economic development
& tourism

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

MPUMALANGA
THE PLACE OF THE RISING SUN

PROVINCIAL

ECONOMIC REVIEW AND OUTLOOK

2023/24

WHEN THE SUN RISES
WE WORK HARD TO DELIVER

COMPILED BY: ECONOMIC ANALYSIS

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TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

AfCFTA	–	African Continental Free Trade Area/Agreement
APEC	–	Asia-Pacific Economic Cooperation
COVID-19	–	Corona Virus Disease of 2019
CPI	–	Consumer Price Index
CS	–	Community Survey
EAP	–	Economically Active Population
EC	–	Eastern Cape
EFTA	–	European Free Trade Association
EPWP	–	Expanded Public Works Programme
EU	–	European Union
FNAB	–	Food and non-alcoholic beverages
FS	–	Free State
GDFI	–	Gross Domestic Fixed Investment
GDP	–	Gross Domestic Product
GEDP	–	Green Economy Development Plan
GHS	–	General Household Survey
GP	–	Gauteng
GVA	–	Gross Value Added
HDI	–	Human Development Index
HIV	–	Human Immunodeficiency Virus
IHS	–	Information Handling Services
IMF	–	International Monetary Fund
KZN	–	KwaZulu–Natal
LBPL	–	Lower Bound Poverty Line
LFS	–	Labour Force Survey
LP	–	Limpopo
LQ	–	Location Quotient
MEGDP	–	Mpumalanga Economic Growth and Development Path
MIDP	–	Mpumalanga Industrial Development Plan
MP	–	Mpumalanga
MPC	–	Monetary Policy Committee
MW	–	Megawatt
NAFTA	–	North American Free Trade Agreement
NDP	–	National Development Plan
NC	–	Northern Cape
NW	–	North West
OECD	–	Organisation for Economic Co-operation and Development
PERO	–	Provincial Economic Review and Outlook
Q	–	Quarter
QLFS	–	Quarterly Labour Force Survey
R	–	Rand
ReX	–	Regional eXplorer
RSA	–	Republic of South Africa
SADC	–	Southern African Development Community
SARB	–	South African Reserve Bank
SIC	–	Standard Industrial Classification of all Economic Activities
SMME	–	Small, Medium and Micro Enterprises
SONA	–	State of the Nation Address
SOPA	–	State of the Province Address
TSA	–	Tourism Satellite Account
UN	–	United Nations
USA	–	United States of America
WC	–	Western Cape
%	–	percent
'000	–	Thousand

EXECUTIVE SUMMARY

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 March 2024.

Chapter one analyses the **economic performance and outlook of the South African economy** with particular focus on economic growth, inflation, the balance of payments and labour market aspects. The domestic economy has followed world growth relatively closely since 1994 and is expected to remain below average world growth up to 2028. The national economy expanded by 0.6% in 2023 after the economy expanded by 1.9% in 2022. It is expected that the South African economy could expand by as little as 1.0% and by as much as 1.3% in 2024. The inflation rate for 2023 was measured at 6.0% and the expectation is that national inflation will average 5.1% for 2024.

The balance on the current account of the balance of payments deteriorated from a deficit of 0.5% in 2022 to a deficit of 1.6% of gross domestic product (GDP) in 2023, mainly due to a smaller surplus on the trade balance and an increase in the shortfall on the service, income and current transfer account. According to recent data from Stats SA, the domestic economy gained 788 701 jobs in 2023. In Q4 2023, the strict unemployment rate was 32.1%, which was better than the 32.7% recorded a year ago.

Chapter two analyses the **economic performance and outlook of the Mpumalanga economy** with particular focus on economic growth and the economic performance of the provincial economic industries. Mpumalanga's economy contributed 8.0% (current prices) to South Africa's economy in 2022. In constant 2015 prices, community services, finance and mining were the leading industries in the province. The provincial economy is expected to expand by 2.1% per annum between 2024 and 2027. The analysis found that the provincial economy depends too much on the primary sector and should innovate more, nurture a spirit of entrepreneurship and pursue diversification through the attraction of gross domestic fixed investment (GDFI).

Chapter three analysed the **labour market performance of Mpumalanga** with specific emphasis on the profile of the labour force, employment and unemployment. The Mpumalanga labour market gained 63 869 jobs over the four quarters of 2023. The employment number was the highest on record since data collection for Mpumalanga began. The provincial labour market experienced high levels of unemployment and the strict unemployment rate was 34.9% in Q4 2023. The unemployment number in Q4 of 2023 was 669 583, which was 703 more than the Q4 2022 level.

Selected **socio-economic indicators of Mpumalanga** were analysed in **chapter four** and it was emphasized that the indicators are inter-related and should not be viewed in isolation. According to the Human Development Index (HDI), the province is developing and this can be ascribed especially to the improved levels of adult literacy. The main concerns in developmental terms remains the skew distribution of income in the province as well as the persistently high share (48.3% in 2022) of the population below the lower bound poverty line (LBPL).

CHAPTER 1: NATIONAL ECONOMIC PERFORMANCE AND OUTLOOK

1.1 Economic growth

In 2023, the global economy decelerated, with growth rates dipping from 3.5% in 2022 to 3.1%. This period was marked by significant challenges, including persistent inflationary pressures, rising interest rates, constrained labour markets and geopolitical tensions, all contributing to a climate of uncertainty and revised economic projections. Initially, a mild recession was anticipated in the United States, while Europe was bracing for a more pronounced downturn, and China was expected to make a vigorous recovery. Contrary to these forecasts, the United States avoided a recession, Europe achieved modest growth, and China faced hurdles in restoring its previous rapid growth trajectory. Meanwhile, low income nations bore the brunt of the slowdown, enduring substantial output deficits when benchmarked against their pre-pandemic growth trajectories.

10 largest economies by 2050

Emerging markets will play a larger role in the world's top 10 economies by 2050, according to Goldman Sachs, 2022.

Country	2022	2050	Country
USA	1	1	China
China	2	2	USA
Japan	3	3	India
Germany	4	4	Indonesia
India	5	5	Germany
UK	6	6	Japan
France	7	7	UK
Canada	8	8	Brazil
Russia	9	9	France
Italy	10	10	Russia

Note: GDP at PPP

Emerging markets in gold

The global economic outlook for 2024 and 2025 suggests a steady yet modest trajectory, with growth rates projected at 3.1% and 3.2%, respectively. These projections fall below the 3.8% annual average witnessed from 2000 to 2019, reflecting the impact of stringent monetary policies, fiscal support rollback, and subdued productivity growth. Advanced economies may see a slight dip in growth for 2024, followed by an upturn in 2025, driven by a rebound in the Euro area and moderated growth in the United States. Meanwhile, emerging markets and developing economies are expected to maintain stable growth, albeit with regional variances. The global economy's gradual pace underscores the need for strategic economic policies to foster sustainable growth.

The domestic economy tracked world growth relatively closely up to 2000 (Figure 1.1). However, since then, and especially after the economic downturn in 2008/09, the domestic economy has struggled to achieve even modest world growth levels. In 2023, the South African economy expanded by only 0.6% which was not as fast as the other regions in the depiction. The key measure of economic success identified in the National Development Plan 2030 (NDP) is that South Africa achieves annual average gross domestic product (GDP) growth of over 5% up to 2030.

In 2023, South Africa's economy experienced modest expansion, with an annual growth rate of 0.6% (Table 1.1). This growth, however, was not uniform across sectors. The finance and personal services sectors managed to avoid any quarterly contractions, while industries like agriculture, construction, and trade faced significant downturns, with three quarters of contraction throughout the year. Adverse weather conditions, persistent energy shortages, logistical bottlenecks and slow progress on structural

reforms hampered productivity and deterred investment.

Figure 1.1: Historic and forecasted real GDP growth for the world and South Africa, 1995-2028
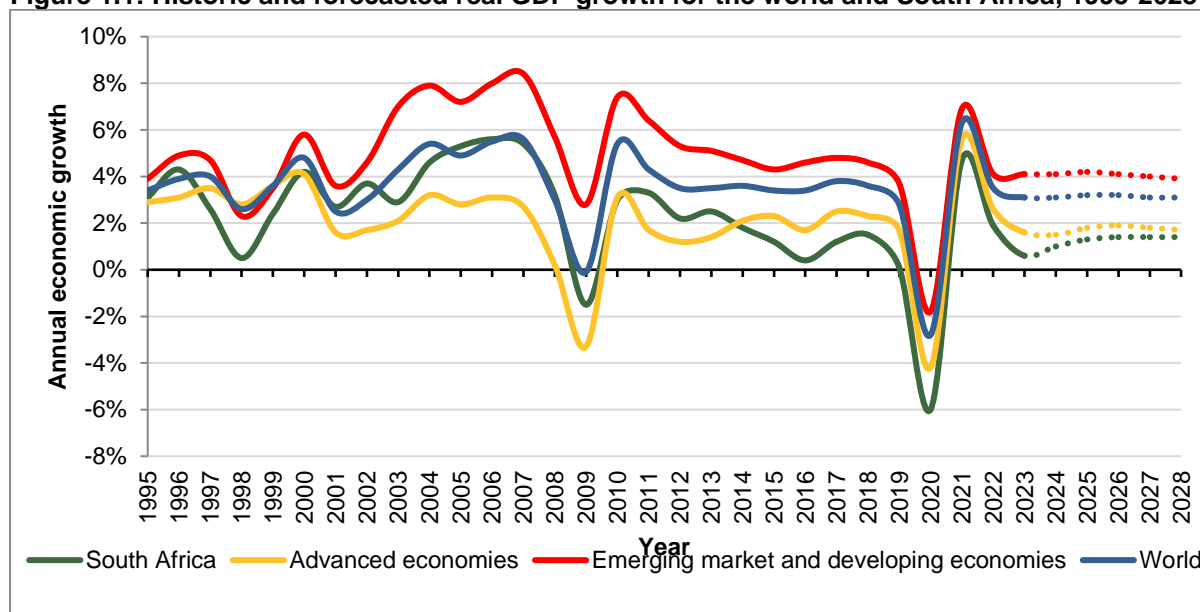
Source: International Monetary Fund (IMF) – World Economic Outlook Database, January 2024

Table 1.1: GDP growth rates per industry at market prices (constant 2015 prices), 2022-23

Industry	Year-on-Year	Quarter-on-Quarter – seasonally adjusted				Year-on-year
	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Agriculture[1]	0.9%	-14.3%	3.7%	0.9%	-14.3%	3.7%
Mining[2]	-7.1%	1.4%	0.6%	-7.1%	1.4%	0.6%
Manufacturing[3]	-0.4%	1.0%	2.1%	-0.4%	1.0%	2.1%
Utilities[4]	-2.5%	-0.9%	-0.7%	-2.5%	-0.9%	-0.7%
Construction[5]	-3.4%	1.0%	-0.1%	-3.4%	1.0%	-0.1%
Trade[6]	3.5%	0.8%	-0.4%	3.5%	0.8%	-0.4%
Transport[7]	8.3%	1.3%	-1.5%	8.3%	1.3%	-1.5%
Finance[8]	3.4%	0.8%	0.6%	3.4%	0.8%	0.6%
Government services	0.1%	0.4%	0.6%	0.1%	0.4%	0.6%
Personal services	2.6%	0.8%	1.4%	2.6%	0.8%	1.4%
Total	**1.9%**	**0.3%**	**0.7%**	**1.9%**	**0.3%**	**0.7%**

Source: Statistics SA (Stats SA) – GDP, 2024

The IMF predicts a moderate increase in South Africa's real GDP, projecting a growth of 1.0% in 2024, primarily due to escalating logistical constraints (Table 1.2). The Organisation for Economic Cooperation and Development (OECD) also projects that economic growth will expand by 1.0% in 2024, with an expected rise to 1.2% in 2025. The World Bank anticipates a slightly faster expansion for South Africa in 2024 (1.3%) as well as in 2025 (1.5%). At the Monetary Policy Committee (MPC) meeting in March 2024 the economic growth forecast by the South African Reserve Bank (SARB) was pronounced as 1.2% for 2024 and 1.4% for 2025. The Minister of Finance announced in the February 2024 Budget

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[1] ISIC detailed description = Agriculture, forestry and fishing
[2] ISIC detailed description = Mining and quarrying
[3] ISIC detailed description = Manufacturing
[4] ISIC detailed description = Electricity, gas and water
[5] ISIC detailed description = Construction
[6] ISIC detailed description = Wholesale and retail trade, catering and accommodation
[7] ISIC detailed description = Transportation, storage and communication
[8] ISIC detailed description = Finance, insurance, real estate and business services

Speech that the expected economic growth for 2024 is 1.3% and 1.6% for 2025.

Table 1.2: Forecasted growth for South Africa, 2024-2025

Organisation	2024	2025
IMF	1.0%	1.3%
OECD	1.0%	1.2%
World Bank	1.3%	1.5%
SARB	1.2%	1.4%
National Treasury	1.3%	1.6%

Sources IMF – World Economic Outlook, January 2024
OECD – OECD Interim Economic Outlook Forecast, February 2024
World Bank – Global Economic Prospects, January 2024
SARB – MPC Statement, March 2024
National Treasury – Budget 2023 Budget Review, February 2024

Foreign Direct Investment in South Africa

In the 2018 State of the Nation Address, the President of South Africa announced that a central priority for Government was to encourage significant new investment in the national economy. The President noted that investment is a necessary condition for the growth of the economy and the creation of jobs on a scale that will significantly reduce unemployment.

Furthermore, the President announced the launch of an ambitious new investment drive to attract at least US$100 billion (R1.2 trillion at the time) in new investments over the next five years. The majority of this amount was expected to be foreign direct investment (FDI).

In 2023, South Africa recorded a FDI annual inflow of R96.5 billion. If one excludes the R535 billion share swap, the average FDI inflow between 2010 and 2023 was R58.8 billion per annum (Figure 1.2). Excluding the R535 billion share swap in 2021, some R513 billion or 42.8% of the envisaged R1.2 trillion were realised between 2018 and 2023. The average FDI inflow over the last five years was R88.2 billion per annum.

Figure 1.2: Net annual FDI inflows into South Africa, 2010-2023
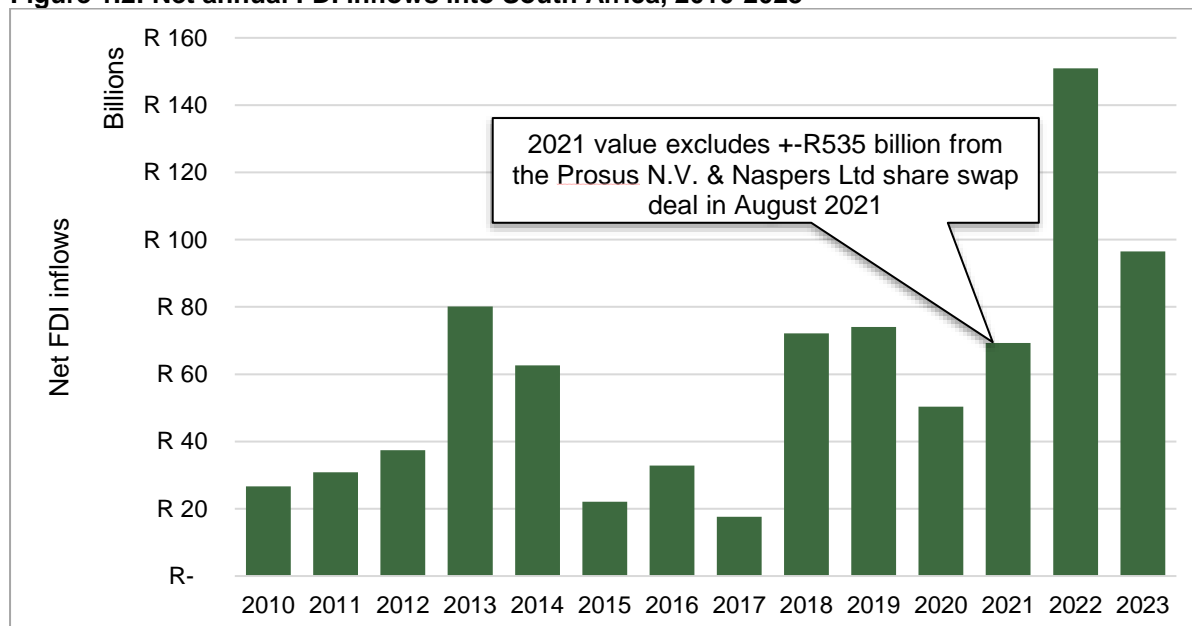
Source: SARB - Economic and Financial Data for South Africa Database, 2024

1.2   Inflation

The national average annual inflation rate as measured by the consumer price index (CPI) for 2023 was 6.0%. This was lower than the corresponding annual average rate of 6.9% in 2022. The year-on-year CPI (for all urban areas) was 5.6% in February 2024, which was higher than the 5.3% in January 2024. Inflation was below the upper limit of the SARB monetary policy target range for the ninth month in succession. Despite being below the upper limit of the target range, February 2024 was the thirty-fifth consecutive month where the annual increase was higher than the midpoint (4.5%) of the SARB's monetary policy target range. The MPC announced at the conclusion of its March 2024 meeting that the SARB's national inflation forecast was 5.1% for 2024, and 4.6% and 4.5% for 2025 and 2026, respectively.

1.3   Balance of payments

South Africa's trade surplus narrowed from R224 billion in 2022 to R103 billion in 2023 as the value of merchandise imports increased while that of merchandise exports declined (Table 1.3). On an annual basis the terms of trade also deteriorated as the price of imports increased while that of exports moved broadly sideways. Although the trade balance was in surplus during 2023, the shortfall on the services, income and current transfer account surplus widened in 2023 and resulted in a deficit on the current account of R112 billion in 2023. The deficit on the current account of the balance of payments widened to a deficit of R112 billion (1.6% of GDP) in 2023 from a deficit of R30 billion in 2022.

Table 1.3: South Africa's balance of payments on current account (R billions), 2022-2023

Components	2022	2023
Merchandise exports	1 930	1 924
Net gold exports	86	116
Merchandise imports	-1 792	-1 937
Trade balance	224	103
Net service, income & current transfer payments	-254	-216
Balance on current account	-30	-112
- As a % of GDP	-0.5%	-1.6%

Source: SARB – Balance of Payments, March 2024
Note: Due to rounding numbers do not necessarily add up to totals or change

1.4   Labour market

In Q4 2023, approximately 16.7 million South Africans between the ages of 15 and 64 were employed in the economy. The domestic economy gained 788 701 jobs in 2023. To demonstrate the employment change in the 5-year period since 2018, Table D presents changes from the 5-year period from Q4 2018 to Q4 2023, annual changes from Q4 2022 to Q4 2023 as well as quarterly changes between Q3 2023 to Q4 2023.

The latest employment level of 16.7 million was 340 639 jobs more than the 16.4 million persons employed in Q1 2020 before the COVID-19 lockdown. Furthermore, the national economy gained 194 496 jobs over the 5-year period for an average gain of 38 899 jobs per year. Over the 5-year period from 2018 to 2023, four industries lost jobs and six added jobs. The highest number of job losses over the 5-year period were in manufacturing (-258 901) and the highest number of job gains were in finance (352 881).

The data presented in Table 1.4 that seven industries recorded job gains year-on-year. Employment levels in finance (480 124) and community services (186 192) increased the most between Q4 2022 and Q4 2023. The highest job destruction over the 1-year period is evident in manufacturing (-148 779).

Table 1.4: South Africa's employment changes, 2018-2023

Industry	Employed number Q4 2023 '000	Employment change Q4 2018 to Q4 2023 '000	Employment change Q4 2022 to Q4 2023 '000	Employment change Q3 2023 to Q4 2023 '000
Agriculture	920 344	71 042	60 099	-35 246
Mining	445 653	8 103	9 284	36 710
Manufacturing	1 507 291	-258 901	-148 779	-532
Utilities	122 539	-11 166	-1 561	9 485
Construction	1 321 684	-159 465	110 018	-35 580
Trade	3 362 248	42 691	65 104	-28 082
Transport	1 022 780	57 312	40 439	56 861
Finance	2 963 652	352 881	480 124	127 647
Community services	3 913 062	288 830	186 192	-170 768
Private households	1 134 023	-197 818	-7 629	18 498
Total	**16 723 195**	**194 496**	**788 701**	**-21 587**

Source: Stats SA – Quarterly Labour Force Survey (QLFS), 2024
Note: Due to rounding numbers do not necessarily add up to totals or change

In Q4 2023, the unemployment rate was 32.1%, which was lower than the 32.7% recorded a year ago, but considerably higher than the 27.1% in Q4 2018. The labour absorption rate (employment to population ratio) was 40.8% in Q4 2023, which was lower/worse than the 43.3% registered in Q4 2018, but higher/better than the 39.4% registered in Q4 2022. The labour force participation rate in Q4 2023 (60.0%) was higher than a year (58.5%) and five years (59.4%) ago, respectively.

Labour productivity

According to the SARB *Quarterly Bulletin December 2023*, labour productivity in the formal non-agricultural sector remained unchanged in Q2 2023 after growth slowed to 0.6% in Q1 2023, as year-on-year employment growth exceeded that in output. Growth in nominal unit labour cost in the formal non-agricultural sector slowed from 5.0% in Q1 2023 to 4.3% in Q2 2023 as year-on-year output growth accelerated at a faster pace than that in total remuneration.

Predominant jobs in 2022

The latest research by Career Junction shows that December 2023 showed the lowest monthly recruitment activity over the last three years. This monthly decrease was primarily driven by a slowdown in recruitment activity across various sectors. The most significant hiring decreases during December were evident for roles in Finance, Business & Management, Sales, Manufacturing & Assembly as well as IT and Admin, Office & Support. When comparing hiring activity over Q4 2023 with Q3 2023, hiring activity has increased for Business & Management professionals and decreased significantly for Legal professionals and moderately for Sales, Marketing and Building & Construction professionals.

In 2023, Business & Management, Finance, IT, Sales as well as Admin, Office & Support remained the most in demand job sectors. Interestingly, up until 2022, IT used to be the top in demand job sector. However, large technology companies job cuts in the IT sector across the world in 2022 and 2023. The

global decline in labour demand for IT staff was also felt in South Africa. As a result, IT dropped from first place in 2021 to third place in 2023.

CHAPTER 2:   PROVINCIAL ECONOMIC PERFORMANCE AND OUTLOOK

This chapter provides an analysis of the economic performance and outlook of Mpumalanga. The various subdivisions of the chapter focus on the provincial performance over the period 1996 to 2023 and the expected outlook to 2027. Mpumalanga's performance and outlook was compared with the national situation and the other eight provinces. The chapter starts from a broad perspective and systematically delves deeper into the detailed economic sectors and industries. Data presented was primarily sourced from Stats SA, S&P Global and Quantec.

2.1   GDP contribution and growth

In September 2023, Stats SA published a discussion document that provided experimental statistics on provincial GDP from 2013 to 2022. These were not released as official statistics, however, it was the first release by Stats SA of provincial GDP data for a number of years. Therefore, for the purpose of this publication, and until further notice, the provincial GDP estimates will rely on the experimental statistics from Stats SA as well as provincial GDP estimates from S&P Global.

Provincial contribution

It is estimated that in 2022, Mpumalanga contributed some R531.8 billion in current prices, or some 8.0%, to the GDP of South Africa. Converted to constant 2015 prices, Mpumalanga's contribution was R340.1 billion in 2022. In 2022, Mpumalanga's contribution in constant 2015 prices was the fifth largest among the nine provinces. Mpumalanga's contribution in constant 2015 prices decreased from 8.3% in 1996 to 7.4% in 2022 (Figure 2.1). Gauteng (34.2%) was the main contributor to the national economy in 2022.

Figure 2.1: Provincial contribution to national GDP (constant 2015 prices), 1996-2022
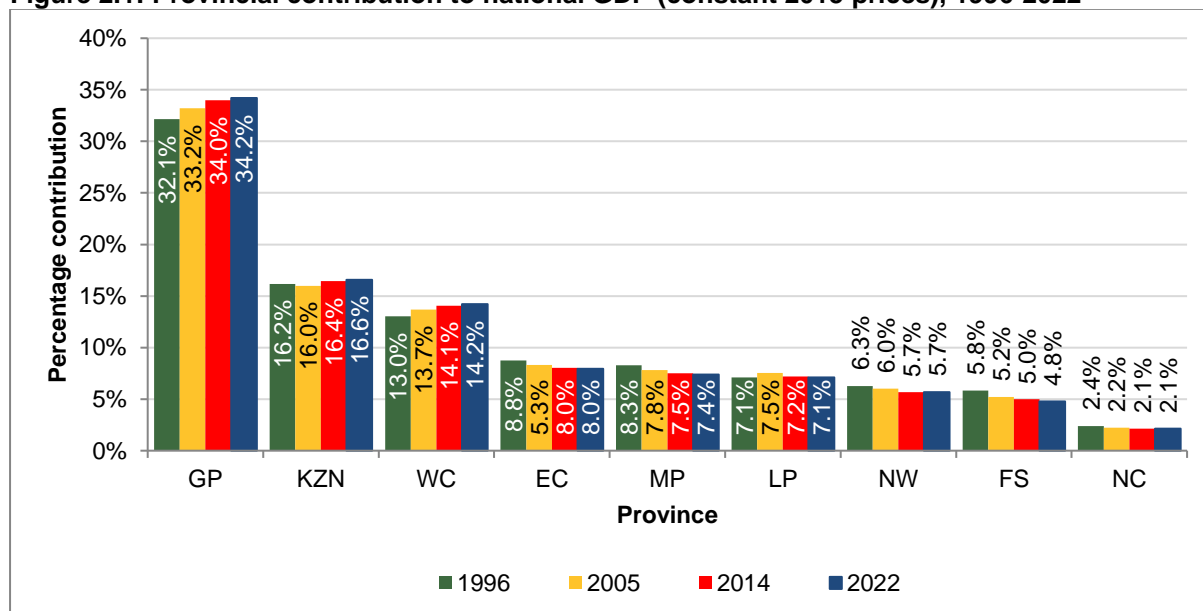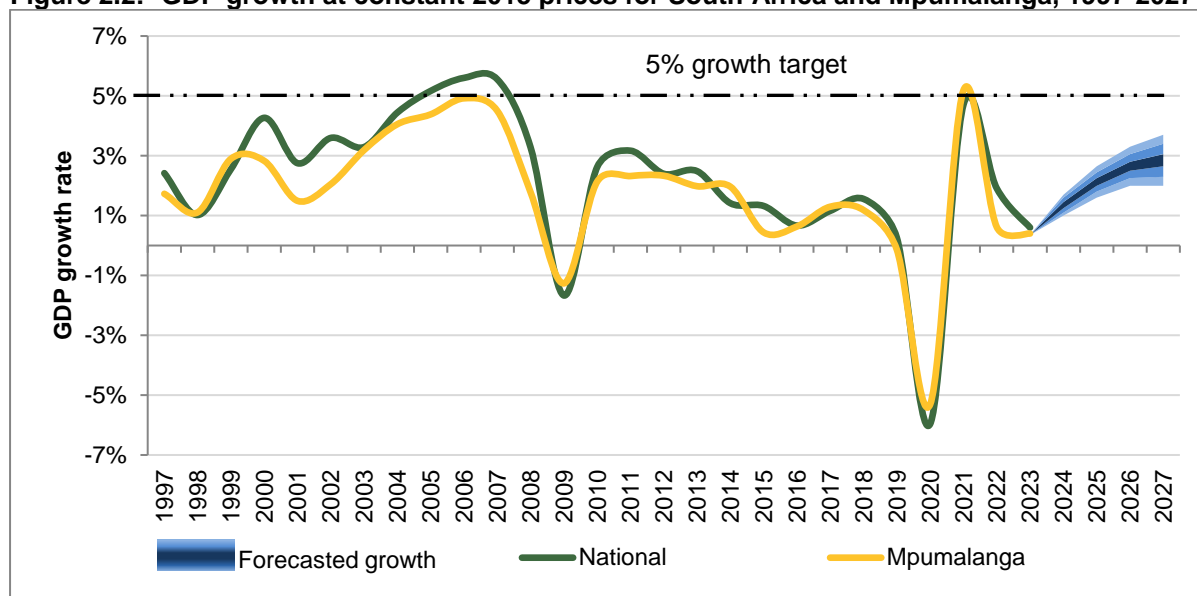

Sources: Stats SA – Provincial gross domestic product experimental estimates, 2013-2022
*   S&P Global – Regional eXplorer (ReX), December 2023*

Historic growth patterns

In general, the economic growth of the province, as measured by growth in the GDP, was lower than

the national rate (Figure 2.2). The provincial economy has outperformed the national economy in terms of GDP growth only in 1998, 1999, 2009, 2014, 2017 and 2021. The average annual growth rate for the country and Mpumalanga over the period 1996 to 2023 was 2.2% and 1.8%, respectively.

Figure 2.2: GDP growth at constant 2015 prices for South Africa and Mpumalanga, 1997-2027

Sources: *Stats SA – GDP 2024*
Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

It is of great concern that the average annual economic growth for South Africa was only 0.2% between 2019 and 2023, whereas Mpumalanga's economy expanded by only 0.1% per annum over the same period (Table 2.1). Mpumalanga recorded the joint second lowest annual average GDP growth rate in the 27-year period and the joint slowest growth between 2019 and 2023. In 2022, Mpumalanga's economy expanded by an estimated 0.6%, which was much weaker than the 5.2% recovery registered in 2021. It is estimated that Mpumalanga's economy expanded by only 0.4% in 2023. In 2022, Mpumalanga's growth was the joint slowest overall and the 2023 estimate is joint fourth slowest.

Table 2.1: Historic and forecasted GDP at market prices growth rates for South Africa and provinces, 1996-2027

| Province	1996-2022	1996-2000	2001-2006	2007-2012	2013-2018	2019-2023	2024-2027
Western Cape	2.6%	2.8%	5.2%	2.2%	1.4%	0.4%	2.4%
Eastern Cape	1.9%	2.4%	3.6%	1.8%	0.8%	0.3%	2.0%
Northern Cape	1.8%	2.7%	3.4%	1.5%	1.4%	0.2%	2.2%
Free Sate	1.5%	1.1%	3.8%	1.6%	0.8%	-0.2%	2.0%
KwaZulu-Natal	2.4%	2.1%	4.2%	2.3%	1.4%	0.4%	2.1%
North West	1.9%	0.9%	5.0%	1.5%	0.5%	0.5%	2.0%
Gauteng	2.5%	3.1%	4.8%	2.1%	1.4%	0.1%	2.6%
Mpumalanga	**1.8%**	**2.1%**	**3.7%**	**1.5%**	**1.1%**	**0.1%**	**2.1%**
Limpopo	2.3%	3.9%	3.7%	1.4%	1.1%	-0.2%	2.5%
South Africa	**2.3%**	**2.6%**	**4.4%**	**1.9%**	**1.2%**	**0.2%**	**2.3%**

Sources: *Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022*
S&P Global – ReX, December 2023

The NDP set a target for average annual national GDP growth up to 2030 of more than 5%. It is apparent from Table 2.1, that only Western Cape and North West achieved the desired growth in the 2001 to 2006 period. Mpumalanga's highest period of growth was between 2001 and 2006, whereas the lowest

Business Confidence Index

The RMB/BER Business Confidence Index reflects the percentage of respondents that rate the prevailing business conditions as satisfactory.

Business confidence was below the neutral point of 50 for the eleventh consecutive quarter in March 2024. Following the two point decline in Q4 2023, business confidence declined by 1 point to reach 30 in Q1 2024. The challenges posed by relatively high interest rates, the resultant strain on consumers, and social unrest meant that business activity remained constrained.
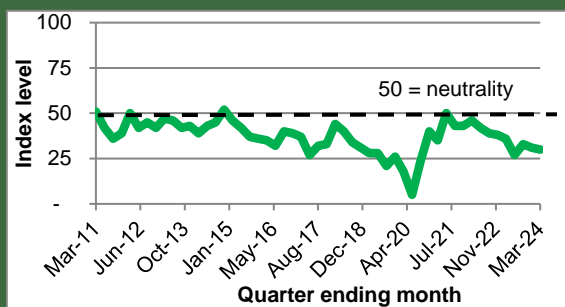

Source: RMB/BER, 2024

period of growth (largest contraction) was between 2019 and 2023. It is expected that Mpumalanga's economy will expand by 2.1% per annum between 2024 and 2027. This should be marginally lower than the expected national expansion of 2.3% per annum and the joint fifth highest among the provinces. It is estimated that the Mpumalanga economy expanded in 2023 by 0.4% and in 2024 by 1.0%.

To achieve higher economic growth the province should attempt to nurture a spirit of innovation and entrepreneurship, thus creating more entrepreneurs, more enterprises and more jobs. Mpumalanga should attempt to develop niche enterprises and incorporate new technology and processes that can take the provincial economy forward. This can be accomplished by empowering the citizens of the province to participate in a modern economy by addressing the skills shortage that is prevalent in the economy.

Figure 2.3: GDP (constant prices 2015) expressed as a percentage of 1996 GDP values in South Africa & provinces, 2023
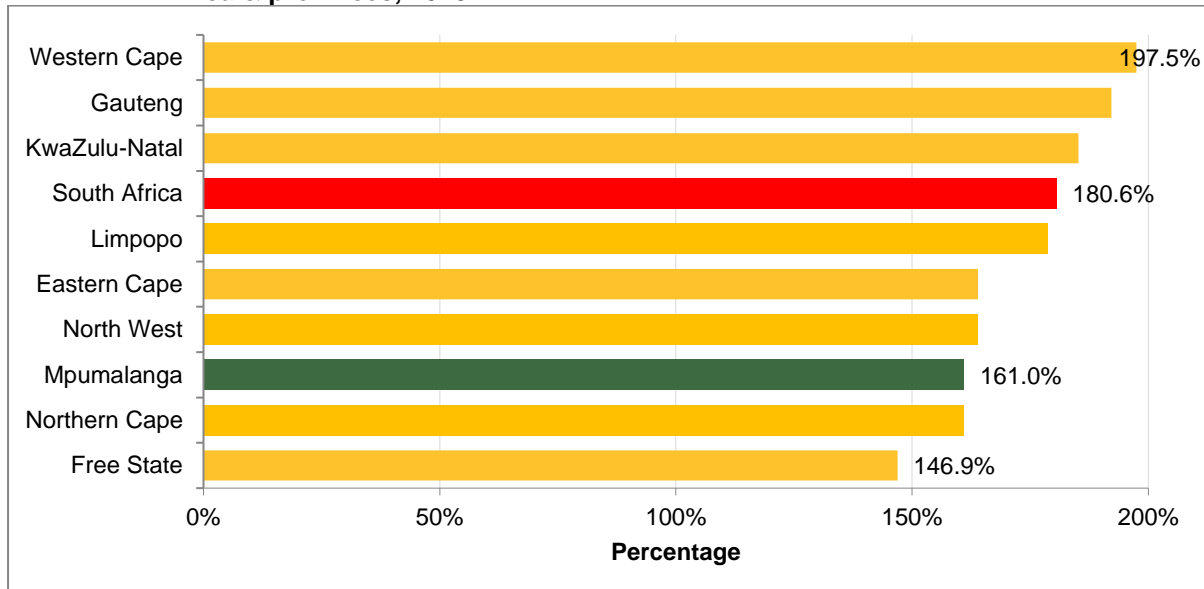
*Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
              S&P Global – ReX, December 2023*

Because of the moderate economic growth experienced in South Africa over the last 27 years, the South African economy has not doubled in size between 1996 and 2023. From Figure 2.3 it is also evident that no provincial economy was by 2023 double its size of 1996. By 2023, the Western Cape

economy, which grew the fastest between 1996 and 2023, was 197.5% of its 1996 size. Mpumalanga's economy was 161.0% of its 1996 size and registered the seventh highest/third lowest increase. For an economy to double in size over a 27-year period, an annual average growth rate of 2.6% is required.

Economic growth since COVID-19

Prior to the COVID-19 outbreak in 2019, the economy of South Africa was already underperforming with a very low 0.3% growth rate and a quarter-on-quarter[9] (q-o-q) GDP growth (seasonally adjusted) in Q1 2020 of only 0.2%. In Q2 2020, when the COVID-19 lockdown was at its most severe, the South African economy contracted by 16.9% (seasonally adjusted) and the Mpumalanga economy by 18.6% (Figure 2.4). With the easing of the lockdown, the national and provincial economies expanded again in Q3 2020 by 13.7% and

> **Involvement in business activities**
>
> *The 2023 Global Entrepreneurship Monitor (GEM) survey reports on the total early-stage entrepreneurial activity (TEA) and established business ownership (EBO) rates within 49 countries the world over.*
>
> *In 2023, 11.1% of adults in South Africa were engaged in early-stage entrepreneurial activity and 5.9% were established business owners. South Africa ranked 24th out of 49 in terms of TEA and 28th in terms of EBO.*
>
> *Overall, the level of entrepreneurial activity has held up relatively well in 2023, despite some deterioration in the quality of the entrepreneurial environment.*

17.7%, respectively. The national economy would eventually contract by 6.0% in 2020 and the Mpumalanga economy by 5.3%.

Figure 2.4:   Real Q-on-q GDP growth (constant 2015 prices seasonally adjusted) in South Africa & Mpumalanga, Q1 2020-Q4 2023
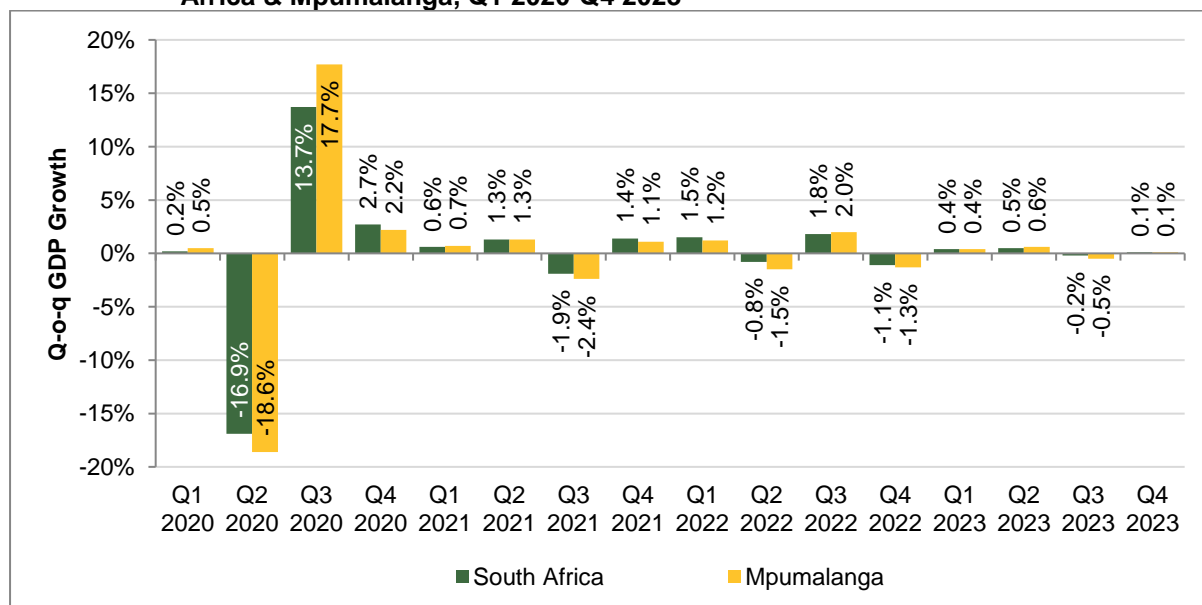
Sources: Stats SA – GDP 2024
*   Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022*
*   S&P Global – ReX, December 2023*

The national and provincial economies have faced persistent challenges in its economic recovery efforts since 2020, grappling with both domestic and global factors. On the domestic front, load shedding has

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[9] Q-o-q analysis compares the current quarter to the previous quarter.

posed a significant obstacle, while globally, modest growth hindered mostly by supply chain bottlenecks has compounded the difficulties. Nevertheless, in 2021, both the South African and Mpumalanga economies registered, respective, economic growth of 4.7% and 5.2% from the low base of 2020. In 2022, both the national and provincial economies registered low and uneven growth of 1.9% and 0.6%, respectively.

