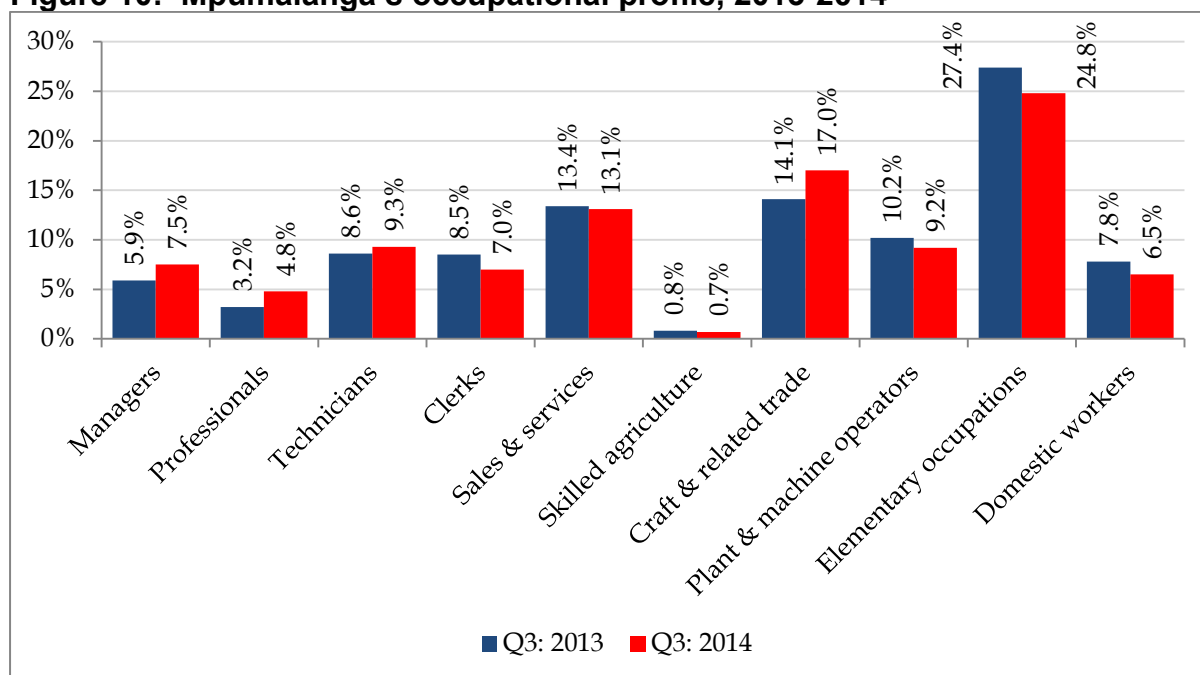


### **3.3 Occupational profile**

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 10 illustrates the occupational profile of Mpumalanga in the third quarters of 2013 and 2014, respectively. The occupational profile was skewed towards semi- and unskilled occupations in both years. The share of skilled occupations (managers, professionals and technicians) was 21.6 per cent in the third quarter of 2014, which was higher than the 17.7 per cent share a year earlier. The share of semi-skilled occupations remained unchanged at 47.0 per cent over the period under review. The combined share of elementary occupations and domestic workers (unskilled occupations) was 31.3 per cent at the end of the third quarter 2014, lower than the 35.2 per cent share one year earlier.

**Figure 10: Mpumalanga's occupational profile, 2013-2014**



**Source: Statistics South Africa – QLFS, 2014**

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

### 3.4 Unemployment

According to Statistics South Africa's QLFS, the unemployment rate in Mpumalanga was 29.3 per cent at the end of the third quarter 2014, which was higher than the 26.5 per cent recorded at the end of the third quarter 2013 (Figure 11). This was higher than the national average of 25.4 per cent at the end of the third quarter 2014. Mpumalanga, recorded the fourth highest unemployment rate among the nine provinces with Free State (34.6 per cent) registering the highest unemployment rate. Mpumalanga's unemployment rate increased along with six other provinces from the end of the third quarter 2013 to the end of the third quarter 2014.

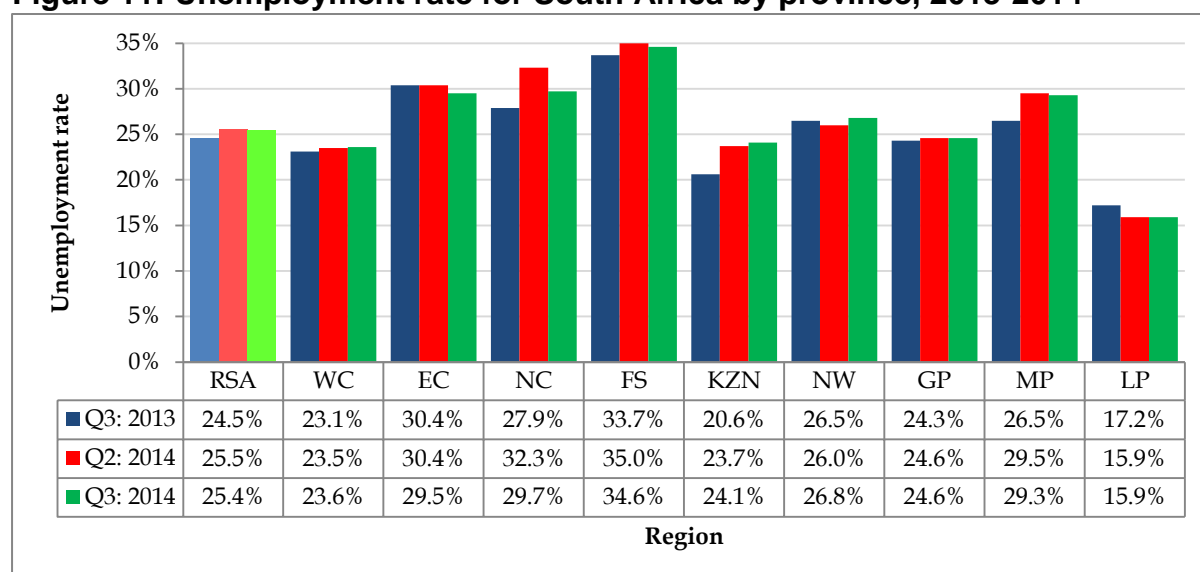
The unemployment rate of males (25.7 per cent) was lower than the female unemployment rate of 33.6 per cent. The unemployment rate of youth of working age (15-34 years<sup>4</sup>) in Mpumalanga was 41.8 per cent. The youth constituted 74.4 per cent of the total number of unemployed in the province.

According to *Census 2011*, the unemployment rate of Gert Sibande (29.9 per cent) was the lowest in 2011 and that of Ehlanzeni (34.7 per cent) the highest among the districts. The unemployment rate of eight local municipal areas was higher than the

<sup>4</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.

provincial unemployment rate in 2011. In 2011, Bushbuckridge (52.6 per cent) and Dr JS Moroka (46.6 per cent) registered the highest unemployment rates.

**Figure 11: Unemployment rate for South Africa by province, 2013-2014**

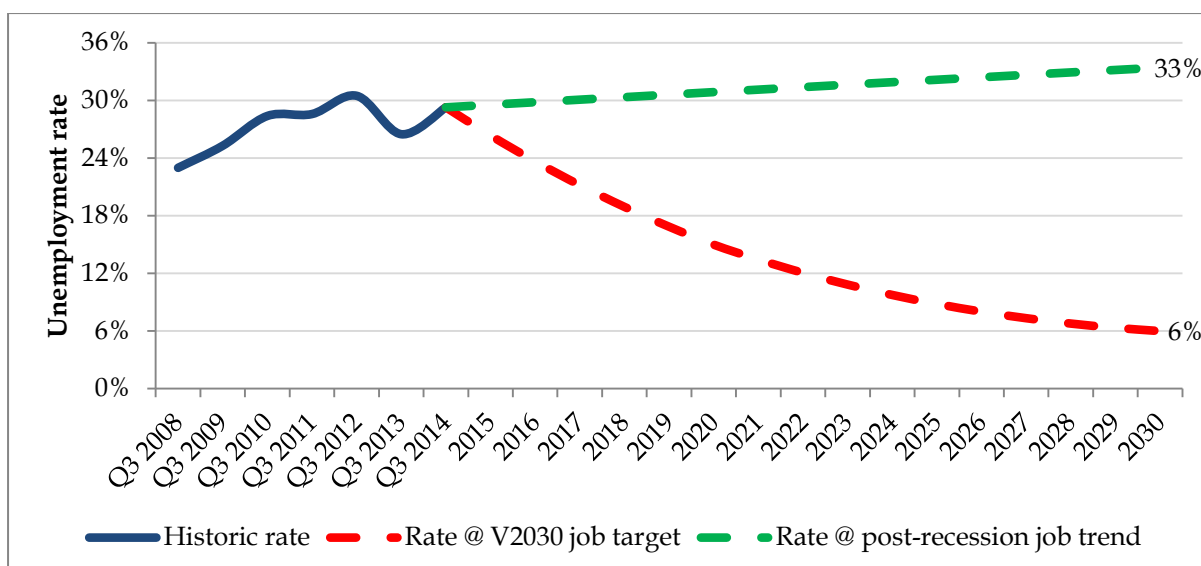


**Source: Statistics South Africa – QLFS, 2014**

#### *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 12. If jobs, however, are to be created at the annual average post-recession increase of 1.6 per cent per annum, the unemployment rate could possibly increase to as much as 33 per cent by 2030.

**Figure 12: Mpumalanga’s unemployment rate and unemployment rate target, 2008-2030**



**Source: Statistics South Africa – QLFS, 2014**

### *Duration of unemployment*

The incidence of long-term unemployment (1 year and longer) in Mpumalanga increased between the end of the third quarter 2013 and the end of the third quarter 2014. The share of the unemployed in Mpumalanga that indicated they were unemployed in excess of 12 months, increased from 68.4 per cent to 71.3 per cent (Table 9). The number of both males and females in long-term unemployment increased over the period under review and the incidence of long-term unemployment, in both years, was highest among females. The youth cohort contributed 75.0 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, 2013-2014**

Duration	Q3 2013			Q3 2014		
	Males	Females	Share of unemployed	Males	Females	Share of unemployed
1 year and longer	111 274	172 927	68.4%	157 234	178 318	71.3%
Less than 1 year	74 373	56 628	31.6%	68 944	66 056	28.7%
<b>Total</b>	<b>185 647</b>	<b>229 555</b>	<b>100.0%</b>	<b>226 178</b>	<b>244 374</b>	<b>100.0%</b>

**Source: Statistics South Africa – QLFS, 2014**

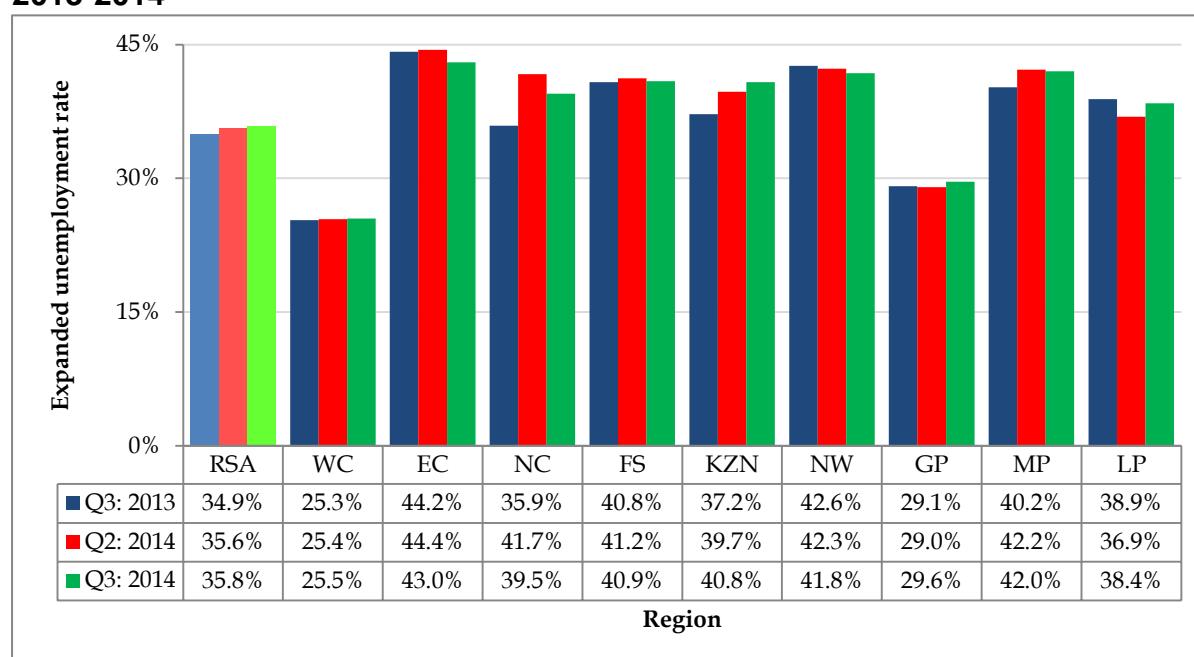
### *Expanded definition of unemployment*

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 13 shows that South Africa's expanded unemployment rate was recorded at 34.9 per cent at the end of the third quarter 2013 and increased to 35.8 per cent at the end of the third quarter 2014. Mpumalanga's expanded unemployment rate was 42.0 per cent at the end of the third quarter 2014, marginally higher than the reading of a year earlier. It was also higher than the national average. Mpumalanga was the province with the second highest expanded unemployment rate among the nine provinces. It is notable how much higher the expanded unemployment rate of Limpopo (38.4 per cent) and KwaZulu-Natal (40.8 per cent) is than their respective strict unemployment rates.

**Figure 13: Expanded rate of unemployment in South Africa and provinces, 2013-2014**



**Source: Statistics South Africa – QLFS, 2014**

#### *Discouraged work seekers*

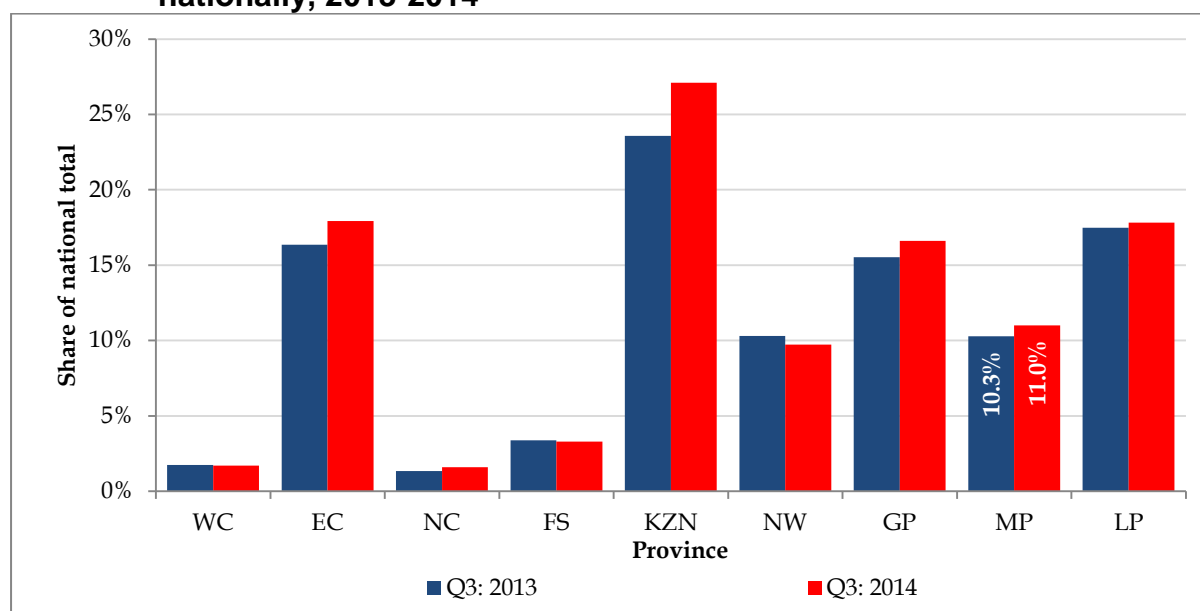
Statistics South Africa defines a discouraged work-seeker as a person, who was not employed during the reference period, wanted to work, was available to work or start a business but did not take active steps to find work during the four week that preceded the reference period.

South Africa had approximately 2.5 million discouraged workers by the end of the third quarter 2014. This represents an increase of 216 656 over the end of the third quarter 2013. Figure 14 indicates that Mpumalanga's share was 258 938 or some 11.0 per cent of South Africa's discouraged work seekers at the end of the third quarter 2014, up from a 10.3 per cent share a year earlier. The number of discouraged work seekers in Mpumalanga increased by 22 712 from the end of the third quarter 2013 to the end of the third quarter 2014. When compared with other provinces, Mpumalanga registered the fifth highest share of discouraged workers nationally.

It is evident from Figure 15 that Mpumalanga's discouraged work seekers increased as a percentage of the provincial working age population (15-64 years) from the end of the third quarter 2013 (8.9 per cent) to the end of the third quarter 2014 (9.6 per cent). The discouraged work seekers' share of working age population in

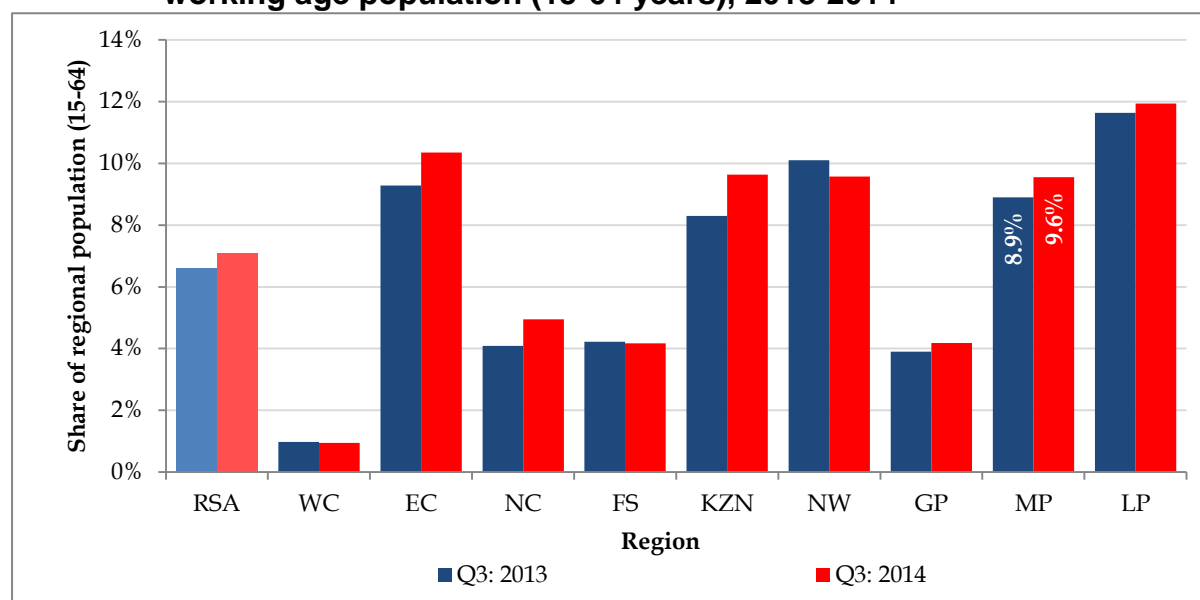
Mpumalanga was larger than the national share (7.1 per cent) at the end of the third quarter 2014. Discouraged work seekers in Limpopo, Eastern Cape and KwaZulu-Natal constituted larger shares of the working age population than in Mpumalanga at the end of the third quarter 2014.

**Figure 14: Provincial contribution to number of discouraged work seekers nationally, 2013-2014**



**Source: Statistics South Africa – QLFS, 2014**

**Figure 15: Comparison of discouraged work seekers as a ratio of regional working age population (15-64 years), 2013-2014**



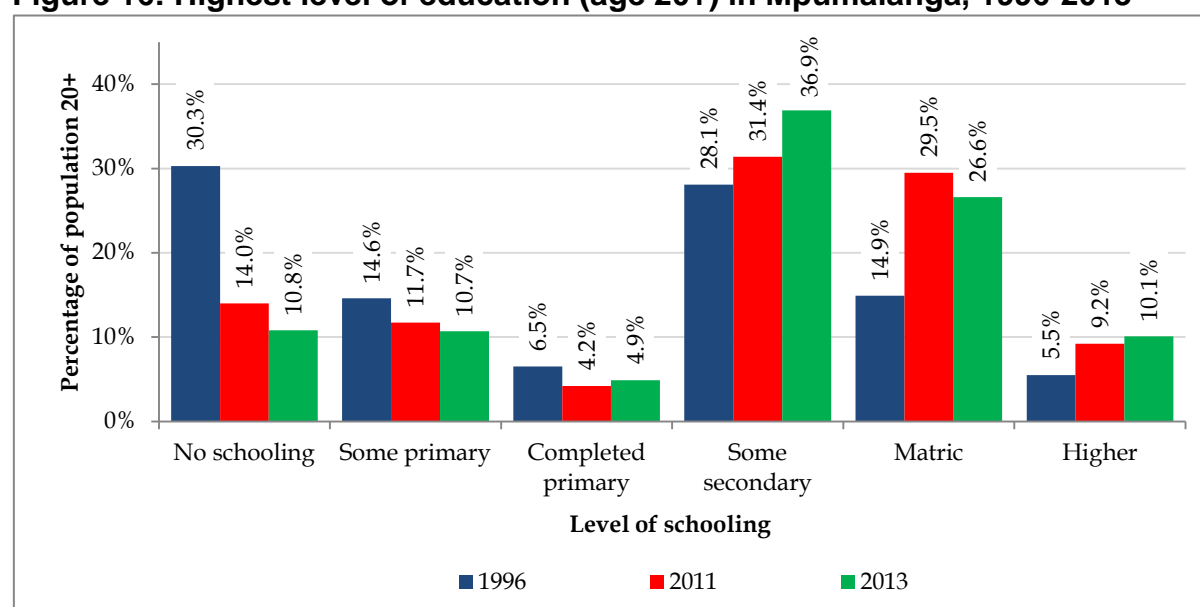
**Source: Statistics South Africa – QLFS, 2014**

#### 4. EDUCATION PROFILE

##### *Level of education*

When the highest level of schooling in 2013 is compared with figures of 1996, it is evident that the situation regarding the level of education in Mpumalanga improved over the 17-year period. For example in 2013, 10.8 per cent of the people 20 years and older have not received any schooling compared to the unacceptably high level of 30.3 per cent in 1996 (Figure 16). The percentage of the population 20 years and older that completed secondary education (matric) in Mpumalanga increased from 14.9 per cent in 1996 to 26.6 per cent in 2013. The percentage of the population that obtained a qualification higher than matric increased from 5.5 per cent in 1996 to 10.1 per cent in 2013.

