

State of EPWP in the Cities

SACN Urban Conference

24 November 2009

Port Elizabeth

Goal of EPWP Phase 2

To create 2 million Full Time Equivalent (FTE) work opportunities for poor and unemployed people in South Africa so as to contribute to halving unemployment by 2014, through the delivery of public and community services.

(Scale up from 210 000 FTE in Y1 to 610 000 FTE in Y5;

Equivalent 4, 5 million work 100-day work opportunities in 5 years)

EPWP to enable government to act as an employer of last resort as part of the Anti-Poverty Strategy

Key Components of EPWP 2

1. Targets and accountability across Government
 - Each public body to have annual employment creation targets
 - Political and Administrative heads to commit and held accountable for achieving these targets
2. EPWP Fiscal incentive
 - a) Incentive for public bodies to create EPWP employment through providing R50 for every person-day of work created
 - b) Phased in over the next two years to all sectors, provinces and municipalities

Key Components of EPWP 2

3. Non-State sector

- Mobilise the capacity outside the state (NGOs, CBOs, Non-profits) to create work for EPWP targets group
- Work will focus on a wide range of activities as indentified by local communities or the NGO's and CBO's
- Funding provided on the basis of the wage incentive

4. Technical Support to spheres, sectors and implementing bodies

- Implementing bodies requiring capacity can access through support through the EPWP Unit and other support programmes like the Technical Assistance Unit from National Treasury

1. Targets and Accountability across all spheres of Government

- Overall Phase 2 targets will be distributed across all spheres of government and the five year period so that:
 - Each public body has a clear target for each financial year
 - It is clear which programmes/ activities of the public body are expected to contribute to the target
 - The targets are adjusted annually over the MTEF in line with budgets available to and performance of each public body
 - Targets are calculated by applying an employment factor in FTE/ R million to grants received by public bodies
- Respective political and administrative heads to be held accountable for achieving respective targets
- EPWP Unit to manage the setting, monitoring and feedback process for performance in relation to all targets

Phase 2 targets in Full Time Equivalents broken down per sphere of government

	Local	Provincial	National	Non-State	<i>Totals</i>
2009-2010	60 548	117 554	22 698	8 696	209 496
2010-2011	72 658	136 630	28 999	20 870	259 156
2011-2012	94 939	181 667	40 991	41 739	359 337
2012-2013	122 549	243 527	56 272	76 522	498 870
2013-2014	152 581	320 692	76 570	130 435	680 278
<i>Totals</i>	<i>503 275</i>	<i>1 000 070</i>	<i>225 531</i>	<i>278 261</i>	<i>2 007 137</i>

Phase 2 targets in Full Time Equivalents broken down per Provincial Govt

	E Cape	Free State	Gau-teng	KZN	Lim	Mpum	N Cape	North West	W Cape	Totals
2009-10	12,732	8,349	21,091	24,908	13,070	8,880	5,384	31,763	13,177	117,554
2010-11	15,102	9,726	24,224	28,878	15,364	10,357	6,342	36,592	15,083	136,630
2011-12	20,059	12,951	32,472	38,344	20,434	13,793	8,455	48,226	20,087	181,667
2012-13	26,572	17,371	44,978	51,386	27,239	18,490	11,288	64,912	27,195	243,527
2013-14	34,401	22,893	58,802	67,640	35,587	24,350	14,779	84,939	36,312	320,692
Totals	108,866	71,290	181,567	211,155	111,694	75,870	46,247	266,432	111,853	1,000,070

Phase 2 targets in Full Time Equivalents for Local Municipalities by province

Province	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Eastern Cape	9,779	11,735	15,334	19,793	24,644
Free State	3,993	4,792	6,261	8,082	10,063
Gauteng	11,028	13,233	17,291	22,320	27,789
KwaZulu-Natal	13,081	15,697	20,511	26,476	32,964
Limpopo	8,046	9,655	12,616	16,285	20,276
Mpumalanga	4,182	5,018	6,557	8,464	10,538
North West	5,240	6,288	8,216	10,606	13,205
Northern Cape	1,259	1,511	1,975	2,549	3,173
Western Cape	3,946	4,735	6,187	7,986	9,944
Total	60,554	72,665	94,949	122,562	152,596

