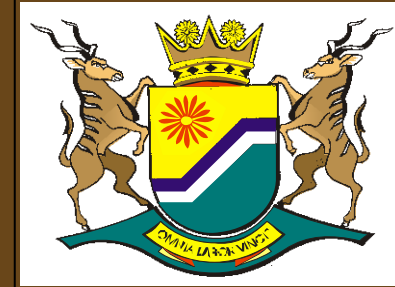


MPUMALANGA ECONOMIC PROFILE



Volume 5
September 2009

DEPARTMENT OF ECONOMIC DEVELOPMENT
ENVIRONMENT AND TOURISM

MPUMALANGA
PROVINCIAL
GOVERNMENT



Table of Contents

	Page
1. MEC's Foreword	iii
2. Statistics in Brief.....	1
3. Demographics.....	2
4. Households.....	4
5. Human Development.....	4
6. Poverty	8
7. Education.....	9
8. Inflation.....	11
9. Economic Focus.....	12
10. Labour Focus	13
11. Investment	17
12. Infrastructure	18
13. Sectors:	
Tourism.....	20
Agriculture, Forestry and Fishing.....	23
Mining and Quarrying.....	26
Manufacturing	28
Electricity, Gas and Water.....	29
Construction	30
14. Trade Focus.....	31
15. Terms and Abbreviations.....	33

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Table of Contents

	Page
1. MEC's Foreword	iii
2. Mpumalanga Statistics in Brief	1
3. Demographics	2
4. Households	4
5. Human Development	4
6. Poverty	8
7. Education	9
8. Inflation	11
9. Economic Focus	12
10. Labour Focus	16
11. Infrastructure	20
12. Sectors	
Tourism	21
Agriculture, Forestry and Fisheries	24
Mining and Quarrying	27
Manufacturing	29
Electricity Gas and Water	30
Construction	31
13. Trade Focus	32
14. Terms and Abbreviations	33

List of Tables

	Page
Table 1: Key Statistics 2008	1
Table 2: Percentage distribution of the projected provincial share of the total population, 2001–2009	3
Table 3: Estimated provincial migration streams (2006–2011)	3
Table 4: Mpumalanga Population Highest Education Level for those from Age 15+	9
Table 5 :Mpumalanga Employment by Sector Q1 to Q2 of 2009	16
Table 6: Gross farming income, expenditure, market value of assets and farming debt in R'000	25
Table 7: Losses during the 2006/07 financial year in R'000	26
Table 8: SOUTH AFRICA'S PRIMARY MINERAL SALES BY PROVINCE, 2007*	27
Table 9: Construction Income by province	31
Table 10:International Trade	32
Table 11:International Trade Economic Sector	32

List of Graphs

Figure 1: Mpumalanga Population Pyramid	2
Figure 2: Percentage of households living in informal dwellings per province	4
Figure 3 : Mpumalanga Human Development Index (HDI)	5
Figure 4: Mpumalanga Gini-Coefficient	6
Figure 5: Mpumalanga Poverty Rate by Districts 2007	7
Figure 6: Provincial distribution of the percentage of persons aged 7–15 years who were attending an educational institution	10
Figure 7: Mpumalanga Consumer Price Index – 2009	11
Figure 8: Provincial distribution to South Africa's Economy	12
Figure 9: Provincial average real annual growth rate	13
Figure 10: Real annual growth rate	14
Figure 11: Mpumalanga Districts: GVA-R Sector Share of Regional Total (%) 2008	15
Figure 13: Mpumalanga Districts: Formal Employment Sector Share 2008	17
Figure 14: Unemployment Rate by Province	18
Figure 15: Mpumalanga Districts: Unemployment Rate 2008	19
Figure 16: Kruger Mpumalanga International Airport	19
Figure 17: Aerial view of Kruger Mpumalanga International Airport	20
Figure 18: Tourism All Foreign visitors	21
Figure 19: %trips Per year Source Markets)	22
Figure 20:: %trips Per year(Destination Markets)	22
Figure 21: Provincial Share of Bed nights	23
Figure 22: Manufacturing GDP-R contributions 2007	29
Figure 23: Electricity produced and available for distribution in South Africa from 2006 to 2009	30

List of Maps

Map 1: Significant Poverty Concentrations	8
Map 2: Mpumalanga Agriculture and Forestry	24
Map 3: Mpumalanga Mining & Quarrying	28



MEC's Foreword



The province's economy is going through a tough time. Our people are losing jobs due to recession. Mpumalanga's key economic sectors, that is, manufacturing experienced job losses of 11 000, whilst agriculture experienced job losses of 8 000 between September 2008 and September 2009. Mining has however employed 4 000 more people during the same period. It is therefore very important for government and business to work together to redress the effects of recession.

We have convened an Economic Summit to work together with business, labour and civil society in crafting a provincial response to the difficult economic conditions we are currently facing. One of the key projects agreed upon at the summit is the construction of the University for Mpumalanga.

It is imperative that the education system in the province be improved to address the required skills needed by sectors for economic growth and job creation and ultimately poverty alleviation. The shortage of skills contributes to people being unemployable, which in turn sustains high levels of poverty and inequality. Low level of skills in the economy also renders it more dependent on imports on labour which results in local people losing out on job opportunities.

Despite the harsh economic realities we are currently facing, there is still hope as the 2010 Soccer World Cup is expected to provide a direct boost to economic activity, and we are optimistic that there would be a recovery.

I trust and hope that the information contained in this booklet will assist in making decisions that will contribute towards creating equitable economic growth and quality jobs.

Enjoy your reading!
Jabu Mahlangu
MEC for Economic Development Environment and Tourism



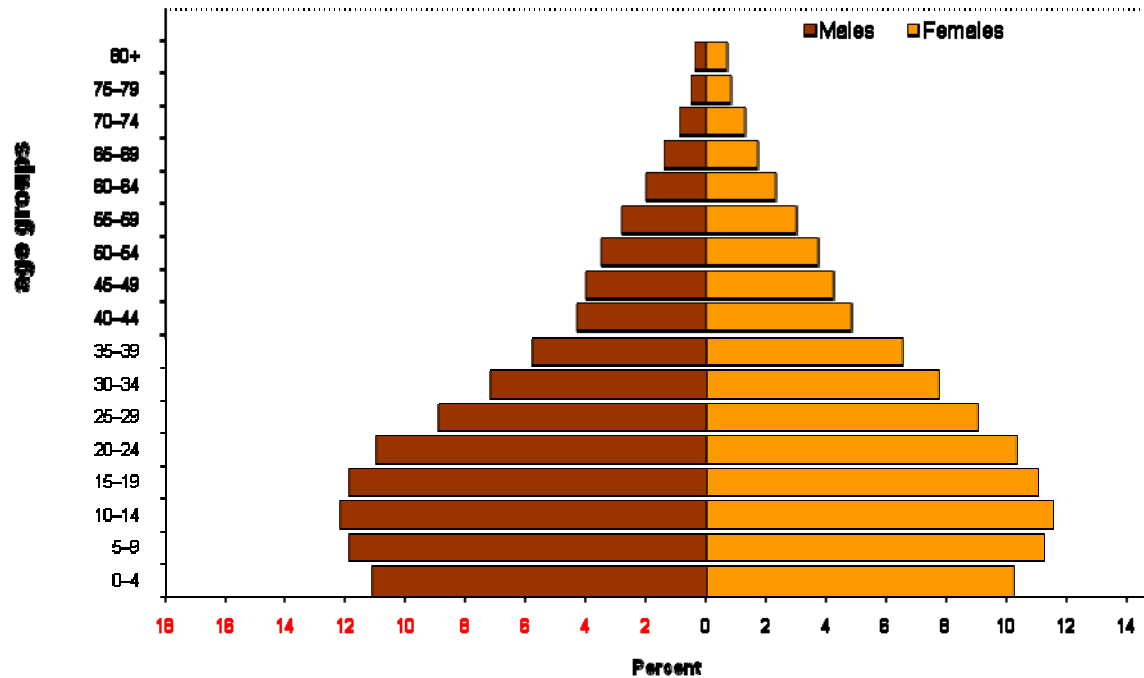
2. Mpumalanga Statistics in Brief

Table1: Key Statistics 2008

Indicator	South Africa	Mpumalanga	Gert Sibande District Municipality	Nkangala District Municipality	Ehlanzeni District Municipality
Total population July 2009)	49 320 000	3 606 800			
Human Development Index (HDI)	0.58	0.52	0.52	0.56	0.48
Gini coefficient	0.66	0.66	0.67	0.67	0.64
Percentage of people in poverty	40.7	50.5	45.4	49.2	54.5
Population density (number of people per km ²)	39.54	48.40	31.03	66.60	57.30
Urbanization rate (%)	57.0%	38.0%	57.0%	53.2%	15.6%
Unemployment rate (%) (2009 Q4)	24.5%	25.7%			
Average annual growth (Constant 2000 Prices)	3.1%	1.5%	1.9%	0.5%	2.4%
Tress index	41.36	40.47	47.13	50.39	42.24
Exports as % of GDP	30.8%	7.1%	6.0%	8.6%	6.0%
Total trade as % of GDP	63.2%	8.8%	8.0%	10.5%	7.1%

3. Demographics

Figure 1: Mpumalanga Population Pyramid



Mpumalanga had an estimated total population of 3 606 800 people in 2009. The population has increased by 224 115 compared to the population figure of 3 365 885 (Census 2001). The overall population is composed of 48.2% males and 51.8% females. The pyramid shows a large proportion of people are in the younger age group and a relatively small proportion aged 65 years and over. The higher percentages at the lower ages indicate a fast growing population that would increase the future demand for social services. The proposed extension of the child support grant to 18 years will weigh heavily on the government budget as 45% of the total population are children under the age of 19. Expenditure on pensioners currently does not put pressure on government expenditure due to relatively low numbers of the pensioners. The 15-64 age group which is the potentially economically active portion of the population make up 65% of the total population.

Demographics

Table 2: Percentage distribution of the projected provincial share of the total population, 2001–2009

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Eastern Cape	14,5	14,3	14,2	14,1	13,9	13,8	13,7	13,6	13,5
Free State	6,1	6,1	6,1	6,0	6,0	5,9	5,9	5,9	5,9
Gauteng	20,0	20,2	20,4	20,5	20,7	20,9	21,0	21,2	21,4
KwaZulu-Natal	21,3	21,2	21,2	21,2	21,2	21,2	21,0	21,2	21,2
Limpopo	11,0	11,0	10,9	10,9	10,8	10,8	10,7	10,7	10,6
Mpumalanga	7,5	7,4	7,4	7,4	7,4	7,4	7,4	7,3	7,3
Northern Cape	2,4	2,4	2,4	2,4	2,4	2,4	2,4	2,3	2,3
North West	7,1	7,1	7,1	7,1	7,1	7,0	7,0	7,0	7,0
Western Cape	10,1	10,2	10,3	10,4	10,5	10,6	10,7	10,8	10,9
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Table 2 shows the estimated percentage of the total population residing in each of the provinces from 2001 to 2009. The provincial estimates show that since 2008, Gauteng had the largest share of the population, followed by KwaZulu-Natal and Eastern Cape. Approximately 7.3% of South Africa's population live in Mpumalanga from 2001 to July 2009. Northern Cape has the smallest population. Free State has the second smallest share of the South African population, constituting approximately 6% of the population.

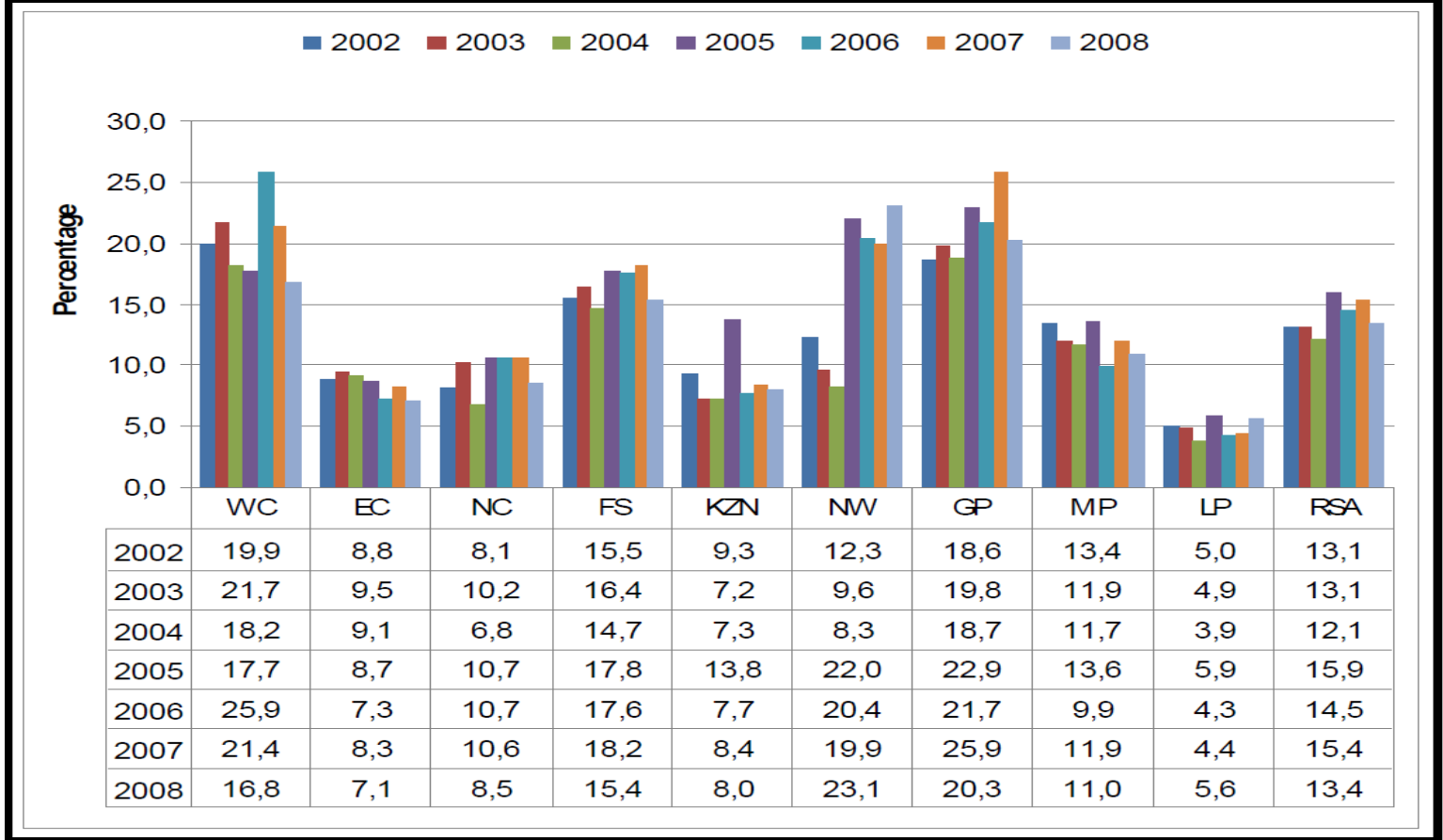
Table 3: Estimated provincial migration streams (2006–2011)

Province 2006	Province 2011										In-migration	Net migration
	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Out-migration		
EC	-	14 700	93 400	84 200	10 200	12 500	3 400	27 900	143 800	390 100	116 500	-273 600
FS	7 600	-	57 500	5 900	9 700	6 400	5 200	23 900	9 700	125 900	94 100	-31 800
GP	31 500	31 000	-	56 400	33 300	40 900	7 600	47 400	46 900	295 000	741 900	446 900
KZN	18 600	8 500	117 100	-	6 300	17 000	1 800	7 800	18 100	195 200	207 300	12 100
LP	3 700	5 600	210 000	5 900	-	28 200	900	27 300	5 100	286 700	97 500	-189 200
MP	6 500	4 000	100 200	15 400	17 000	-	5 200	11 600	6 700	166 600	122 800	-43 800
NC	12 100	7 200	12 300	2 100	3 000	2 600	-	11 400	15 900	66 600	41 100	-25 500
NW	5 200	16 900	109 500	23 600	13 300	11 600	10 200	-	3 600	193 900	161 800	-32 100
WC	31 300	6 200	41 900	13 800	4 700	3 600	6 800	4 500	-	112 800	249 800	137 000

Table 3 shows that for the period 2006–2011 it is estimated that approximately 166 600 people will migrate from Mpumalanga, while 122 800 will in-migrate to Mpumalanga which will make the Net migration of the province negative 43 800; Limpopo is estimated to experience a net outmigration of nearly 200 000 people. During the same period, Gauteng and Western Cape are estimated to experience a net inflow of migrants of approximately 450 000 and 140 000 respectively.