**Figure 16: Highest level of education (age 20+) in Mpumalanga, 1996-2013**



**Sources: Statistics South Africa – Census 2011  
Statistics South Africa – GHS 2013**

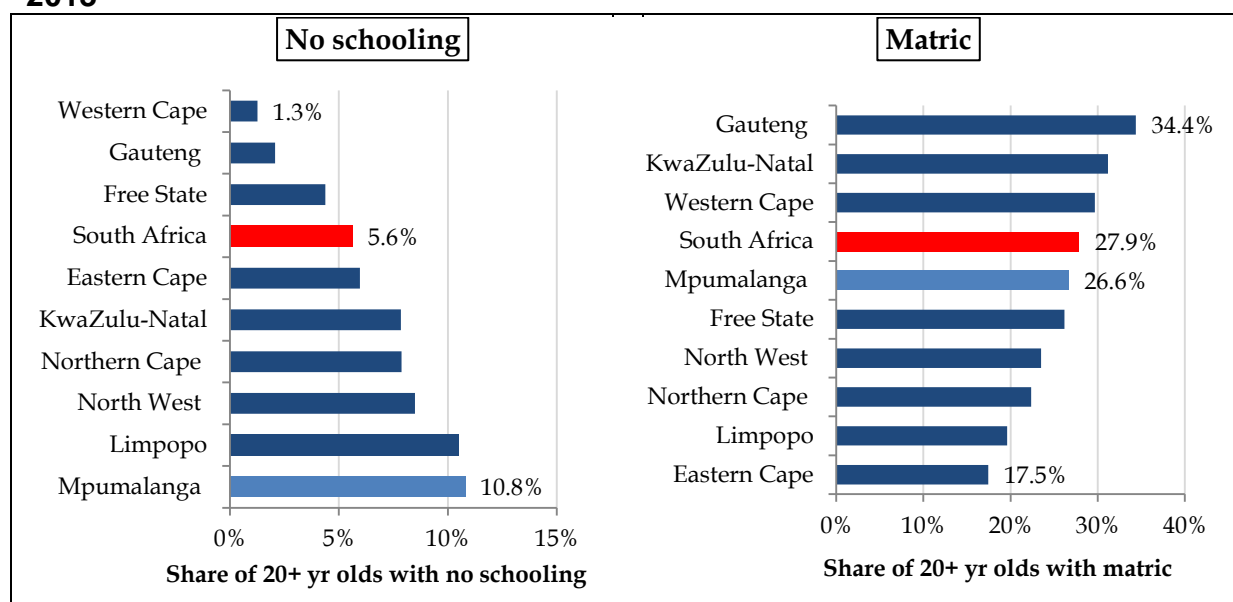
It is evident from Figure 17, that Mpumalanga (10.8 per cent) registered the highest (worst) share of people 20 years and older with no schooling. It was 5.2 percentage points higher than the national share of 5.6 per cent in 2013. Mpumalanga (26.6 per cent) recorded the fourth highest share of people 20 years and older with matric among the nine provinces, slightly lower than the national share of 27.9 per cent.

In 2011, Ehlanzeni (16.7 per cent) registered the highest share of people 20 years and older that have not received any schooling and Nkangala (11.5 per cent) the lowest (Figure 18). In 2011, Nkomazi (25.7 per cent) and Chief Albert Luthuli (19.9 per cent) registered the highest share of people 20 years and older among the local municipal areas, that have not received any schooling. The majority of people 20



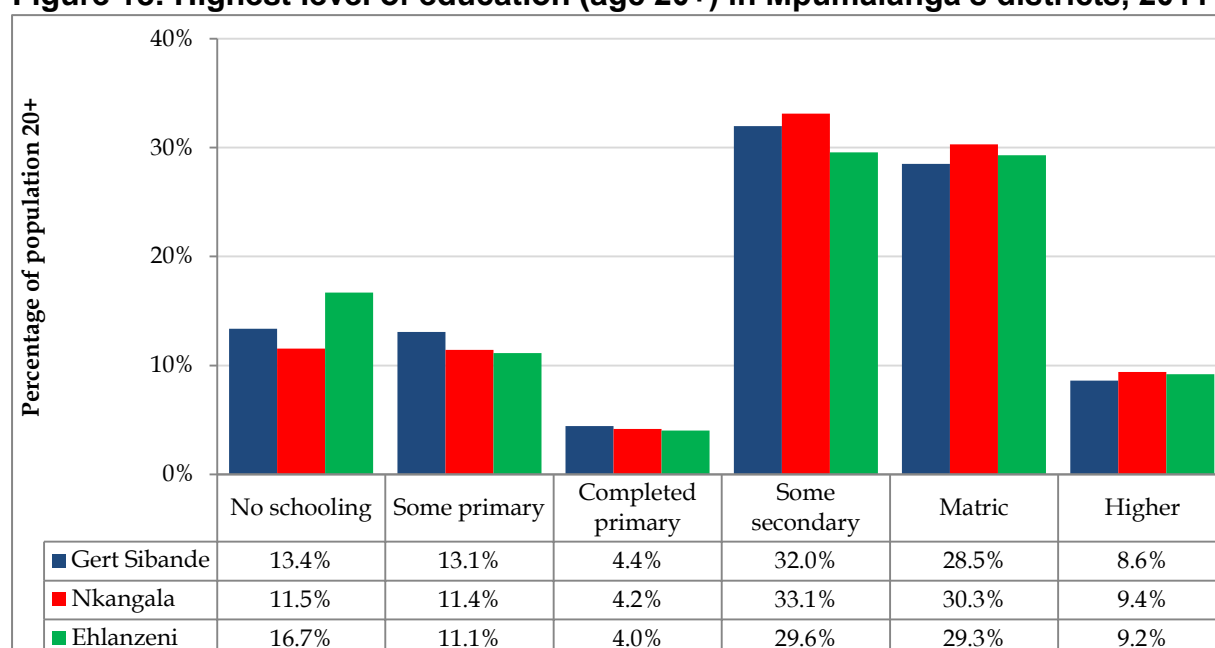
years and older in all three districts have completed some secondary schooling followed by people with some primary schooling. Nkangala registered the largest share of people 20 years and older that have completed matric (30.3 per cent) and some higher education (9.4 per cent).

**Figure 17: Selected education levels (age 20+) in South Africa & provinces, 2013**



**Source: Statistics South Africa – GHS 2013**

**Figure 18: Highest level of education (age 20+) in Mpumalanga's districts, 2011**



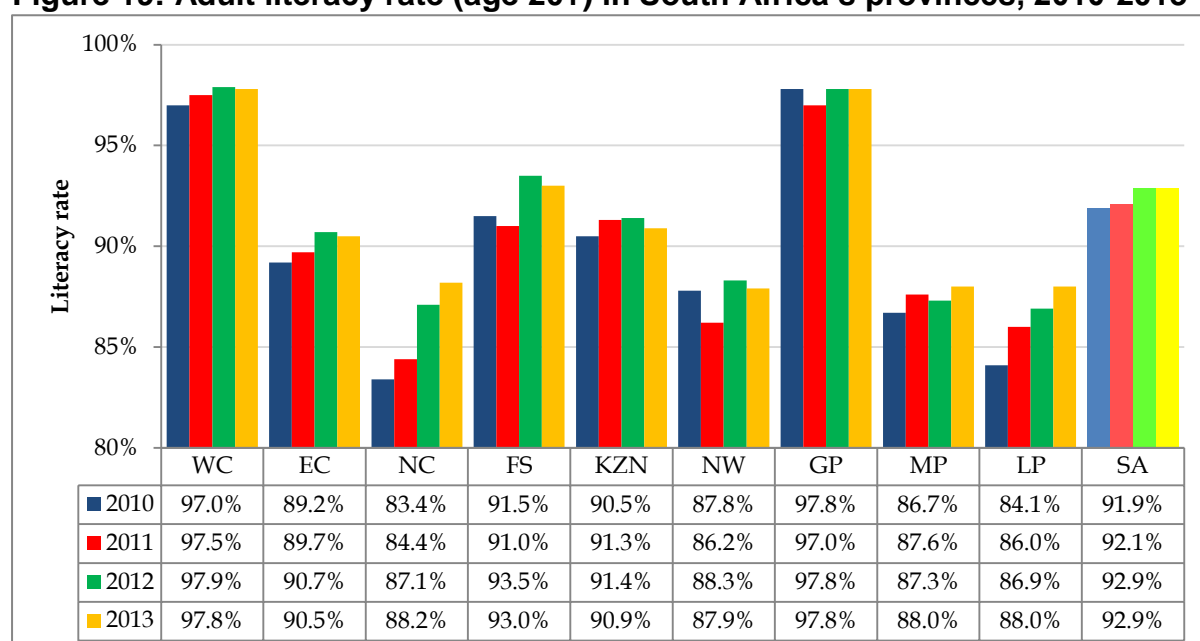
**Source: Statistics South Africa – Census 2011**

*Adult literacy*

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

The regional picture, presented in Figure 19, reflects the literacy rates in South Africa and the provinces of adults aged 20 and above. In 2010, the literacy rate in Mpumalanga was 86.7 per cent and it improved to 88.0 per cent by 2013. Mpumalanga’s adult literacy rate was lower than the national rate of 92.9 per cent in 2013 and the joint second lowest among the provinces. In 2013, Western Cape and Gauteng, jointly, registered the highest adult literacy rate of 97.8 per cent.

**Figure 19: Adult literacy rate (age 20+) in South Africa’s provinces, 2010-2013**



**Source: Statistics South Africa – GHS 2013**

*Grade 12 results*

The NDP is very clear that the throughput<sup>5</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 2013 is calculated, it is evident that less than 60 per cent of the 2002 grade 1 class registered for grade 12 in 2013.

Table 10 compares the grade 12 pass rates among the various provinces from 2003 to 2013. The national pass rate of matriculants increased from 73.9 per cent in 2012 to 78.2 per cent in 2013. Mpumalanga's pass rate also increased by 7.6 percentage points from 70.0 per cent in 2012 to 77.6 per cent in 2013. Mpumalanga's 7.6 percentage point increase was the second largest among the nine provinces behind North West. Mpumalanga improved from the province with the lowest pass rate in 2010 to the province with the fifth highest pass rate in 2013. Free State (87.4 per cent) recorded the highest Grade 12 pass rate in 2013 and Eastern Cape (64.9 per cent) the lowest.

**Table 10: Comparative grade 12 pass rate for South Africa and provinces, 2003-2013**

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

**Source:** Department of Basic Education - Technical Report on the 2013 National Senior Certificate Examination

Closely linked with throughput and pass rates are learners who are repeating the grade that they are attending. Table 11 presents the percentage of learners in grade 10, 11 and 12 that repeated grades in 2013. Slightly less grade 10 learners in Mpumalanga (24.0 per cent) repeated grade 10 in 2013 when compared with South Africa (24.4 per cent). However, a larger proportion of grade 11 (31.7 per cent) and grade 12 (13.9 per cent) learners in Mpumalanga repeated the respective grade when compared with South Africa. Mpumalanga's grade 11 repetition rate ranked

<sup>5</sup> Learners completing school within 12 years.

highest/worst among the nine provinces, whilst the grade 10 and grade 12 repetition rates ranked 4<sup>th</sup> and 3<sup>rd</sup> highest respectively.

**Table 11: Repetition rates in South Africa & Mpumalanga, 2013**

Indicator	Mpumalanga	South Africa
<b>Repetition rate Grade 10</b>	24.0%	24.4%
<b>Repetition rate Grade 11</b>	31.7%	21.1%
<b>Repetition rate Grade 12</b>	13.9%	9.0%

**Source: Statistics South Africa – GHS 2013**

A comparison of Grade 12 pass rates among the four education districts from 2009 to 2013 is presented in Table 12. The Grade 12 pass rates of all four education districts improved, with Bohlabela achieving the largest improvement from 62.5 per cent in 2012 to 72.0 per cent in 2013. Ehlanzeni (82.8 per cent) recorded the highest Grade 12 pass rate in 2013 followed by Nkangala (77.5 per cent). The pass rate of Emakhazeni declined between 2012 and 2013, whereas all the other local municipal areas registered an improvement. The two highest pass rates among the local municipal areas were recorded in Nkomazi (85.6 per cent) and Steve Tshwete (84.5 per cent) with the lowest registered in Dr Pixley Ka Isaka Seme (68.1 per cent). In 2013, Dr Pixley Ka Isaka Seme was the only municipal area with a pass rate below 70 per cent.

**Table 12: Comparative grade 12 pass rate for education districts in Mpumalanga, 2009-2013**

Education district	% Pass rate				
	2009	2010	2011	2012	2013
<b>Bohlabela<sup>6</sup></b>	28.2	40.1	52.7	62.5	72.0
<b>Ehlanzeni<sup>7</sup></b>	57.0	67.5	72.1	74.0	82.8
<b>Gert Sibande</b>	52.2	59.3	65.4	69.0	76.4
<b>Nkangala</b>	53.6	59.1	67.9	73.0	77.5

**Source: Mpumalanga Department of Education, 2013**

#### *Annual national assessments*

Improvement in the quality of basic education has been identified as a top priority of the South African Government on which the Department of Basic Education (DBE) has to deliver. Within this context, the 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-

<sup>6</sup> The Bohlabela education district includes schools in Bushbuckridge and Thaba Chweu

<sup>7</sup> The Ehlanzeni education district includes schools in Mbombela, Umjindi and Nkomazi

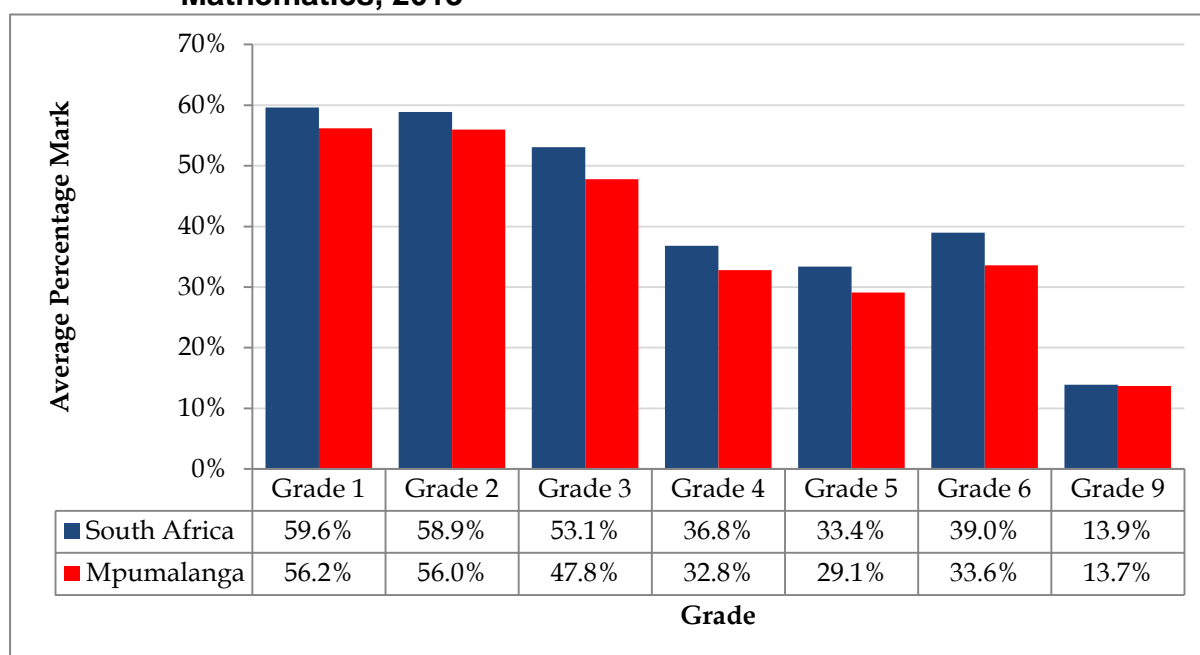
specific Language and Mathematics tests for Grades 1 to 6 and Grade 9. The NDP sets the target that by 2030, 90 per cent of learners in Grades 3, 6 and 9 must achieve 50 per cent or more in ANA.

All learners in public schools in Grades 1 to 6 and Grade 9 took curriculum-appropriate tests developed by the DBE in Mathematics and Language. It is apparent from Figure 20 that Mpumalanga achieved lower average percentage marks in Mathematics across all grades when compared to South Africa. The national and provincial marks became progressively lower as the grade increased. When compared with other provinces, Mpumalanga ranked in 5<sup>th</sup> position for Grade 3, 7<sup>th</sup> position for Grade 6 and 6<sup>th</sup> position for Grade 9.

Figure 21 displays Mpumalanga's lower percentage of learners with an acceptable achievement in Mathematics in all grades compared to South Africa. When compared with other provinces, Mpumalanga ranked in 7<sup>th</sup> position for Grade 3, 8<sup>th</sup> position for Grade 6 and 8<sup>th</sup> position for Grade 9 in terms of acceptable achievements.

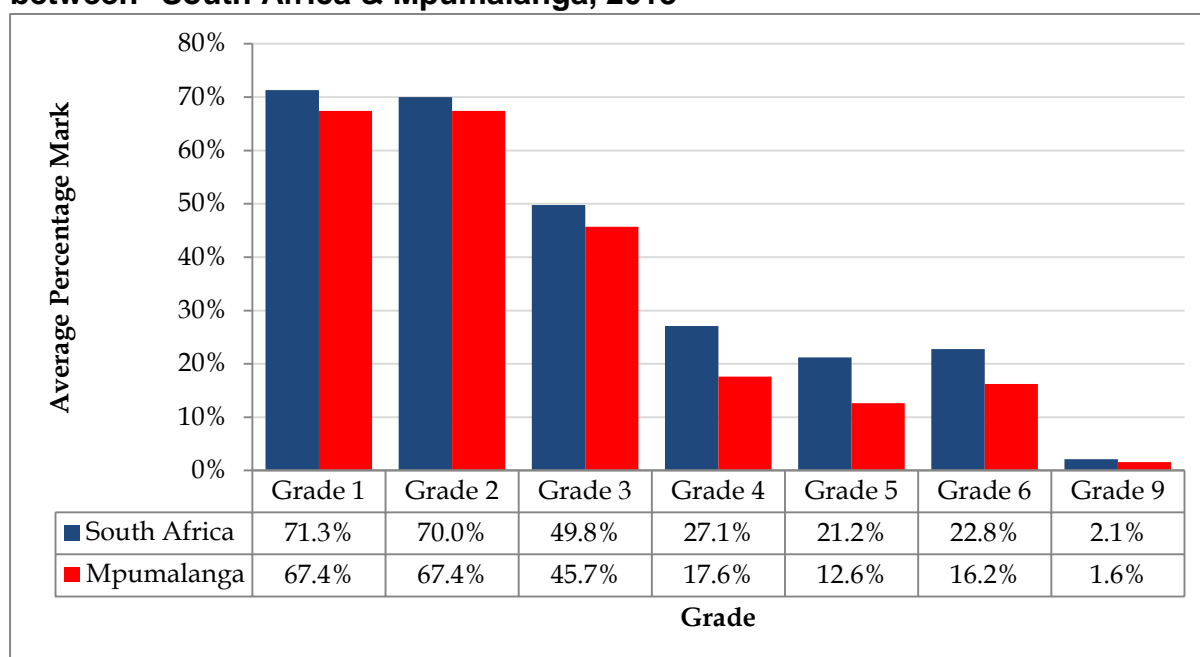
With the exception of Grade 5 and 9, Mpumalanga recorded lower average percentage marks in Home Language across all grades when compared to South Africa (Figure 22). When compared with other provinces, Mpumalanga ranked in 8<sup>th</sup> position for Grade 3, 5<sup>th</sup> position for Grade 6 and 2<sup>nd</sup> position for Grade 9.

**Figure 20: Comparing South Africa & Mpumalanga average percentage mark in Mathematics, 2013**



**Source:** Department of Basic Education – Report on the 2013 Annual National Assessments

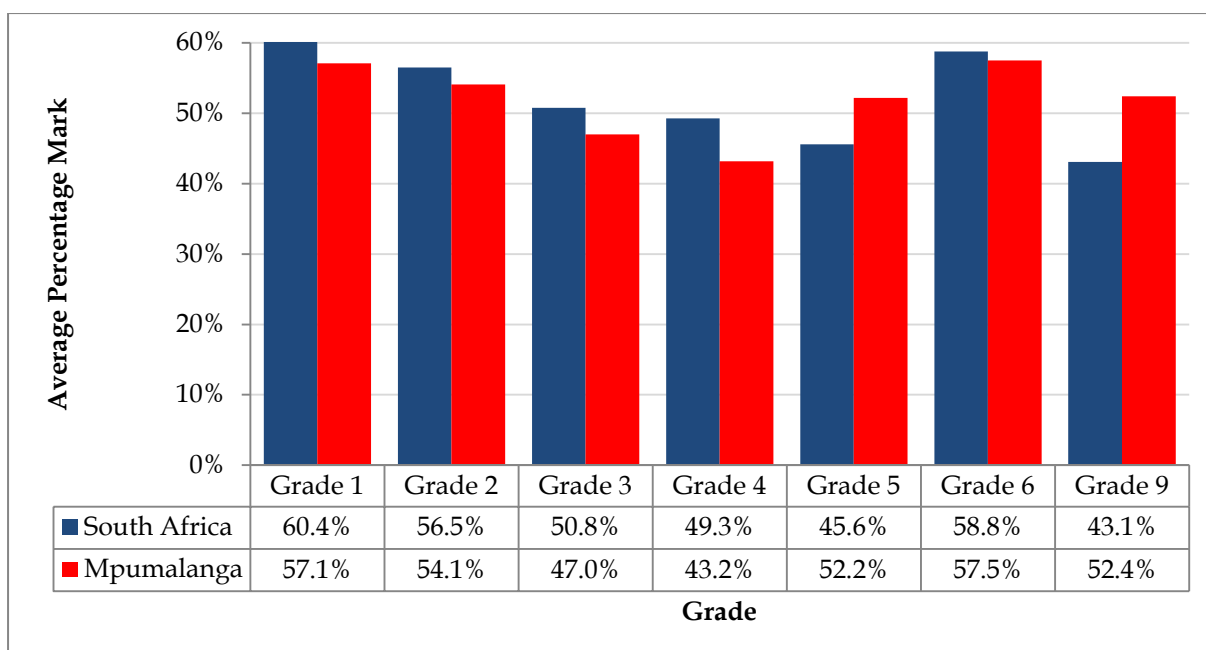
**Figure 21: Comparing acceptable achievements (≥50 per cent) in Mathematics between South Africa & Mpumalanga, 2013**



**Source:** Department of Basic Education – Report on the 2013 Annual National Assessments

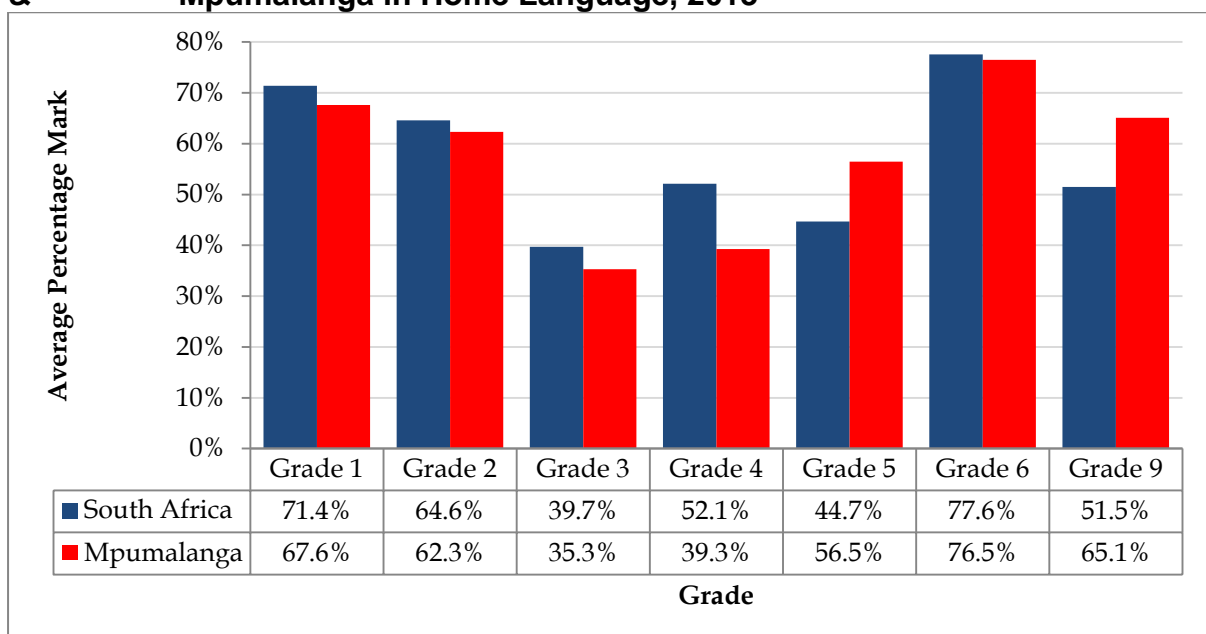
It is apparent from Figure 23 that Mpumalanga recorded a lower percentage of learners with an acceptable achievement in Home Language compared to South Africa in all grades, except Grades 5 and 9. When compared with other provinces, Mpumalanga ranked in 9<sup>th</sup> position for Grade 3, 4<sup>th</sup> position for Grade 6 and 2<sup>nd</sup> position for Grade 9 in terms of acceptable achievements.