5-Year Targets for selection of Local Municipalities [Infrastructure only]

	2009/10		2010/11		2011/12		2012/13		2013/14	
	WO	FTEs	WO	FTEs	WO	FTEs	WO	FTEs	WO	FTEs
Amatole	7,917	2,711	9,026	3,253	11,612	4,251	15,096	5,487	19,001	6,832
Jhb	10,444	3,576	11,907	4,292	15,319	5,608	19,914	7,239	25,067	9,013
Ekur- huleni	9,880	3,383	11,263	4,060	14,491	5,305	18,838	6,848	23,712	8,526
Tshwane	5,992	2,052	6,831	2,462	8,789	3,217	11,425	4,153	14,381	5,171
eThek- wini	11,972	4,099	13,648	4,919	17,558	6,428	22,826	8,297	28,732	10,330

2- EPWP Fiscal Incentive

- The EPWP incentive is based on paying all public bodies that create work above a minimum threshold for the EPWP target group an incentive of R50 per day for every day of work created
- R4.2 billion has been allocated to DPW over the MTEF to pay out the incentive to public bodies and this is expected to grow to at least R 5 billion per annum by 2014
- Eligible public bodies that want to participate in the incentive will enter into an agreement with DPW
- While indicative performance targets and incentive amounts are set for each eligible public body, they will only be able to claim the incentive upon proving that work has been created
- Basis for measuring EPWP performance
 - Number of FTE's per million Rand of infrastructure budget, taking into account the different portfolios of infrastructure and the rate at which each can contribute to employment creation
 - Each public body must meet a minimum eligibility threshold before they can start accessing the incentive
 - The incentive is not paid out for work created below the eligibility threshold, but is paid for all work created above this threshold

2- EPWP Fiscal Incentive

- **Eligibility:** In order for provinces and municipalities to become eligible for the incentive they must:
 - Report to DPW on the EPWP
 - Meet minimum employment creation targets based on their available budgets
 - Meet equity targets for number of youth, women and disabled EPWP workers
- **Agreements:** Eligible public bodies will enter into agreements with DPW which will specify:
 - Targets to be met by the public body
 - Amounts that can be claimed by the public body for reported EPWP work created
 - Reporting and verification and audit requirements through the EPWP Management Information System
 - EPWP workers may not be paid less than R50 per day
- **Appropriation of funds**
 - Eligible public bodies should incorporate the incentive allocation into their budgeting and planning process but take into account that payment by DPW will occur quarterly, after employment has been created

