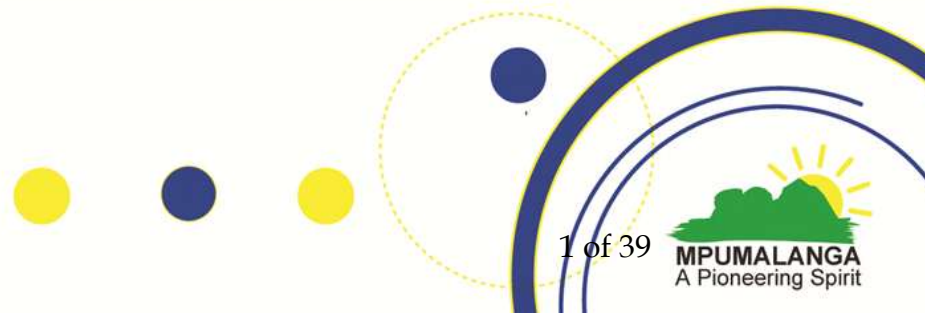


SOCIO-ECONOMIC CHALLENGES OF MPUMALANGA



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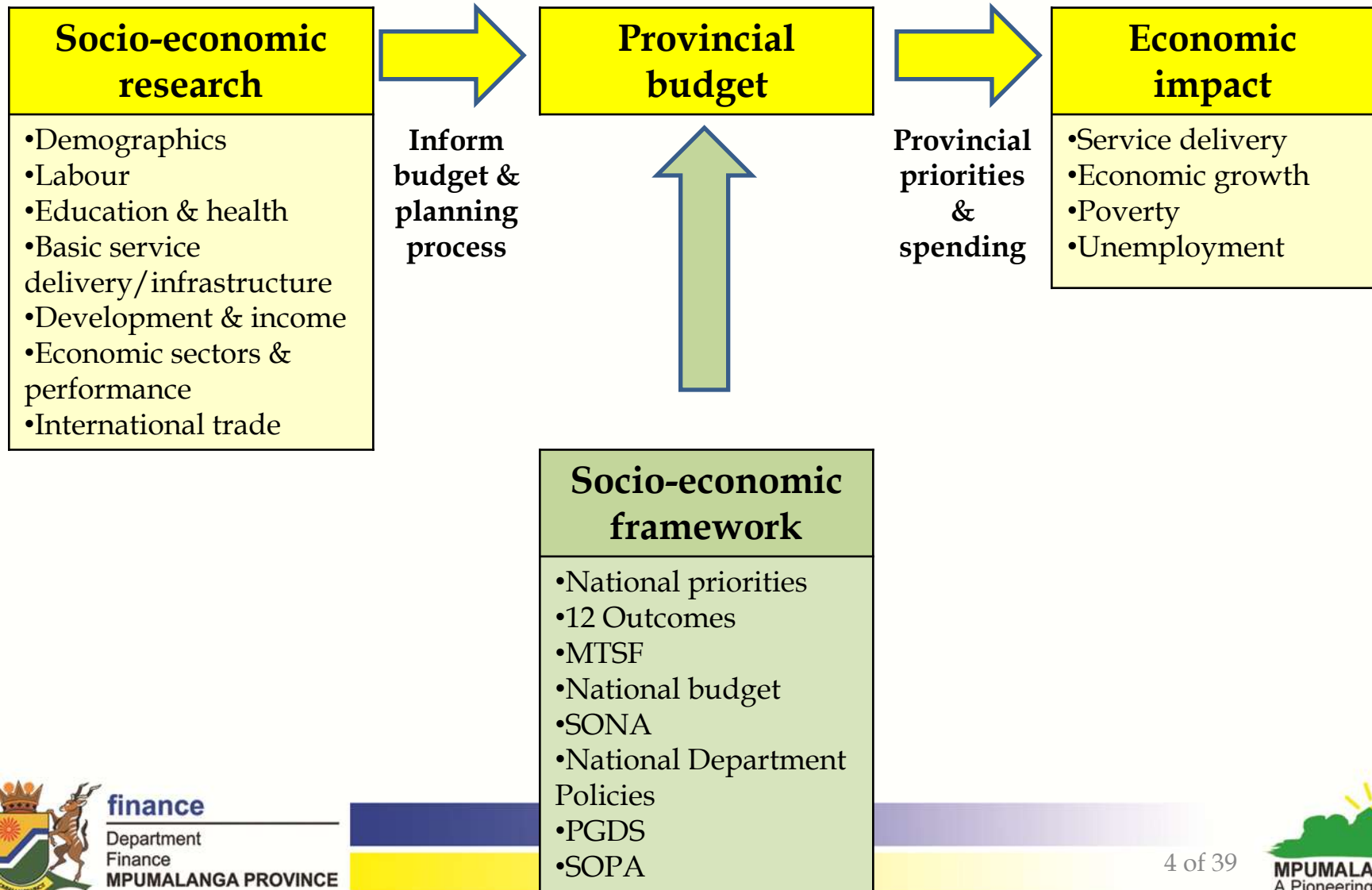
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PURPOSE OF PRESENTATION & DATA CHALLENGES

- To inform the House about the socio-economic situation/challenges of Mpumalanga – based on Finance’s SERO & PERO reports
- Essential reference for policy makers – to inform the budget & planning process as well as to evaluate public policy and programmes
- Presentation based mainly on latest Statistics South Africa and Global Insight information

IMPORTANCE & RELEVANCE



SOCIO-ECONOMIC CHALLENGES OF MPUMALANGA



MEGDP objectives

1. Reduce unemployment

2. Reduce inequality

3. Reduce poverty



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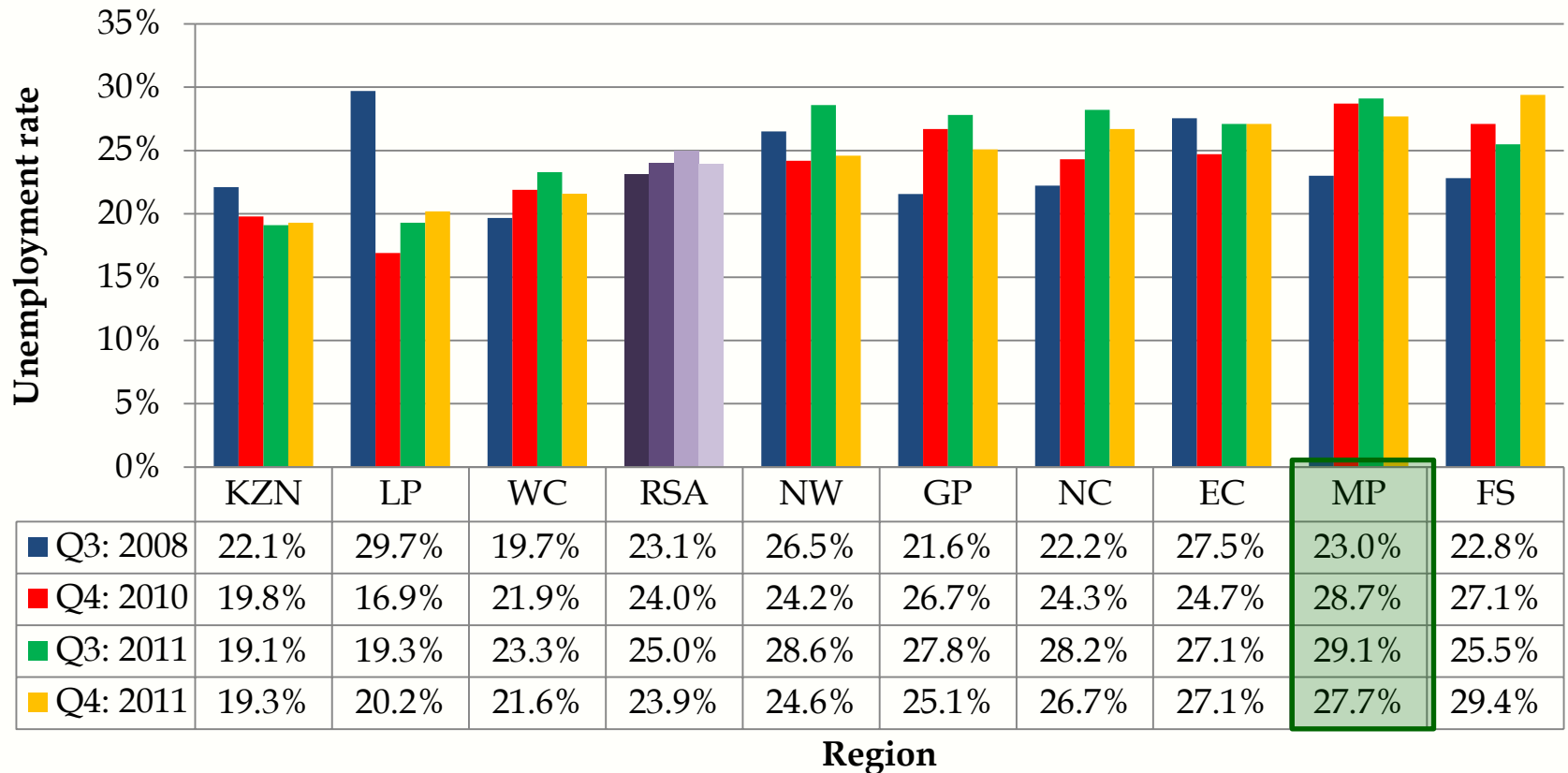
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CHALLENGE 1 - INCREASING AND VERY HIGH UNEMPLOYMENT

- 2nd highest strict unemployment rate of the 9 provinces
- Strict unemployment rate decreased to **27.7%** in Q4 2011
- **354 000** unemployed by 31 December 2011
- Gender unemployment rate - females **33.0%** and males **23.3%**
- Youth (15-34 years) unemployment rate **38.5%**
- Youth – **72.8%** of the total number of unemployed

CHALLENGE 1 - INCREASING AND VERY HIGH UNEMPLOYMENT

Strict unemployment rate per region, Q3 2008-Q4 2011



CHALLENGE 1 - INCREASING AND VERY HIGH UNEMPLOYMENT

- 3rd highest expanded (including discouraged workers) unemployment rate of the 9 provinces
- Expanded unemployment rate increased to **42.8%** in Q4 2011
- **691 000** unemployed by 31 December 2011
- Gender unemployment rate - females **50.3%** and males **35.6%**
- Youth (15-34 years) unemployment rate **55.2%**