In Q4 2023, the South African economy expanded by only 0.1% after contracting by 0.2% in the previous quarter. Over the last fourteen quarters since the severe slump in Q2 2020, the South African economy has recorded ten quarters of expansion and four of decline (Figure 2.4). Despite the ten quarters of expansion, the national economy was only 0.7% larger in Q4 2023 than what it was in Q1 2020, before the COVID-19 pandemic.

The national economy experienced real GDP growth of only 0.6% in 2023. The 2023 growth was below the growth target and South Africa's economic progress since COVID-19 has been predominantly stagnant.

The provincial economy has now also registered ten quarters of growth and four of contraction since the drop in economic activity during Q2 2020. The contraction in Q2 2020 was so severe that the provincial economy, despite the nine quarters of expansion, was still 1.0% smaller in Q4 2023 than what it was in Q1 2020. The sharp decline in Mpumalanga's economic activity during Q2 2020, when lockdown restrictions were at their most severe, is evident in Figure 2.5. In Q1 2020, real GDP was R85.6 billion, which shrunk to R69.8 billion in Q2 2020 as the economy was severely impeded by the strict lockdown regulations. In Q4 2023 the Mpumalanga economy was approximately the same size than it was in Q3 2018.

Figure 2.5: Real GDP (seasonally adjusted) in Mpumalanga, Q1 2014-Q4 2023
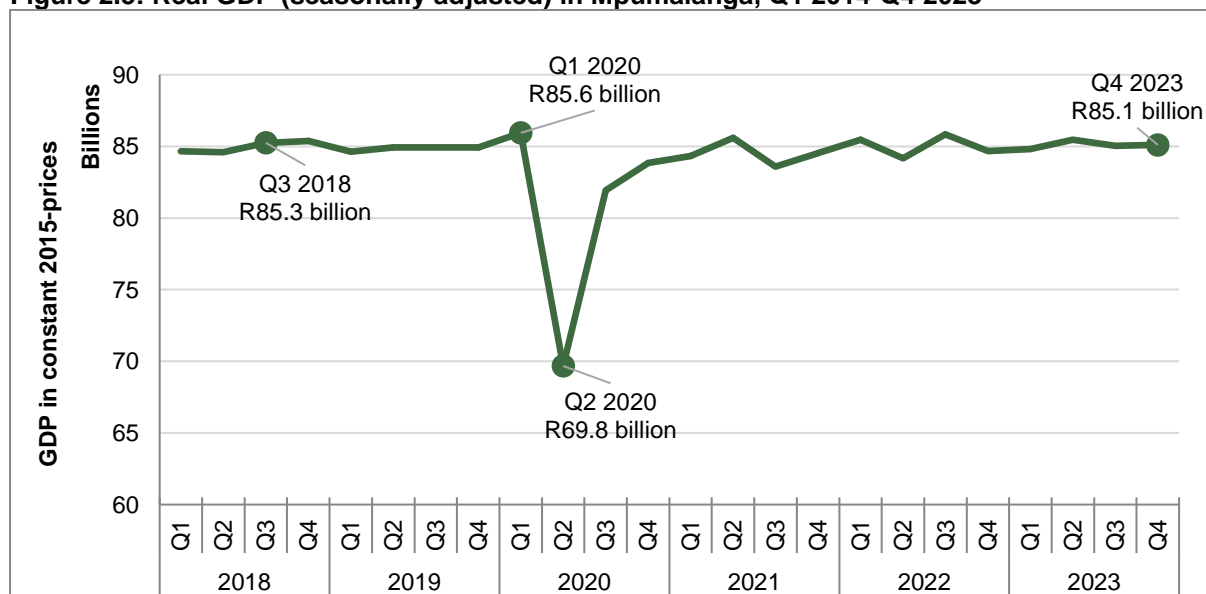
Source: S&P Global – ReX, December 2023

Forecasted growth

Current 2024 growth estimates for South Africa by the IMF (1.0%) and World Bank (1.3%) points to lacklustre economic growth in 2024. The latest SARB forecast in January 2024 estimated the national

economy to expand by 1.2% in 2024 and the Minister of Finance announced in the February 2024 Budget speech that the expected economic growth for 2024 is 1.3%.
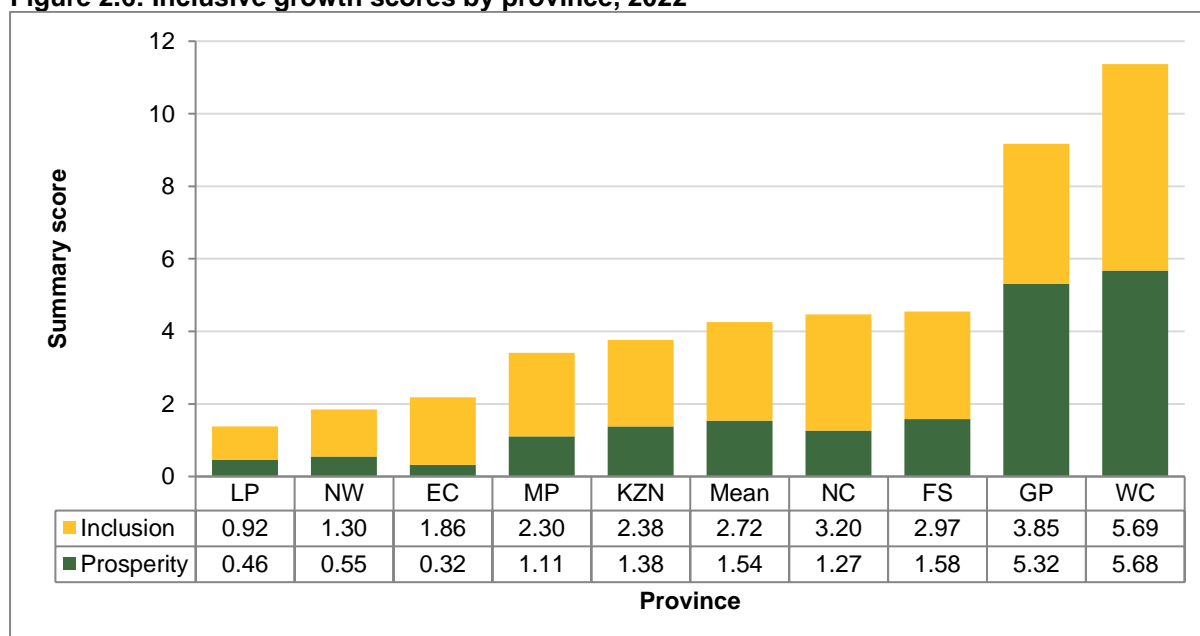
The annual average growth rates for South Africa and Mpumalanga, from 2024 to 2027, are forecasted at 2.3% and 2.1%, respectively (Table 2.1). Mpumalanga's economy is forecasted to achieve the joint fifth fastest annual average growth over the period 2024 to 2027. It is expected that the Mpumalanga economy will expand in 2024 by 1.0%.

Inclusive growth

The overall Inclusive Growth Index[10] seeks to reflect the extent to which people living within a specific region can be considered included in the benefits of economic growth and national prosperity and the extent to which they are equipped with the skills that aid participation in the economy. An examination of the differences between regions is important in that it highlights geographical patterns in economic inclusion and prosperity.

In 2022, Western Cape and Gauteng recorded the highest overall IGI scores of 11.37 and 9.17, respectively. Limpopo (1.38) and North West (1.88), registered the lowest overall scores among the nine provinces. Mpumalanga's overall IGI score of 3.41 was the sixth highest/fourth lowest among the nine provinces (Figure 2.6). Mpumalanga's score was considerably lower than Western Cape and Gauteng in the first two positions and lower than the mean (4.26) for the nine provinces. The economic inclusion theme made the largest contribution in eight provinces (including Mpumalanga) and the prosperity theme made the largest contribution in Gauteng only.
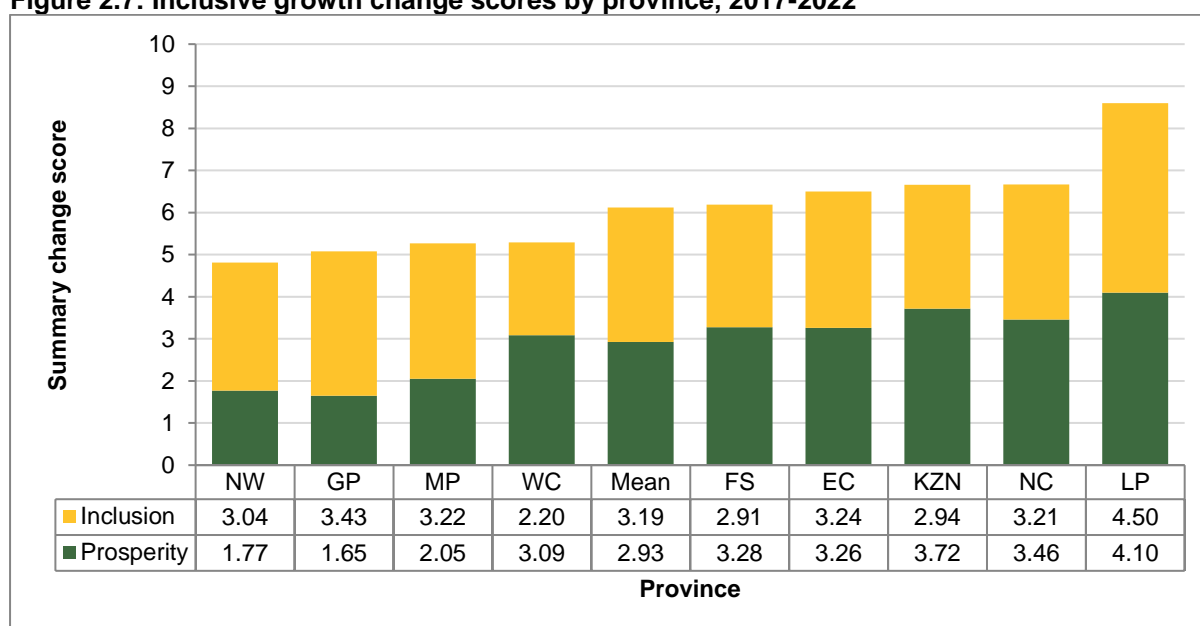
Figure 2.6: Inclusive growth scores by province, 2022

Province	LP	NW	EC	MP	KZN	Mean	NC	FS	GP	WC
Inclusion	0.92	1.30	1.86	2.30	2.38	2.72	3.20	2.97	3.85	5.69
Prosperity	0.46	0.55	0.32	1.11	1.38	1.54	1.27	1.58	5.32	5.68

Source: DEDT - Economic Analysis Inclusive Growth Model, 2023

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[10] The Inclusive Growth Index was adapted from the Inclusive Growth (IG) Monitor developed by Manchester University in 2014. The Inclusive Growth Index depicts the extent to which people living within an area may be considered as economically included and benefiting from broader national prosperity. The index is divided into two themes (Economic inclusion and Prosperity) each with three underlying dimensions constituted by a set of two indicators. Each indicator is normalised giving a minimum score of 0 for the lowest scoring area and a maximum of 1 for the highest scoring. This means that each dimension has a minimum score of 0 and a maximum score of 2, therefore each theme can have a minimum score of 0 and maximum of 6.

If the individual prosperity and economic inclusion themes are considered, there were differences in rankings compared with the overall IGI score. For example, Northern Cape scored eighth highest/second lowest in the prosperity theme and third highest/seventh lowest in the economic inclusion theme. Mpumalanga ranked joint fifth highest/lowest in the economic inclusion theme and sixth highest/fourth lowest in the prosperity theme.

The normalised change scores, displayed in Figure 2.7, provide a way of assessing overall change on the two themes based upon percentage change in the underlying indicators. Here an area with the lowest score has the least improvement or greatest deterioration on a given theme, whereas the area with the highest score has the biggest improvement or least deterioration. The change scores provide a way of summarising the performance of different regions in inclusive growth over the 5-year period between 2017 and 2022.

Figure 2.7: Inclusive growth change scores by province, 2017-2022

	NW	GP	MP	WC	Mean	FS	EC	KZN	NC	LP
■ Inclusion	3.04	3.43	3.22	2.20	3.19	2.91	3.24	2.94	3.21	4.50
■ Prosperity	1.77	1.65	2.05	3.09	2.93	3.28	3.26	3.72	3.46	4.10

Source: DEDT - Economic Analysis Inclusive Growth Model, 2023

When examining change in economic inclusion and prosperity together, the overall IGI change scores show that between 2017 and 2022, Limpopo (8.60), Northern Cape (6.67), and KwaZulu-Natal (6.66) experienced the biggest improvement in their respective scores. Mpumalanga (5.27) recorded the third lowest/seventh highest IGI change score, and it is evident that Mpumalanga's IGI change score was lower than the mean IGI change score (6.12) between 2017 and 2022.

When one considers the change in individual theme scores, it is apparent that the majority of change in all nine provinces were not down to one dominant theme. Four provinces, Mpumalanga included, recorded higher change scores in the inclusion theme than in the prosperity theme, whereas five provinces recorded higher change scores in the prosperity theme.

Between 2017 and 2022, Limpopo (4.49) registered the highest improvement in economic inclusion and Western Cape (2.19) the lowest. Over the same period, KwaZulu-Natal (3.72) recorded the highest change score in the prosperity theme and Gauteng (1.65) the lowest. Mpumalanga recorded the third highest change score in the economic inclusion theme between 2017 and 2022, however, it could only

register the seventh highest change score in the prosperity theme.

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. Mpumalanga Vision 2030, states that the GDP per capita expressed in constant 2015 prices must increase from an estimated R76 100 in 2010 to R140 000 by 2030. In 2021, the provincial GDP per capita was, however, lower than in 2010 with an estimate of only R72 800 per person. Sustained annual average GDP growth of more than 5% is necessary to come near to the set target of R140 000 by 2030.

Fixed investment

Investment in infrastructure builds economic capacity and enhances competitiveness, while contributing to the quality of life of poor people. In 2022, the gross domestic fixed investment (GDFI) in Mpumalanga amounted to R63.6 billion which was equal to 9.5% of total GDFI in South Africa (Figure 2.10). From 2010 to 2022, GDFI contracted on average by 0.3% per annum in South Africa and by 0.4% per annum in Mpumalanga.

According to the NDP, public infrastructure investment must be equal to 10% of GDP by 2030. In 2022, expenditure by the Mpumalanga Provincial Government (MPG) on infrastructure was equal to approximately 1.4% of provincial GDP. If the 2022 Municipal Infrastructure Grant (MIG) expenditure by municipalities is added to MPG infrastructure expenditure, then public expenditure on infrastructure was equal to 2.3%. In order to reach the stated goal of 10% of GDP by 2030 in Mpumalanga, public expenditure on infrastructure in Mpumalanga has to increase annually by more than 20%.

Figure 2.10: Comparison of GDFI (constant 2015 prices) in South Africa and Mpumalanga, 2010-2022
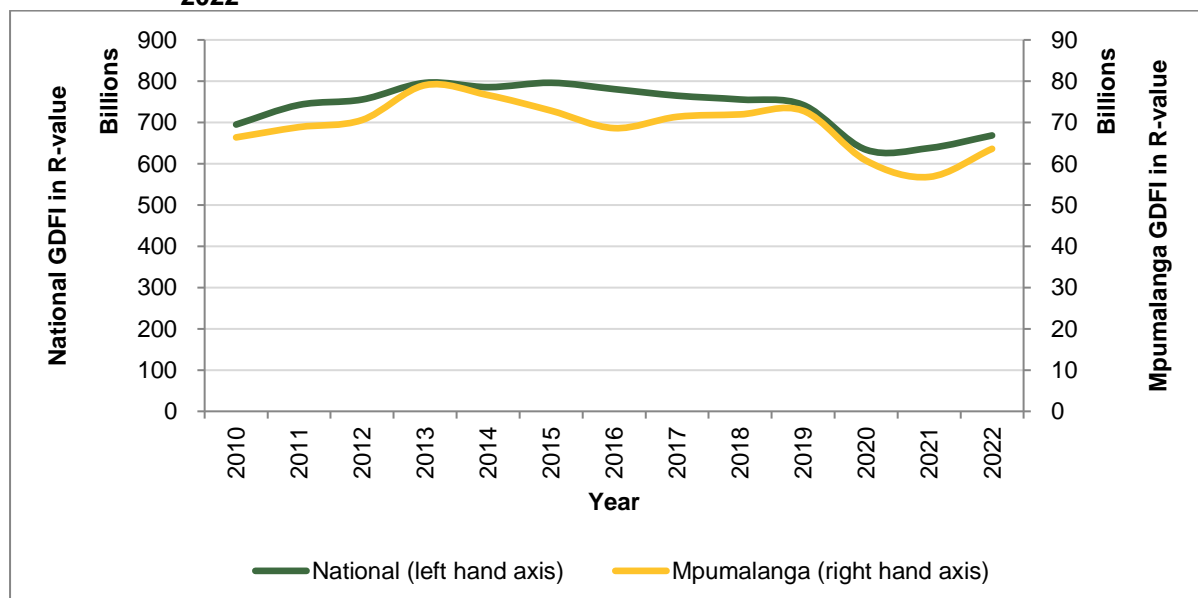


Source: Quantec, 2023

2.2   Broad 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. Stats SA uses the SIC classification when collecting and reporting its information.

Figure 2.11 depicts the contribution of each of the economic industries in Mpumalanga to the corresponding national industry between 1996 and 2022. It is estimated that in 2022, the province was a substantial role-player in the national mining and utilities (mainly electricity) industries, with respective shares of 22.8% and 13.4%. It is noticeable that the contribution by Mpumalanga's mining, utilities, agriculture and manufacturing industries increased between 1996 and 2022, whereas the other industries' contribution, with the exception of community services, declined.

Figure 2.11: Mpumalanga's contribution to South Africa's industries' GDP at basic prices (constant 2015 prices), 1996-2022
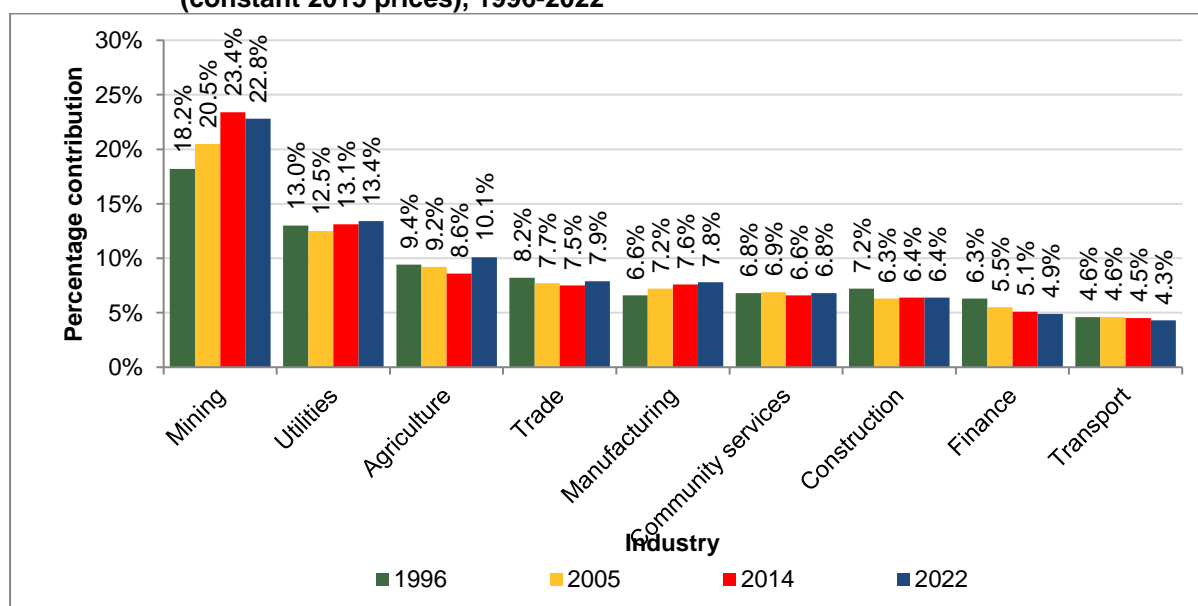
Table 2.2: Contribution by districts to Mpumalanga's industries' GVA (constant 2015 prices), 2017-2022

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	2017	**2022**	**2017**	**2022**	**2017**	**2022**
Agriculture	35.4%	36.6%	28.6%	29.3%	36.0%	34.0%
Mining	27.6%	24.1%	63.6%	59.7%	8.8%	16.2%
Manufacturing	35.7%	32.3%	35.1%	38.6%	29.3%	29.1%
Utilities	26.5%	26.0%	42.8%	38.7%	30.8%	35.3%
Construction	22.0%	22.6%	32.3%	33.5%	45.7%	43.9%
Trade	24.2%	24.6%	28.9%	30.4%	46.9%	45.0%
Transport	26.5%	27.1%	32.0%	34.3%	41.5%	38.6%
Finance	19.1%	20.4%	32.2%	33.5%	48.7%	46.1%
Community services	22.2%	22.4%	28.9%	30.2%	48.9%	47.4%
Total	**25.7%**	**25.0%**	**37.1%**	**37.0%**	**37.2%**	**38.0%**

Table 2.2 exhibits the contribution by each of the three districts to the provincial industries in 2017 and 2022. Ehlanzeni was the largest contributor to the provincial GVA with a share of 37.2% in 2017 and 38.1% in 2022. In 2022, the contribution by Gert Sibande was 25.0% and that of Nkangala 37.0%. Nkangala made considerable contributions to the province's mining (59.7%), manufacturing (38.6%),

and utilities (38.7%) in 2022. Gert Sibande made substantial contributions to agriculture (36.6%) and manufacturing (32.3%) and Ehlanzeni played a major role in the province's construction (43.9%), trade (45.0%), finance (46.1%), and community services (47.4%).

2.3 Broad sectoral contribution and performance

Current prices and constant prices

Current prices measures GDP using the actual prices we notice in the economy. Current prices make no adjustment for inflation and is also called nominal prices. Constant prices adjust for the effects of inflation and is also called real prices.

Table 2.3 and Figure 2.12 displays the GDP contribution in 2022 of the various economic industries in Mpumalanga in terms of current and constant 2015 prices. In terms of current prices in 2022, mining (R110.7 billion) was the largest industry and community services (R102.1 billion) the second largest industry in Mpumalanga. In terms of constant 2015 prices, community services (R74.5 billion) was the largest industry in 2022 and finance (R53.5 billion) the second largest industry.

Table 2.3: GDP contribution of industries to Mpumalanga economy, 2022

Industry	Current prices		Constant 2015 prices	
	Value R-billion	% contribution	Value R-billion	% contribution
Agriculture	R17.0	3.6%	R13.5	4.4%
Mining	R110.7	23.2%	R46.2	15.0%
Manufacturing	R60.8	12.7%	R40.8	13.3%
Utilities	R25.2	5.3%	R13.5	4.4%
Construction	R9.0	1.9%	R7.0	2.3%
Trade	R58.9	12.3%	R42.9	14.0%
Transport	R20.1	4.2%	R15.6	5.1%
Finance	R73.4	15.4%	R53.5	17.4%
Community services	R102.1	21.4%	R74.5	24.2%
Total	**R477.2**	**100.0%**	**R307.5**	**100.0%**

Source: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022

Figure 2.12: GDP contribution of industries to Mpumalanga economy, 2022
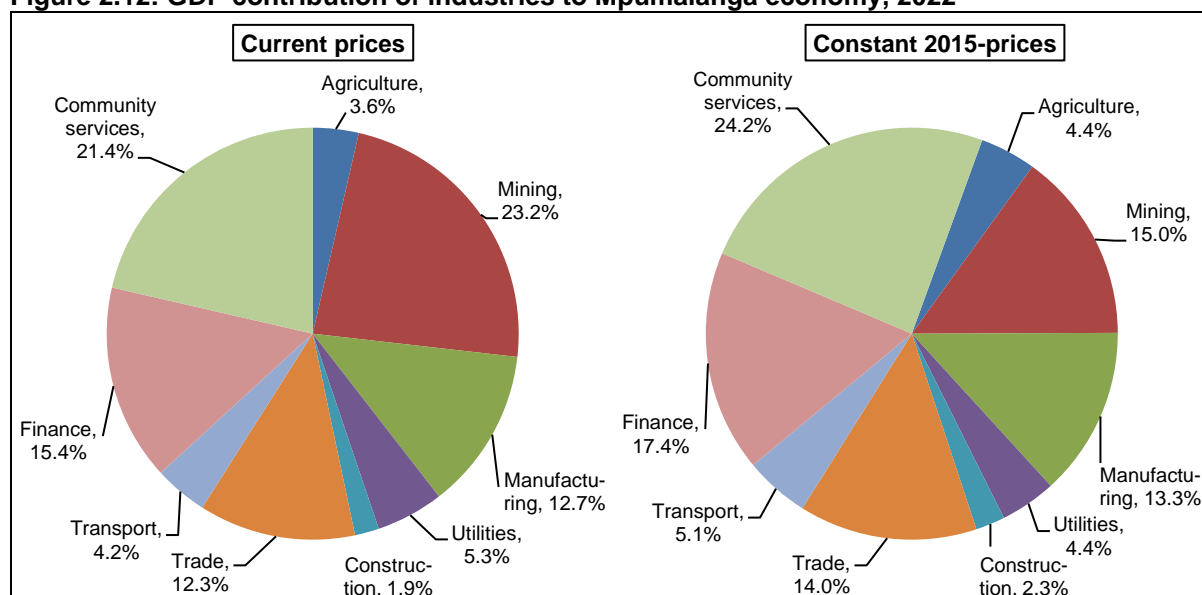
Source: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022

In comparing the economy over different years, it is important to know if the economy is really producing

more, or if the price of the products merely increased. If the GDP contribution of an industry went from R1 billion a year to R1.5 billion in the next year, that would seem to be a very substantial increase of 50% in production. However, if inflation was at 10% a year, the value of that extra 50% value addition would be reduced by the effects of inflation to 40%.

Using constant prices enables one to measure the actual change in output and not the increase due to the effects of inflation. When comparing the growth and the contribution of an industry between various years, there must be an adjustment for the effects of inflation. Therefore, in this publication, growth rates and contributions of industries are generally done with the aid of real or constant prices.

Structure of the provincial economy in constant 2015 prices

In 2022, the primary sector in Mpumalanga contributed 19.4%, the secondary sector 19.9% and the tertiary sector 60.7% to the provincial GDP at basic prices. Although the economy depended less on the primary sector in 2022 than in 1996 (25.0%), it continued to stand in contrast to the national primary sector's small contribution of 8.1% in 2022. The much smaller contribution by mining to the national economy (4.9% versus 15.0% in Mpumalanga) was the main reason for the difference in primary sector contribution. Nationally, the secondary sector added 17.7% and the tertiary sector 74.3% in 2022, with community services (26.3%) the single largest industry.

Figure 2.13 displays the share of each economic industry in the provincial economy between 1996 and 2022. It is estimated that in 2022, the three largest contributors to the provincial economy were community services (24.2%), finance (17.4%) and mining (15.0%). The top three's ranking was somewhat different from 1996, when community services contributed 22.4%, mining 21.7%, and finance 13.6%.

Figure 2.13: Contribution to Mpumalanga GDP at basic prices (constant 2015 prices) by industry, 1996-2022
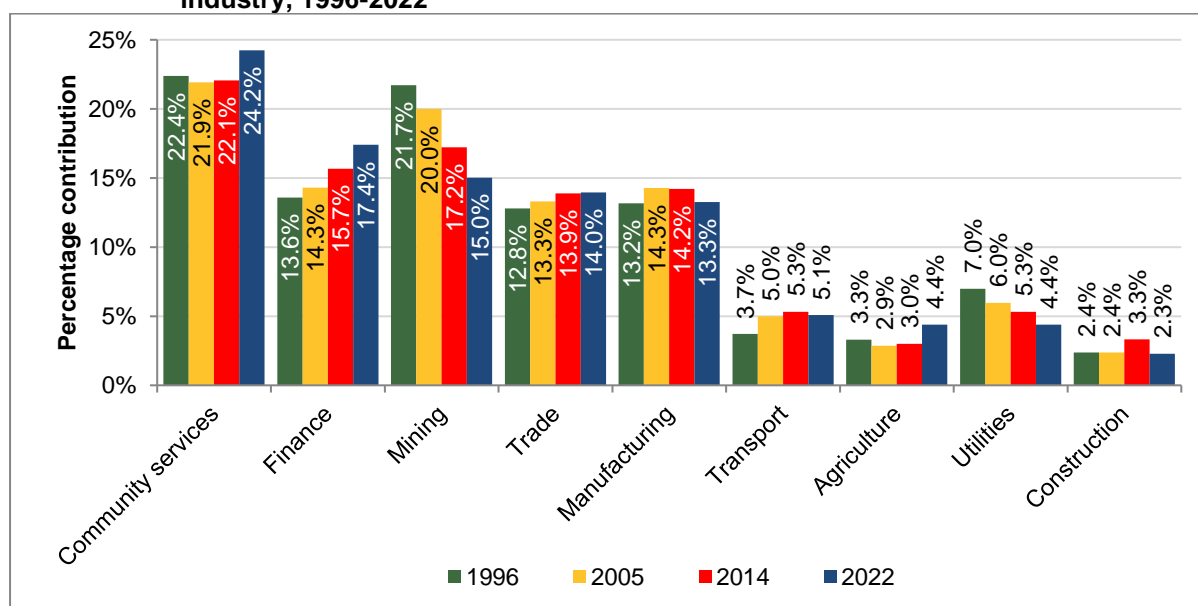
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Economic performance

Historic and forecasted growth for the economic industries of Mpumalanga is presented in Table 2.4. Between 1996 and 2023, the industries with the fastest economic growth were transport (3.1%) and agriculture (3.1%). Over the period 2024-2027, it is expected that transport (3.5%) and finance (3.4%) will record the highest average annual growth per annum. The relatively low growth expectation for mining and community service are concerning.

Figure 2.14 illustrates the change in value by industry from 2019 to 2023. The real value of four industries increased whereas five industries declined. Community services (R6.1 billion) registered the largest increase over the 3-year period and mining (-R7.4 billion) the largest decline.

Table 2.4: **Historic and forecasted GDP growth rates at constant prices for Mpumalanga's economic industries, 1996-2027**

Industry	1996-2023	1996-2000	2001-2006	2007-2012	2013-2018	2019-2023	2024-2027
Agriculture	3.1%	3.4%	0.4%	3.6%	6.1%	9.0%	1.3%
Mining	0.4%	2.6%	1.5%	-0.7%	1.6%	-3.7%	1.5%
Primary sector	*0.9%*	*2.7%*	*1.4%*	*-0.2%*	*2.3%*	*-1.4%*	*1.4%*
Manufacturing	1.9%	4.1%	4.4%	1.0%	0.4%	-0.5%	1.7%
Utilities	0.1%	0.1%	4.3%	0.3%	-1.6%	-1.5%	0.9%
Construction	1.8%	-4.3%	8.4%	4.7%	-0.9%	-5.2%	2.7%
Secondary sector	*1.4%*	*2.1%*	*4.8%*	*1.3%*	*-0.2%*	*-1.4%*	*1.6%*
Trade	2.3%	4.0%	3.5%	2.1%	0.4%	1.7%	1.5%
Transport	3.1%	6.8%	6.2%	2.1%	1.8%	-1.4%	3.5%
Finance	2.8%	1.0%	6.5%	2.2%	2.1%	1.3%	3.4%
Community services	2.2%	2.7%	3.3%	1.5%	1.1%	2.1%	2.0%
Tertiary sector	*2.5%*	*2.9%*	*4.4%*	*1.9%*	*1.3%*	*1.5%*	*2.4%*
Total	1.8%	2.7%	3.8%	1.3%	1.1%	0.3%	2.1%

Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Figure 2.14: Absolute change in GDP rand value at constant 2015 prices, 2020-2022
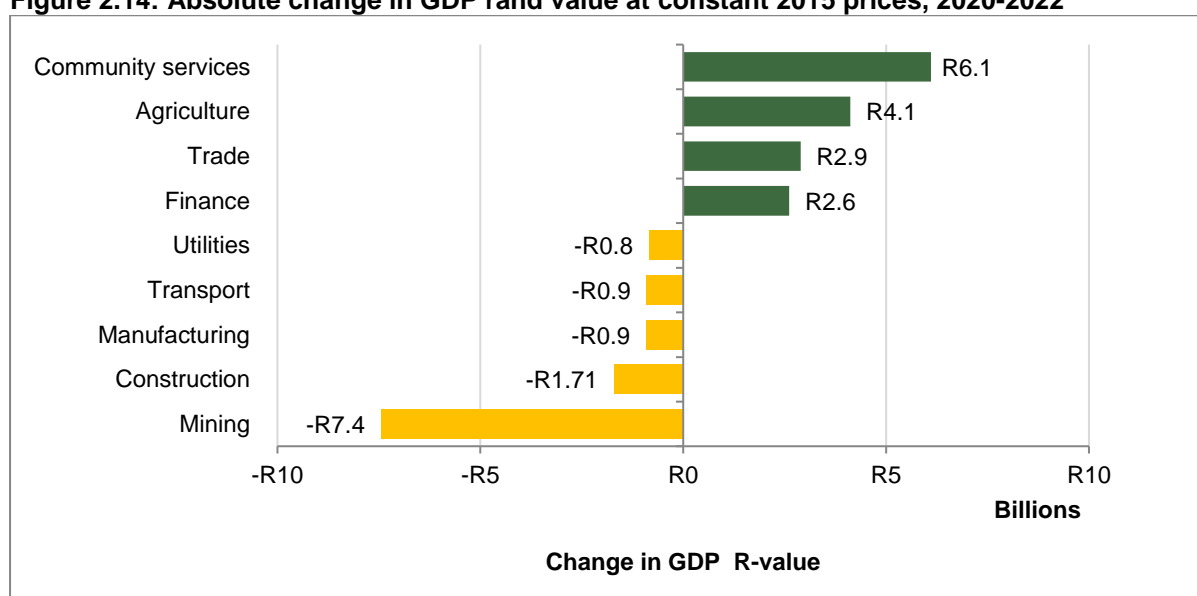
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

According to Table 2.5, finance is expected to be the main driver of provincial economic growth between 2024 and 2027. Community services are expected to make the second largest contributor to provincial

growth in the 3-year period, whereas mining is expected to add the same as manufacturing, trade and transport.

Table 2.5: Industry contribution to GDP at basic prices (constant 2015 prices) growth in Mpumalanga, 2024-2027

Industry	GDP share 2022	Forecasted industry growth 2024-2027	Estimated contribution to provincial economic growth 2024-2027
Agriculture	4.4%	1.3%	0.1%
Mining	15.0%	1.5%	0.2%
Manufacturing	13.3%	1.7%	0.2%
Utilities	4.4%	0.9%	0.0%
Construction	2.3%	2.7%	0.1%
Trade	14.0%	1.5%	0.2%
Transport	5.1%	3.5%	0.2%
Finance	17.4%	3.4%	0.6%
Community services	24.2%	2.0%	0.5%
Total	100.0%	2.1%	-

Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Structure of the district economies

Table 2.6 displays the share of each economic industry in the three districts' economies in 2017 and 2022. The community services industry was the largest industry in Gert Sibande in 2022 with a 21.8% share. Mining activities made the largest contribution to the Nkangala economy as it added 24.3% to the district's economy in 2022. In 2022, the largest contributing industry in Ehlanzeni was community services with a share of 30.2%. The contributions by the primary sector in Ehlanzeni increased between 2017 and 2022, whereas the contribution of the tertiary sector increased in Gert Sibande and Nkangala over the same period.

**Table 2.6: Contribution to individual districts' GVA at constant prices by industry, 2017-2022**

Industry	Gert Sibande		Nkangala		Ehlanzeni	
	2017	2022	2017	2022	2017	2022
Agriculture	4.8%	6.4%	2.7%	3.5%	3.4%	3.9%
Mining	18.4%	14.5%	29.2%	24.3%	4.0%	6.4%
Primary sector	*23.2%*	*21.0%*	*31.9%*	*27.8%*	*7.4%*	*10.3%*
Manufacturing	19.3%	17.1%	13.1%	13.8%	10.9%	10.1%
Utilities	4.9%	4.6%	5.5%	4.6%	4.0%	4.1%
Construction	2.6%	2.1%	2.7%	2.1%	3.8%	2.6%
Secondary sector	*26.9%*	*23.8%*	*21.3%*	*20.5%*	*18.7%*	*16.8%*
Trade	12.9%	13.8%	10.6%	11.5%	17.2%	16.5%
Transport	5.6%	5.5%	4.7%	4.7%	6.0%	5.2%
Finance	12.1%	14.2%	14.1%	15.8%	21.3%	21.1%
Community services	19.3%	21.8%	17.4%	19.8%	29.5%	30.2%
Tertiary sector	*50.0%*	*55.3%*	*46.8%*	*51.8%*	*74.0%*	*72.9%*
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: S&P Global – ReX, December 2023

Provincial economic performance and employment

Figure 2.15 depicts the real growth per industry over the period 2017 to 2022 in the left-hand diagram and the contribution to changes in employment numbers over the same period in the right-hand diagram. Over the 5-year period agriculture registered the highest average annual growth rates, whereas construction recorded the lowest.

Figure 2.15: Real GDP at basic prices (constant 2015 prices) growth and contribution to employment changes by industry, 2017-2022
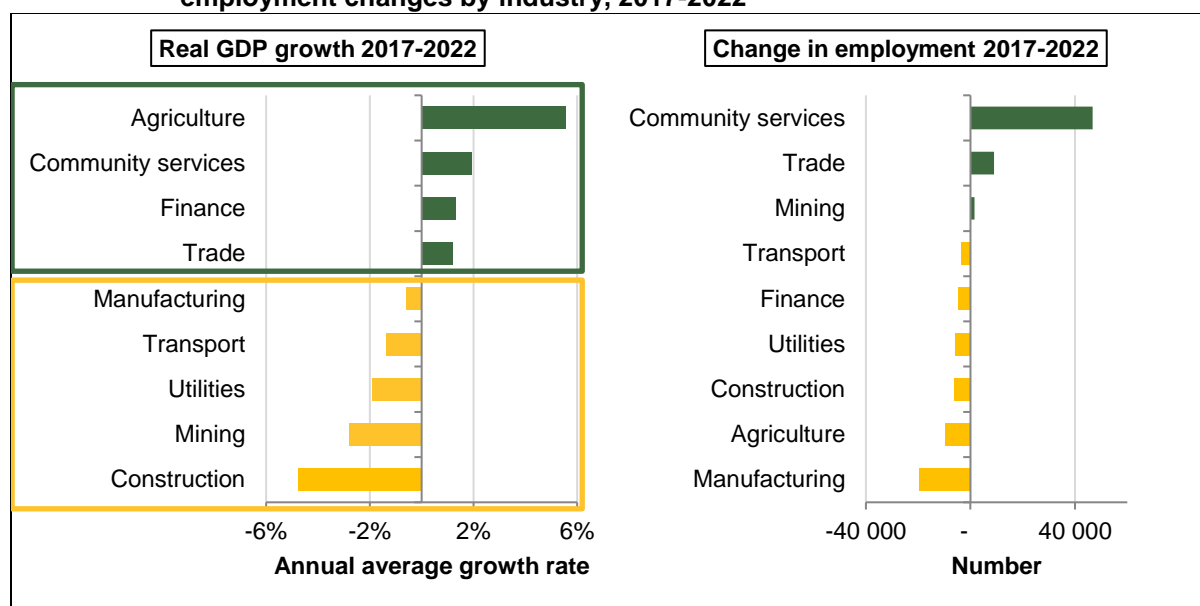
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
         S&P Global – ReX, December 2023

In 2022, some 31 895 less people were employed by the nine industries in Mpumalanga than in 2017. In the right hand diagram, it is observable that only three of the industries, namely transport, mining and community services, gained jobs over the 5-year period. Agriculture, finance and trade lost jobs despite expanding in GDP terms.