4.0 Fiscal incentive to Municipalities

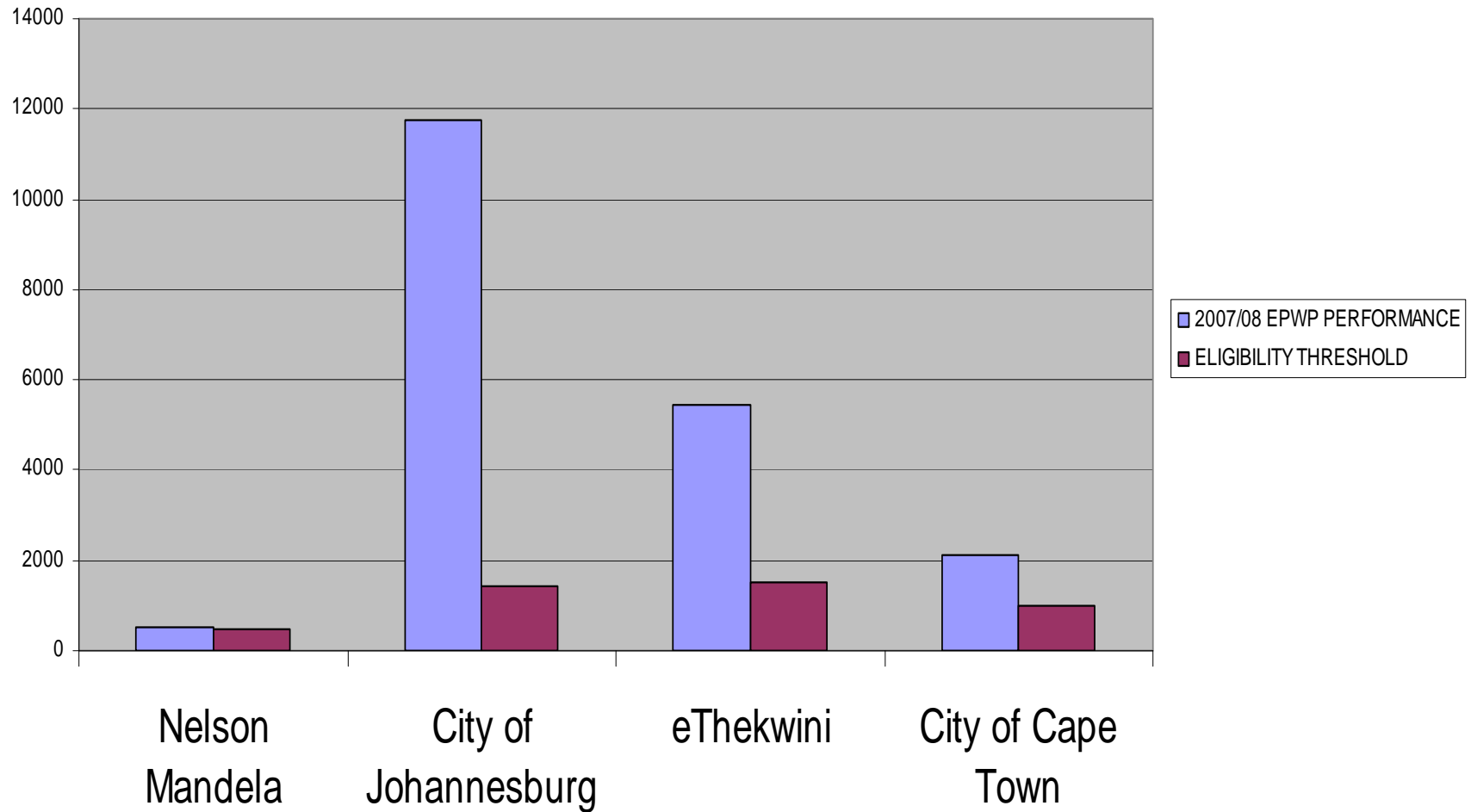
- In order to cater for rural Municipalities in line with comments from the Select Committee on Finance, the following considerations have been considered:
 - The FTE target for Metros per million rand of expenditure is 6, different from 3 considered for other Municipalities.
 - The FTE minimum threshold for Rural Municipalities = 0.
 - Full incentive = (FTE Target – FTE minimum threshold) X 230 X 50.
- DORA amount = 50% x Full incentive amount.

EPWP Phase 2	2007/08 EPWP PERFORM ANCE	ELIGIBIL ITY THRESH OLD	FTE PERFORMANC E TARGETS	TOTAL FULL YEAR AMOUNTS	DORA ALLOCATION
			2009/10		
	FTE/ R million			Payment for FTE perf targets - threshold	-25% for Q4 for prov
			For All parties		-50% for Q4 for munis
FISCAL INCENTIVE TO MUNICIPALITIES					
	43,792	31,849	66,091	393,779	201,748
Nelson Mandela	508	464	610	1,673	837
City of Johannesburg	11,769	1,413	12,946	132,634	66,317
eThekweni	5,426	1,513	5,969	51,243	25,622
City of Cape Town	2,135	974	2,562	18,257	9,128

EPWP Phase 2	ELIGIBILITY THRESHOLD	FTE PERFORMANCE TARGETS (2009/10)	DORA ALLOCATION (municipal financial year)
<i>Nelson Mandela</i>	936	994	500
<i>Buffalo City</i>	991	1,049	500
<i>Mangaung</i>	871	1,423	4,767
<i>Ekurhuleni</i>	2,570	2,628	500
<i>City of Johannesburg</i>	2,852	12,946	49,049
<i>City of Tshwane</i>	1,968	2,026	500
<i>eThekweni</i>	3,054	5,969	25,141
<i>Msunduzi</i>	540	598	500
<i>City of Cape Town</i>	1,967	2,562	5,134

