

# **SOCIO-ECONOMIC REVIEW AND OUTLOOK**

## **2010**

Gauteng Provincial Government

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**Mandla Nkomfe**

MEC: Finance

## Foreword

The past year saw South Africans going to the polls and giving the ruling party a vote of confidence to take the country through to 2014. The new administration has identified this period as one of renewal and as part of this, the Gauteng Provincial Government (GPG) has put in place a planning commission. One of its roles is to ensure that the departmental plans and resourcing thereof are aligned to the outcomes of government. In effort to better the lives of Gauteng citizenry, the GPG has adopted the following as its priorities:

- Creating decent work and building a growing economy;
- Promoting quality education and skills development;
- Ensuring better health care for all;
- Stimulating rural development and food security;
- Intensifying the fight against crime and corruption;
- Building cohesive and sustainable communities; and
- Strengthening the developmental state and good governance.

In his 2010 State of the Nation Address, the President said that the defining feature of the new administration will be that it knows where people live, understands their needs and responds faster.

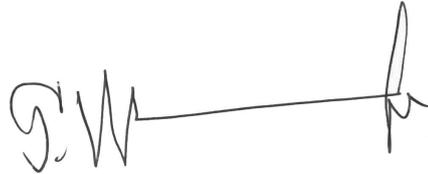
This third publication of the Socio-Economic Review and Outlook (SERO) assesses the impact of GPG's policies on the lives of the people of the province. Using socio-economic indicators, it examines the impact of development initiatives and evaluates the progress that the country and the province have made towards achieving the Millennium Development Goals (MDGs) which fall within the scope of the publication.

This SERO publication provides forecasts for economic growth in the province. It also highlights issues of the natural environment. In the context of the international focus on global warming, Gauteng takes seriously its commitment to the protection of the environment and the Premier, Ms Nomvula Mokonyane, has called on the people of the province to become involved in this.

After entering recession in 2009, the national and provincial economies will continue to operate in difficult circumstances this year. Because of job losses and declining profits by businesses, revenue from taxation is expected to decline. The national budget has estimated that consolidated revenue for government will fall short in this financial year, making it harder to achieve the objectives of government spending. However, government at every level has resolved to sustain the current momentum of investment in infrastructural development. Prudent macro-economic fundamentals and infrastructural investments have helped shield the country and the province against the full impact of the recession. Hosting the 2010 Fédération Internationale de Football Association (FIFA) World Cup is estimated to help the country economically. Gauteng in particular is expected to benefit from the event, as it is home to three of the eight stadia and will therefore be welcoming a large percentage of the visitors. The multiplier effect of this will have positive financial implications for the province.

As well as maintaining a focus on aggressive infrastructural development, there are also plans to intervene directly in the provincial economy to support sectors that are in distress. In this way, the GPG will be fulfilling one of its seven priorities: to build a growing economy.

Many thanks go to the Acting Head of the Department of Finance, Ms Nomfundo Tshabalala, and her team at Treasury Branch for their success in producing this year's SERO publication. I would also like to thank the participants in the 2009 Socio-Economic Review conference for suggestions about improving future publications.

A handwritten signature in black ink, appearing to be 'M. Nkomfe', written in a cursive style.

Mandla Nkomfe  
MEC: Finance

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# List of Abbreviations

ANC	Antenatal Care
ARV	Anti-retroviral
ASGISA	Accelerated Shared Growth Initiative for South Africa
AMD	Acid Mine Drainage
AIDS	Acquired Immunodeficiency Syndrome
BUR	Bed Utilisation Rate
BEE	Black Economic Empowerment
CDM	Clean Development Mechanism
CER	Certified Emissions Reduction
CoJ	City of Johannesburg
CoT	City of Tshwane
DBSA	Development Bank of Southern Africa
DED	Gauteng Department of Economic Development
DHB	District Health Barometer
DoE	Department of Energy
DWAF	Department of Water Affairs and Forestry
ECD	Early Childhood Development
EFA	Education for All
EPWP	Expanded Public Works Programme
FET	Further Education and Training
FIFA	Fédération Internationale de Football Association
FS	Free State (Province)
GCR	Global City Region
GCRA	Gauteng City Region Academy
GCRO	Gauteng City Region Observatory
GGDS	Gauteng Growth and Development Strategy
GDARD	Gauteng Department of Agriculture and Rural Development
GDED	Gauteng Department of Economic Development
GDH	Gauteng Department of Health
GDID	Gauteng Department of Infrastructure and Development
GDP	Gross Domestic Product
GDPR	Gross Domestic Product by Region
GDPTRW	Gauteng Department of Public Transport, Roads and Works
GDoE	Gauteng Department of Education
GDoHS	Gauteng Department of Human Settlements
GEAR	Growth, Employment and Redistribution
GDRT	Gauteng Department of Roads and Transport
GDSD	Gauteng Department of Social Development
GDoLGH	Gauteng Department of Local Government and Housing
GFIP	Gauteng Freeway Improvement Project
GHG	Green House Gasses
GHS	General Household Survey
GHRDS	Gauteng Human Resource Development Strategy
GP	Gauteng (Province)
GPG	Gauteng Provincial Government
GSDS	Gauteng Social Development Strategy
GVA	Gross Value Added

HDI	Human Development Index
HIV	Human Immunodeficiency Virus
IDP	Independent Development Plan
IMF	International Monetary Fund
IWMS	Intergrated Water Management System
KZN	KwaZulu Natal (Province)
LHWP	Lesotho Highlands Water Project
LM	Limpopo (Province)
LSM	Living Standard Measure
MDG	Millenium Development Goals
MEC	Member of the Executive Committee
MPC	Monetary Policy Committee
MP	Mpumalanga (Province)
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MW	Mega Watts
NC	Northern Cape (Province)
NGS	National Government Strategy
NHI	National Health Insurance
NW	North West (Province)
PERO	Provincial Economic Review and Outlook
PHC	Primary Health Care
PPP	Public Private Partnership
PTB	Positive Pulmonary Tuberculosis
RETRO	Regularisation and Transfer of Ownership
RDP	Reconstruction and Development Programme
SARB	South African Reserve Bank
SASSA	South African Social Security Agency
SERO	Socio-Economic Review and Outlook
SoER	State of the Environment Reporting
SHF	Social Housing Foundaion
SRH	Social Rental Housing
Stats SA	Statistics South Africa
20PTP	20 Priority Township Programme
U5	Under 5
UN	United Nations
UNESCO	United Nations Educational Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
USA	United States of America
WC	Western Cape (Province)
WHO	World Health Organisation
WMS	Water Management System
WSA	Water Service Authorities
WSP	Water Service Providers

# Executive Summary

Gauteng Provincial Treasury's 2010 Socio-Economic Review and Outlook (SERO) analyses the provincial socio-economic indicators and their impact on the lives of ordinary people. The publication also looks to the future with an outlook section which provides economic forecasts. The publication refers to those Millennium Development Goals (MDGs) relevant to 2010 SERO, referring to specific goals in the relevant chapters to assess progress in achieving them. The 2010 SERO covers the provincial and demographic profiles, economic performance, labour market, access to service delivery, development and Gauteng's natural environment.