2.4   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 2022, the economy of Mpumalanga appears to be more diversified than that of South Africa with an index score of 42.1 compared to a national score of 44.3. Among the nine provinces, Mpumalanga had the most diversified economy in terms of the Tress Index.

2.5   Comparative advantage of the provincial economy

The location quotient is an indication of the comparative advantage of an economy. When the share of an industry in a regional economy is greater (less) than the share of the same industry in the national economy that regional economy has a location quotient larger (smaller) than one, or a comparative advantage (disadvantage) in that particular industry.

Table 2.7 provides the location quotients of the various industries in Mpumalanga, indicating their respective comparative advantages. In Mpumalanga, agriculture (1.25), mining (2.22), utilities (3.37) and trade (1.10) held a comparative advantage over the same industry in the national economy. A rule of thumb is that when an industry has a location quotient of 1.2 or above it indicates that some degree of specialisation is taking place in that particular industry compared with the national industry.

Mpumalanga recorded three industries (agriculture, mining and utilities) with a location quotient higher than 1.2.

Table 2.7: Comparative advantage of industries in Mpumalanga and districts, 2023

Industry	Mpumalanga
Agriculture	1.25
Mining	2.22
Manufacturing	0.79
Utilities	3.37
Construction	1.00
Trade	1.10
Transport	0.74
Finance	0.71
Community services	0.94
Total	1.00

Source: DEDT – Comparative Advantage & Regional Competitiveness Model, 2024

Comparative advantage analysis can be improved with two indicators to yield a dynamic location quotient. These two indicators are percentage change in location quotient over time and the size of the industry in terms of jobs. Industries can then be classified in four quadrants based on its location quotient and change in location quotient and ranked according to size.

The logic follows that an industry in the upper right quadrant (location quotient ≥1.2 and change in location quotient ≥0%) holds a comparative advantage over the industry in the base region, and is also expanding the advantage over time (between 2018 and 2023). These industries are "standouts" that distinguish the provincial economy and are doing more so every year. Such industries are especially important if they are also large in terms of job numbers. In Mpumalanga, mining and utilities (ranked according to employment number) can be regarded as "standout" industries (Table 2.8).

The lower right quadrant (location quotient <1.2 and change in location quotient ≥0%) contains industries which do not have a comparative advantage yet, but are becoming more so over time. If these industries continue this trend, they will move over the horizontal cut-off into the upper right quadrant. They can be called "pre-emergent" industries, having the potential to contribute more to the region's economy in future. In Mpumalanga, community services, trade and manufacturing (ranked according to employment size) can be regarded as "pre-emergent" industries.

The upper left quadrant (location quotient ≥1.2 and negative change in location quotient) contains industries that hold a comparative advantage over the industry in the base region, but with a declining advantage. If a medium or large industry is in this quadrant, it is an important warning that the province is losing a major part of its economy and should inform planning and investment priorities accordingly. They can be called industries in need of "intensive care", as this quadrant usually indicates industries in decline. In Mpumalanga, agriculture recorded a location quotient in excess of 1.2 that also declined over time.

Finally, the lower left quadrant (location quotient <1.2 and negative change in location quotient) contains industries which are less important regionally than nationally and are also declining in employment. These industries holds "little promise" in terms of relative employment size and labour growth, however, the province needs to attract more businesses in those industries in order to maintain an economy that

is sufficiently balanced and diversified in comparison to the national economy. Finance, construction and transport were the industries in Mpumalanga that ranked in this quadrant.

Table 2.8: **Classification of industries in Mpumalanga according to dynamic location quotient, 2018-2023**

| Location quotient ≥ 1.2 and negative change in location quotient *"Intensive care"*	Location quotient ≥ 1.2 and positive change in location quotient *"Standouts"*
Agriculture	Mining Utilities
Location quotient < 1.2 and negative change in location quotient *"Little promise"*	Location quotient < 1.2 and positive change in location quotient *"Pre-emergent"*
Finance Construction Transport	Community services Trade Manufacturing

Source: DEDT – Comparative Advantage & Regional Competitiveness Model, 2024

2.6   Labour intensity in the provincial economy

Labour intensive industries are identified by comparing the utilisation of labour with the capacity to generate output within each industry. If an industry employs a larger proportion of the provincial workforce compared to its contribution to provincial output, it is considered a labour intensive industry.

Figure 2.16 provides a comparison of the utilisation of labour with output at industry level for 2017 and 2022. In 2022, the following five industries in Mpumalanga exhibited higher employment shares relative to their output shares, thereby indicating a high level of labour intensity: construction, agriculture, trade, transport and community services. In 2017, construction, agriculture, trade and community services registered larger labour utilisation shares than output contribution. The labour intensity in mining, manufacturing, utilities, construction and transport improved by varying degrees between 2017 and 2022.

Figure 2.16: Comparison of labour intensity in Mpumalanga by industry, 2017-2022
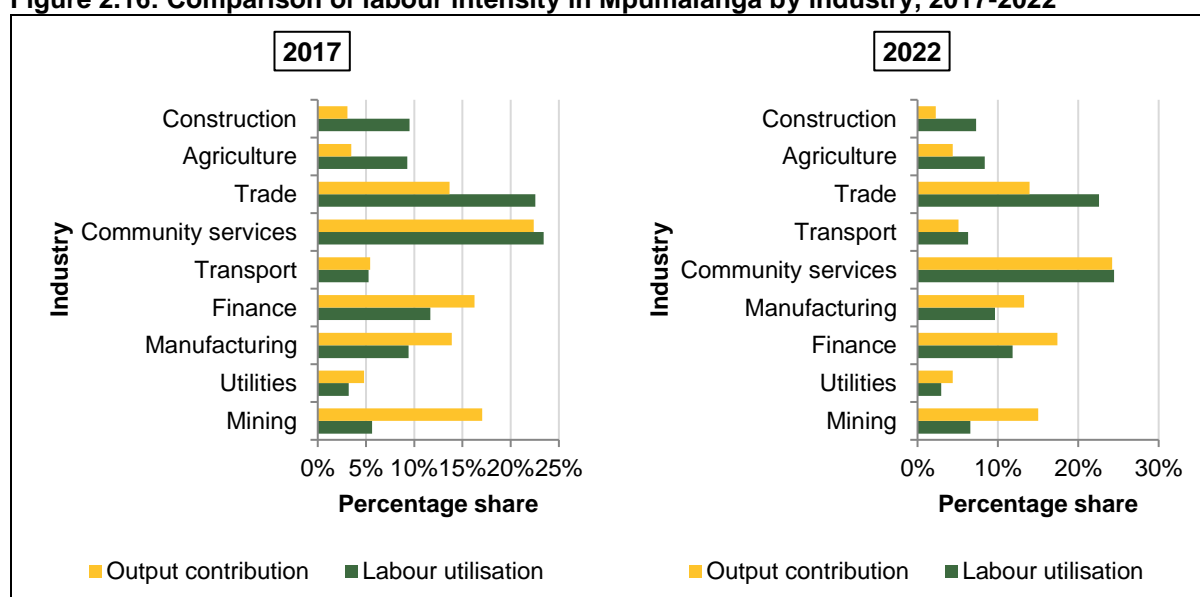
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
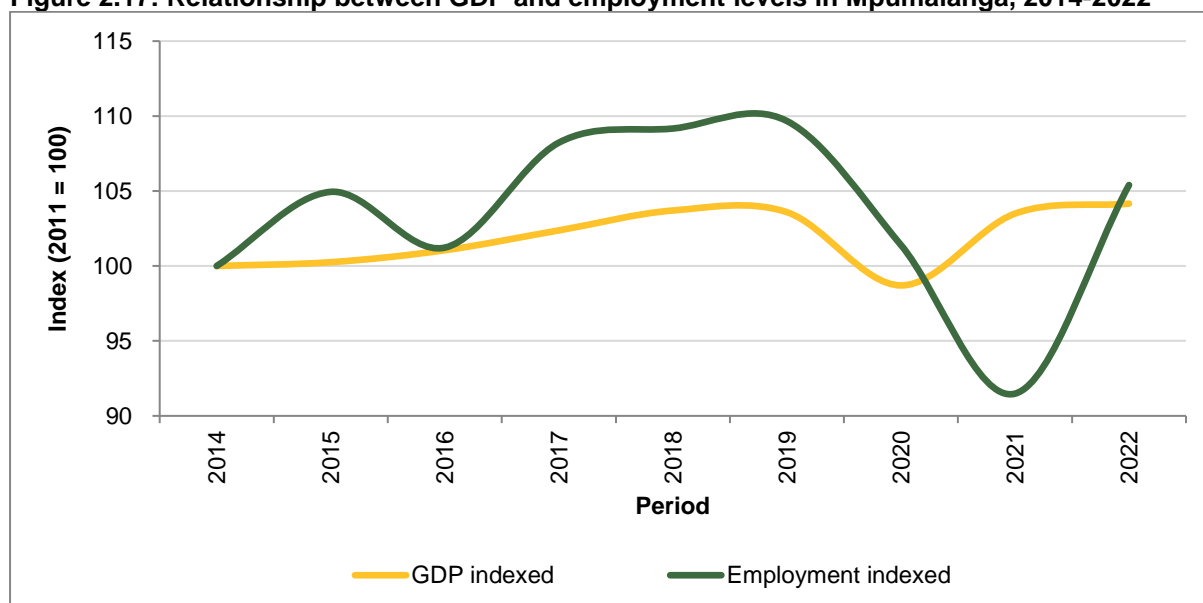*S&P Global – ReX, December 2023*

2.7   Employment elasticity

Employment growth depends on various factors, including economic growth. The employment elasticity

of an industry reflects its historic rate of employment growth relative to GDP growth, calculated by comparing their respective growth rates.

Between 2014 and 2022, economic output did not keep up with provincial employment for most of the period and only caught up because of the large job losses in 2020 and 2021 (Figure 2.17). Mpumalanga's employment elasticity over the period 2014 to 2022 was 1.24. In other words, on average over the 8-year period, every 1% of real economic growth in the province's economy translated into a 1.24% increase in employment in the economy.

Figure 2.17: Relationship between GDP and employment levels in Mpumalanga, 2014-2022

The employment elasticity of the various industries in Mpumalanga's over the period 2014 to 2022 is displayed in Table 2.9. Community services recorded the highest employment elasticity of 1.46 over the period 2014 to 2022. Therefore, on average over the 8-year period, every 1% of real economic growth in community services translated into a 1.46% increase in employment in the industry.

Table 2.9: Comparative employment elasticity per industry in Mpumalanga, 2014-2022

Industry	Employment elasticity 2014-2022
Agriculture	0.06
Mining	0.65
Manufacturing	-4.37
Utilities	-5.75
Construction	0.96
Trade	-0.59
Transport	-65.02
Finance	0.05
Community services	1.46
Total	**1.24**

2.8   Labour productivity in the provincial economy

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 the total industries. When comparing Mpumalanga's industry specific labour productivity with that of the province's total industries, it is evident that four industries achieved higher labour productivity than the total industries combined in 2022 (Table 2.10).

Table 2.10: Comparison of Mpumalanga's labour productivity per industry, 2017-2022

Industry	Labour productivity index	
	2017	**2022**
Agriculture	0.37	0.52
Mining	3.02	2.29
Manufacturing	1.48	1.38
Utilities	1.49	1.48
Construction	0.32	0.31
Trade	0.61	0.62
Transport	1.03	0.81
Finance	1.39	1.47
Community services	0.96	0.99
Total industries	**1.00**	**1.00**

Sources: Stats SA – QLFS, 2024
Stats SA - Provincial gross domestic product: experimental estimates, 2013-2022

The mining industry (2.29) recorded the highest labour productivity index score in 2022, followed by utilities (1.48) and finance (1.47). The mining industry also registered the highest labour productivity index score in 2017 of 3.02, followed by utilities. Agriculture, trade, finance and community services experienced increased labour productivity between 2017 and 2022.
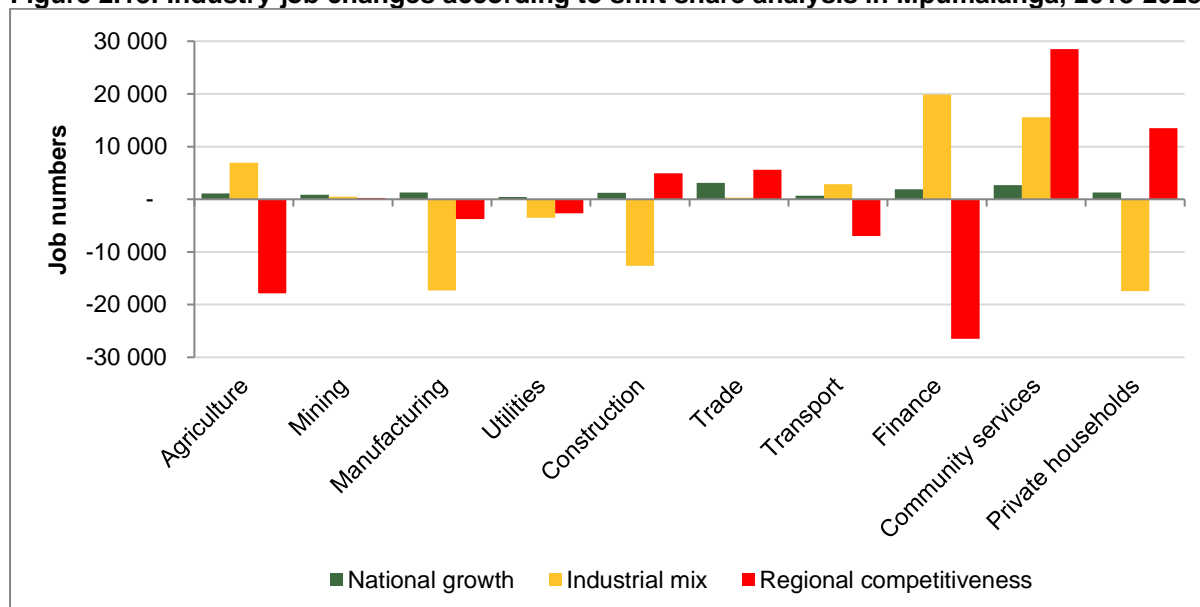
2.9 Regional competitiveness

Shift share is a standard regional analysis method that attempts to determine how much of regional job growth can be attributed to national trends and how much is due to unique regional factors. In using a shift share analysis a regional economy (Mpumalanga) is indexed against a base economy (South Africa). The technique basically distributes job change into three component parts. The three component parts are the national growth effect, the industrial mix effect and the regional competitiveness effect.

The regional competitiveness effect is the most important of the three indicators, as it explains how much of the labour change in a given industry is due to some unique competitive advantage that the province possesses. This effect is calculated by taking the total provincial employment growth and subtracting the national growth and industrial mix effects. This effect can be higher than actual job growth if national and/or industry mix effects are negative while provincial growth is positive. This is because the regional competitiveness effect accounts for jobs "saved" from declining national trends as well as new jobs created.

Industries with high regional competitiveness effects highlight the region's competitive advantages or disadvantages. Shift share analysis does not indicate why these industries are competitive but it merely shows the sectors in which the province is out-competing or under-competing the nation. Shift share is thus useful in identifying investment targets so that local stakeholders can assist provincial industries to either continue to outperform national trends or else "catch up" with national trends so that the provincial economy is not left behind.

Figure 2.18 displays what job change took place per industry in Mpumalanga between 2018 and 2023 and whether expected change (national and industrial) or regional competiveness was the dominant factor in the change. Employment in the agriculture industry in Mpumalanga declined by 9 833 between 2018 and 2023. Using shift share, job gains of 1 127 were due to the national trend in the economy as a whole, while 6 921 extra jobs were created due to national trends in the agriculture industry specifically. Therefore, a total of 8 048 job gains in the Mpumalanga agriculture industry were due to national trends.

Figure 2.18: Industry job changes according to shift share analysis in Mpumalanga, 2018-2023

Source: DEDT – Comparative Advantage & Regional Competitiveness Model, 2024

The regional competitiveness effect was 17 881 job losses, indicating that some specific condition in the provincial agriculture industry resulted in job losses, contrary to the job gains of 8 048 due to national trends. Therefore, agriculture's employment decreased mainly as a result of negative regional factors despite some positive national factors. The transport and finance industries in Mpumalanga reveal similar shift share results with negative regional factors deterring job growth despite positive, industry specific national factors.

Job numbers in Mpumalanga's mining industry increased by 1 606 over the 5-year period. Shift share analysis reveals that national growth trends in the national mining industry as well as regional factors provided the impetus for job growth in the provincial mining industry. Trade, and community services also recorded higher employment numbers as a result of both national industry factors and regional competitiveness factors.

Job numbers in Mpumalanga's manufacturing industry decreased by 19 793 between 2018 and 2023. Despite gains stemming from national growth factors (1 279), negative national industry specific factors (-17 286) and negative regional competitiveness factors (-3 786) resulted in a net job loss for the manufacturing industry. Utilities also recorded lower employment numbers as a result of national industry and regional competitiveness factors.

Construction and private households were the only two industries in Mpumalanga that recorded job losses over the 5-year period due to factors in all the national industries. For example in the construction industry, shift share analysis reveal that national growth (1 237) as well as positive regional factors (4 933) were not enough to curb the specific negative national industry factors (-12 609) that resulted in a total of 6 439 job losses.
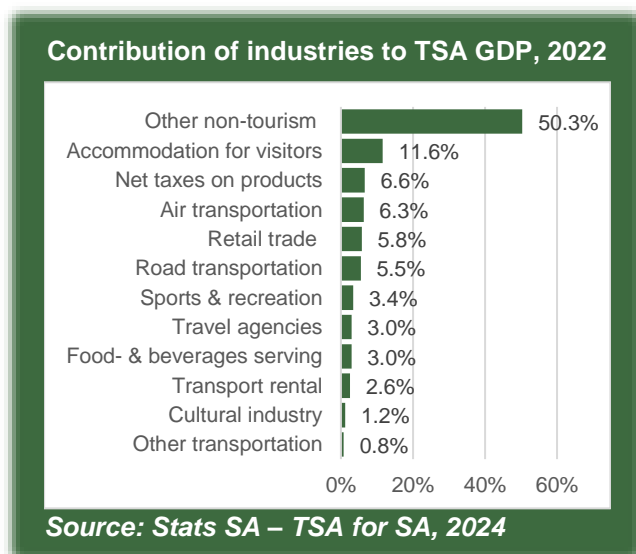
2.10 Tourism

Because tourism is not a clearly defined industry in the ISIC, it was therefore the first economic activity to use Satellite Account standards to measure its impact on national economies – as approved by the United Nations (UN) in March 2000.

Stats SA calculates a Tourism Satellite Account[11] (TSA) for tourism in South Africa. According to the latest preliminary TSA for 2022, the national tourism sector was simulated to have directly contributed some 3.5% to GDP. Some 733 385 persons were directly engaged in producing goods and services purchased by visitors, which accounted for 4.7% of total employment in 2022.

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, virtually impossible. It is possible to simulate scenarios that can give an indication of the GDP and employment contribution by tourism in Mpumalanga. From a recent study conducted by DEDT[12], the contribution that tourism makes to the Mpumalanga economy could be between 2.3% and 3.4%. Furthermore, the tourism industry's contribution to employment in Mpumalanga could be between 3.4% and 4.6%.

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, virtually impossible. It is possible to simulate scenarios that can give an indication of the GDP and employment contribution by tourism in Mpumalanga. From a recent study conducted by DEDT[13], the contribution that tourism makes to the Mpumalanga economy could be between 2.0% and 3.8%. Furthermore, the tourism industry's contribution to employment in Mpumalanga could be between 4.2% and 4.7%.

Contribution of industries to TSA GDP, 2022

Industry	%
Other non-tourism	50.3%
Accommodation for visitors	11.6%
Net taxes on products	6.6%
Air transportation	6.3%
Retail trade	5.8%
Road transportation	5.5%
Sports & recreation	3.4%
Travel agencies	3.0%
Food- & beverages serving	3.0%
Transport rental	2.6%
Cultural industry	1.2%
Other transportation	0.8%

Source: Stats SA – TSA for SA, 2024

It is, however, possible to express tourism spend as a percentage of regional GDP in order to indicate

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[11] 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.
[12] Relevant Tourism Statistics & Perspectives with specific reference to Mpumalanga, December 2023.
[13] Relevant Tourism Statistics & Perspectives with specific reference to Mpumalanga, December 2022.

how large an impact it makes and whether its contribution is growing. In terms of this indicator, tourism spend in 2017 was equal to 5.2% of South Africa and 4.4% of Mpumalanga's GDP. In 2022, tourism spend in South Africa was equal to 5.0% of GDP, whilst in Mpumalanga it was equal to 4.1% of the provincial GDP. In 2022, Western Cape (7.0%) registered the largest tourism spend as share of GDP and Mpumalanga the smallest (Table 2.11).

Table 2.11: Tourism spend in South Africa and provinces, 2017-2022

Province	2017		2022	
	Total tourism spend R-million	**Tourism spend as % of GDP (current prices)**	**Total tourism spend R-million**	**Tourism spend as % of GDP (current prices)**
Western Cape	52 014	7.3%	52 014	7.3%
Eastern Cape	18 223	4.5%	18 223	4.5%
Northern Cape	4 690	4.4%	4 690	4.4%
Free State	11 459	4.6%	11 459	4.6%
KwaZulu-Natal	40 981	4.9%	40 981	4.9%
North West	12 420	4.3%	12 420	4.3%
Gauteng	87 544	5.1%	87 544	5.1%
Mpumalanga	**17 002**	**4.4%**	**17 002**	**4.4%**
Limpopo	19 676	5.3%	19 676	5.3%
Total	**264 009**	**5.2%**	**264 009**	**5.2%**

Source: IHS Markit – ReX, December 2023

According to South African Tourism's *Tourism Performance Report 2022*, Mpumalanga was the province that recorded the second highest number of foreign arrivals in 2022, with a share of 18.3% of total foreign arrivals. This was up from the 12.5% of total foreign arrivals in 2017. In 2022, Mpumalanga captured 11.7% of the total bednights spent by all foreign tourists in South Africa. This was higher than the 10.6% in 2017.

2.11   Inflation

The most common way to measure inflation is by reference to a CPI, which measures the changes in prices of a basket of goods and services purchased by a representative set of households. Mpumalanga's average annual inflation rate for 2023 was 6.6%, which was the third highest/seventh lowest among the provinces and higher than the average for South Africa (6.0%). Mpumalanga's average annual inflation rate for 2023 was lower than the 7.3% average for 2022.

In February 2024, Mpumalanga recorded an inflation rate of 5.4%, which was equivalent to the 5.4% registered in January 2024. This was the first time in twenty-four months that the provincial inflation rate was lower than the national inflation rate. In February 2024, Mpumalanga's inflation rate was below the upper band of the inflation target zone for the third consecutive month. The comparative percentage change in the CPI for South Africa and Mpumalanga from January 2003 to February 2024 is displayed in Figure 2.19.

The main determinants of inflation in Mpumalanga based on their respective weightings, as provided in Table 2.12, are price changes in food and non-alcoholic beverages (FNAB), housing and utilities, transport as well as miscellaneous goods and services (MGS). These four indices, in terms of the weighting, contribute nearly 72% to the level of inflation and inflation movements in Mpumalanga.

It appears from Table 2.12 that the FNAB index accounted for 23.0% of the average price increase in Mpumalanga during February 2024. The housing and utilities index was accountable for 20.6%. The

transport index was responsible for 19.7% and the MGS index for 17.4%. Together, the four main determinants contributed 80.7% of the average price increase in Mpumalanga during February 2024.

Figure 2.19: CPI in South Africa and Mpumalanga, 2003–2024
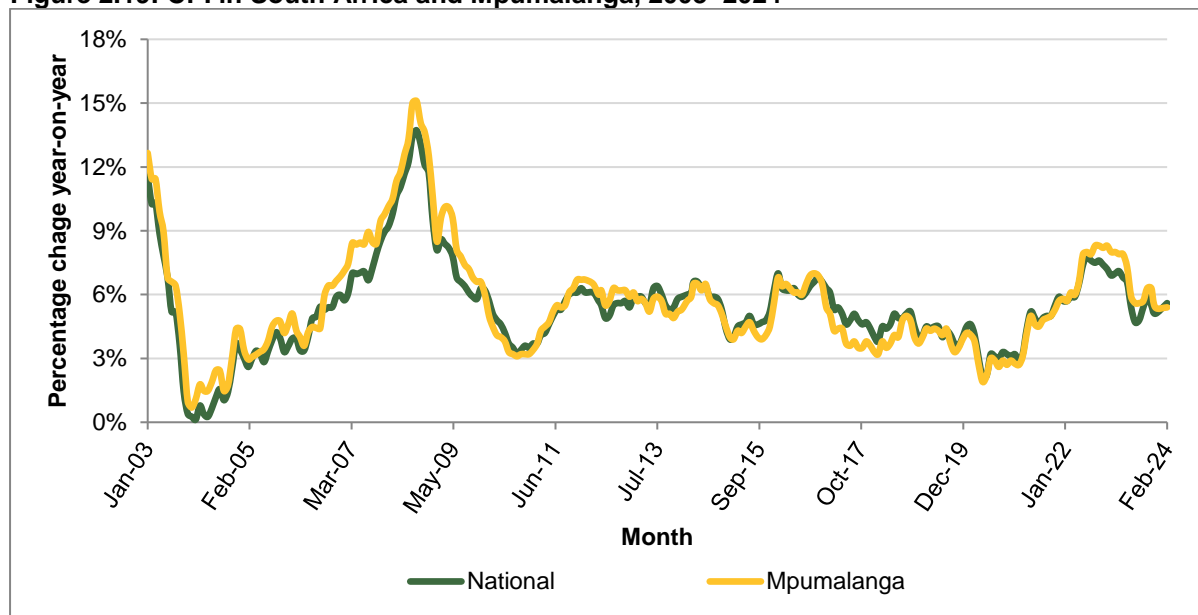
Source: Stats SA – CPI, 2024

Table 2.12: Mpumalanga's CPI group indices, weights, percentage change & contribution to inflation, February 2024

| Index description	Weight	Percentage change		Estimated contribution to inflation
		Month-on-month	Year-on-year	
Food & non-alcoholic beverages	21.19	-0.2%	+5.8%	23.0%
Alcoholic beverages and tobacco	5.53	+0.2%	+4.2%	4.4%
Clothing and footwear	4.65	+0.5%	+3.2%	2.8%
Housing and utilities	19.94	+0.0%	+5.5%	20.6%
Household contents and services	3.71	-0.1%	+2.1%	1.5%
Health	0.57	+2.6%	+7.2%	0.8%
Transport	18.77	+0.7%	+5.6%	19.7%
Communication	2.38	-0.1%	-0.4%	-0.2%
Recreation and culture	5.33	+0.0%	+1.8%	1.8%
Education	1.91	+0.0%	+8.2%	2.9%
Restaurants and hotels	3.96	+0.0%	+7.2%	5.3%
Miscellaneous goods and services	12.06	+4.0%	+7.7%	17.4%
All items	**100.0**	**+0.6%**	**+5.4%**	**100.0%**

Source: Stats SA – CPI Additional Tables, 2024

The price increase of milk, eggs and cheese as well as bread and cereals provided most of the upward push in the FNAB index. Within the housing and utilities index, the price increases of electricity as well as owners' equivalent rent provided the bulk of the upward swell. The higher prices of vehicles pushed the transport index higher, whereas the price increases of insurance propped up the MGS index.

When the impact of the more volatile FNAB and fuel prices are excluded from the consumer price index as in Figure 2.20, the underlying annual inflation would have been 5.3% in February 2024. If the electricity price was also excluded from the calculation of headline CPI inflation, Mpumalanga's resultant core inflation would have been 4.9% in February 2024. The core and underlying inflation rates increased between January and February, whereas the headline inflation rate remained unchanged.

Figure 2.20: Measures of underlying inflation in Mpumalanga, 2009–2024
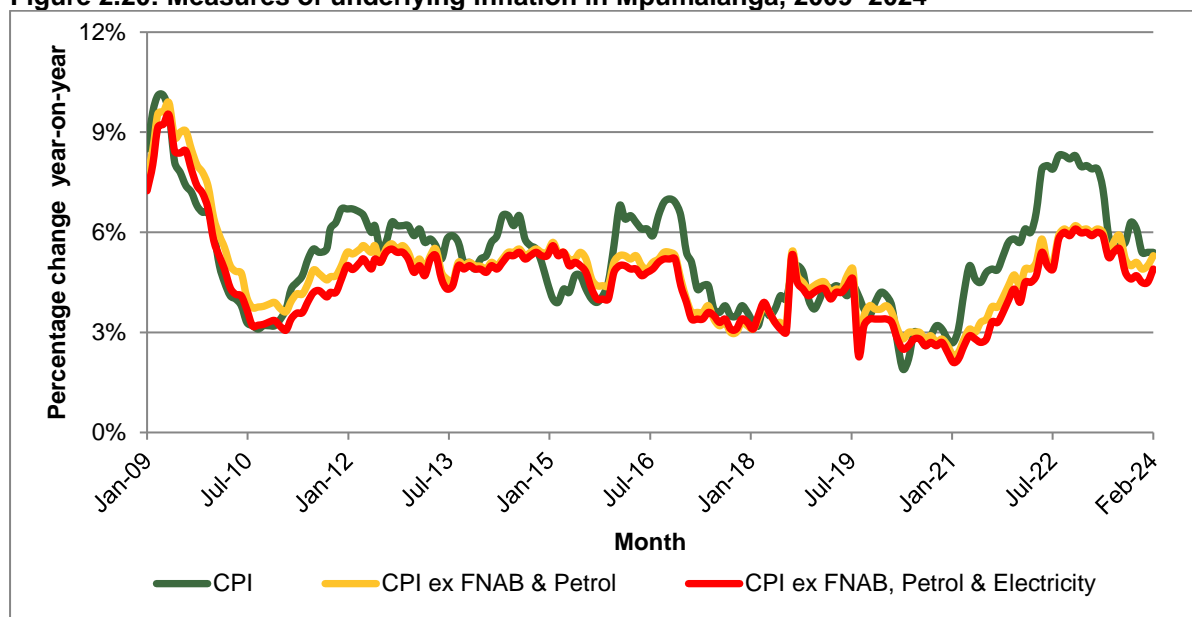
Source: Stats SA – CPI, 2024

2.12   International trade

Mpumalanga's contribution to total national trade[14] was 2.7% in 2022, larger than the 1.1% share in 2017. The two leading provinces, in terms of total trade contribution in 2022, were Gauteng with a share of 66.4% and Western Cape with 14.0%. Mpumalanga contributed 4.2% and 1.1% to national exports and national imports, respectively.

The value of Mpumalanga's exports increased by 34.8% per annum between 2017 and 2022, whilst imports increased by 23.7% per annum over the same 5-year period. In contrast, the national exports increased by 11.5% per annum, whereas the value of national imports increased by 10.1% per annum.

Mpumalanga registered a positive trade balance of R64.8 billion in 2022, continuing

> **African Continental Free Trade Area Agreement ~ AfCFTA**
>
> *The AfCFTA offers African countries the opportunity to lift 30 million people out of extreme poverty and increase the incomes of 68 million others earning less than $5.50 per day. On 31 January 2024, South Africa started trading under the AfCFTA. South African companies will be able to export certain goods duty free or with reduced duties to the 12 African countries that have already the systems in place to trade.*

the trend of exports exceeding imports since 1996. During the same period, the trade balance of South Africa fluctuated between positive and negative territory, finishing 2022 with a surplus of R221.6 billion. Mpumalanga was the province with the second largest positive trade balance in 2022.

## 2.13   Primary sector analysis

2.13.1   Agriculture industry

In terms of provincial contribution to the national agriculture industry, Mpumalanga (10.1%) occupied

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[14] ReX international trade data is obtained from administrative data collected by SARS' Department of Customs and Excise. The postal code or street address of the South African importer/exporter is recorded with each transaction, allowing IHS Markit to analyse trade data at a regional level.

third place in 2022 with KwaZulu-Natal (26.7%) in first position. Between 1996 and 2022, Mpumalanga improved from the fourth largest contributor to its current ranking of third largest (Figure 2.21).

Figure 2.21: Comparative contribution to the national agriculture industry's GDP at basic prices (constant 2015 prices), 1996-2022
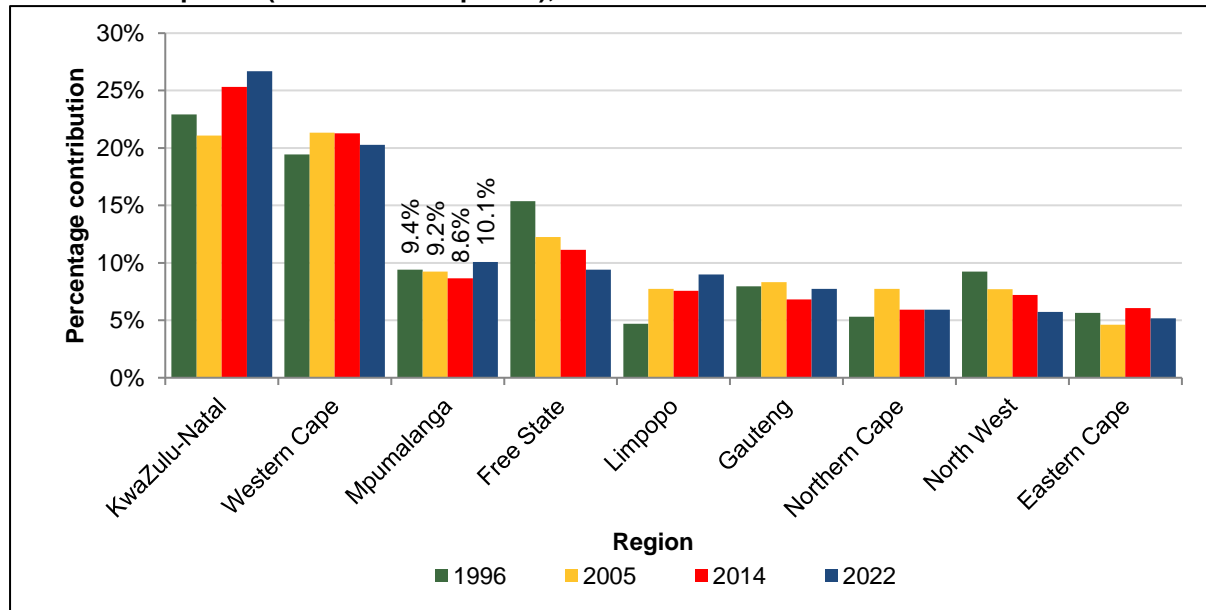
Sources: *Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022*
S&P Global – ReX, December 2023

Figure 2.22: Agriculture industry (constant 2015 prices) – comparative GDP growth and contribution to Mpumalanga GDP, 1996-2023
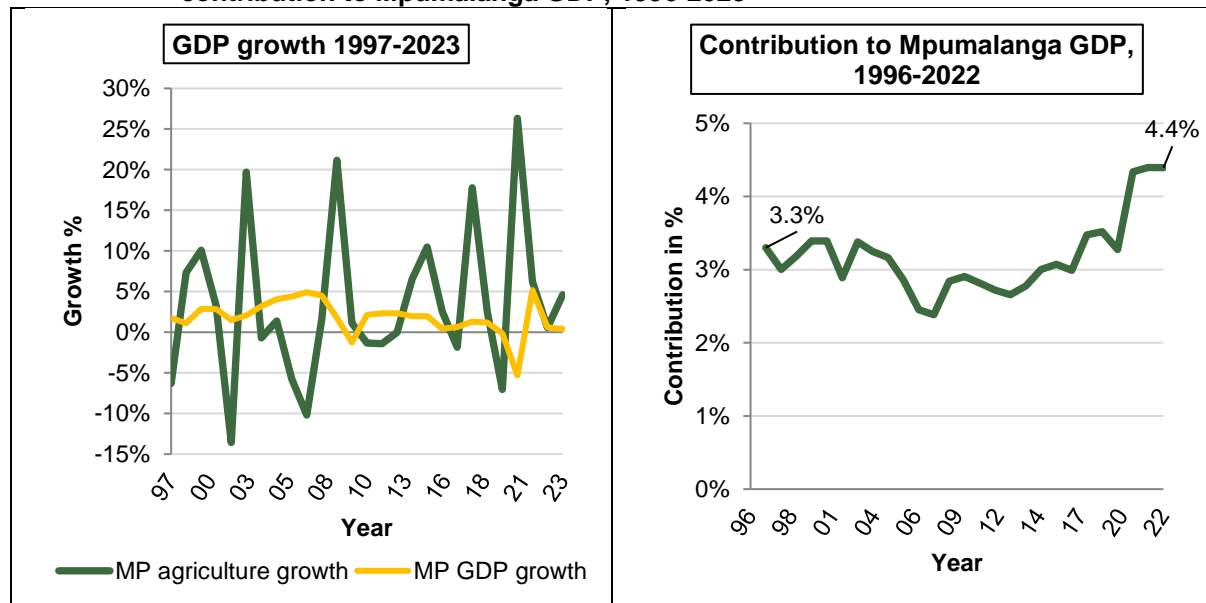
Sources: *Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022*
S&P Global – ReX, December 2023

With an average annual growth rate of 3.1% Between 1996 and 2023, the industry exceeded the provincial economic growth of 1.8% over the same period. It is, however, evident from Figure 2.22 that the agriculture industry experienced unpredictable and volatile growth with a high of 26.3% in 2020 and a low of -13.6% in 2001. The provincial agriculture industry expanded by 4.6% in 2023 after expanding by 0.6% in 2022. The average annual growth from 2024 to 2027 is expected to be 1.3% per annum,

which should be lower than the provincial economy's forecasted 2.1% average annual expansion (Table 2.4).

The agriculture industry's contribution to the provincial GDP increased over the period 1996 to 2022. In 1996, the agriculture industry contributed 3.3% and by 2022 the contribution increased to 4.4% of the total GDP of Mpumalanga (Figure 2.22). The provincial agriculture industry held a comparative advantage over the national agriculture industry (Table 2.7), however, the advantage declined over the past few years (Table 2.8).

Between 2014 and 2022, the employment elasticity of the agriculture industry in Mpumalanga was positive (Table 2.9). According to the employment elasticity of 0.06, for every 1% economic growth experienced in the agriculture industry the number of employed in the agriculture industry increased by 0.06% between 2014 and 2022.

In 2022, the agriculture industry's labour productivity index score was the second

Agribusiness Confidence Index

The Agbiz/IDC Agribusiness Confidence Index (ACI) deteriorated by 10 points to 40 in Q4 2023. This is its lowest level since Q2,2020, at the height of the Covid-19 pandemic hard lockdown restrictions. Critically, the Q4 2023 reading is below the neutral 50-point mark, implying that South African agribusinesses are downbeat about business conditions in the country. This pessimism emanates from the numerous challenges facing the sector such as intensified delays and inefficiencies at the ports, deteriorating rail and road infrastructure, worsening municipal service delivery, increased geopolitical uncertainty and persistent episodes of load-shedding.