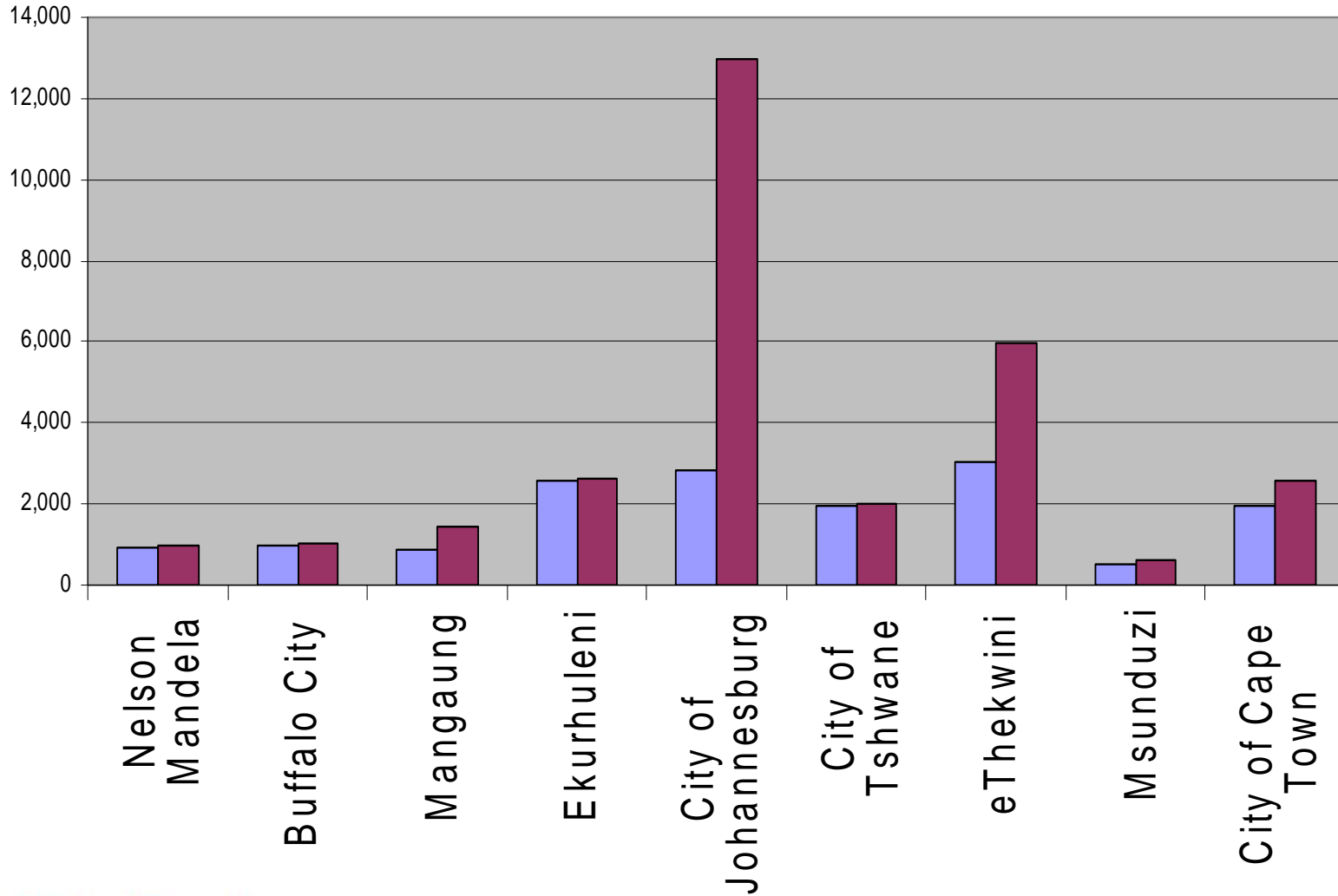
EPWP Phase 2	2008/09 EPWP PERFORMANCE		FTE PERFORMANCE TARGETS	TOTAL FULL YEAR AMOUNTS	DORA ALLOCATION (national financial year)	DORA ALLOCATION (municipal financial year)
	FTEs	ELIGIBILITY THRESHOLD	2010/11			
<i>Nelson Mandela</i>	2,209	1,342	2,761	16,316	8,158	12,237
<i>Buffalo City</i>	546	1,421	1,479	667	333	500
<i>Mangaung</i>	1,317	1,248	1,976	8,363	4,181	6,272
<i>Ekurhuleni</i>	892	892	1,338	5,129	2,565	3,847
<i>City of Johannesburg</i>	18,388	4,094	22,985	166,887	108,624	162,935
<i>City of Tshwane</i>	1,855	1,855	2,783	10,666	5,333	8,000
<i>eThekweni</i>	9,558	4,383	11,948	86,994	43,497	65,246
<i>Msunduzi</i>	249	773	831	667	333	500
<i>City of Cape Town</i>	3,718	2,822	5,577	31,680	15,840	23,760