Chapter One describes the strategic geographic position of Gauteng and its spatial dimensions. With 1.4% of the country's land surface, it is the smallest province but because of in-migration and hence population growth, it has the highest population density. The province also contributes the largest share of the country's economic output. The Gauteng Growth and Development Strategy (GGDS) is the economic strategy that has guided the province since 2005. A supporting strategy is the Gauteng Global City Region (GCR), formulated in 2006 with the aim of boosting economic growth.

Chapter One also deals with the province's municipalities. This is the level of government directly responsible for service delivery to communities and municipal governance is discussed in order to explain these duties. Information is provided on municipalities' sources of finance, including grants from national and provincial government and municipal own revenue. Analysis shows that the metros<sup>1</sup> raise more own revenue than the government grants and subsidies they receive. The districts are more dependent on the government grants and subsidies as they generate less own revenue.

Chapter Two examines the demographic profiles of Gauteng and the municipalities. The province remains the most densely populated in South Africa with, in 2009, approximately 10.53 million people or 21.4% of the country's population. In 2008, Gauteng was the most urbanised province, at 92%, followed by Western Cape at 89%. The two provinces remain the only ones to experience net population gain, of 500,000 and 244,416 respectively. They are projected to continue gaining population in 2011.

Life expectancy at birth, in the province, decreased from 60 years in 2000 to 52 years in 2008 and is expected to have declined further to 51 years in 2009. According to the 2005 *Millennium Development Goals Country Report*, from 1998 to 2003 infant and under-five mortality rates have decreased steadily, experiencing decreases of between 0.5% and 0.3% respectively. The number of HIV positive people in the province declined by 50,000 from 1.25 million in 2004 to 1.2 million in 2008.

The municipal demographic profiles shows that the metros have larger populations than the districts. The City of Johannesburg (CoJ) has the largest population and the highest population density; Mestwedding has the smallest population of all the municipalities. In 2008, the CoJ and the West Rand had the highest percentages of HIV-positive inhabitants in Gauteng.

Chapter Three discusses economic performance in the global and national context and gives forecasts for the different sectors of the economy. The global economy has operated under difficult conditions since 2008 and by 2009 it had entered recession as a result of the financial crisis and subsequent credit crunch that was first apparent in the United States of America (USA) before spreading throughout the world. However, indications are that the world economy is emerging from recession and the International Monetary Fund (IMF) is forecasting positive growth of 3.9%, with advanced economies expected to grow by 2.1% in 2010. Emerging and developing economies have been affected by the recession to a lesser extent and the IMF expects their output to rise by 6% for 2010.

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<sup>1</sup> In this document, 'metros' and 'metropolitan areas' have the same meaning and refer to large urban settlements with high population densities, complex and diversified economies and a high degree of functional integration across a larger geographic area than the normal jurisdiction of a municipality.

The economy of South Africa has not been spared this economic turmoil and after more than ten years of growth, entered recession in the first quarter of 2009. The impact of the recession was, to some extent, cushioned by South Africa's prudent macro-economic policies, robust fundamentals and high government infrastructural expenditure. However, although the country saw positive Gross Domestic Product (GDP) growth in the third quarter of 2009, the recession is expected to lead to decreased government revenue collection.

Between 2001 and 2008, Gauteng's economy contributed over 33% to GDP, followed by KwaZulu-Natal at over 16% and the Western Cape at over 14%. Sectoral analysis shows that the tertiary sector still makes the highest contribution to the province's economy, followed by the secondary sector. When analysing the comparative advantages of the different sectors, manufacturing, finance & business services, government, social & personal services and construction have shown relatively high location quotients, meaning that these sectors have a higher comparative advantage in the provincial than in the national economy.

Analysis of municipal economies shows that the CoJ contributes the most to the Gross Domestic Product by Region (GDPR) and Metsweding the least. Municipal economies are dominated by manufacturing, finance & business services, government, social & personal services and wholesale & retail trade. Gauteng has contributed over 50% to national trade since 2001, rising to 61% in 2008 with the CoJ contributing most to provincial trade. Analysis of municipal trade balances shows that the City of Tshwane (CoT) had a surplus trade balance from 2001 to 2008 whereas Ekurhuleni was in deficit throughout that period.

Chapter Four analyses provincial and municipal labour markets. In 2008, the Gauteng labour force grew by 2%, from 6,9 million in 2007 to 7,1 million. The labour force increased by 19% and the proportion employed increased by 16% between 2007 and 2008. In 2008, the government, social & personal services sectors (28%) continued to contribute most to provincial employment, followed by wholesale & retail trade (23%) and manufacturing (14%). Employment in the province is mostly dominated by Blacks (77.5%), followed by Whites (10.1%), Coloureds (9.6%) and Asians (2.8%). More than half (51%) are semi-skilled workers. The Expanded Public Works Programme (EPWP) aimed to create one million job opportunities between 2004 and 2009; it exceeded its target and created 1.65 million work opportunities, 15% of them in Gauteng. The highest number of job opportunities was created in KwaZulu-Natal (488,320), followed by Gauteng (260,013) and the Eastern Cape (246,060). The province aims to halve unemployment by 2014.

The provincial unemployment rate started to slow down in 2005, by 2008 it was lower than that of the country. In 2008, unemployment decreased from 22.7% in the first quarter and reached 20.7% in the last quarter. In 2009, unemployment was increasing due to the effects of the recession. In the first quarter unemployment reached 21.7% experienced further increases to reach 25.7% by the last quarter of the year. However, the province experienced job gains of 30,000 out of the 89,000 jobs created by the informal sector nationally.