CHALLENGE 2 - JOB CREATION/EMPLOYMENT

Changes in employment in South Africa & provinces, Q4 2010-Q4 2011

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

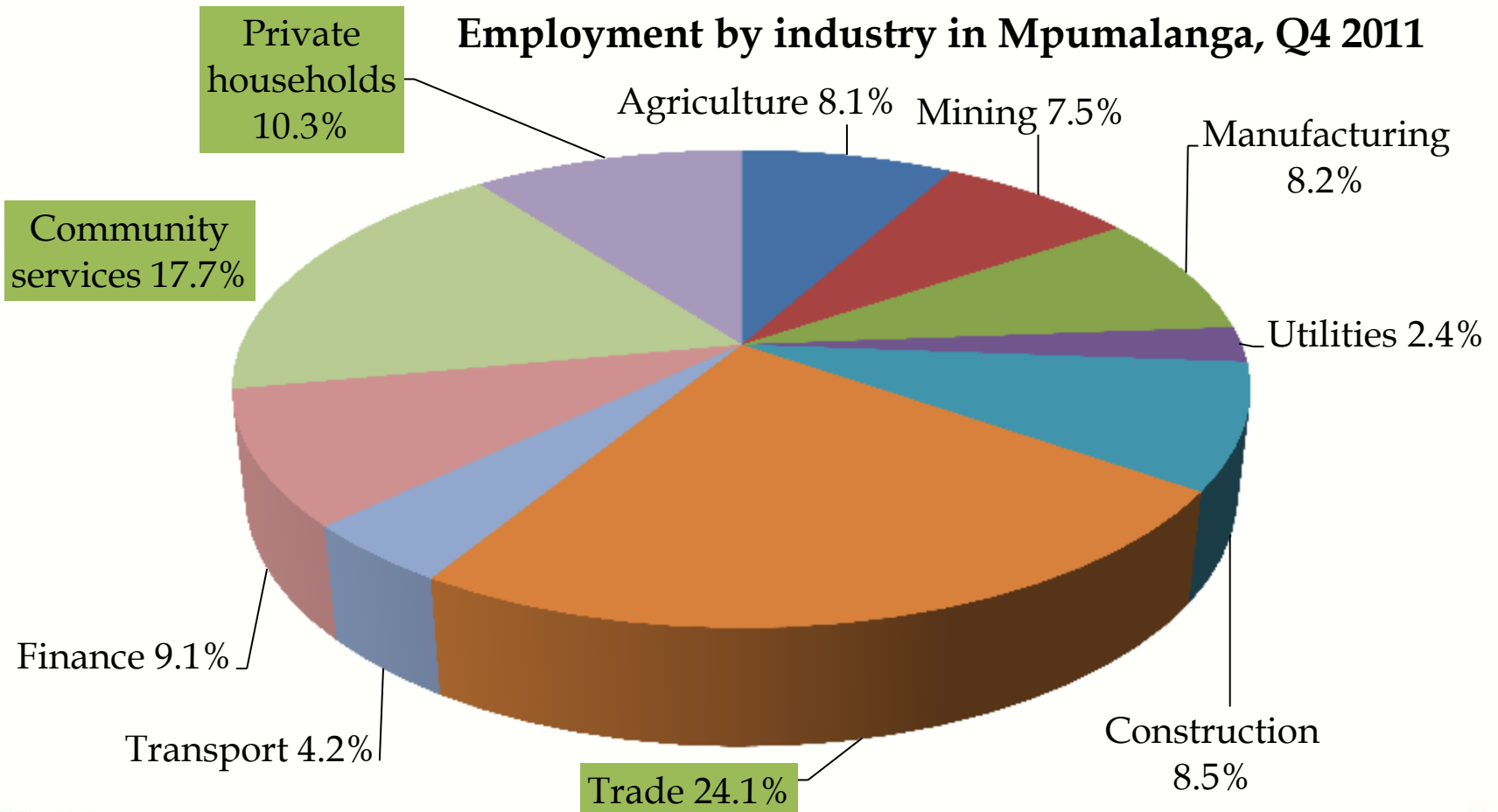


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CHALLENGE 2 - JOB CREATION/EMPLOYMENT

Employment by industry in Mpumalanga, Q4 2011



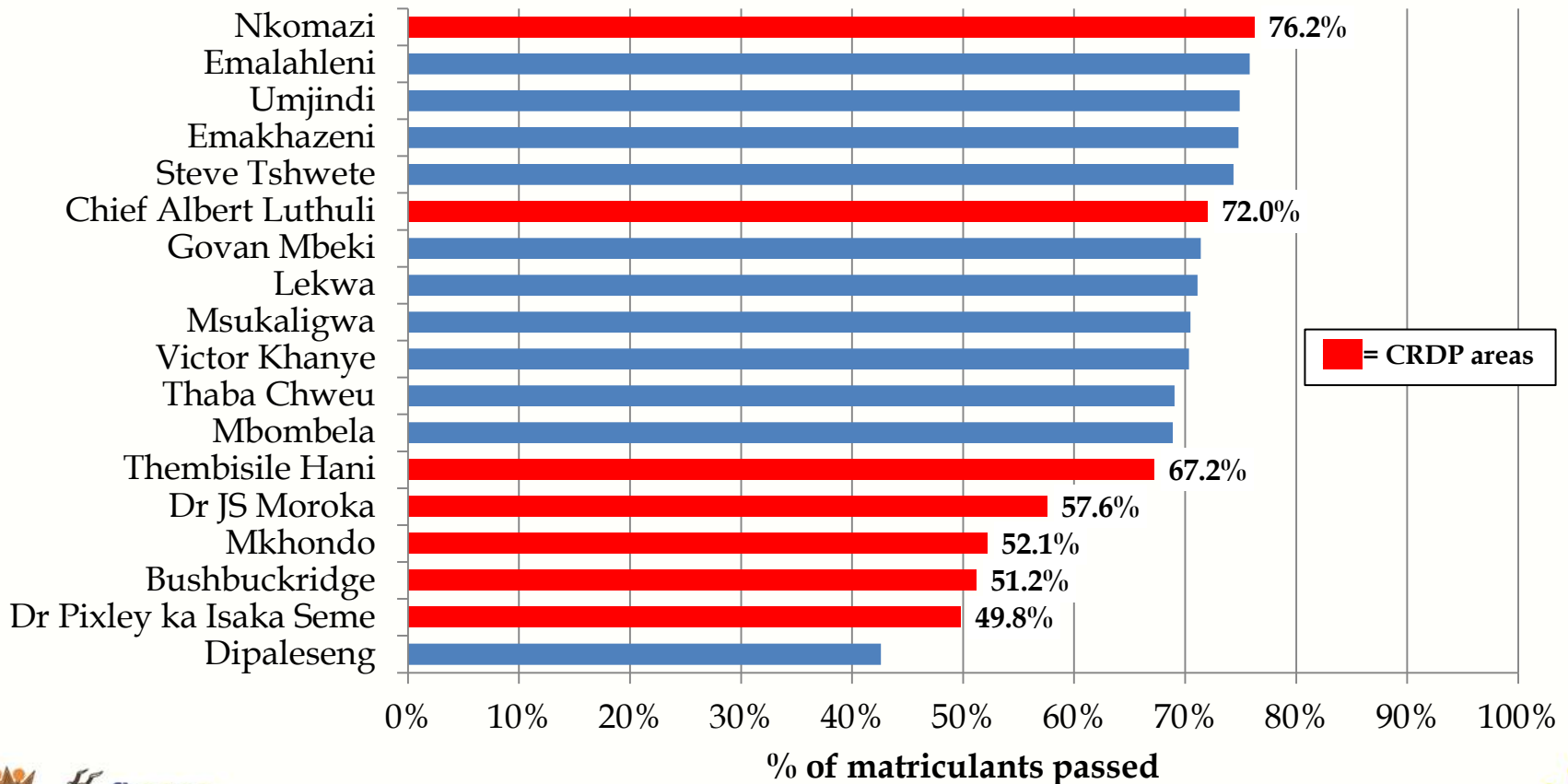
CHALLENGE 3 - EDUCATION & LITERACY IMPROVING - REMAIN RELATIVELY LOW

Province	2008 % Pass rate	2009 % Pass rate	2010 % Pass rate	2011 % Pass rate
Eastern Cape	50.6	51.0	58.3	58.1
Free State	71.6	69.4	70.7	75.7
Gauteng	76.3	71.8	78.6	81.1
KwaZulu-Natal	57.2	61.1	70.7	68.1
Limpopo	54.7	48.9	57.9	63.9
Mpumalanga	51.8	47.9	56.8	64.8
Northern Cape	72.7	61.3	72.3	77.8
North West	67.9	67.5	75.7	68.8
Western Cape	78.7	75.7	76.8	82.9
National Average	62.2	60.6	67.8	70.2