EPWP performance 2007/08

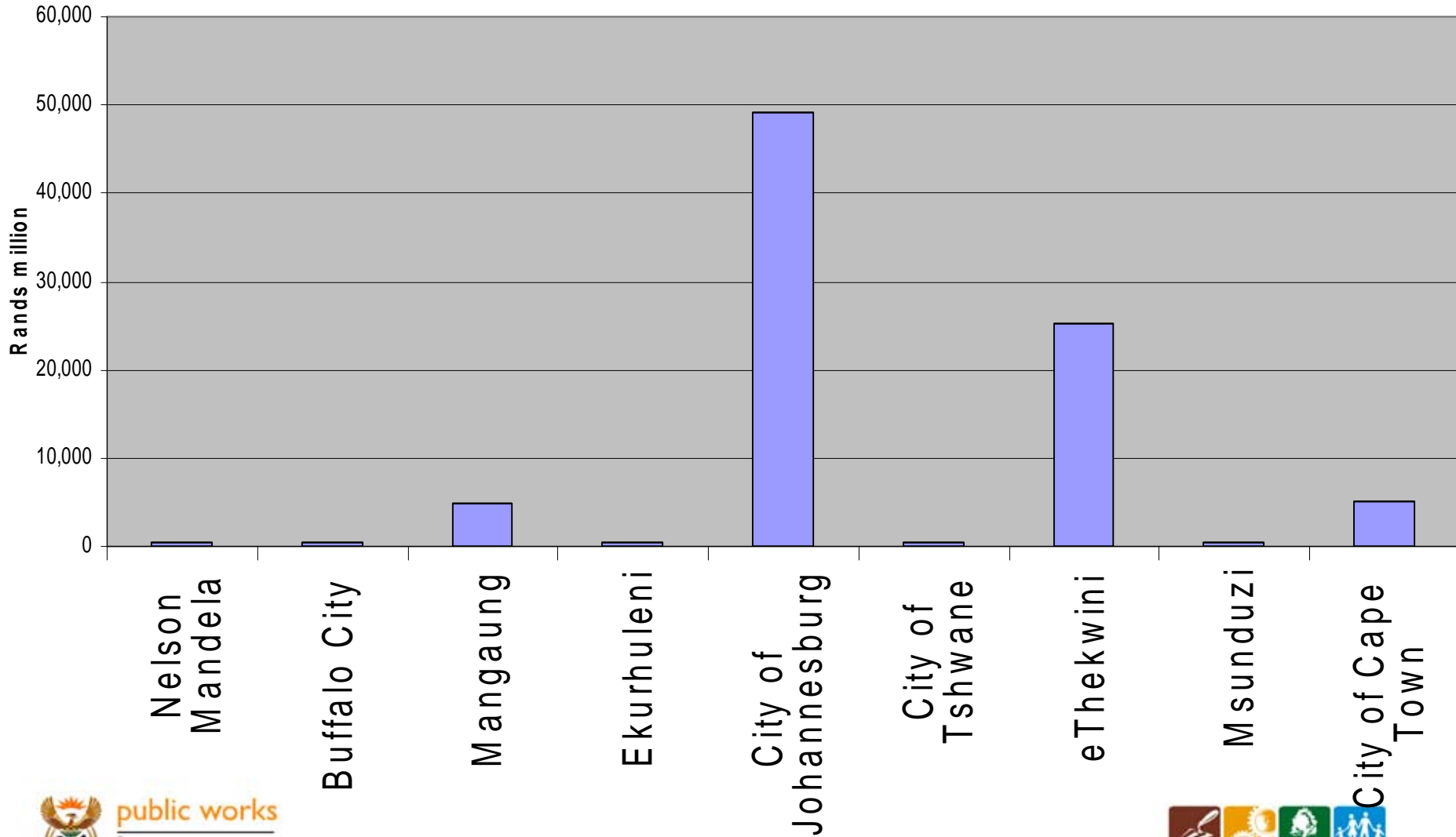


EPWP targets 2009/10