**Figure 22: Comparing South Africa & Mpumalanga average percentage mark in Language, 2012**



**Source:** *Department of Basic Education – Report on the 2013 Annual National Assessments*

**Figure 23: Comparing acceptable achievements (≥50 per cent) in South Africa & Mpumalanga in Home Language, 2013**



**Source:** *Department of Basic Education – Report on the 2013 Annual National Assessments*

#### *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 13). 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 13: 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 2013 General Household Survey (GHS), 83.2 per cent of children attending public schools in Mpumalanga benefitted from the school nutrition programme in 2013. This was higher than the national average (74.5 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 2013 GHS, 30.7 per cent of the provincial population aged 0-4 years attended an ECD centre, which was slightly higher than the 2012 figure of 28.5 per cent, however, still moderately lower than the national level of 34.4 per cent in 2013.

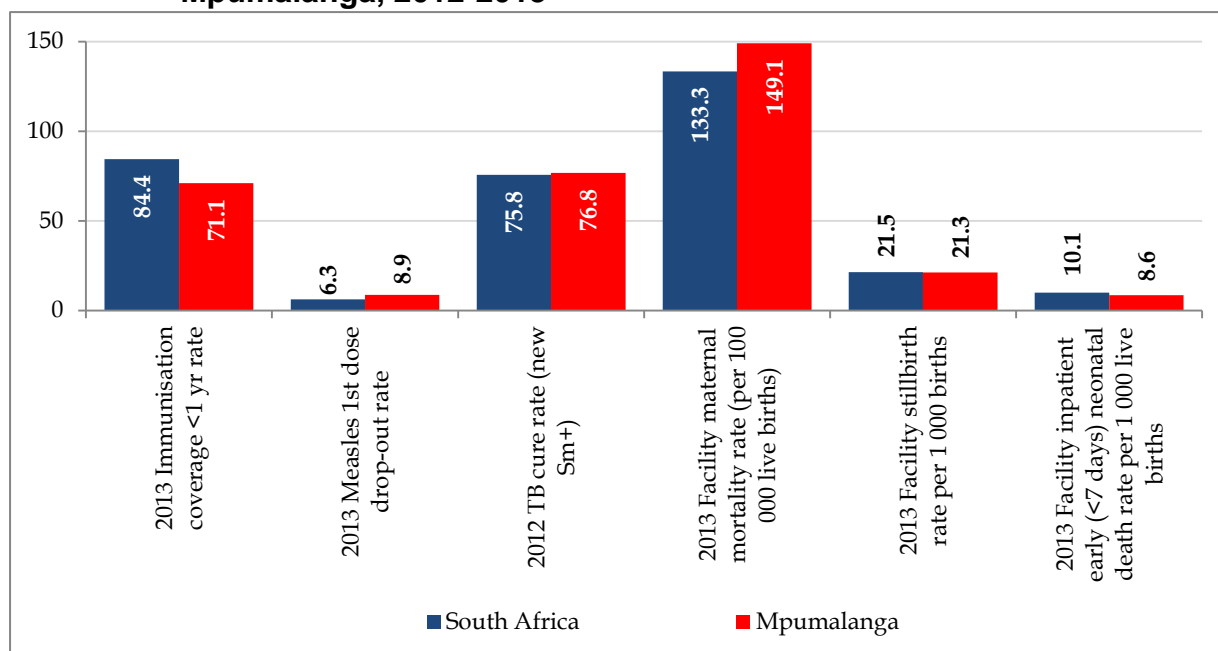


## 5. HEALTH AND SOCIAL SERVICES

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>8</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 24 compares some of Mpumalanga's health indicators with the national average level.

**Figure 24: Comparison of selected health indicators between South Africa & Mpumalanga, 2012-2013**



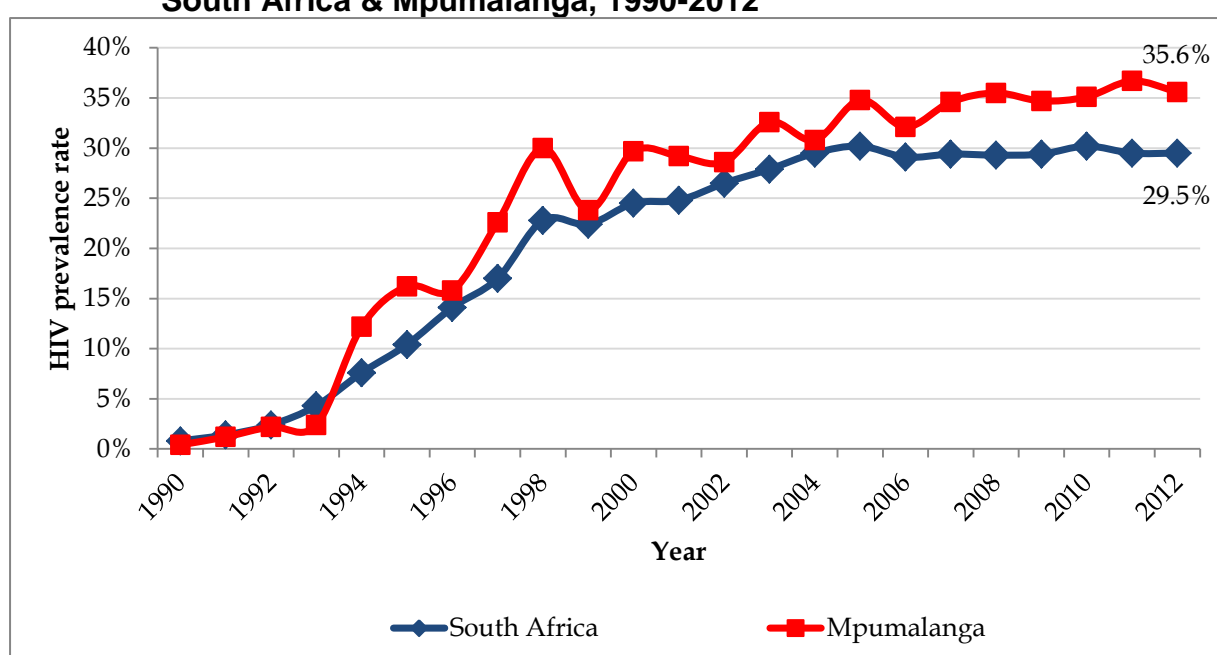
<sup>8</sup> This rate measures the number of deaths of live born babies that occur within 7 completed days after birth per 1 000 live births. It includes only neonatal deaths when the foetus is of 26 or more weeks' gestational age and/or weighs 500g or more.

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

### *HIV prevalence*

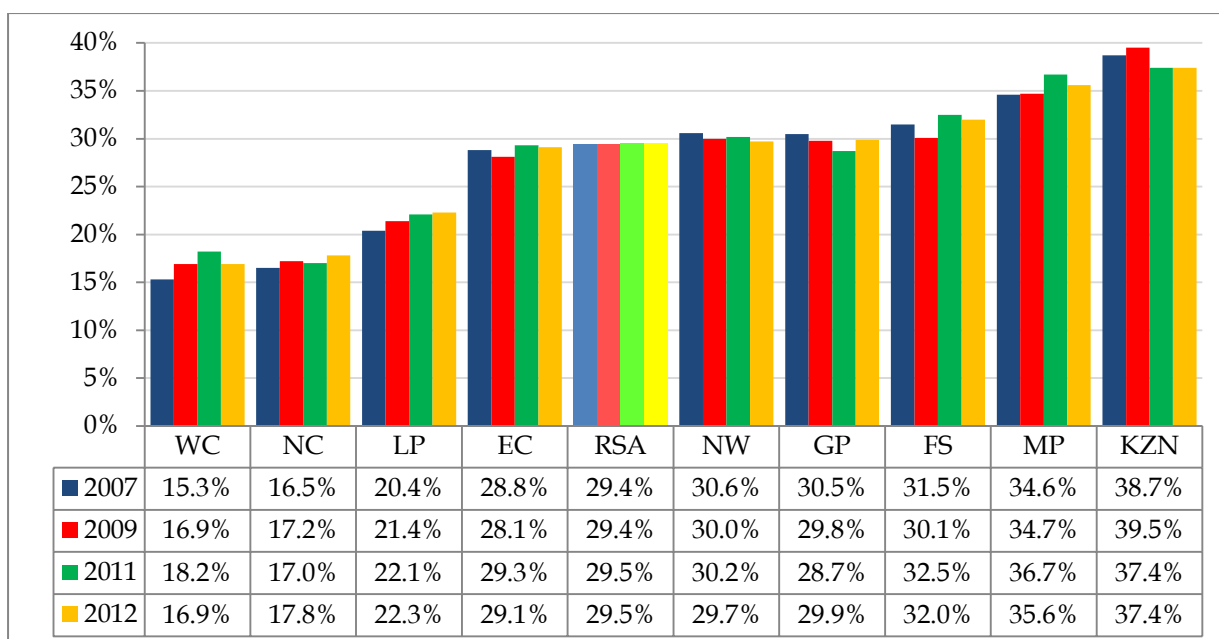
Changes in the HIV prevalence of the female population distribution for the 15–49 age group in the province and nationally between 1990 and 2012 is depicted in Figure 25. The estimated overall prevalence rate for this group in 2012 was 29.5 per cent for South Africa and 35.6 per cent for Mpumalanga. With the exception of the first few results in the early nineties, the prevalence rate in Mpumalanga was consistently higher than the average recorded nationally.

**Figure 25: 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 26: HIV prevalence rate by province among females aged 15-49, 2007-2012**

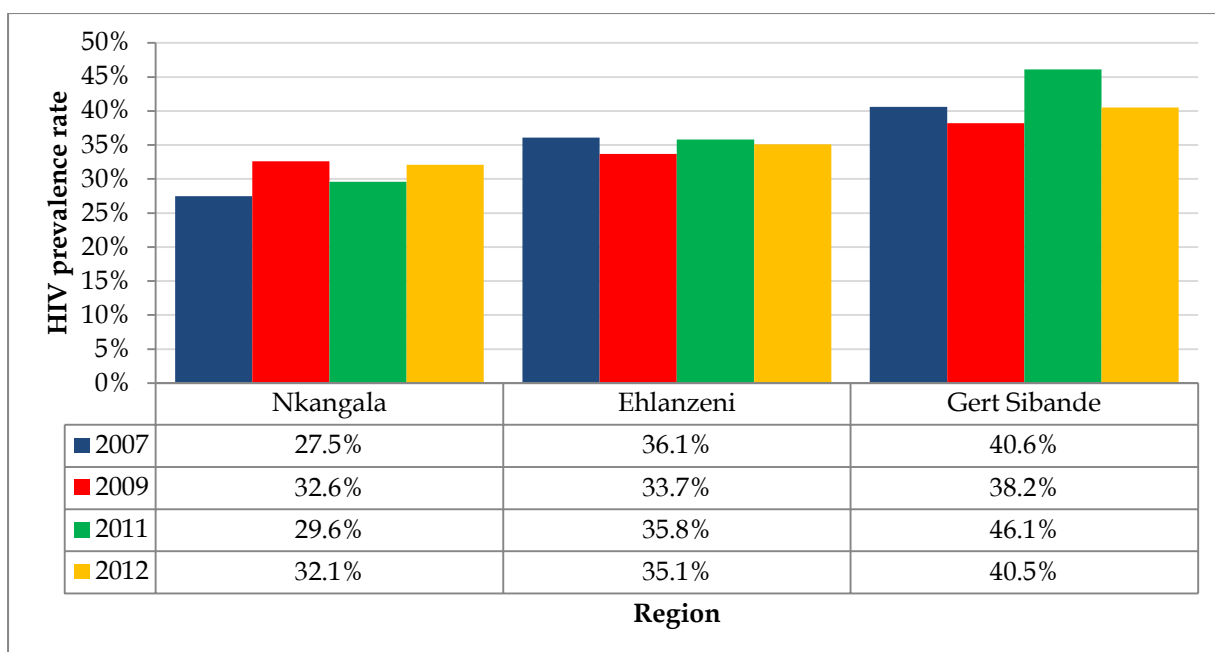


**Source: National Department of Health – 2012 National Antenatal Sentinel HIV and Syphilis Prevalence Survey in South Africa**

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. The HIV prevalence rate for female aged 15-49 in the various provinces is compared in Figure 26.

When comparing districts (Figure 27), 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 27: HIV prevalence rate by district among females aged 15-49, 2007-2012**



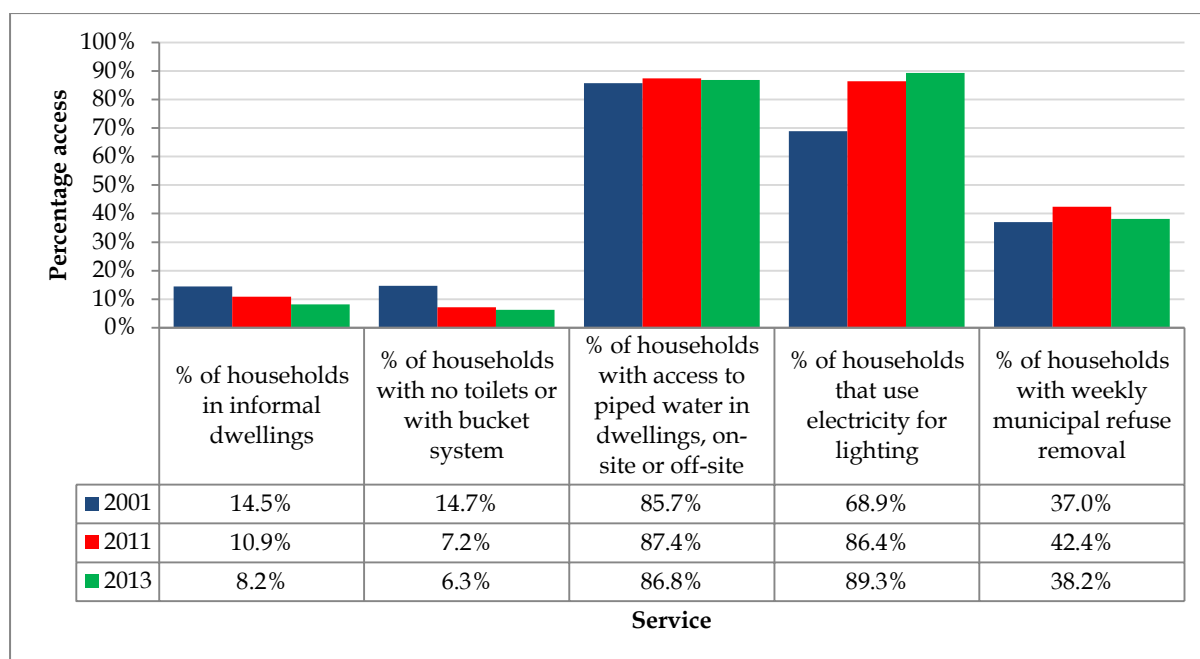
**Source: National Department of Health – 2012 National Antenatal Sentinel HIV and Syphilis Prevalence Survey in South Africa**

## 6. HOUSEHOLD SERVICES

According to Figure 28, fewer households in Mpumalanga occupied informal households (8.2 per cent) and fewer households had no access to toilets (6.3 per cent) in 2013 than in 2011. The proportion of Mpumalanga's households with access to piped water (86.8 per cent) and with weekly municipal refuse removal (38.2 per cent) declined between 2011 and 2013, whereas the share of households with access to electricity (89.3 per cent) was higher in 2013 than in 2011.

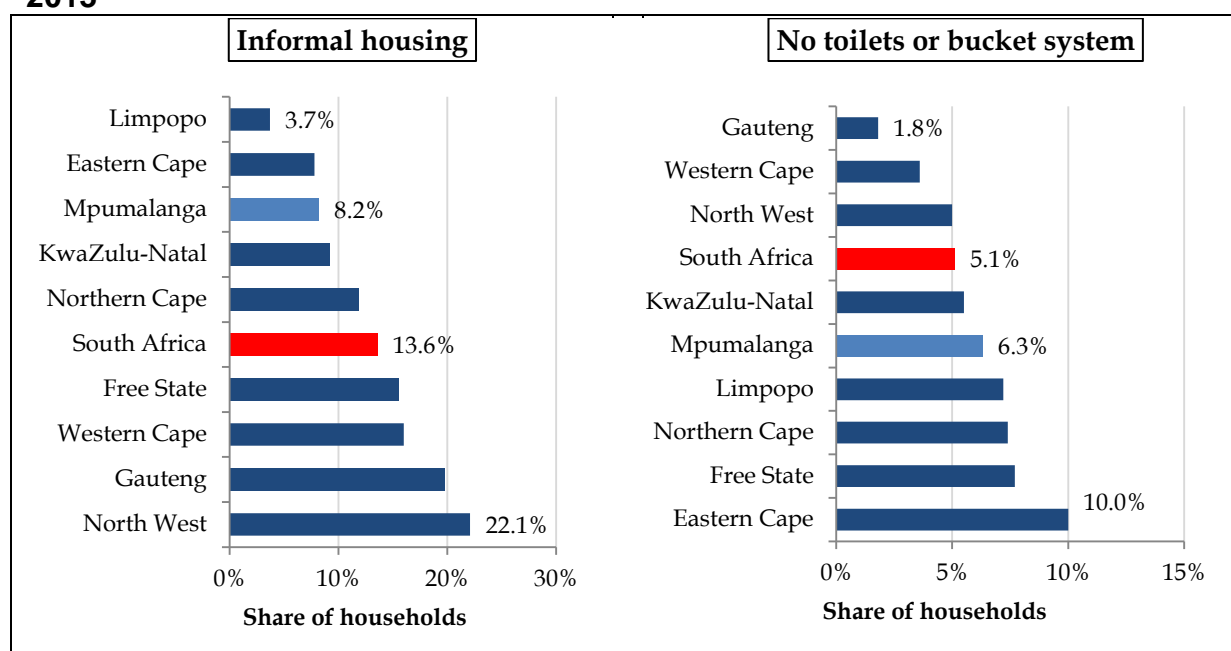
A relatively small percentage of households in Mpumalanga (8.2 per cent) occupied informal houses in 2013, compared to the national figure of 13.6 per cent. Mpumalanga ranked fourth lowest (best) among the nine provinces (Figure 29). The percentage of households in Mpumalanga without toilets and still using the bucket system improved to 6.3 per cent in 2013, however, it was still higher than the national level of 5.1 per cent. Figure 28 further reveals that Mpumalanga had the fifth lowest (best) share of households without access to toilets and still with the bucket system.

**Figure 28: Access to household services in Mpumalanga, 2001-2013**



**Sources: Statistics South Africa – Census 2011  
Statistics South Africa – GHS 2013**

**Figure 29: Selected household service levels in South Africa & provinces, 2013**

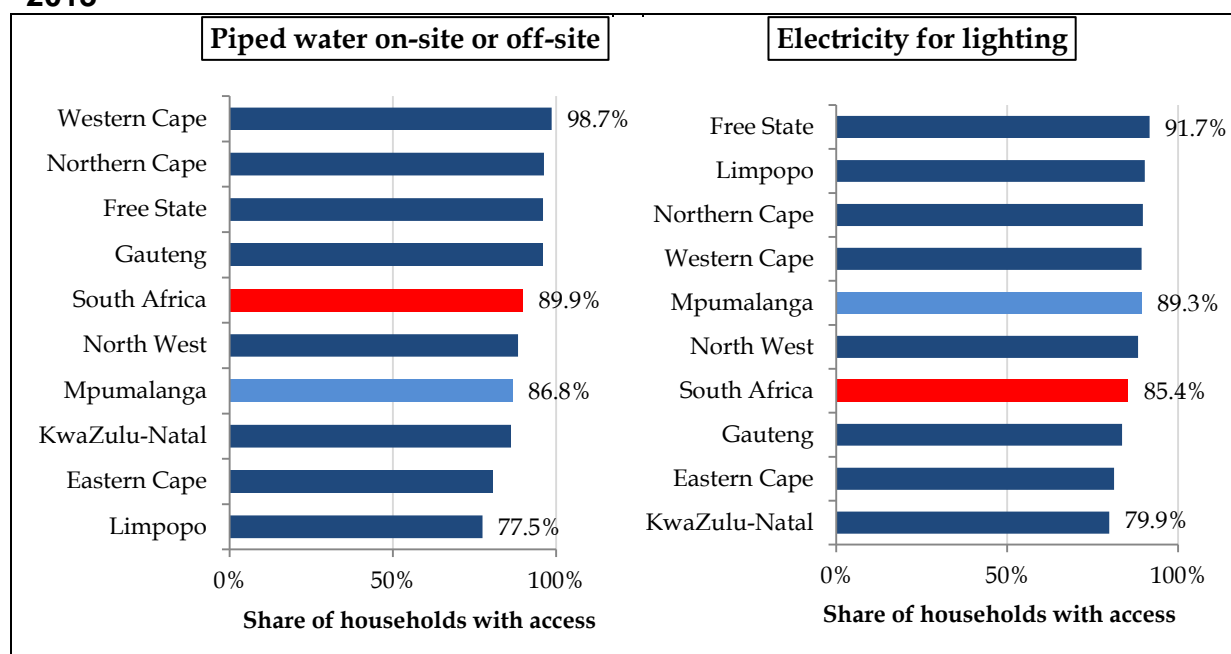


**Source: Statistics South Africa – GHS 2013**

In 2013, the percentage of households with access to all types of piped water recorded a relatively moderate level of delivery in Mpumalanga at 86.8 per cent (Figure 30). This was the fourth lowest (worst) among the nine provinces and lower than the national level of 89.9 per cent. The percentage of households that used electricity as main source of lighting increased to 89.3 per cent in 2013. A larger

share of households in Mpumalanga had access to electricity for lighting in 2013, than four other provinces and South Africa in general.