Municipal analysis shows that Sedibeng, which has the fourth largest labour force, had the highest unemployment rate (36.5%) in 2001, improving to 30% in 2008. Ekurhuleni had the second highest unemployment rate in 2001 (33.2%) which dropped to 26% in 2008. In that year, CoT and Metsweding had the lowest unemployment rates at 12.6% each. In 2008, the tertiary sector contributed the largest share of employment across all municipalities, with almost 80% of employment in CoT being in this sector.

Chapter Five analyses service delivery, surveying basic community needs such as the provision of water, proper sanitation, electricity, formal housing, education and health care services. Poverty rankings into quintiles one to five of public schools in Gauteng show that schools ranked one to three receive the highest funding per learner from government. Quintile three schools now receive no-fee status thus resulting in an increase in pupil enrolment.

Analysis of human settlements shows a mismatch between the supply and demand for rented housing. This has caused a marked increase in the number of rented shacks, thus providing economic opportunities as rented accommodation can be seen as a source of income related to the insufficiency of formal housing. In 2008, 92.5% of households in the province had access to clean water at RDP level, which provides for 25 litres a day per person within 200 metres of the dwelling. In 2008, 92.5% of households in the province had access to clean water at RDP level. Over the next three financial years, provincial departments will embark on a range of

infrastructural projects, with the Gauteng Provincial Government (GPG) allocating approximately R32 billion for this purpose. These infrastructural projects include the Gautrain Rapid Rail Link project, which draws to a close in 2011. Construction of twelve new schools will start, and six schools commenced in 2008 will be completed.

Analysis of municipalities shows that, at 95.4%, Sedibeng had the highest percentage of residents with clean water in 2008. According to the Department of Energy, 76% of households in Gauteng are electrified, although a backlog of 740,569 households still exists. In order to assist with continued provision, additional funding has been allocated to municipalities to compensate for electricity price increases. There has been an improvement in sanitation, with increased access to flush toilets in all municipalities. Ekurhuleni experienced the smallest percentage point increase in access to flush toilets (0.4%), whereas in 2008 the CoJ had the largest number of households with access to flush toilets (88.4%).

Chapter Six reviews human development and looks at income inequality, the Human Development Index (HDI), the percentage of people living in poverty and literacy rates. The Chapter introduces the concept of the development diamond to illustrate the four development indicators for the province. Income inequality is measured using the Gini Coefficient shows that a small percentage of individuals still hold most of the wealth in Gauteng. The Gini Coefficient calculations reveal that inequality also exists within the different population groups. From 2001 to 2008, the percentage of people living in poverty in the province decreased from 29% to 25.6% and illiteracy fell from 19.4% to 16%. However, the poverty gap, which is the amount of income needed to bring out poor households from the state of poverty, increased from R3.3 billion in 2002 to R4.1 billion in 2008. The number of beneficiaries receiving social grants in Gauteng increased by 80,009 between financial years 2007/08 and 2008/09, bringing the total to 1,530,018. The Child Support Grant had the largest number of recipients amounting to 1,022,984 people.

Amongst municipalities, CoT had the highest development level measured by three of the four development indicators: inequality, the HDI, and the percentage of people living in poverty. The districts had more people living on less than a US\$1 a day compared to the metros. Income inequality increased in all municipalities except CoJ. Sedibeng is now the municipality with the highest income inequality. Blacks had the highest income inequality across all municipalities and Whites the lowest. The percentage of people living in poverty decreased in all of the province's municipalities in 2008. Metsweding experienced the largest decrease in the percentage of people living in poverty at 10.8 percentage points between 2001 and 2008, falling to 27.8%.

Chapter Seven describes the state of the provincial natural environment, against the background of the Kyoto Protocol and of the 2009 Copenhagen accord on climate change. The 2005 *MDGs Country Report for South Africa* indicates that government has made the environment an important item on its agenda. Gauteng contributes the most to the country's economic output, has the largest vehicle population and is the most populous in the country. The quality of its air is therefore liable to be compromised. Biodiversity, a measure of the health of an ecosystem, is also under threat from high population density and economic development. The province suffers from water scarcity and its water needs are supplemented with raw water from the Lesotho Highlands Water Project. High population density coupled with industrial activity generates large volumes of waste, with CoT generating the most waste of all the municipalities in the province, followed by CoJ and Ekurhuleni. The 2005 *MDGs Country Report for South Africa* estimates that the province generated about 5,729,520 tons of solid waste in 2006. Most of the municipalities are managing to preserve their ecosystems. Because of its high concentration of mines which cause acid mine drainage, the municipality most affected by water pollution is the West Rand. This contamination has spread to the rivers in Sedibeng.



# Chapter 1: Overview of Gauteng Province

## 1.1 Introduction

This Chapter gives an overview of Gauteng by looking at the economic strategies in place in the province and also by looking at the province's municipalities. The first section provides background information on the province and its economic performance and gives details of the economic strategies that have been adopted. The next section describes the background to municipal governance issues so as to identify the roles of municipalities in the provincial environment.

South Africa entered a recession in the first quarter of 2009, the details of which are discussed in Chapter Three. The recession has a direct impact on the province's ability to deliver services to communities. Service delivery takes place at the municipal level of government and this necessitates a focus on how municipalities raise their own revenue and how financially sustainable they are. Sustainability of municipalities will be important as the province enters the difficult economic and social environment created by the current economic recession.

## 1.2 Background to the Province

Geographically, Gauteng is the smallest of all the provinces in South Africa, covering 16,579 km<sup>2</sup> which is 1.4% of the country's total land surface area. Gauteng has the highest population density of any South African province, amounting in 2008 to 602 people per km<sup>2</sup>. It also has the greatest economic output and therefore contributes the largest share of the country's Gross Domestic Product (GDP). The relatively high level of economic performance in the province has led to continuous in-migration of people from other provinces and countries in search of better opportunities, causing the high population density. However, as in most provinces in the country, unemployment remains high.

The provincial economy is characterised by the coexistence of the formal and informal economies. The formal economy is the section that is measured, taxed and regulated and it contributes the largest share to the GDP whereas the informal economy is unregulated and largely unmeasured and untaxed. The nature of the informal economy makes it difficult to calculate its contribution to the economy of the country because of the difficulty of recording its activities.