4. Household

Figure 2: Percentage of households living in informal dwellings per province

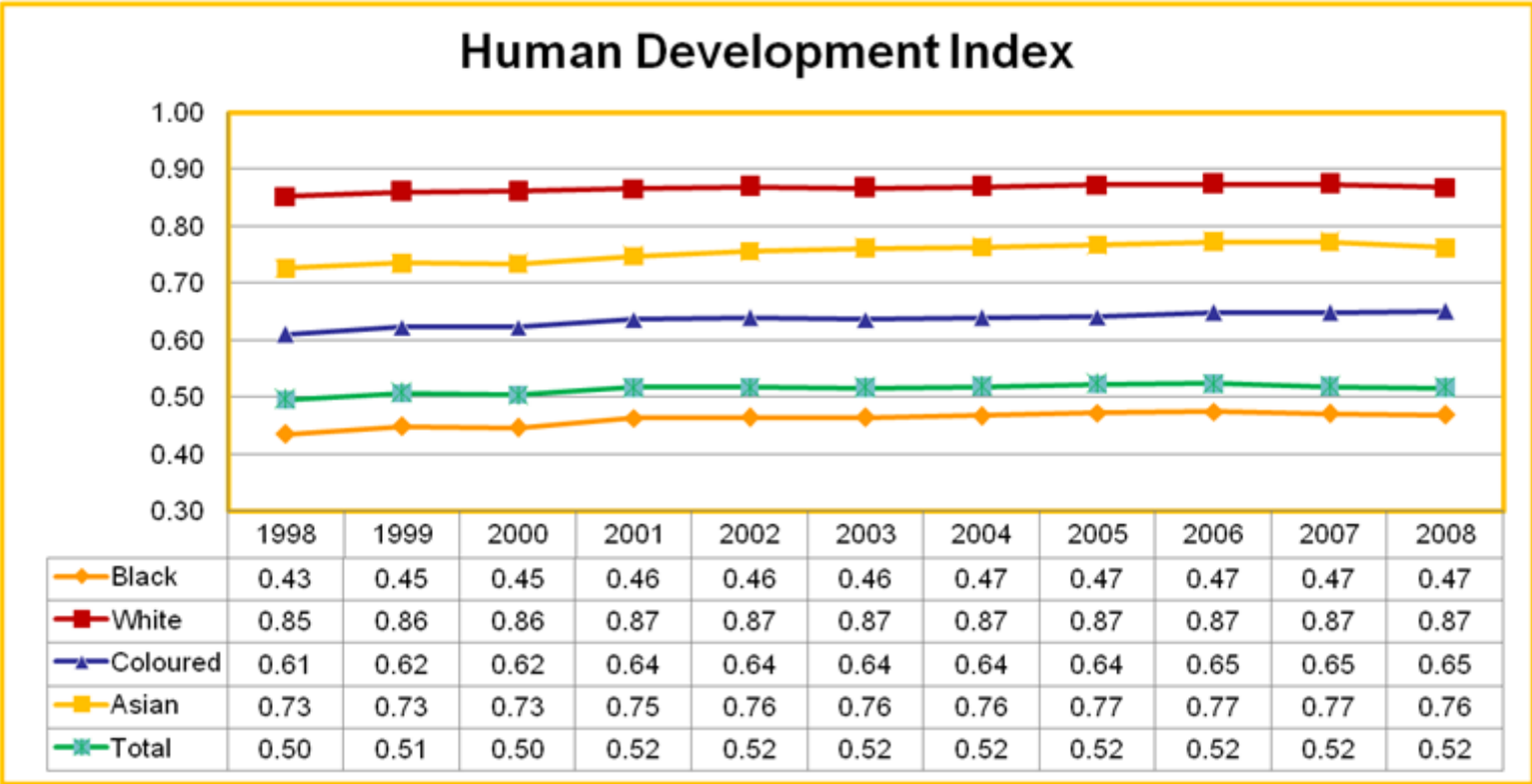


A total of 13.4% of the South African population were residing in informal dwellings in 2008. Mpumalanga is one of the provinces that continued the downward trend of households living in informal dwellings from 2007 to 2008. The percentage of the people living in informal dwellings in Mpumalanga decreased by 2.4% between 2002 and 2008. The province with the highest informal dwelling percentage is North West (23.1%) followed by Gauteng with 20.3%.

Source: Stats SA General Household Survey, July 2008

5. Human Development

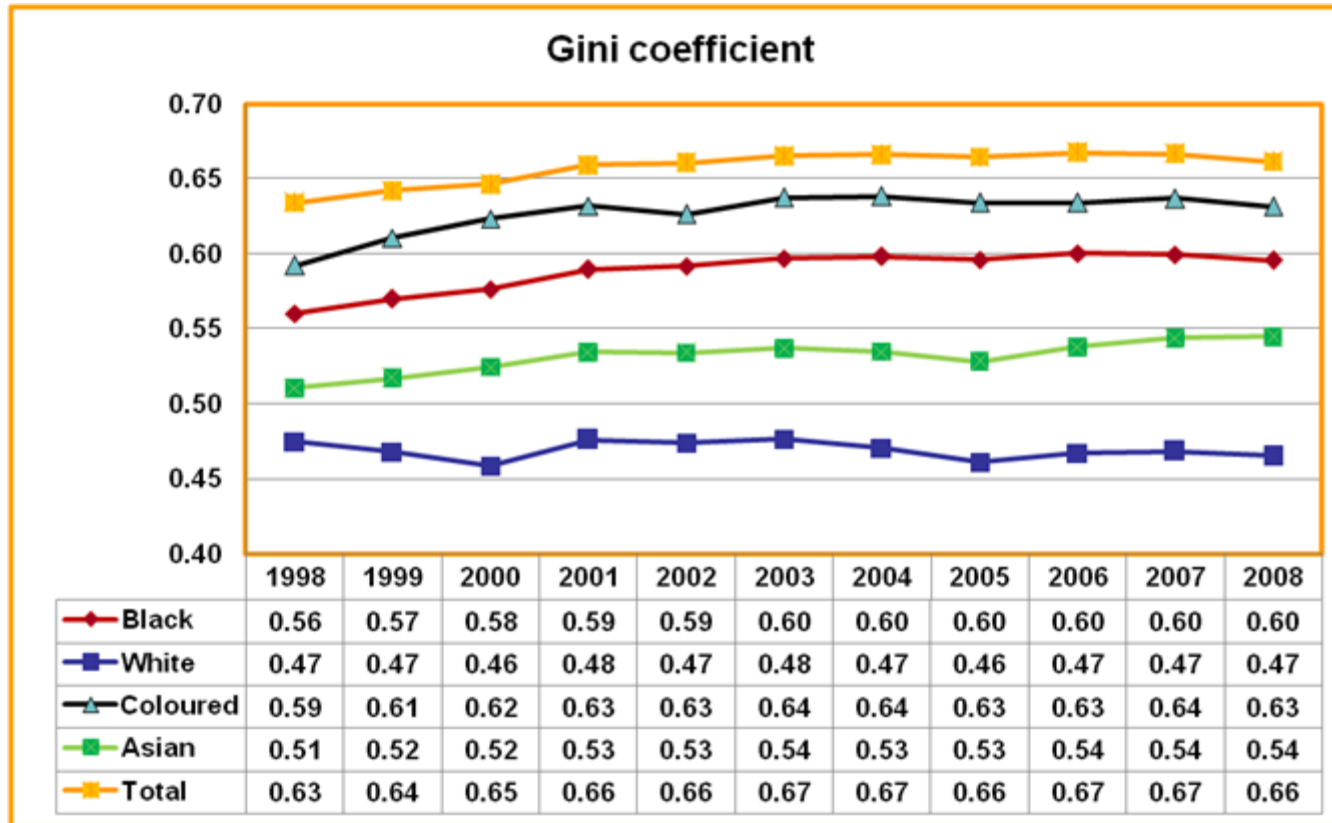
Figure 3 : Mpumalanga Human Development Index (HDI)



Human Development Index (HDI) measures people’s standard of living. The trend for Mpumalanga shows a general improvement from 1998 to 2001, after which the HDI remained steady from 2001 to 2008. The white population still enjoy better living standards e.g. access to health care, education and wealth as the HDI was 0.85 in 1998 and increased to 0.87 in 2008, followed by the coloured population which increased from 0.61 in 1998 to 0.65 in 2008. The Asian population’s HDI increased from 0.73 in 19998 to 0.76 in 2008. The black population have the lowest living standards when compared to the other population groups as the HDI was 0.43 in 1998 and increased to 0.47 in 2008.

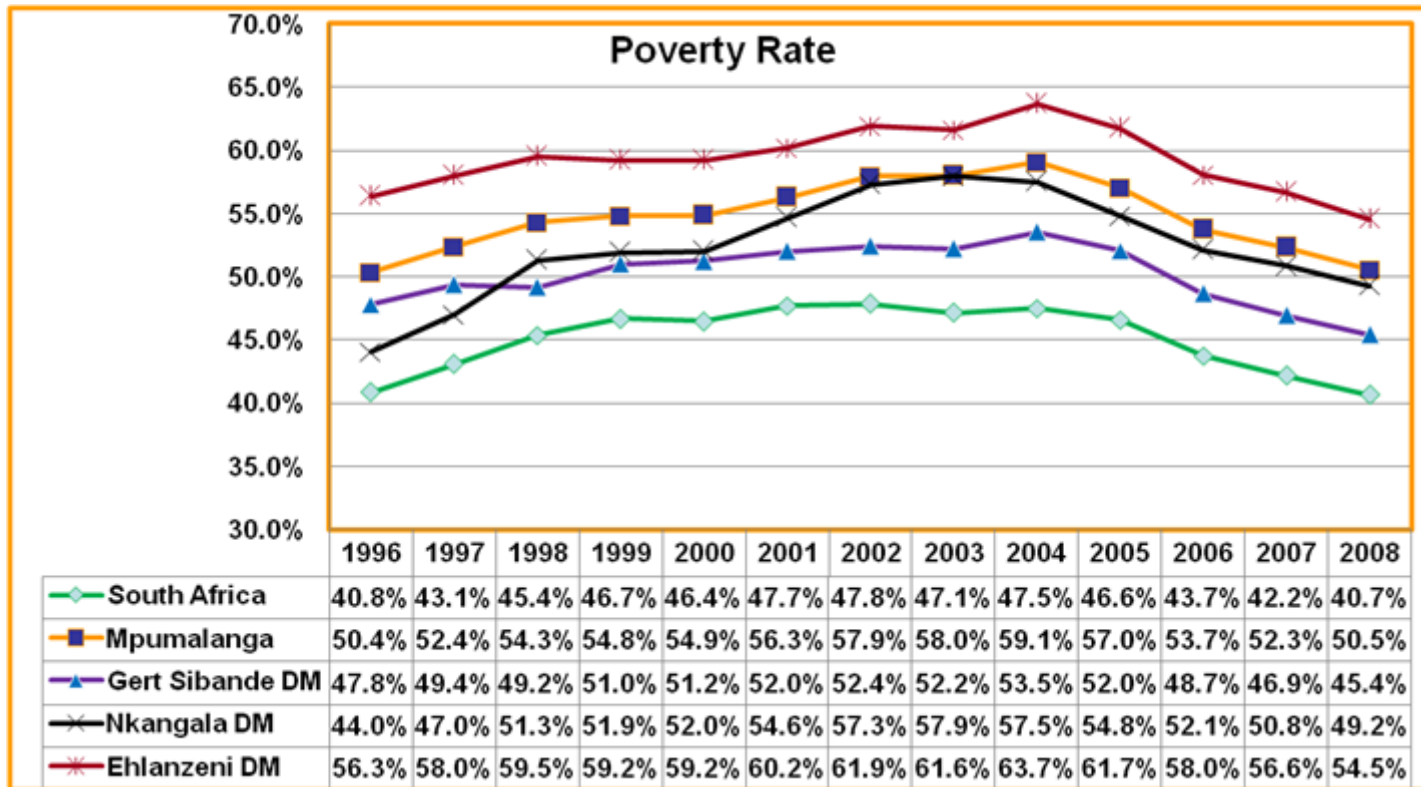
Source: Global Insight Regional eXplorer July 2009

Figure 4: Mpumalanga Gini Coefficient



The Gini Coefficient (Income disparity) of the province increased from 0.63 in 1998 to 0.66 in 2008. When considering race inequality, it appears to have increased for all races from 1998 to 2008. The coloured population had the highest Gini coefficient of 0.63 in 2008 which increased from 0.59 in 1998 followed by the black population with a gini coefficient of 0.60 in 2008. The high rate of unemployment coupled with improvement in earnings would lead to the widening of income distribution.