CHALLENGE 3 - EDUCATION & LITERACY

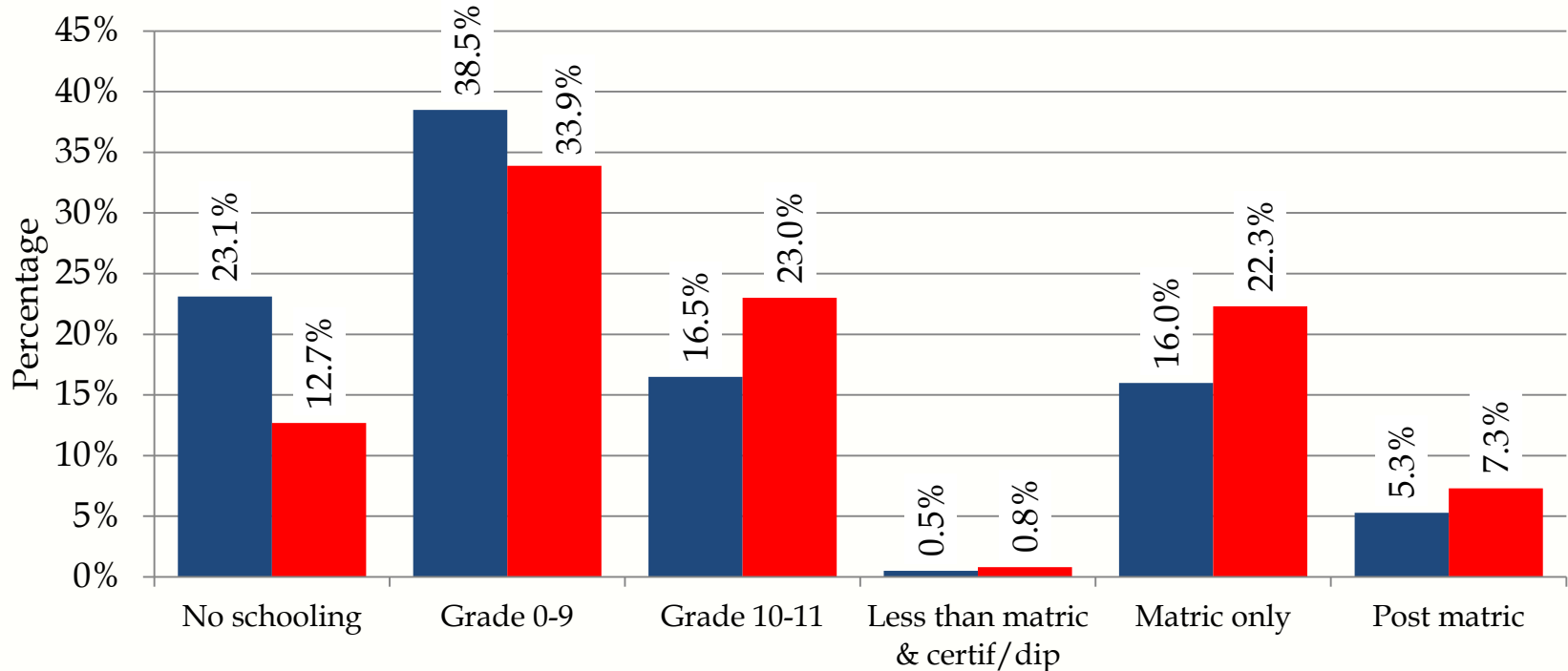
IMPROVING - REMAIN RELATIVELY LOW

Matric pass rate by Local Municipal Area, 2011



CHALLENGE 3 - EDUCATION & LITERACY IMPROVING - REMAIN RELATIVELY LOW

Level of education, 2001-2010



Level of schooling

■ 2001

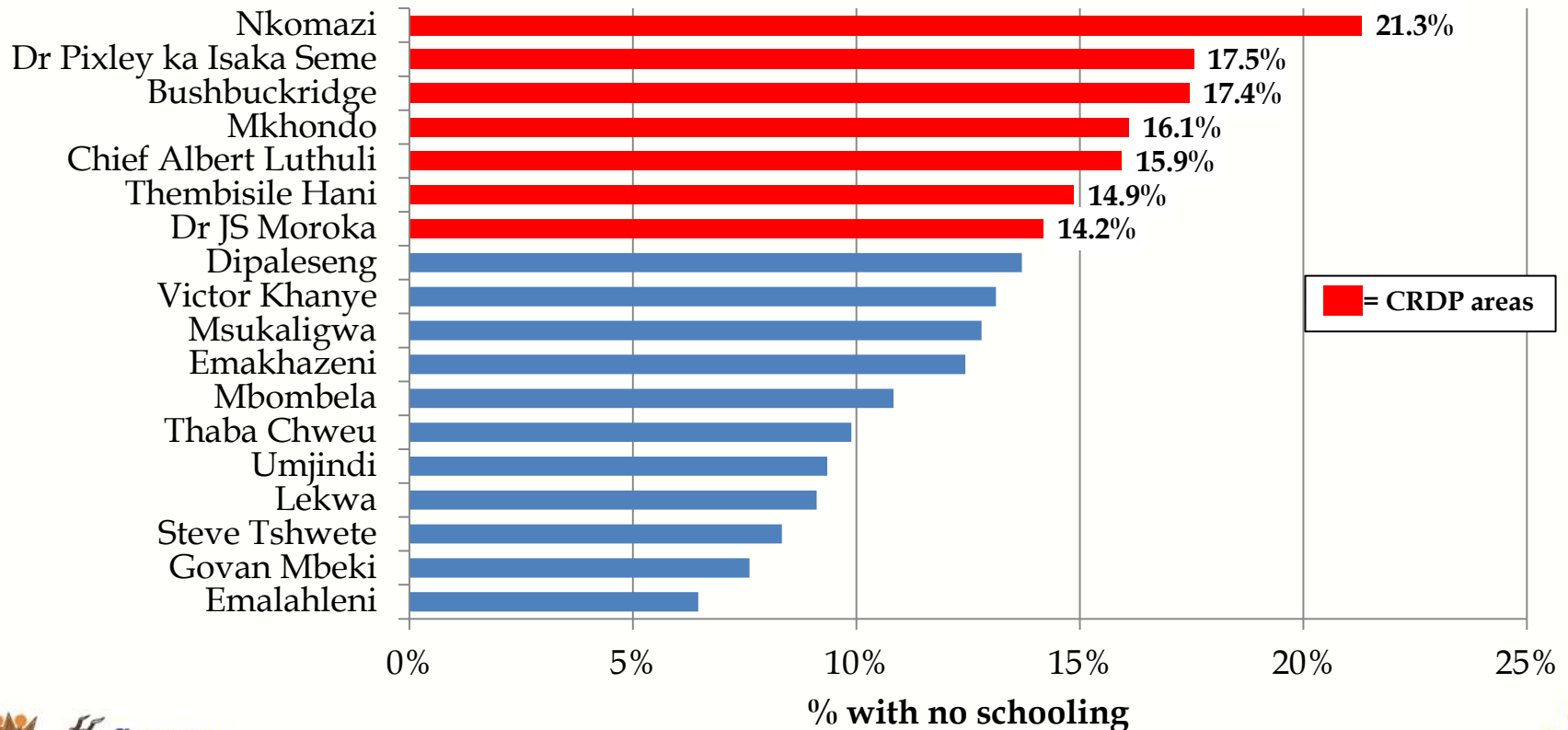
■ 2010



CHALLENGE 3 - EDUCATION & LITERACY

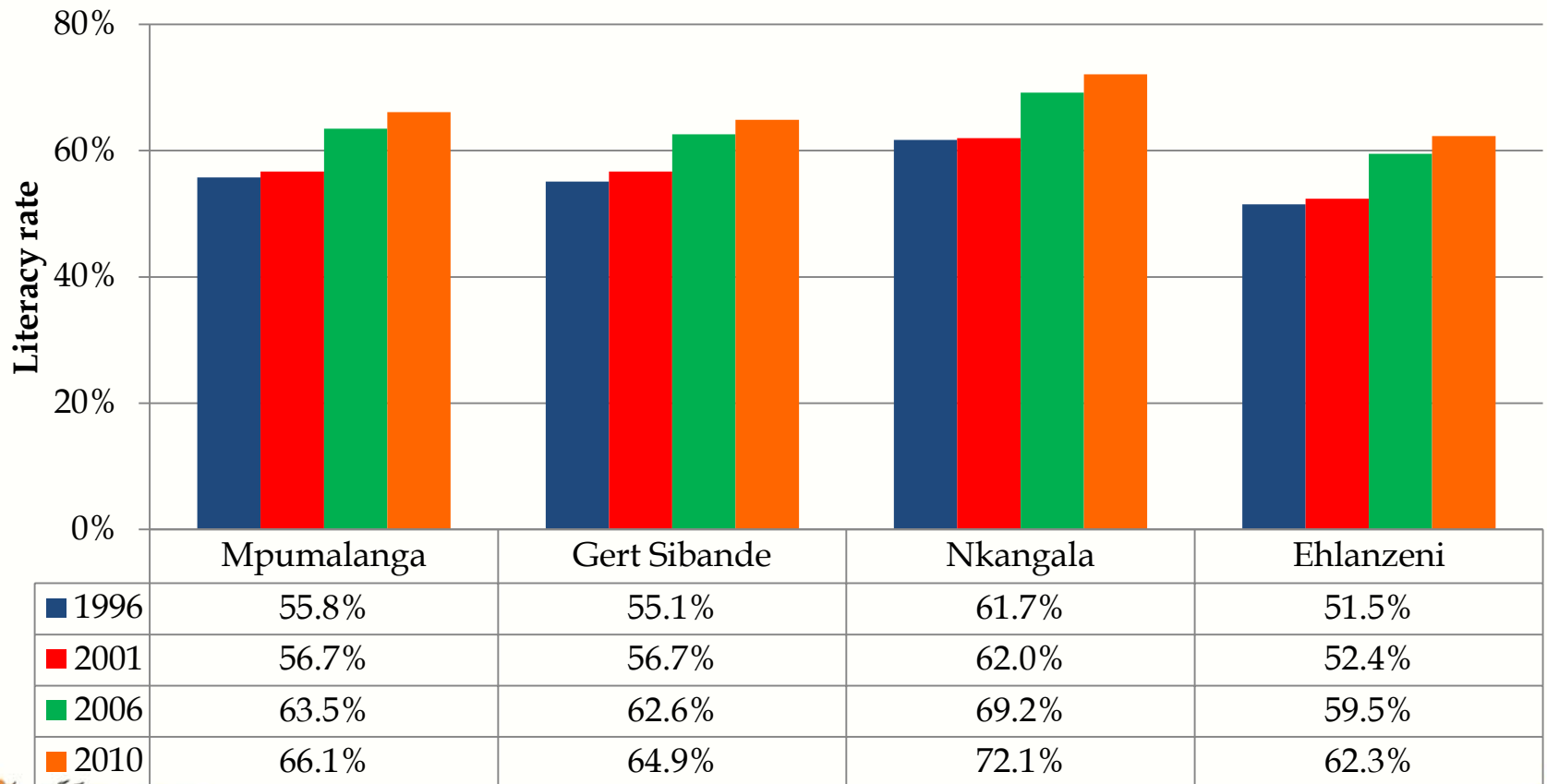
IMPROVING - REMAIN RELATIVELY LOW

% of population (15+) with no schooling by Local Municipal Area, 2010



CHALLENGE 3 - EDUCATION & LITERACY IMPROVING - REMAIN RELATIVELY LOW

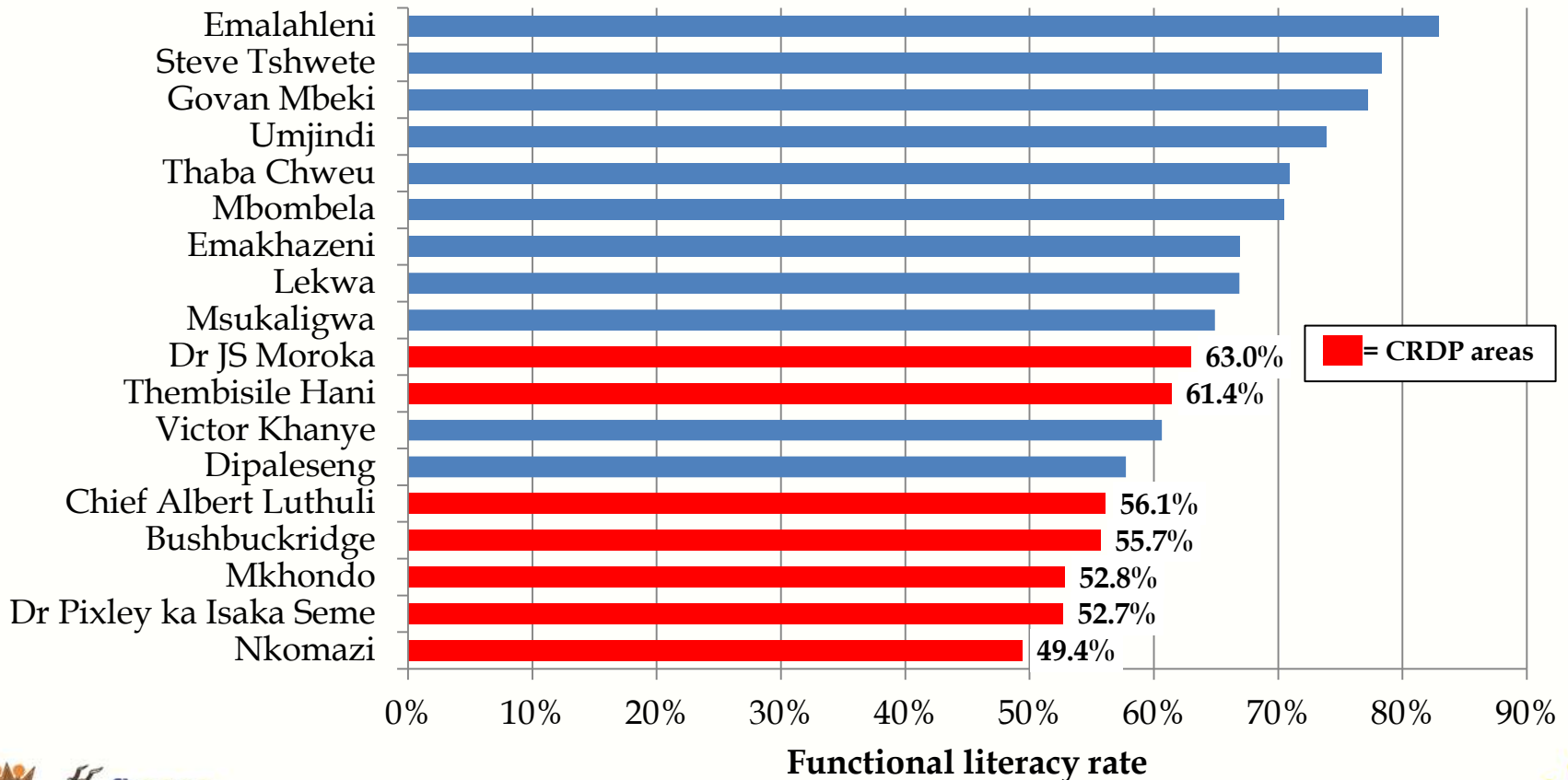
Functional literacy rate (20 years+ and grade 7), 1996-2010