**Figure 30: Selected household service levels in South Africa & provinces, 2013**



**Source: Statistics South Africa – GHS 2013**

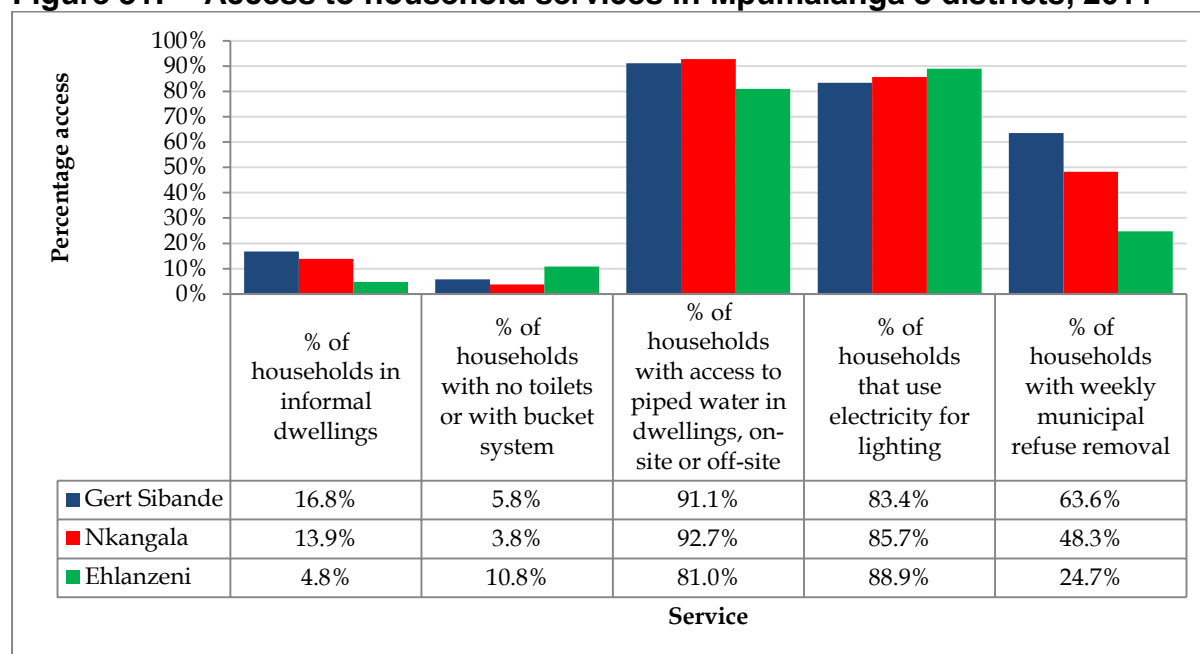
Figure 31 reveal certain basic services delivery indicators of the three districts in 2011. Ehlanzeni (4.8 per cent) registered the lowest (best) percentage of households that occupied informal dwellings and Gert Sibande (16.8 per cent) the highest. Ehlanzeni (10.8 per cent) held the highest percentage of households that did not have a toilet or that still made use of the bucket system.

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

Among the local municipal areas, Dipaleseng (31.5 per cent) recorded the highest percentage of households in informal dwellings followed by households in Govan Mbeki (27.9 per cent). Nkomazi (15.9 per cent) and Mkhondo (13.5 per cent) had the highest share among the local municipal areas of households without access to toilets. Among the local municipal areas, the lowest access to piped water was 77.9

per cent and was recorded in Dr JS Moroka and Mbombela, jointly. Mkhondo (66.8 per cent) recorded the lowest share of households with access to electricity for lighting followed by Emalahleni (73.4 per cent).

**Figure 31: Access to household services in Mpumalanga's districts, 2011**



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

### *Household services index*

The access to household services index is a household adjusted, access to services-weighted index, which measures a region's overall access to services. The index ranges from 0 to 1, where 0 implies that no household in the region has access to any household service surveyed, and 1 implying that every household in the region has access to all the household services surveyed.

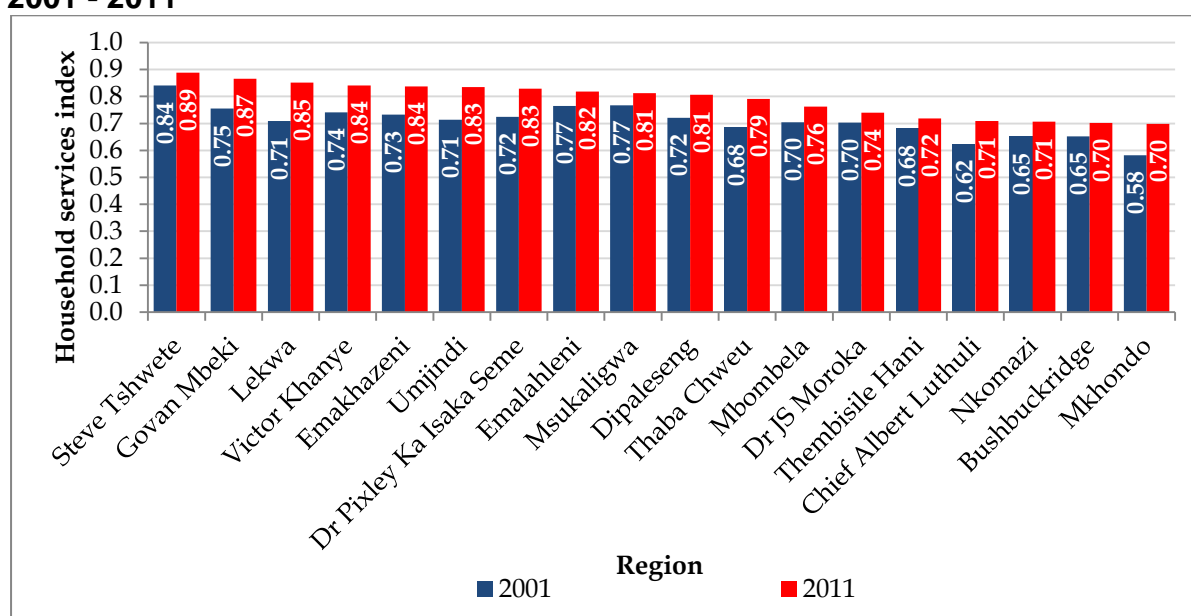
In 2011, the highest index value of access to household services was recorded in Steve Tshwete and the lowest in Mkhondo. Between 2001 and 2011, Lekwa recorded the largest improvement in the household services index value and Thembisile Hani as well as Dr JS Moroka the smallest. The Comprehensive Rural Development Programme (CRDP) areas' average improvement was higher than Mpumalanga's average improvement over the 10-year period. Figure 32 compares the household services index values of 2001 with that of 2011 for Mpumalanga's local municipal areas.

### *Water quality processes*

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

According to the *2012 Blue Drop Report*, Mpumalanga's Blue Drop score of 60.9 per cent was the lowest in South Africa (Figure 33). Mpumalanga's score improved from 56.5 per cent in 2011, however, it was still much lower than the national level of 87.6 per cent. Eight of the local municipal areas in the province recorded a Blue Drop score of more than 70 per cent, with Steve Tshwete leading the way with 97.4 per cent in 2012. The other ten municipal areas scored less than 41 per cent, with Mkhondo (11.3 per cent) ranking last.

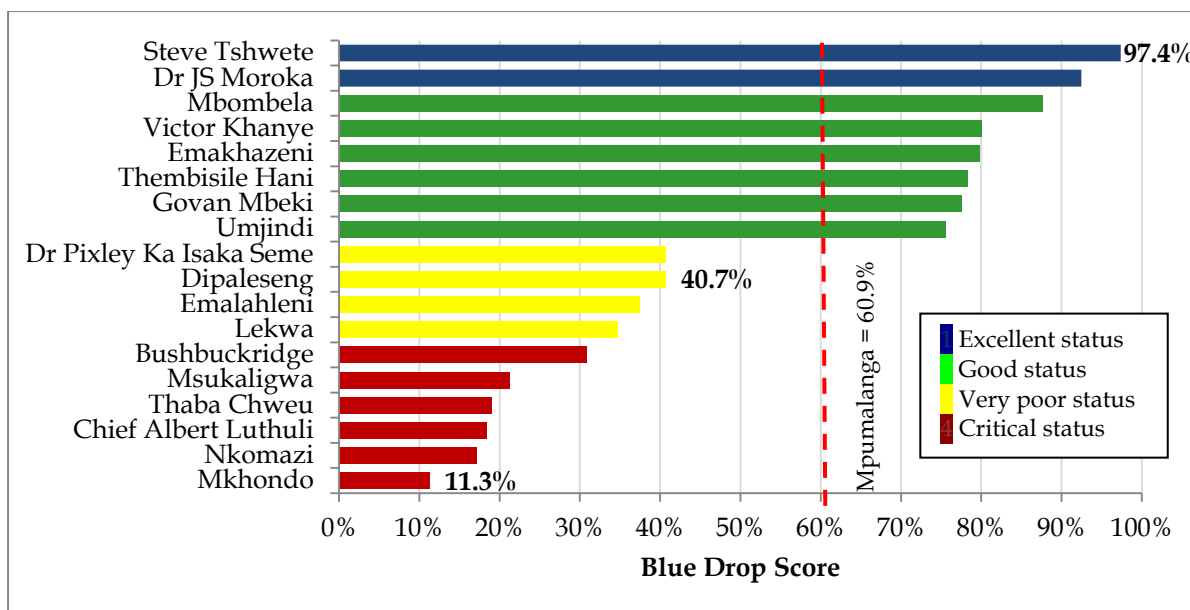
**Figure 32: Household services index in Mpumalanga's local municipal areas, 2001 - 2011**



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

**Figure 33: Comparative Blue Drop score by local municipal area in Mpumalanga, 2012**



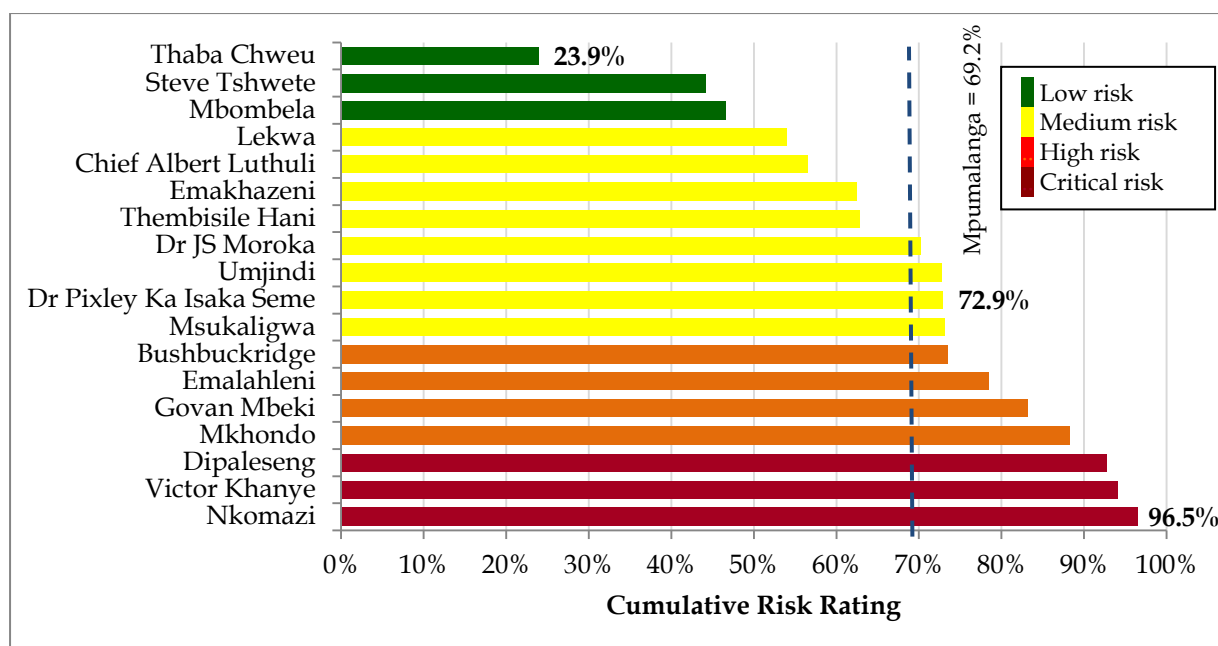


**Source: Department of Water Affairs – 2012 Blue Drop Report**

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

According to the *2012 Green Drop Progress Report*, Mpumalanga's CRR in 2012 was the fourth highest (riskiest) in South Africa. At 69.2 per cent, it was an improvement over the 72.6 per cent recorded in 2011, however, North West and Northern Cape improved their rankings to the detriment of Mpumalanga. Eleven local municipal areas in the province recorded CRR values of more than 70 per cent, with Nkomazi (96.5 per cent) registering the highest unfavourable ranking in 2012 (Figure 34). Thaba Chweu (23.9 per cent) ranked the lowest with a CRR of 23.9 per cent.

**Figure 34: Comparative Green Drop risk rating by local municipal area in Mpumalanga, 2012**



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

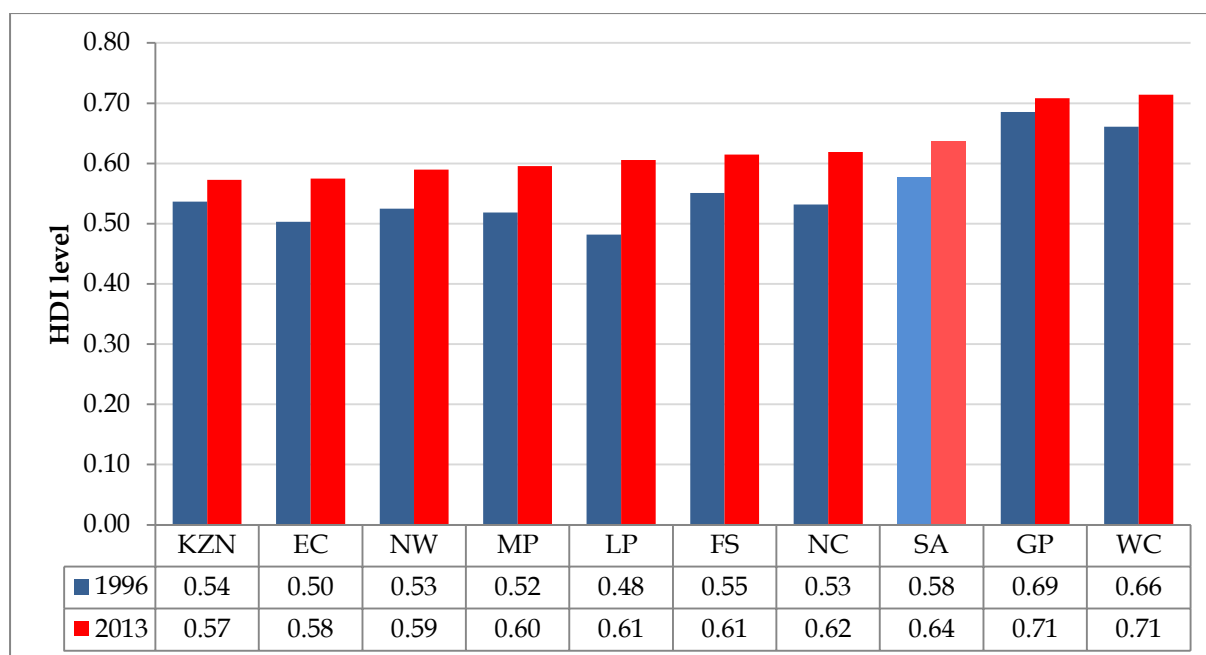
## 7. DEVELOPMENT AND INCOME ASPECTS

### 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 0.60 in 2013 (Figure 35). Despite improving between 1996 and 2013, it was still lower than the national level of 0.64 in 2013. Mpumalanga recorded the fourth lowest HDI level among the nine provinces in 2013 with Western Cape (0.71) the highest. Between the three districts in the province, Nkangala recorded the highest HDI level of 0.61 in 2013 and Ehlanzeni the lowest at 0.58 (Table 14).

**Figure 35: HDI levels for South Africa & provinces, 1996-2013**



**Source: IHS Global Insight – ReX, November 2014**

**Table 14: HDI levels for South Africa, Mpumalanga & districts, 1996-2013**

Region	1996	1999	2004	2009	2013
South Africa	0.58	0.56	0.55	0.58	0.64
Mpumalanga	0.52	0.50	0.48	0.53	0.60
Gert Sibande	0.53	0.50	0.49	0.53	0.60
Nkangala	0.55	0.53	0.51	0.55	0.61
Ehlanzeni	0.49	0.47	0.46	0.50	0.58

**Source: IHS Global Insight – ReX, November 2014**

When the HDI levels of the various population groups in Mpumalanga are analysed, it is evident that the White population recorded the highest HDI level of 0.86 in 2013. Asians and Coloureds followed with HDI levels of 0.75 and 0.67, respectively. The Black African population registered the lowest HDI level of 0.55 (Table 15).

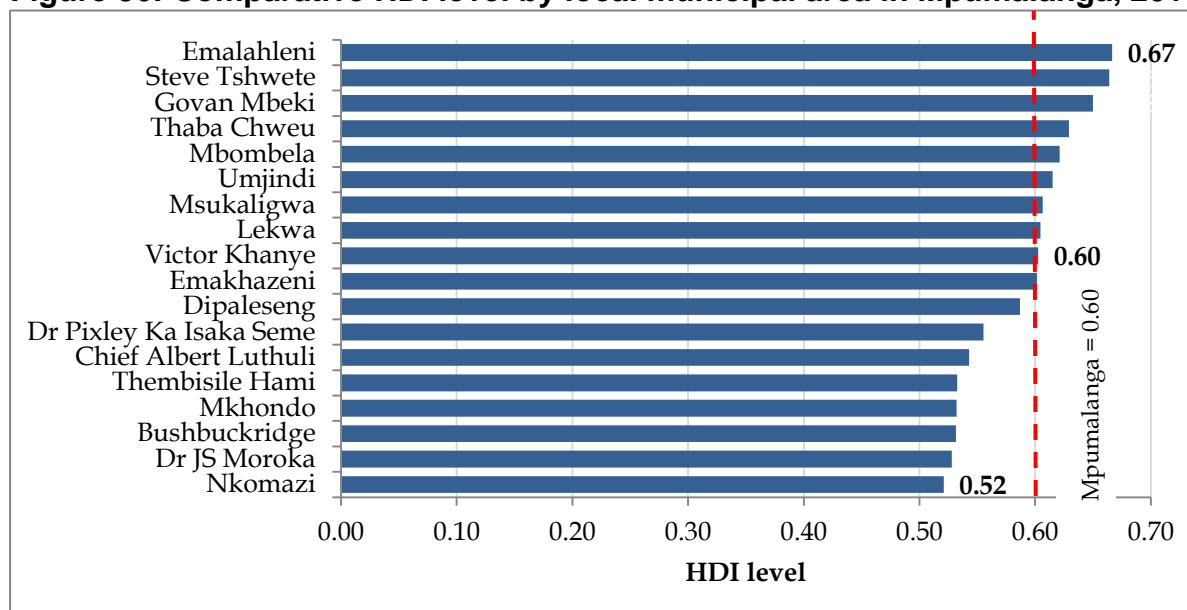
Figure 36 displays the HDI levels of all eighteen local municipal areas of Mpumalanga. In 2013, Emalahleni's HDI level of 0.67 was the highest and that of Nkomazi (0.52) the lowest. Ten of the eighteen local municipal areas recorded higher HDI levels than the province at 0.60.

**Table 15: HDI level by population group in Mpumalanga, 1996-2013**

Population group	1996	1999	2004	2009	2013
Black African	0.46	0.44	0.44	0.48	0.55
White	0.83	0.83	0.84	0.84	0.86
Coloured	0.57	0.60	0.59	0.63	0.67
Asian	0.72	0.73	0.75	0.73	0.75
Total	0.52	0.50	0.48	0.53	0.60

**Source: IHS Global Insight – ReX, November 2014**

**Figure 36: Comparative HDI level by local municipal area in Mpumalanga, 2013**



**Source: IHS Global Insight – ReX, November 2014**

## 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 2013 (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 2013 than in 1996. However, Mpumalanga's latest Gini-coefficient level is lower than the 2004 level of 0.65. Among the provinces, Mpumalanga (0.62) registered the fourth highest level of income inequality in 2013, with Limpopo (0.59) the lowest inequality and Gauteng (0.65) the most unequal. In 2013, Gert Sibande

registered the highest Gini-coefficient of 0.62 and the Gini-coefficients of both Nkangala and Ehlanzeni were 0.61.

**Table 16: Gini-coefficient for South Africa, Mpumalanga & districts, 1996-2013**

Region	1996	1999	2004	2009	2013
South Africa	0.61	0.65	0.67	0.64	0.64
Mpumalanga	0.59	0.63	0.65	0.62	0.62
Gert Sibande	0.59	0.63	0.66	0.63	0.62
Nkangala	0.58	0.62	0.64	0.61	0.61
Ehlanzeni	0.58	0.62	0.65	0.61	0.61

**Source: IHS Global Insight – ReX, November 2014**

#### *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 2013 (Table 17). This was higher than the national figure of 6.7 per cent for 2013, but still lower than the 8.9 per cent share achieved in 1996. Among the provinces, Mpumalanga registered the sixth highest share behind Limpopo (9.4 per cent) in first place. In 2013, Ehlanzeni (8.2 per cent) registered the highest share of income by the poorest 40 per cent in Mpumalanga, whereas the poorest 40 per cent in Nkangala and Gert Sibande reached a 7.5 per cent share.