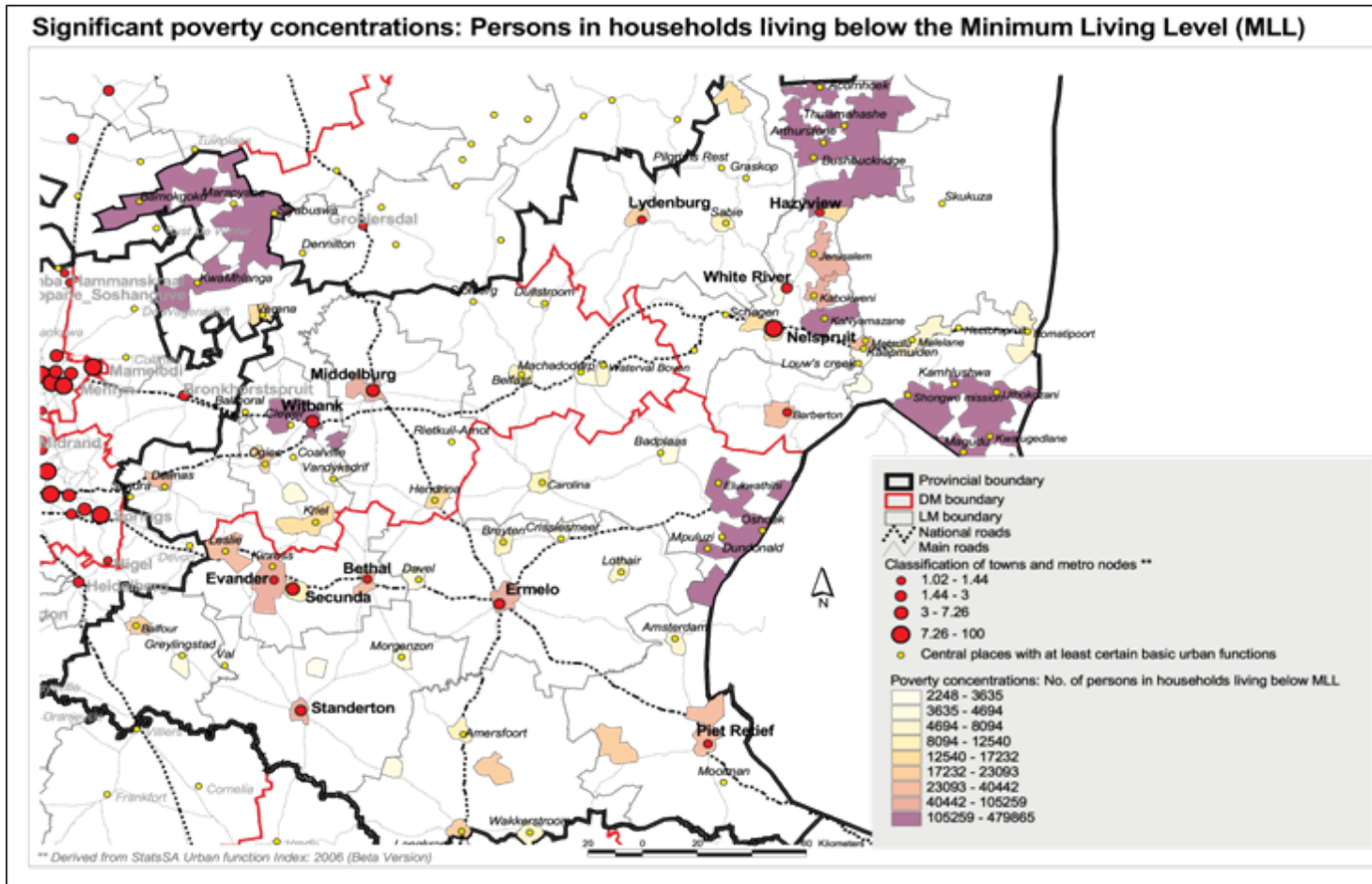
Figure 5: Mpumalanga Poverty Rate by Districts 2007



Poverty rate in Mpumalanga has not improved between 1996 and 2008, it has in fact deteriorated. Poverty is a major factor in the province as the poverty rate was 50.4% in 1996 only to increase steadily to 59.1% in 2004 and decreased steadily to 50.5% in 2008. Ehlanzeni District had the highest poverty rate when compared to the other Mpumalanga districts, Mpumalanga and South Africa. Ehlanzeni had a poverty rate of 54.5% in 2008, Nkangala 49.2% and Gert Sibande 45.4%.

6. Poverty

Map 1: Significant Poverty Concentrations



The majority of Mpumalanga's population, including the majority of the poor, is located in areas of low economic activities, they continue to migrate to areas of high economic activities such as Nelspruit-White River metropolis, the Witbank-Middleburg metropolis, and Secunda and surroundings. These realities of urbanisation and spatial economic disparities pose a real development dilemma. In our quest to facilitate economic growth we need to recognise that to realise the potential for growth, more infrastructure is needed in rural areas in order to enhance growth. The highest **concentrations of poverty** (people living under the MLL) are in the following four broad areas of the province:

- (1) Broader KwaMhlanga, Siyabuswa, Bamokgoko, located in Nkangala DM;
- (2) Bushbuckridge, KaNyamazane
- (3) Nkomazi in Ehlanzeni DM
- (4) Elukwatini in Gert Sibande.

7. Education

Table 4: Mpumalanga Population Highest Education Level for those from Age 15+

Highest level of education: age 15+	1998	2008	Difference	1998	2008
No schooling	501,070	383,668	-117,402	24.6%	15.6%
Grade 0-2	25,228	45,495	20,267	1.2%	1.8%
Grade 3-6	290,667	267,928	-22,739	14.2%	10.9%
Grade 7-9	471,425	554,482	83,057	23.1%	22.5%
Grade 10-11	338,938	531,194	192,256	16.6%	21.6%
Less than matric & certif/dip	26,868	19,127	-7,741	1.3%	0.8%
Matric only	292,646	496,932	204,286	14.3%	20.2%
Matric & certificate / diploma	70,722	122,027	51,305	3.5%	5.0%
Matric & Bachelors degree	17,920	30,453	12,533	0.9%	1.2%
Matric & Postgrad degree	5,335	10,241	4,906	0.3%	0.4%
Total	2,040,818	2,461,547	420,729	100%	100%

The above table shows that the number of those who do not have schooling decreased by approximately 117 402 between 1998 and 2008. The number of those who have matric only increased by 204 286 between 1998 and 2008 (from 3.5% to 5%). This indicates that there has been an improvement in access to education over the past ten years (1998 -2008).The number of people with matric only shows that there is a need for a university in the province. The proposed Mpumalanga university will address the shortage of skills needed by sectors and also reduce unemployment as people will be equipped with the necessary skills that will enable them to enter the job market.

Education

Figure 6: Provincial distribution of the percentage of persons aged 7–15 years who were attending an educational institution

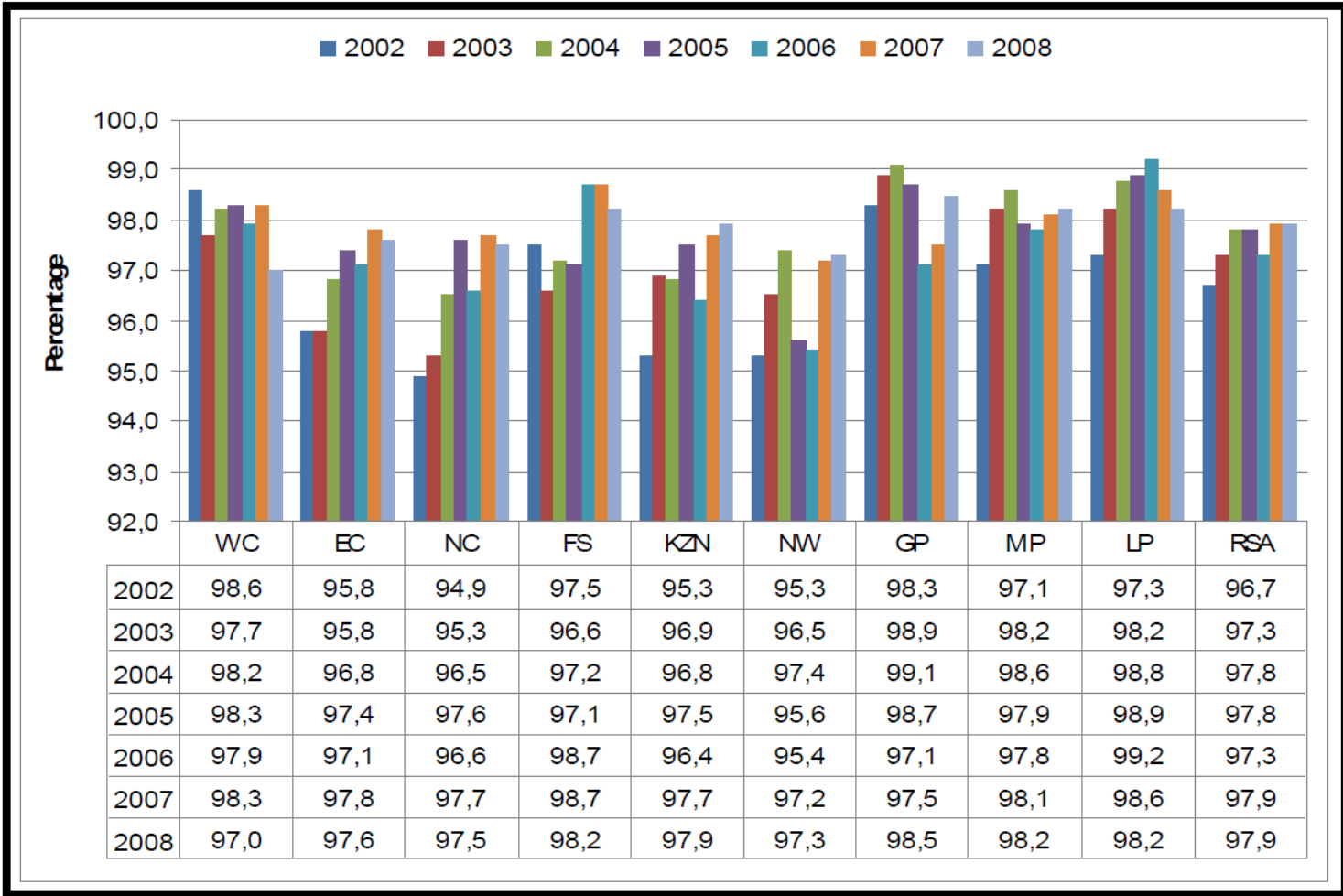
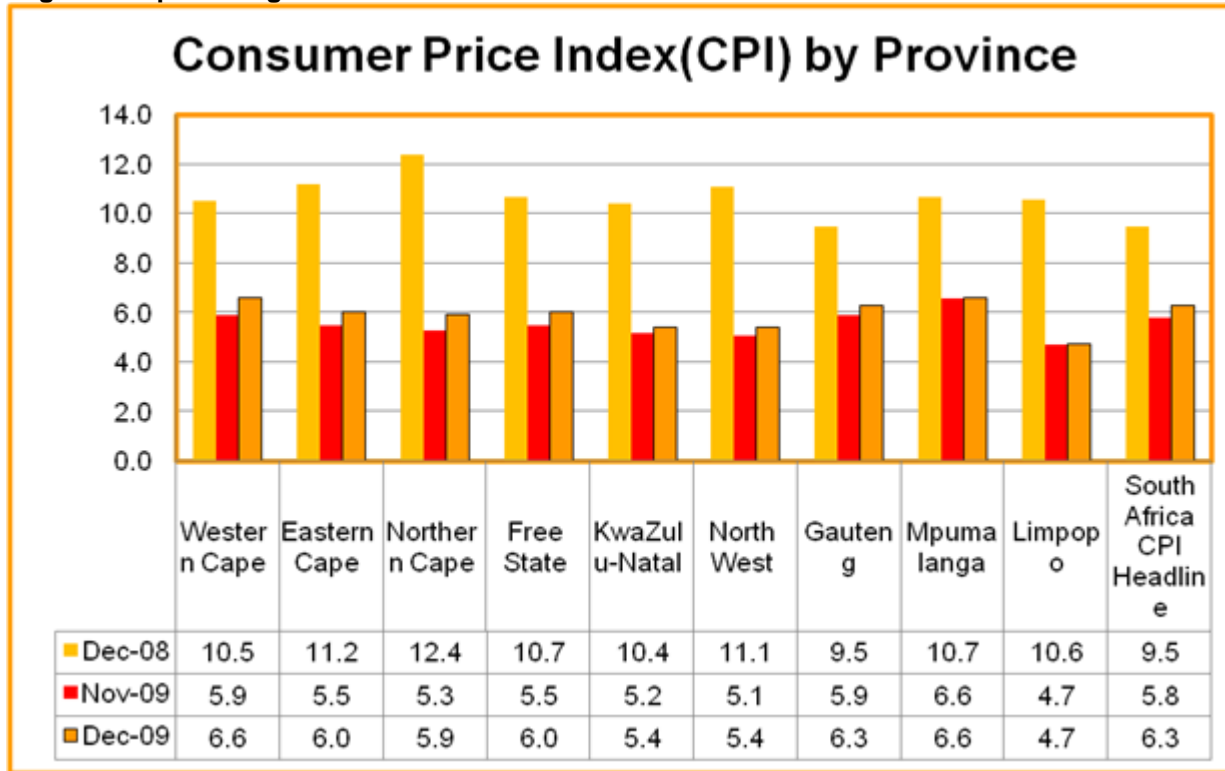


Figure above shows the provincial variation in attendance rates among learners aged 7–15 years. The following is noteworthy: Enrolment rates for 2008 are higher than 97% in all provinces. Enrolment levels were the lowest in Western Cape (97,0%) and the highest in Gauteng (98,5%), Free State (98,2%) and Mpumalanga (98,2%). When comparing 2007 and 2008, enrolment levels for the 7–15-year age group; they have remained stable in the country as a whole. Slight increases in enrolment can be noted in Gauteng, KwaZulu-Natal, North West and Mpumalanga. In all the other provinces there were slight decreases with fluctuation in Western Cape. Since 2002 the largest increases in enrolment took place in KwaZulu-Natal (from 95,3% to 97,9%), Northern Cape (from 94,9% to 97,5%), North West (from 95,3% to 97,3%) and Eastern Cape (from 95,8% to 97,6%).

Source: Stats SA General Household Survey, July 2008

8. Inflation

Figure 7: Mpumalanga Consumer Price Index – 2009



South Africa Inflation

The headline CPI (for all urban areas) annual inflation rate in December 2009 was 6,3%. This rate was 0,5 of a percentage point higher than the corresponding annual rate of 5,8% in November 2009. On average, prices increased by 0,3% between November 2009 and December 2009.

Provinces Inflation

The provinces with an annual inflation rate lower or equal to headline inflation were Limpopo (4,7%), KwaZulu-Natal (5,4%), North West (5,4%), Northern Cape (5,9%), Eastern Cape (6,0%), Free State (6,0%) and Gauteng (6,3%). The provinces with an annual inflation rate higher than headline inflation were Western Cape (6,6%) and Mpumalanga (6,6%).

Mpumalanga's December 2009 annual inflation rate was 6.6% the same as the November 2009 inflation . Mpumalanga's inflation was 0.3% higher than that of South Africa.