### 1.2.1 Strategies and Policies for Gauteng

In 2005, the economic strategy guiding the province, the Gauteng Growth and Development Strategy (GGDS) was formulated by the Gauteng Provincial Government (GPG). This was a provincial growth strategy emanating from national economic policy, namely the Accelerated Shared Growth Initiative for South Africa (ASGISA). The Gauteng Global City Region (GCR) concept was launched in 2006, with the aim of boosting economic growth. The GCR is closely related to two other development strategies; the Gauteng Social Development Strategy (GSDS) and the Gauteng Human Resource Development Strategy (GHRD). GSDS aims to attain sustainable development by reducing poverty and developing a secure and prosperous province; it forms an integral component of the GCR. GHRD was formulated because of the need to develop skills that will enable the achievement of economic growth and social transformation. For Gauteng to transform into a GCR, the skills challenge has to be overcome, thus GHRD is closely related to the GCR.

The GCR concept was adopted to boost economic growth and address poverty and unemployment. A GCR can be defined as a concept that unites the many different aspects of an economy, thereby helping it to function as a coherent system. The concept has been developed by GPG in collaboration with municipalities and after consultation with civil society organisations in the province, to enable the economic activities of the different regions to complement each other in consolidating the province as South Africa's economic hub.

The GCR defined 11 priority areas and milestones that have been successfully passed, on the path towards the achievement of the priorities. A few are listed below:

- The Gauteng City Region Observatory (GCRO) has been established to benchmark the progress of the GCR and develop research on urban, social and economic growth. The GCRO has been established in partnership with the University of the Witwatersrand and the University of Johannesburg. This is to ensure that the GCRO is anchored in the research capabilities of these academic institutions;
- The Gauteng City Region Academy (GCRA) has been established to contribute towards building human capital (skills development) for key economic and social sectors in the provincial economy;
- The alignment of the provincial and local development strategies has been improved in accordance with the GCR context;
- Improved Integrated Development Plans (IDPs) for municipalities have been implemented;
- Measures have been taken to sustain the poorest families in the province; and
- The Gauteng brand, aimed at marketing the GCR, has been launched.

The then Member of the Executive Committee (MEC) for Local Government, Ms Qedani Mahlangu, indicated in her speech at the Gauteng GCR Models conference held in 2007 that universities and research institutions have proved to be crucial in the development of city regions. By using institutions of higher learning, GPG can benefit from their advanced academic and applied research. The GCRO therefore conducts research and facilitates interaction between government and academics. Its two core mandates are the benchmarking of the GCR and developing itself as a source of practical insight into how the GCR is functioning. In order to benchmark the GCR, the GCRO will develop indicators that enable the GCR to gauge its success and rank itself globally. The practical insight function will enable the GCRO to advise government on policy challenges affecting the GCR.

These strategies remain work in progress and they will be evaluated in 2014 to assess whether the intended targets will be achieved. The recession means that achievement of objectives will happen with more commitment as resources may be limited because of the decrease in government revenue. GPG is intent on making a success of its social spending so that economic growth can be enhanced. The infrastructural investments that government has embarked on will ensure that employment is created through the Expanded Public Works Programmes (EPWP).

This SERO publication analyses socio-economic issues in the province and looks at the development levels that the province has achieved. It is therefore appropriate to discuss the Millennium Development Goals (MDGs), specifically the goals that are at the core of this publication. South Africa is one of the signatories to the Millennium Declaration of 2000 by virtue of its membership of the United Nations (UN). This was a declaration of the MDGs to confront issues of poverty throughout the countries of the world. The MDGs identified eight areas of development which were set as goals to be achieved by 2015 in order for poverty to be eliminated. The MDGs were committed to by the UN member states to tackle issues of world poverty. The International Monetary Fund (IMF)<sup>1</sup> indicates that this initiative resulted in the formation of minimum standards to fight poverty and discrimination against women. The MDGs identified goals relating to eight areas of development which were set to be achieved by 2015 for poverty to be eliminated. Five of the eight MDGs apply to the chapters of this publication directly. As a result, reference will be made in the relevant chapters to the progress South Africa has made in its endeavour to achieve the MDGs. The following are the five MDGs that apply to the publication:

- The goal of eradicating extreme poverty and hunger has a target to reduce the number of people whose income is less than \$1 a day between 1990 and 2015. This goal applies to Chapter Six of this publication, which discusses development.
- The goal of achieving universal primary education targets that by 2015 all children everywhere should be able to complete their primary schooling. The goal applies to Chapters Five and Six of this publication which discuss access to services and development respectively.
- The goal of reducing child mortality targets to reduce the mortality rate of children who are under five years old by more than half by 2015. This goal is related to Chapter Two which is dedicated to demographics.
- The goal of fighting HIV/AIDS, malaria and other diseases targets to halt the growth of HIV/AIDS by 2015 and reverse its spread. This goal is relevant to Chapter Two of this publication.
- The goal of ensuring environmental sustainability has three targets that are associated with this publication. Target one requires that sustainable development should be integrated into the policies of the world's

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<sup>1</sup> Oxfam International. 2003. *The IMF and the Millennium Goals: Failing to deliver for low income countries*, Oxfam Briefing Paper, September 2003

countries: it applies to Chapter Seven of this publication. The second and third targets are about access to services and apply to Chapter Five of this publication. These targets aim at halving the proportion of people that do not have access to safe drinking water and seek to improve the lives of slum dwellers respectively.

In 2005, a country report<sup>2</sup> that evaluated the progress of South Africa in the achievement of the MDGs was published. This report is not specific to Gauteng but gives an account of the progress that has been achieved by the country in its endeavour to meet the MDGs by 2015.

### 1.3 Gauteng Municipalities

The province of Gauteng is made up of three metropolitan (metro) municipalities, three district municipalities and nine local municipalities<sup>3</sup>. The metros constitute large urbanised city regions whereas the districts are relatively more rural. Gauteng contains three of the six metros in South Africa, these being the City of Johannesburg (CoJ), the City of Tshwane (CoT) and Ekurhuleni. The districts cover a large area of land in comparison to the metros but are smaller in terms of population and level of economic activity.