**Table 17: Share of income earned by poorest 40% in South Africa, Mpumalanga & districts, 1996-2013**

Region	1996	1999	2004	2009	2013
South Africa	7.7%	6.2%	5.7%	6.7%	6.7%
Mpumalanga	8.9%	7.5%	6.5%	7.5%	7.6%
Gert Sibande	8.7%	7.3%	6.1%	7.3%	7.5%
Nkangala	8.4%	7.3%	6.6%	7.5%	7.5%
Ehlanzeni	9.6%	7.9%	7.2%	8.2%	8.2%

**Source: IHS Global Insight – ReX, November 2014**

#### *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 2013. South Africa's high Palma ratio of 7.74 in 2013 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 R7.74. 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 fifth highest among the provinces with the lowest ratio in Limpopo (5.36) and the highest in Gauteng (9.20). Mpumalanga's 2013 ratio is still higher than the 1996 ratio, albeit it is considerably lower than the 2004 level. Ehlanzeni (6.09) was the least unequal among the three districts, whereas Gert Sibande (6.50) ended 2013 with the highest Palma ratio.

**Table 18: Palma ratio in South Africa, Mpumalanga & districts, 1996-2013**

Region	1996	1999	2004	2009	2013
South Africa	6.14	8.61	9.79	7.47	7.74
Mpumalanga	5.34	6.94	8.49	6.62	6.41
Gert Sibande	5.40	7.15	9.04	6.80	6.50
Nkangala	5.26	6.82	8.01	6.33	6.41
Ehlanzeni	5.11	6.66	7.66	6.28	6.09

**Source: IHS Global Insight – ReX, November 2014**

### 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>9</sup>), lower-bound poverty line (LBPL<sup>10</sup>) and upper-bound poverty line (UBPL<sup>11</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.

<sup>9</sup> The level of consumption below which individuals are unable to purchase sufficient food to provide them with an adequate diet and amounted to R406 per capita per month in 2013.

<sup>10</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>11</sup> Includes expenditure on adequate food and non-food items and amounted to R767 per capita per month in 2013.

It is evident from Table 19 that the share of South Africa's population below the LBPL declined from 49.9 per cent in 1996 to 34.1 per cent in 2013. In terms of numbers, it was a reduction from 21.2 million in 1996 to 18.0 million in 2013. Mpumalanga's population below the LBPL also declined over the 17-year period from 1.9 million to 1.5 million or from 56.4 per cent to 36.5 per cent. Mpumalanga's share was, however, still the fourth highest among the provinces with Limpopo (44.3 per cent) registering the highest share and Western Cape (21.2 per cent) the lowest.

**Table 19: Share of population below the LBPL in South Africa & provinces, 1996-2013**

Region	% of population				
	1996	1999	2004	2009	2013
Western Cape	27.5%	31.6%	30.5%	27.6%	21.2%
Eastern Cape	63.8%	67.3%	64.4%	57.5%	43.3%
Northern Cape	52.2%	53.7%	47.7%	38.7%	28.7%
Free State	50.2%	53.7%	52.3%	46.7%	33.3%
KwaZulu-Natal	58.3%	60.9%	58.1%	54.7%	42.0%
North West	51.4%	56.3%	54.7%	47.2%	34.7%
Gauteng	26.8%	31.0%	33.3%	31.6%	24.0%
Mpumalanga	56.4%	59.3%	58.3%	51.2%	36.5%
Limpopo	67.2%	69.3%	66.8%	59.7%	44.3%
South Africa	49.9%	52.9%	51.0%	45.8%	34.1%

**Source: IHS Global Insight – ReX, November 2014**

Nkangala (30.8 per cent) recorded the lowest share of population below the LBPL in 2013 followed by Gert Sibande (35.5 per cent). In 2013, Ehlanzeni recorded the highest share and the largest number of people below the LBPL with 41.7 per cent and 721 997, respectively (Table 20). Ehlanzeni, however, recorded the largest decrease (improvement) in terms of percentage change (20.7 percentage points) and number (210 021) between 1996 and 2014.

**Table 20: Share of population below the LBPL in Mpumalanga's districts, 1996-2013**

Region	% of population				
	1996	1999	2004	2009	2013
Gert Sibande	54.0%	57.8%	57.5%	49.6%	35.5%
Nkangala	49.9%	53.1%	52.5%	44.8%	30.8%

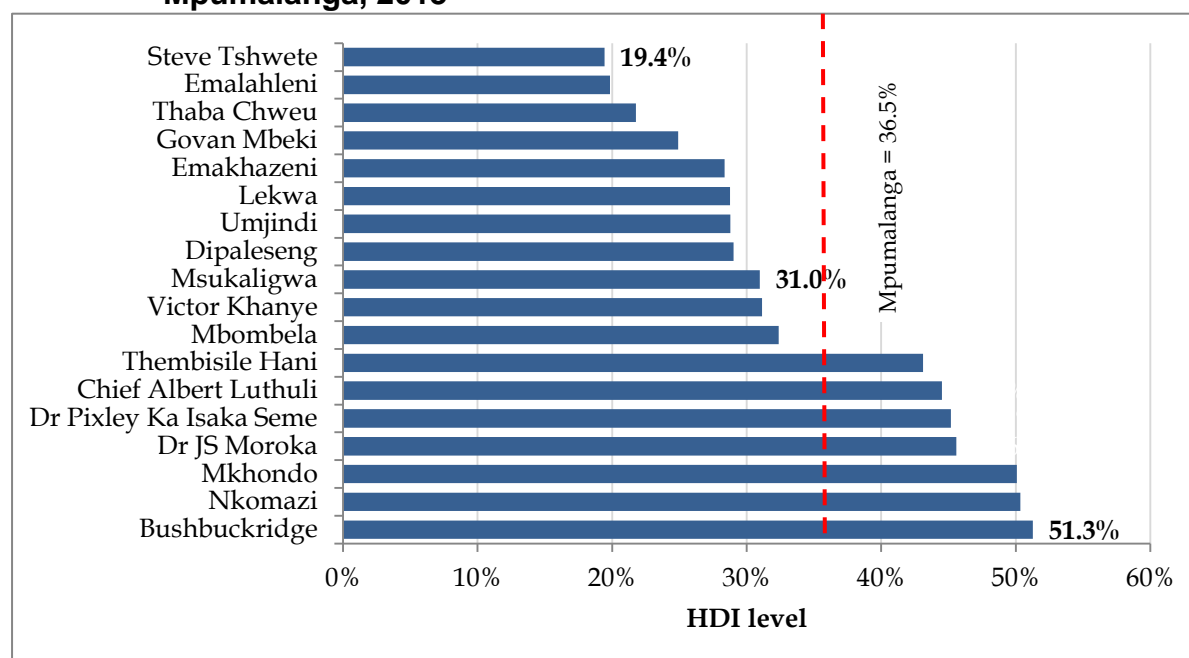
<b>Ehlanzeni</b>	62.4%	64.7%	63.0%	56.9%	41.7%
<b>Mpumalanga</b>	<b>56.4%</b>	<b>59.3%</b>	<b>58.3%</b>	<b>51.2%</b>	<b>36.5%</b>

**Source: IHS Global Insight – ReX, November 2014**

Figure 37 displays the share of population below the LBPL of all eighteen local municipal areas in Mpumalanga. In 2013, Steve Tshwete's share of population below the LBPL of 19.4 per cent was the lowest (best) and that of Bushbuckridge (51.3 per cent) the highest. Seven of the eighteen local municipal areas recorded higher shares of population below the LBPL than Mpumalanga's share of 36.5 per cent. All the local areas recorded percentage point declines in the shares of population below the LBPL, with Chief Albert Luthuli (28.5 percentage points) registering the largest decrease and Emalahleni (9.6 percentage points) the smallest decrease.

Bushbuckridge recorded 138 910 less people below the LBPL in 2013 than in 1996, the largest decline among the local municipalities. Mkhondo recorded 18 763 more people below the LBPL in 2013 than in 1996. Emalahleni (7 337) as well as Steve Tshwete (5 512) also registered higher numbers of people below the LBPL in 2013 than in 1996.

**Figure 37: Share of population below the LBPL by local municipal area in Mpumalanga, 2013**



**Source: IHS Global Insight – ReX, November 2014**

### **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	18.8%	43.2%	0.08	7.9%	41.8%	0.03

<b>Limpopo</b>	21.8%	43.5%	0.09	10.1%	41.6%	0.04
<b>South Africa</b>	<b>17.9%</b>	<b>43.9%</b>	<b>0.08</b>	<b>8.0%</b>	<b>42.3%</b>	<b>0.03</b>

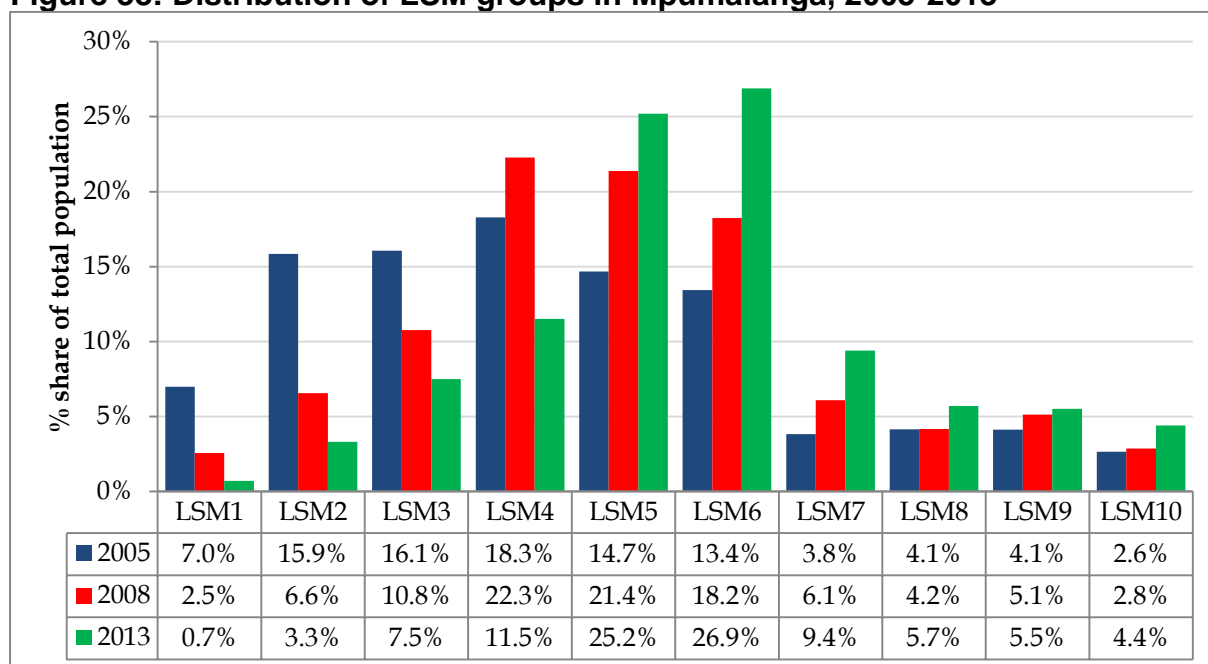
**Source: Source: Statistics South Africa – The South African MPI, 2014**

#### **7.4 Living standards**

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

It is evident from Figure 38 that, according to the LSM measurement, the population in Mpumalanga moved progressively from the lower LSM groups to the higher LSM groups between 2005 and 2013. In 2005, some 39.0 per cent and 10.8 per cent of Mpumalanga's population occupied the three lowest and three highest LSM groups, respectively. By 2013, the share of the population within the three lowest LSM groups dropped to 11.5 per cent, whereas the share within the three highest LSM groups increased to 15.6 per cent. In 2013, the largest share of Mpumalanga's population fell in the LSM6 group and the smallest share in the LSM1 group.

**Figure 38: Distribution of LSM groups in Mpumalanga, 2005-2013**



**Source: SAARF – AMPS Technical Report, 2013**

## 7.5 Ownership of household goods

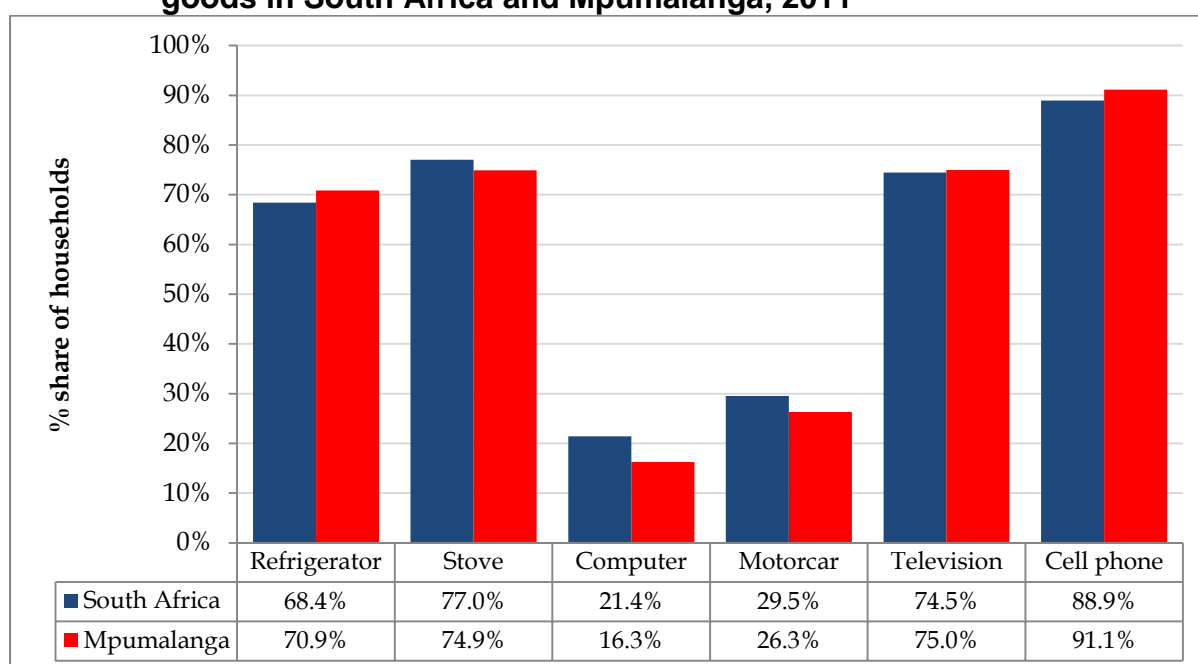
Figure 39 compares the ownership levels of certain household goods between South Africa and Mpumalanga in 2011. It is evident that more households in Mpumalanga owned refrigerators, televisions and cell phones than the norm in South Africa. Contrary, less households in Mpumalanga owned electric or gas stoves, personal computers and motorcars than the standard for South African households.

### *Ownership of household goods index*

The ownership of household goods index is a household adjusted, ownership of goods-weighted index, which measures a region's overall ownership of certain household goods. The index ranges from 0 to 1, where 0 implies that no household in the region owns any of the household goods surveyed, and 1 implying that every household in the region owns all the household goods surveyed.

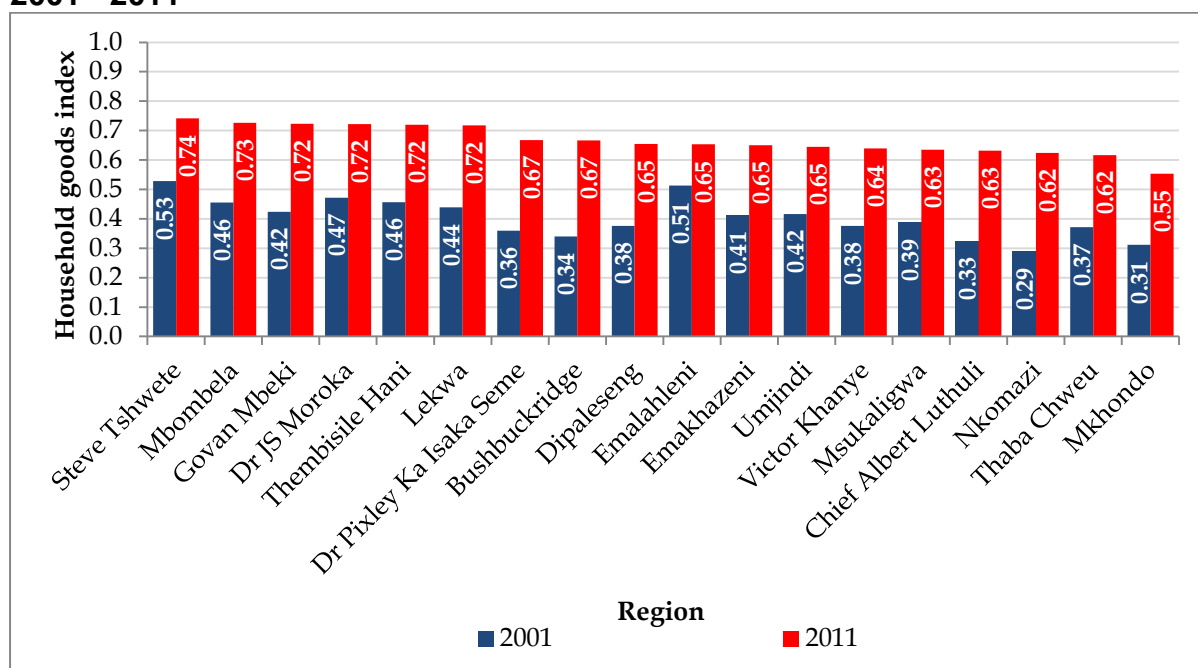
In 2011, the highest ownership of household goods index value was recorded in Steve Tshwete and the lowest in Mkhondo. Between 2001 and 2011, Nkomazi and Bushbuckridge jointly recorded the largest improvement in the household goods index and Emalahleni the smallest. Figure 40 compares the household goods index values of 2001 with that of 2011 for Mpumalanga's local municipal areas.

**Figure 39: Percentage distribution of households owning various household goods in South Africa and Mpumalanga, 2011**



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

**Figure 40: Household goods index in Mpumalanga's local municipal areas, 2001 - 2011**



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

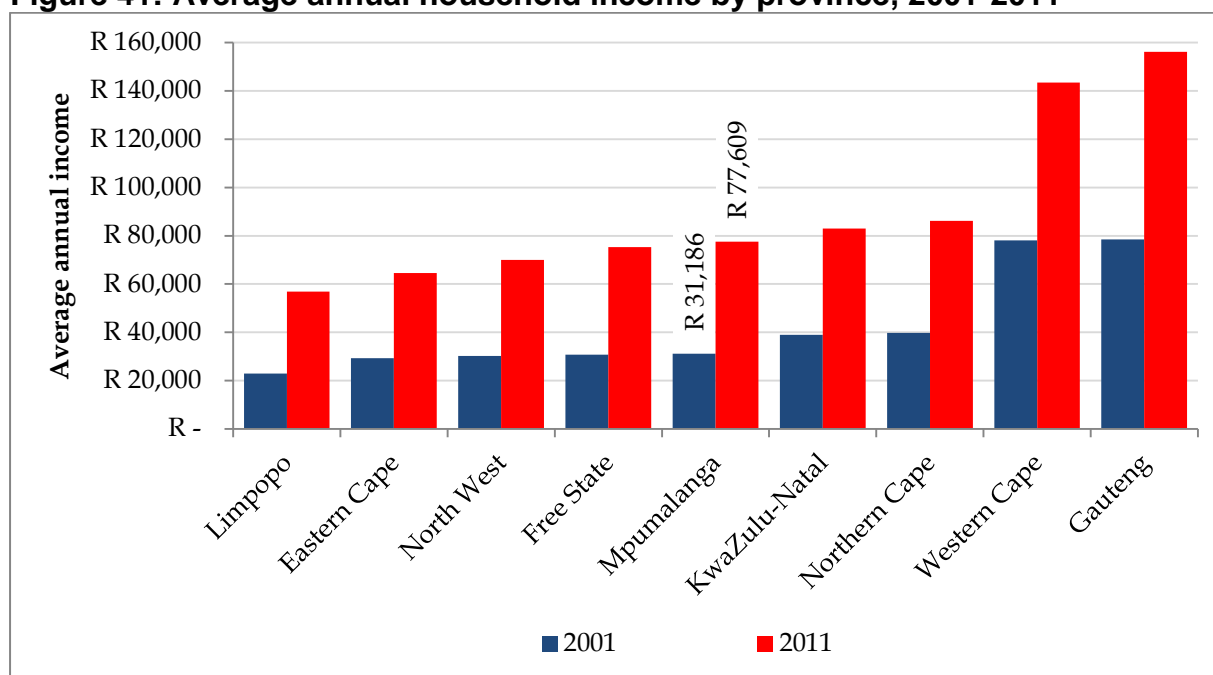
## 7.6 Income and expenditure aspects

### *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 41).

**Figure 41: 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 2013, respondents indicated what expenditure category best describes the monthly household expenditure in 2013. 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 (62.1 per cent) indicated expenditure of less than R2 500 per month. The major share of households in South Africa (53.8 per cent) indicated expenditure of less than R2 500 per month. Some 12.1 per cent of households in South Africa indicated expenditure of more than R10 000 per month compared with 7.4 per cent of households in Mpumalanga.

### Household income sources

The majority of households in South Africa are dependent on incomes from salaries. Nationally, 64.7 per cent of households received an income from salaries in 2013. In Mpumalanga 61.9 per cent of households received an income from salaries. In 2013, 45.7 per cent and 52.6 per cent of respective households in South Africa and Mpumalanga obtained income from grants. Some 60.8 per cent of households in Limpopo received income from grants, whilst only 30.0 per cent of households in Gauteng received income from grants. Comparative figures of household income sources are presented in Figure 42.