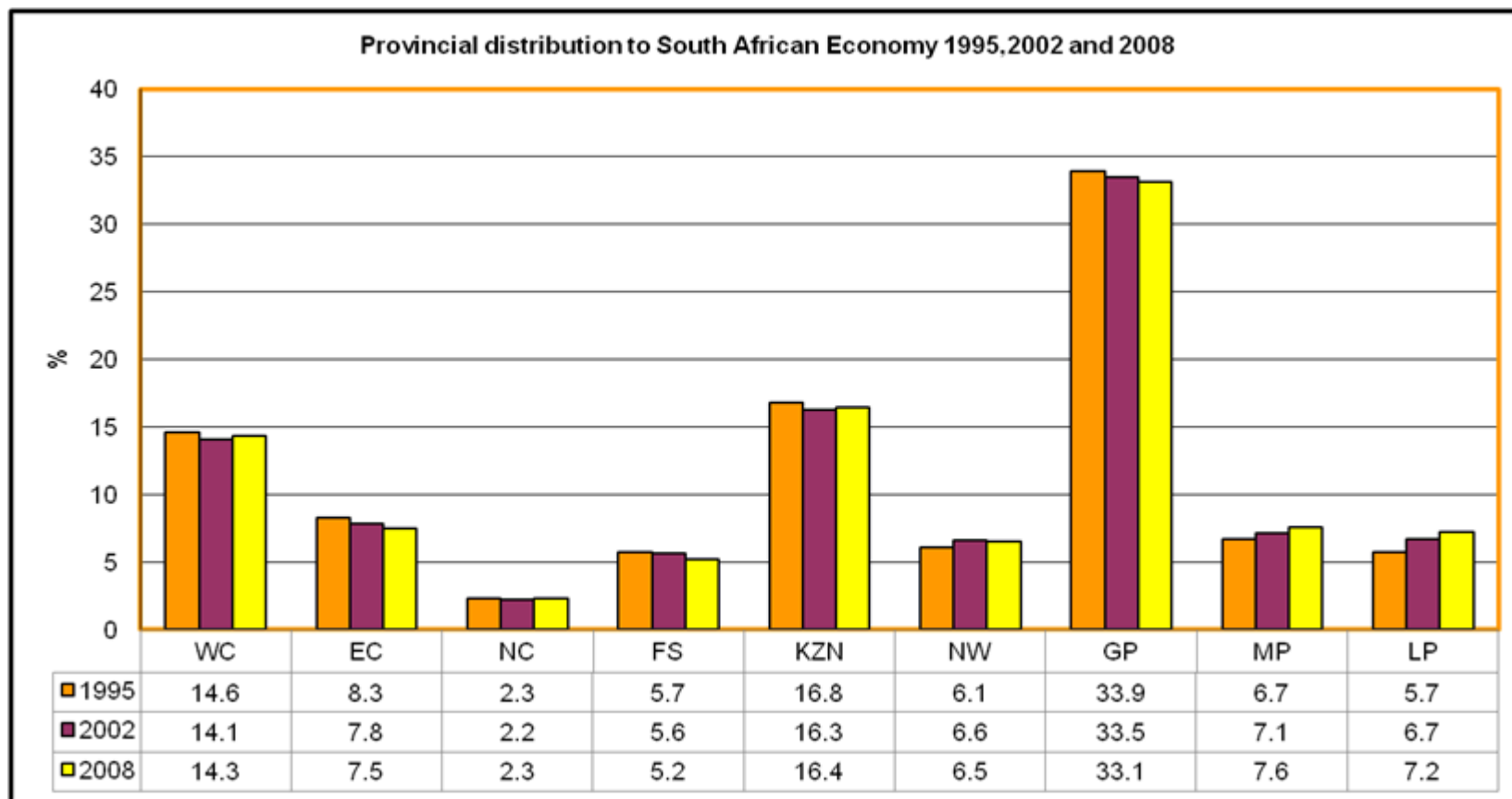
In December 2009, Mpumalanga together with Western Cape had the highest Inflation rate when compared to the other provinces, A slightly steeper decline in Mpumalanga inflation may be due to the anticipation of lower food and petrol inflation, as well as a continuation of the newfound downward trend of services inflation which first manifested itself in the July figures.

Mpumalanga Food inflation may have fallen even more than expected, so is the inflation rate of several services also continued declining. On the petrol price front, even though the price was reduced by 25 cl in August, the fact is that in August last year likewise the price of petrol was reduced by 30 cl. Therefore, on a y-o-y basis, there will have been very little change in the y-o-y petrol inflation rate, which will have moved marginally downwards from - 26.2% in July, to -26.3% in August.

Food, Fuel and Power, Transport costs may have been the major inflation drivers in the province. Understanding the principal drivers of inflation is important to enable authorities in government to devise crystal clear policies to fight inflation and attain developmental objectives. promotive of the anti-inflation drive.

9. Economic Focus

Figure 8: Provincial distribution to South African Economy

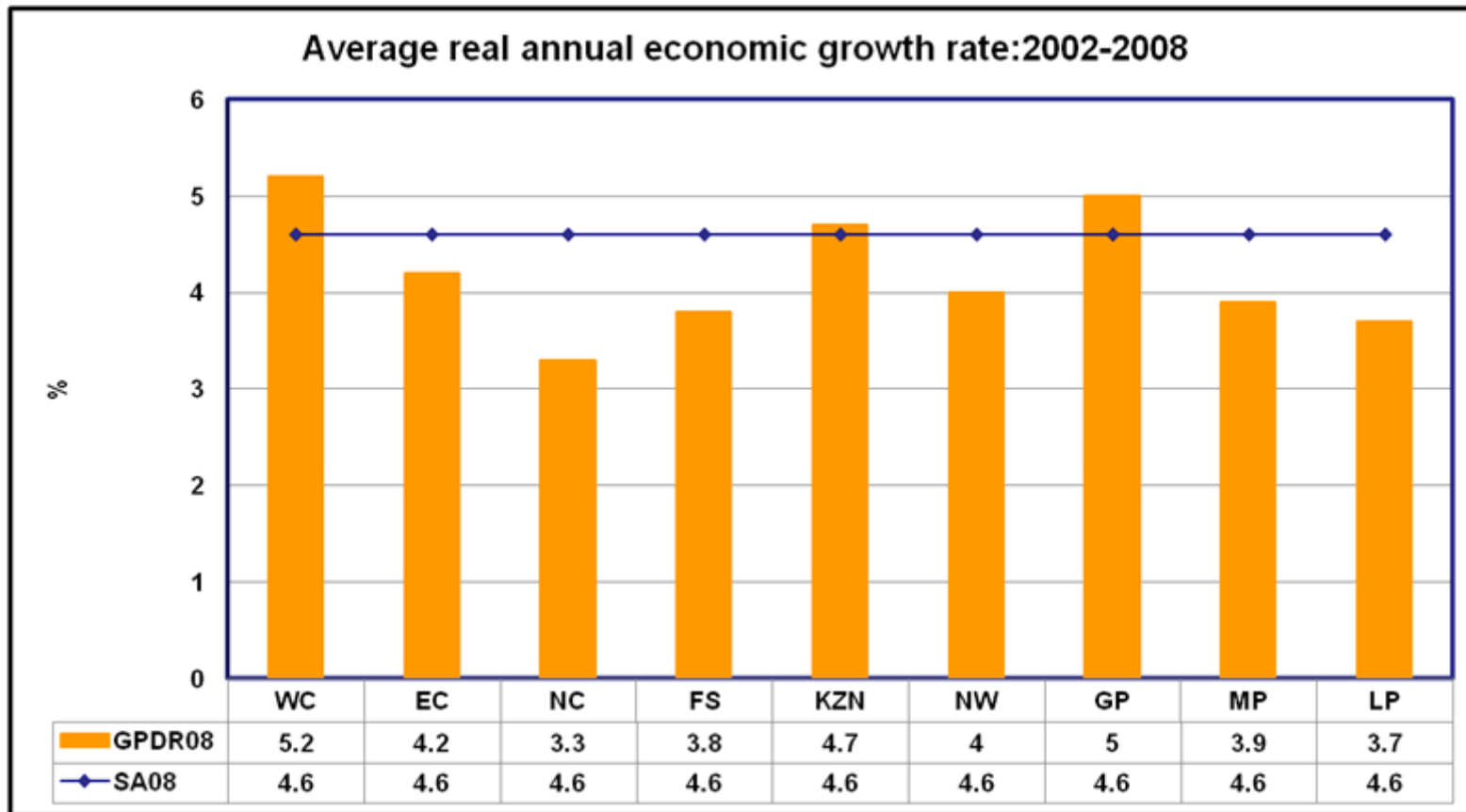


The relative ranking of the contribution of the nine provinces to the South African economy did not change between 1995 and 2008, as shown in the figure above. Gauteng remains the largest (33,1 per cent), followed by KwaZulu-Natal (16,4 per cent) and Western Cape (14,3 per cent). These three dominant provinces (collectively contributing nearly two-thirds to the South African economy) have however shown a decline in their contribution over the period.

Positive growth in terms of relative size was recorded by North-West, Mpumalanga and Limpopo, the latter increasing from 5,7 per cent to 7,2 per cent. Mpumalanga contribution to South Africa's economy showed an increase from 6.7% in 1995 to 7.1% in 2002 and was 7.6% in 2008

9. Economic Focus

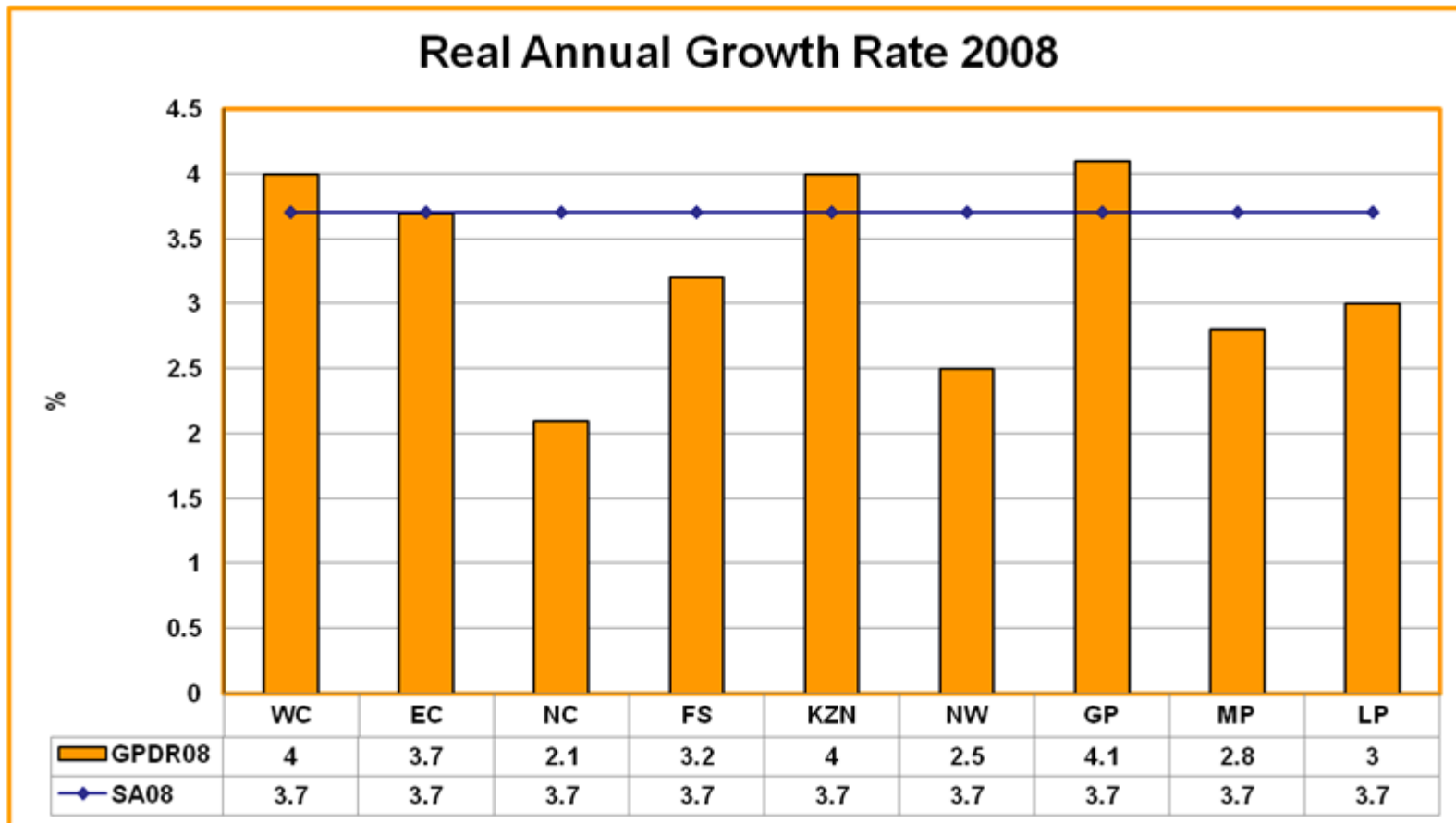
Figure 9: Average real annual economic growth rate:2002-2008



A comparison of the average real economic growth rate from 2002 to 2008 recorded by the provincial economies and the total economy is shown in the figure above. The South African economy recorded growth of 4,6 per cent, bettered only by Western Cape (5,2 per cent), Gauteng (5,0 per cent) and KwaZulu-Natal (4,7 per cent). All other provincial economies recorded lower growth rates, e.g. Northern Cape posted an average economic growth rate of 3,3 per cent over the period. Mpumalanga recorded the fourth highest average real annual growth when compared to the other provinces.

9. Economic Focus

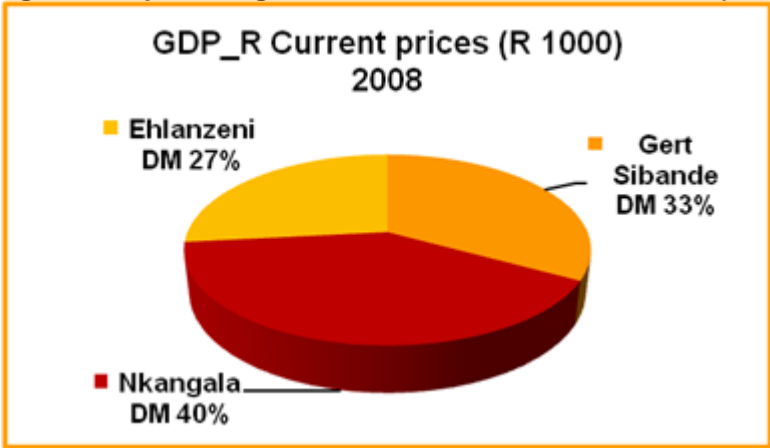
Figure10: Real Annual Growth Rate 2008



The slowdown in the South African economy in 2008 was evident in all provincial economies with all provinces recording lower rates of economic growth. The Gauteng province (4,1 per cent) recorded the highest economic growth rate in 2008, followed by the Western Cape and KwaZulu-Natal provinces (4,0 per cent each). Mpumalanga had the third lowest real annual growth rate of 2.8% in 2008.