CHALLENGE 3 - EDUCATION & LITERACY

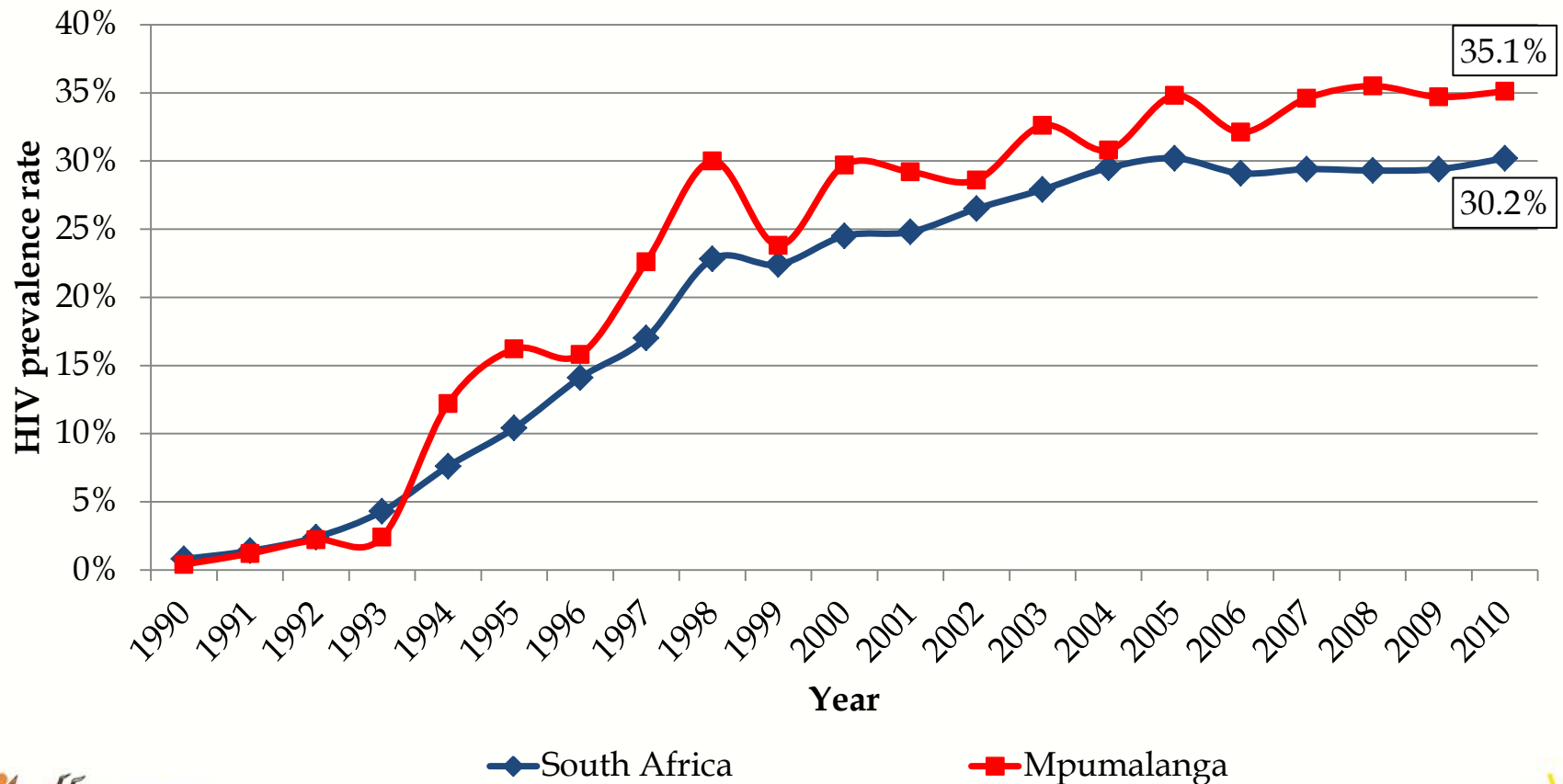
IMPROVING - REMAIN RELATIVELY LOW

Functional literacy rate (20 years+ & grade 7) by Local Municipal Area, 2010



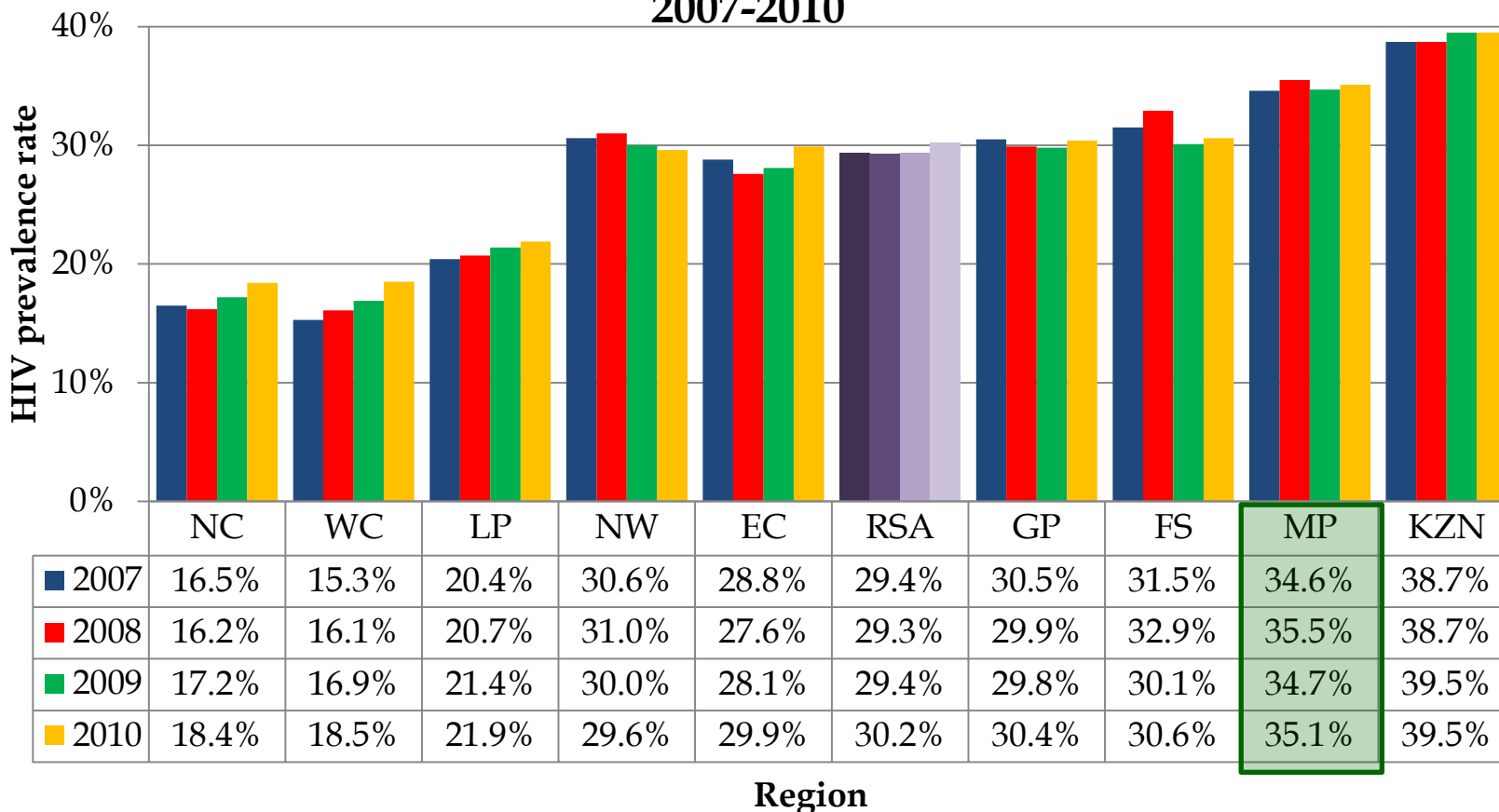
CHALLENGE 4 - VERY HIGH HIV PREVALENCE RATE

HIV prevalence of 15-49 year old antenatal women in Mpumalanga, 1990-2010



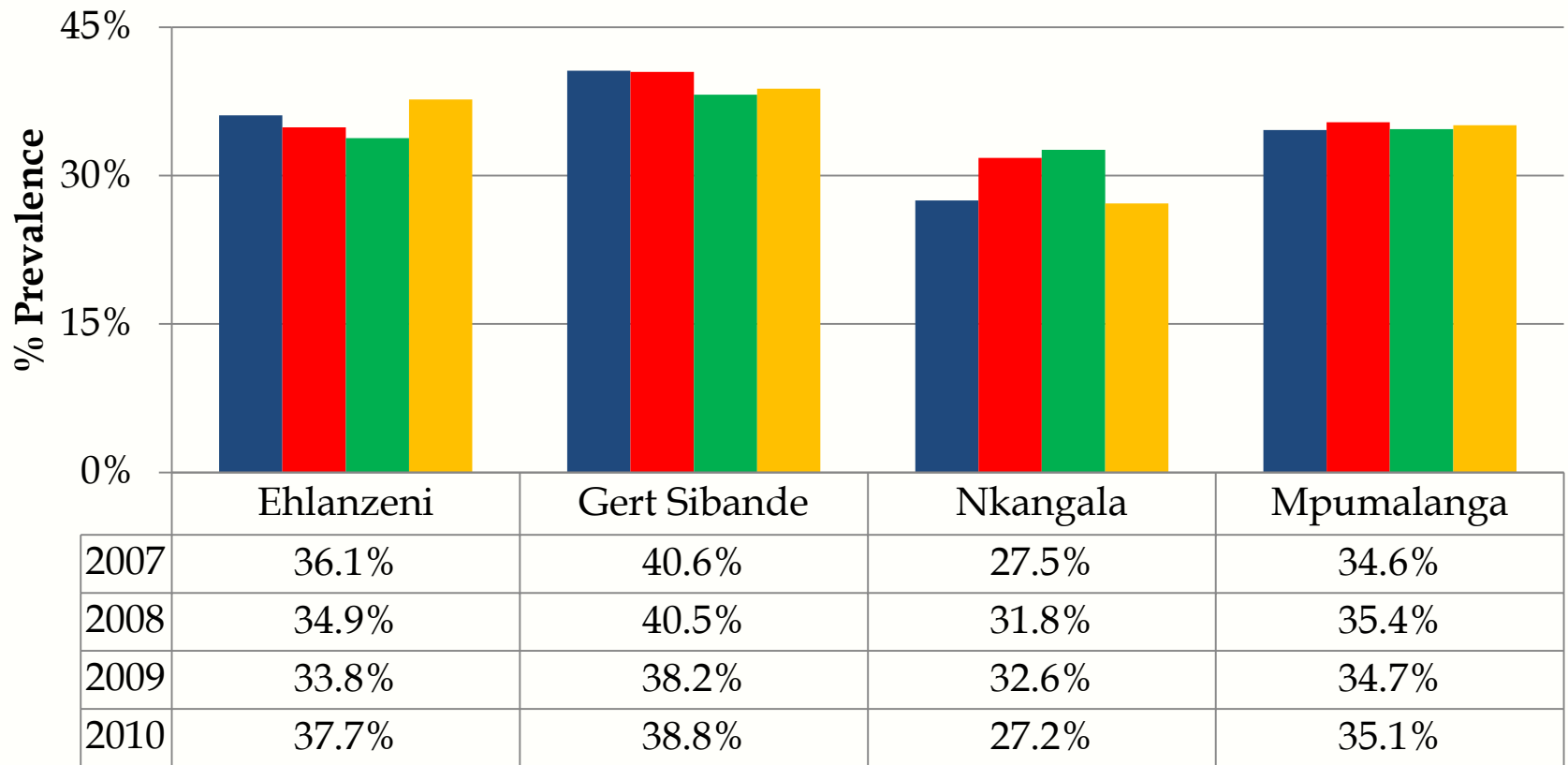
CHALLENGE 4 - VERY HIGH HIV PREVALENCE RATE