Source: Agbiz/IDC, 2023

lowest among the nine industries in Mpumalanga (Table 2.10). The Mpumalanga agriculture industry exhibited a high level of labour intensity (Figure 2.16), however, the negative regional factors displayed in Figure 2.18 deterred job growth. Because of the negative regional competitiveness and low labour productivity, the agriculture industry should first address some challenges if it were to become a key employment driver in the province.

Agriculture sub-industries

Figure 2.23 displays the relative size of the three agriculture sub-industries between 1996 and 2022. Agriculture and hunting was the largest agriculture sub-industry in 2022 with a share of 89.3%, while forestry and logging contributed the bulk of the remainder. It is important to note that forestry and logging contributed less in 2022 than in 1996, whereas the GVA share of agriculture and hunting increased.

Over the 26-year period under review, agriculture and hunting recorded the highest average annual growth of 3.4% (Table 2.14) among the agriculture sub-industries. It is expected that agriculture and hunting (1.3%) will record the highest average annual growth over the 3-year period 2024 to 2027. Table 2.14 displays the historic and forecasted growth of the various sub-industries and the estimated contribution towards the future provincial economic growth.
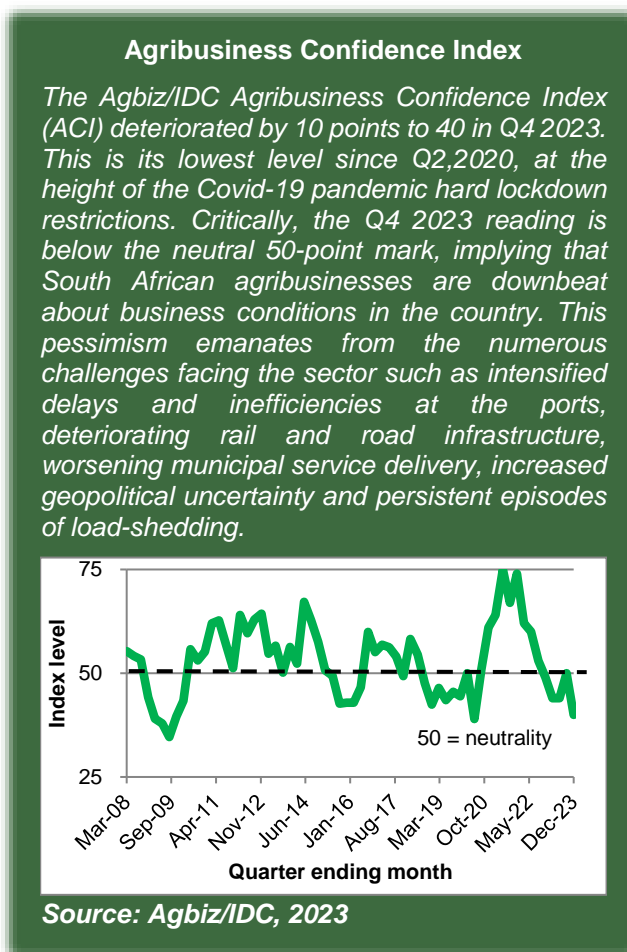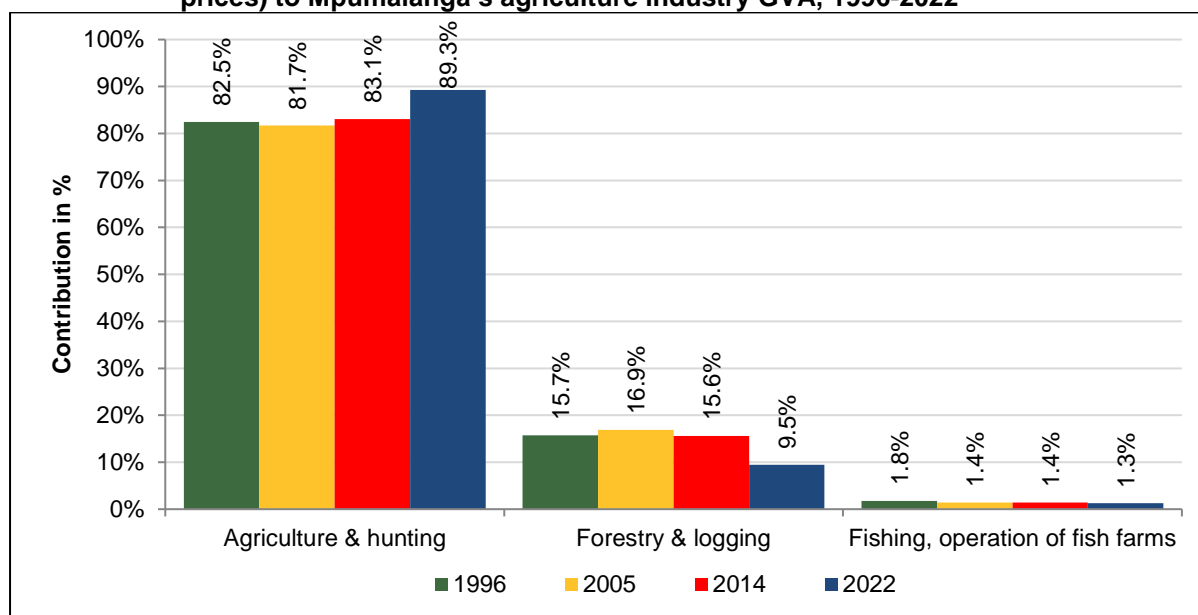
Figure 2.23: GVA contribution by Mpumalanga's agricultural sub-industries (constant 2015 prices) to Mpumalanga's agriculture industry GVA, 1996-2022

Source: S&P Global – ReX, December 2023

Table 2.14: Economic growth rates and contribution to economic growth (constant 2015 prices) in Mpumalanga, 1996-2027

Sub-industry	Historic growth 1996-2023	Forecasted growth 2024-2027	Estimated contribution to provincial growth 2024-2027
Agriculture & hunting	3.4%	1.3%	0.1%
Forestry & logging	1.1%	1.0%	0.0%
Fishing, operation of fish farms	1.7%	1.0%	0.0%
Mining of coal & lignite	1.2%	1.3%	0.1%
Mining of gold & uranium ore	-8.8%	0.4%	0.0%
Mining of metal ores	5.4%	1.9%	0.1%
Other mining & quarrying	7.0%	1.7%	0.0%
Food, beverages & tobacco products	2.1%	2.8%	0.1%
Textiles, clothing & leather goods	1.8%	0.9%	0.0%
Wood & wood products	1.6%	0.9%	0.0%
Fuel, petroleum, chemical & rubber products	1.7%	1.3%	0.0%
Other non-metallic mineral products	0.6%	2.1%	0.0%
Metal products, machinery & appliances	2.3%	1.7%	0.1%
Electrical machinery & apparatus	3.4%	2.4%	0.0%
Electronic, medical & other appliances	3.9%	2.3%	0.0%
Transport equipment	3.8%	-1.1%	0.0%
Furniture & other items NEC & recycling	2.0%	1.0%	0.0%
Electricity, gas, steam & hot water supply	-1.4%	0.9%	0.0%
Water collection, purification & distribution	6.1%	0.8%	0.0%
Construction	1.8%	2.7%	0.1%
Wholesale & commission trade	1.6%	2.7%	0.1%
Retail trade & repairs of goods	2.9%	0.3%	0.0%
Sale & repairs of motor vehicles, sale of fuel	3.5%	2.1%	0.0%
Hotels & restaurants	0.7%	1.6%	0.0%
Land & water transport	1.5%	3.2%	0.1%
Air transport & transport supporting activities	1.7%	3.0%	0.0%
Post & telecommunication	8.0%	3.8%	0.1%
Finance & insurance	4.2%	4.1%	0.2%
Real estate activities	0.9%	2.1%	0.1%
Other business activities	4.6%	3.9%	0.3%
Public administration & defence activities	1.8%	2.2%	0.1%
Education	2.0%	1.9%	0.2%
Health & social work	2.7%	1.9%	0.1%
Other service activities	3.0%	2.0%	0.1%
Total	**1.8%**	**2.1%**	**-**

Source: S&P Global – ReX, December 2023

2.13.2 Mining industry

In terms of provincial contribution to the national mining industry, Mpumalanga occupied third place in 2022 behind Limpopo (24.2%) and North West (24.1%). Mpumalanga's substantial share of 22.8% improved from 18.2% in 1996 (Figure 2.24). Mpumalanga, along with Limpopo, North West, and Northern Cape, increased its share over the 26-year period, however, and its ranking declined from second to third.

Between 1996 and 2023, mining recorded the second slowest average annual growth rate among the industries of 0.4% (Table 2.4). It is evident from Figure 2.25, that growth in the mining industry fluctuated more than provincial GDP growth and mostly lagged the provincial average. In 2022, mining in Mpumalanga contracted by 1.9% compared with the provincial expansion of 0.4%. It is expected that the industry will expand by 1.5% per annum

Mining production index

In January 2024, mining production declined by 3.3% year-on-year. The largest negative contributors were manganese ore (-27.1%), gold (-12.7%) and diamonds (-41.2%). Seasonally adjusted mining production declined by 0.8% in January 2024 compared with December 2023. This followed month-on-month changes of -4.6% in December 2023 and 2.2% in November 2023.

Source: Stats SA – Mining: Production & sales, 2024

between 2024 and 2027, which will be slower than the provincial economy's forecasted 2.1% expansion (Table 2.4) and a significant reason for the low growth outlook for the province.
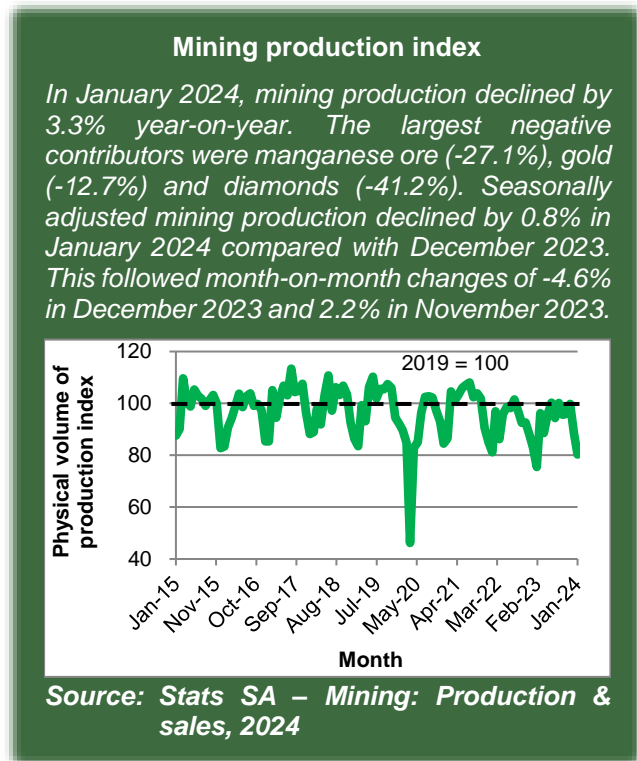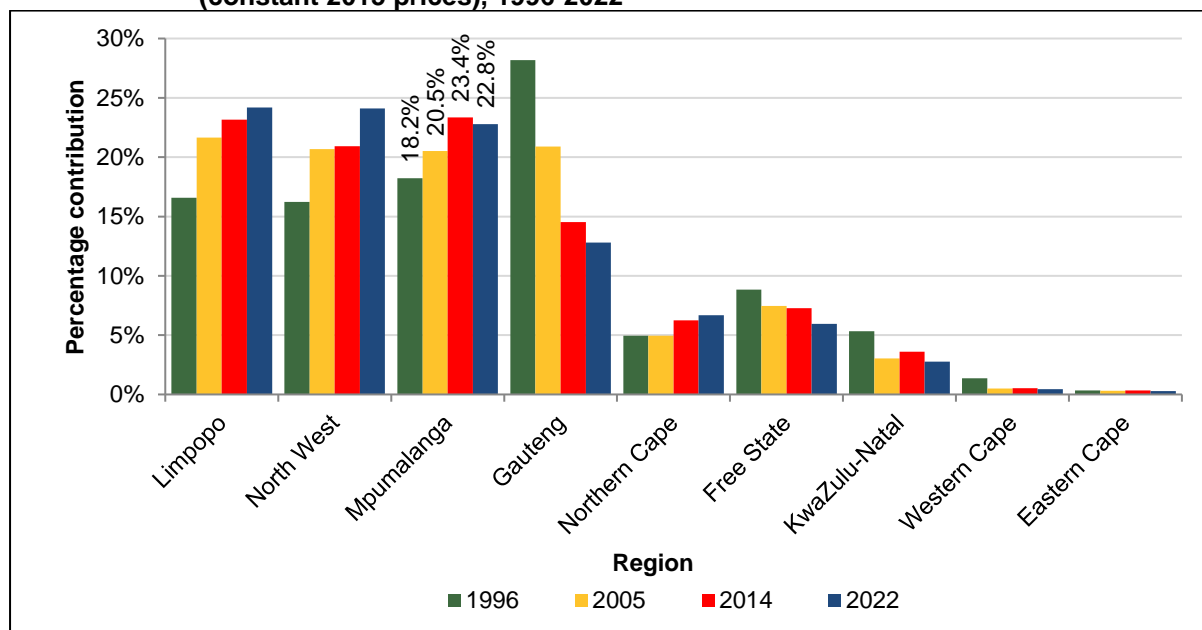
Figure 2.24:   Comparative contribution to the national mining industry's GDP at basic prices (constant 2015 prices), 1996-2022

Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
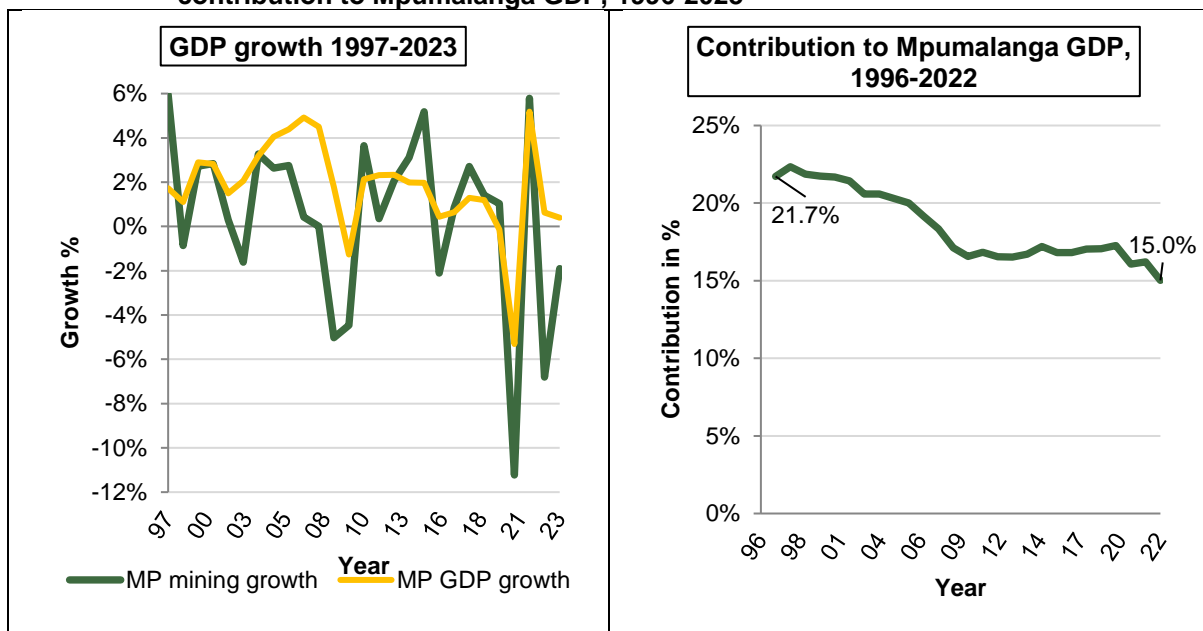*S&P Global – ReX, December 2023*

Not only does mining in Mpumalanga hold a comparative advantage (Table 2.7) over the national mining industry but it also played an important role in the provincial economy with a 15.0% (constant 2015

prices) contribution to provincial GDP in 2022 (Figure 2.25). It is, however, evident that the contribution by mining, in constant prices, has declined from 21.7% in 1996 to the current level. According to Table 2.8 the provincial mining industry's location quotient increased and therefore its comparative advantage is increasing.

The employment elasticity of mining was positive over the 8-year period from 2014 to 2022 (Table 2.9). Translated into concrete terms, this figure indicates that every 1% economic growth resulted in a 0.65% increase in the employment numbers of the mining industry in Mpumalanga.

In 2022, the mining industry in Mpumalanga recorded the highest labour productivity index score among the nine industries (Table 2.10). The mining industry, however, exhibited the lowest level of labour intensity in 2022 (Figure 2.16). Mining is likely to experience low employment growth because of the relatively low forecasted economic growth and low regional competitiveness effect (Figure 2.18), despite the positive employment elasticity.

Figure 2.25: Mining industry (constant 2015 prices) – comparative GDP growth and contribution to Mpumalanga GDP, 1996-2023


Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Mining sub-industries

Mining of coal and lignite was the largest mining sub-industry in 2022 with a share of 65.2%, while mining of metal ores was the second largest with a share of 19.0%. It is important to note that the share of gold and uranium ore declined dramatically between 1996 and 2022. Figure 2.26 displays the relative size of the four mining sub-industries.

Over the 26-year period under review, other mining and quarrying recorded the highest average annual growth of 7.0% followed by mining of metal ores (5.4%). It is expected that mining of metal ores will record the fastest economic growth over the 3-year period 2024 to 2027 (Table 2.14) and that mining of coal and lignite will expand by 1.3% per annum.

Figure 2.26:   GVA contribution by Mpumalanga's mining sub-industries (constant 2015 prices) to Mpumalanga's mining industry GVA, 1996-2022
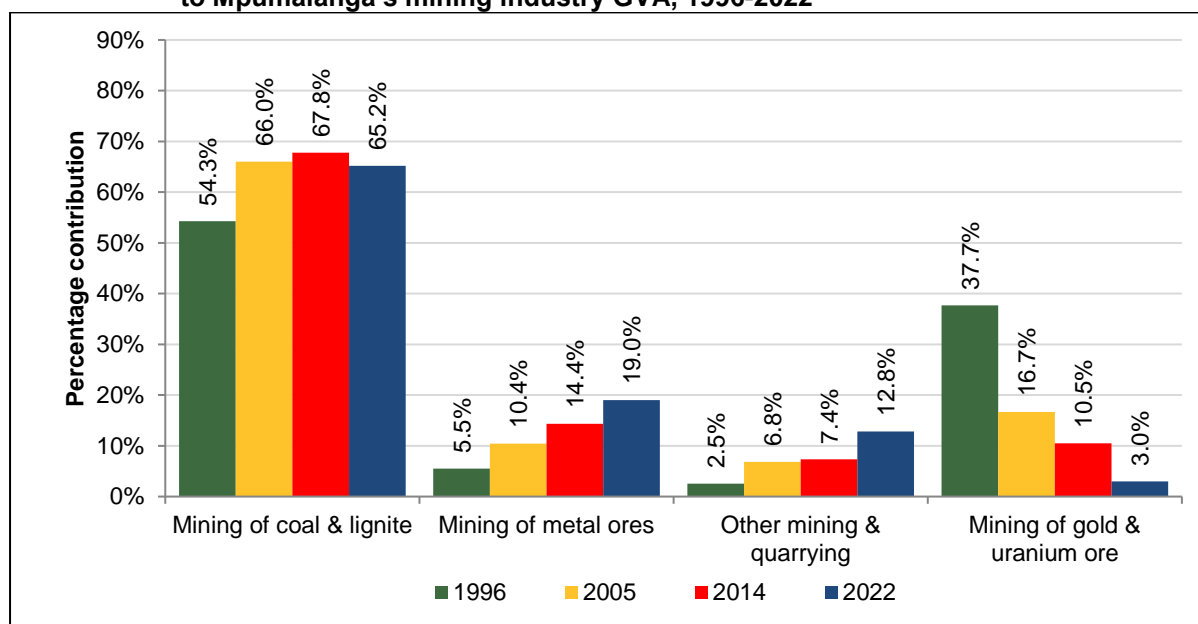
Source: S&P Global – ReX, December 2023

## 2.14   Secondary sector analysis

2.14.1   Manufacturing industry

In terms of provincial contribution to the national manufacturing industry, Mpumalanga occupied fifth place in 2022, behind Gauteng in first position with its 39.9% share (Figure 2.27). Mpumalanga's share was 7.8% in 2022, which was higher than the 6.6% share recorded in 1996.

Manufacturing (1.9%) documented a growth rate over the 26-year period, which was marginally higher than the annual average provincial economic growth rate of 1.8% (Table 2.4). It is evident from Figure 2.28 that the manufacturing industry's growth rate fluctuated more than the provincial growth rate over the period 1997 to 2022. The provincial manufacturing industry expanded by 1.0% in

Manufacturing production index

Factory output in South Africa creased by 2.6% year-on-year in January 2023. The largest positive contributors were: petroleum, chemical, rubber and plastic products, wood and wood products, textiles and footwear as well as glass and non-metallic mineral products.

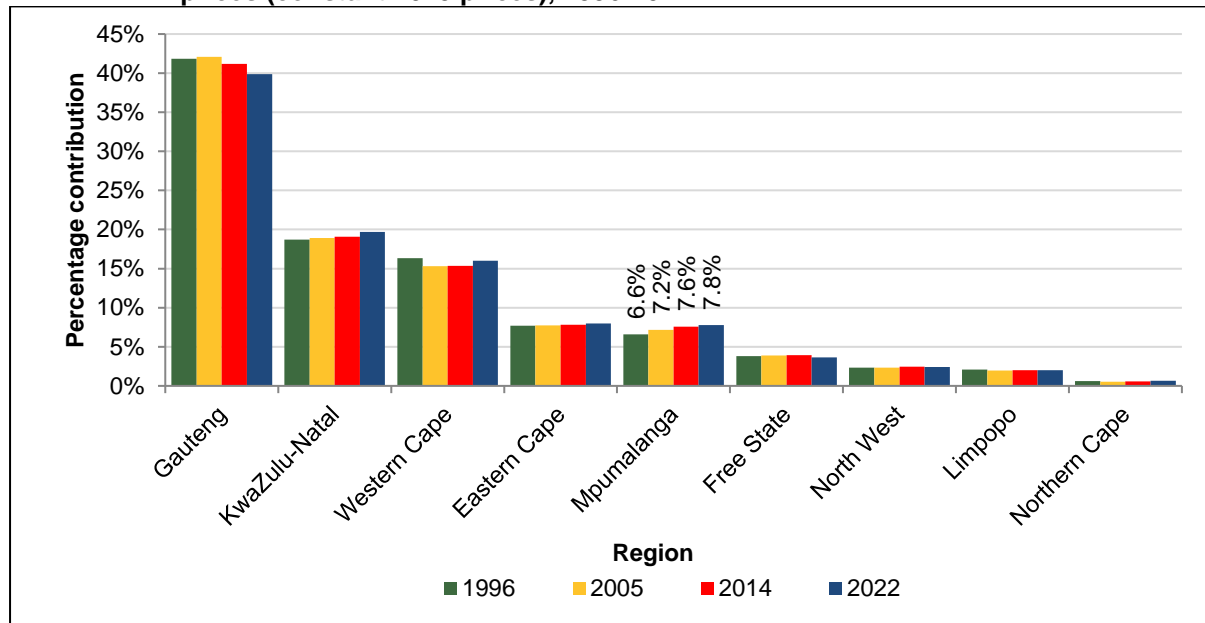*Source: Stats SA – Manufacturing: Production & sales, 2024*

2023 after contracting by 1.3% in 2022. The expected future expansion of 1.7% per annum from 2024 to 2027 should be slightly lower than the provincial economy's forecasted expansion of 2.1% per annum.

In 2022, manufacturing was the fifth largest contributor to the provincial economy with a 13.3% share of Mpumalanga's GDP (Figure 2.28). The contribution by the manufacturing industry increased
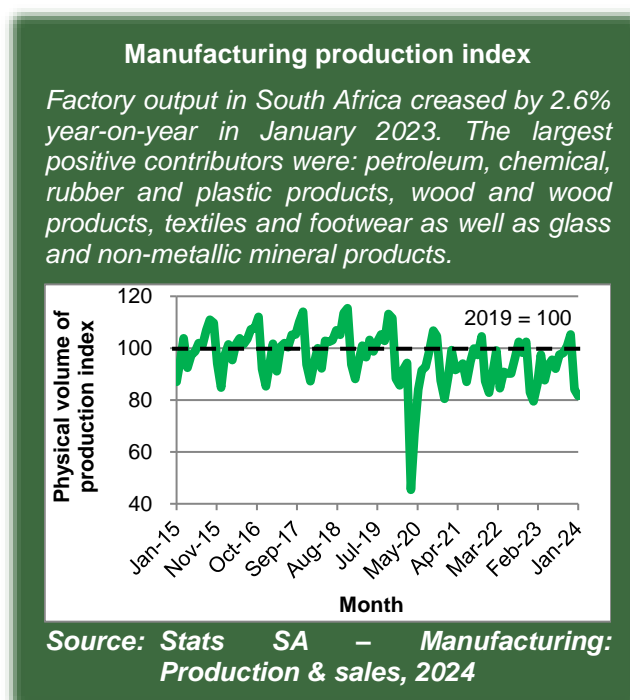
marginally from 13.2% in 1996.

Figure 2.27: Comparative contribution to the national manufacturing industry's GDP at basic prices (constant 2015 prices), 1996-2022

Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Figure 2.28: Manufacturing industry (constant 2015 prices) – comparative GDP growth and contribution to Mpumalanga GDP, 1996-2023
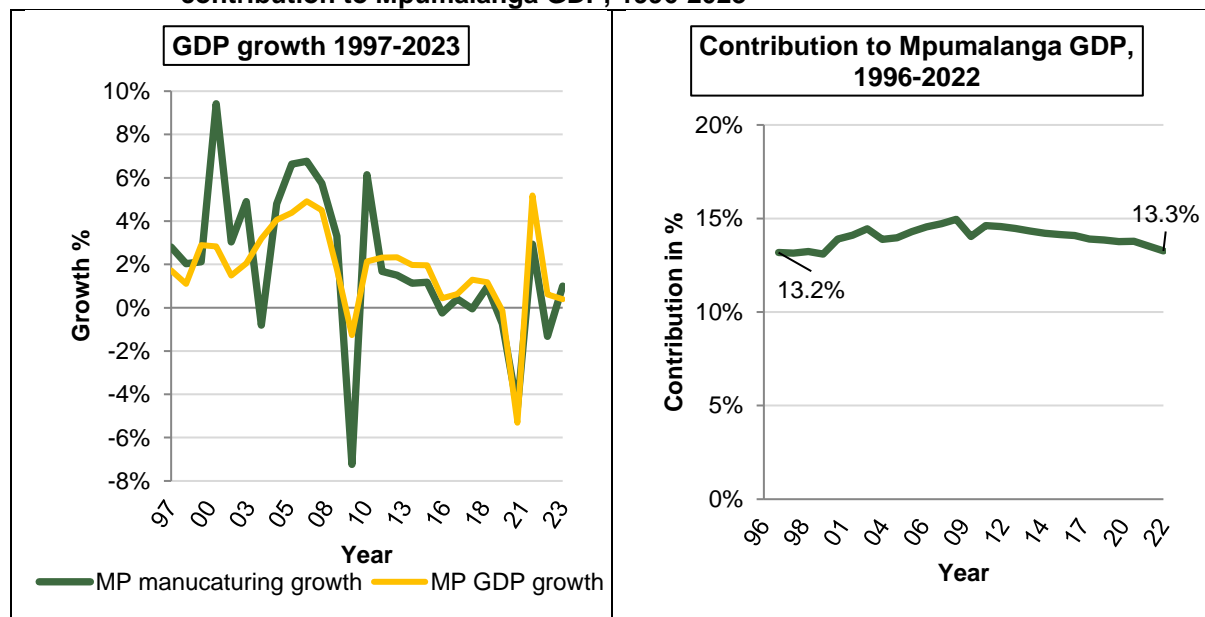
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
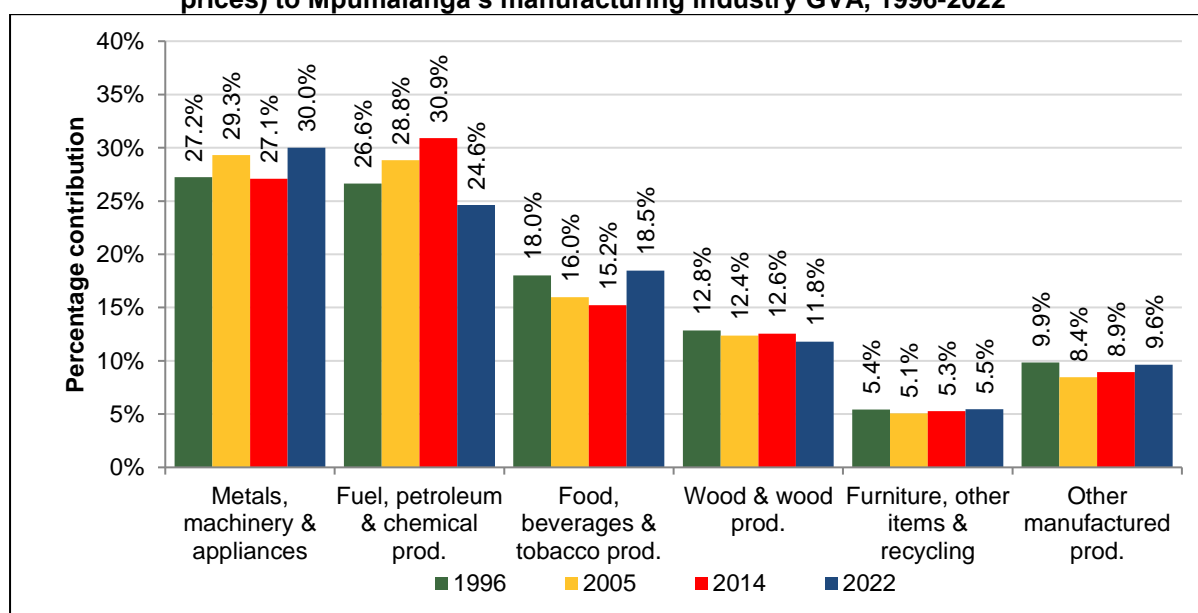*S&P Global – ReX, December 2023*

Although the manufacturing industry in Mpumalanga do not hold a comparative advantage (Table 2.7) over the national manufacturing industry, the location quotient that measures comparative advantage increased over time (Table 2.8). The employment elasticity of the manufacturing industry was calculated to be -4.37 over the period 2014 to 2022 (Table 2.9). According to this figure, for every 1% growth in output experienced in the manufacturing industry the employment numbers declined by approximately 4.4%.

In 2022, the manufacturing industry in Mpumalanga recorded the third highest labour productivity among the nine industries (Table 2.10). The manufacturing industry exhibited a low level of labour intensity (Figure 2.16) as the industry is characterised by progressively more capital-intensive processes. It is not expected that manufacturing will contribute to employment growth in Mpumalanga due to its negative regional competitiveness effect (Figure 2.18) and negative employment elasticity, despite the concerted drive to expand the province's manufacturing industry in line with the Mpumalanga Industrial Development Plan (MIDP).

Manufacturing sub-industries

Figure 2.29 displays the relative size of the manufacturing sub-industries. Metals, machinery and appliances was the largest manufacturing sub-industry in 2022 with a share of 30.0%, while fuel, petroleum and chemical products (predominantly Sasol) was the second largest with a share of 24.6%. Between 1996 and 2022, the share of metals, machinery and appliances, food products as well as furniture increased whilst that of the other sub-industries declined. The other manufactured products group combines the five smallest manufacturing sub-industries, including electrical machinery and transport equipment.

Figure 2.29: GVA contribution by Mpumalanga's manufacturing sub-industries (constant 2015 prices) to Mpumalanga's manufacturing industry GVA, 1996-2022

Source: S&P Global – ReX, December 2023

Over the 26-year period under review, electronic & medical appliances recorded the highest average annual growth of 3.9% followed by transport equipment (3.8%). It is expected that the food products sub-industry (2.8% per annum) and electrical machinery (2.4% per annum) will record the fastest economic growth among the sub-industries over the 3-year period 2024 to 2027. Metals, machinery and appliances as well as fuel, petroleum and chemical products, the two largest sub-industries, is expected to expand by 1.7% and 1.3% per annum, respectively (Table 2.14).

2.14.2 Utilities industry

In terms of provincial contribution to the national utilities industry, Mpumalanga with a 13.4% share

occupied third place in 2022 (Figure 2.30). Gauteng occupied first position with a share of 34.3%. Mpumalanga's share increased slightly between 1996 and 2022.

The utilities industry recorded the lowest annual average growth rate in the province of 0.1% Between 1996 and 2023. This was substantially lower than the provincial growth of 1.8%. It is evident from Figure 2.31 that growth in the utilities industry fluctuated sharply and was on average below the provincial GDP growth rate, which contributed to the decline in its contribution to the Mpumalanga economy. The provincial utilities industry contracted by 1.8% in 2023 after contracting by 0.2% in 2022. Economic expansion of 0.9% per annum is forecasted between 2024 and 2027, which will be lower than the provincial economy's forecasted expansion of 2.1% per annum (Table 2.4).
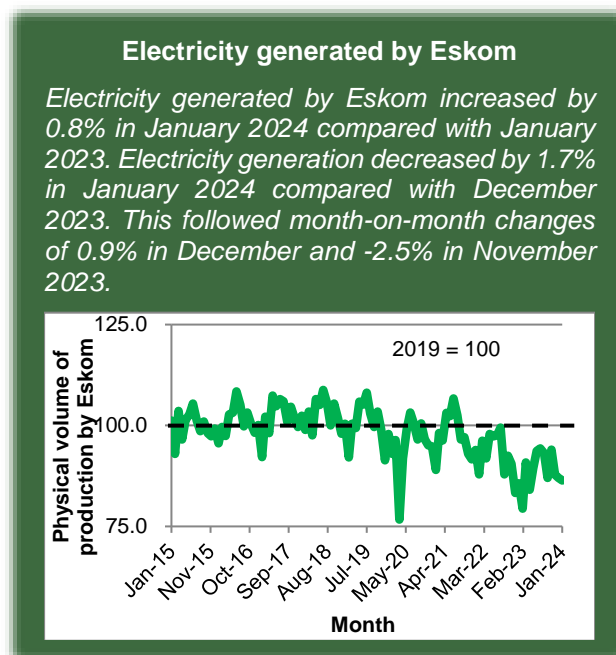
Electricity generated by Eskom

Electricity generated by Eskom increased by 0.8% in January 2024 compared with January 2023. Electricity generation decreased by 1.7% in January 2024 compared with December 2023. This followed month-on-month changes of 0.9% in December and -2.5% in November 2023.

Figure 2.30: **Comparative contribution[15] to the national utilities industry's GDP at basic prices (constant 2015 prices), 1996-2022**
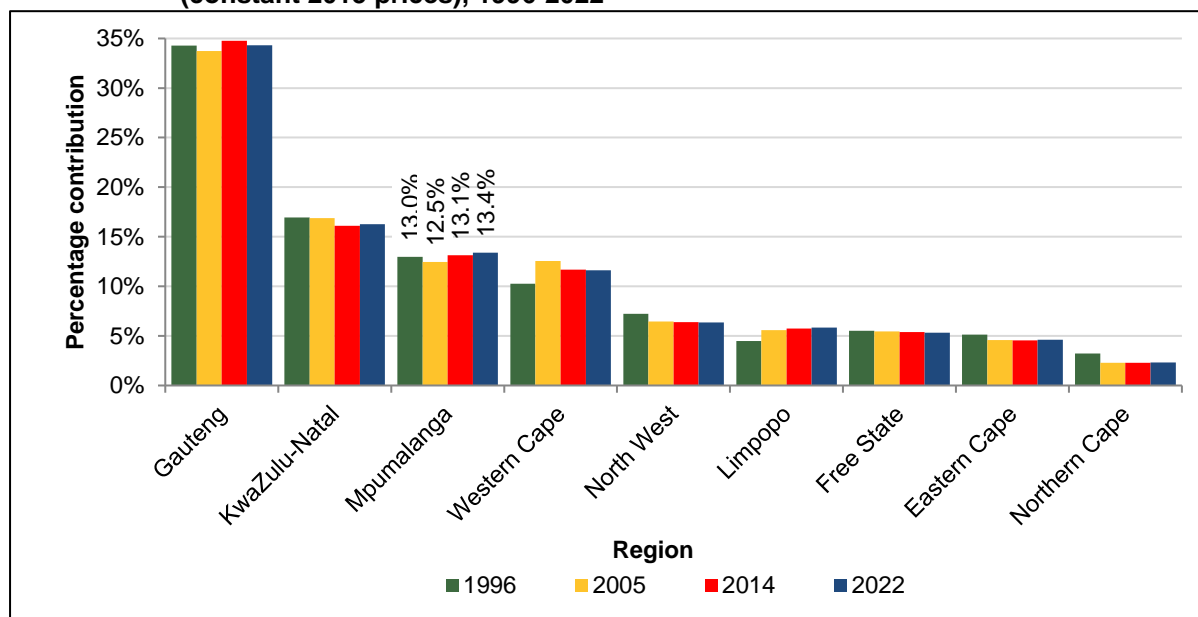
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
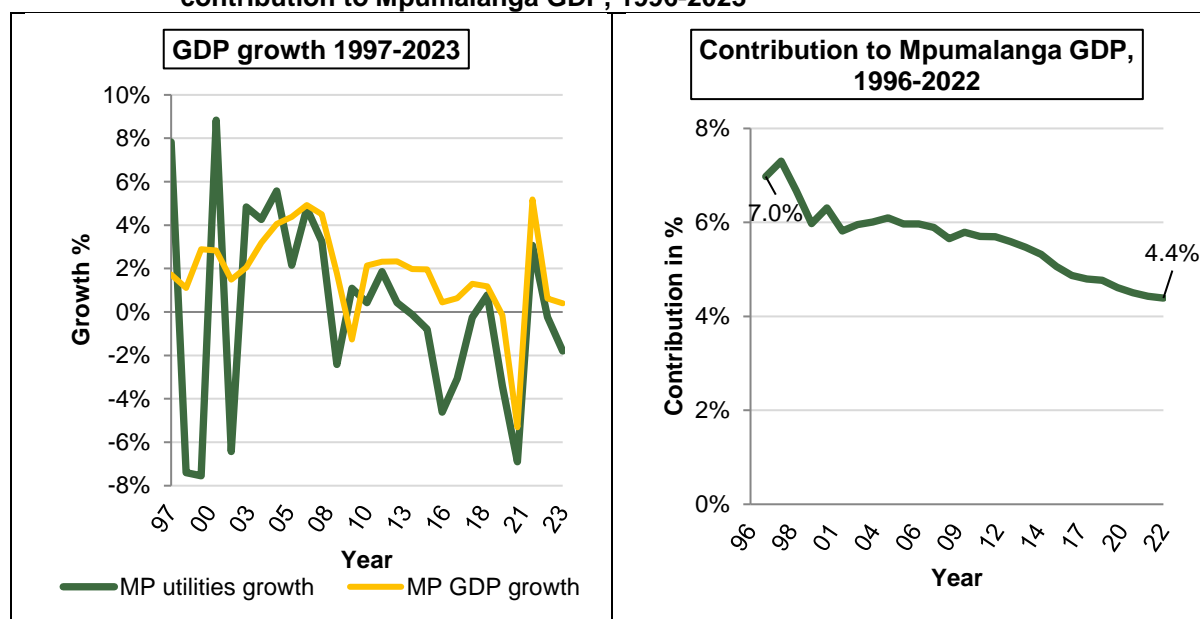*S&P Global – ReX, December 2023*

The utilities industry held a comparative advantage (Table 2.7) over the national utilities industry, which also increased over time (Table 2.8). The utilities industry contributed 4.4% to the total GDP of Mpumalanga in 2022 (Figure 2.31). The contribution declined from 7.0% in 1996 to the current level.