9. Economic Focus

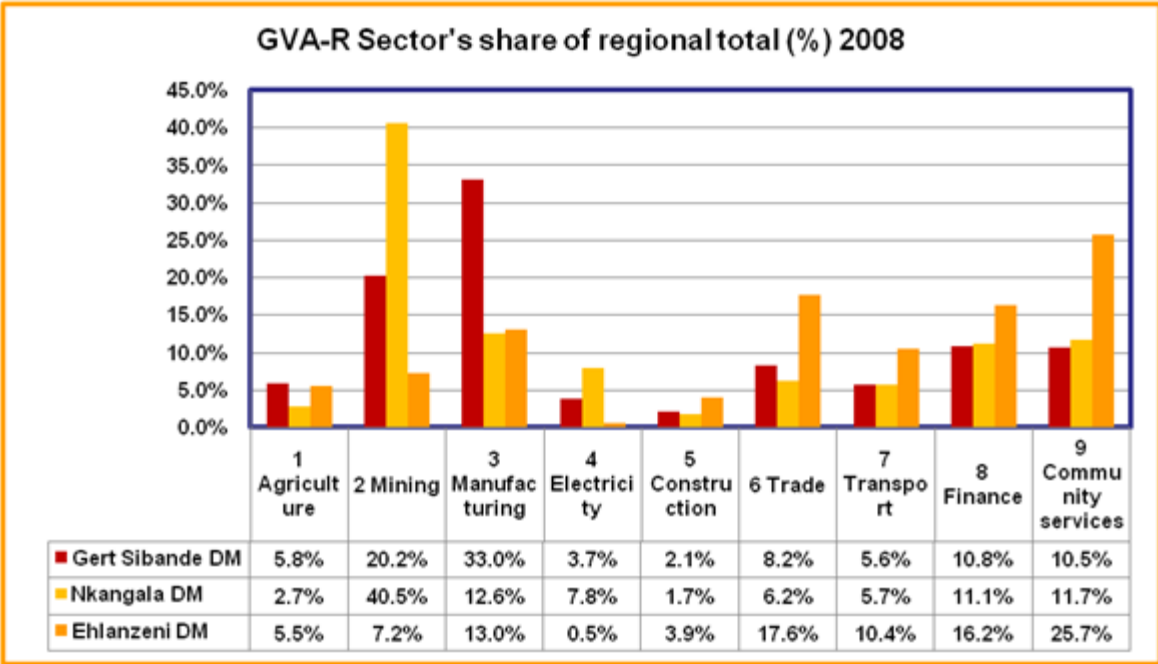
Figure 11: Mpumalanga Districts: GDP-R Constant Prices (R 1000) 2008



Nkangala is a major contributor in terms of GDP when compared to the other districts with a contribution of 40%. Gert Sibande at 33% and Ehlanzeni at 27%.

Nkangala district municipality which made the largest contribution to GDP-R, is the smallest in terms of land area (21.9%). Gert Sibande is the largest municipality geographically (41.6%) and contributed 33% of the province's GDP.

Figure 12: Mpumalanga Districts: GVA-R Sector Share of Regional Total (%) 2008



Nkangala District Municipality

In 2008 the economy of Nkangala is driven by the Mining(40.5%), Manufacturing(12.6%), Community services (11.7%) and finance(11.1%)

Gert Sibande District Municipality

Manufacturing(33%), Mining(20.2%), Finance (10.5%) and the Community Services(10.5%) sector were the main drivers in 2008 in the Gert Sibande District municipality.

Ehlanzeni District Municipality

Ehlanzeni's economy was driven by the community services (25.7%), trade(17.6%), Finance(16.2%) and the manufacturing(13%)sector

10. Labour Focus

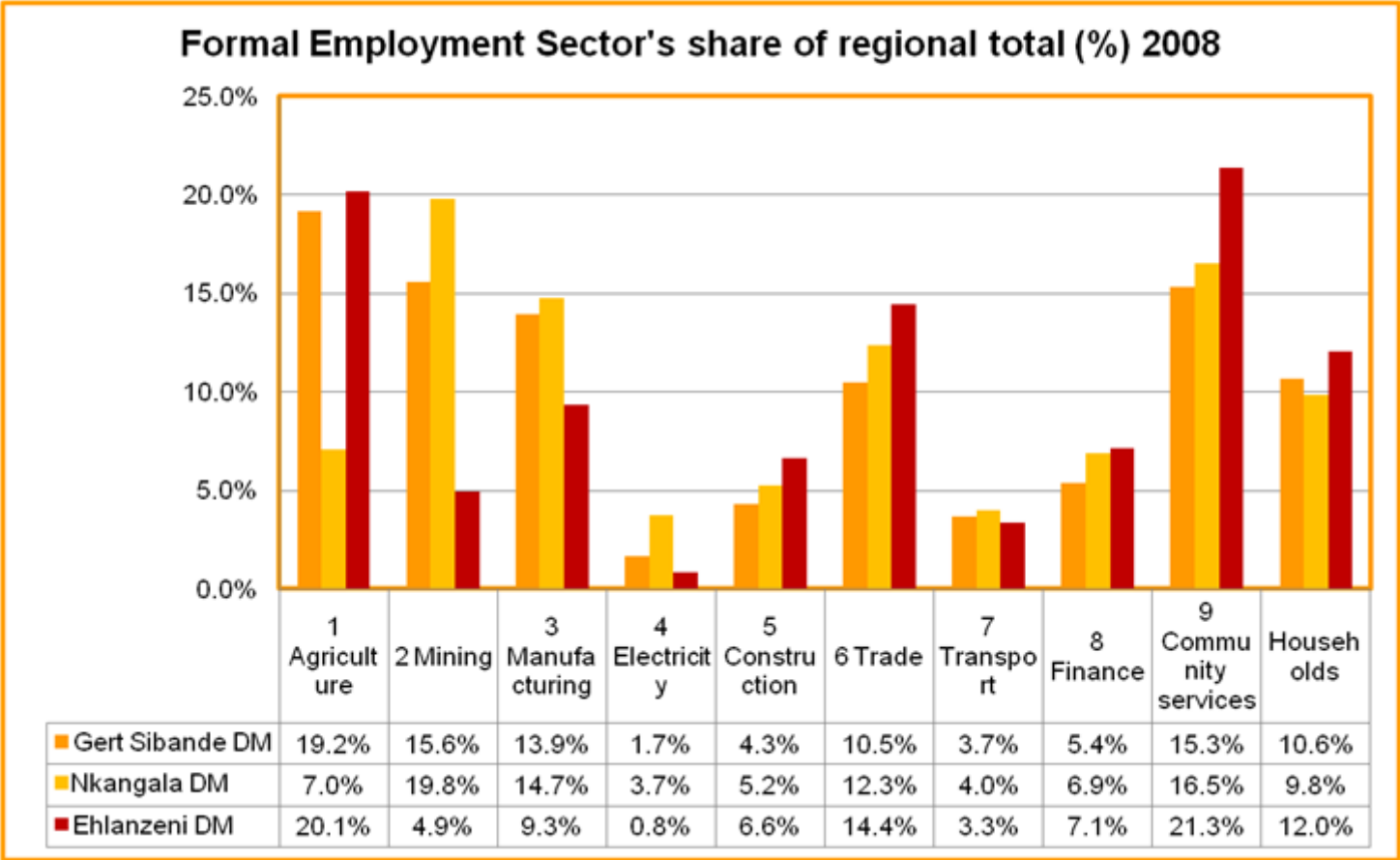
Table 5 :Mpumalanga Employment by Sector Quarter 4 of 2008,Quarter3 and Quarter4 of 2009

Mpumalanga Employment by Sector(1000)	Q4:2008	Q3:2009	Q4:2009	Diff Q4:2008-Q4:2009	Diff Q3:2009-Q4:2009
Agriculture	79	74	66	-13	-8
Mining	59	58	50	-9	-8
Manufacturing	84	72	77	-7	5
Utilities	15	13	16	1	3
Construction	86	82	80	-6	-2
Trade	234	209	226	-8	17
Transport	51	38	39	-12	1
Finance	87	78	83	-4	5
Community and social services	146	159	158	12	-1
Private households	94	98	85	-9	-13
Total	935	881	880	-55	-1

Year on Year: The total number of the employed decreased by 55 000 (from 935 000 to 880 000) jobs where 68 000 jobs were lost across all the sectors while 13 000 were gained on year on year (Quarter 4 of 2008 and Quarter 4 of 2009) comparison. Agriculture lost 13 000 jobs, Transport lost 12 000 jobs, Mining and private households sector lost 9 000 jobs each, Trade sector lost 8 000 jobs, Manufacturing lost 7 000 jobs, Finance lost 12 000 jobs while the Community services sector gained 12 000 jobs and the Utilities sector gained 1 000 jobs.

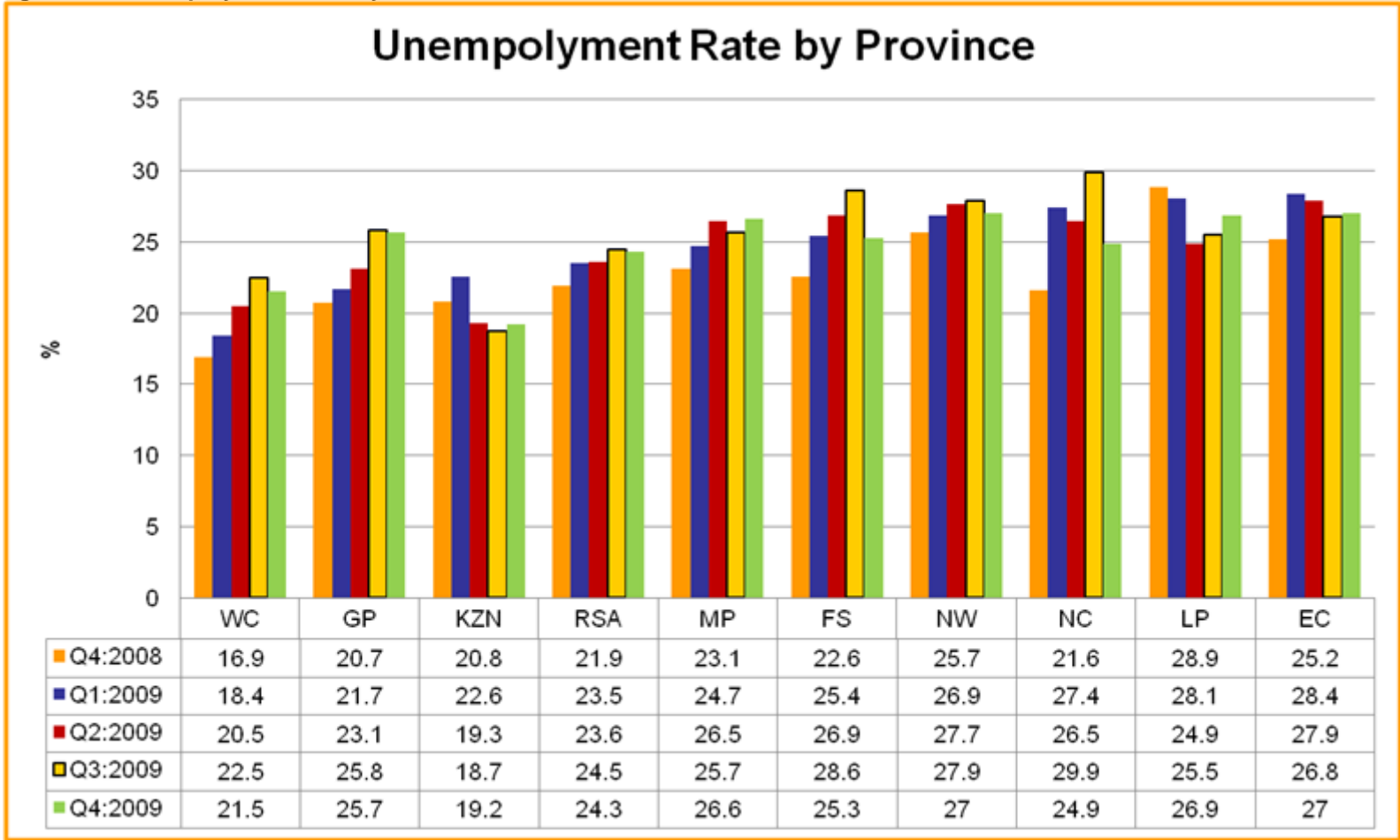
Quarter on Quarter: The total number of the employed decreased by 1000 from 881 000 in the 3rd Quarter of 2009 to 880 000 in the 4th Quarter of 2009. a total of 32 000 jobs were lost while 31 000 were gained. The Trade sector gained 17 00 jobs, Manufacturing and finance gained 500 jobs each while Utilities gained 3000 jobs and the transport sector gained 1000 jobs

Figure 13: Mpumalanga Districts: Formal Employment Sector Share 2008



The sectors that contribute more in terms of formal employment in Mpumalanga are the Community service, Agriculture, Mining, Manufacturing and Trade. Ehlanzeni had a higher percentage contribution in formal employment in the Agriculture(20.1%), Community services(21.3%), Trade(14.4), households(12%), Finance and Construction(6.6%) while Nkangala employed more people in terms of Formal employment in the Manufacturing and Mining sectors. Gert Sibande District has employed more people in the Agriculture, Mining, Community services, Manufacturing, Trade and households.

Figure 14: Unemployment Rate by Province

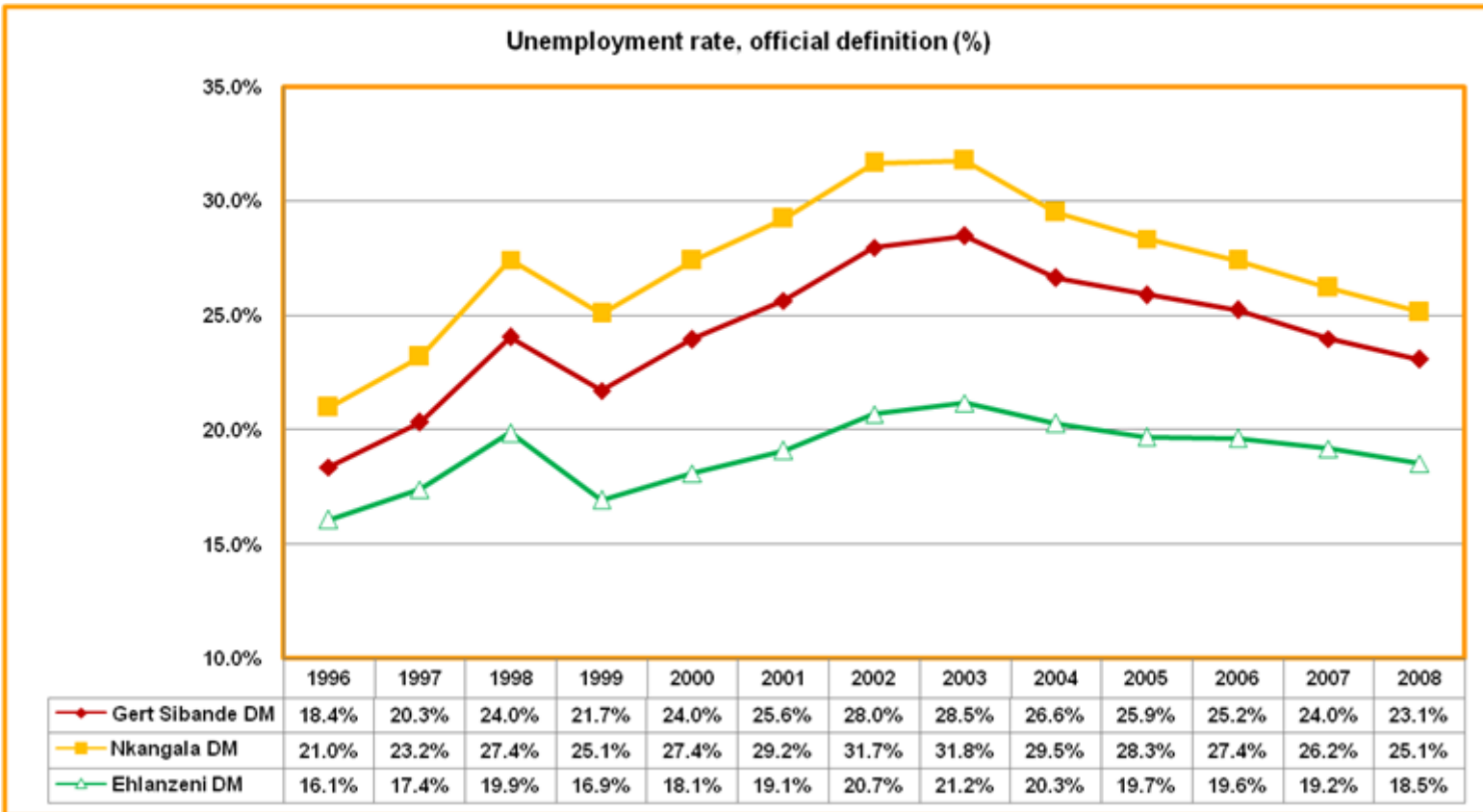


The above figure shows an increase in the unemployment rate in four of the nine provinces in Q4:2009 compared to the unemployment rate of Q3:2009.