Sedibeng, Metsweding and the West Rand are the district municipalities in Gauteng and they cover land surface areas of 4,185 km<sup>2</sup>, 4,178 km<sup>2</sup> and 2,461 km<sup>2</sup> respectively. CoT, Ekurhuleni and CoJ cover smaller land areas at 2,179 km<sup>2</sup>, 1,928 km<sup>2</sup> and 1,648 km<sup>2</sup> respectively. The three districts are individually further divided into local municipalities. West Rand is comprised of Mogale City, Randfontein, Westonaria and Merafong. Sedibeng is comprised of Emfuleni, Midvaal and Lesedi. Metsweding comprises of Nokeng tsa Taamane and Kungwini. Analysis in this publication is limited to the metro and district levels and does not include the local municipalities due to data limitations.

#### 1.3.1 Municipal Governance

The Constitution of South Africa Act, No. 108 of 1996 (henceforth referred to as the Constitution) provides for the formation of local spheres of government, made up of municipalities. The metropolitan and district municipalities together constitute local government which is a sphere of government below the provinces. The executive and legislative authority of municipalities rests with the municipal councils. The Constitution gives municipalities rights to govern the local affairs of their communities within the existing national and provincial legislation. Governance relates to the definition of expectations, granting of power, execution of responsibilities and/or verification of performance. Thus, good governance will help government to effectively fulfill its agenda of service delivery to communities.

The Constitution defines the functions of municipalities as:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in matters of local government.

#### 1.3.2 Municipal Financial Sustainability

In assessing the financial health of the municipalities and in analysing how they generate their funding it is important to focus on their financial sustainability. This information indicates whether municipalities have the resources required to carry out their mandate of service delivery to communities. This section looks at how the provincial municipalities raise their finances; the allocations that they receive from national and provincial government, own revenue and other sources of funding.

Below is the information on how municipalities were funded in the financial years 2008/09, 2009/10 and projections to 2011/2012. The municipalities are separated into metros and districts as this makes direct comparison easier due to the vast differences in the allocations received from government and their own revenue raising capacity.

<sup>2</sup> South Africa. 2005. *Millennium Development Goals, Country Report*.

<sup>3</sup> Analysis in this publication only focuses on the metros and the district municipalities.

Table 1.1: Municipal Revenue, Metros, 2008/09-2011/12\*

	2008/09	2009/10*	2010/11*	2011/12*
	<b>Ekurhuleni</b>			
<b>National Grants</b>	3.1%	2.7%	3.0%	2.6%
<b>Provincial Grants</b>	0.3%	0.1%	0.3%	0.2%
<b>Own Revenue</b>	83.6%	86.3%	90.6%	91.4%
<b>Other</b>	13.0%	10.8%	6.1%	5.9%
<b>Total Funds (R' Billion)</b>	<b>15.0</b>	<b>17.4</b>	<b>19.2</b>	<b>21.9</b>
	<b>CoT</b>			
<b>National Grants</b>	3.0%	5.4%	5.0%	2.1%
<b>Provincial Grants</b>	2.2%	2.2%	2.7%	2.2%
<b>Own Revenue</b>	80.3%	80.0%	81.1%	84.0%
<b>Other</b>	14.5%	12.4%	11.3%	11.7%
<b>Total Funds (R' Billion)</b>	<b>15.3</b>	<b>17.7</b>	<b>19.0</b>	<b>19.9</b>
	<b>CoJ</b>			
<b>National Grants</b>	11.0%	6.0%	6.5%	4.9%
<b>Provincial Grants</b>	1.2%	0.7%	0.4%	0.4%
<b>Own Revenue</b>	75.5%	86.6%	86.1%	89.3%
<b>Other</b>	12.3%	6.7%	6.9%	5.3%
<b>Total Funds (R' Billion)</b>	<b>26.4</b>	<b>26.3</b>	<b>29.4</b>	<b>31.1</b>

Source: Gauteng Provincial Treasury, 2009

\* Indicates estimates

Table 1.1 gives the percentages of funding that metros received from government, own revenue and other sources for 2008/09 and estimates for 2009/10, to 2011/12. The revenue is expressed in percentage form to enable comparison of the sources that provide the highest form of revenue amongst the four in each case. The three metros get most of their funding from own revenue, which is made up of rates and taxes, licences and interest on investments. Other sources of funds make up the second largest component and consist of accumulated surpluses from municipal own funds, donations and loans raised externally by the metros.

The share of own revenue for Ekurhuleni made 83.6% of the total funds for the 2008/09 financial year and is estimated to increase and reach 91.4% by 2011/12. National grants are estimated to make up around 3% over the review period. Provincial grants are estimated to constitute less than one percent of the total funding over the review period. The total revenue for the metro is expected to increase from R15 to R22 billion over the review period.

Own revenue constituted over 80% of the CoT's revenue over the review period. In 2008/09 this revenue made up 80.3% of the funding and is expected to reach 84% in 2011/12. Total revenue is expected to increase from R15.3 to nearly R20 billion over the review period. National grants constituted 3% in 2008/09 and are expected to increase to around 5% before falling to 2% in 2011/12. Provincial grants are expected to remain at around 2.2% with the only increase in 2010/11 to 2.7%.

The CoJ generated 75.5% for own revenue in 2009/08 and this is estimated to increase and reach 89% by 2011/12. National grants made 11% share of revenue in the financial year 2008/09 but are expected to decrease to 4.9% by 2011/12. Provincial grants made 1.2% of revenue in 2008/09 and are estimated to be less than one percent over the review period, reaching 0.4% at the end of the review period. Revenue is expected to increase from R26.4 to R31.1 billion in 2011/12.

The metros raise revenue in billions and receive more funding from own revenue which is much higher than the provincial and national government grants. The next section looks at how districts raise revenue.