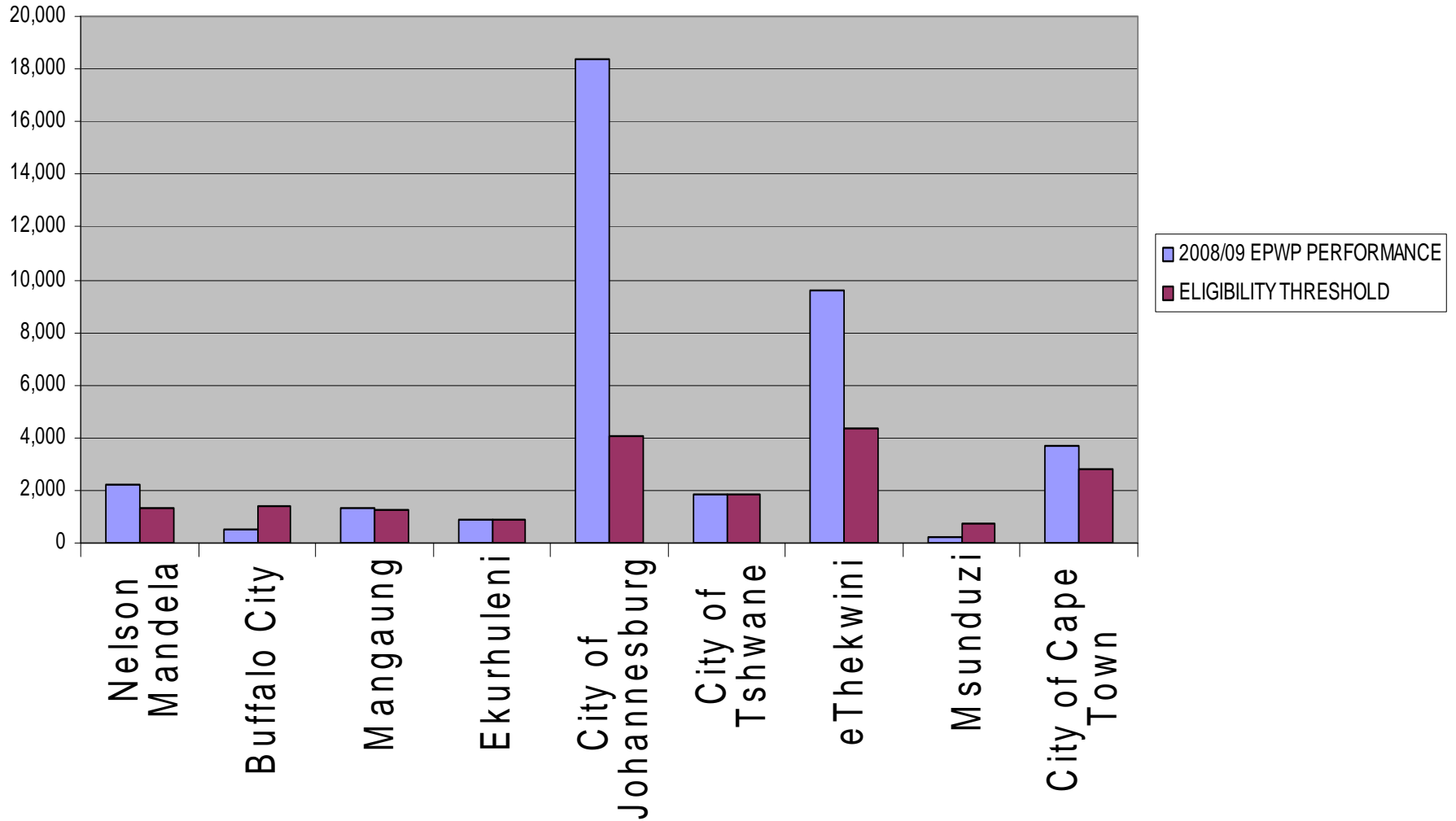
■ ELIGIBILITY THRESHOLD
■ FTE PERFORMANCE TARGETS 2009/10