HIV prevalence of 15-49 year old antenatal women by region, 2007-2010



CHALLENGE 4 - VERY HIGH HIV PREVALENCE RATE

HIV prevalence 15-49 yr old antenatal women by District, 2007-2010

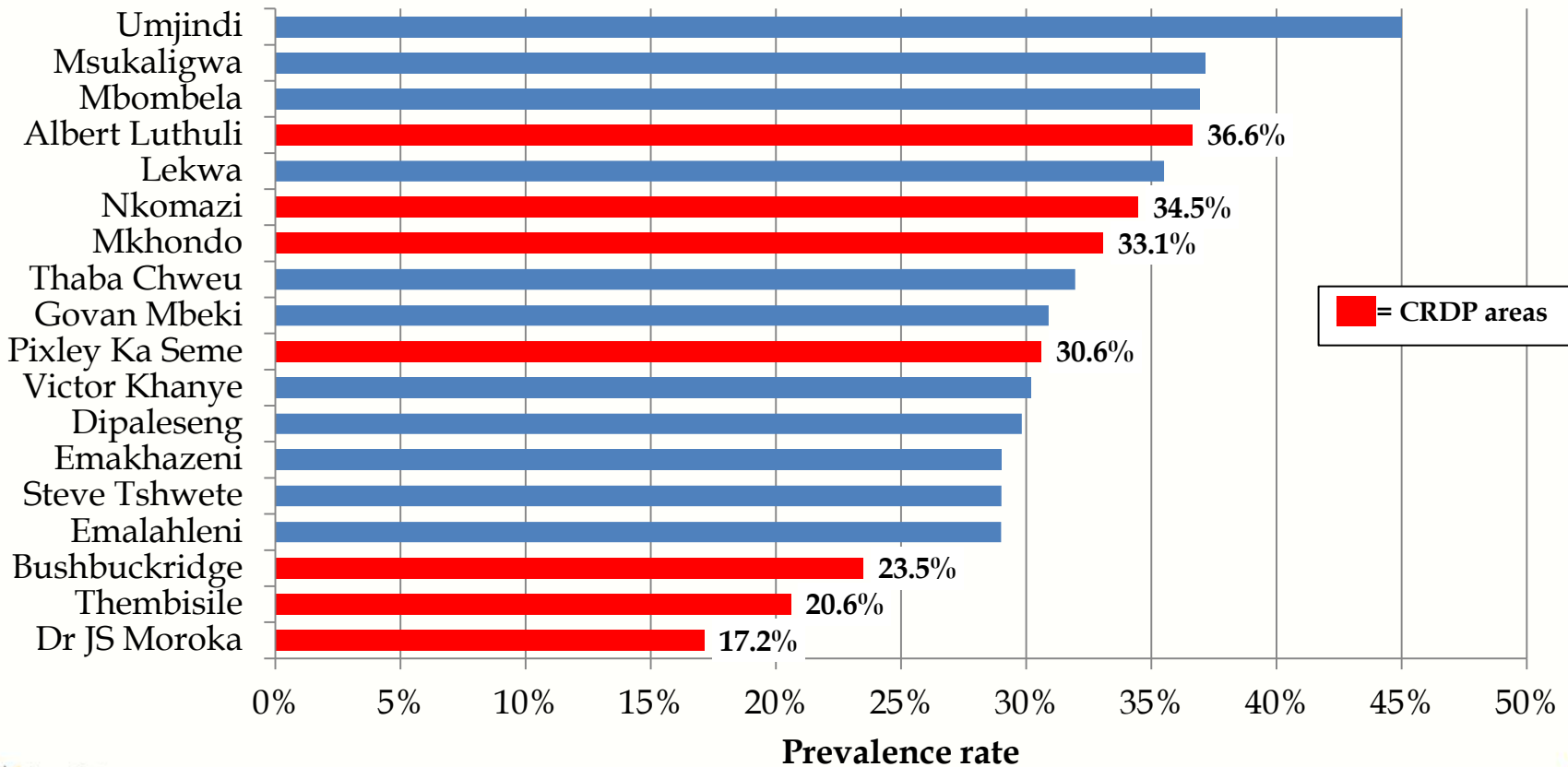


Year



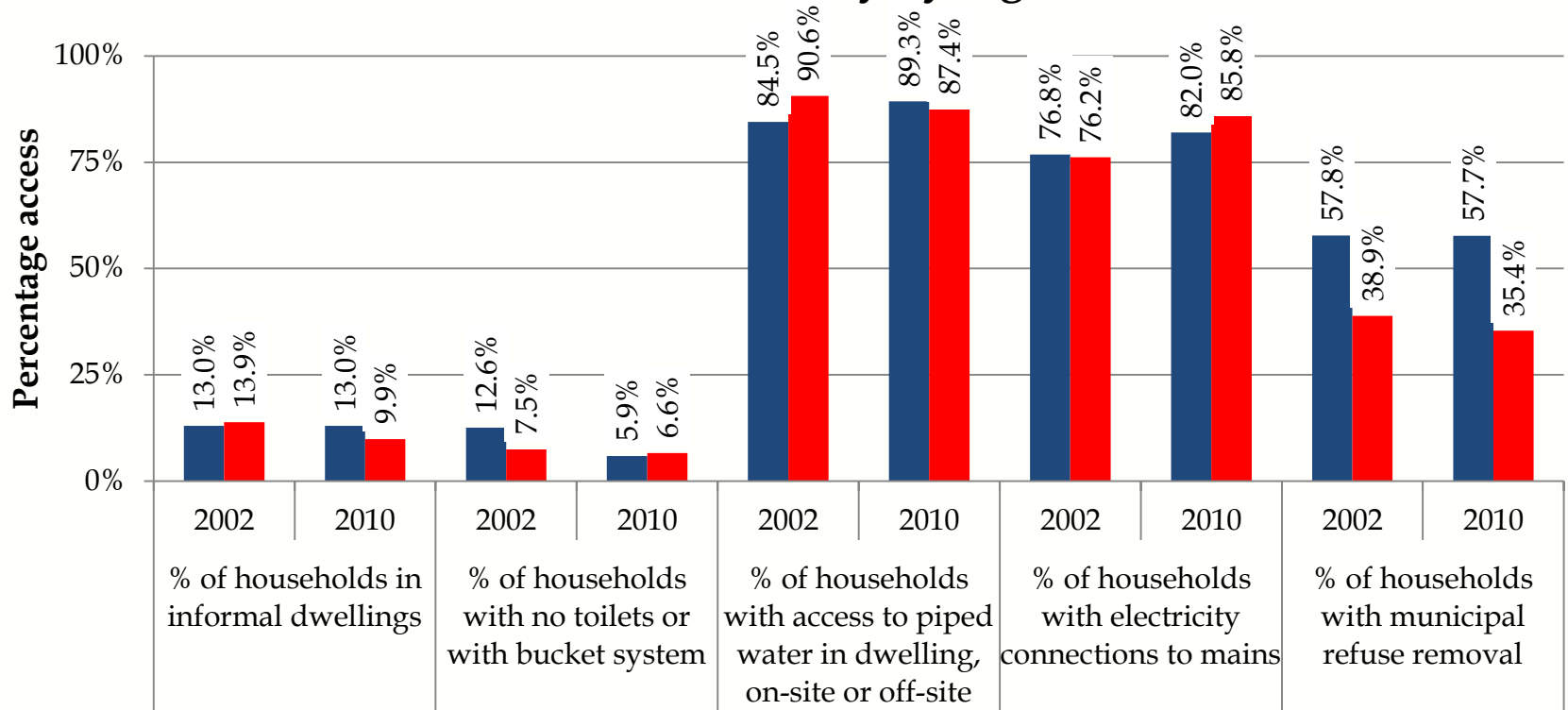
CHALLENGE 4 - VERY HIGH HIV PREVALENCE RATE

HIV prevalence rate among antenatal clients tested by Local Municipal Area, 2009/10