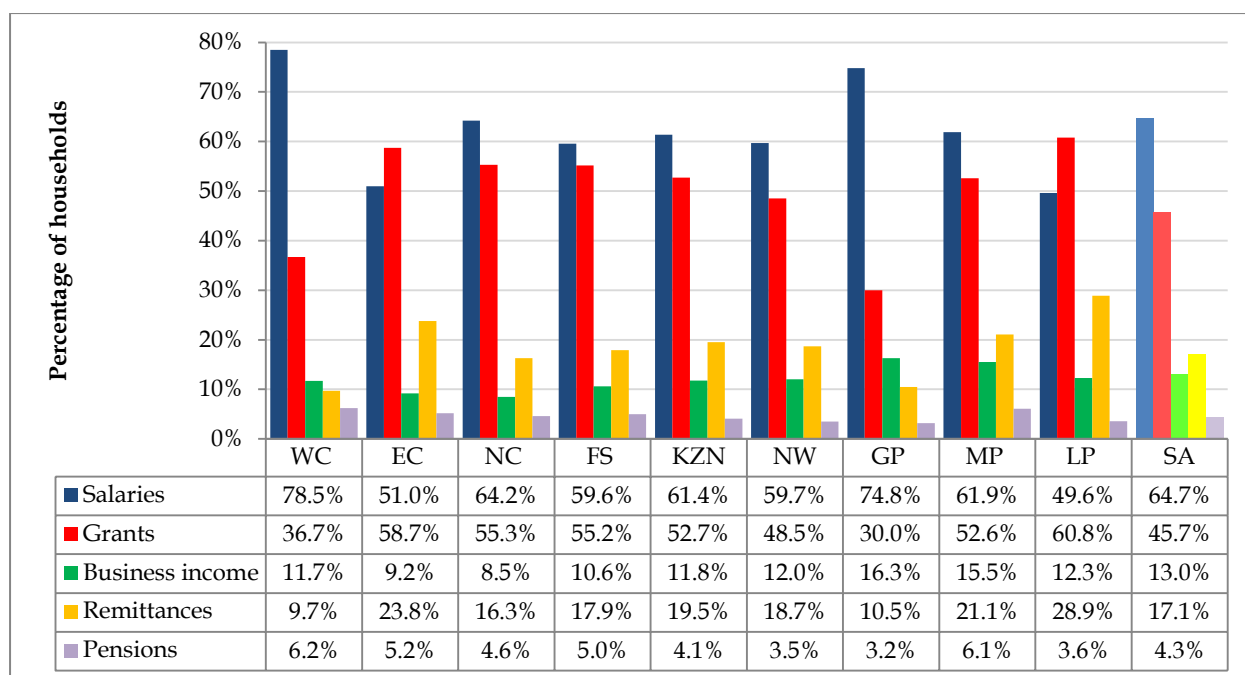
**Table 22: Household expenditure in South Africa & Mpumalanga, 2013**

Expenditure category	Mpumalanga		South Africa	
	% of total	Cumulative %	% of total	Cumulative %
<b>R0</b>	0.1%	0.1%	0.5%	0.5%
<b>R1-R199</b>	0.6%	0.7%	0.6%	1.1%
<b>R200-R399</b>	2.3%	3.0%	2.4%	3.5%
<b>R400-R799</b>	8.6%	11.6%	9.0%	12.5%
<b>R800-R1 199</b>	16.8%	28.5%	13.0%	25.4%
<b>R1 200-R1 799</b>	20.0%	48.5%	15.9%	41.3%
<b>R1 800-R2 499</b>	13.6%	62.1%	12.5%	53.8%
<b>R2 500-R4 999</b>	16.6%	78.6%	16.3%	70.1%
<b>R5 000-R9 999</b>	10.2%	88.8%	12.1%	82.2%
<b>R10 000 or more</b>	7.4%	96.2%	12.1%	94.3%
<b>Do not know</b>	0.4%	96.6%	2.1%	96.5%
<b>Refused</b>	0.2%	96.8%	0.6%	97.1%
<b>Unspecified</b>	3.2%	100.0%	2.9%	100.0%
<b>Total</b>	<b>100.0%</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>

**Source: Statistics South Africa – GHS 2013**

**Figure 42: Comparative sources of income<sup>12</sup> in South Africa and provinces, 2013**

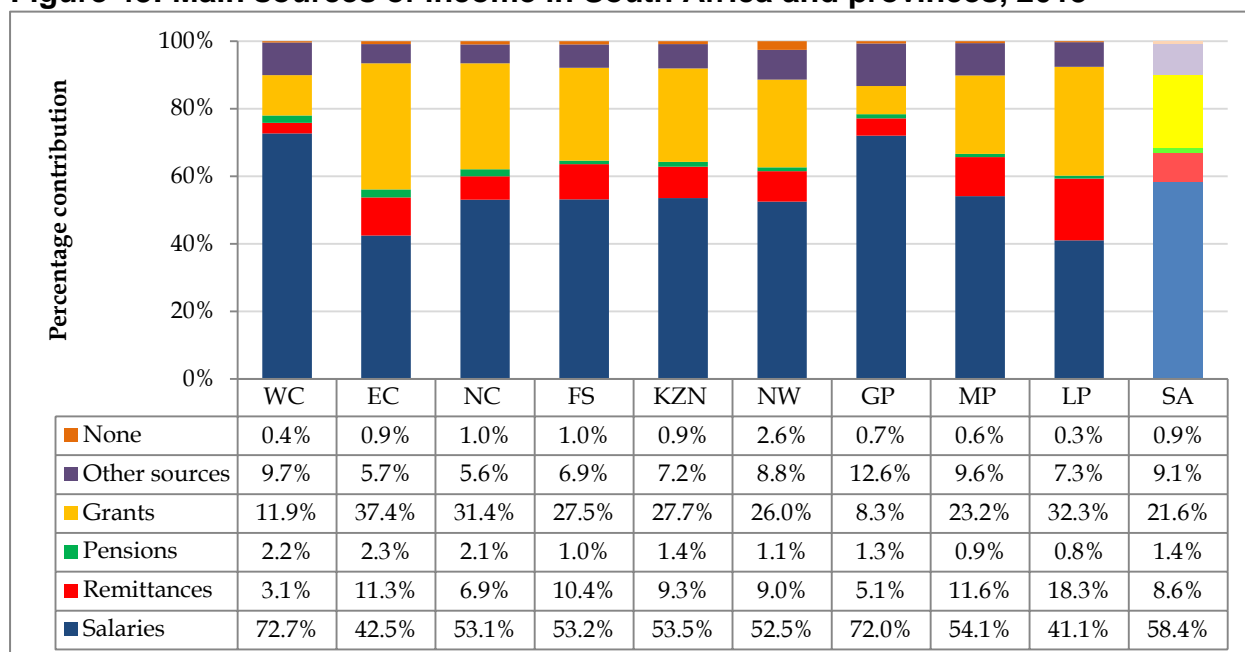
<sup>12</sup> Households can have more than one source of income; therefore, shares do not add up to 100 per cent.



**Source: Statistics South Africa – GHS 2013**

As part of GHS 2013, households were asked to indicate their main source of income. As a result salaries was indicated to be the main source for 58.4 per cent of households nationally, whereas grants were the main source for 21.6 per cent of households (Figure 43). In Mpumalanga, salaries were also the main source for the majority (54.1 per cent) of households with grants the main source for 23.2 per cent of households in the province.

**Figure 43: Main sources of income in South Africa and provinces, 2013**



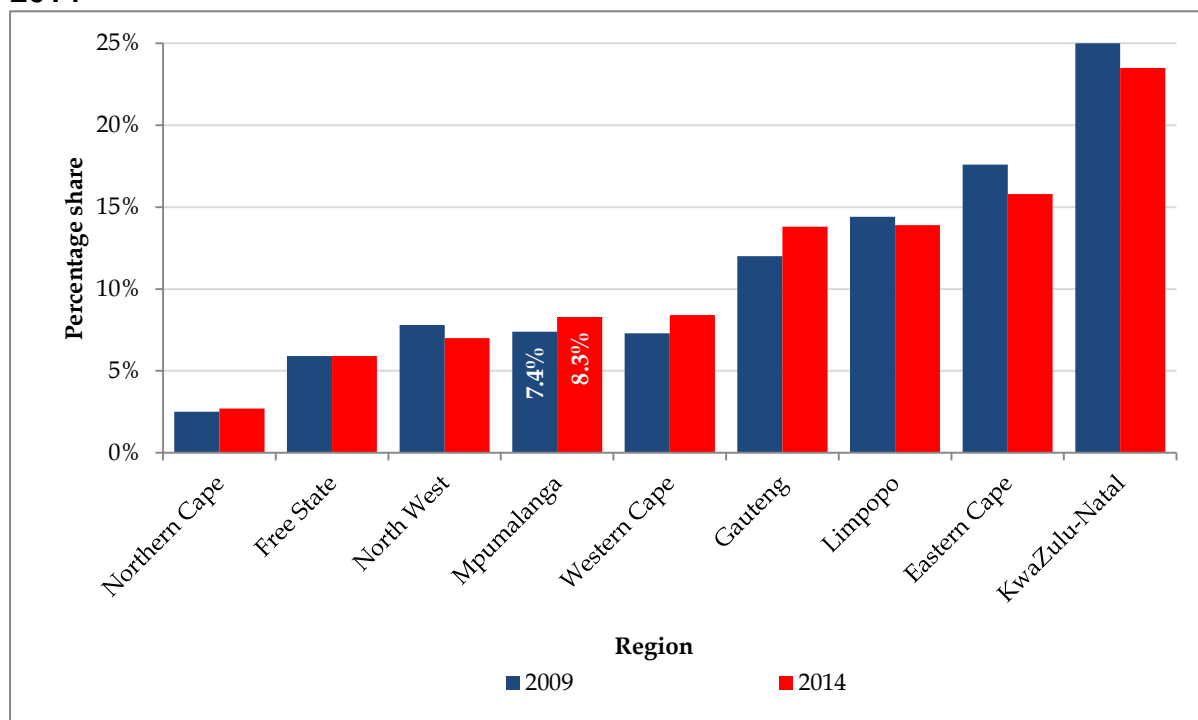
**Source: Statistics South Africa – GHS 2013**

### *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 R704.4 million in March 2014. Between March 2009 and March 2014, 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 15.8 million by March 2014. 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 2014, the number of recipients in Mpumalanga increased to 1.3 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 44). KwaZulu-Natal (3.7 million) registered the highest number of grant recipients by March 2014 and Northern Cape (420 060) the lowest.

**Figure 44: Provincial shares of national social assistance grant number, 2009-2014**



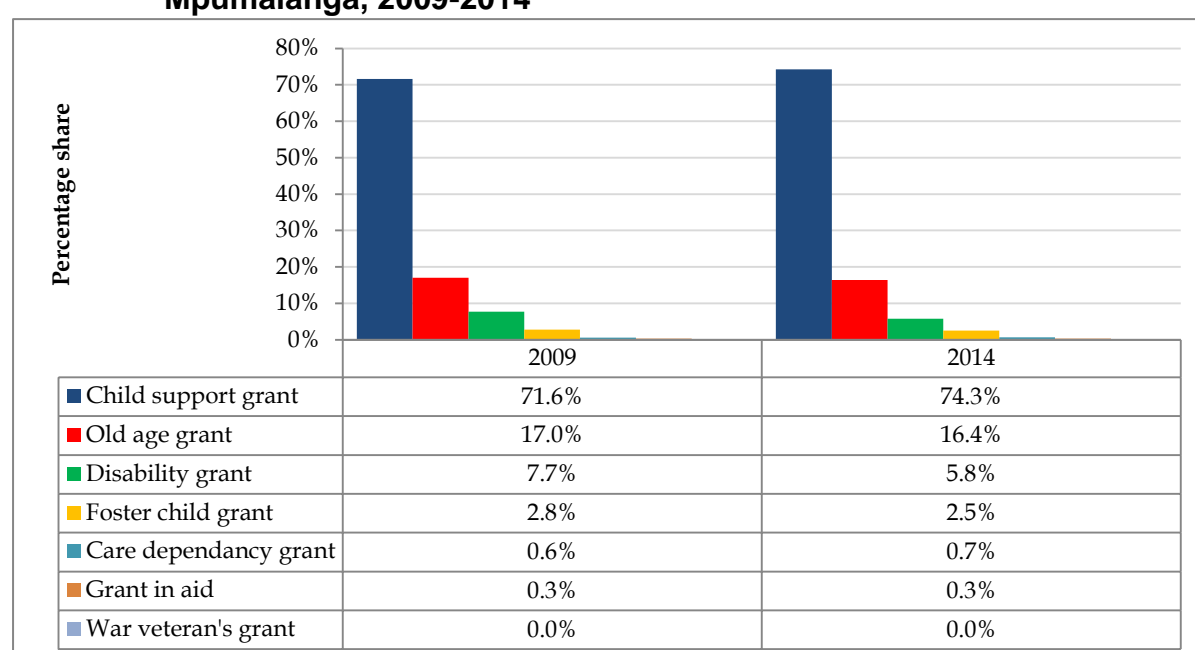


**Source: SASSA - SOCPEN system, 2014**

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 45, that 74.9 per cent of Mpumalanga's total social assistance grants in March 2014 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 984 641 in 2014. Although the number of old age grant beneficiaries increased from 174 343 in 2009 to 217 045 in 2014, the share of the total number of grant beneficiaries decreased from 17.0 per cent in 2009 to 16.4 per cent in 2014. Disability grant recipients decreased in number from 79 244 in 2009 to 77 258 in 2014 and recorded a smaller share in 2014 (5.8 per cent) of the total number of assistance grant beneficiaries than in 2009 (7.7 per cent).

**Figure 45: Distribution of various types of social assistance grants in Mpumalanga, 2009-2014**



**Source: SASSA - SOCPEN system, 2014**

## **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<sup>13</sup> 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.

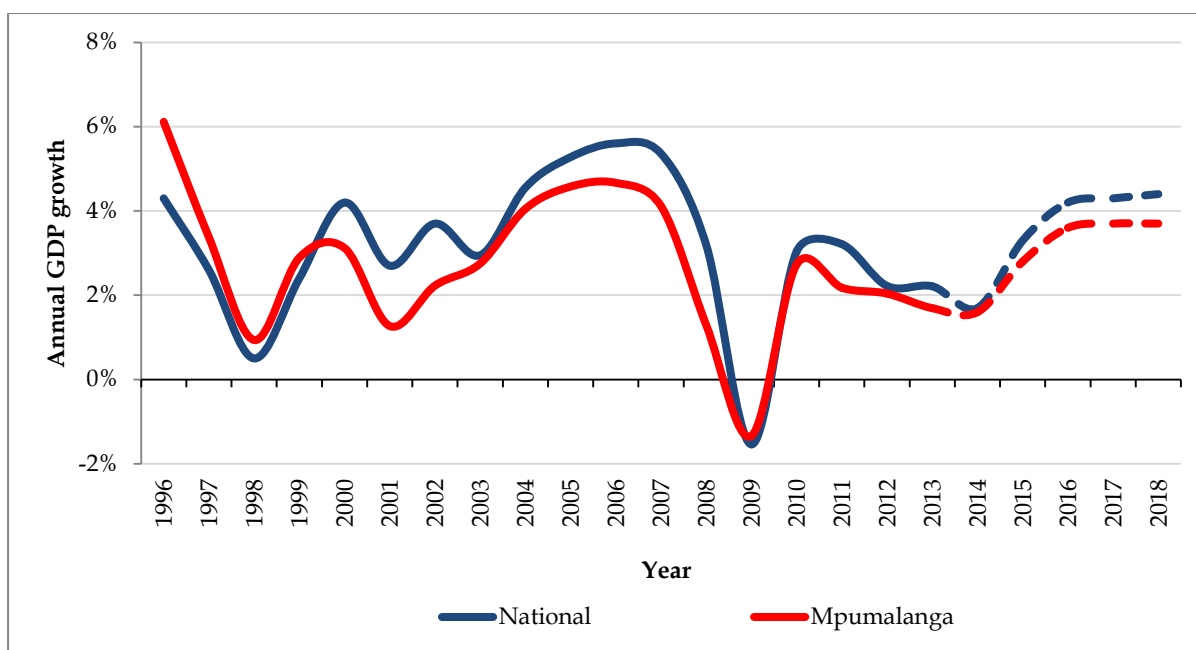
At the start of the period under review, the economic growth of the province, as measured by real GDP growth, was higher than the national rate. However, the provincial economy has not outperformed the national economy in terms of GDP growth since 1999 (Figure 46).

The average annual growth rate for the country and Mpumalanga over the period 1995 to 2013 was 3.1 per cent and 2.7 per cent, respectively. Mpumalanga, jointly with Eastern Cape, recorded the fourth lowest annual average GDP growth rate in the 18-year period. Mpumalanga's GDP growth only exceeded the national average in the period 1995 to 1999, when the province also achieved the second highest growth among the nine provinces. The annual average growth rates for South Africa and Mpumalanga, from 2013 to 2018 is forecasted at 3.4 per cent and 3.0 per cent, respectively (Table 23). In such an event, Mpumalanga's growth will be the fourth lowest among the nine provinces. The NDP targets average national GDP growth above 5 per cent up to 2030.

**Figure 46: GDP (constant 2010 prices) growth rates for South Africa and Mpumalanga, 1996-2018**

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<sup>13</sup> Statistics South Africa changed the base year for the national and provincial estimates at constant prices from 2005 to 2010 with the 3<sup>rd</sup> Quarter 2014 GDP release. Data from secondary sources such as IHS Global Insight and Quantec are, however, still expressed in constant 2005 prices.



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

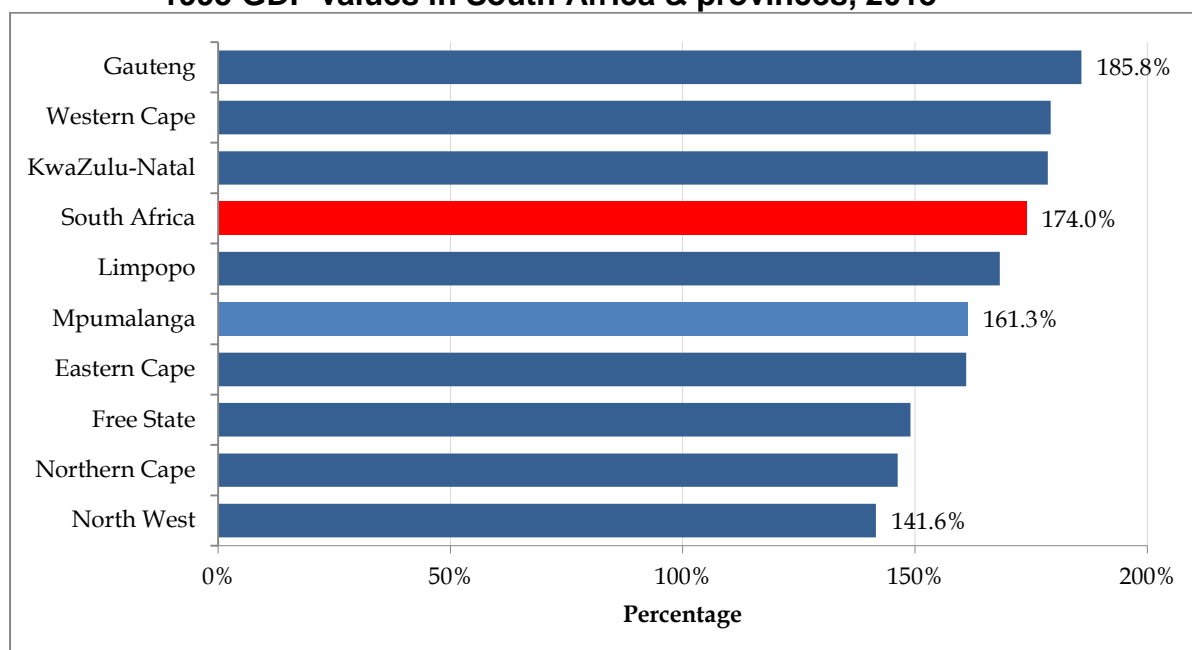
**Table 23: Historic and forecasted GDP growth rates for South Africa & provinces, 1995-2018**

Province	1995-2013	1995-1999	1999-2004	2004-2009	2009-2013	2013-2018
Western Cape	3.3%	2.0%	3.5%	4.1%	2.8%	3.6%
Eastern Cape	2.7%	1.4%	3.0%	3.5%	2.3%	3.5%
Northern Cape	2.1%	2.3%	1.5%	1.9%	2.4%	3.2%
Free State	2.2%	1.4%	2.2%	2.6%	2.3%	2.8%
KwaZulu-Natal	3.3%	1.8%	3.8%	3.9%	2.9%	3.5%
North West	2.0%	1.4%	2.2%	2.3%	1.4%	2.7%
Gauteng	3.5%	1.8%	4.2%	4.1%	3.1%	3.5%
Mpumalanga	2.7%	2.6%	2.7%	2.6%	2.2%	3.0%
Limpopo	2.9%	2.9%	3.3%	2.6%	2.1%	2.9%
South Africa	3.1%	1.9%	3.6%	3.5%	2.7%	3.4%

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

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 47 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.

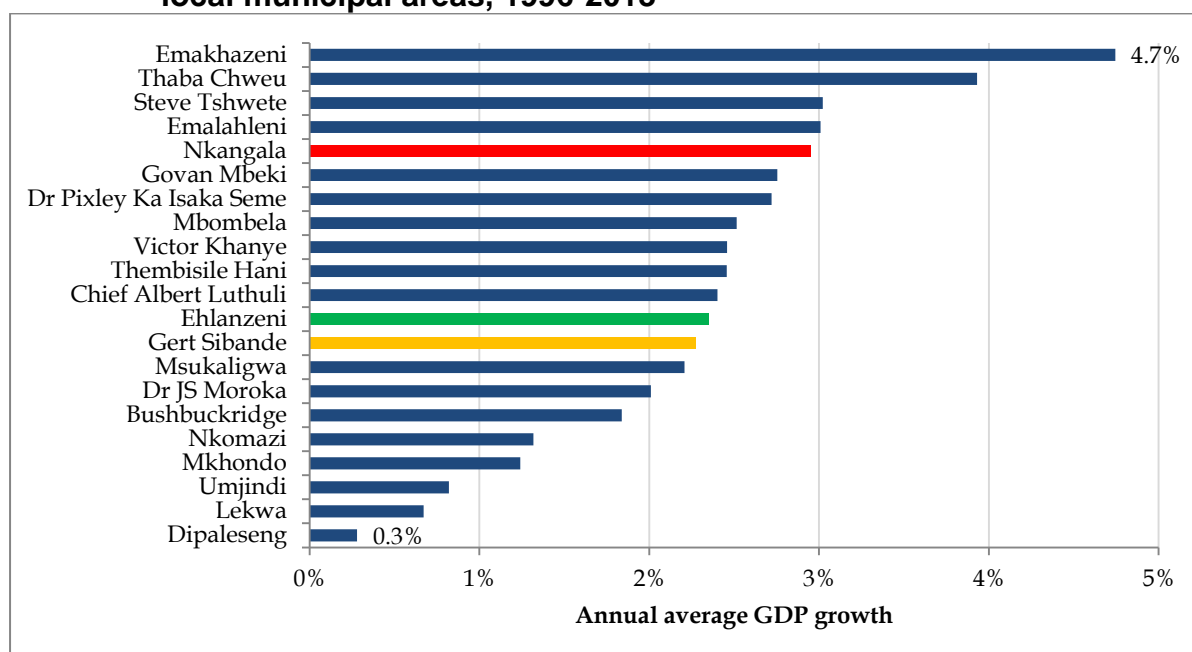
**Figure 47: 2013 GDP (constant prices 2010) expressed as a percentage of 1995 GDP values in South Africa & provinces, 2013**



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

Nkangala (2.9 per cent) registered the highest annual average GDP growth among the districts between 1996 and 2013, whereas Gert Sibande (2.3 per cent) recorded the lowest growth. Umjindi (0.8 per cent), Lekwa (0.7 per cent) and Dipaleseng (0.3 per cent) recorded annual average GDP growth of less than 1 per cent over the 18-year period (Figure 48).