The employment elasticity of utilities was negative over the 8-year period from 2014 to 2022 (Table

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[15] Provincial contributions include the value addition of the following activities: generation of electricity, distribution of purchased electricity, manufacturing and distribution of gaseous fuels through mains and the collection, purification and distribution of water.

2.9). Translated into concrete terms, this figure indicates that with every 1% economic growth in the industry the employment numbers of the utilities industry in Mpumalanga declined by 5.8%.

Figure 2.31: Utilities industry (constant 2015 prices) – comparative GDP growth and contribution to Mpumalanga GDP, 1996-2023

Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

In 2022, the utilities industry in Mpumalanga recorded the second highest labour productivity index score among the nine industries (Table 2.10). The industry exhibited a very low level of labour intensity both in 2017 and 2022 (Figure 2.16) due to the capital-intensive nature of the processes.

Due to the negative regional competitiveness effect (Figure 2.18) and the negative employment elasticity, the utilities industry in Mpumalanga is not expected to contribute much to job creation. Its relatively small size and low labour intensity should also detract from any significant contribution.

> **Water as an enabler**
>
> *Dams in Mpumalanga contribute 7.8% to the national full storage capacity (FSC) with a FSC of 2 539 million cubic meters. The 9 dams in Mpumalanga with a FSC in excess of 100 million cubic meters contribute 82.7% to Mpumalanga's total FSC. These dams were at 98.6% of capacity in March 2024 compared with 99.5% in March 2023.*
>
> *Approximately 60% of jobs in Mpumalanga are significantly dependent on water. By 2030 water demand will exceed supply severely in the Olifants, Inkomati-Usutu, and Upper Vaal catchment areas in Mpumalanga.*

Utilities sub-industries

Figure 2.32 displays the relative size of the utilities sub-industries. The supply of electricity, gas and steam was the dominant utilities sub-industry in 2022 with a share of 61.1%. Between 1996 and 2022, the share of electricity supply declined steadily from 91.9% in 2005 to the current level.

Over the 26-year period under review, water collection, purification and distribution recorded average annual growth of 6.1% compared to the contraction of 1.4% per annum in the supply of electricity, gas and steam's. It is expected, that the electricity sub-industry (0.9% per annum) will expand faster than

the water sub-industry (0.8% per annum) over the 3-year period 2024 to 2027 (Table 2.14).

Figure 2.32: GVA contribution by Mpumalanga's utilities sub-industries (constant 2015 prices) to Mpumalanga's utilities industry GVA, 1996-2022
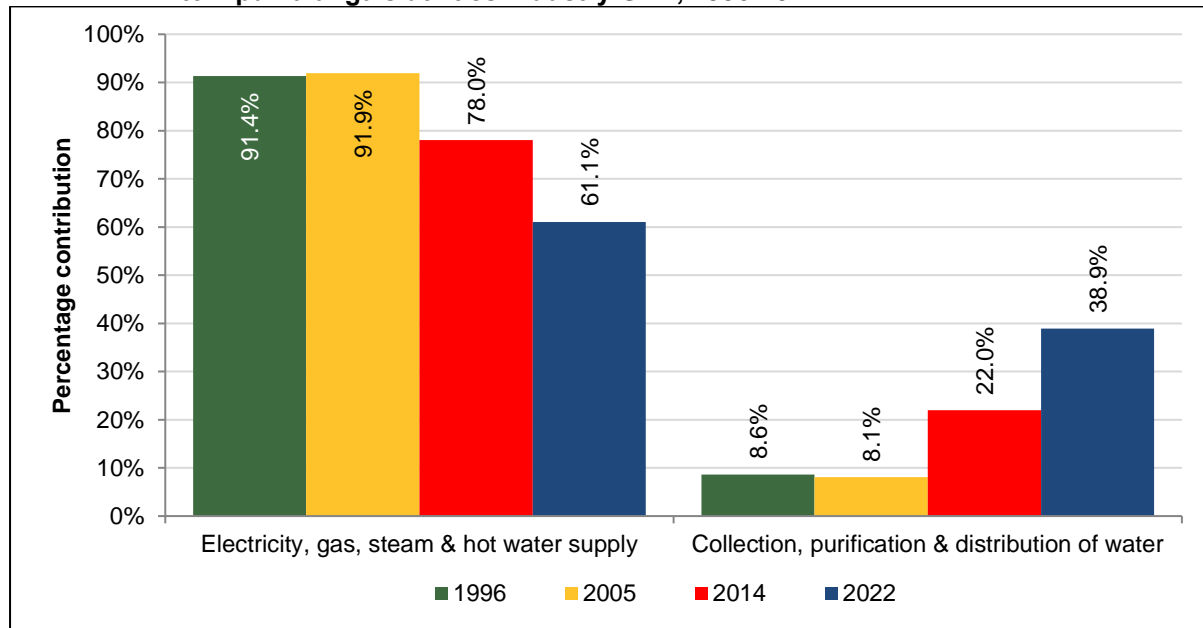

Source: S&P Global – ReX, December 2023

2.14.3 Construction industry

Gauteng was the largest contributor to the national construction industry in 2022 with a share of 33.2%. Mpumalanga, with a 6.4% share, occupied fifth place in 2022, one position lower than in 1996 (Figure 2.33). Over the 26-year period, the province's share declined from 7.2% in 1996 to the current level.

The construction industry registered the seventh fastest annual average growth rate of 1.8% among the provincial industries over the 26-year period (Table 2.4). This is despite the massive slump of -22.6% experienced in 2000. The provincial construction industry expanded by 3.5% in 2023 after contracting by 1.6% in 2022. Between 2024 and 2027, it is expected that construction will recover some lost ground and expand by 2.7% per annum, which should be higher than the provincial economy's forecasted expansion of 2.1% per annum.

The construction industry was the smallest contributor to the provincial economy with a 2.3% share of Mpumalanga's GDP in 2022. It is evident from Figure 2.34 that the

Construction Index

The increase in the Afrimat Construction Index (ACI) in Q4 2023 indicates the resilience of the construction industry. The ACI expanded and outperformed the economy with 3% real growth rate, compared to real GDP growth of 0.6%. The year-on-year growth rate was mainly due to exceptionally strong performances by the indicators for employment and wholesale sales of construction materials.

Source: Afrimat, 2024

construction industry's share increased since the severe slump of 2000, but has moved into a declining
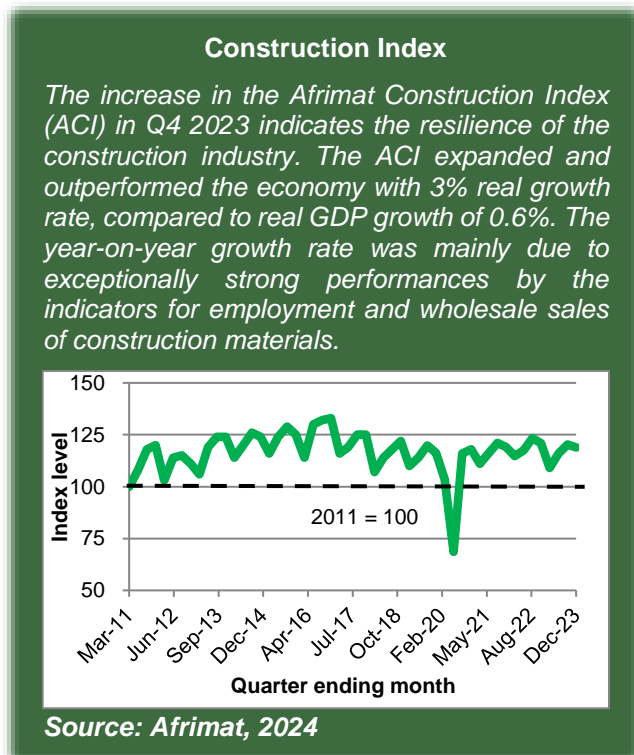
trend since 2016. The relative efficiency of the provincial construction industry is equal to that of the national construction industry (Table 2.7), however, it used to hold an advantage (Table 2.8).

Figure 2.33: Comparative contribution to the national construction industry's GDP at basic prices (constant 2015 prices), 1996-2022
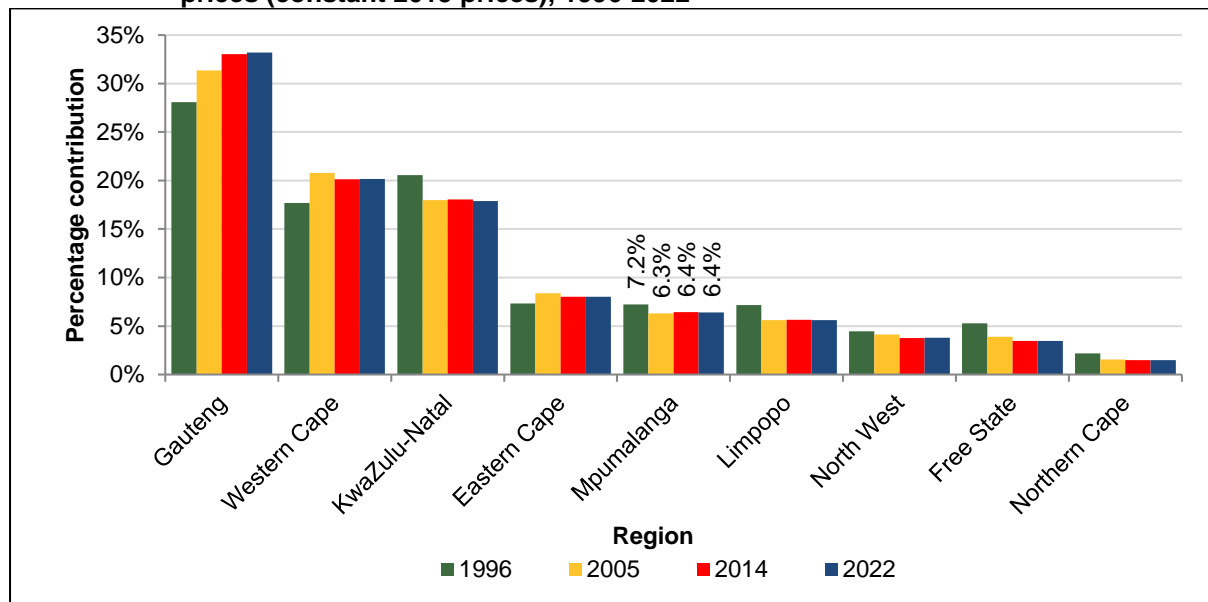
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Figure 2.34: Construction industry (constant 2015 prices) – comparative GDP growth and contribution to Mpumalanga GDP, 1997-2023
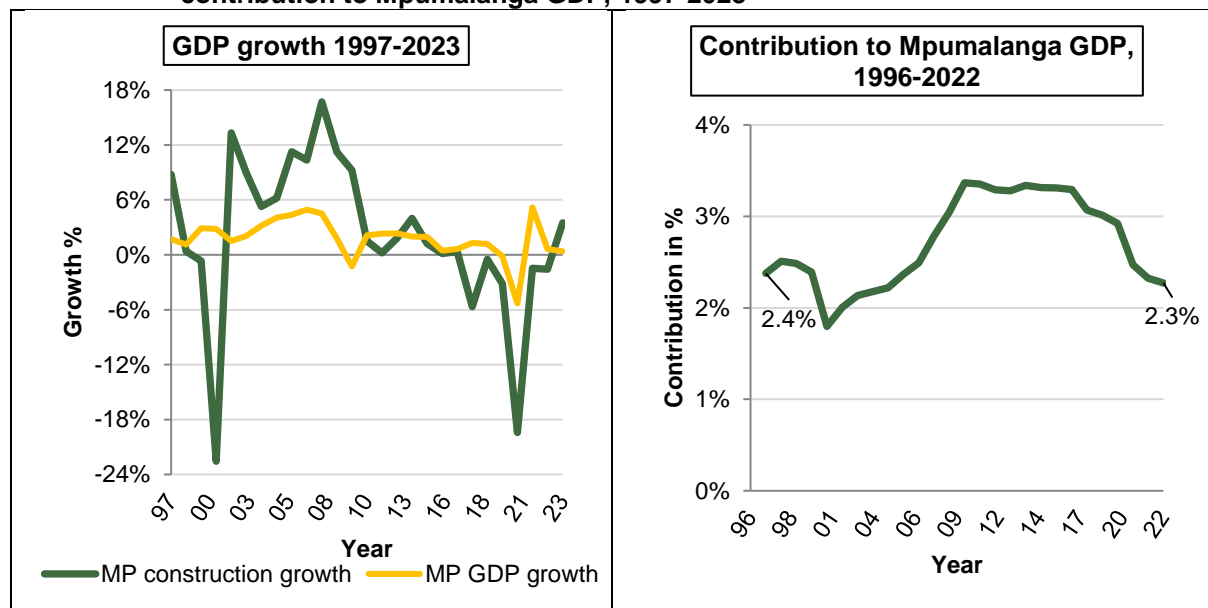
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

The employment elasticity of construction was calculated to be 0.96 over the period 2014 to 2022 (Table 2.9). According to this figure, for every 1% growth experienced in the construction industry the employment growth was 0.96%.

In 2022, the construction industry in Mpumalanga recorded the lowest labour productivity index score among the nine industries (Table 2.10). The industry exhibited the highest level of labour intensity in

2022 (Figure 2.16). Given its small size and the low labour productivity, the industry should not contribute strongly to employment growth in the near future, despite the positive regional competitiveness effect (Figure 2.18).

Construction is not easily broken down into sub-industries and therefore a detailed analysis, as with the other industries, of its sub-industries was not possible.

2.15   Tertiary sector analysis

2.15.1   Trade industry

Gauteng dominated the contribution to the national trade industry in 2022 with a share of 32.0% (Figure 2.35). Mpumalanga, with a 7.9% share, occupied fifth place in 2022, the same position than in 1996, but a lower share than the 8.2% contribution registered 26 years ago.

The industry's growth rate of 2.3% per annum Between 1996 and 2023 was higher than the provincial growth rate (1.8%) and the fourth highest among the industries (Table 2.4). Figure 2.36 depicts the growth rate of the trade industry compared to the slightly more stable provincial growth rate. The provincial trade industry expanded by 3.1% in 2023 after expanding by 3.5% in 2022. The forecasted growth of 1.5% per annum between 2024 and 2027 is expected to be slower than the provincial growth over the same period (Table 2.4).

Figure 2.35:   Comparative contribution to the national trade industry's GDP at basic prices (constant 2015 prices), 1996-2022
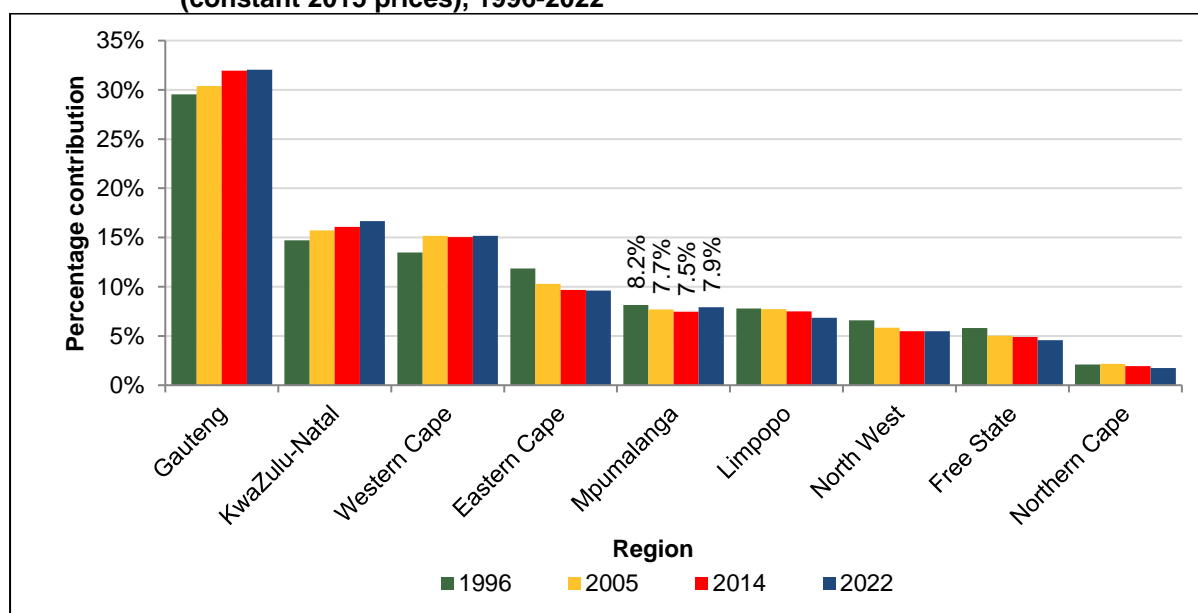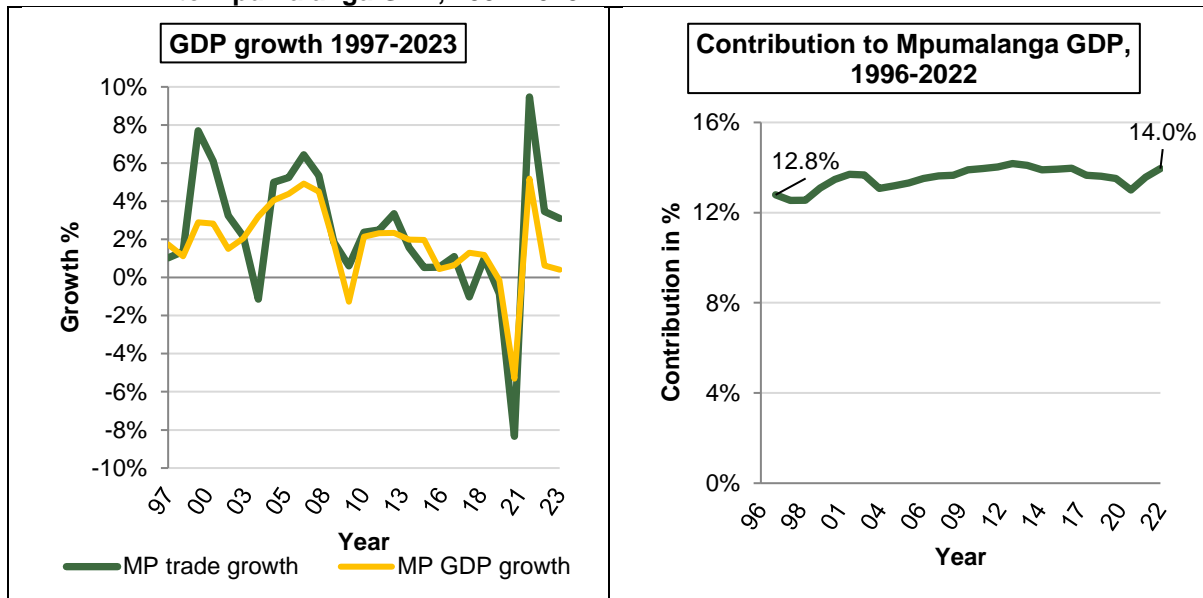

Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

The industry contributed 14.0% to the total GDP of Mpumalanga in 2022 – the fourth largest industry in the province (Figure 2.36). The contribution in 2022 was higher than the 12.8% contribution recorded in 1996. The trade industry held a small comparative advantage (Table 2.7) over the national trade industry and its advantage has increased over the last few years (Table 2.8).

The trade industry recorded an employment elasticity of -0.59 over the period 2014 to 2022 (Table 2.9). According to this figure, for every 1% economic growth experienced in the trade industry the

employment numbers declined by approximately 0.6%.

Figure 2.36: Trade industry (constant 2015 prices) – comparative GDP growth and contribution to Mpumalanga GDP, 1997-2023


Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

The labour productivity index score for Mpumalanga's trade industry was the third lowest among the industries, in 2022 (Table 2.10). The trade industry exhibited a high level of labour intensity (Figure 2.16) because of the labour intensive nature of business enterprises in the industry. Because of the industry's relatively low labour productivity and declining comparative advantage it is unlikely that the industry will be a large employment creator despite its size and labour absorbing nature.

Trade sub-industries

Figure 2.37: GVA contribution by Mpumalanga's trade sub-industries (constant 2015 prices) to Mpumalanga's trade industry GVA, 1996-2022
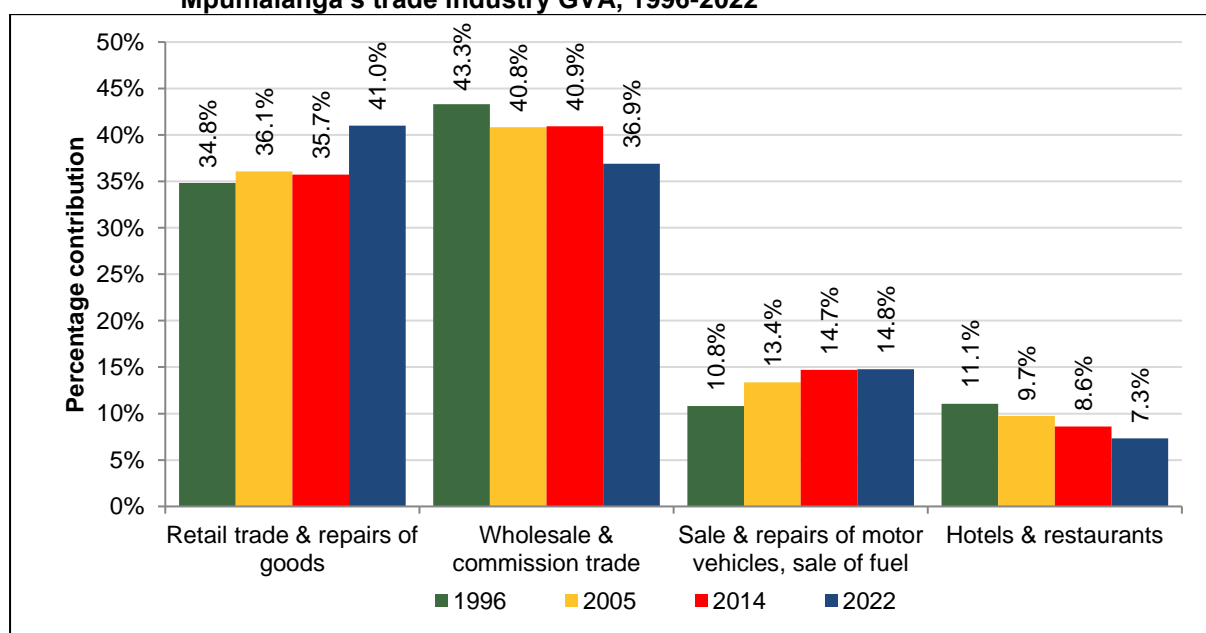
Source: S&P Global – ReX, December 2023

Figure 2.37 displays the relative size of the trade sub-industries. Retail trade was the largest trade sub-industry in 2022 with a share of 41.0%, while wholesale trade was the second largest with a share of 36.9%. Between 1996 and 2022, the shares of retail trade as well as sales of vehicles and fuel increased, whilst that of wholesale trade as well as hotels and restaurants declined.

Over the 26-year period under review, the sales of vehicles and fuel sub-industry recorded the highest average annual growth of 3.5%. It is expected that wholesale trade will record the fastest average growth of 2.7% per annum over the 3-year period 2024 to 2027 (Table 2.14) and that sales of vehicles and fuel will follow closely (Table 2.14).
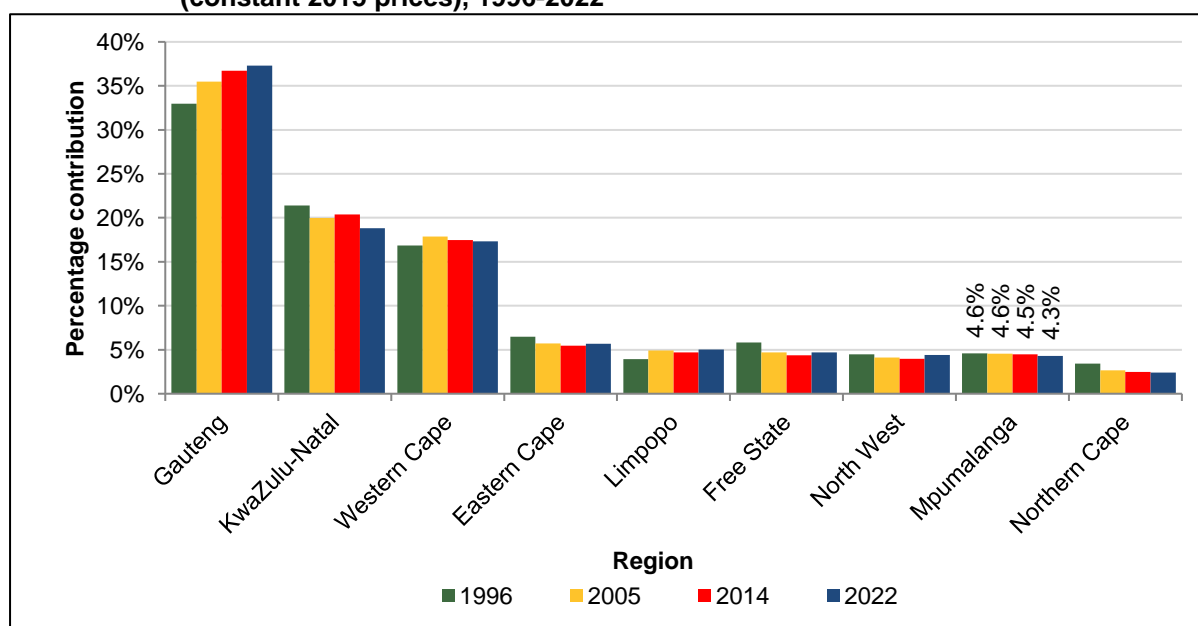
2.15.2 Transport industry

In terms of provincial contribution to the national transport industry, Mpumalanga occupied eighth place in 2022 with a 4.3% share (Figure 2.38). Gauteng and KwaZulu-Natal were the largest provincial contributors with shares of 37.3% and 18.8%, respectively.

From 1996 to 2022, the transport industry grew the fastest off all provincial industries and at 3.1% per annum recorded a growth rate almost twice as high as that of the provincial economy. The provincial transport industry expanded by 0.3% in 2023 after expanding by 11.6% in 2022. The industry and provincial growth rates are displayed in Figure 2.39. Between 2024 and 2027, the transport industry is expected to expand on an average annual basis by 3.5% per annum, which should be higher than the provincial economy's forecasted expansion of 2.1% per annum (Table 2.4).

The transport industry contributed 5.1% to the provincial economy in terms of GDP in 2022 (Figure 2.39) and was the sixth largest industry in the province. It is evident that transport's contribution increased steadily from 3.7% in 1996 to the current level.

Figure 2.38: Comparative contribution to the national transport industry's GDP at basic prices (constant 2015 prices), 1996-2022

Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Figure 2.39: Transport industry (constant 2015 prices) – comparative GDP growth and contribution to Mpumalanga GDP, 1997-2023
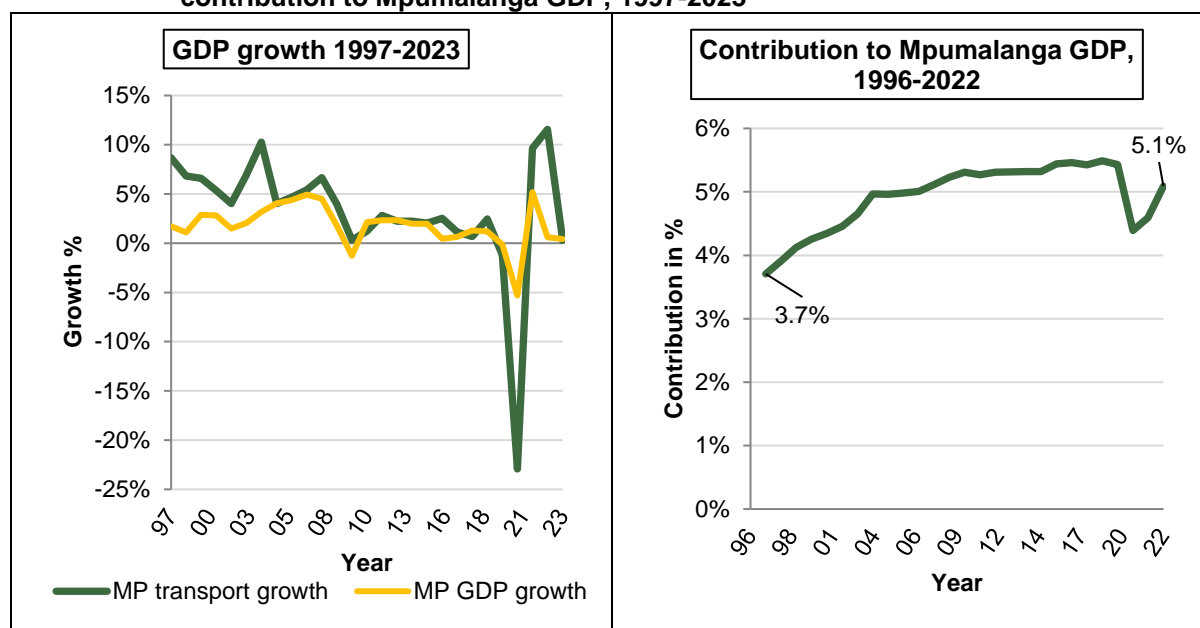
Mpumalanga's transport industry does not hold a comparative advantage over the national transport industry (Table 2.7) and shows , however, it shows discouraging signals of decline over time (Table 2.8). The employment elasticity of the transport industry was calculated to be -65.02 over the period 2014 to 2022 (Table 2.9). According to this figure, for every 1% GVA growth experienced in the transport industry the employment contraction was approximately 65%.

In 2022, the transport industry in Mpumalanga recorded the fourth lowest labour productivity index score among the nine industries (Table 2.10). The transport industry was not a labour intensive industry in 2022 (Figure 2.16). Despite the relatively high economic growth rate, the transport industry is not expected to be a driver of employment growth due to the negative employment elasticity coupled with the negative regional competitiveness effect (Figure 2.18).
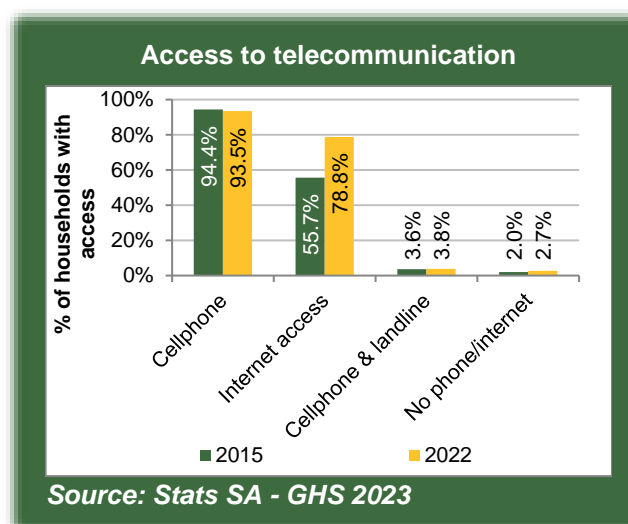
Transport sub-industries

Figure 2.40 displays the relative size of the transport sub-industries. The land transport sub-industry was the largest transport sub-industry in 2022 with a share of 49.1%, while post and telecommunications was the second largest with a share of 43.5%. Between 1996 and 2022, the share of land transport decreased whilst that of post and telecommunications more than doubled. Over the 26-year period under review, post and telecommunication recorded the highest average annual growth

of 8.0% followed by air transport (1.7%).

It is expected that the post and telecommunication sub-industry will record the fastest average annual growth of 3.8% per annum over the 3-year period 2024 to 2027. According to Table 2.14, air transport (3.0% per annum) will record the slowest expansion between 2024 and 2027.

Figure 2.40: GVA contribution by Mpumalanga's transport sub-industries (constant 2015 prices) to Mpumalanga's transport industry GVA, 1996-2022
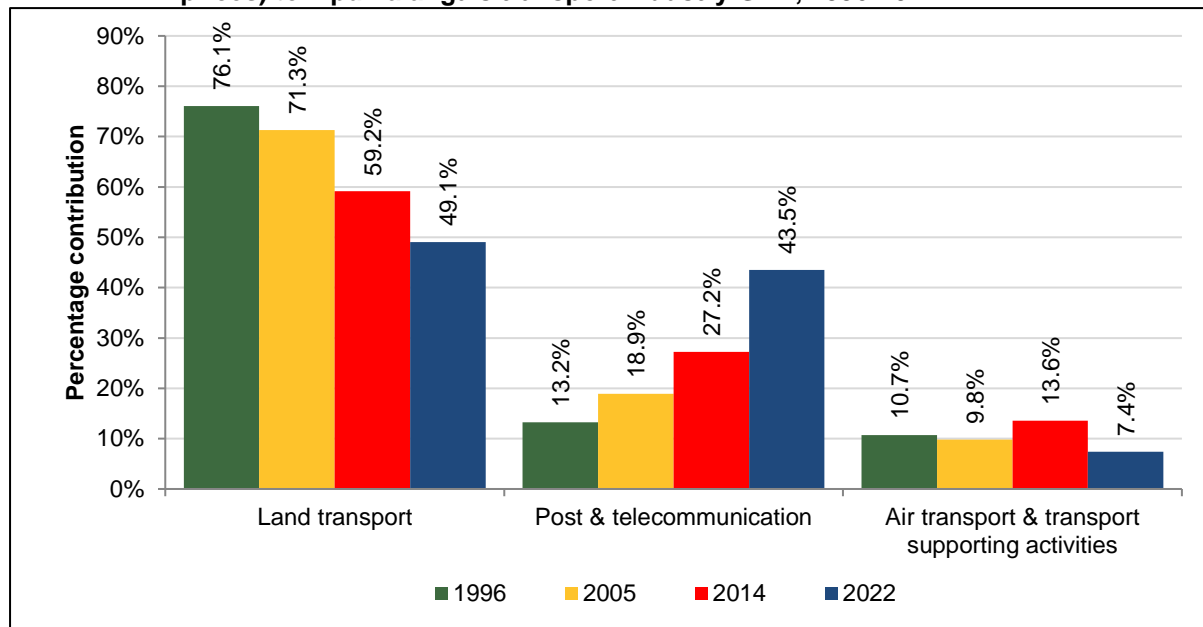
Source: S&P Global – ReX, December 2023

2.15.3 Finance industry

Mpumalanga made the fifth largest contribution to the national finance industry with a share in 2022 of 4.9% (Figure 2.41). Gauteng, with a 43.8% share, occupied first place in 2022, followed by Western Cape with a 18.1% contribution.

Between 1996 and 2023, the finance industry in Mpumalanga recorded the third highest average annual growth rate among the industries of 2.8% (Table 2.4). This was despite a severe slow-down experienced in 2000 of -6.0% (Figure 2.41). The provincial finance industry expanded by 0.6% in 2023, which was slower than the 1.9% growth in 2022. The future growth of 3.4% per annum is expected to be the second highest annual growth and higher than the provincial

Economic Transaction Index

The BankservAfrica Economic Transactions Index (BETI) slipped somewhat in February to an index level of 132.2. The BETI was down by 0.8% on January 2024, while still up by 1.2% compared to the quarter ending November 2023. Ongoing load shedding, as well as crippling logistical challenges at our ports, in combination with other factors such as renewed upward pressure on fuel prices are adding to a stagnant scenario. This inability of the economy to break out of its current growth profile, does not bode well for the country's unemployment crisis and social-economic challenges.

Source: Bankserv Africa, 2024

economy's forecasted expansion of 2.1% per annum between 2024 and 2027 (Table 2.4).

Although the Mpumalanga finance industry was not a large role-player nationally, it played an important role in the provincial economy with a 17.4% contribution to provincial GDP (Figure 2.42). It is evident that the contribution of the finance industry increased steadily between 1996 and 2022.

Figure 2.41: Comparative contribution to the national finance industry's GDP at basic prices (constant 2015 prices), 1996-2022
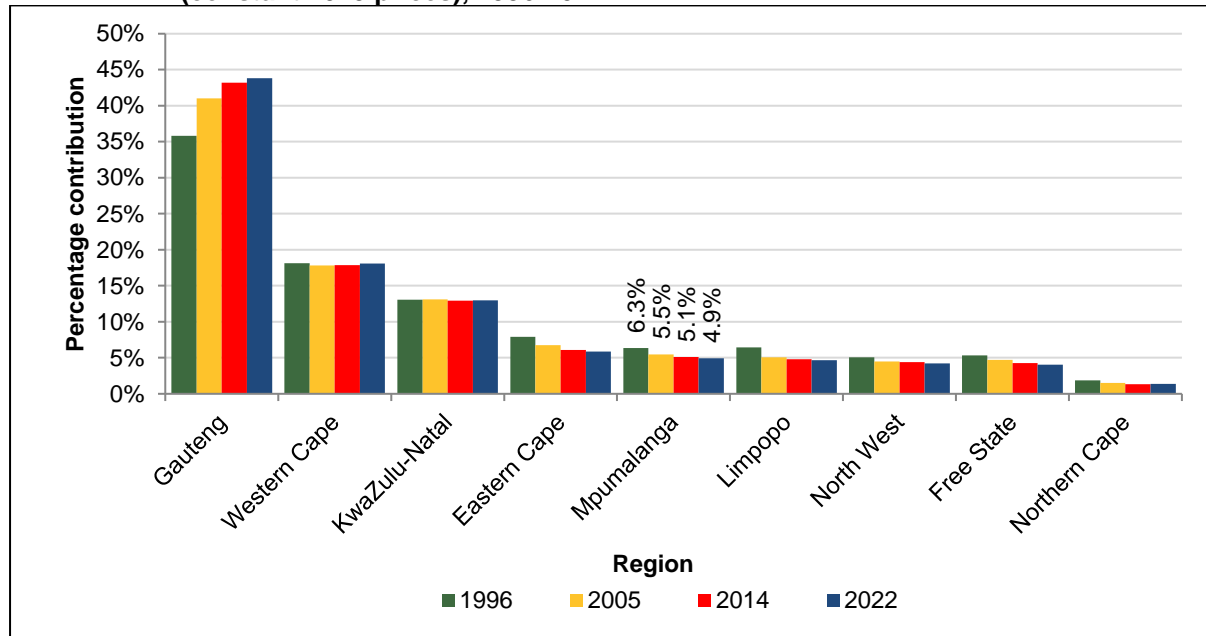
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Figure 2.42: Finance industry (constant 2015 prices) – comparative GDP growth and contribution to Mpumalanga GDP, 1997-2023
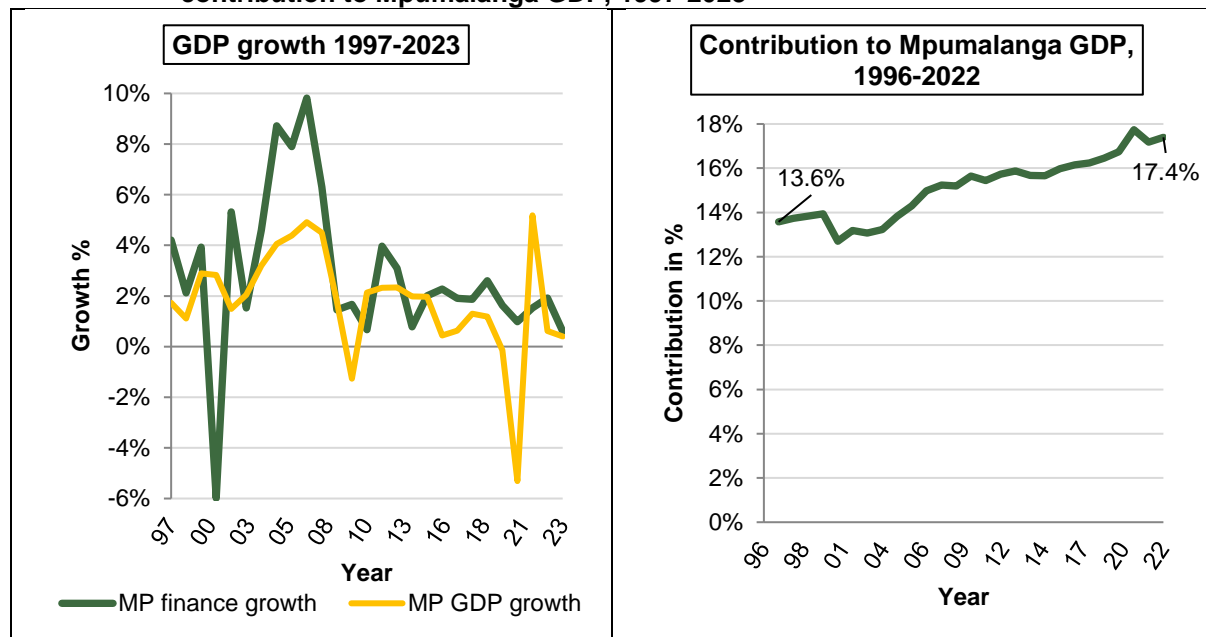
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Mpumalanga's finance industry does not hold a comparative advantage over the national finance industry (Table 2.7) and experienced a declining location quotient over time (Table 2.8). The

employment elasticity of finance was 0.05 over the 8-year period under review (Table 2.9). Translated into actual terms, this figure indicates that every 1% economic growth was accompanied by approximately 0.1% employment growth in the finance industry.