CHALLENGE 5 - IMPROVED BASIC SERVICE DELIVERY/INFRASTRUCTURE - REMAIN BELOW NATIONAL

Access to basic service delivery by region, 2002-2010

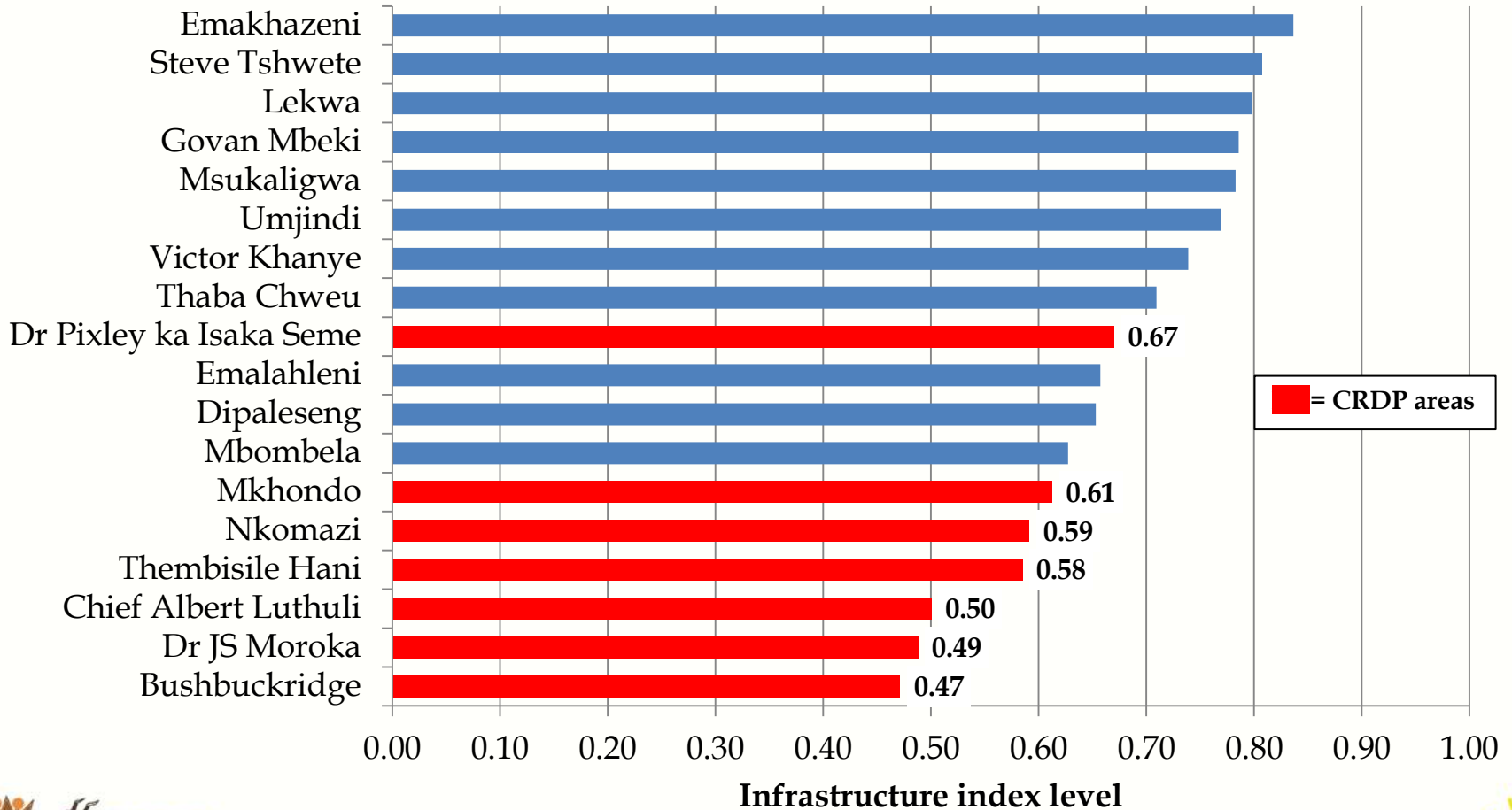


Basic service according to year

■ South Africa ■ Mpumalanga

CHALLENGE 5 - IMPROVED BASIC SERVICE DELIVERY/INFRASTRUCTURE - REMAIN BELOW NATIONAL

Infrastructure Index by Local Municipal Area, 2010

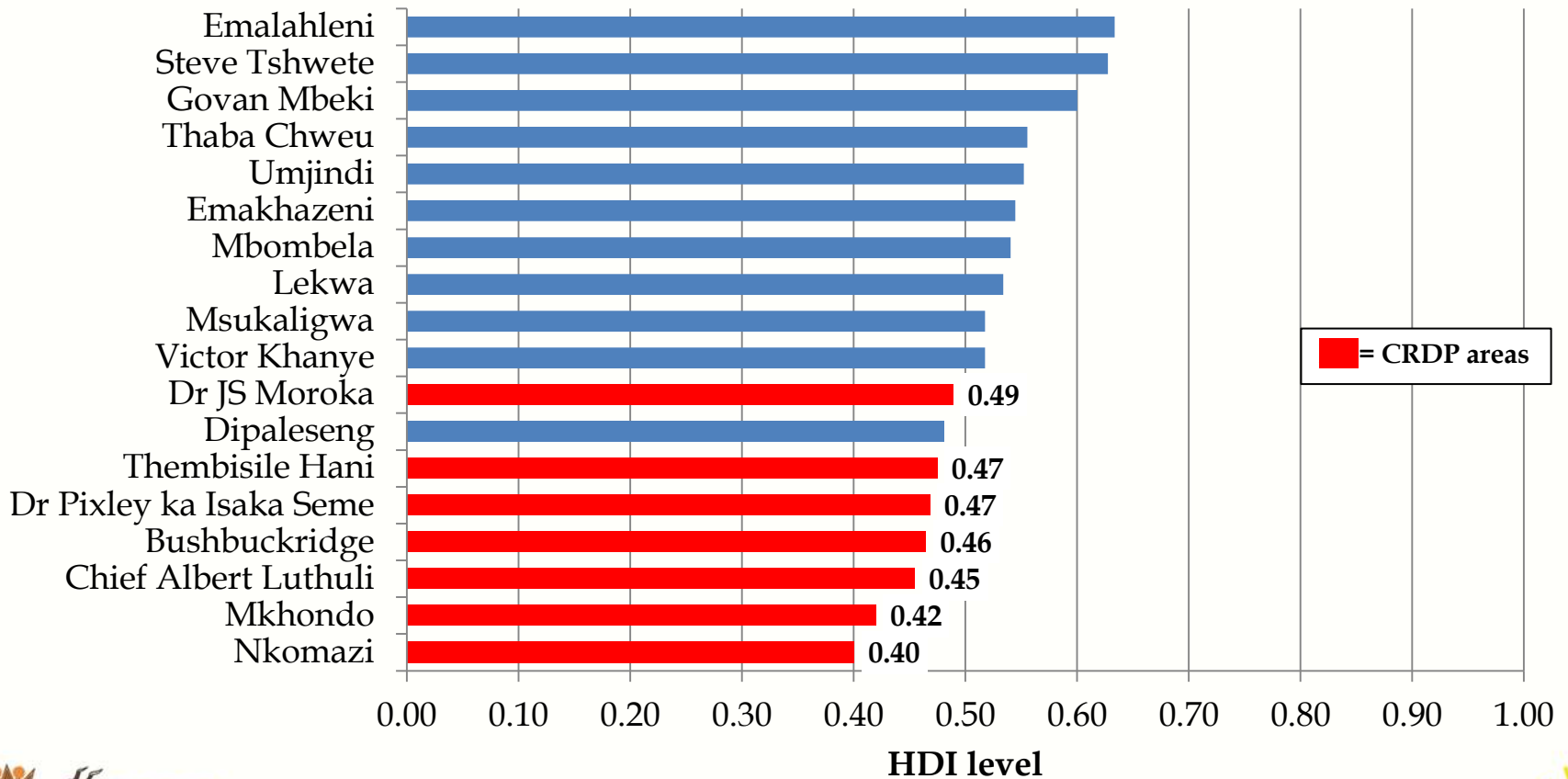


CHALLENGE 6 - RELATIVELY LOW LEVEL OF HUMAN DEVELOPMENT (HDI)

Region	1996	2001	2006	2010
South Africa	0.56	0.58	0.57	0.58
Mpumalanga	0.50	0.52	0.52	0.52
Gert Sibande	0.51	0.53	0.52	0.52
Nkangala	0.54	0.56	0.56	0.56
Ehlanzeni	0.46	0.48	0.49	0.49
Population group	1996	2001	2006	2010
African	0.43	0.46	0.47	0.47
White	0.85	0.87	0.85	0.86
Coloured	0.61	0.64	0.62	0.62
Asian	0.73	0.75	0.74	0.74

CHALLENGE 6 - RELATIVELY LOW LEVEL OF HUMAN DEVELOPMENT (HDI)

HDI level by Local Municipal Area, 2010



CHALLENGE 7 - HIGH INEQUALITY

- SA has one of the highest imbalanced income distributions in the world
- National Gini-coefficient was 0.64 in 2010
- Target of 0.59 by 2014
- Provincial inequality increased from 0.61 in 1996 to 0.64 in 2010
- Highest inequality - Steve Tshwete (0.68) & the lowest inequality - Nkomazi (0.57)

CHALLENGE 8 - HIGH POVERTY

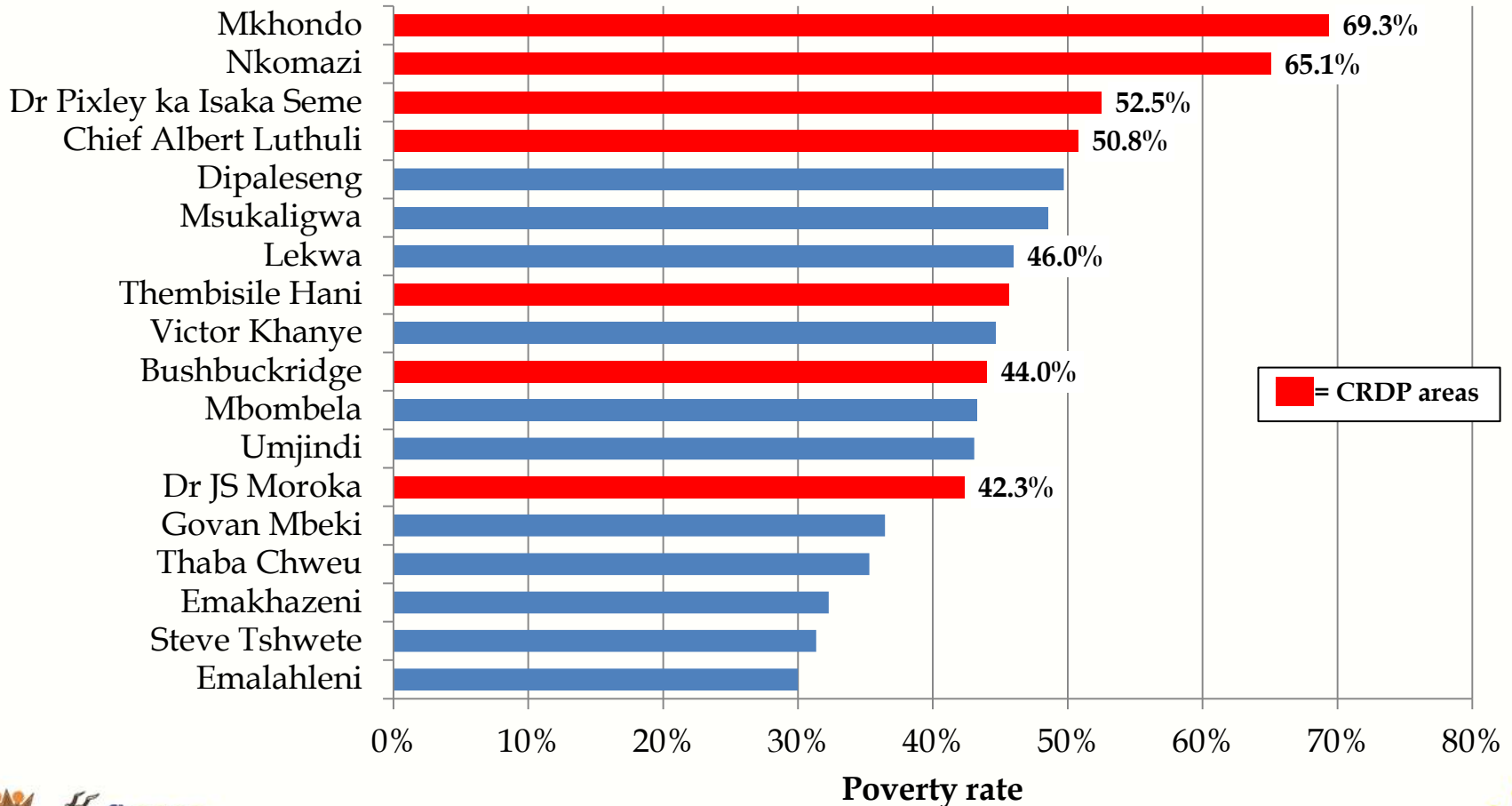
- Poverty rate of 45.6% in 2010 which was 5th highest among provinces – SA @ 39.9%
- 1.72 million people lived in households with an income less than the poverty income
- Ehlanzeni (49.1%) registered highest & Nkangala (37.6%) lowest poverty rates
- 46.9% of households earn less than R3 500 pm

CHALLENGE 8 - HIGH POVERTY

- Pensions & grants important sources of income – 23.8% of total income
- Social grant beneficiaries increased from 703 400 in March 2005 to 1.34 million people in December 2011
- Child support grant beneficiaries totalled to 74.5% of all social assistance beneficiaries in 2011