Table 1.2: Municipal Revenue, Districts, 2008/09-2011/12\*

	2008/09	2009/10*	2010/11*	2011/12*
	<b>West Rand</b>			
<b>Government Grants &amp; Subsidies</b>	83%	87%	94%	92%
<b>Own Revenue</b>	0.01%	0.01%	0.01%	0.01%
<b>Other</b>	17%	13%	6%	8%
<b>Total Funds (R' million)</b>	<b>210.5</b>	<b>213.4</b>	<b>212.3</b>	<b>224.9</b>
	<b>Sedibeng</b>			
<b>Government Grants &amp; Subsidies</b>	79.5%	78.7%	78.7%	78.6%
<b>Own Revenue</b>	19.7%	19.7%	19.7%	19.8%
<b>Other</b>	0.8%	1.6%	1.6%	1.6%
<b>Total Funds (R' million)</b>	<b>277.5</b>	<b>299.8</b>	<b>315.3</b>	<b>328.5</b>
	<b>Metsweding</b>			
<b>Government Grants &amp; Subsidies</b>	92%	96%	98%	98%
<b>Own Revenue</b>	0.01%	0.00%	0.00%	0.00%
<b>Other</b>	8%	4%	2%	2%
<b>Total Funds (R' million)</b>	<b>37.1</b>	<b>34.3</b>	<b>57.7</b>	<b>59.3</b>

Source: Gauteng Provincial Treasury, 2009

\*Indicates estimates

Table 1.2 shows the percentages of funding that districts received in 2008/09 financial year and are expected to receive over the financial years 2009/10 to 2011/12. Government grants for the districts are not separated into provincial and national amounts but are added together with subsidies. For the West Rand, grants & subsidies comprised the largest share of funding for 2008/09 (83%) and this is estimated to increase in the two following financial years before decreasing by two percentage points in 2011/12 to 92%. Funding from other sources is estimated to decrease from 17% to reach 8% by 2011/12. Own revenue forms an insignificant part of funding and is expected to be maintained at 0.01% throughout the review period. Revenue is expected to increase from R210.5 to R224.9 million over the review period.

Sedibeng is also funded mainly by government grants & subsidies which constitute over 78% of the total funds. The district is estimated to maintain government grants & subsidies at 78.7% in 2009/10 and 2010/11 before decreasing minimally by a percentage point in 2011/12. Revenue is expected to increase from R277.5 to R328.5 million over the review period.

Government grants & subsidies are estimated to constitute over 92% of the funding for Metsweding over the review period. Grants & subsidies made up 92% of the revenue in 2008/09 and are expected to increase to 98% by the end of the review period. Own revenue makes an insignificant part of funding whereby in 2008/09 it formed 0.01% and a negligible amount less than 0.01% over the rest of the review period. The revenue for the district is expected to increase from R37.1 to R59.3 million over the review period.

The districts raise revenue in millions and receive more of their funding from government grants & subsidies. Own revenue constitute a small percentage of the funding in Sedibeng where it is projected to reach 19.8% in the 2011/12 financial year. Other sources also constitute a significant though never predominant source of revenue in the districts, except in Sedibeng.

## 1.4 Conclusion

This Chapter has provided background information on Gauteng by looking at the structure of the municipalities that form the province. The province is the smallest in the country but also the most densely populated because of continuing in-migration. The strategies and policies of the province are derived from the national strategies. The main growth strategy for Gauteng is the GGDS. Another economic strategy, the GCR has as its main objective the consolidation of the province as the economic hub of the country. Five of the eight MDGs and accompanying

strategies apply to this publication and will be identified in the relevant chapters in order to assess the country's progress in regard to the achievement of the goals.

This Chapter has identified the roles and functions of municipalities. Municipal governance was discussed to illustrate the powers that enable them to operate and undertake service delivery to communities. The analysis of municipal financial sustainability revealed that the metros raise more own revenue and are not dependant on government grants & subsidies. The funding for metros is raised in billions. Districts raise far less own revenue and are almost entirely dependent on government grants & subsidies as they do not have capacity to raise more own revenue.

# Chapter 2: Demographics

## 2.1 Introduction

Gauteng is the most densely populated and urbanised province in South Africa. There are various socio-economic challenges facing Gauteng, notably the influx of people from other provinces and countries; as well as persistently high levels of poverty and unemployment. Various policies have been implemented over the past decade to address these challenges. This Chapter describes the demographic character of the province and its municipalities in order to better inform decision-makers.

This analysis of the provincial population deals with its profile by age, gender, population groups and language. Urbanisation is also discussed, together with its associated challenges. In addition to this, health indicators are also provided. These include life expectancy, fertility and mortality rates. One of the MDGs is focused on halting and reversing the spread of HIV/AIDS; this Chapter provides information on HIV/AIDS prevalence in Gauteng and looks at initiatives to curb it. The final section provides a demographic profile at municipal level. Due to data limitations, municipal analysis will be limited to certain indicators.

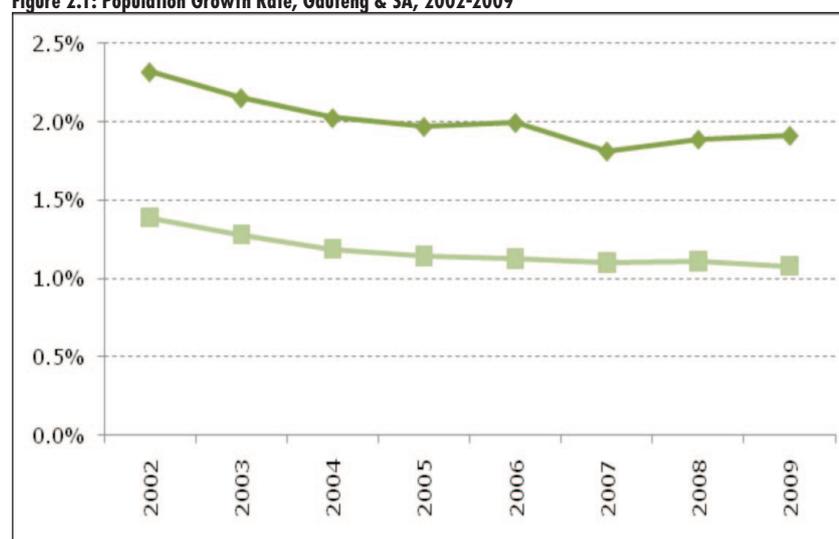
## 2.2 Gauteng Demographic Profile

The demographic profile of Gauteng over time provides essential data on patterns of population change. Demographic figures are important for policy formulation and decision-making within the province as they give an indication of how many people reside in the province and the characteristics of the provincial population. This information is integral to planning and service delivery.

### 2.2.1 Population Profile

Gauteng remains the most densely populated province with approximately 10.53 million people or 21.4% of the country's population in 2009. KwaZulu-Natal was the second most densely populated province with 10.45 million or 21.2% of the country's population in the same year.