In 2022, the finance industry in Mpumalanga recorded the fourth highest labour productivity index score among the industries (Table 2.10). The finance industry exhibited a low level of labour intensity in 2022 (Figure 2.16). Despite the anticipated economic growth it is expected that the finance industry may not experience moderate employment growth because of the negative regional competitiveness effect (Figure 2.18).

Finance sub-industries

Figure 2.43 displays the relative size of the finance sub-industries. The other business activities sub-industry was the largest finance sub-industry in 2022 with a share of 38.1%, while the real estate activities sub-industry was the second largest with a share of 32.6%. Between 1996 and 2022, the share of finance and insurance as well as other business activities increased, whilst that of real estate activities declined.

Over the 26-year period under review, other business activities recorded the highest average annual growth of 4.6% followed by finance and insurance (4.2%). It is expected that the finance and insurance sub-industry will record the highest average annual growth over the 3-year period of 4.1%, and that other business activities will expand by 3.9% per annum between 2024 and 2027.

Figure 2.43: **GVA contribution by Mpumalanga's finance sub-industries (constant 2015 prices) to Mpumalanga's finance industry GVA, 1996-2022**
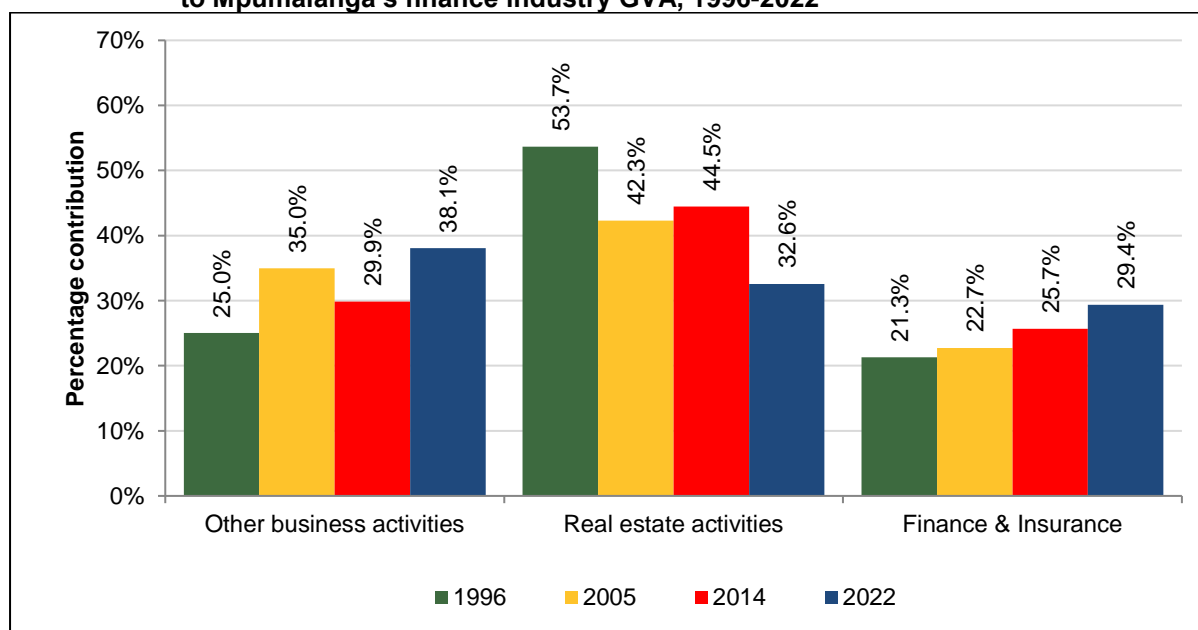
Source: S&P Global – ReX, December 2023

2.15.4 Community services industry

In terms of the provincial contribution to the national community services industry, Mpumalanga was placed sixth in 2022, with Gauteng (28.8%) and KwaZulu-Natal (19.2%) the largest contributing

provinces (Figure 2.44). Mpumalanga's comparatively small share of 6.8% was similar to its contribution in 1996.

With an average annual growth rate of 2.2% Between 1996 and 2023, the industry recorded an economic growth rate higher than the average for the province. The community services industry in Mpumalanga expanded by 2.6% in 2022 and by 0.5% in 2023. Between 2024 and 2027, community services is expected to expand by 2.0% per annum, which will be marginally lower than the provincial economy's forecasted growth of 2.1% per annum (Table 2.4).

Figure 2.44: **Comparative contribution to the national community services industry's GDP at basic prices (constant 2015 prices), 1996-2022**
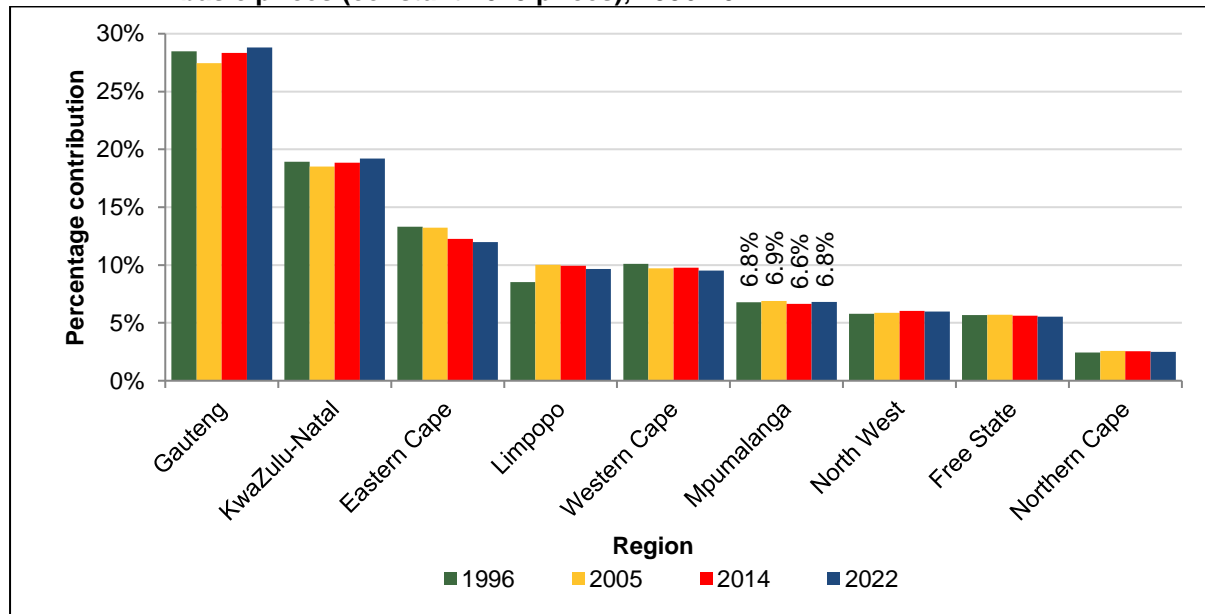
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Figure 2.45: **Community services industry (constant 2015 prices) – comparative GDP growth and contribution to Mpumalanga GDP, 1997-2023**
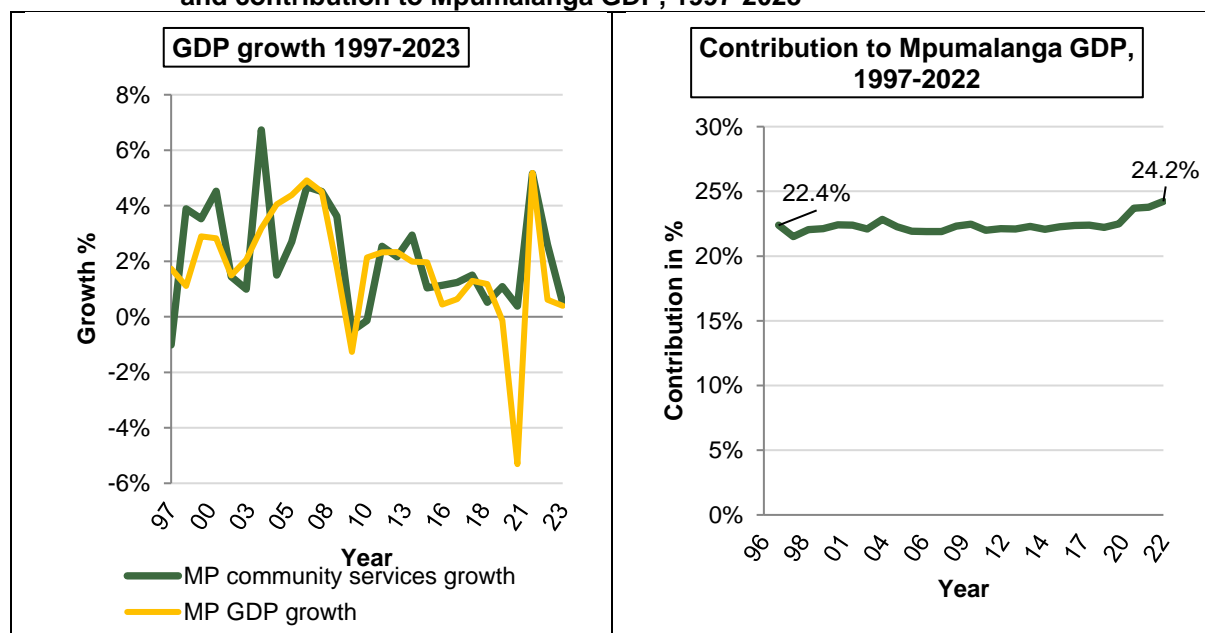
Sources: Stats SA – Provincial gross domestic product: experimental estimates, 2013-2022
S&P Global – ReX, December 2023

Despite the small national contribution, the industry was the largest contributor in the province with a 24.2% contribution (constant 2015 prices) to the total GDP of Mpumalanga in 2022 (Figure 2.45). Because of the relatively fast growth rate, relative to most other industries, over the period 1996 to 2022, the contribution of the community services industry increased from its 22.4% share in 1996.

Mpumalanga's community services industry does not hold a comparative advantage over the national community services industry (Table 2.7) but experienced an improved location quotient over the past few years (Table 2.8). The employment elasticity of community services was 1.46 (Table 2.9). According to this figure, for every 1% economic growth experienced in the community services industry the employment growth was approximately 1.5%.

In the province, the community services industry recorded the fifth highest/lowest labour productivity index score in 2022 (Table 2.10). The community services industry exhibited a relatively high level of labour intensity in both 2017 and 2022 (Figure 2.16). Due to the high labour absorption potential, positive employment elasticity and the strong positive regional competitiveness effect (Figure 2.18), the industry is expected to be an important employment role-player in the near future.

Community services sub-industries

Figure 2.46 displays the relative size of the community services sub-industries. The education sub-industry was the largest sub-industry in 2022 with a share of 32.1%, while public administration and defence was the second largest with a share of 27.3%. Between 1996 and 2022, the shares of education as well as public administration and defence declined, whilst that of the other two sub-industries increased.

Over the 26-year period under review, the other service activities sub-industry recorded the highest average annual growth of 3.0%. Between 2024 and 2027, it is expected that the public administration and defence sub-industry (2.2%) should expand the fastest (Table 2.14).

Figure 2.46: GVA contribution by Mpumalanga's community services sub-industries (2010 prices) to Mpumalanga's community services GVA, 1996-2022
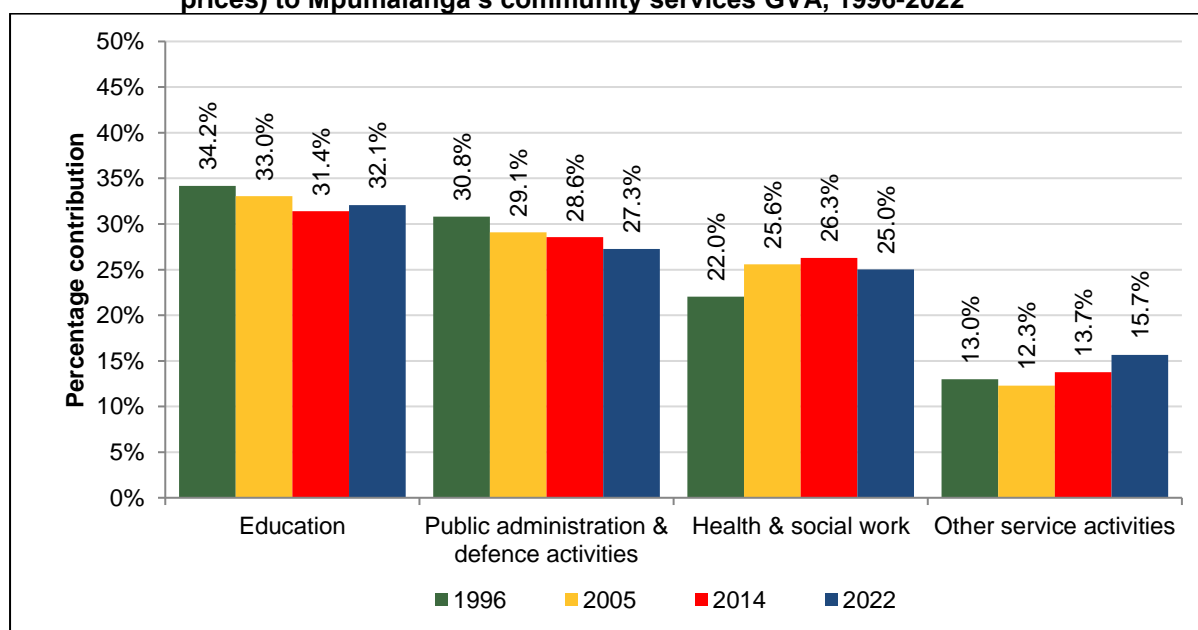
Source: S&P Global – ReX, December 2023

2.16   Conclusion and considerations

In 2022, the economy of Mpumalanga made up 8.0% of South Africa's GDP, as measured by current prices. However, because of structural differences between Mpumalanga's economy and the rest of the country, it has generally lagged behind national economic growth over the past 26 years, with a few exceptions. It is expected that Mpumalanga's 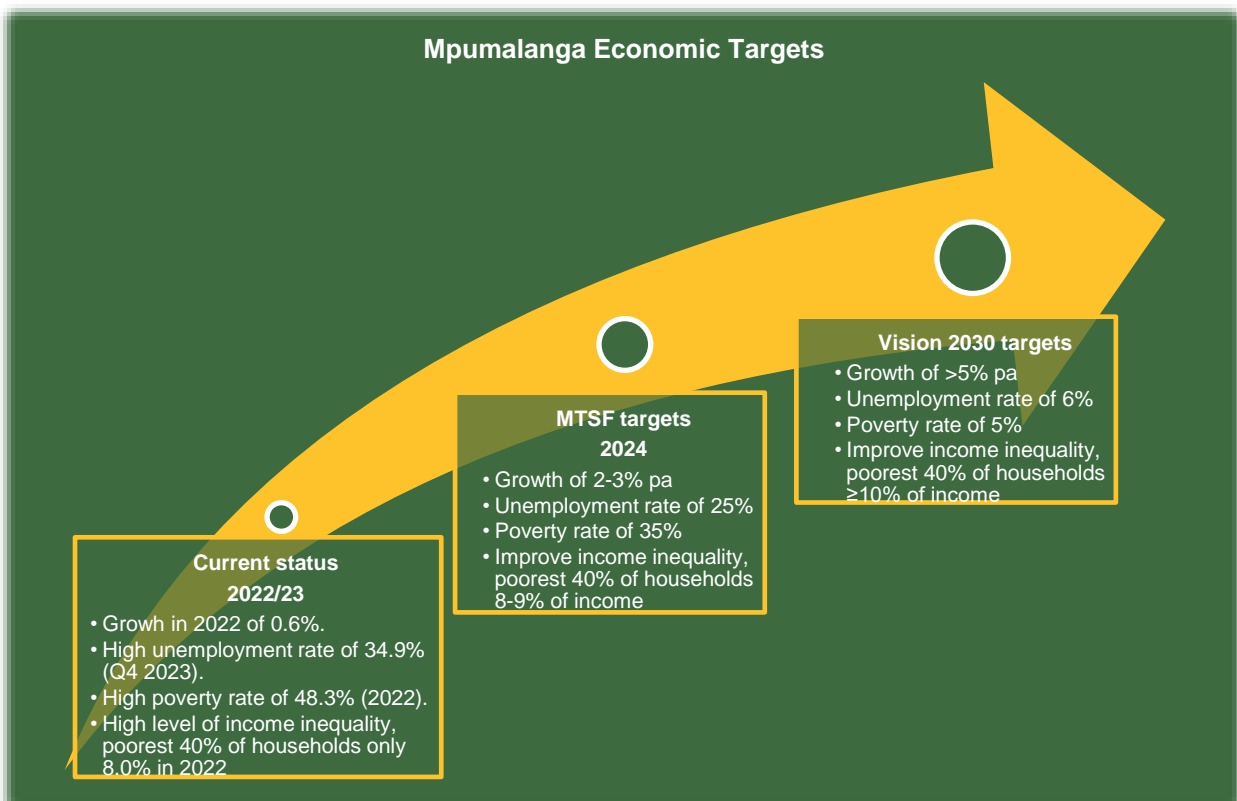economy will continue to grow more slowly than the national economy until there is a significant change in its reliance on the mining industry. By adopting new approaches and diversifying its secondary and tertiary sectors, Mpumalanga can position itself to outpace provinces experiencing faster growth rates.

After a comprehensive analysis, it has become apparent that the economic growth in Mpumalanga has consistently lagged behind employment growth over the majority of the observed period. In 2022, Mpumalanga achieved the sixth highest position or, conversely, the fourth lowest position on the Inclusive Growth Index. Between 2017 and 2022, Mpumalanga ranked third lowest in terms of changes in inclusive growth scores. During this time frame, labour productivity demonstrated improvement in four specific industries, while five other industries were identified as being labour-intensive in 2022. Notably, Mpumalanga exhibited a comparative advantage in four industries, with two of them standing out as particularly promising sectors, and three others classified as pre-emergent. Furthermore, the assessment highlighted Mpumalanga's possession of unique regional competitive advantages in at least four industries.

Mpumalanga Economic Targets

Vision 2030 targets
• Growth of >5% pa
• Unemployment rate of 6%
• Poverty rate of 5%
• Improve income inequality, poorest 40% of households ≥10% of income

MTSF targets 2024
• Growth of 2-3% pa
• Unemployment rate of 25%
• Poverty rate of 35%
• Improve income inequality, poorest 40% of households 8-9% of income

Current status 2022/23
• Growh in 2022 of 0.6%.
• High unemployment rate of 34.9% (Q4 2023).
• High poverty rate of 48.3% (2022).
• High level of income inequality, poorest 40% of households only 8.0% in 2022

To ensure sustained employment flexibility and enhance labour productivity, Mpumalanga must proactively nurture an entrepreneurial mindset, empower its citizens, and leverage its existing

comparative and regional competitive advantages. Addressing the current skills shortage within the provincial economy is crucial, as it will significantly impact the desired outcomes.

It is therefore recommended that there needs to be a focus on:

- Accelerating Economic Transition: Mpumalanga should expedite its shift toward a knowledge-based and service-oriented economy. This transition can be facilitated by developing capabilities primarily found in the manufacturing sector.

- Investing in Innovation: The province should actively invest in research and development to drive innovation in emerging technologies.

- Fostering Entrepreneurship: Creating an environment conducive to niche enterprises and entrepreneurship is essential. Fine-tuning policies to align with the specific requirements of each industry will be necessary.

- Infrastructure Development: Fast-tracking the Provincial Government's infrastructure plans and attracting investment are critical steps to stimulate growth within the province.

- Implementing Strategic Programs: The adoption of the Manufacturing Investment Program (MIDP) and the Mpumalanga Economic Regeneration and Recovery Plan (MERRP) is recommended.

- Tailored Goals: Recognize that uniform goals may not be suitable for every intervention. Some policies may drive growth in industries that generate substantial economic value, even if they employ fewer people.

CHAPTER 3:   PROVINCIAL LABOUR MARKET PERFORMANCE AND OUTLOOK

Mpumalanga's labour market characteristics spanning mainly the 5-year period from Q4 2017 to Q4 2022 are analysed in this chapter. The profile of Mpumalanga's labour force, employment, unemployment and the occupational profile of the province are discussed in detail. Mpumalanga's performance was compared with the national situation as well the other eight provinces. The main data source was Stats SA's Quarterly Labour Force Survey (QLFS).

3.1   Labour force profile

The labour force comprises of all the employed and the unemployed population in a region. The national labour force increased by 930 753 between Q4 2022 and Q4 2023. The national number of employed increased by 788 701 between Q4 2022 and Q4 2023, whereas the number of unemployed increased by 142 052. The resultant strict unemployment rate declined (improved) from 32.7% in Q4 2022 to 32.1% in Q4 2023. The NDP targets a decline in the unemployment rate to 6.0% by 2030. The national expanded unemployment rate declined from 42.6% in Q4 2022 to 41.1% in Q4 2023.

The national labour absorption rate was 40.8% at the end of Q4 2023, which was higher/better than the 39.4% registered in Q4 2022. In Q4 2018, the absorption rate, which is in essence the ratio of working age adults that are employed, was 43.3%. According to the NDP, the South African economy must become more labour absorbing and a level of 61% is envisaged by 2030. The labour force participation rate in Q4 2023 (60.0%) was also higher/better than the rate recorded a year earlier in Q4 2022 (58.5%).

Table 3.1 depicts the labour force profile of the province. The provincial labour force of 1.92 million individuals was 64 572 more in Q4 2023 than in Q4 2022. The number of employed (1 250 139) in Q4 2023 was 63 869 higher than in Q4 2022 and the highest recorded employment number for the province since data collection for Mpumalanga began. Over a 5-year period from Q4 2018 to Q4 2023, the number of employed increased by 4 757.

The number of unemployed according to the strict definition increased/deteriorated by 703 to 669 583 between Q4 2022 and Q4 2023. Over a 5-year period from Q4 2018 to Q4 2023, the number of unemployed increased by 82 545. The expanded unemployment number was 1.06 million in Q4 2023, which was 46 011 less than in Q4 2022.

The unemployment rate (strict definition) of 34.9% was 1.2 percentage points lower/better in Q4 2023 than a year earlier. Despite improving over the last year, it was 2.9 percentage points higher than five years earlier (32.0%). Mpumalanga's unemployment rate according to the expanded definition was 45.8% in Q4 2023, which was lower than the 48.2% recorded in Q4 2022. Over the last year, the labour absorption rate increased/improved to 39.2% and the labour force participation rate also recorded an annual increase/improvement to 61.0%.

Table 3.1: Labour force profile of Mpumalanga, 2018-2023

Indicator	Q4 2018 '000	Q4 2022 '000	Q4 2023 '000	5-year change '000	1-year change '000
	Number				
- **Working age population (15-64 years)**	2 924	3 102	3 146	222	44
- **Strict definition**					
- **Not economically active**	1 092	1 247	1 227	135	-20
- **Labour Force/EAP**	1 832	1 855	1 920	87	65
- **Employed**	1 245	1 186	1 250	5	64
- **Unemployed**	587	669	670	83	1
- **Discouraged work-seekers**	198	360	313	115	-47
- **Expanded definition**					
- **Not economically active**	810	814	840	30	26
- **Labour Force/EAP**	2 114	2 288	2 306	192	18
- **Employed**	1 245	1 186	1 250	5	64
- **Unemployed**	869	1 102	1 056	187	-46
	Rate				
- **Strict definition**	%	%	%	%	%
- **Unemployment rate**	32.0	36.1	34.9	2.9	-1.2
- **Absorption rate**	42.6	38.2	39.7	-2.9	1.5
- **Labour force participation rate**	62.7	59.8	61.0	-1.7	1.2
- **Expanded definition**					
- **Unemployment rate**	41.1	48.2	45.8	4.7	-2.4
- **Absorption rate**	42.6	38.2	39.7	-2.9	1.5
- **Labour force participation rate**	72.3	73.8	73.3	1.0	-0.5

Source: Stats SA – QLFS, 2024
Note: Due to rounding, numbers do not necessarily add up to totals

3.2   Economically active population

The economically active population (EAP), or labour force, comprises of two components (1) employed individuals and (2) unemployed individuals. EAP is defined as the number of persons between the ages of 15 and 64 that are able and willing to work. The EAP is also referred to as the labour force.

Table 3.2: EAP of South Africa and provinces, 2018-2023

Region	Q4 2018		Q4 2023		5-year change	
	'000	% of National	'000	% of National	'000	Average annual %
Western Cape	3 121	13.8	3 459	14.1	338	2.1
Eastern Cape	2 153	9.5	2 320	9.4	167	1.5
Northern Cape	429	1.9	447	1.8	18	0.8
Free State	1 202	5.3	1 178	4.8	-25	-0.4
KwaZulu-Natal	3 561	15.7	4 053	16.5	492	2.6
North West	1 325	5.8	1 493	6.1	169	2.4
Gauteng	7 276	32.1	7 599	30.9	324	0.9
Mpumalanga	**1 832**	**8.1**	**1 920**	**7.8**	**87**	**0.9**
Limpopo	1 769	7.8	2 149	8.7	381	4.0
South Africa	**22 668**	**100.0**	**24 619**	**100.0**	**1 951**	**1.7**

Source: Stats SA – QLFS, 2024
Note: Due to rounding, numbers do not necessarily add up to totals

South Africa's EAP was 24.6 million in Q4 2023 (Table 3.2), an increase of nearly 2.0 million over Q4 2018. Mpumalanga's EAP increased by 87 302 over the 5-year period and by 64 572 over the 1-year period to approximately 1.92 million. The Mpumalanga figure represented 7.8% of the national EAP in Q4 2023 and Gauteng recorded the highest EAP number in Q4 2023 of 7.6 million individuals. The

increase in Mpumalanga's EAP was predominantly the result of an increase in the number of unemployed.

The majority of Mpumalanga's labour force in Q4 2023 was males with some 1.03 million individuals or 53.7% of the provincial total EAP. This was lower than the 54.5% recorded in Q4 2018. In Q4 2023, the remainder (46.3%) of the EAP was females, which was higher than the 45.5% share recorded in Q4 2018. Figure 3.1 compares the EAP by gender and age in Mpumalanga between Q4 2018 and Q4 2023.

The youth of working age (15-34 years[16]) made up 44.0% of the total number of the labour force in Q4 2023. This was substantially lower than five years earlier when the youth of working age contributed 48.8%. The age cohort of 30-34 years represented the most populous age cohort with 333 311 individuals or some 17.4% of the provincial EAP in Q4 2023. The 25-29 year age cohort was the most populous in Q4 2018 with a share of 18.5%.

Figure 3.1: EAP number by gender and age in Mpumalanga, 2018-2023
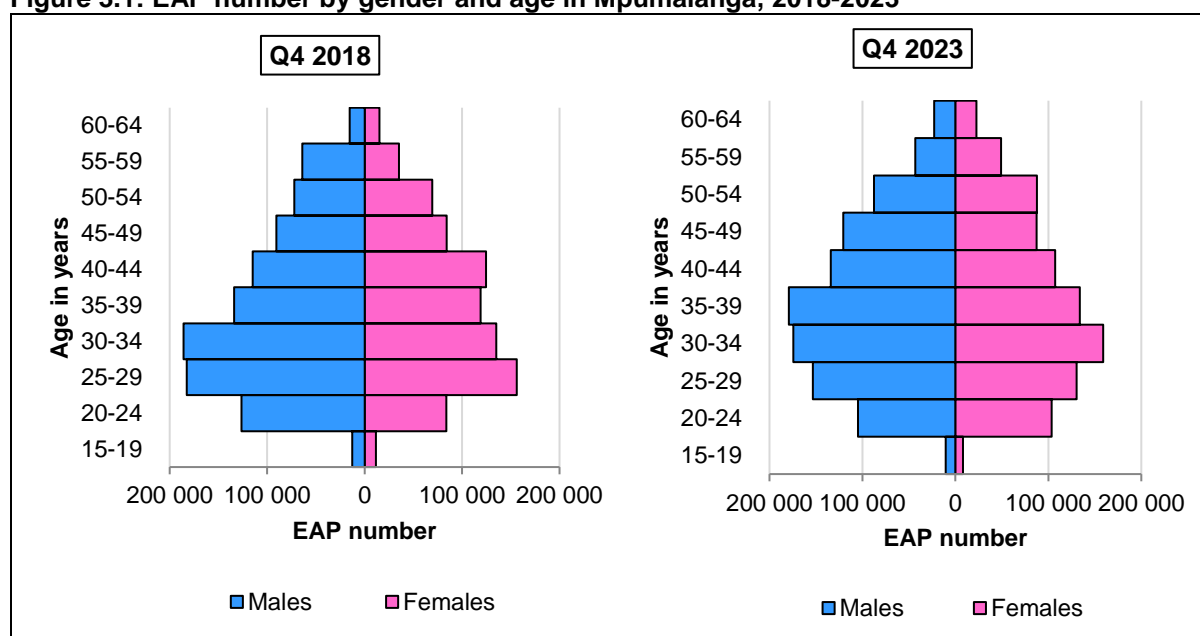
Source: Stats SA – QLFS, 2024

Table 3.3: EAP according to population group in South Africa and Mpumalanga, 2018-2023

Population group	South Africa		Mpumalanga	
	Q4 2018	Q4 2023	Q4 2018	Q4 2023
African/Black	79.0%	81.0%	92.8%	91.6%
Coloured	9.5%	8.9%	0.5%	0.2%
Indian/Asian	2.6%	2.5%	0.4%	1.3%
White	8.8%	7.7%	5.3%	6.9%
Total	100.0%	100.0%	100.0%	100.0%

Source: Stats SA – QLFS, 2024

According to Table 3.3, Africans/Blacks formed the majority of both South Africa and Mpumalanga's EAP. In Q4 2023, 91.6% of the provincial EAP were Africans/Blacks compared with 81.0% nationally.

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[16] 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.

Whites contributed some 6.9% to Mpumalanga's EAP, followed by Indian/Asians (1.3%) and Coloureds (0.2%). Africans/Blacks' share in the provincial EAP declined from 92.8% in Q4 2018 to the current level as did the share of the Coloured population group.

3.2.1 Labour force participation rate

The labour force participation rate (EAP/working age population) is the proportion of the working population (employed or unemployed) out of the total population of working age (15 to 64). In Q4 2023, South Africa's working age population numbered 41.0 million, with a labour force, or in other words EAP, of 24.6 million, which resulted in a labour force participation rate of 60.0%. The national labour force participation rate increased marginally from 59.4% in Q4 2018 as shown in Table 3.4.

Mpumalanga's participation rate of 61.0% in Q4 2023 was higher than the comparative national rate and the third highest amongst the provinces. The Mpumalanga participation rate showed a decline from 62.7% at the start of the period under review. In Q4 2023, Western Cape (69.0%) registered the highest participation and Eastern Cape (51.3%) finished the period under review with the lowest labour force participation rate.

Table 3.4: Labour force participation rate in South Africa and provinces, 2018-2023

Region	Q4 2018 %	Q4 2023 %
Western Cape	67.9	69.0
Eastern Cape	50.5	51.3
Northern Cape	53.8	53.5
Free State	63.2	60.8
KwaZulu-Natal	50.5	53.5
North West	51.4	53.7
Gauteng	70.9	67.9
Mpumalanga	**62.7**	**61.0**
Limpopo	47.1	53.6
South Africa	**59.4**	**60.0**

Source: Stats SA – QLFS, 2024

3.2.2 Labour absorption rate

Labour absorption is the proportion of the population of working age that is employed. The percentage of new entrants to the population of working age that find jobs in the formal sector of the economy is referred to as the labour absorption capacity of the economy.

Table 3.5: Labour absorption rate in South Africa and provinces, 2018-2023

Province	Q4 2018 %	Q4 2023 %
Western Cape	54.8	55.0
Eastern Cape	32.2	29.8
Northern Cape	40.3	39.1
Free State	42.4	38.3
KwaZulu-Natal	37.5	37.7
North West	37.7	32.8
Gauteng	50.3	45.0
Mpumalanga	**42.6**	**39.7**
Limpopo	39.3	37.4
South Africa	**43.3**	**40.8**

Source: Stats SA – QLFS, 2024

Table 3.5 indicates that South Africa recorded an average labour absorption rate of 40.8% in Q4 2023, a drop from 43.3% in Q4 2018. Mpumalanga's labour absorption rate was 39.7% at the end of the

period under review, lower/worse than at the start of the period under review and lower/worse than the national rate. This worsening rate in Mpumalanga warns that more adults of working age (and those younger and older than working age) are dependent on the number of employed in Mpumalanga than five years ago. Mpumalanga held the third highest labour absorption rate with Western Cape (55.0%) leading. Eastern Cape recorded the lowest labour absorption rate of 29.8% in Q4 2023, followed by North West with 32.8%.

3.3   Employment

The national labour market gained 194 496 jobs over the past five years. In total over the past five years, Mpumalanga recorded 4 757 more jobs. Six provinces recorded job gains over the 5-year period and Mpumalanga's gain in employment number was the lowest (Table 3.6). Gauteng (-128 811) lost the most and Western Cape (236 303) gained the most over the 5-year period. Between Q4 2022 and Q4 2023 Mpumalanga gained 63 869 jobs. Total employment in Mpumalanga constituted 7.5% of employment in the country in Q4 2023, which was equal to the 2018 share of 7.7%.

Table 3.6: Changes in employment in South Africa and provinces, 2018-2023

Region	Q4 2018 '000	Q4 2022 '000	Q4 2023 '000	5-year change '000	1-year change '000
Western Cape	2 520	2 596	2 757	236	161
Eastern Cape	1 375	1 380	1 348	-27	-32
Northern Cape	322	336	327	5	-9
Free State	806	794	742	-65	-52
KwaZulu-Natal	2 648	2 541	2 856	208	315
North West	973	881	912	-61	31
Gauteng	5 163	4 905	5 034	-129	130
Mpumalanga	**1 245**	**1 186**	**1 250**	**5**	**64**
Limpopo	1 477	1 317	1 498	22	182
South Africa	**16 529**	**15 934**	**16 723**	**194**	**789**

Source: Stats SA – QLFS, 2024
*Note: Due to rounding, numbers do not necessarily add up to totals*

In Q4 2023, the majority of Mpumalanga's employed was males with 692 743 individuals or 55.4% of the provincial total number of employees. The share was lower than the 58.4% recorded in Q4 2018. The remainder of the employed in Q4 2023 was females, and the 44.6% share was higher than the 41.6% recorded in Q4 2018. Figure 3.2 compares employment by gender and age in Mpumalanga between Q4 2018 and Q4 2023.

The youth of working age (15-34 years) made up 36.2% of the total number of employed in Q4 2023. This was lower than five years earlier when the youth of working age contributed 40.5%. The age cohort of 30-34 years represented the most populous age cohort with 212 235 individuals or some 17.0% of the provincial employed in Q4 2023. The 30-34 years age cohort was also the most populous in Q4 2018 with a share of 17.7%.

In Q4 2023, Africans/Blacks dominated employment in Mpumalanga with a share of 88.4% of the provincial employment numbers. This was considerably higher than the share of Africans/Blacks (76.2%) nationally. Whites contributed some 9.2%, whilst Indians/Asians (2.1%) and Coloureds (0.4%) contributed the remainder of the provincial employment numbers. African's/Black's share in the

provincial employment numbers declined from 91.8% in Q4 2018 to the current level, whereas the shares of Whites increased. Employment according to population group is displayed in Table 3.7.

Figure 3.2: Employment by gender and age in Mpumalanga, 2018-2023
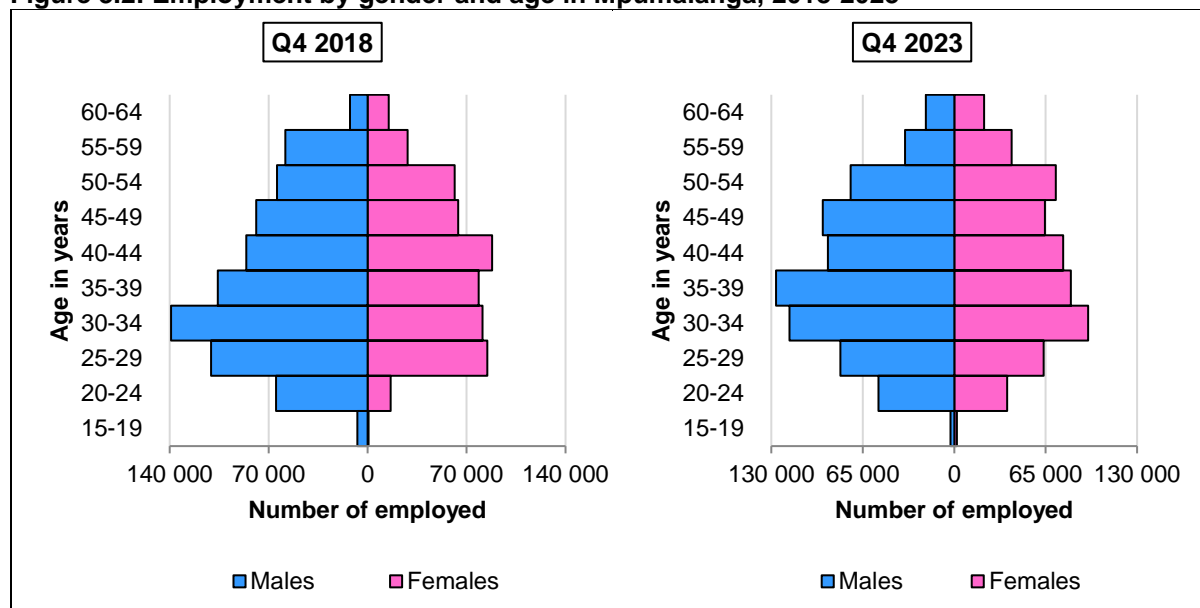
Table 3.7: Employment according to population group in South Africa and Mpumalanga, 2018-2023

| Population group	South Africa		Mpumalanga	
	Q4 2018	Q4 2023	Q4 2018	Q4 2023
African/Black	75.4%	76.2%	91.8%	88.4%
Coloured	10.3%	10.2%	0.6%	0.4%
Indian/Asian	3.2%	3.2%	0.6%	2.1%
White	11.2%	10.3%	7.0%	9.2%
Total	100.0%	100.0%	100.0%	100.0%

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

The lowest number of employed in the province over the 5-year period was measured in Q4 2021 at 1 052 459. The latest employment number in Q4 2023 was 197 681 higher than in Q4 2021, and 4 757 higher than in Q4 2018. The increase in job numbers over the last year was the second consecutive annual increase after three consecutive annual declines. The change in total employment from Q4 2018 to Q4 2023 is displayed in Figure 3.3.