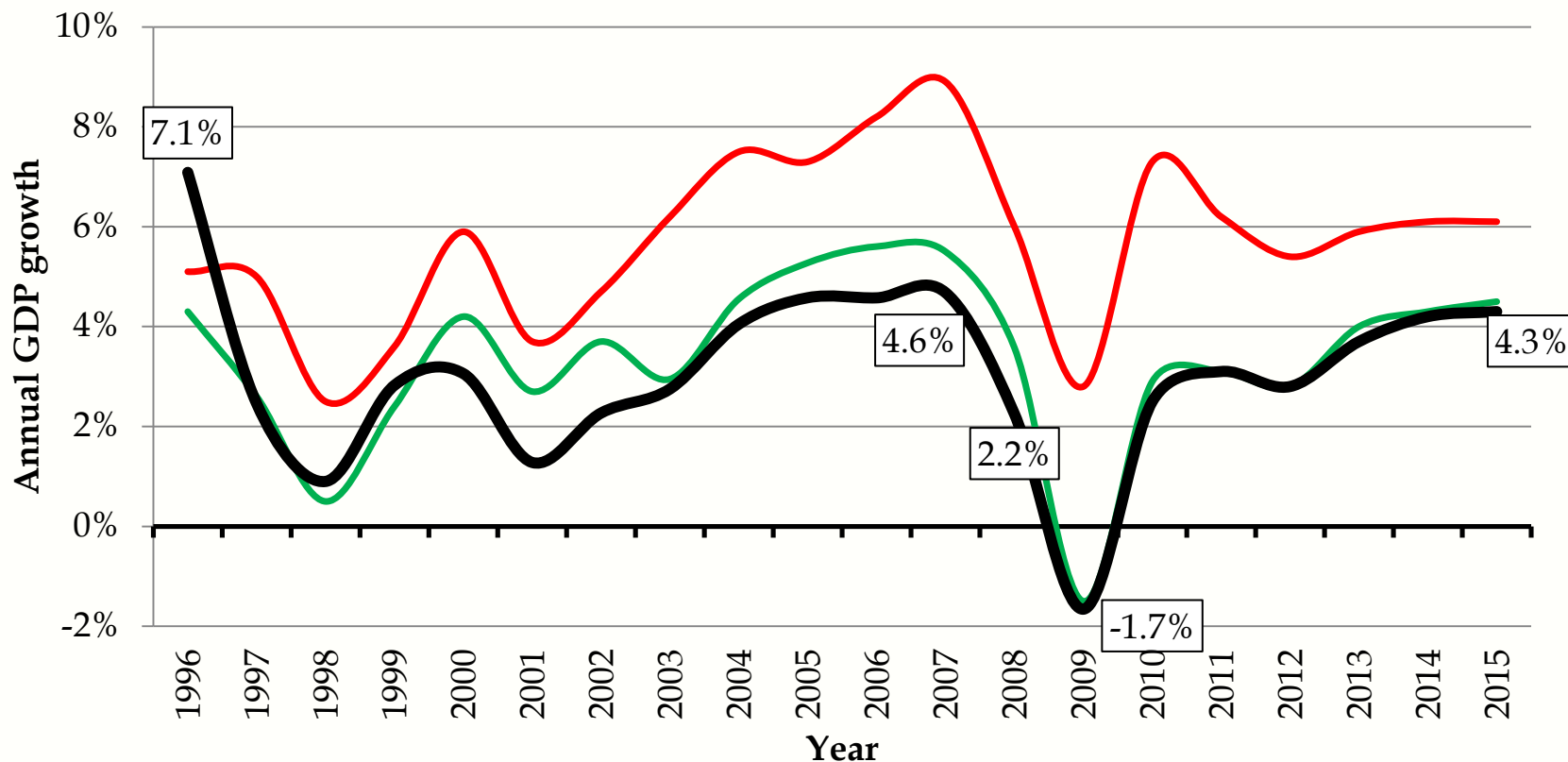
CHALLENGE 8 - HIGH POVERTY

Poverty rate by Local Municipal Area, 2010



CHALLENGE 9 - PROVINCIAL ECONOMIC GROWTH BELOW NATIONAL RATE & TARGET

Historic and forecasted GDP growth by region, 1996-2015



— Emerging & developing economies

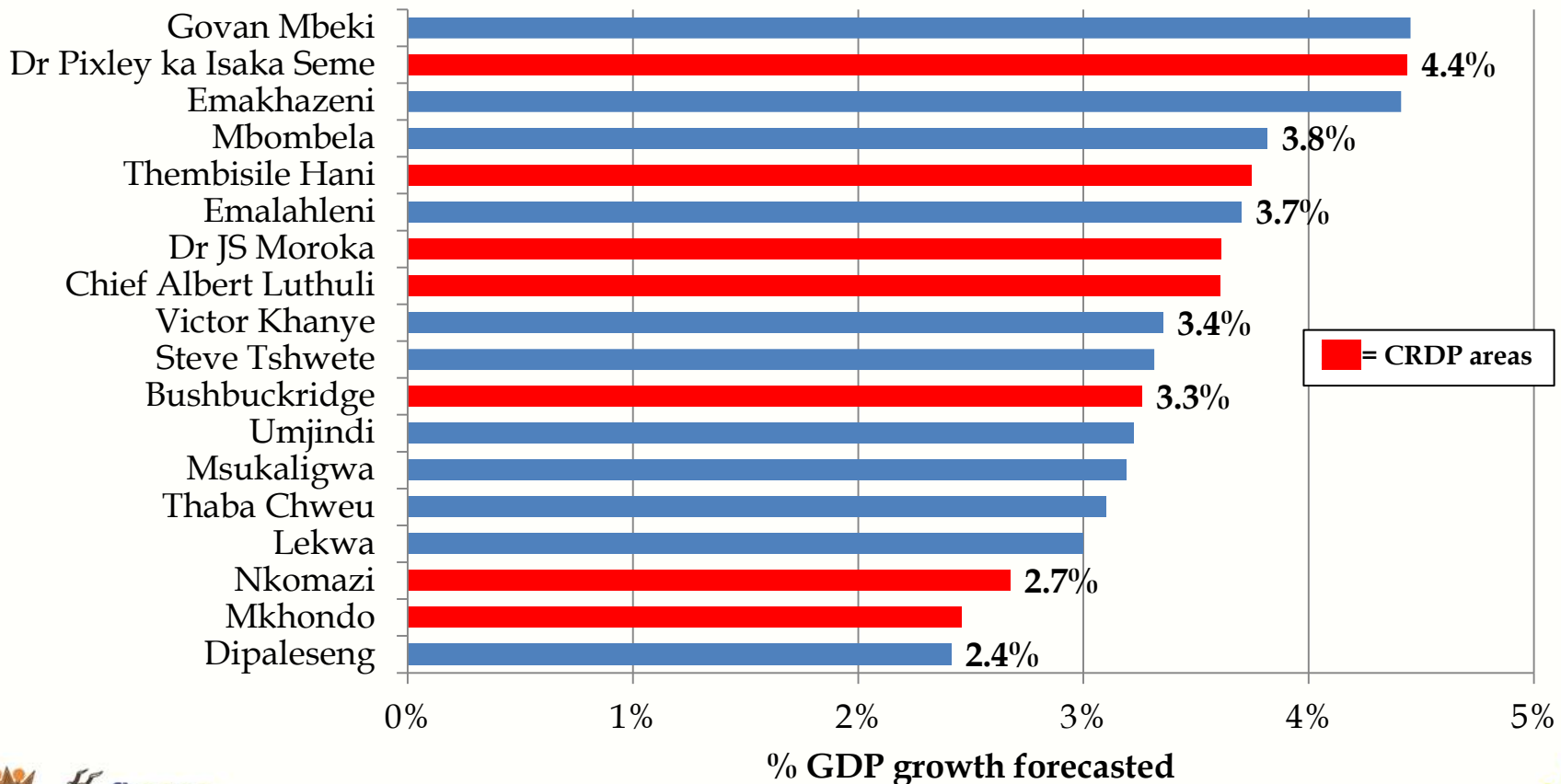
— South Africa

— Mpumalanga

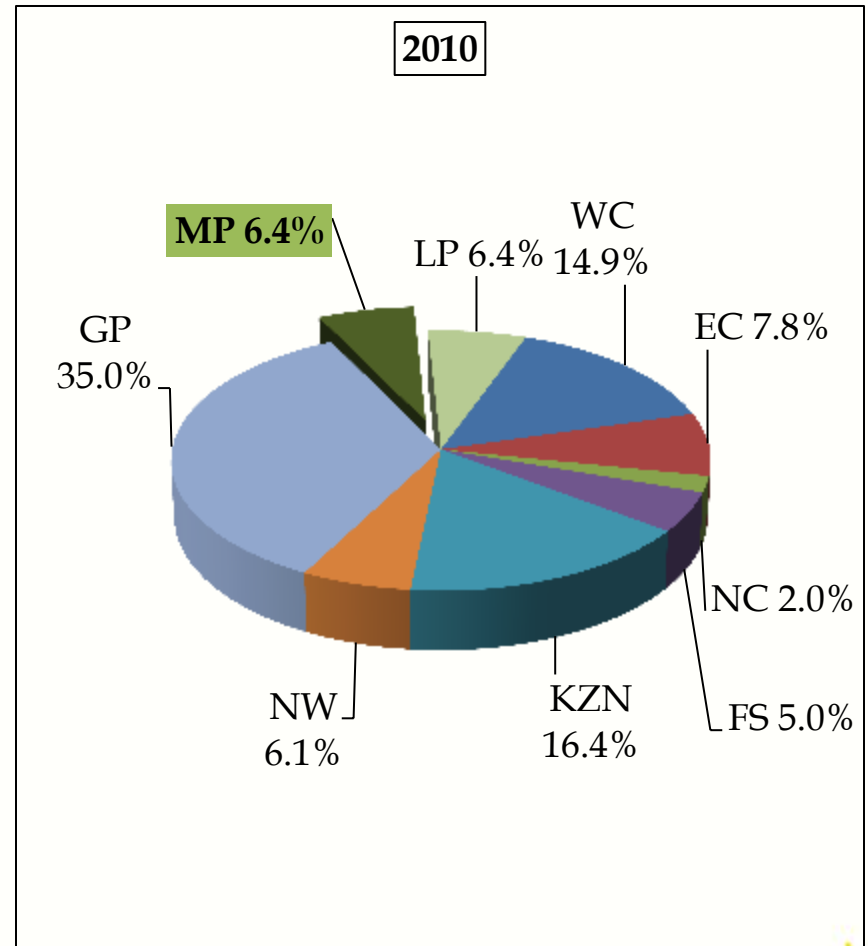
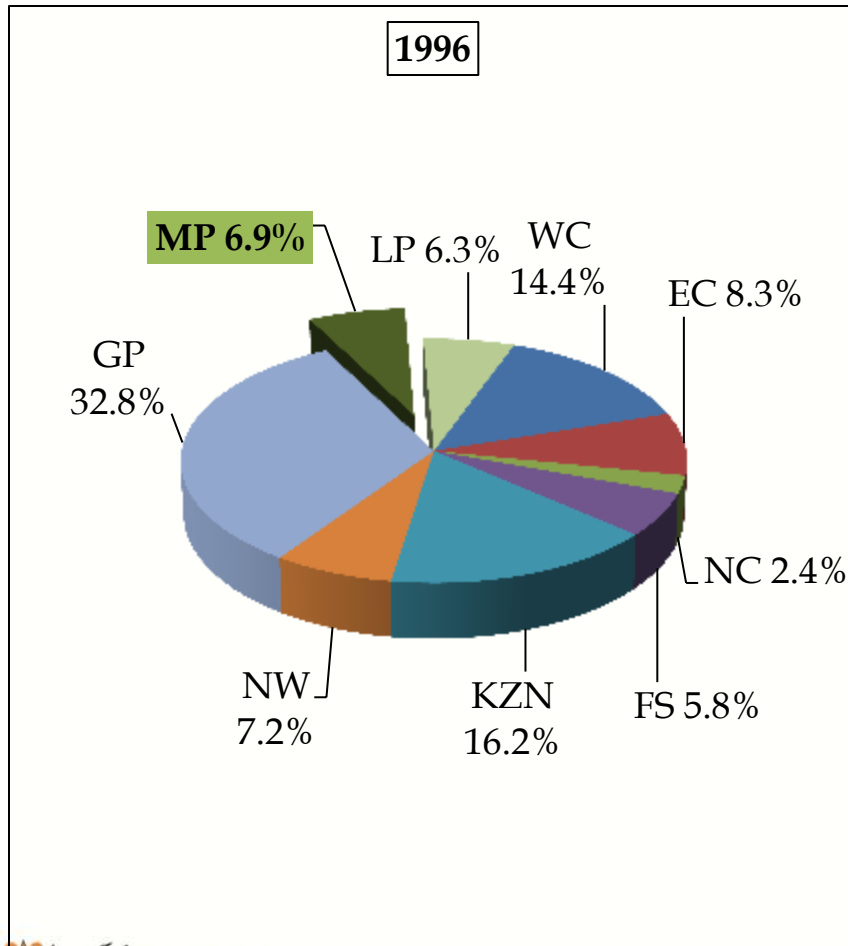