**Figure 2.1: Population Growth Rate, Gauteng & SA, 2002-2009**



Source: Stats SA, Mid-year Population Estimates 2009

The population growth rate is the overall change in the size of the population in a geographic area from one year to another. Figure 2.1 shows that between 2002 and 2009, the provincial population growth rate was higher than the national growth rate, at average annual rates of about 2% and 1.2% respectively. For the period under review both population growth rates were growing, but at a declining rate, with the provincial growth rate falling by 0.2 percentage points in 2006 to register 1.8% in 2007. The declining population growth rate can be linked to faster growth in death than birth rates in Gauteng and South Africa. Which in turn, can also be linked to high HIV/AIDS prevalence which is discussed further in Section 2.2.5. The population growth rate for the province peaked again at 1.9% in 2009.

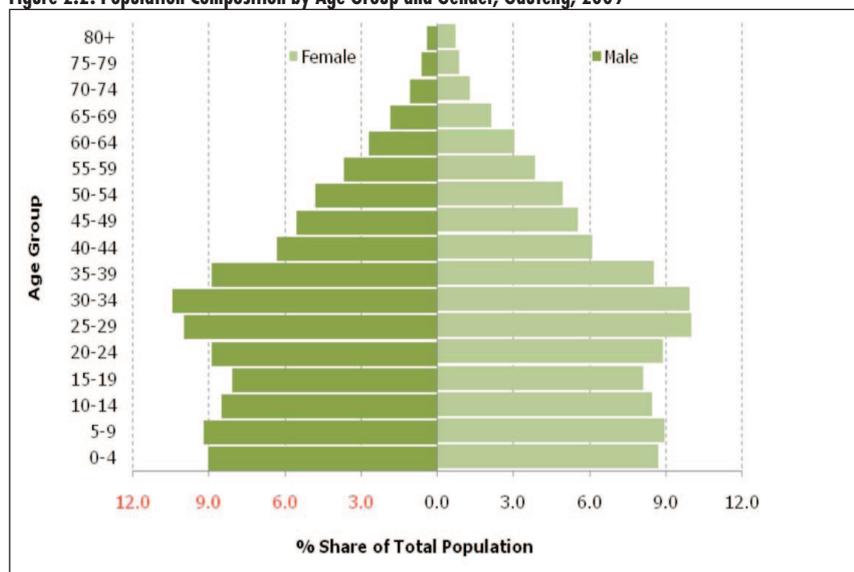
**Table 2.1: Population by Gender and Population Group, Gauteng, 2008**

	Female		Male		Total	
	Number('000)	%	Number('000)	%	Number('000)	%
<b>Black</b>	3,788	73.0%	3,887	73.4%	7,675	73.2%
<b>Coloured</b>	220	4.2%	239	4.5%	459	4.4%
<b>Asian</b>	157	3.0%	157	3.0%	314	3.0%
<b>White</b>	1,022	19.7%	1,010	19.1%	2,032	19.4%
<b>Total</b>	<b>5,187</b>	<b>100%</b>	<b>5,293</b>	<b>100%</b>	<b>10,480</b>	<b>100%</b>

Source: General Household Survey, Stats SA, 2008

Table 2.1 classifies the 2008 Gauteng population by gender and population group. At 73.2%, the province’s population is predominantly Black. The White population constituted 19.4%, Coloureds 4.4% and Asians about 3% of the total provincial population. Of the 10.5 million people residing in Gauteng, males at 50.5%, constituted a larger share than females.

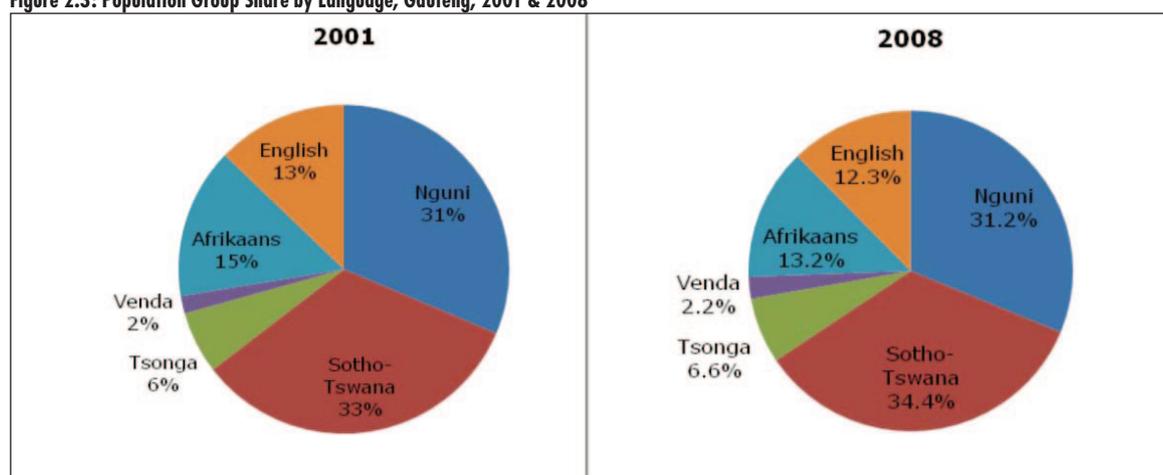
**Figure 2.2: Population Composition by Age Group and Gender, Gauteng, 2009**



Source: Stats SA, Mid-year Population Estimates, 2009

Figure 2.2 gives a breakdown of the Gauteng population by age group and gender for 2009. The figure shows a relatively even gender spread throughout all age cohorts, though males slightly outnumbered females. The most numerous age group was the 30-34 cohort, at 10.2%, followed by those of 25-29 at 10%. People aged over 65 years made up 4.5% of Gauteng’s population and those between 0-14 years made up to 26.4%, which implies that most provincial inhabitants belong to the working age population group (15-64 years).

Figure 2.3: Population Group Share by Language, Gauteng, 2001 &amp; 2008



Source : IHS Global Insight, 2009

Figure 2.3 shows the composition of the languages spoken in Gauteng in 2001 and 2008. Nine of the eleven official languages are African, from a variety of ethnic groupings. Although there are some differences amongst the African ethnic groupings they have a great deal in common in terms of background, culture and descent. Such groupings include the Nguni, comprising the Zulu, Xhosa, Ndebele and Swazi; the Sotho-Tswana, comprising the Tswana, Southern and Northern Sotho; the Tsonga and the Venda. The figure above shows that the Gauteng population was dominated by Sotho-Tswana speakers making up 33% and 34% in 2001 and 2008 respectively, followed by Nguni with 31% for both years. Tsonga was spoken by 6% of the population in 2001 and 6.6% in 2008. English and Afrikaans speakers constituted more than 25% in both years, although there was a decline of 0.7 and 1.8 percentage points in those speaking English and Afrikaans in 2008.