It is evident from Figures 3.4a and 3.4b that only three of the ten employment industries registered higher employment levels in Q4 2023 than in Q4 2018. Community services (46 725) recorded the highest gain in job numbers over the 5-year period followed by trade (9 048), and mining (1 606). Manufacturing (-17 794) recorded the largest decline in employment levels from five years earlier followed by agriculture (-12 833). Community services (3.8%) registered the fastest average annual growth over the 5-year period, and manufacturing (3.9%) the fastest average annual decline.

Over the last year, from Q4 2022 to Q4 2023, employment numbers increased in six employment industries and declined in four. The largest increase in employment numbers over the last year, was experienced in trade (28 270) and the largest decrease in job numbers on an annual basis was recorded in manufacturing (-16 048).

Figure 3.3: Change in employment in Mpumalanga, 2018-2023

Net jobs gains over 5-year period = 4 757
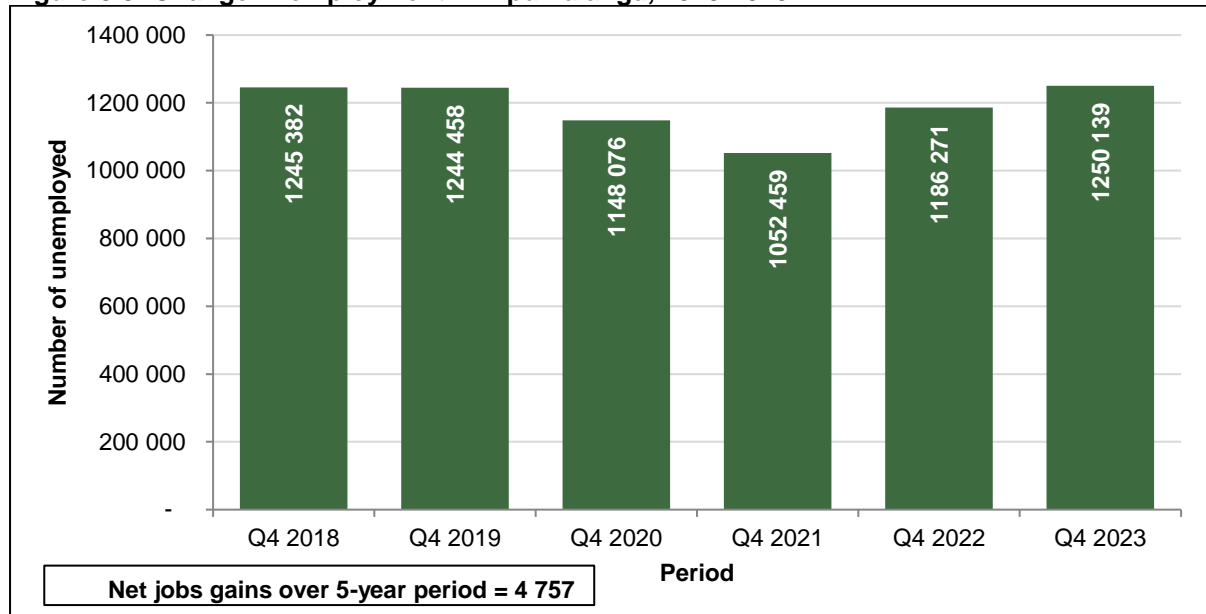
Source: Stats SA – QLFS, 2024

Figure 3.4a: Changes in employment per industry, 2018-2023
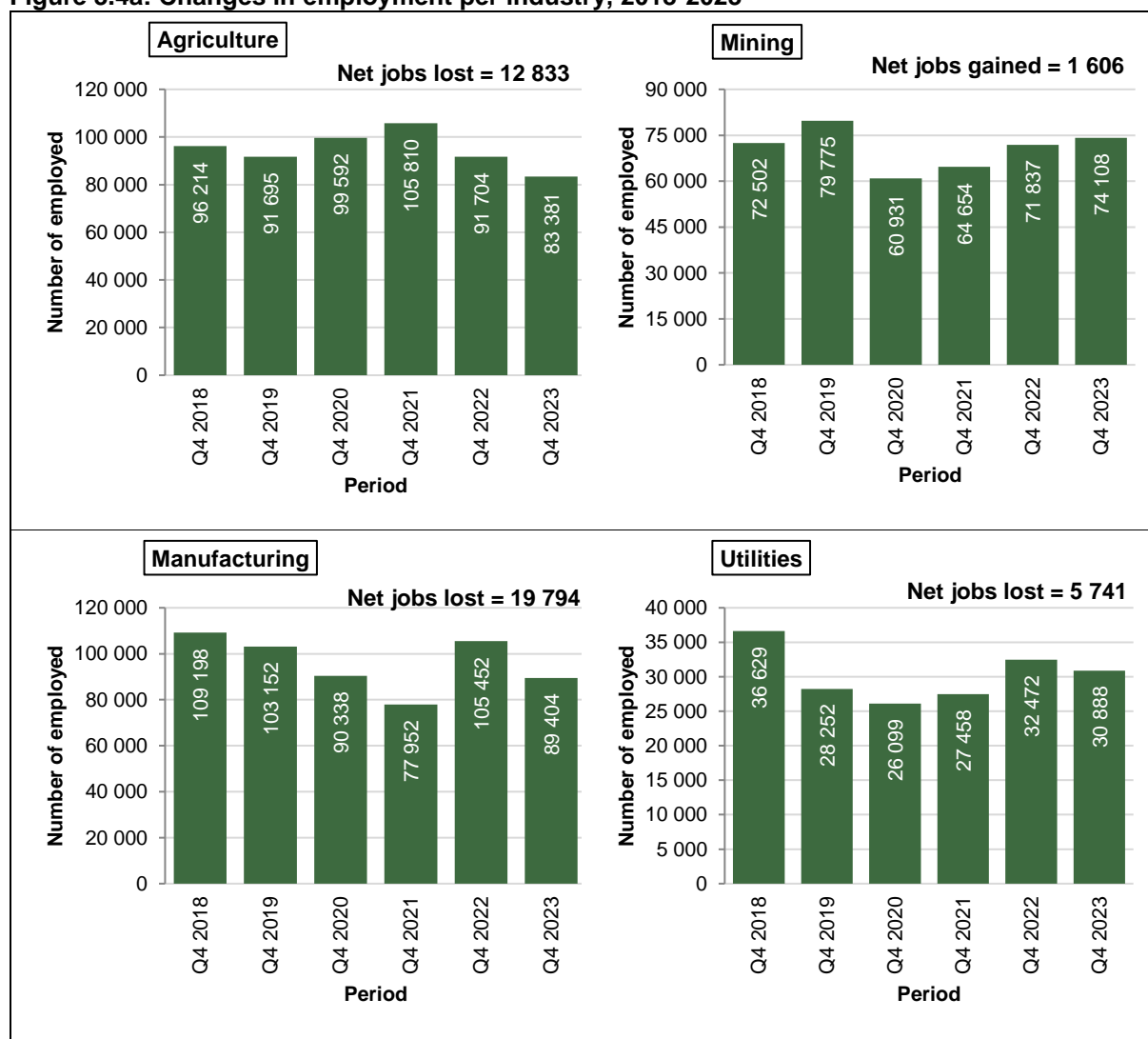
Source: Stats SA – QLFS, 2024

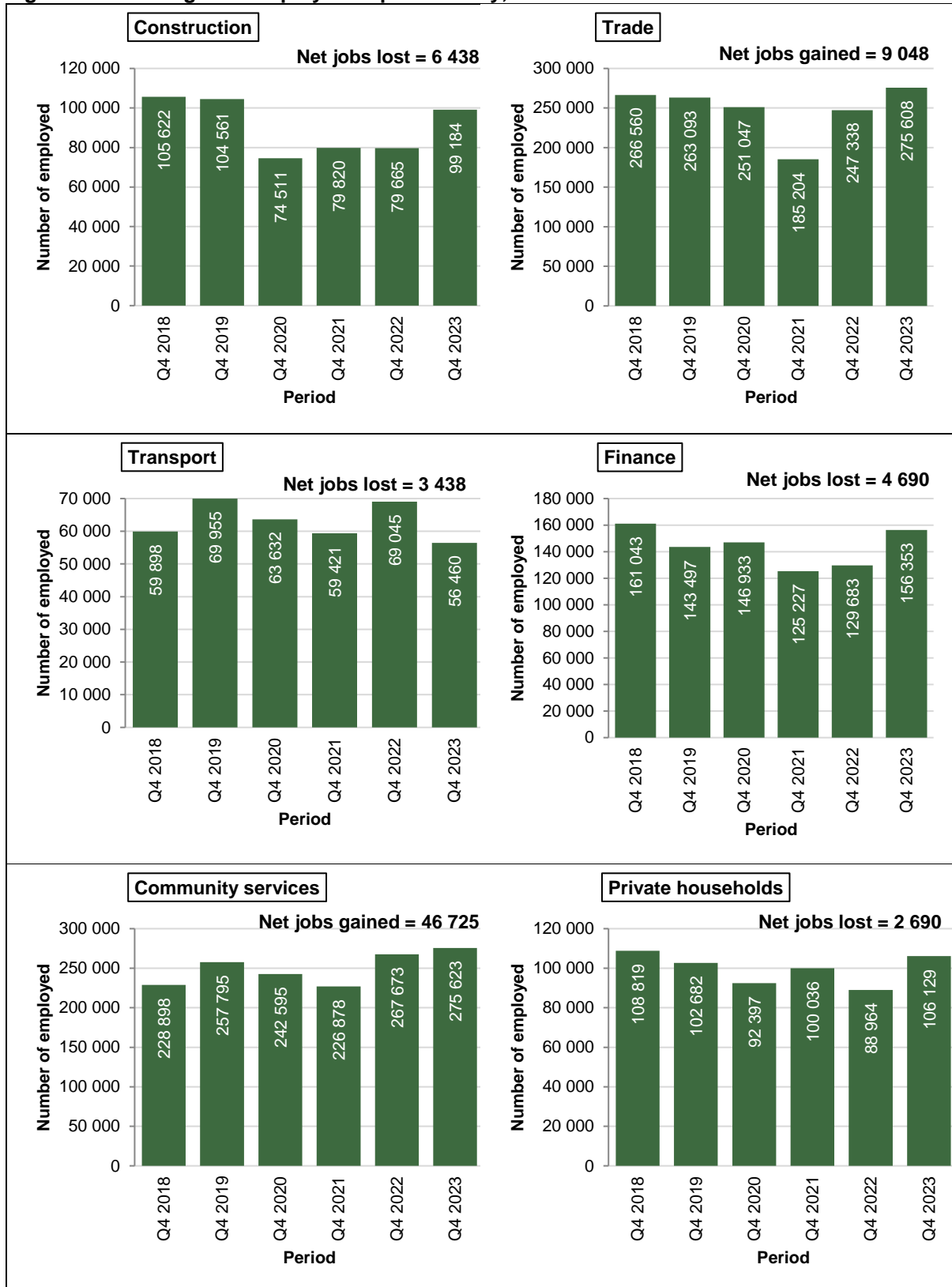**Figure 3.4b: Changes in employment per industry, 2018-2023**

Construction

Net jobs lost = 6 438

Period	Number of employed
Q4 2018	105 622
Q4 2019	104 561
Q4 2020	74 511
Q4 2021	79 820
Q4 2022	79 665
Q4 2023	99 184

Trade

Net jobs gained = 9 048

Period	Number of employed
Q4 2018	266 560
Q4 2019	263 093
Q4 2020	251 047
Q4 2021	185 204
Q4 2022	247 338
Q4 2023	275 608

Transport

Net jobs lost = 3 438

Period	Number of employed
Q4 2018	59 898
Q4 2019	69 955
Q4 2020	63 632
Q4 2021	59 421
Q4 2022	69 045
Q4 2023	56 460

Finance

Net jobs lost = 4 690

Period	Number of employed
Q4 2018	161 043
Q4 2019	143 497
Q4 2020	146 933
Q4 2021	125 227
Q4 2022	129 683
Q4 2023	156 353

Community services

Net jobs gained = 46 725

Period	Number of employed
Q4 2018	228 898
Q4 2019	257 795
Q4 2020	242 595
Q4 2021	226 878
Q4 2022	267 673
Q4 2023	275 623

Private households

Net jobs lost = 2 690

| Period	Number of employed
Q4 2018	108 819
Q4 2019	102 682
Q4 2020	92 397
Q4 2021	100 036
Q4 2022	88 964
Q4 2023	106 129

Source: Stats SA – QLFS, 2024

Employment target

The NDP targets a decline in the national unemployment rate to 6.0% by 2030. Similarly, the Provincial

Vision 2030 targets a decline in the provincial unemployment rate to 25.0% by 2024 and 6.0% by 2030. In order to reach the unemployment rate target by 2030, it was calculated in 2013 that some 1.1 million new, sustainable jobs have to be created between 2013 and 2030. A recalculation based on Q4 2023 employment data was conducted in 2024. The result of the recalculation was that approximately 724 100 sustainable jobs must still be created between 2024 and 2030 to reach the desired unemployment rate (Figure 3.5).

The updated number of 724 100 jobs equates to more or less 103 400 jobs per annum or an annual average employment growth of 6.7% per annum. Figure 3.5 depicts historical employment numbers and required employment growth in Mpumalanga. It is evident from the illustration that the employment increase of 0.4% per annum – the average annual employment growth between 2017 and 2023 – will result in a much lower employment number than the envisaged target of 1.97 million jobs by 2030.

Figure 3.5: Mpumalanga employment numbers and employment target, 2016-2030
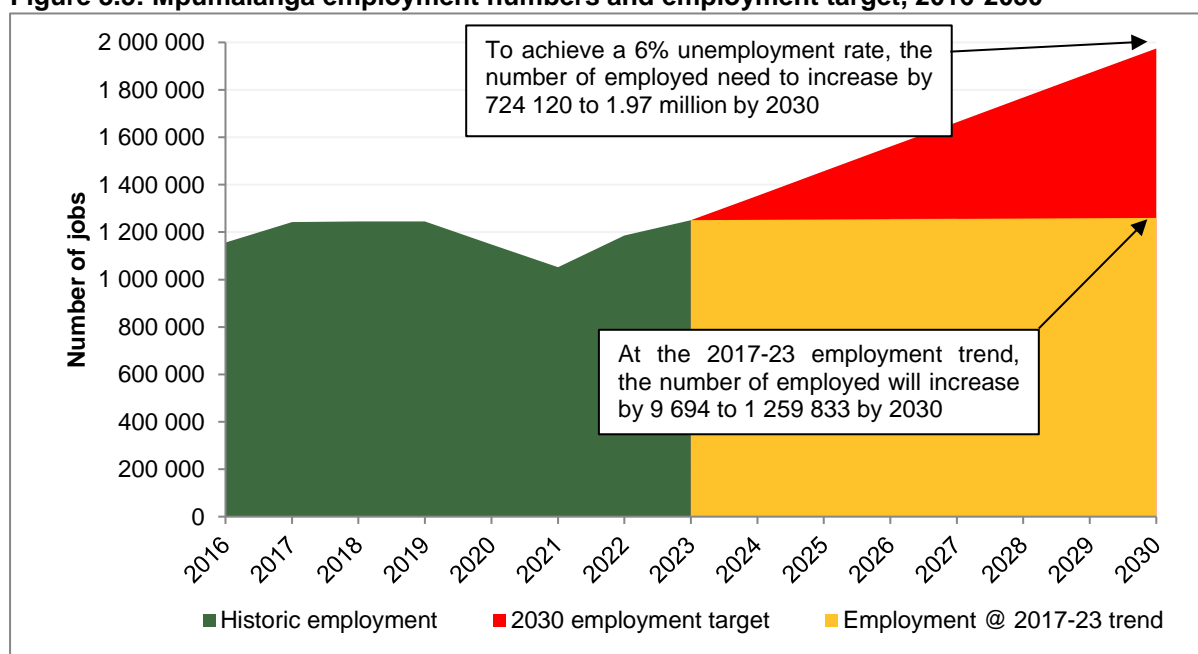
Source: Statistics South Africa – QLFS, 2024 & calculations based thereon

3.3.1   Aggregate employment

In Mpumalanga, the formal employees' share of total employment declined from 59.1% in Q4 2018 to 58.0% in Q4 2023. The formal sector in Mpumalanga recorded a much smaller share of total employment than was the case nationally (68.7%). Table 3.8 shows the aggregated employment composition of employment in South Africa and the province from Q4 2018 to Q4 2023.

Mpumalanga's informal sector's[17] share increased from 24.5% to 26.6% over the 5-year period. Private households' share declined marginally to 8.5% from 8.7% five years earlier, whilst agriculture's share also declined from 7.7% to 6.9%. The informal sector, agriculture and private households in Mpumalanga registered larger shares of total employment in Q4 2023, than was the case nationally.

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[17] The informal sector comprises the following two components: 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.

**Table 3.8: Aggregate employment in South Africa & Mpumalanga, 2018-2023**

Sector	Q4 2018		Q4 2022		Q4 2023	
	SA	MP	SA	MP	SA	MP
Formal sector	68.6%	59.1%	68.9%	59.2%	68.7%	58.0%
Informal sector	18.2%	24.5%	18.5%	25.6%	19.0%	26.6%
Agriculture[18]	5.1%	7.7%	5.4%	7.7%	5.5%	6.9%
Private households	8.1%	8.7%	7.2%	7.5%	6.8%	8.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Stats SA – QLFS, 2024

Changes in formal and informal employment since COVID-19

Figure 3.6 presents the quarterly aggregate employment changes up to Q4 2023. Over the period under consideration, the informal sector recorded combined job losses of 139 394 in seven quarters and combined job gains of 154 412 in eight quarters. Consequently, there was a net gain of 15 018 jobs in the informal sector. On the other hand, the formal sector encountered combined job losses of 226 416 in seven quarters and combined job gains of 214 939 in eight quarters. As a result, there was a net loss of 11 477 jobs in the formal sector during the specified timeframe.

Figure 3.6: Quarterly job gains/losses in Mpumalanga's formal and informal sectors, 2020-2023
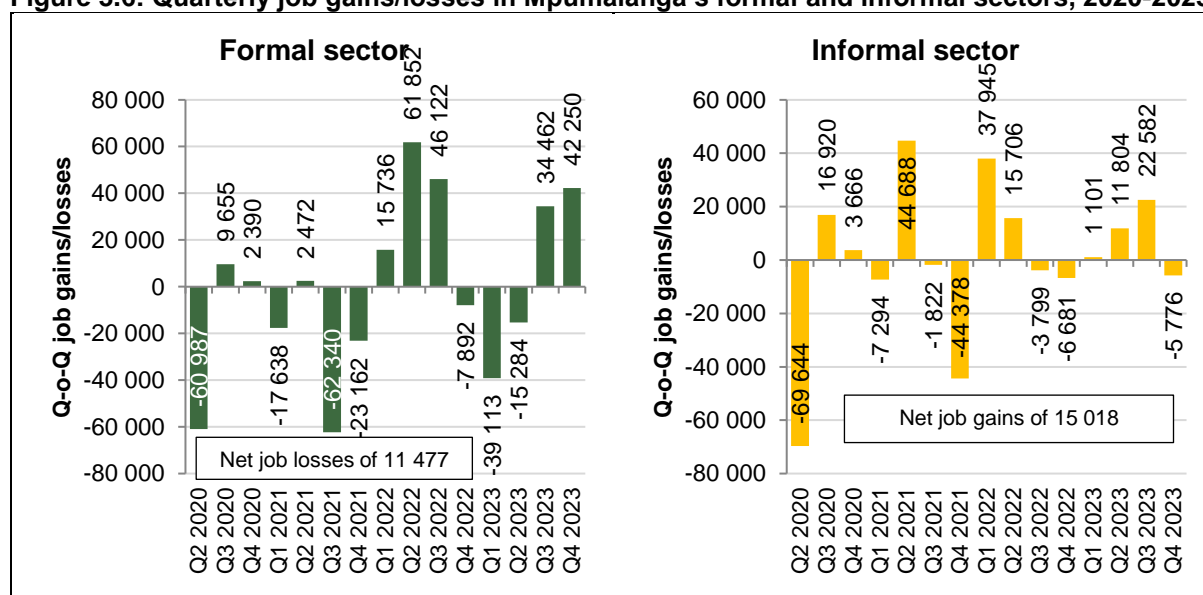
Source: Stats SA – QLFS, 2024

3.3.2   Employment by industry in Mpumalanga

Figure 3.7 depicts employment by industry in Mpumalanga in the fourth quarters of 2018, 2022 and 2023, respectively. Community services (22.0%) and trade (22.0%), jointly employed the largest share of individuals in the province in Q4 2023. The share of community services declined over the last 12 months and the share of trade increased. Over the 5-year period, the contribution of both community services and trade increased.

Utilities was the smallest industry throughout while transport was the second smallest employing industry in Q4 2023. Over the course of the last year, finance recorded the largest percentage point

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[18] An additional 157 496 citizens were involved in subsistence farming (non-market activities) in the province.

increase and the largest percentage point decline was recorded by both manufacturing and transport. Over the course of the 5-year period, community services recorded the largest percentage point increase and manufacturing the largest percentage point decrease.

Figure 3.7: Employment by industry in Mpumalanga, 2018-2023
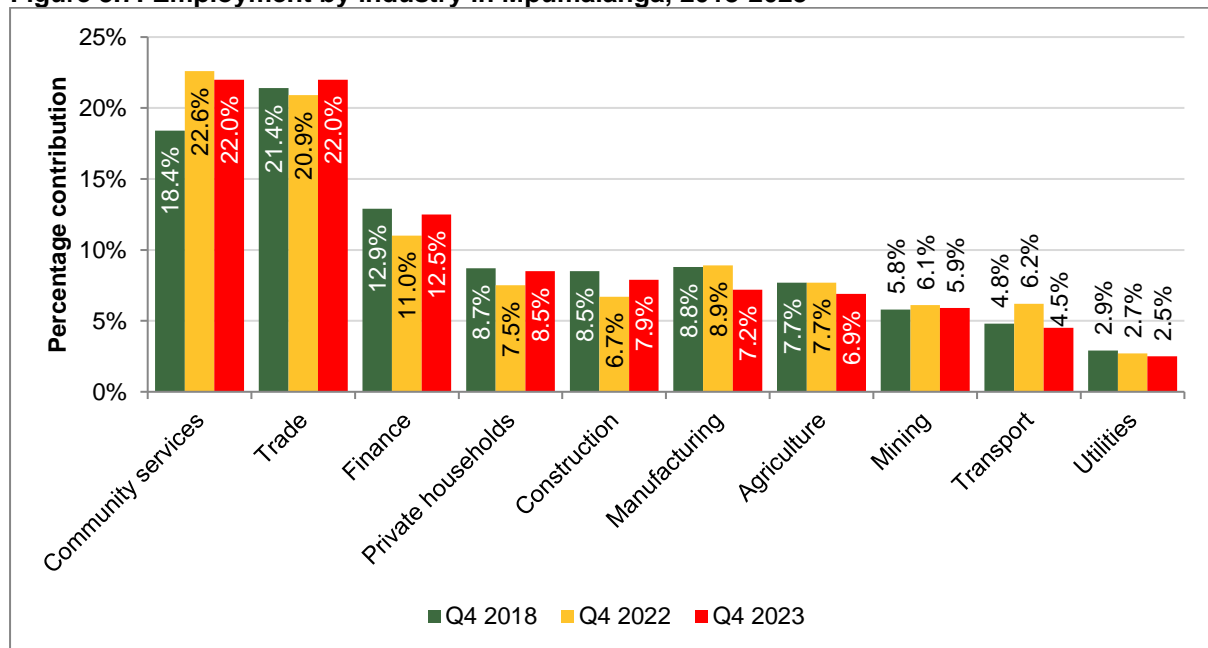
Source: Stats SA – QLFS, 2024

Over the last five years since Q4 2018, only three employment industries recorded job gains, whilst seven registered lower employment numbers (Figure 3.8). The three industries combined to record job gains of 52 379 over the 5-year period, whereas the seven industries lost a combined number of 52 622 jobs. The largest employment increase from Q4 2018 to Q4 2023 was in community services (46 725) and trade (9 048). Manufacturing (-19 793) recorded the largest number of job losses over the 5-year period followed by agriculture (-9 832).

Figure 3.8: Changes in employment by industry in Mpumalanga, 2018–2023
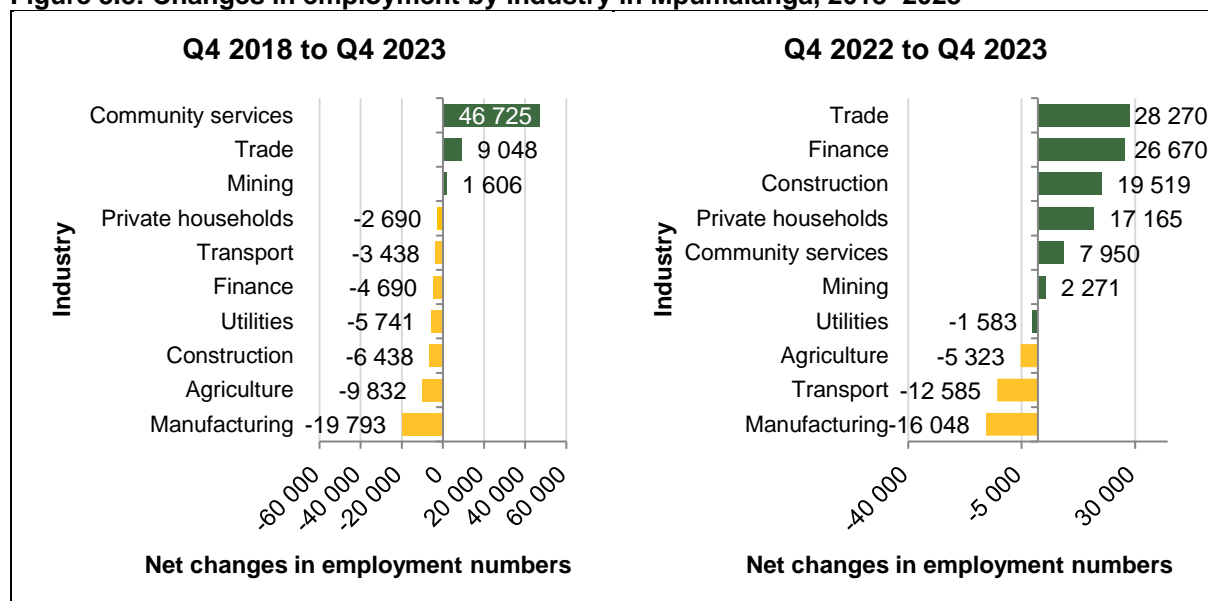
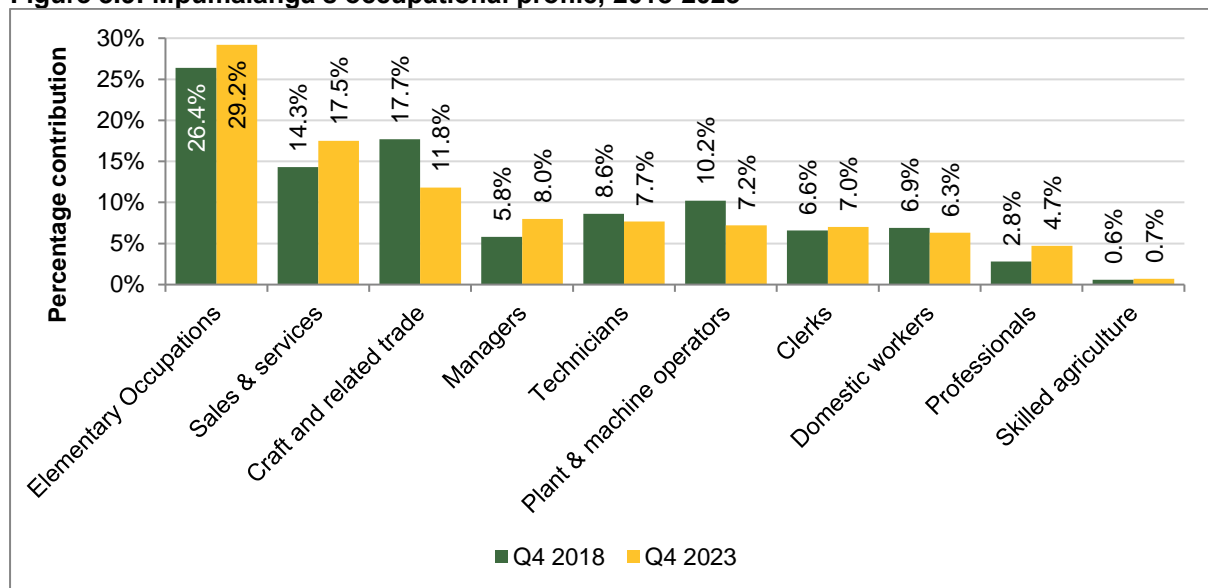
Source: Stats SA – QLFS, 2024

Over the last twelve months, six industries recorded annual job gains and four recorded job losses. The job gains by the six industries numbered 101 845. The largest employment increase from Q4 2022 to Q4 2023 were registered in trade (28 270) and finance (26 670). The other four industries combined to post 35 539 job losses. Manufacturing (-16 048) and transport (-12 585) were the two industries that recorded the highest job losses over the 1-year period.

3.3.3   Occupational profile of the employed

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

Figure 3.9 depicts the occupational profile of the province in Q4 of 2018 and 2023, respectively. The occupational profile was skewed towards semi-skilled and unskilled occupations in both years. The share of skilled occupations (managers, professionals and technicians) was 20.4% in Q4 2023, which was higher than the 17.2% share five years earlier. The share of semi-skilled occupations declined from 49.4% to 44.2% over the period under review. The combined share of elementary occupations and domestic workers (unskilled occupations) was 35.5% in Q4 2023, higher than the share of five years earlier (33.3%).

Figure 3.9: Mpumalanga's occupational profile, 2018-2023
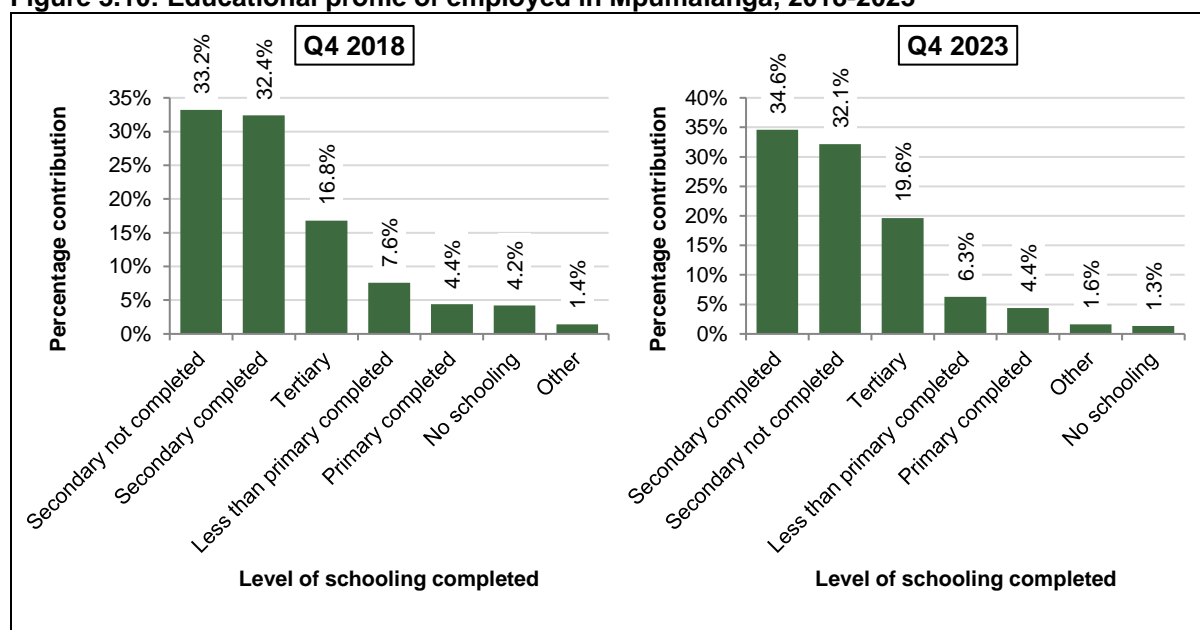

Source: Stats SA – QLFS, 2023

3.3.4   Educational profile of employed

In Q4 2022, some 34.6% of the employed in Mpumalanga indicated that they have completed their secondary education (Figure 3.10). In Q4 2018, this figure was lower at 32.4%. In Q4 2023, those that have not completed their secondary education made up 32.1%, whereas 19.6% of the employed completed some post matric education. Five years earlier, more of the employed indicated that they have not completed secondary schooling (33.2%), however, less indicated that they have obtained a qualification higher than matric (16.8%). It is apparent that in total, 13.6% of the employed have not completed any level of schooling higher than primary in Q4 2023.

In Q4 2023, the employment rate among individuals with completed tertiary education was the highest in South Africa with 84.5%. The lowest employment rate (highest unemployment rate) in Q4 2023 was recorded among individuals with incomplete secondary education (59.8%). The employment rate by level of education is summarised in Table 3.9.

In Mpumalanga, individuals with incomplete primary education (81.8%) registered the highest/best employment rate in Q4 2023, followed by those with tertiary education (76.8%). The lowest/worst employment rate was recorded among individuals with incomplete secondary education (59.2%). Between 2018 and 2023, the employment rate in Mpumalanga of individuals with no schooling, incomplete secondary, complete secondary and complete tertiary education declined/deteriorated.

Figure 3.10: Educational profile of employed in Mpumalanga, 2018-2023

Source: Stats SA – QLFS, 2024

Table 3.9: Comparative employment rate by level of education in South Africa and Mpumalanga, 2018-2023

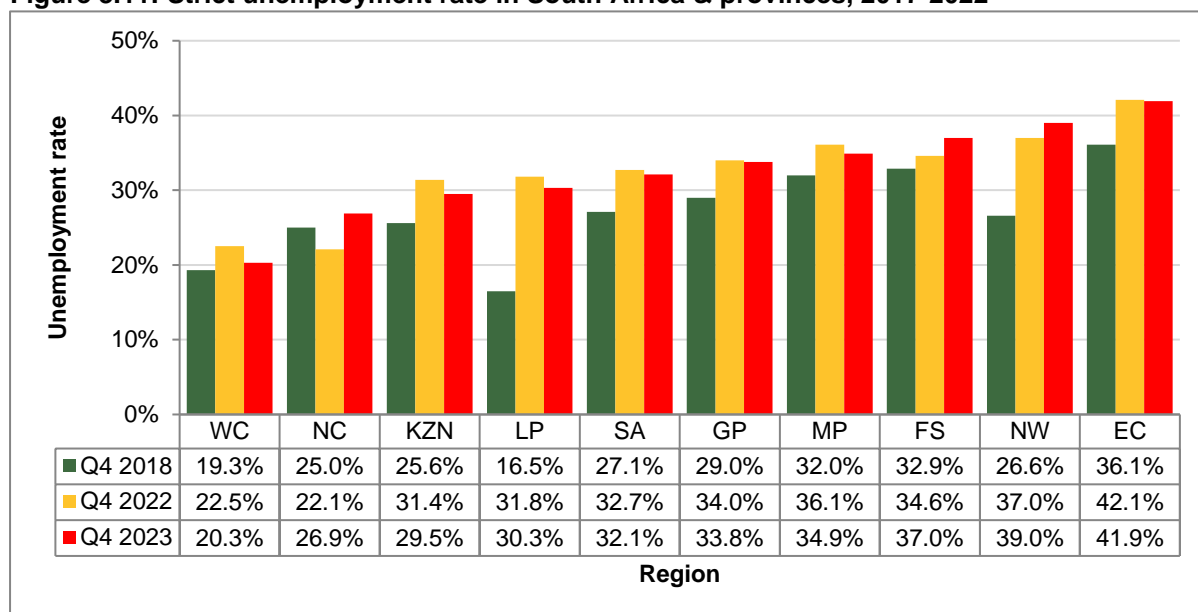| Level of education	South Africa		Mpumalanga	
	Q4 2018	Q4 2023	Q4 2018	Q4 2023
No schooling	82.3%	72.8%	79.0%	62.6%
Incomplete primary	72.7%	68.6%	68.3%	81.8%
Primary completed	74.3%	66.2%	72.8%	74.8%
Incomplete secondary	65.9%	59.8%	62.8%	59.2%
Secondary completed	72.0%	66.3%	66.4%	61.8%
Tertiary completed	87.8%	84.5%	83.8%	76.8%

Source: Stats SA – QLFS, 2024

3.4 Unemployment

3.4.1 Strict definition of unemployment

According to Statistics South Africa's QLFS, the unemployment rate in Mpumalanga was 32.0% in Q4 2018 and it increased to 34.9% in Q4 2023 (Figure 3.11). This was higher than the national average, which was recorded at 32.1% in Q4 2023. Mpumalanga, recorded the fourth highest/sixth lowest unemployment rate among the nine provinces with Eastern Cape (41.9%) recording the highest

unemployment rate. In Mpumalanga, as in the other eight provinces, the unemployment in Q4 2023 rate was higher than at the start of the 5-year period.

Figure 3.11: Strict unemployment rate in South Africa & provinces, 2017-2022

	WC	NC	KZN	LP	SA	GP	MP	FS	NW	EC
Q4 2018	19.3%	25.0%	25.6%	16.5%	27.1%	29.0%	32.0%	32.9%	26.6%	36.1%
Q4 2022	22.5%	22.1%	31.4%	31.8%	32.7%	34.0%	36.1%	34.6%	37.0%	42.1%
Q4 2023	20.3%	26.9%	29.5%	30.3%	32.1%	33.8%	34.9%	37.0%	39.0%	41.9%

Source: Stats SA – QLFS, 2024

Figure 3.12 displays the unemployment by gender and age in Q4 2018 and Q4 2023, respectively. In Q4 2023, females contributed 49.6% to the number of unemployed and males 50.4%. The female share was lower than five years earlier when females contributed 53.8%. The youth added 58.4% to the total number of unemployed in the province, which was considerably lower than in Q4 2018 (66.3%). The 25-29 year age cohort represented the most populous age cohort with 139 256 individuals or some 20.8% of the provincial unemployed in Q4 2023. The same cohort was the most populous in Q4 2018 with a share of 24.4%.