CHALLENGE 9 - PROVINCIAL ECONOMIC GROWTH BELOW NATIONAL RATE AND TARGET

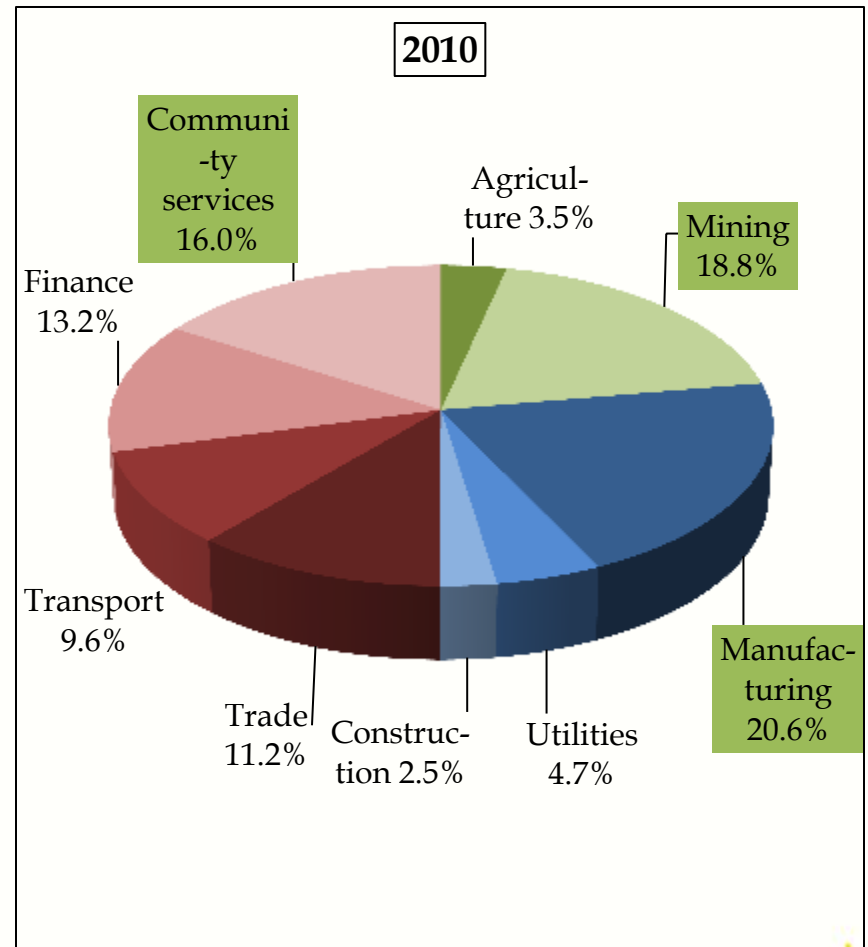
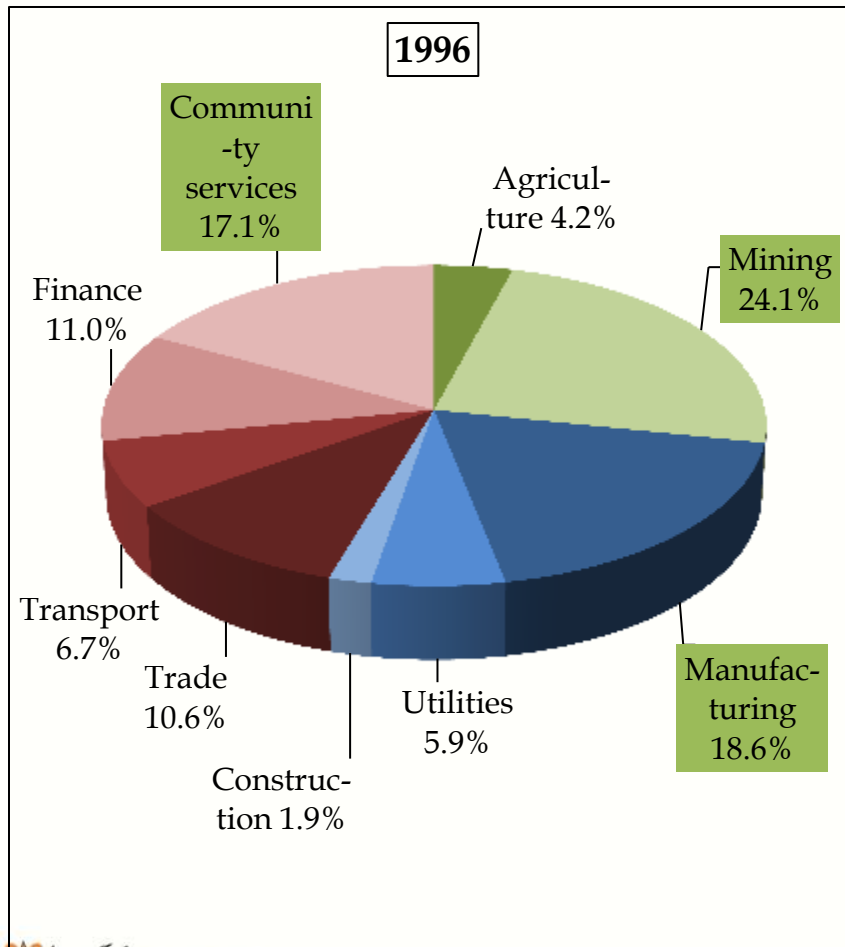
GDP growth forecast by Local Municipal Area, 2010-2015



CHALLENGE 10 - DECLINE IN CONTRIBUTION TO SA ECONOMY & HIGH DEPENDANCE ON A FEW SECTORS

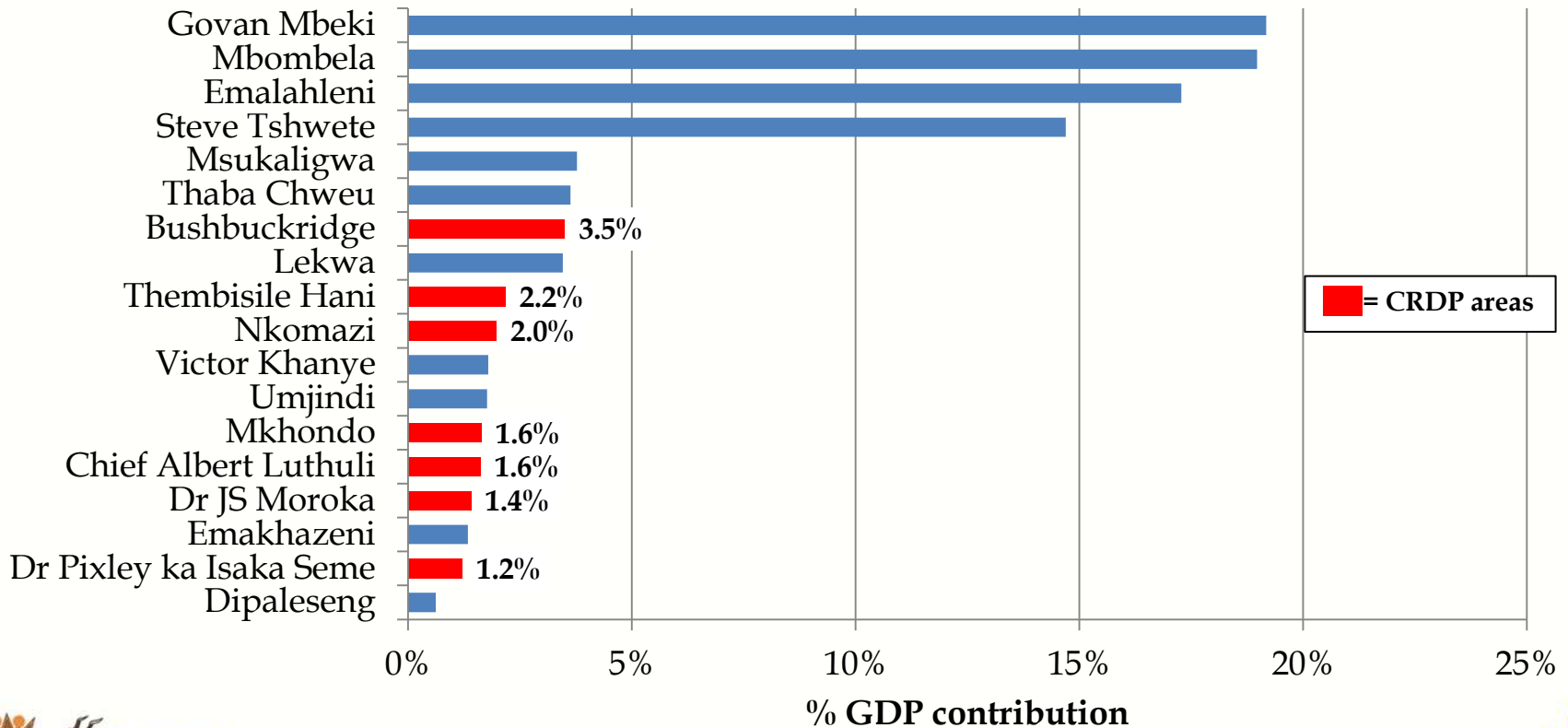


CHALLENGE 10 - DECLINE IN CONTRIBUTION TO SA ECONOMY & HIGH DEPENDANCE ON A FEW SECTORS



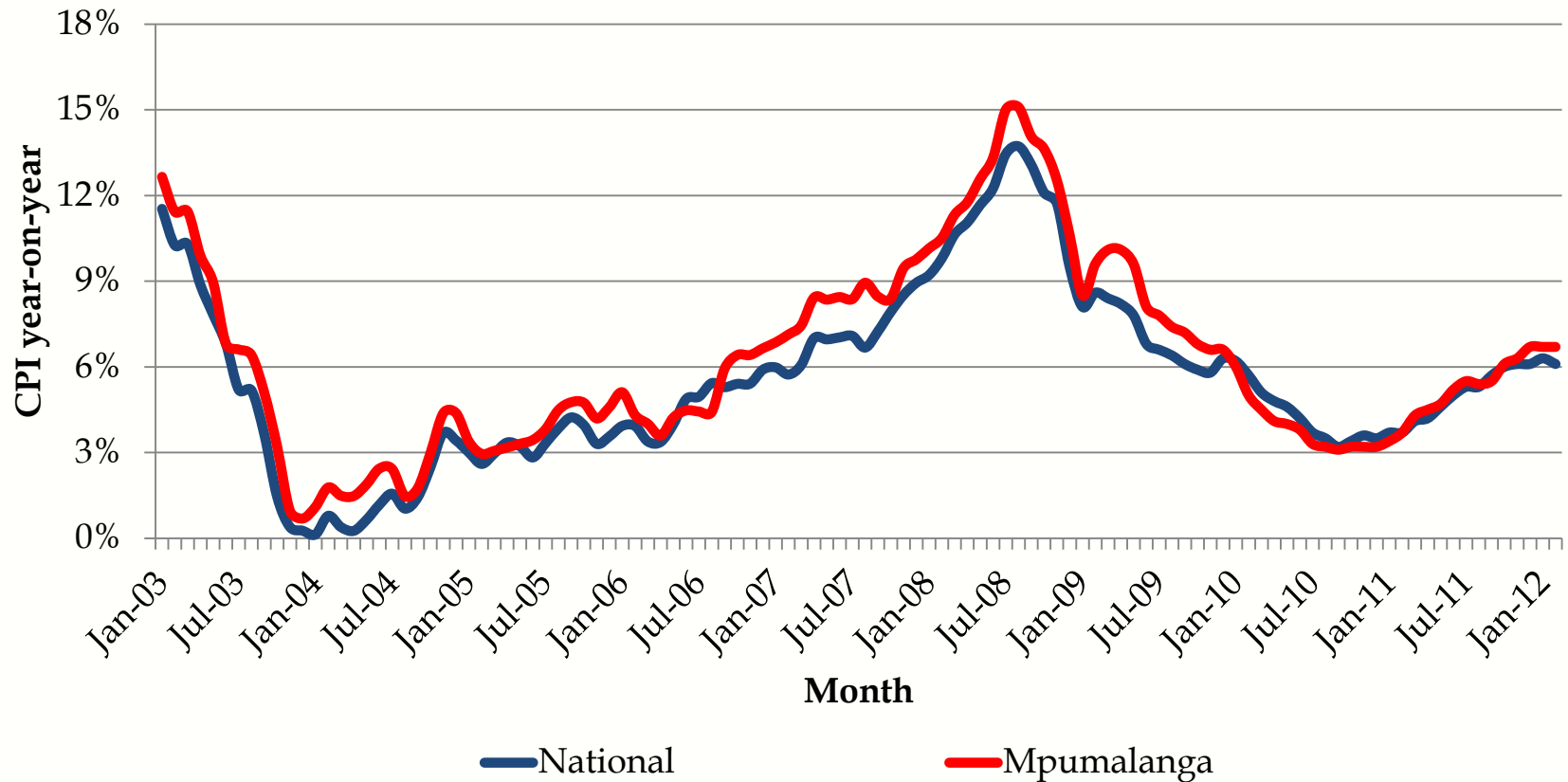
CHALLENGE 11 - UNEQUAL DISTRIBUTION OF ECONOMIC ACTIVITIES IN THE PROVINCE

% GDP contribution to Mpumalanga economy by Local Municipal Area, 2010



CHALLENGE 12 - RISING INFLATION RATE

Inflation rate per region, January 2003-Feb 2012



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)
Unemployment rate (Q4 2011)	27.7%	+	-	8
No schooling (2010)	12.7%	+	-	8
Tertiary education (2010)	7.3%	+	-	7
Functional literacy rate (2010)	66.1%	+	-	8
HIV+ rate (15-49) (2010)	35.1%	-	-	8
Infrastructure index (2010)	0.64	+	-	5
HDI (2010)	0.52	=	-	7
Gini-coefficient (2010)	0.64	+	+	6
Poverty rate (2010)	45.6%	+	-	5
Per capita personal income (2010)	R26 623	+	-	6
Household personal income (2010)	R102 674	+	-	6
Per capita disposable income (2010)	R17 613	+	-	6
Household disposable income (2010)	R67 927	+	-	6
GDP growth forecast 2012	2.8%	-	=	5
GDP growth forecast 2010-15	3.6%	+	-	7
GDP % contribution (2010)	6.4%	-	N/A	5

CONCLUSIONS & RECOMMENDATIONS

- The importance to use the same socio-economic data in the province for decision purposes
- Provincial Departments' plans/budgets must be in line with the provincial socio-economic situation
- The budget must be used as a tool for growth and development in the province
- The importance of efficient & effective government spending by Provincial Departments to impact positively on the life of provincial citizens



Thank you



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