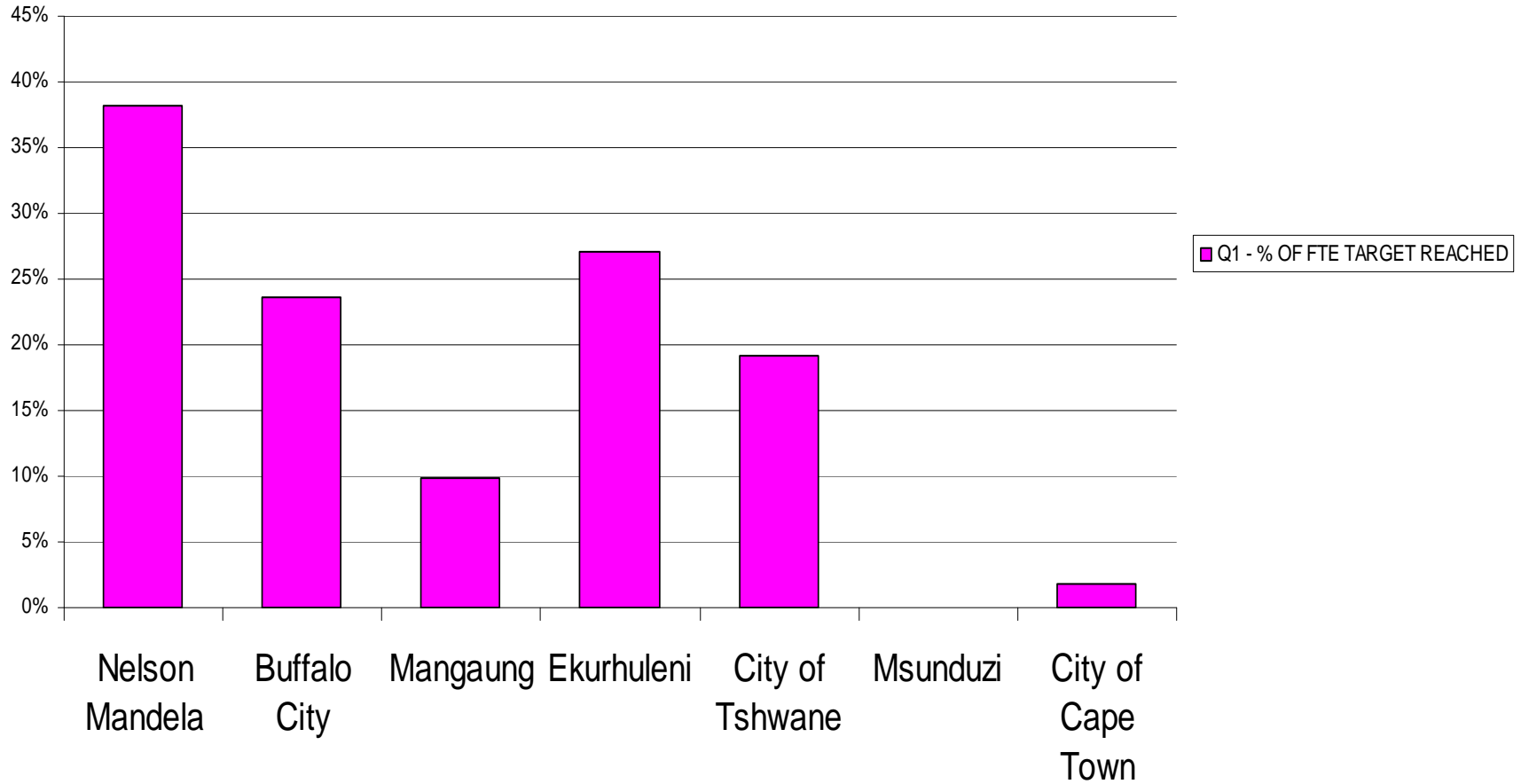
Indicative EPWP allocations 2009/10



EPWP performance 2008/09



Q1 - % OF FTE TARGET REACHED



Q1 - % OF FTE TARGET REACHED

■ Q1 - % OF FTE TARGET REACHED



Q1 PAYMENT TO BE DISBURSED ('000)