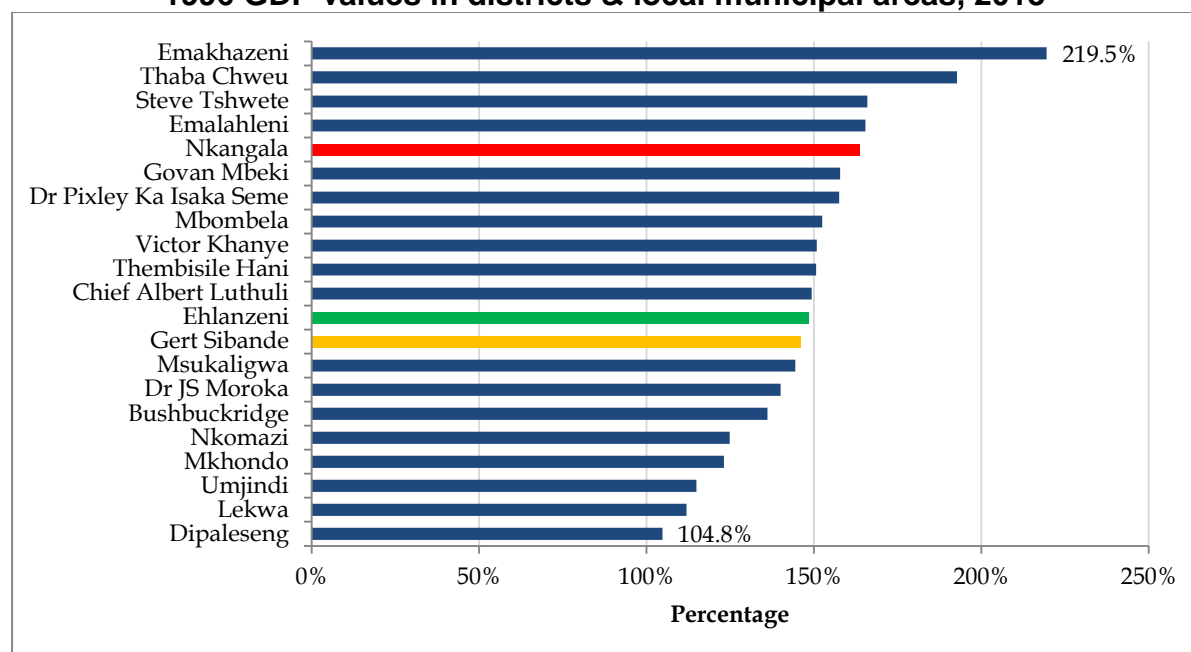
**Figure 48: Historic GDP (constant prices 2005) growth rates for districts & local municipal areas, 1996-2013**



**Source: IHS Global Insight - ReX, November 2014**

It is evident from Figure 49 that among the districts and local municipal areas in Mpumalanga, only the economy of Emakhazeni doubled in size between 1996 and 2013. The economies of two districts and nine local municipal areas did not even increase by 50 per cent of the size it were in 1996. Between 1996 and 2013, the economy of Dipaleseng stagnated and was hardly any larger in 2013 than it was in 1996.

**Figure 49: 2013 GDP (constant prices 2005) expressed as a percentage of 1996 GDP values in districts & local municipal areas, 2013**



**Source: IHS Global Insight - ReX, November 2014**

### *GDP per capita*

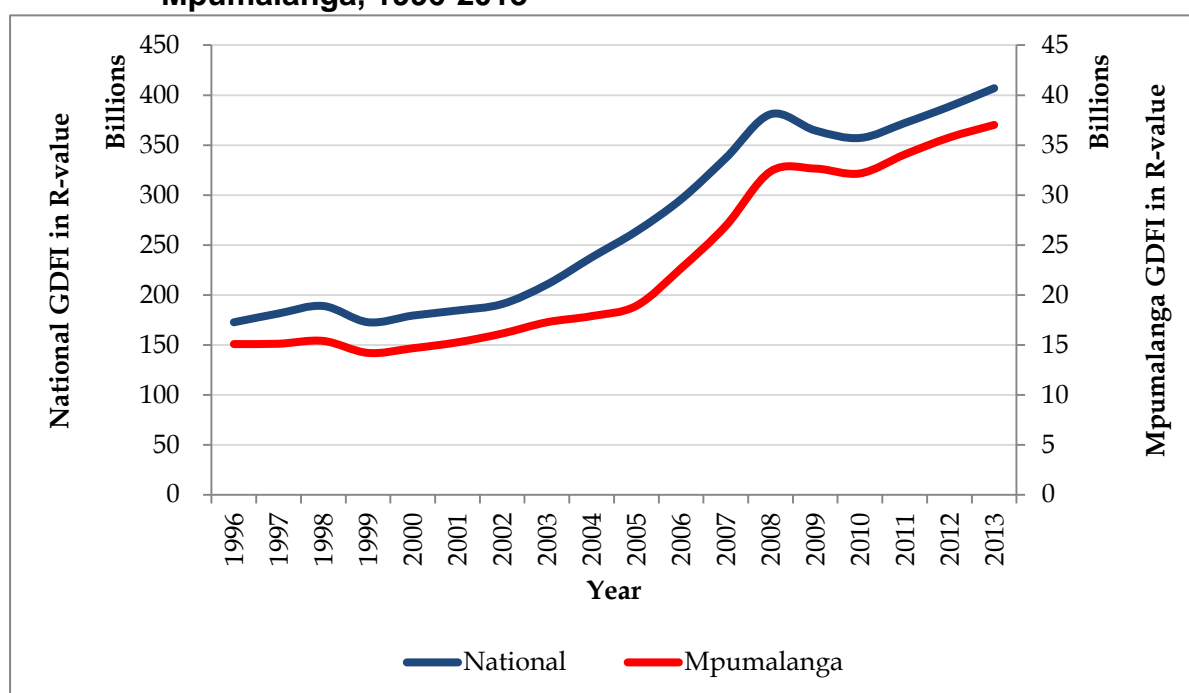
GDP per capita is often considered an indicator of a region's standard of living on the rationale that all citizens would benefit from the region's increased economic production. GDP per capita expressed in constant prices must increase from approximately R51 000 in 2010 to R110 000 by 2030. In 2013, 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 50). 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 50: Comparison of GDFI (constant 2005 prices) in South Africa and Mpumalanga, 1996-2013**



**Source: Quantec, 2014**

According to the NDP, public infrastructure investment must be equal to 10 per cent of GDP by 2030. In 2013/14, expenditure by the Mpumalanga Provincial Government (MPG) on infrastructure was equal to approximately 1.5 per cent of provincial GDP, however, it was higher than the share of 1.2 per cent in 2010/11. In order to reach the stated Vision 2030 goal of 10 per cent of GDP by 2030 in Mpumalanga, MPG expenditure on infrastructure in Mpumalanga has to increase by 15.0 per cent per annum up to 2030.

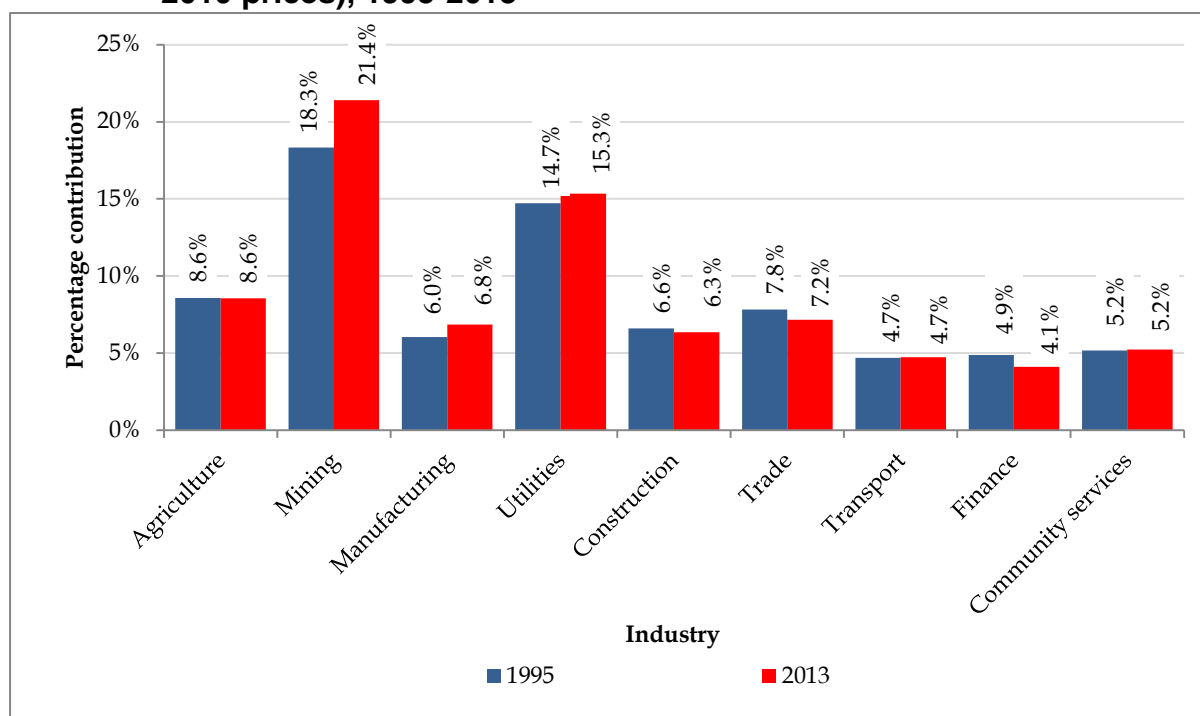
## 8.2 Regional contribution

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 51 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 51: Mpumalanga's contribution to South Africa's industries (constant 2010 prices), 1995-2013**



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

Table 24 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 38.3 per cent in 1996 and 40.8 per cent in 2013. In 2013, the contribution by Gert Sibande was 29.6 per cent and that of Ehlanzeni 29.5 per cent. Nkangala made considerable contributions to the province's utilities (71.8 per cent), mining (67.6 per cent) and transport industries (39.5 per cent) in 2013. In 2013, Gert Sibande was the main contributor to Mpumalanga's manufacturing (53.9 per cent) and agriculture industries (41.6 per cent), whilst Ehlanzeni played a major role in the province's trade (43.9 per cent), community services (44.5 per cent), finance (42.4 per cent) and construction industries (41.0 per cent).

Figure 52 depicts the percentage contribution by the eighteen local municipal areas to the provincial GVA in 2013. In 2013, Emalahleni (18.8 per cent), Mbombela (17.9 per cent), Govan Mbeki (17.8 per cent) and Steve Tshwete (14.6 per cent) contributed 69.1 per cent to the Mpumalanga economy. Dipaleseng (0.6 per cent)



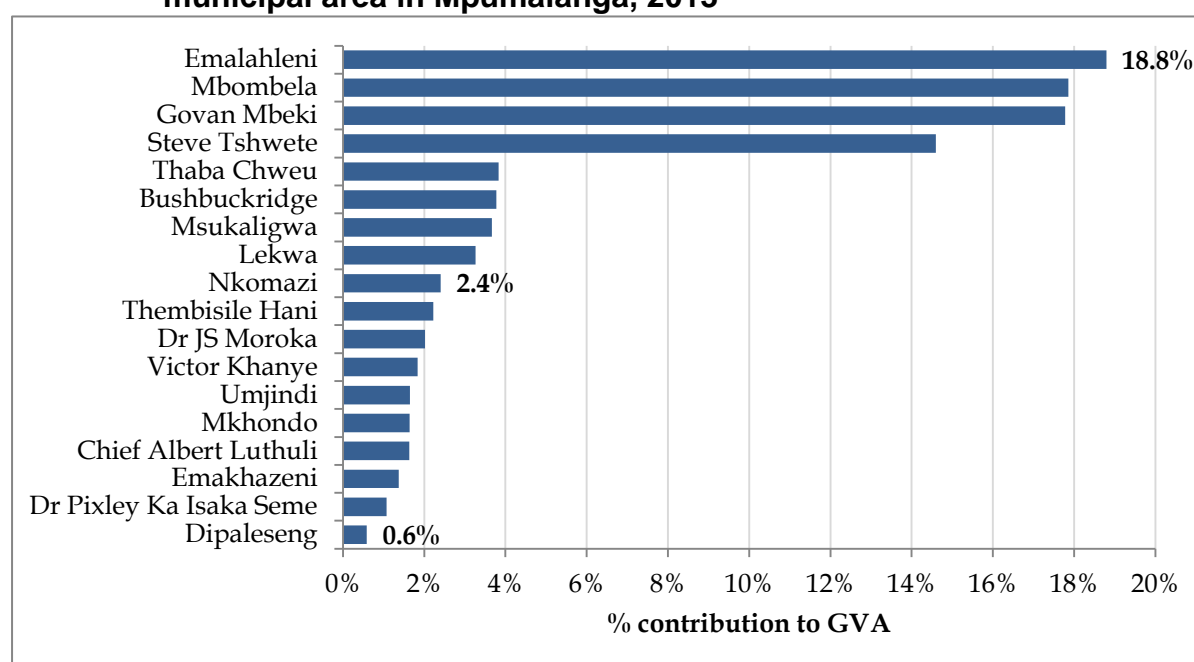
and Dr Pixley Ka Isaka Seme (1.1 per cent) made the smallest contributions to the provincial economy.

**Table 24: Regional contribution to Mpumalanga's industries (GVA at constant 2005 prices), 1996-2013**

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2013	1996	2013	1996	2013
<b>Agriculture<sup>14</sup></b>	41.9%	41.6%	24.0%	22.8%	34.1%	35.6%
<b>Mining<sup>15</sup></b>	37.1%	23.6%	50.0%	67.6%	12.8%	8.8%
<b>Manufacturing<sup>16</sup></b>	43.3%	53.9%	31.8%	27.4%	24.8%	18.8%
<b>Utilities<sup>17</sup></b>	26.3%	25.1%	69.9%	71.8%	3.8%	3.1%
<b>Construction<sup>18</sup></b>	24.9%	24.6%	30.5%	34.4%	44.6%	41.0%
<b>Trade<sup>19</sup></b>	26.6%	24.4%	27.5%	31.7%	45.9%	43.9%
<b>Transport<sup>20</sup></b>	27.4%	23.0%	33.7%	39.5%	38.8%	37.5%
<b>Finance<sup>21</sup></b>	21.6%	20.7%	36.3%	36.9%	42.1%	42.4%
<b>Community services<sup>22</sup></b>	22.7%	22.8%	32.5%	32.8%	44.8%	44.5%
<b>Total</b>	<b>31.6%</b>	<b>29.6%</b>	<b>38.3%</b>	<b>40.8%</b>	<b>30.2%</b>	<b>29.5%</b>

*Source: IHS Global Insight – ReX, November 2014*

**Figure 52: Contribution to provincial GVA (constant 2005 prices) by local municipal area in Mpumalanga, 2013**



*Source: IHS Global Insight – ReX, November 2014*

<sup>14</sup> ISIC detailed description = Agriculture, forestry and fishing

<sup>15</sup> ISIC detailed description = Mining and quarrying

<sup>16</sup> ISIC detailed description = Manufacturing

<sup>17</sup> ISIC detailed description = Electricity, gas and water

<sup>18</sup> ISIC detailed description = Construction

<sup>19</sup> ISIC detailed description = Wholesale and retail trade, catering and accommodation

<sup>20</sup> ISIC detailed description = Transportation, storage and communication

<sup>21</sup> ISIC detailed description = Finance, insurance, real estate and business services

<sup>22</sup> ISIC detailed description = Community, health and personal services

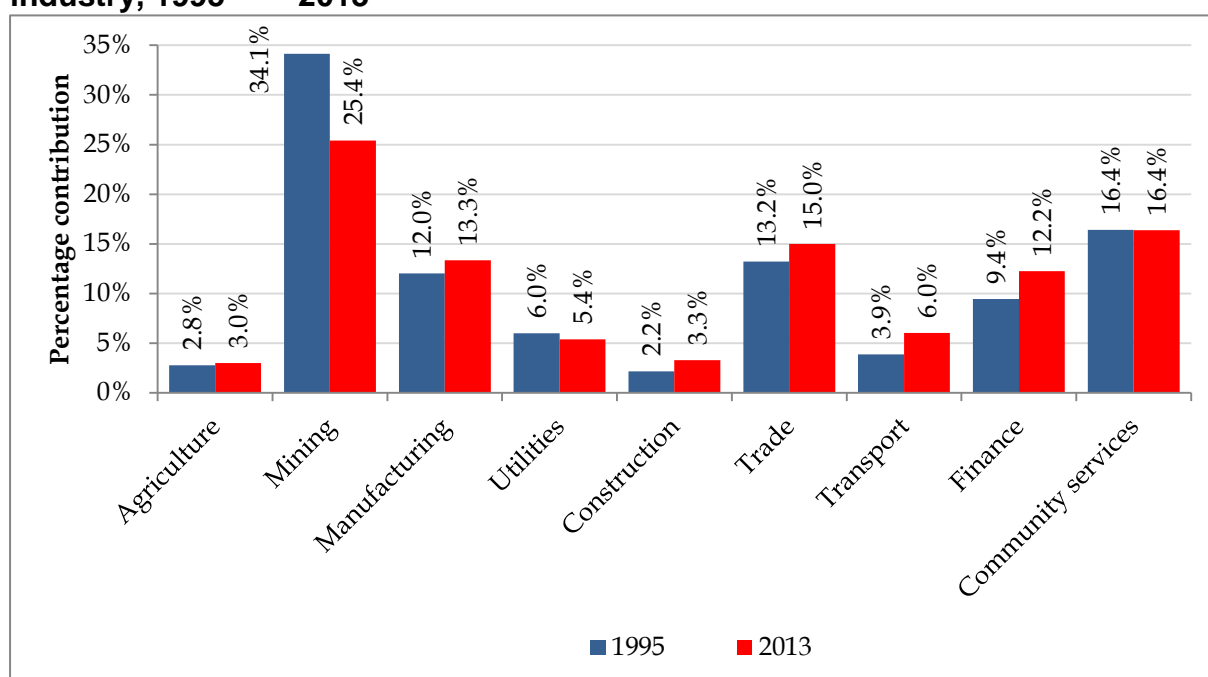
### 8.3 Sectoral contribution and performance

#### *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 53 displays the share of each economic industry in the provincial economy in 1995 and 2013.

**Figure 53: Contribution to Mpumalanga GDP (constant 2010 prices) by industry, 1995- 2013**

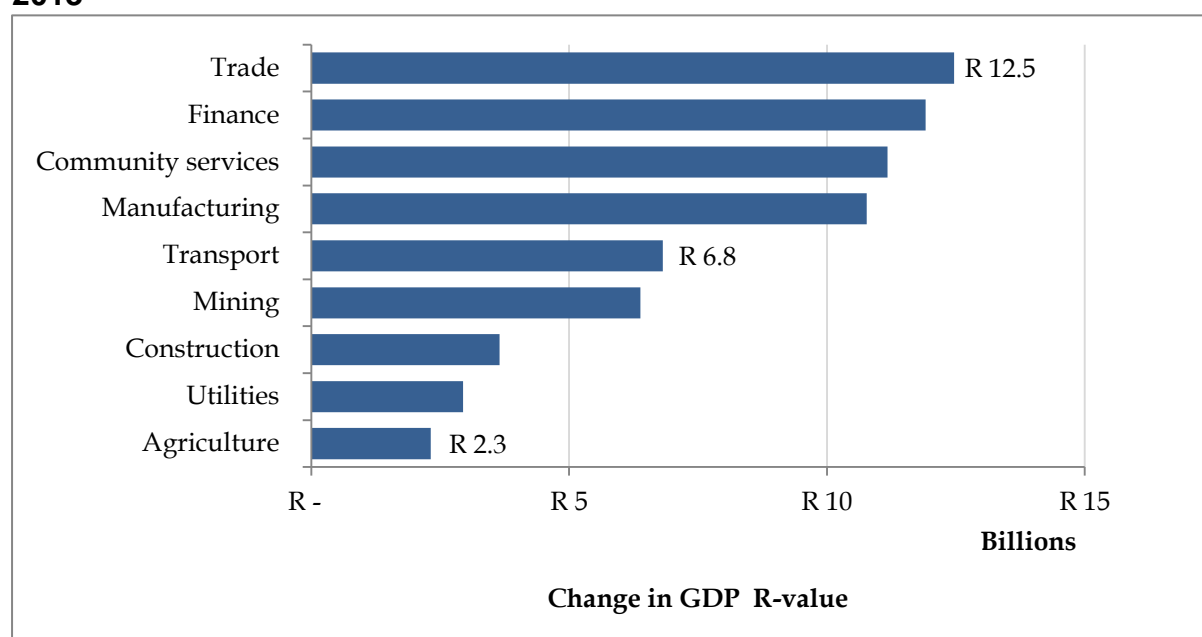


**Source: Statistics South Africa – GDP Q3, 2014**

Figure 54 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.



**Figure 54: Absolute change in GDP rand value (constant 2010 prices), 1995-2013**



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

Table 25 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 35.2 per cent share. Mining activities dominated the Nkangala economy as it added 31.1 per cent to the district's economy in 2013. The largest contributing industry in Ehlanzeni in 2013 was community services with a share of 25.1 per cent.

**Table 25: Contribution to individual districts' GVA (constant 2005 prices) by industry, 1996-2013**

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	1996	2013	1996	2013	1996	2013
<b>Agriculture</b>	5.5%	4.7%	2.6%	1.8%	4.7%	4.0%
<b>Mining</b>	27.9%	15.0%	31.0%	31.1%	10.1%	5.6%
<b>Primary industries</b>	33.4%	19.6%	33.6%	32.9%	14.8%	9.6%
<b>Manufacturing</b>	25.0%	35.2%	15.2%	13.0%	15.0%	12.3%
<b>Utilities</b>	4.9%	3.9%	10.7%	8.0%	0.7%	0.5%
<b>Construction</b>	1.6%	2.1%	1.6%	2.1%	3.0%	3.5%
<b>Secondary industries</b>	31.5%	41.1%	27.5%	23.1%	18.7%	16.3%
<b>Trade</b>	9.1%	9.5%	7.8%	9.0%	16.4%	17.2%
<b>Transport</b>	5.7%	7.2%	5.8%	9.0%	8.4%	11.9%
<b>Finance</b>	7.6%	9.7%	10.5%	12.6%	15.4%	20.0%
<b>Community services</b>	12.7%	12.8%	15.0%	13.4%	26.2%	25.1%
<b>Tertiary</b>	35.1%	39.2%	39.0%	44.0%	66.5%	74.1%

<i>industries</i>						
<b>Total industries</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Source: IHS Global Insight – ReX, November 2014**

### *Performance*

The historic and forecasted GVA growth for the economic industries of Mpumalanga is presented in Table 26. Between 1995 and 2013, the fastest growing industries in terms of GVA growth were estimated to be transport (5.0 per cent) and construction (4.8 per cent). Over the period 2013-2018, it is expected that utilities (4.6 per cent) and transport (4.4 per cent) will record the highest average annual GVA growth per annum.