Mpumalanga’s unemployment rate increased from 25.7% to 26.6% between the 3rd and 4th quarter of 2009, while it showed an increase of 4.5% when comparing the year on year unemployment figures. Mpumalanga is the fourth highest province with an unemployment rate of 26.6% when compared with the other provinces and is above the South Africa average unemployment rate of 24.3%.

Source: StatsSA QLFS 2nd^d quarter report 2009

Figure 15: Mpumalanga Districts: Unemployment Rate 2008



The above Figure shows that all three Mpumalanga Districts follow a similar trend in terms of unemployment. Nkangala District had the highest unemployment rate for the past twelve years when compared to the other districts. Ehlanzeni's unemployment rate was 16.1% in 1996 and increased steadily to 21.2% in 2003 only to decrease to 18.5% in 2008, where the poverty rate was lower than that of Nkangala District with an unemployment rate of 25.1% and Gert Sibande with an unemployment rate of 23.1%.

11. Infrastructure

Kruger Mpumalanga International Airport (KMIA)

Figure 16: Kruger Mpumalanga International Airport



Figure 17: Aerial view of Kruger Mpumalanga International Airport



Kruger Mpumalanga International Airport, KMIA, some 22 km north of Nelspruit came into operation during November 2002. This airport, with a runway some 3,2 km long, is designed to handle large cargo and passenger aircraft. Currently it is handling charter flights from Europe and North America. KMIA handled 529 516 departures and 523 958 arrivals from January 2003 to June 2008. The airport has potential to be an air-freight and cargo hub for the region.

The economic development potential of KMIA according to KMIA feasibility study conducted in 2007 includes the development of an industrial park between the sizes of 19ha in 2010 to 73ha in 2025 consisting of the following and related industries:

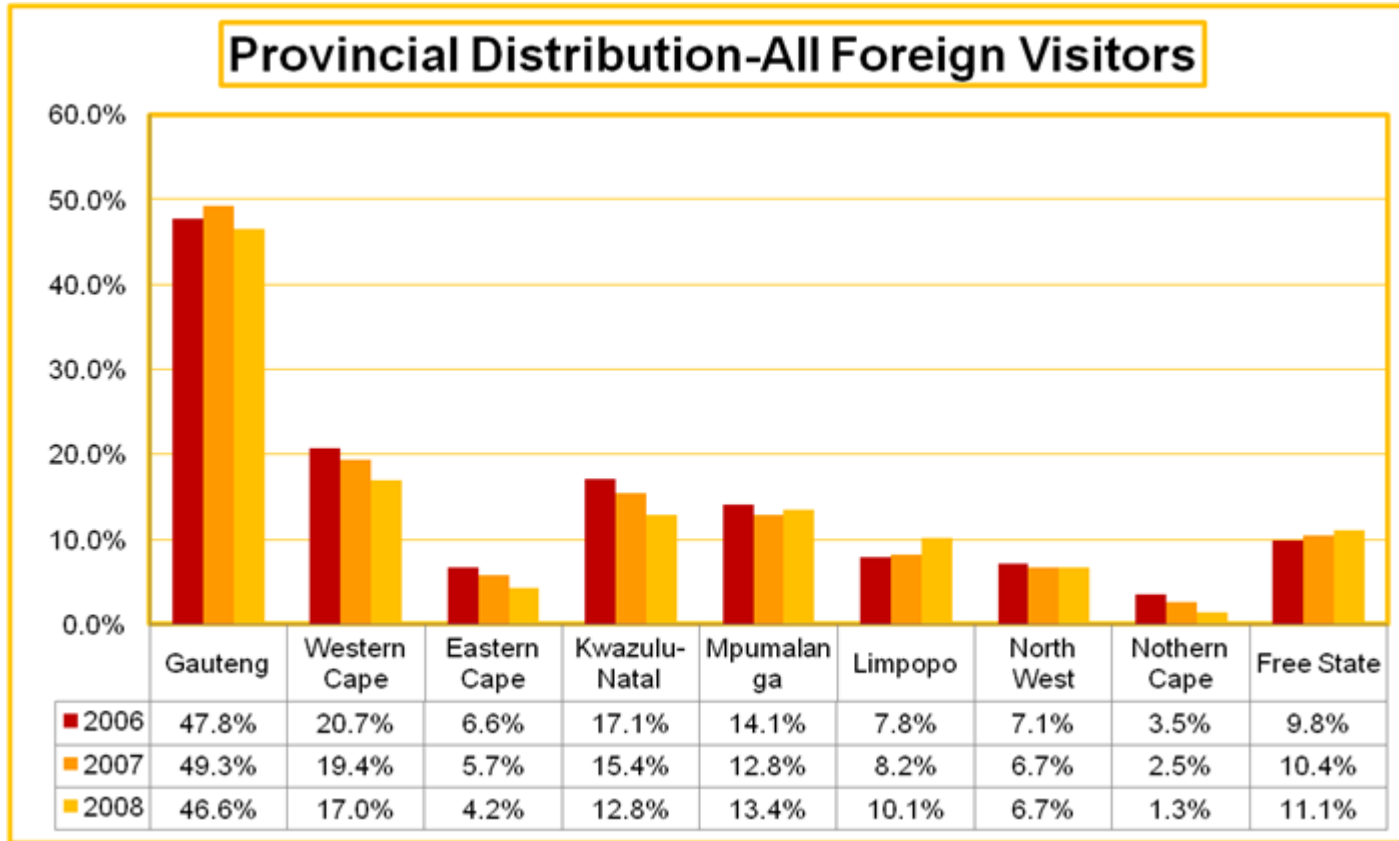
- a. Food, beverages and tobacco
- b. Wood and paper; publishing and printing
- c. Textiles, clothing and leather goods
- d. Furniture and other manufacturing
- e. Petroleum products, chemicals, rubber and plastic
- f. Other non-metal mineral products
- g. Metals, metal products, machinery and equipment
- h. Radio, TV, instruments, watches and clocks
- i. Electrical machinery and apparatus
- j. Transport equipment
- k. Food processing
- l. Other agro-processing industries..

This can create jobs and grow our economy.

12. Sectors

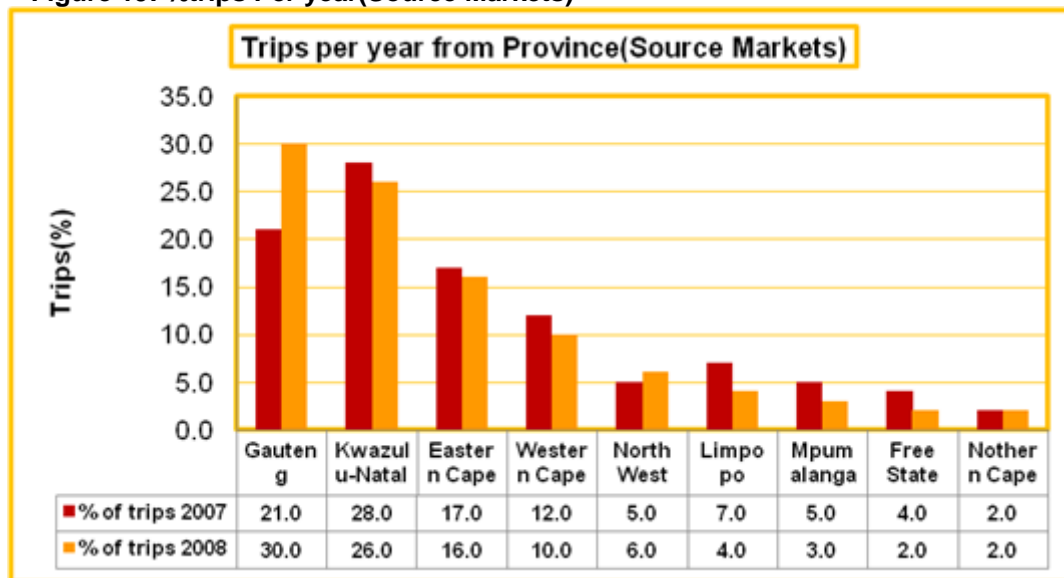
12.1. Tourism

Figure 18: Tourism All Foreign visitors



Gauteng remained the most visited province with a 46.6% share of total arrivals for the period of 2006 to 2008. This has decreased by 2.7% compared to 2007. The Western Cape remained in second place and 0.6% share and surpassed KwaZulu Natal this year. Mpumalanga in third place with a share of 17.0% and 13.4% respectively. Mpumalanga gained 0.6% share and surpassed KwaZulu Natal this year. Free State and Limpopo also gained 0.7% and Free State and Limpopo also gained 0.7% and 1.9% market share respectively.

Figure 19: %trips Per year(Source Markets)



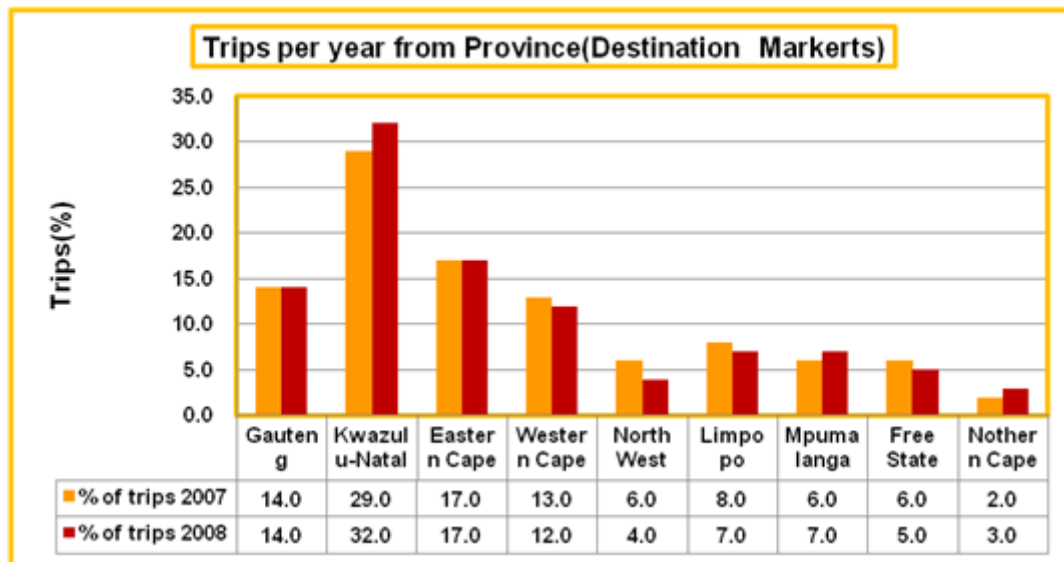
Trips per year from Province(Source Markets)

KwaZulu Natal and Gauteng are the main source markets for domestic tourism accounting for 56% of all domestic tourism trips in 2008. Mpumalanga managed 5% of trips in 2007 which decreased to 3% in 2008 as the province was ranked seventh above Limpopo and Northern Cape.

Trips per year from Province(Source Markets)

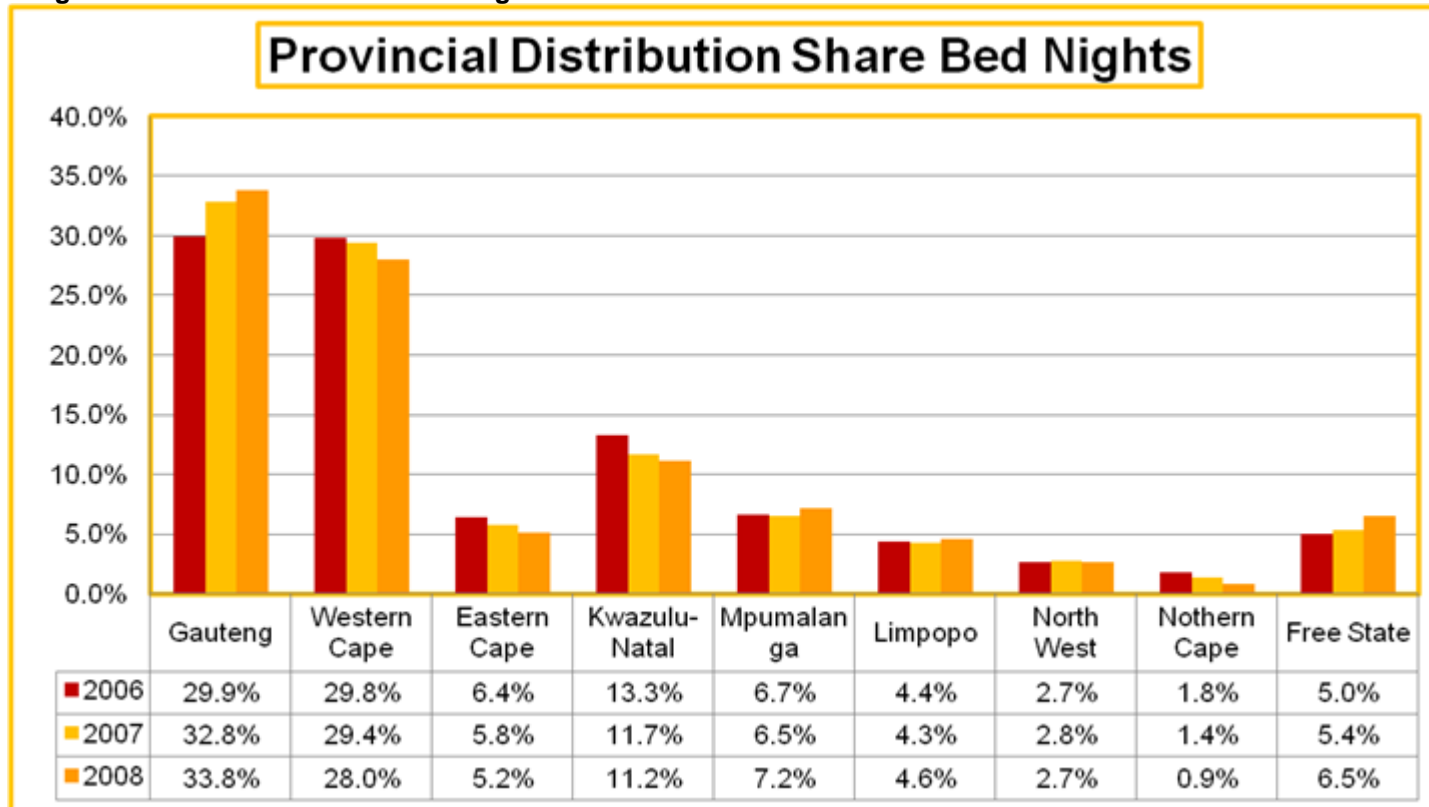
However, 72% of the trips to KwaZulu Natal and Eastern Cape came from people living in these provinces, i.e. people in these provinces travelling to other parts of their home province. In contrast, only 44% of trips to Gauteng and were generated from within the province. The North West province also only had 23% of trips being generated from within the province. This means that in 2008, Gauteng and the North West were the only two provinces which saw more people from other provinces visiting them.