In Q4 2023, the unemployment rate of males (32.8%) was lower than the female unemployment rate of 37.3%. The unemployment rate of youth of working age (15 34 years) in Mpumalanga was

Status of Mpumalanga's unemployed, Q4 2023

Duration of unemployment, Q4 2023
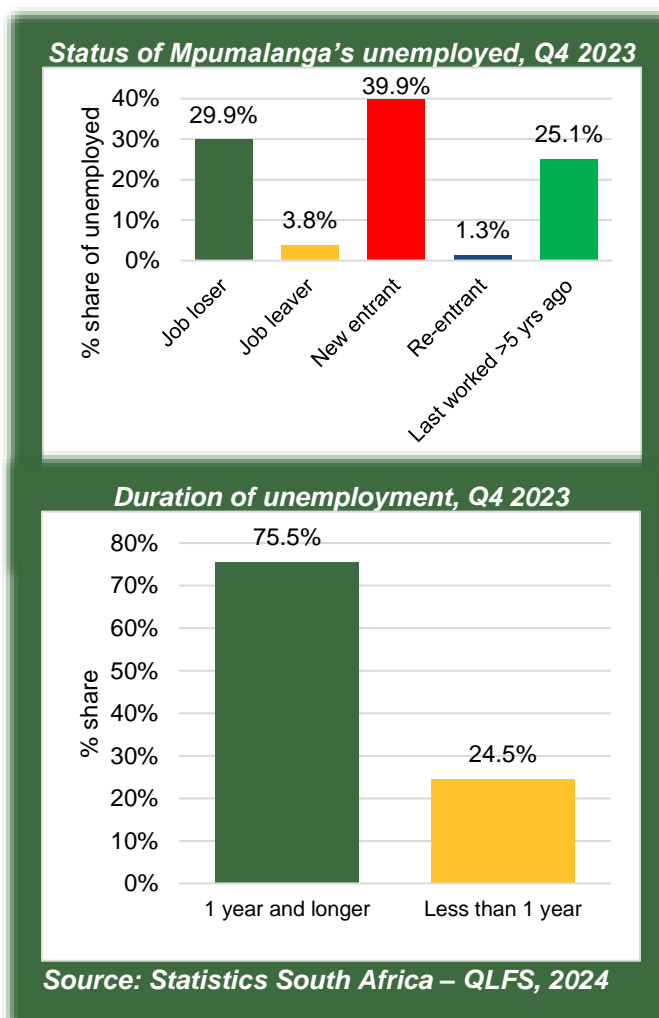
Source: Statistics South Africa – QLFS, 2024

46.4%, whilst the unemployment rate of adults (35-64 years) was 25.9%. The female youth unemployment rate was very high at 50.5% compared with the male youth unemployment rate of 42.6%. The unemployment rate of the 18-24 year age cohort was 57.9% in Q4 2023 and the 18-24 year old female unemployment rate was 64.6%.

Figure 3.12: Unemployment numbers by gender and age in Mpumalanga, 2018-2023
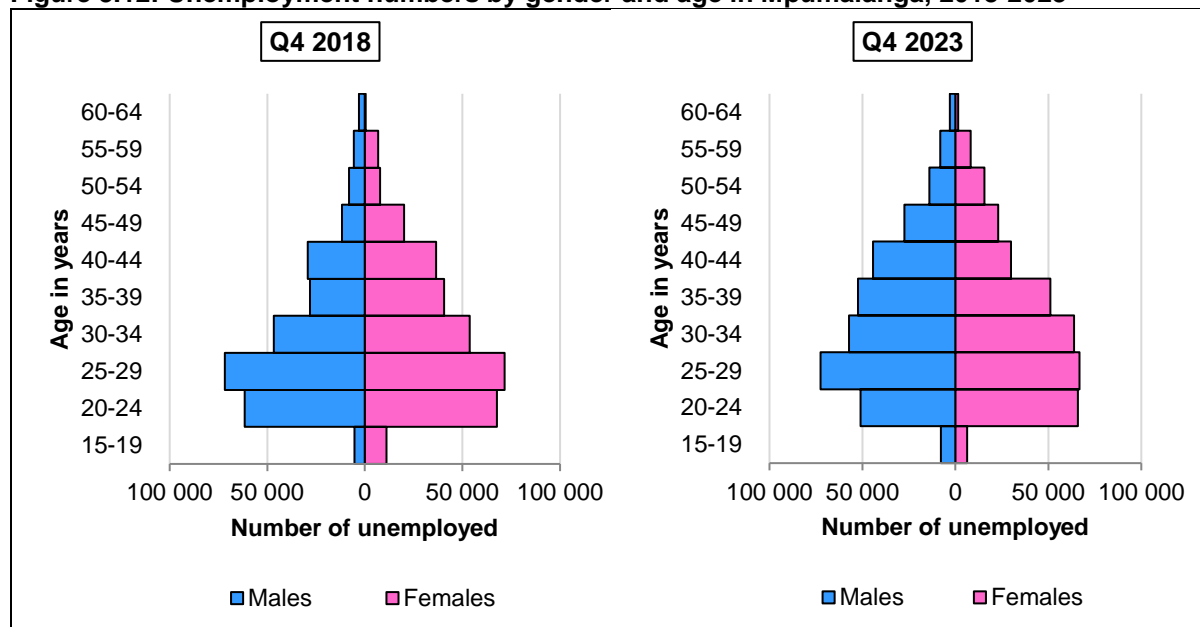
Source: Stats SA – QLFS, 2024

Table 3.10 depicts South Africa and Mpumalanga's strict unemployment rate according to population group. It is evident that the strict unemployment rate for African/Blacks (37.1%) was higher than the provincial average of 34.9% in Q4 2023. The unemployment rate of African/Blacks as well as Whites increased in Mpumalanga over the 5-year period.

Table 3.10: Unemployment rate according to population group in South Africa and Mpumalanga, 2018-2023

| Population group	South Africa		Mpumalanga	
	Q4 2018	Q4 2023	Q4 2018	Q4 2023
African/Black	30.4%	36.1%	33.5%	37.1%
Coloured	21.6%	21.7%	15.6%	-[19]
Indian/Asian	12.4%	11.7%	-[19]	-[19]
White	7.6%	8.5%	9.5%	13.0%
Total	27.1%	32.1%	28.9%	34.9%

Source: Stats SA – QLFS, 2024

Target unemployment rate

The Mpumalanga Vision 2030 target unemployment rate for Mpumalanga is 6% by 2030. A significant unemployment rate sub target is a reduction in the unemployment rate to 25% by 2024. If 724 100 jobs were to be created by 2030, the unemployment rate should, in all probability, drop to 6% as is displayed in Figure 3.13. If jobs, however, are to be created in a similar fashion than between 2017 and 2023, the unemployment rate should in all probability be much higher than the current rate by 2030.

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[19] The size of the sample may be too small to provide accurate estimates.

Figure 3.13: Mpumalanga's unemployment rate and unemployment rate target, 2016-2030
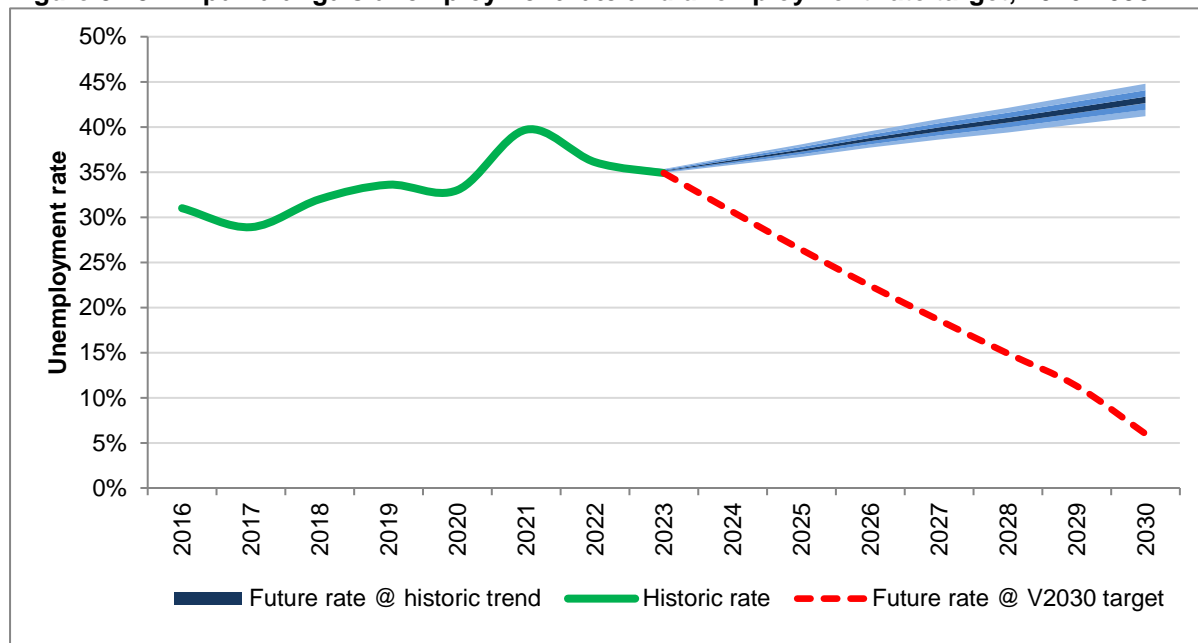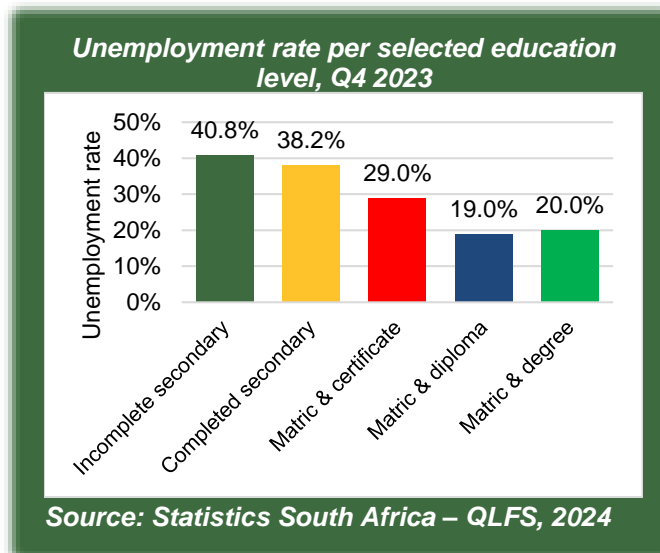

Source: Statistics South Africa – QLFS, 2024 & calculations based thereon

3.4.2 Educational profile of the unemployed

In Q4 2023, some 39.9% of the unemployed in Mpumalanga indicated that they completed their secondary education (Figure 3.14). This is particularly worrying together with the fact that 11.1% of the unemployed obtained a qualification higher than matric.

Although there were lower shares of unemployed with an incomplete secondary education in Q4 2023 than in Q4 2018, the share of unemployed with either a completed tertiary education or a secondary education increased sharply in the 5-year period. It is further apparent from Figure 3.14 that 7.6% of the unemployed did not complete any level higher than primary education[20] by Q4 2023.


Unemployment rate per selected education level, Q4 2023

Source: Statistics South Africa – QLFS, 2024

3.4.3 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. 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.

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[20] Includes primary completed, less than primary completed, no schooling, and other.
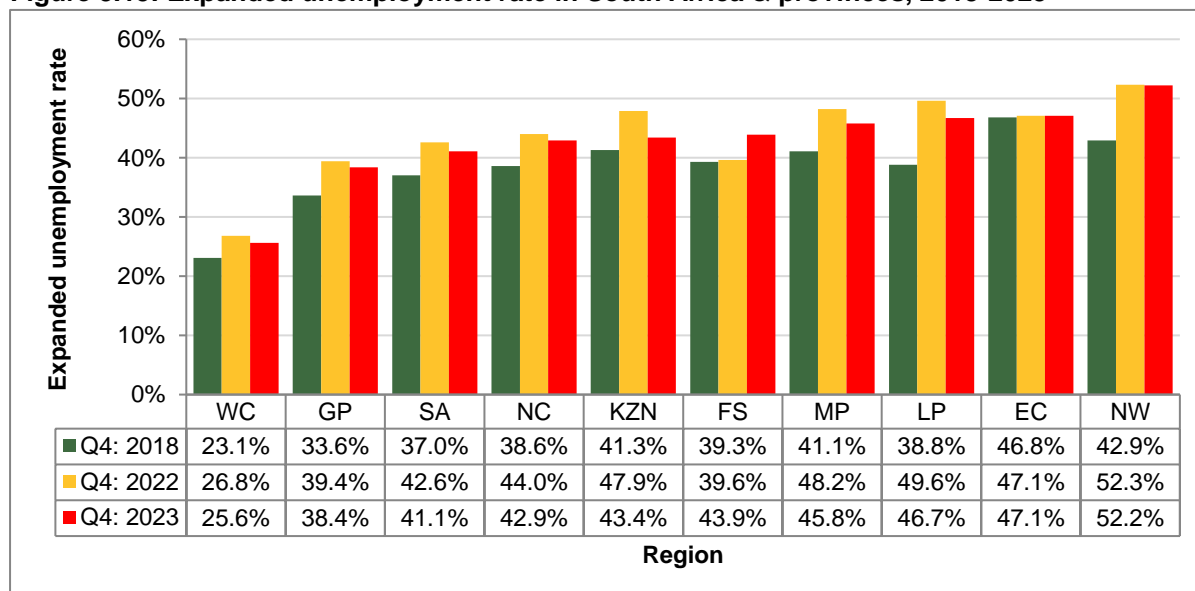
Figure 3.14: Educational profile of unemployed in Mpumalanga, 2018-2023
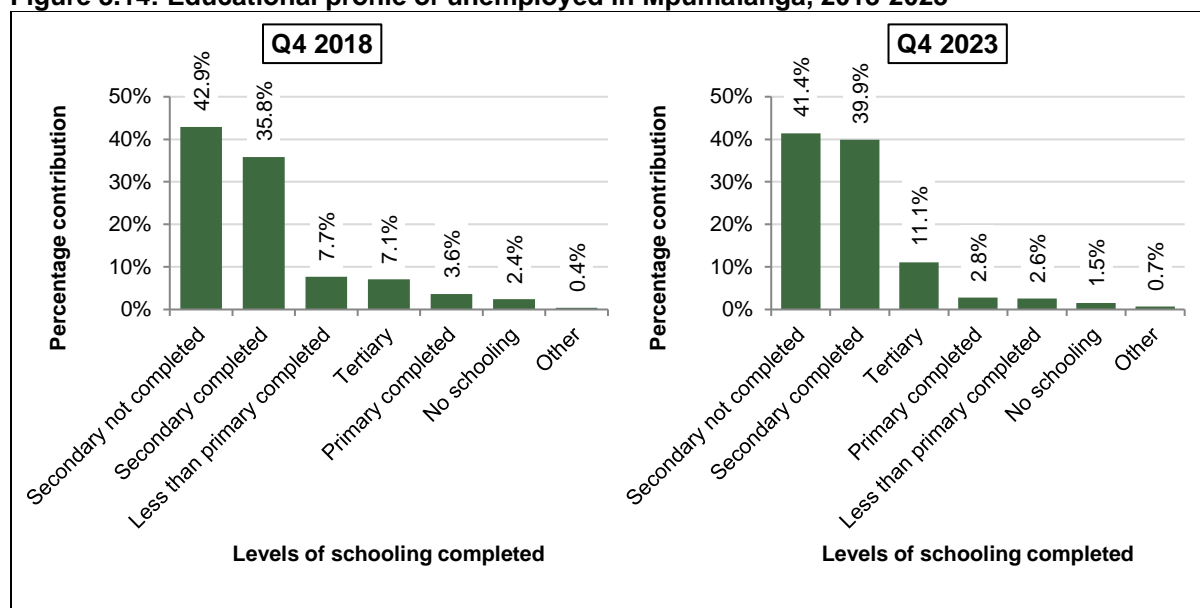
Source: Stats SA – QLFS, 2024

Figure 3.15 shows that South Africa's expanded unemployment rate was recorded at 37.0% in Q4 2018 and increased/deteriorated to 41.1% in Q4 2023. Mpumalanga's expanded unemployment rate was 45.8% in Q4 2023, which was higher than five years earlier, but an improvement from Q4 2022. It was higher than the national average and the fourth highest expanded unemployment rate among the nine provinces.
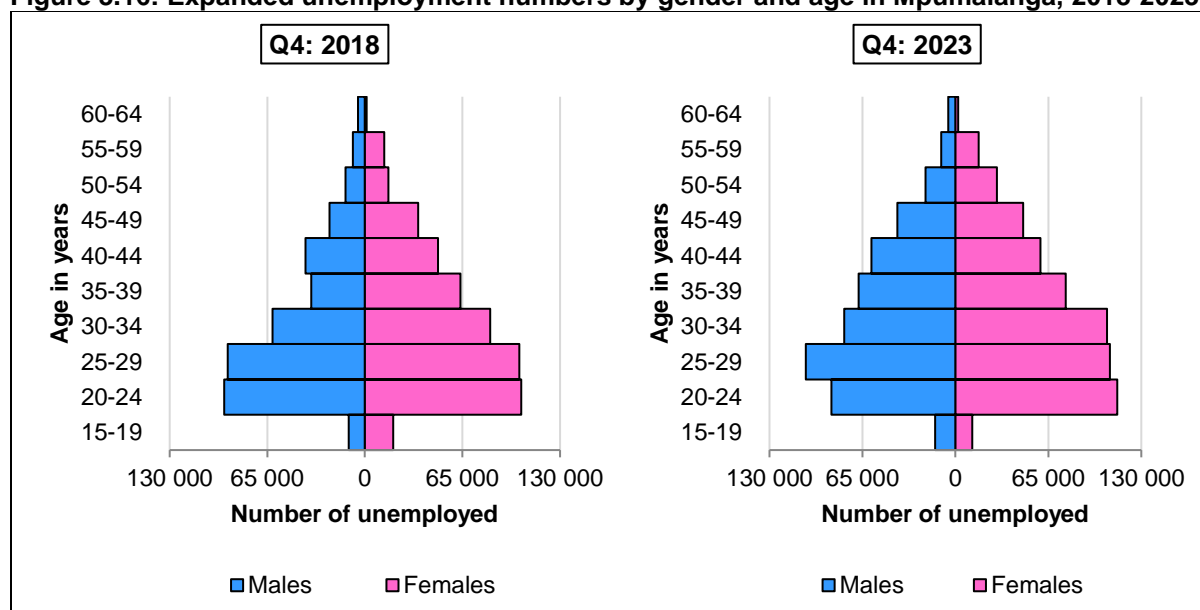
Figure 3.15: Expanded unemployment rate in South Africa & provinces, 2018-2023

	WC	GP	SA	NC	KZN	FS	MP	LP	EC	NW
Q4: 2018	23.1%	33.6%	37.0%	38.6%	41.3%	39.3%	41.1%	38.8%	46.8%	42.9%
Q4: 2022	26.8%	39.4%	42.6%	44.0%	47.9%	39.6%	48.2%	49.6%	47.1%	52.3%
Q4: 2023	25.6%	38.4%	41.1%	42.9%	43.4%	43.9%	45.8%	46.7%	47.1%	52.2%

Source: Statistics South Africa – QLFS, 2024

Figure 3.16 displays the expanded unemployment by gender and age for the fourth quarters of 2018 and 2023, respectively. In Q4 2023, females contributed 54.0% to the number of unemployed and males 46.0%. The share of females was lower than five years earlier when females contributed 56.1%. The youth added 58.9% to the total number of unemployed in the province, which was noticeably lower than the 65.2% share recorded in Q4 2018.

Figure 3.16: Expanded unemployment numbers by gender and age in Mpumalanga, 2018-2023

Source: Statistics South Africa – QLFS, 2024

In Q4 2023, the expanded unemployment rate of males (41.2%) was lower than the female unemployment rate of 50.6%. The expanded unemployment rate of youth of working age (15-34 years) was 57.9%, whilst the unemployment rate of adults (35-64 years) was 35.2%. The expanded female youth unemployment rate of 63.1% was considerably higher than the expanded male youth unemployment rate of 52.7%. The expanded unemployment rate of the 18-24 year age cohort was 70.2% in Q4 2023 and the 18-24 year old female unemployment rate was 75.9%.

Table 3.14 depicts South Africa and Mpumalanga's expanded unemployment rate according to population group. It is evident that Mpumalanga's expanded unemployment rate for African/Blacks (48.4%) was higher than the provincial average of 45.8% in Q4 2023. The expanded unemployment rate of African/Blacks and Whites increased in Mpumalanga over the 5-year period.

Table 3.14: Expanded unemployment rate according to population group in South Africa and Mpumalanga, 2018-2023

Population group	South Africa		Mpumalanga	
	Q4 2018	Q4 2023	Q4 2018	Q4 2023
African/Black	41.1%	45.4%	42.8%	48.4%
Coloured	28.1%	30.5%	15.6%	_[21]
Indian/Asian	17.9%	16.3%	_[21]	_[21]
White	10.6%	10.3%	11.9%	14.1%
Total	37.0%	41.1%	41.1%	45.8%

Source: Statistics South Africa – QLFS, 2024

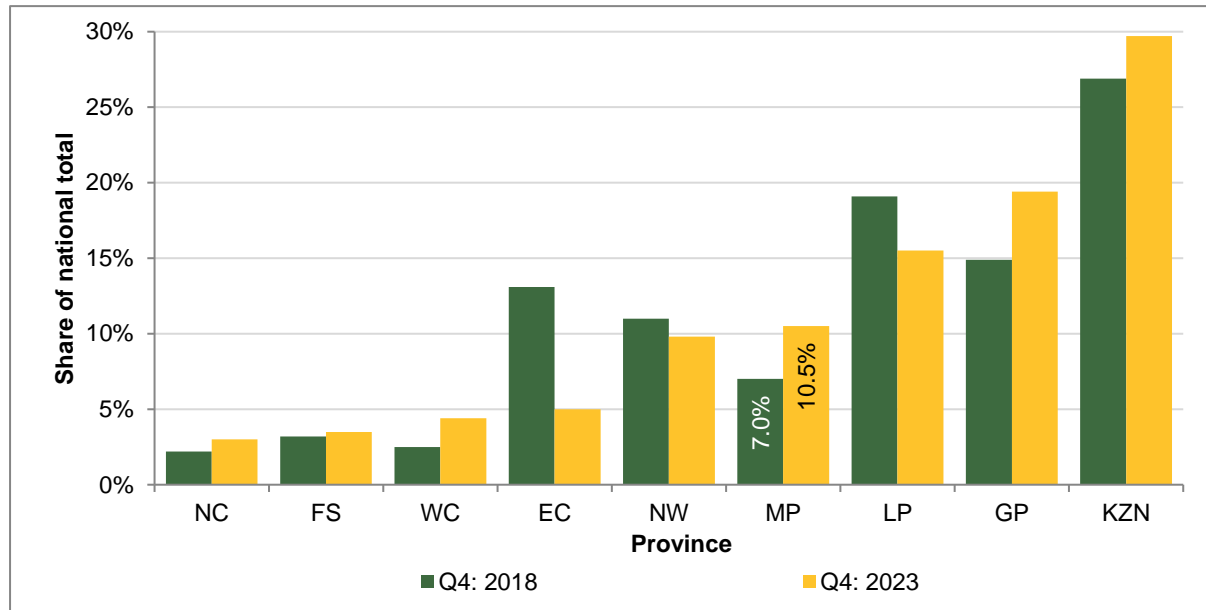### 3.5 Discouraged work-seekers

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 3.05 million discouraged work-seekers in Q4 2023. This represents an increase of

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[21] The size of the sample may be too small to provide accurate estimates.

207 808 over the five year period between 2018 and 2023 and a decline of 314 062 over the last year.

Figure 3.17 indicates that Mpumalanga's share was 10.5% of South Africa's discouraged work-seekers in Q4 2023, higher than the 7.0% share in Q4 2018. The number of discouraged work-seekers in Mpumalanga increased by 114 831 between Q4 2018 to Q4 2023. When compared with other provinces, Mpumalanga registered the fourth highest/sixth lowest share of the national total of discouraged work-seekers.

Figure 3.17: **Contribution by provinces to the national number of discouraged work-seekers, 2018-2023**

Source: Statistics South Africa – QLFS, 2024

Figure 3.18: **Comparison of discouraged work-seekers as a ratio of regional working age population (15-64 years), 2018-2023**
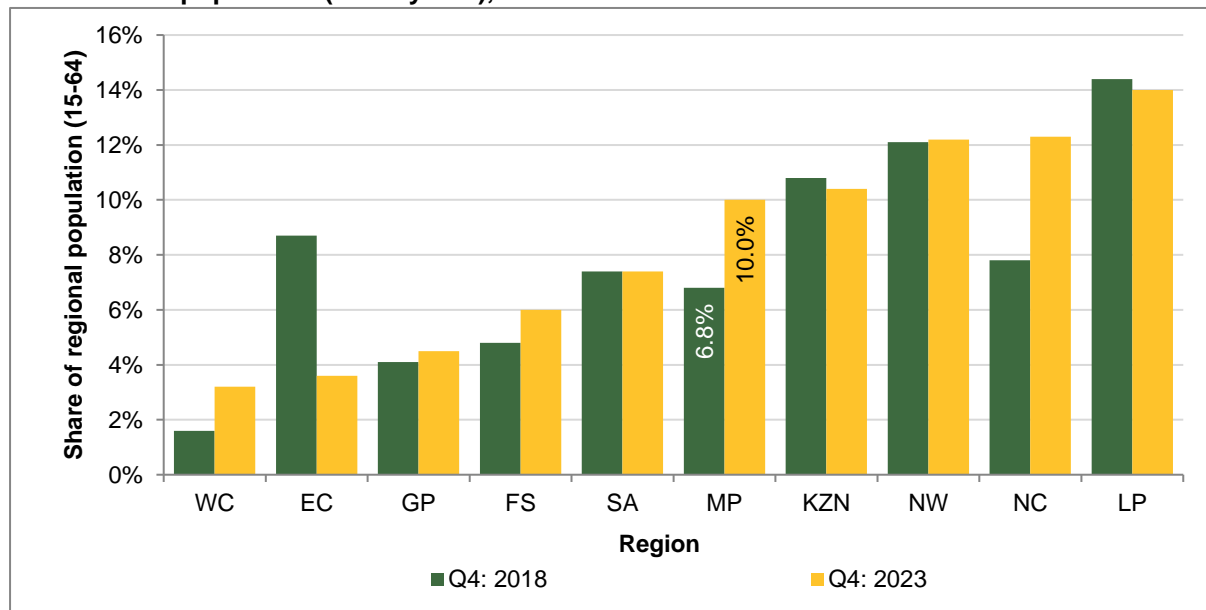
Source: Statistics South Africa – QLFS, 2024

It is evident from Figure 3.18 that Mpumalanga's discouraged work-seekers increased as a percentage

of the provincial working age population (15-64 years) between Q4 2018 (6.8%) and Q4 2023 (10.0%). Four provinces had larger shares of discouraged work-seekers than Mpumalanga in Q4 2023. The discouraged work-seekers' share of working age population in Mpumalanga was larger than the national share (7.4%) in Q4 2023.

3.6   Conclusion and considerations

The provincial economy recorded only 4 757 more jobs over the last 5 years. The provincial labour market struggle with high unemployment as well as relatively low levels of participation and absorption rates. The nature of unemployment is not improving with 75.5% of unemployed indicating that they were in long-term unemployment (not employed for at least a year or more) in 2023 compared to the 64.7% in 2018. The strict unemployment rate was 34.9% in Q4 2023 and was the fourth highest among the provinces. Discouraged workers, and a few smaller variables, are considered in the expanded definition of unemployment where the province had a relatively high unemployment rate of 45.8% in Q4 2023.

> ### *Gender gap in South Africa*
>
> According to CareerJunction, males account for 61% of executive management roles in South Africa and 57% of senior management roles.
>
> The most male dominated roles in South Africa tend to be blue-collar jobs, which require manual labour such as demolition/explosive works, truck driver, tool making, home appliances repair, and taxi driver/chauffeur.
>
> The most female dominated roles are those pertaining to beauty, childcare, reception and secretarial work. Most of these professions are care and service related.
>
> CareerJunction reports that in financial manager roles, males are paid up to 22% more than females. In software developer roles, males get paid up to 26% more, in accounting roles up to 41% more and in sales roles up to 13% more.

Within this bleak situation, the problem of female youth unemployment is even more acute with 50.5% of 15 to 34 year old females in Mpumalanga being unemployed according to the strict definition. The prospects of finding a job are lower than for the adult unemployed, because without experience, young people have little chance of becoming employed. This is an economic problem and a waste of potentially productive resources.

Efforts to enhance skills and foster effective job-market alignment among young individuals remain pivotal for all stakeholders in our provincial economy. To address unemployment, particularly youth unemployment, the following recommendations are put forth:

- Holistic assessment of labour market policies: Rather than evaluating labour market policies in isolation, it is essential to consider their synergy with other policies and interventions. Understanding trade-offs and exploring various options will lead to more effective outcomes.

- Contextual awareness: Policymakers must recognize that the impact of policies may differ between urban and rural areas. What works well in cities may not yield the same results in less densely populated regions.

- Embracing experimentation: A willingness to experiment is crucial. Solutions should be tailored to the unique constraints faced by each industry. Flexibility allows for adjustments that align with specific contexts.

- Focused policy instruments: Avoid overburdening policy instruments with multiple, divergent

goals. For instance, while the national minimum wage is important, it cannot single-handedly address all aspects of poverty and inequality.

CHAPTER 4:   SELECTED PROVINCIAL SOCIO-ECONOMIC INDICATORS

This chapter highlights selected indicators that portrays Mpumalanga's socio-economic development. The indicators are inter-related, must therefore be contextualised, and should not be viewed in isolation. The various subdivisions of the chapter focus on the provincial performance compared with the national situation as well the other eight provinces. More detailed information on the subdivisions is presented in the March 2024 Socio-Economic Review and Outlook (SERO) publication. Data presented was sourced from Stats SA, Mpumalanga Department of Education, Health Systems Trust, the South African Medical Research Council (SAMRC) and S&P Global.

4.1   Demographic indicators

According to Stats SA's *Census 2022*, the provincial population was 5.14 million or 8.3% of the national total in 2023. Mpumalanga registered the sixth largest share among the provinces. Females constituted 2.67 million or 52.0% of the provincial population distribution and males 2.47 million (48.0%). The youth cohort (0-34 years) made up 64.3% of the total population in the province and the age group 60 years and older, only 8.1%.

Between 2011 and 2022, the population of South Africa increased by 1.8% per annum and that of Mpumalanga also by 2.3% per annum. This was the second fastest population increase behind Western Cape (2.4%). Table 4.1 compares some selected demographic indicators in Mpumalanga with that of South Africa.

Table 4.1: Selected demographic indicators in Mpumalanga and South Africa, 2022

Indicator	Mpumalanga		South Africa
		Ranking among provinces High (1) to Low (9)	
Population number	5 143 324	6	62 027 503
Youth cohort share (0-34 years)	64.3%	Joint 1	61.2%
Elderly cohort share (60 years +)	8.1%	9	9.8%
Population growth rate (2011-2022)	2.3% pa	2	1.8% pa

Source: Stats SA – Census 2022

4.2   Education indicators

Quality school education is widely regarded as the most important medium for transforming South Africa and its provinces into a more equitable society. The level of education among Mpumalanga's population is improving. For example in 2011, 14.0% of the population 20 years and older still had not received any schooling. By 2022, the situation improved with the ratio having declined to 11.7%. The level was, however, still higher (worse) than the national level of 6.9% in 2022 and the second highest/worst among the nine provinces.

The percentage of the population 20 years and older that obtained higher education in Mpumalanga declined from 9.1% in 2011 to 7.3% in 2022. Mpumalanga recorded the second lowest share of people 20 years and older with higher education among the nine provinces.

In 2022, the early childhood development (ECD) attendance rate in Mpumalanga was 57.4%. Mpumalanga's ECD attendance rate was lower than the national rate of 60.2% in 2022 and the fifth highest/lowest among the provinces.

Between 2015 and 2023, Mpumalanga deteriorated in terms of the matric pass rate from fifth position in 2015 to eighth position in 2023. The national pass rate of matriculants increased from 70.7% in 2015 to 82.9% in 2023 and Mpumalanga's pass rate deteriorated from 78.6% in 2015 to 77.0% in 2023.

Table 4.2: Selected education indicators in Mpumalanga and South Africa, 2022-2023

Indicator	Mpumalanga	Ranking among provinces Best (1) to Worst (9)	South Africa
Share of population age 20+ with no schooling (2022)	11.7%	8	6.9%
Share of population age 20+ with higher education (2022)	7.3%	8	12.2%
ECD attendance 0-4 years (2022)	57.4%	5	60.2%
Matric pass rate (2023)	77.0%	8	82.9%

Sources: Stats SA – Census 2022
Mpumalanga Department of Education, 2024

4.3   Health indicators

In 2022, the immunisation coverage (<1 year) in Mpumalanga of 89.1% was higher than the national level and the second highest/best overall. Mpumalanga's 2022 measles 2nd dose coverage was the highest/best in the country at 97.4%. The tuberculosis (TB) drug-susceptible (DS) client treatment success rate of 82.8% in 2021 was better than the national average (77.9%) and the highest/best in the country. Mpumalanga's maternal mortality rate of 114.5 per 100 000 live births was higher/worse than the national rate of 101.0 and only the sixth lowest/best among the provinces. In 2022, the inpatient early neonatal[22] death rate in facility of 10.5 per 1 000 live births was higher/worse than the national rate and the sixth lowest/best among the provinces (Table 4.3).

The 95–95–95 targets are a set of global goals established by the United Nations Programme on AIDS and HIV. By 2025, the goal is that 95% of people living with HIV will know their HIV status, 95% of those who know their HIV-positive status will be accessing antiretroviral therapy (ART), and 95% of people on treatment will have suppressed viral loads. Combining all three 95% targets implies a target of 86% of all HIV positive individuals on ART and virally suppressed by 2025.

Table 4.3: Selected health indicators in Mpumalanga and South Africa, 2021-2022

Indicator	Mpumalanga	Ranking among provinces Best (1) to Worst (9)	South Africa
Immunisation coverage <1 year rate (2022)	89.1%	2	82.2%
Measles 2nd dose coverage (2022)	97.4%	1	84.8%
TB DS client treatment success rate (2021)	82.8%	1	77.9%
Facility maternal mortality rate per 100 000 live births (2022)	114.5	6	101.0
Facility Inpatient neonatal death rate per 1 000 live births (2022)	10.5	6	9.6
HIV 95-95-95 target (2022)	70.0%	3	65.5%

Sources: Health Systems Trust – Indicator Tool 2024

It is estimated that in 2022, 95% people in Mpumalanga living with HIV knew their status, 80% of those diagnosed were on ART and 92% of those on ART had suppressed viral loads. The combined result for Mpumalanga was 70% in 2022, which fell short of the combined target of 95% but was higher than

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[22] 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.

the national average of 65.5% and the third highest/best among the provinces.

4.4   Household services indicators

A relatively small percentage of households in Mpumalanga (5.8%) occupied informal houses in 2022 compared to the national figure of 8.1%. The percentage of households in Mpumalanga with access to flush/chemical toilets increased/improved from 45.2% in 2011 to 57.3% in 2022. Table 4.4 compares some selected basic service indicators in Mpumalanga with that of South Africa.

In 2022, the percentage of households with access to all types of piped water was recorded at 86.9% in Mpumalanga and was lower than the national figure. The percentage of households connected to electricity improved from 86.7% in 2011 to 93.7% in 2022. The proportion of Mpumalanga's households with municipal refuse removal (52.4%) was considerably lower than the national figure of 67.6% in 2022.

Table 4.4: Selected basic service indicators in Mpumalanga and South Africa, 2022

Percentage of households:	Mpumalanga		South Africa
		Ranking among provinces Best (1) - Worst (9)	
In informal dwellings	5.8%	4	8.1%
With access to flush/chemical toilets	57.3%	8	73.4%
With access to piped water in dwelling, on-site or off-site	86.9%	7	91.3%
With households connected to electricity	93.7%	7	94.7%
With municipal refuse removal (weekly/less often)	52.4%	8	67.6%

Source: Stats SA – Census 2022

4.5   Development and income indicators

4.5.1   Human development index[23]

In 2022, Mpumalanga recorded a HDI score of 0.62, a respectable improvement from the level it achieved in 1996 (0.50). The province's HDI level was consistently lower than the national figure over the 26-year period and the fourth lowest of the provinces in 2022.

4.5.2   Income inequality

The NDP targets that the poorest 40% of households in South Africa must earn at least 10% of total income by 2030. In practise, one is able to calculate that the poorest 40% of households in Mpumalanga earned 8.0% of income in 2022. This was higher/better than the national figure of 7.2% for 2022, but lower than the 8.6% share achieved in 1996.

4.5.3   Poverty

The NDP refers to the lower bound poverty line (LBPL)[24] when it states that the proportion of citizens in poverty must reduce to zero by 2030. Mpumalanga's population below the LBPL was estimated at 48.3% in 2022. Mpumalanga's share was the fourth highest/sixth lowest among the provinces and higher than the national rate of 45.0%. Table 4.5 compares some selected development indicators in Mpumalanga with that of South Africa.

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[23] HDI is based on measures of life expectancy, literacy and income. According to the UN, HDI is considered high when higher than 0.8, medium when ranging between 0.5-0.8 and low when below 0.5.
[24] Lower bound poverty line includes expenditure on food and non-food items, but requires that individuals sacrifice food in order to obtain non-food items and amounted to R945 per capita per month in 2022.

Table 4.5: Selected development indicators in Mpumalanga and South Africa, 2022

Indicator	Mpumalanga	Ranking among provinces Best (1) to Worst (9)	South Africa
HDI	0.62	6	0.66
Share of income by poorest 40%	8.0%	Joint 2	7.2%
Share of population below LBPL	48.3%	6	45.0%

Source: S&P Global – ReX, December 2023

4.6   Conclusion and considerations

This chapter covered certain socio-economic aspects of the province. The HDI indicates that Mpumalanga is on a developmental path. This progress can be attributed to improved adult literacy and educational levels. Although the LBPL rate in 2022 (48.3%) was lower/better than in 1996 (64.3%), there was subsequent deterioration between 2018 and 2022. Encouragingly, household income distribution in the province exhibited positive changes between 2018 and 2022. The skewness of income improved during this period.

While social grants play a crucial role in mitigating poverty in Mpumalanga, sustainable job creation remains the cornerstone for positive poverty reduction. A better-educated and skilled workforce is the most cost-effective way to accelerate poverty reduction. Improved education outcomes will also alleviate constraints on skilled labour, ultimately reducing income inequality.

Policies play a pivotal role in addressing poverty, inequality, and social exclusion. However, policy formulation alone is insufficient; effective implementation is essential. The Centre for Social Development in Africa (CSDA) at the University of Johannesburg offers valuable recommendations to bridge the gap between policy intent and practical outcomes:

- Recognizing poverty, inequality, and social exclusion should extend beyond policy and strategy documents. These critical issues must also find expression in legislative frameworks, as laws carry binding force.

- Policy-making institutions must take ownership of the national mandate. Each government department should actively contribute solutions rather than relying solely on the NDP.

- Government departments can collaboratively develop a toolkit based on shared best practices. This practical resource will facilitate the translation of policy documents into actionable steps. Grounding these documents in data, analysis, and strategic responses is crucial. Drafters should carefully consider trade-offs and holistic approaches, leveraging flagship programs and participatory processes.

- Future Medium-Term Strategic Framework documents should align with clear goal-setting guidelines for poverty reduction, inequality mitigation, and social inclusion. This alignment ensures greater consistency in targets and indicators.