**Table 26: Historic and forecasted GVA (constant 2005 prices) growth rates for Mpumalanga's economic industries, 1995-2018**

<b>Industry</b>	<b>1995-2013</b>	<b>1995-1999</b>	<b>1999-2004</b>	<b>2004-2009</b>	<b>2009-2013</b>	<b>2013-2018</b>
<b>Agriculture</b>	2.9%	8.1%	1.4%	1.6%	-0.7%	1.5%
<b>Mining</b>	0.8%	0.6%	1.4%	-1.2%	2.3%	0.1%
<b>Manufacturing</b>	3.0%	2.1%	4.2%	2.9%	2.1%	2.6%
<b>Utilities</b>	1.8%	1.4%	3.2%	1.6%	0.6%	4.6%
<b>Construction</b>	4.8%	1.3%	3.7%	11.7%	1.3%	3.2%
<b>Trade</b>	3.2%	2.8%	2.9%	3.8%	2.2%	3.1%
<b>Transport</b>	5.0%	6.2%	6.1%	4.2%	1.8%	4.4%
<b>Finance</b>	3.9%	4.3%	2.8%	5.4%	2.2%	4.3%
<b>Community services</b>	2.4%	1.3%	2.0%	3.4%	2.6%	2.9%

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

According to Table 27, finance (21.1 per cent) and community services (19.3 per cent) can be expected to be the main drivers of provincial GVA growth between 2013 and 2018. Trade (18.6 per cent), manufacturing (14.1 per cent) and transport (10.4 per cent) are expected to aid provincial growth to a lesser degree, whereas mining (0.9 per cent), agriculture (1.7 per cent) and construction (4.1 per cent) are expected to contribute the least to growth between 2013 and 2018.

**Table 27: Contribution to GVA growth (constant 2005 prices) in Mpumalanga by industry, 2013-2018**

<b>Industry</b>	<b>GDP at basic prices 2013</b>	<b>Estimated industry GVA growth 2013-2018</b>	<b>Estimated contribution to provincial GVA growth 2013-2018</b>
<b>Agriculture</b>	3.0%	1.5%	1.7%
<b>Mining</b>	25.4%	0.1%	0.9%

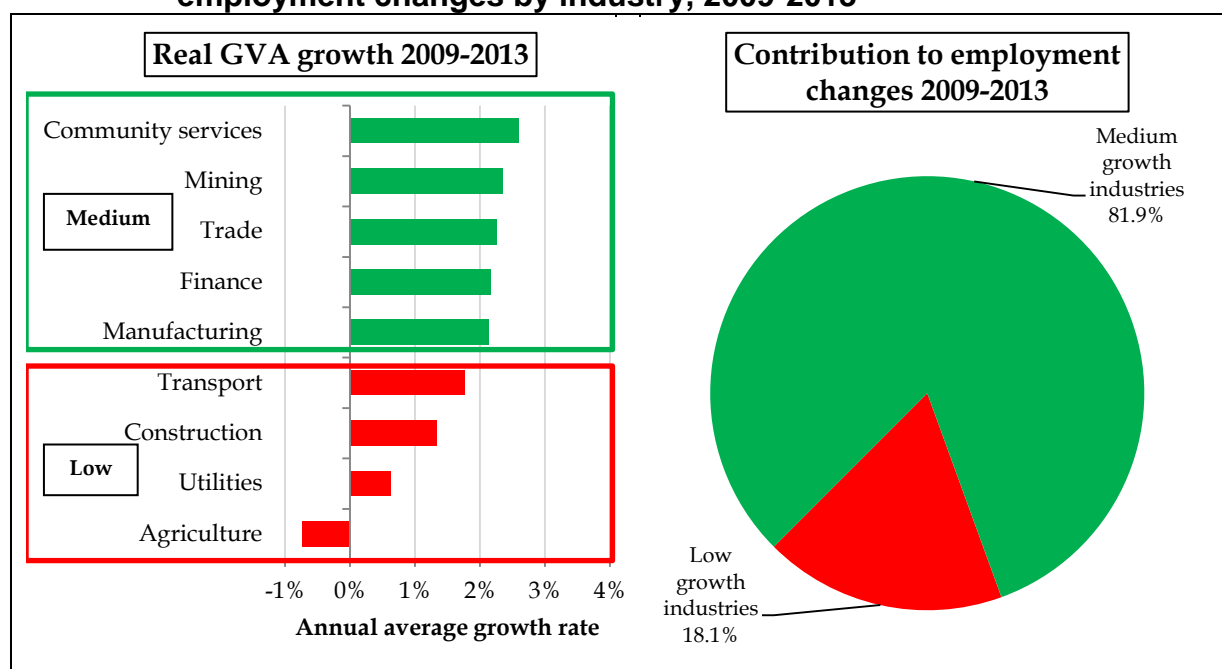
<b>Manufacturing</b>	13.3%	2.6%	14.1%
<b>Utilities</b>	5.4%	4.6%	9.8%
<b>Construction</b>	3.3%	3.2%	4.1%
<b>Trade</b>	15.0%	3.1%	18.6%
<b>Transport</b>	6.0%	4.4%	10.4%
<b>Finance</b>	12.2%	4.3%	21.1%
<b>Community services</b>	16.4%	2.9%	19.3%

**Sources: Statistics South Africa – GDP Q3, 2014  
IHS Global Insight – ReX, November 2014**

#### *Performance and employment*

Figure 55 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 55: 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, 2014**

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 38.4 compared to a national score of 41.6. Among the nine provinces, Mpumalanga ranked first in terms of the most diversified economy, followed by Free State (42.2) and KwaZulu-Natal (43.1)

#### **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 (1.21), mining (2.80), manufacturing (1.05), utilities (2.22) and construction (1.09) held a comparative advantage over the same industry in the national economy in 2013. Table 28 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 28 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 28 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 28).

**Table 28: Essential economic ratio's by industry in Mpumalanga, 2001-2013**

Industry	Comparative advantage 2013	Labour intensity 2013	Employment elasticity 2008-2013	Labour productivity 2013
<b>Agriculture</b>	1.21	2.44	-1.68	0.41
<b>Mining</b>	2.80	0.31	4.87	3.00
<b>Manufacturing</b>	1.05	0.68	-1.44	1.83
<b>Utilities</b>	2.22	0.27	21.64	1.87
<b>Construction</b>	1.09	2.99	1.15	0.35
<b>Trade</b>	0.76	1.37	0.50	0.59
<b>Transport</b>	0.58	0.85	1.41	1.24

<b>Finance</b>	0.61	0.90	4.31	0.96
<b>Community services</b>	0.76	1.24	2.21	0.75
<b>Total</b>	-	-	<b>1.75</b>	<b>1.00</b>

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

**IHS Global Insight - ReX, November 2014**

**Statistics South Africa – QLFS, 2014**

## 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>23</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 3.1 per cent to GDP in 2012. Some 617 300 persons were directly engaged in producing goods and services purchased by visitors, which accounted for 4.6 per cent of total employment in 2012.

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 grows. In terms of this indicator, tourism spend in 2001 was equal to 6.3 per cent and 5.9 per cent of South Africa and Mpumalanga's GDP, respectively. By 2013, tourism spend in South Africa declined to 6.1 per cent of GDP, whilst in Mpumalanga it increased to 7.3 per cent of the provincial GDP. Among the nine provinces, only Western Cape (9.0 per cent) registered a larger tourism spend to GDP share than Mpumalanga.

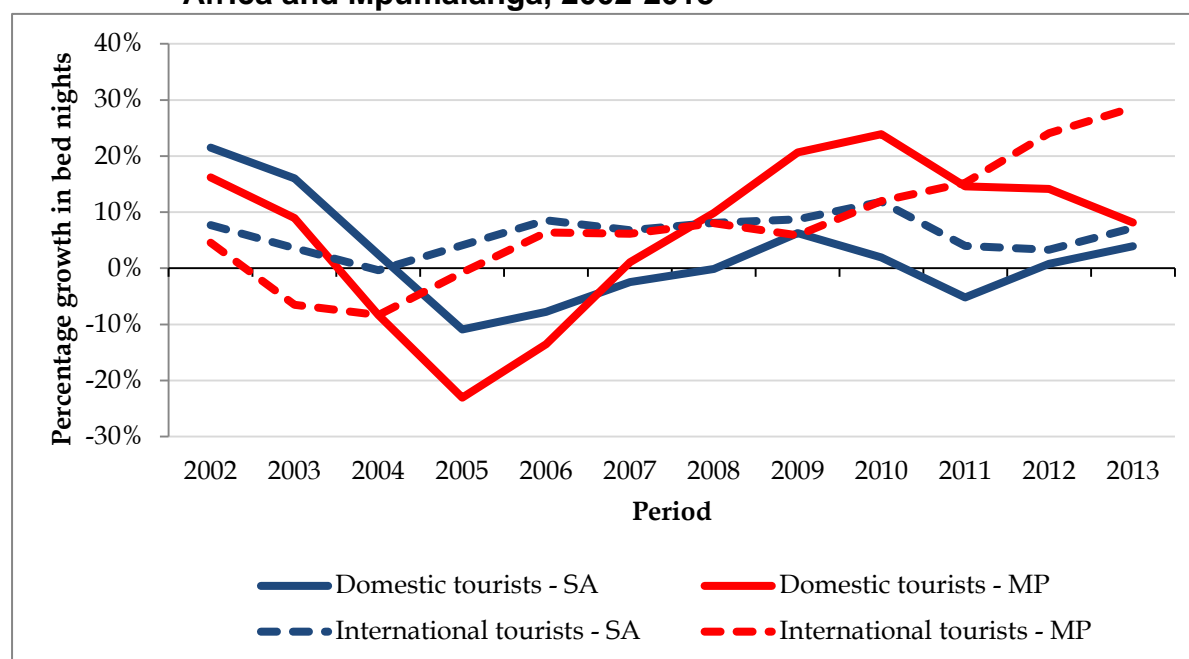
According to Tourism South Africa's *Annual Report 2013*, Mpumalanga was the fourth most visited province by foreign visitors in 2013, with a share of 12.5 per cent of total foreign arrivals visiting the province. This was down from 15.2 per cent of total foreign arrivals in 2012. Mpumalanga captured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

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<sup>23</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.

Figure 56 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 56: Comparison of growth in bed nights by origin of tourist in South Africa and Mpumalanga, 2002-2013**



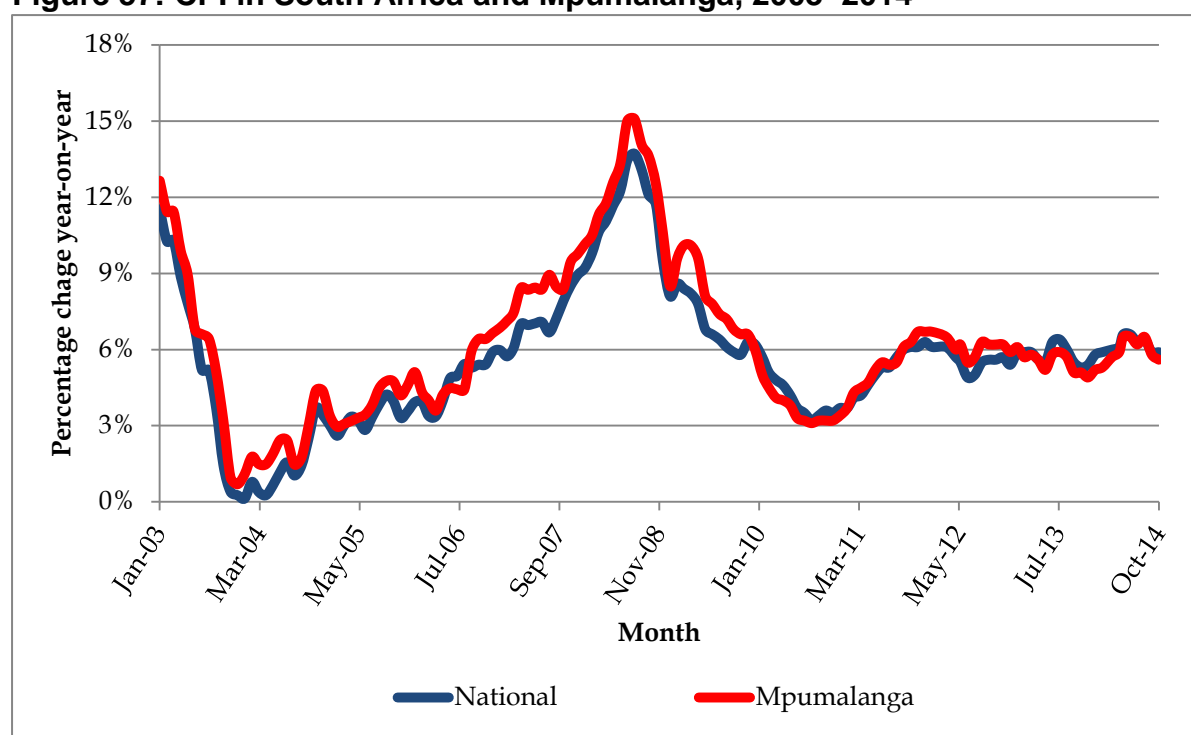
**Source: IHS Global Insight – ReX, November 2014**

## 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. Mpumalanga's average annual inflation rate for 2013 was 5.6 per cent, which was lower than the average for South Africa (5.7 per cent) as well as the joint fourth lowest overall. In October 2014, Mpumalanga recorded the second lowest inflation measurement of 5.6 per cent among the provinces. The comparative percentage change in the CPI for South Africa and Mpumalanga from January 2003 to October 2014 is displayed in Figure 57.

The average annual inflation rate in Witbank/Nelspruit<sup>24</sup> for 2013 was 4.8 per cent, which was the lowest of the thirteen urban areas. The inflation measurement for Witbank/Nelspruit was 5.6 per cent in October 2014, slightly higher than the September 2014 measurement of 5.5 per cent. It recorded the third lowest inflation measurement with Polokwane (5.3 per cent) registering the lowest rate. The Witbank/Nelspruit inflation rate was below the inflation target zone and lower than the respective rates for Mpumalanga and South Africa.

**Figure 57: CPI in South Africa and Mpumalanga, 2003–2014**



**Source: Statistics South Africa – CPI, 2014**

The main determinants of inflation in Mpumalanga based on their respective weightings, as provided in Table 28, 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 29, that the FNAB index was accountable for 26.2 per cent of the average price increase in Mpumalanga during October 2014, followed by the housing and utilities index with a 21.3 per cent contribution. The MGS indices and transport index were accountable for 15.4 per cent and 14.3 per cent of price

<sup>24</sup> Official description by Statistics South Africa for the combined urban areas of Emalahleni and Mbombela

increases, respectively. Within the FNAB index, price increases in bread and cereals as well as meat provided the most upward momentum. Public transport, owners' equivalent rent as well as insurance costs, respectively drove the transport, housing and utilities and MGS average price levels higher.

**Table 29: Mpumalanga's CPI group indices, weights, percentage change & contribution to inflation, October 2014**

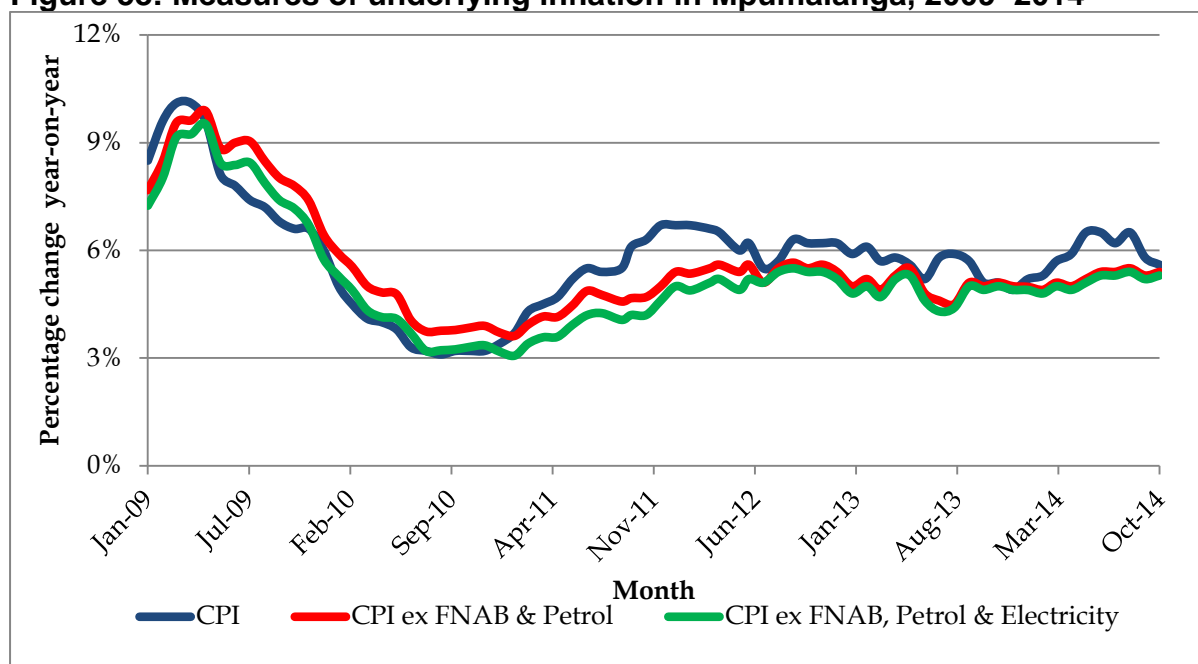
Index description	Weight	Percentage change		Estimated contribution to inflation
		Month-on-month	Year-on-year	
<b>Food &amp; non-alcoholic beverages</b>	20.72	+0.2	+7.1	26.2%
<b>Alcoholic beverages and tobacco</b>	4.81	+1.9	+6.3	5.4%
<b>Clothing and footwear</b>	5.36	+1.1	+9.6	9.2%
<b>Housing and utilities</b>	21.37	-0.1	+5.6	21.3%
<b>Household contents and services</b>	5.75	+0.2	+1.0	1.0%
<b>Health</b>	1.38	+0.4	+6.8	1.7%
<b>Transport</b>	14.88	+0.1	+5.4	14.3%
<b>Communication</b>	2.25	-0.1	-2.3	-0.9%
<b>Recreation and culture</b>	6.20	-0.1	+0.9	1.0%
<b>Education</b>	1.58	+0.0	+6.2	1.7%
<b>Restaurants and hotels</b>	2.56	+0.4	+8.3	3.8%
<b>Miscellaneous goods and services</b>	13.14	+0.4	+6.6	15.4%
<b>All items</b>	<b>100.0</b>	<b>+0.2</b>	<b>+5.6</b>	<b>100.0%</b>

**Source: Statistics South Africa – CPI Additional Tables, 2014**

When the impact of the more volatile food and petrol prices are excluded from the consumer price index as in Figure 58, the underlying annual inflation amounted to 5.4 per cent in October 2014. If electricity prices are also excluded from the calculation of headline CPI inflation, core inflation would have been at 5.3 per cent in October 2014.

The national inflation forecast of the SARB was revised slightly lower at the Monetary Policy Committee (MPC) meeting in November 2014. The forecast for 2014 was decreased to 6.1 per cent. The forecast for 2015 was also adjusted downward to 5.3 per cent, while the forecast for 2016 was also decreased to 5.5 per cent.

**Figure 58: Measures of underlying inflation in Mpumalanga, 2009–2014**



**Source: Statistics South Africa – CPI Additional Tables, 2014**

## 9. INTERNATIONAL TRADE

Mpumalanga's contribution to total national trade was 1.0 per cent in 2013, down from 1.2 per cent in 1996. The two leading provinces, in terms of total trade contribution in 2013, were Gauteng with a share of 62.2 per cent and Western Cape (15.3 per cent). Mpumalanga contributed 1.4 per cent and 0.6 per cent to national exports and national imports, respectively.

Mpumalanga recorded vigorous average annual growth in terms of exports (10.5 per cent) and imports (13.7 per cent) from 1996 to 2013. The province, however, did not grow exports and imports as fast as the respective national averages of 12.2 per cent and 13.3 per cent. Mpumalanga occupied the sixth position in terms of export growth and the fifth position in terms of import growth.

Mpumalanga registered a positive trade balance of R6.6 billion in 2013, 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 2013 with a deficit of R74 billion. Mpumalanga was the province with the fourth highest positive trade balance in 2013 after North West, Limpopo and Gauteng.

Among the three districts, Ehlanzeni (50.9 per cent) was the main contributor to provincial exports in 2013 followed by Nkangala and Gert Sibande with respective

contributions of 37.9 per cent and 11.2 per cent (Table 30). Exports from Gert Sibande (12.9 per cent) recorded the highest growth since 1996 and those from Nkangala the slowest (8.9 per cent). Gert Sibande attracted 37.7 per cent of Mpumalanga's imports in 2013, followed by Ehlanzeni and Nkangala. Imports flowing to Ehlanzeni recorded the highest growth rate (20.3 per cent) over the 17-year period and those to Gert Sibande the lowest (10.5 per cent).

Among the three districts, Ehlanzeni recorded the largest positive trade balance of R4.5 billion in 2013, followed by Nkangala (R3.0 billion). Gert Sibande recorded a negative trade balance in 2013 of R907 million and is the only district in Mpumalanga that, from time to time, recorded negative trade balances.

**Table 30: Mpumalanga districts' contribution to provincial exports and imports, 2013**

District	Exports		Imports	
	Share of Mpumalanga 2013	Growth per annum 96-13	Share of Mpumalanga 2013	Growth per annum 96-13
<b>Gert Sibande</b>	11.2%	12.9%	37.7%	10.5%
<b>Nkangala</b>	37.9%	8.9%	29.5%	14.4%
<b>Ehlanzeni</b>	50.9%	11.6%	32.7%	20.3%

**Source: IHS Global Insight – ReX, November 2014**

## 10. 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 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 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 (2014)	7.8%	+	N/A	6
Unemployment rate (Q3 2014)	29.3%	+	-	6
No schooling (2013)	10.8%	+	-	9
Education higher than matric (2013)	10.1%	+	-	4
Functional literacy rate (2013)	88.0%	+	-	8
HIV+ rate (15-49) (2012)	35.6%	+	-	8
HDI (2013)	0.60	+	-	6
Income share of bottom 40% (2013)	7.6%	+	+	6
Share of population below LBPL (2013)	36.5%	+	-	6



Average annual household income (2011)	R77 609	+	-	5
GDP growth 1995-2013	2.7%	N/A	-	6
GDP growth forecast 2013-18	3.0%	+	-	6
% contribution to national GDP (2013)	7.3%	-	N/A	5

**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 (2013)	0.60	0.61	0.58
Income share of bottom 40% (2013)	7.5%	7.5%	8.2%
Share of population below LBPL (2013)	35.5%	30.8%	41.7%
GDP growth 1996-2013	2.3%	2.9%	2.4%
GDP growth forecast 2013-2018	2.8%	3.1%	3.3%
% 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 Vision 2030.

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

Indicator	Target	
	NDP	Vision 2030
Number of employed	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>25</sup>
Unemployment rate	The unemployment rate should be 6 per cent by 2030.	The unemployment rate should be 6 per cent by 2030.
Annual average GDP growth rate	Average annual GDP growth above 5 per cent.	Average annual GDP growth above 5 per cent.
GDP per capita	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.
Poverty rate	The poverty rate should be	The poverty rate should be

<sup>25</sup> Number of additional jobs and employment numbers differ from latest 2014 calculations expressed in Figure 7, as these numbers in Table 30 were derived when Vision 2030 was crafted in 2013.

	reduced to 0 per cent by 2030.	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.

**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)**