Figure 20: %trips Per year(Destination Markets)



KwaZulu Natal is the biggest destination for domestic tourism and received 10,4 million trips in 2008, a share of 32% of all trips taken. It is followed by Eastern Cape and Gauteng, which together, account for 31% of trips.

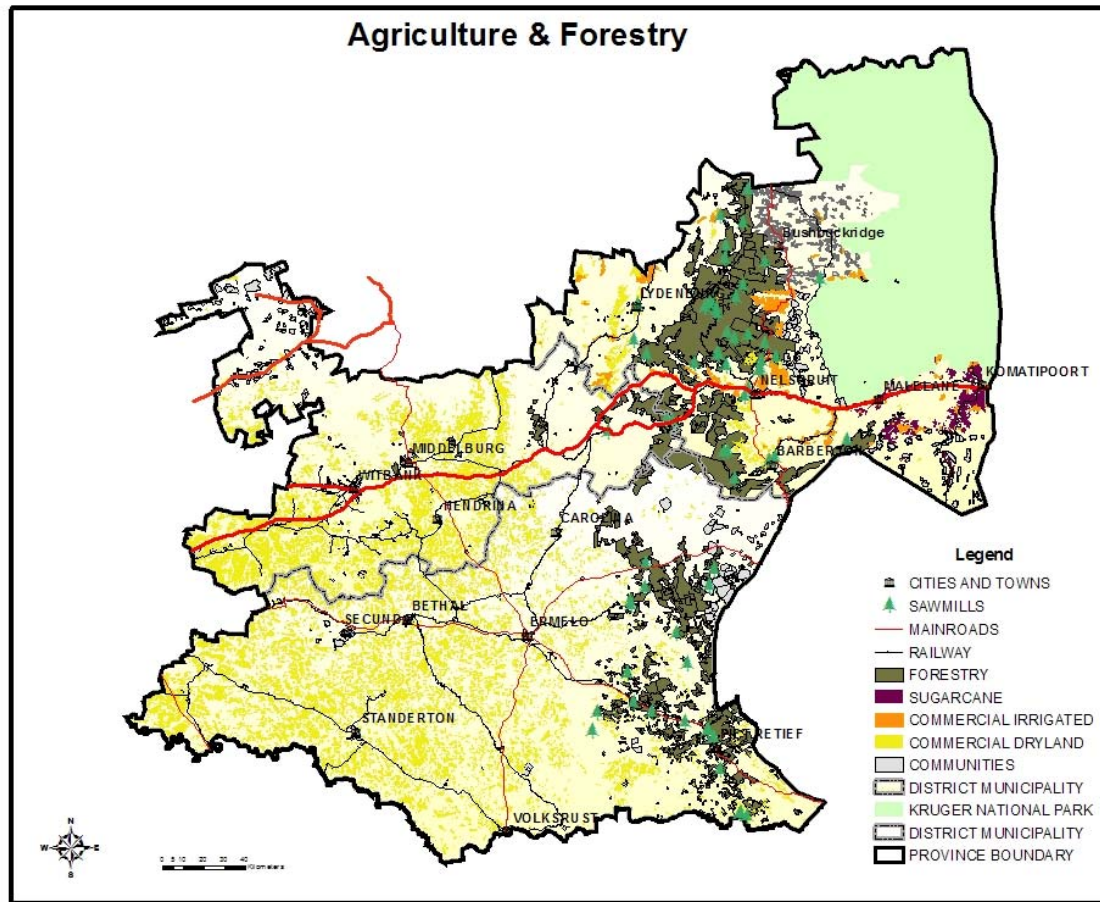
Figure 21: Provincial Share of Bed nights



Foreign tourists spent most of their nights in Gauteng and Western Cape. Nights spent in Gauteng, Mpumalanga, Limpopo and Free State all increased compared to 2007, while the number of nights spent in Western Cape, Eastern Cape, KwaZulu Natal, North West and Northern Cape declined. Gauteng, which captured 33.8% of bed-nights in 2008, maintained top spot over Western Cape. Western Cape experienced the largest decrease in nights spent in the province of 1.4%.

12.2. Agriculture Forestry and Fishing

Map 2: Mpumalanga Agriculture and Forestry



Bio-fuel Industry will be viable in the Mpumalanga Province because of the following facts:

- Mpumalanga is rich in agricultural resources and there are favorable agro-climatical conditions.
- Mpumalanga has a great source for biomass and Bio-Fuels that can be used to leverage biomass to generate power, there is a potential for over 500MW in short term in Mpumalanga alone.
- Mpumalanga is close to local markets and exports markets and has suitable infrastructure, such as railroads, 2nd highest amount of storage facilities etc.
- The Bio-Fuel industry can contribute to the reduction of pollution, exploitation of natural resources e.g. coals, as Mpumalanga is one of the greatest polluters in South Africa.

With over half the population of Mpumalanga living in rural areas, rural development remains an important aspect in our province. Majority of our population has income below average and the unemployment rate(26.6%) is high.). Mpumalanga has been identified as one of the provinces that have huge potential for the production of Bio-Fuel seeing that it is known as an agricultural base of the country because of its abundance in agricultural products. Agriculture is an important resource but is still not utilized effectively to the benefit of the poor in the province. Bio-Fuel can assist to bring diversification of agriculture and rural economies and thus create employment.

Table 6: Gross farming income, expenditure, market value of assets and farming debt in R'000

PROVINCE(2007)	FARMING UNITS	GROSS FARMING INCOME	EXPENDITURE (EXCLUDING SALARIES AND WAGES)				MARKET VALUE OF ASSETS	FARMING DEBT
			CAPITAL	CURRENT	PURCHASES OF ANIMALS	TOTAL		
Eastern Cape	3896	5408977	272037	3308179	657248	4237464	17394636	2774042
Free State	7515	11936131	281256	7539108	2097194	9917558	25053755	6222515
Gauteng	2378	7370690	276352	4618970	1119050	6014372	8837020	2007468
KwaZulu-Natal	3560	10064801	375987	5949301	1194816	7520104	19322716	3571598
Limpopo	2657	5462552	311908	3874969	531527	4718404	12937531	2808445
Mpumalanga	3376	9160345	341071	5864680	1058889	7264640	17342705	3473208
North West	4692	8755883	347786	5268693	1007695	6624640	15625893	3886762
Northern Cape	5226	4811064	198872	2995529	505073	3699474	17504180	3286802
Western Cape	6682	16573371	1131976	11115915	748365	12996256	44628866	9059871
South Africa	39982	79543814	3537245	50535344	8919857	62992446	178647302	37090711

Farming debt and market value of assets

The table shows that outstanding farming debt in the formal farming sector amounted to R37 091 million in South Africa, with Western Cape (R9 060 million) and Free State (R6 223 million) being the highest contributors while Mpumalanga was the 5th lowest with a farming debt of 3 473 million.

Current Expenditure

The table shows that total current expenditure in South Africa(excluding salaries and wages and purchases of animals) by the commercial agricultural sector amounted to R50 535 million for the financial year 2006/07. Western Cape (R11 116 million), Free State (R7 539 million) and Mpumalanga (5 864 million) accounted for the highest total current expenditure while Northern Cape (R2 996 million) accounted for the lowest total current expenditure.

Gross farming income

Gross farming income (GFI) of commercial farming units was R79 544 million for the financial year 2006/2007. Approximately 55% of the total GFI was generated from the animals and animal products division. Horticultural and field crops products were the second and third largest sources of income in the sector, with contributions of 24% and 20% respectively.

Mpumalanga was ranked 4th with a GFI of R9 160 million after Western Cape with R16 573 million, Free State 11 936 million and KwaZulu-Natal with a GFI of R 10 064 million

Table 7: Losses during the 2006/07 financial year in R'000

Province	Total	Absence arising from injury or consequences of crime	Burglary	Lifting and stealing of tools	Losses due to disasters and accidents regarding:	
					Pastures	Products (livestock, crops and aquaculture)
Eastern Cape	230,476	10,916	5,217	7,592	10,746	95,536
Free State	356,239	5,588	7,069	44,474	29,962	170,522
Gauteng	99,618	1,957	2,965	6,156	3,161	32,330
KwaZulu-Natal	231,647	9,155	5,402	27,097	8,998	70,226
Limpopo	157,788	7,866	2,574	13,158	7,628	73,192
Mpumalanga	325,930	6,337	8,820	21,525	15,887	160,139
North West	240,757	12,688	4,893	19,403	27,313	110,060
Northern Cape	280,975	3,260	1,512	4,730	17,918	168,734
Western Cape	363,808	7,606	5,421	15,743	8,244	96,286
South Africa	2,287,238	65,373	43,873	159,878	129,857	977,025

Total value of losses

The formal farming sector in Western Cape (R364 million(15.9%)) incurred the highest value of losses during the reference period, followed by Free State (R356 million(15.5%)) and Mpumalanga (R326 million(14.2%)) out of a national total of R2 287 million.

In Mpumalanga losses due to disasters especially veld fires and accidents amounts to R16 million for pastures and R160 million for products(livestock, crops and aquaculture).

Mpumalanga agriculture losses amounted to R6 million in absence arising from injury or consequences of crime,9 million for burglary and R21 million for lifting and stealing of tools.

12.3. Mining and Quarrying

Table 8: SOUTH AFRICA'S PRIMARY MINERAL SALES BY PROVINCE, 2007*

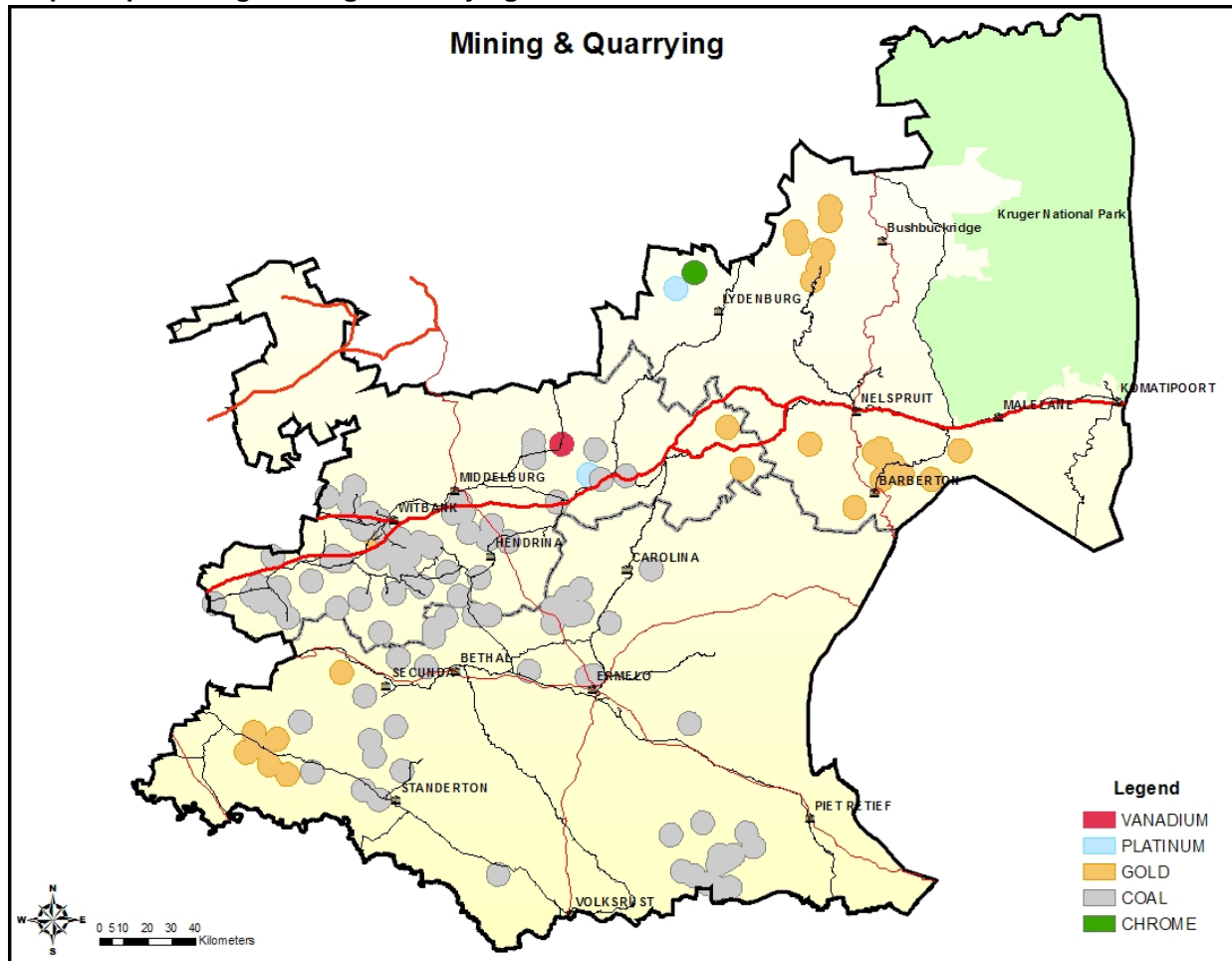
PROVINCE	LOCAL SALES		EXPORT SALES		TOTAL SALES	
	R1000	%	R1000	%	R1000	%
North West	13 098 803	21,1	55 847 274	34,5	68 946 078	30,8
Mpumalanga	18 399 602	29,6	32 847 783	20,3	51 247 386	22,9
Limpopo	13 364 097	21,5	25 045 788	15,5	38 409 886	17,2
Gauteng	2 689 766	4,3	19 479 656	12,0	22 169 422	9,9
Northern Cape	5 031 126	8,1	17 231 410	10,7	22 262 536	9,9
Free State	1 960 465	3,2	7 643 344	4,7	9 603 809	4,3
Western Cape	5 199 283	8,4	1 407 145	0,9	6 606 429	3,0
KwaZulu-Natal	1 883 355	3,0	2 253 295	1,4	4 136 651	1,8
Eastern Cape	480 950	0,8	0	0,0	480 950	0,2
TOTAL	62 107 451	100,0	161 755 698	100,0	223 863 150	100,0

Metal prices continued to increase due to the robust demand particularly from China, which has contributed 50 percent to the rising world consumption of the metals in recent years. China is expected to retain its role in driving commodity markets due to its rapid economic growth and rising share of world metal consumption

Of South Africa's nine provinces, North West, Mpumalanga, Limpopo, Gauteng and Northern Cape provided the bulk of mineral revenues, collectively generating 90,7 percent of the total primary mineral sales revenue.

The same five provinces accounted for 93 percent of export sales revenue, while North West, Mpumalanga and Limpopo accounted for 72,2 percent of local sales earnings in 2007. Northern Cape emerged as one of the important contributors to the total sales revenue, joining the usual top four provinces namely North West, Mpumalanga, Limpopo and Gauteng. North West is mainly dependent on PGMs as its major contributor towards minerals revenue, Gauteng on gold, Mpumalanga on coal and Limpopo on PGMs, diamonds, copper and coal and Northern Cape on diamonds, iron and manganese.

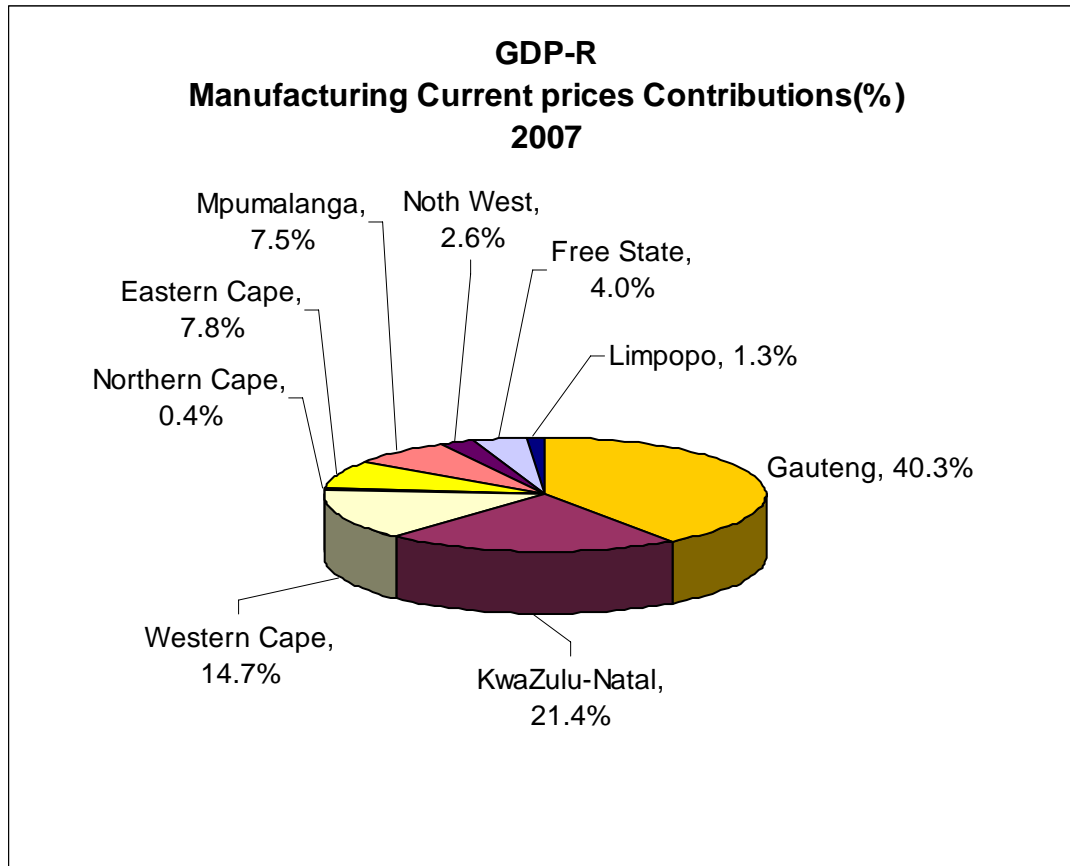
Map 3: Mpumalanga Mining & Quarrying



Coal mining dominates the mining industry in the province. Most collieries are concentrated around the highveld region where most power stations are located. Gold mines are more concentrated on the lowveld region.

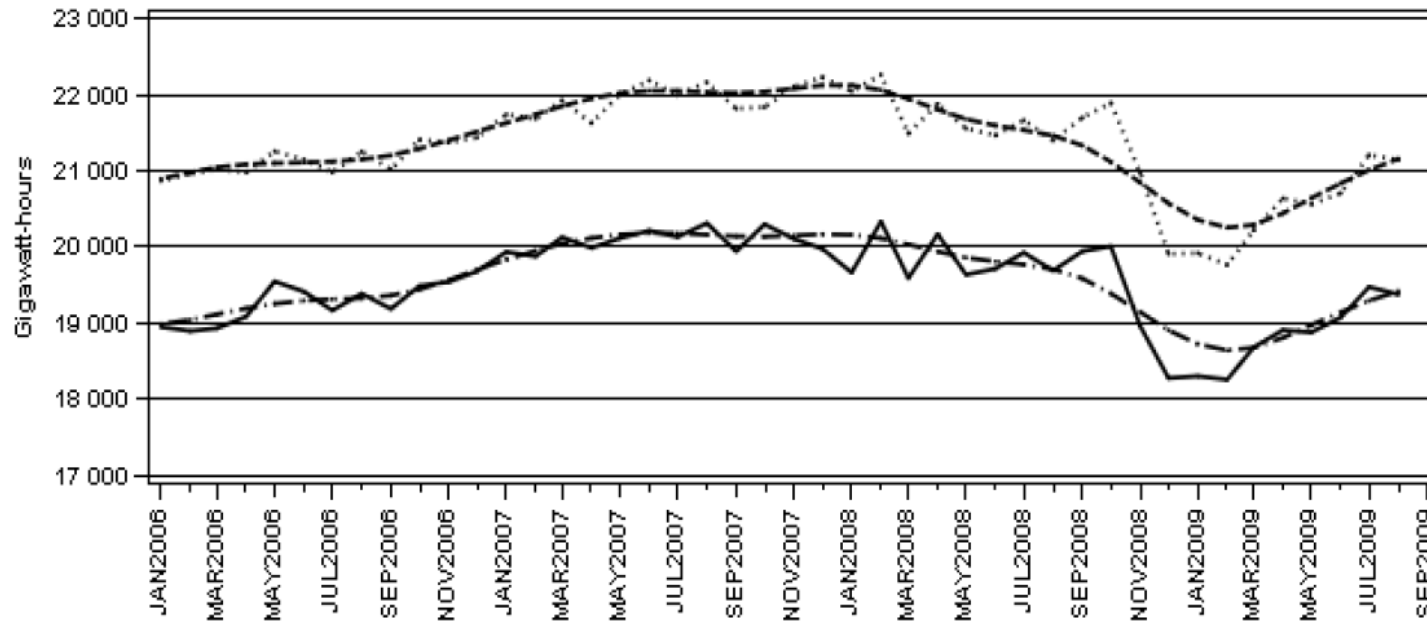
Mining and Quarrying is one of Mpumalanga's key economy contributor. Mpumalanga was ranked third with a 19.2% contribution, North West was the highest contributor at 24.1%, Limpopo 22.7%, Free State 9.5%, Limpopo contributed 7.5%, Gauteng contributed 13.8%, Free State 8.6%, Northern Cape by 7.3%, KwaZulu-Natal contributed 3.5%, Western Cape contributed 0.4% and Eastern Cape contributed 0.2%.

Figure 22: Manufacturing GDP-R contributions 2007



Gauteng Province was the highest contributor to the South Africa's average manufacturing's GDP with a 40.3% contribution, followed by KwaZulu-Natal by 21.4%, Western Cape by 14.7%, Eastern Cape had 7.8% Mpumalanga ranked fourth with a contribution of 7.5%, Free State province with 4.0%, North West 2.6%, Limpopo contributed 1.4% and Northern Cape had a smallest share of 0.4%.

Mpumalanga's contribution to South Africa's manufacturing increased from 6.9% in 1997 to 7.5% in 2007. The main activities are sugar production, timber, carbon steel, stainless steel, petro-chemicals, synthetic fuels and plastics industry.

Figure 23: Electricity produced and available for distribution in South Africa from 2006 to 2009

Electricity consumption after seasonal adjustment for the three months ended August 2009 increased by 2,6% compared with the preceding three months (see Tables A and B). However, the estimated consumption of electricity in August 2009 was 1,6% (-323 Gigawatt-hours) lower compared with August 2008, which represents the smallest annual decrease recorded for 2009 thus far **Production of electricity improves**

The estimated production of electricity for the three months ended August 2009 after seasonal adjustment increased by 2,7% compared with the previous three months. Estimated production of electricity for the three months ended August 2009 decreased by 2,3% (-1 573 Gigawatt-hours) compared with the corresponding three months of 2008

Distribution of electricity by Eskom to the provinces lower than a year ago

Electricity distributed to the provinces for the first eight months of 2009 was 4,4% lower (-6 488 Gigawatt-hours) compared with the first eight months of 2008. Lower figures were reported for eight provinces during this period ranging from -10,5% for Mpumalanga to -2,5% for Gauteng. KwaZulu-Natal was the only province with an increase (1,5%) during this period

International trade in electricity

The volume of electricity imported from outside South African borders increased from 7 097 Gigawatt-hours in the first eight months of 2008 to 8 208 Gigawatt-hours in the first eight months of 2009, representing an increase of 15,7% (1 111 Gigawatt-hours). The volume of electricity exported to neighbouring countries for the first eight months of 2009 decreased by 2,8% (-263 Gigawatt-hours) compared with the first eight months of 2008.

12.6. Construction

Table 9: Construction Income by province

Province	Income (R million)	% contribution
Eastern Cape	11013	6.8
Free State	5048	3.1
Gauteng	77340	47.5
KwaZulu-Natal	17179	10.6
Limpopo	5415	3.3
Mpumalanga	9887	6.1
North West	7848	4.8
Northern Cape	2889	1.8
Western Cape	25982	16
Total income from services	162601	100

In 2007 Mpumalanga ranked fifth in construction income of R9 887 million which was 6.1% contribution to South Africa's construction income of 162 601 Million.48% of construction activity took place in Gauteng (R77 340 million), followed by 16% in the Western Cape (R25 982 million) ,11% in KwaZulu-Natal (R17 179 million),6.8% in Eastern Cape(R11 013 Million and 4.8% in North West (R 7 484 Million).

13. Trade Focus

Table 10: Mpumalanga International Trade 2008	South Africa	Mpumalanga	Gert Sibande District Municipality	Nkangala District Municipality	Ehlanzeni District Municipality
Exports (R 1000)	704,292,998	11,800,622	3,325,749	5,812,757	2,662,116
Imports (R 1000)	739,851,996	2,818,223	1,067,322	1,261,748	489,152
Total Trade (R 1000)	1,444,144,994	14,618,845	4,393,071	7,074,505	3,151,269
Trade Balance (R 1000)	-35,558,997	8,982,399	2,258,427	4,551,008	2,172,964
Exports as % of GDP	30.8%	7.1%	6.0%	8.6%	6.0%
Total trade as % of GDP	63.2%	8.8%	8.0%	10.5%	7.1%
Regional share - Exports	100.0%	1.7%	0.5%	0.8%	0.4%
Regional share - Imports	100.0%	0.4%	0.1%	0.2%	0.1%
Regional share - Total Trade	100.0%	1.0%	0.3%	0.5%	0.2%

International Trade -Economic sector (Rand)	Imports(R)	Imports(%)	Exports (R)	Exports(%)
11 Agriculture and hunting	94,120,612	3.3%	481,309,403	4.1%
12 Forestry and logging	42,333	0.0%	7,796,836	0.1%
13 Fishing, operation of fish farms	0	0.0%	1,756	0.0%
21 Mining of coal and lignite	69,466	0.0%	4,296,862,404	36.4%
23 Mining of gold and uranium ore	0	0.0%	0	0.0%
24 Mining of metal ores	70,934	0.0%	153,846,162	1.3%
25-29 Other mining and quarrying (incl 22)	2,852,230	0.1%	8,002,775	0.1%
30 Food, beverages and tobacco products	30,141,222	1.1%	575,222,028	4.9%
31 Textiles, clothing and leather goods	44,243,424	1.6%	58,623,389	0.5%
32 Wood and wood products	73,946,192	2.6%	50,602,617	0.4%
33 Fuel, petroleum, chemical and rubber products	608,048,016	21.6%	1,339,087,712	11.3%
34 Other non-metallic mineral products	38,728,467	1.4%	23,117,808	0.2%
35 Metal products, machinery and household appliances	1,366,928,560	48.5%	4,317,030,061	36.6%
36 Electrical machinery and apparatus	47,354,877	1.7%	27,916,903	0.2%
37 Electronic, sound/vision, medical & other appliances	62,620,597	2.2%	13,603,953	0.1%
38 Transport equipment	239,705,523	8.5%	109,472,172	0.9%
39 Furniture and other items NEC and recycling	209,350,413	7.4%	198,674,167	1.7%
41 Electricity, gas, steam and hot water supply	0	0.0%	563,400	0.0%
Other unclassified goods	0	0.0%	138,888,319	1.2%
Total	2,818,222,866	100.0%	11,800,621,865	100.0%

Mpumalanga's exports contributed 7.1% to South Africa's Exports percentage of GDP with Metal products, machinery and household appliances being the most contributing sector at 36.6% in 2008. Europe remains Mpumalanga's largest export destination. Other dominant markets are Asia and North America. Mpumalanga's exports to Africa is relatively low but showing growth.

14. Terms and Abbreviations

Urbanization Rate: the percentage of people living in urban areas for each magisterial district by looking at historical trends for each magisterial district.

The economically active population (EAP) is defined as the number of persons that are able and willing to work between the ages of 15 and 65. It includes both employed and unemployed persons.

Location Quotient

The location quotient is an indication of the comparative advantage of an economy. A provincial or magisterial economy has a location quotient larger (smaller) than one, or a comparative advantage (disadvantage) in a particular sector when the share of that sector in the provincial economy is greater (less) than the share of the same sector in the national economy.

GINI Coefficient

The Gini Coefficient is used as a measure of the distribution of income across a group of people. The number can range between 0 and 1.0, where “0” represents a perfectly equitable distribution, and “1.0” is a completely inequitable distribution.

HDI

The Human Development Index is a measure of the standard of living developed by the United Nations. It combines indicators of real purchasing power, education and health. In this way it provides a more comprehensive picture of economic “development” than just GDP or GVA data.

GDP

Gross Domestic Product is a measure of the output of a region or a country. Changes in GDP from one period to the next are used to calculate economic growth.

GDP-R

Regional Gross Domestic Product is a measure of GDP at a regional level and in this case the regions refer to the provinces of South Africa.

GVA

Gross Value Added can also be used as a measure of the economic activity of a region or an area. It differs from GDP in that it excludes indirect taxes and subsidies.

Expanded Unemployment (Definition)

The unemployed are those people within the economically active population who; (a) did not work during the seven days prior to the interview, (b) want to work and are available to start work within a week of the interview, and (c) the discouraged job seekers (those who said they were unemployed but had not taken active steps to find work in the four weeks prior to the interview).

Poverty Rate

The poverty rate is the percentage of people living in households with an income less than the poverty income. The poverty income is defined as the minimum monthly income needed to sustain a household and varies according to household size, the larger the household the larger the income required to keep its members out of poverty

TRESS INDEX

The Tress index indicates the level of concentration or diversification in an economy. It is estimated by ranking the nine sectors according to their contributions to GVA or employment, adding the values cumulatively and indexing them. A tress index of zero represents a totally diversified economy, while a number closer to 100 indicates a high level of concentration.

The formal sector includes all businesses that are registered in any way.

The informal sector consists of those businesses that are not registered in any way. They are generally small in nature, and are seldom run from business premises. Instead, they are run from homes, street pavements or other informal arrangements.



**DEPARTMENT OF ECONOMIC
DEVELOPMENT AND PLANNING**

**Litiko letekutfufukiswa Kwetemnotfo nekuHlela
Umnyango Wezekuthuthukiswa koMnotho nezokuTlanywa
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