The section below analyses the provincial population by age and dependency ratios. The dependency ratio is the proportion of people not in the labour force who are dependent on those who are working. The ratio measures the cost to the productive parts of the population of raising children and providing for pensioners.

Table 2.2: Population by Age Group and Dependency Ratio, Gauteng, 2001 &amp; 2005-2009

Indicator		2001	2005	2006	2007	2008	2009
<b>Total population, all groups</b>	0-14	2,366,891	2,599,955	2,648,598	2,692,815	2,736,782	2,781,945
	15-64	6,320,233	6,800,299	6,923,137	7,033,628	7,154,029	7,278,433
	65+	293,585	365,779	389,271	415,314	442,672	470,930
	<b>All ages</b>	<b>8,980,709</b>	<b>9,766,033</b>	<b>9,961,006</b>	<b>10,141,757</b>	<b>10,333,483</b>	<b>10,531,308</b>
<b>Total population, all groups proportions</b>	0-14	26.4	26.6	26.6	26.6	26.5	26.4
	15-64	70.4	69.6	69.5	69.4	69.2	69.1
	65+	3.3	3.7	3.9	4.1	4.3	4.5
	<b>All ages</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Labour dependency ratios</b>	Children	37.4	38.2	38.3	38.3	38.3	38.2
	Old age	4.6	5.4	5.6	5.9	6.2	6.5
	<b>Overall</b>	<b>142.1</b>	<b>143.6</b>	<b>143.9</b>	<b>144.2</b>	<b>144.4</b>	<b>144.7</b>

Source : Stats SA, Mid-year Population Estimates, 2009

Table 2.2 shows that on average 69.7% of the provincial population fell within the labour force category (15-64 years) in 2001 & 2005 to 2009. The table shows that the elderly population (65+ years) was less than that of children (0-14 years) throughout the review period. The dependency ratio<sup>1</sup> was higher for children in comparison to the elderly population throughout the review period. The child dependency ratio was almost six times higher than the old age dependency ratio in 2009. In 2001 there were almost 37 children and five elderly people dependent on every 100 people in the labour force. In total there were 142 people dependent for every 100 working persons (overall dependency ratio)<sup>2</sup> in 2001. In 2009, the child dependency ratio had increased

1. Dependency ratio is the number of individuals aged below 15 or above 64, divided by individuals aged 15 to 64.

2. The idea behind overall dependency ratios is that prospective workers are responsible not only for the economically dependent people (children and elderly) but also for themselves. As such, their potential earnings would supposedly be shared among their dependents and themselves.

to 38 people while the elderly dependency ratio increased to almost seven people per 100 working persons. The overall Gauteng labour force dependency ratio increased by three from 142.1 to 144.7 people during the review period.

### 2.2.2 Urbanisation and Migration

Migration refers to the movement of people when they change residence; provincial migration refers to people who move to settle from one province to another. Urbanisation is the growth of urban areas mainly as a result of population migration from rural areas. It can be mainly attributed to the economic growth of cities whereby people move to them in search of better opportunities such as employment. Urbanisation can also occur due to people wanting to be with their relatives, for study purposes or other reasons. Effects of urbanisation include change in population density and standard of living.

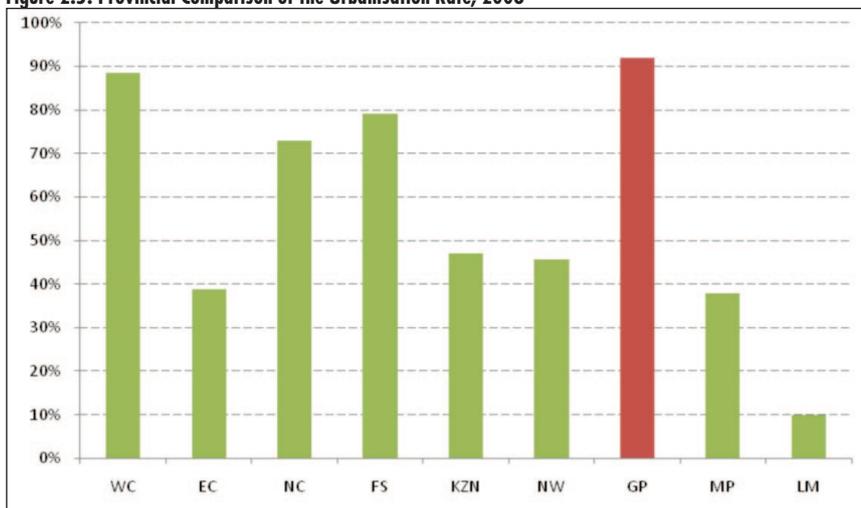
Figure 2.4: Population Density, Gauteng, 2001-2008



Source: IHS Global Insight, 2009

Figure 2.4 shows the population density for Gauteng over the period 2001 to 2008. Population density is the number of people per square kilometer of land surface area. The figure shows an increase in population density between 2001 and 2008. In 2001, the average number of people living in one square kilometer was 554, this increased by 48 people to 602 in 2008. The dramatic increase in the number of people per square kilometer is linked to the increase in the population growth rate, driven by migration and the fact that birth rates exceeded death rates.

Figure 2.5: Provincial Comparison of the Urbanisation Rate, 2008



Source: IHS Global Insight, 2009

Figure 2.5 compares provincial urbanisation rates for 2008. A country or region is considered urbanised if the urbanisation rate is more than 50%. Higher urbanisation rates are associated with higher levels of development as evidenced by Gauteng and the Western Cape, the two provinces which are home to many industries in South Africa. Gauteng and Western Cape were the most developed with 92% and 89% urbanisation and in 2008, respective GDP growth rates of 4.1% and 4%. According to IHS Global Insight, although the Gauteng urbanisation rate was the highest in 2008, it has declined from 93.8% in 2001 to 91.8% in 2008. Limpopo remained the least urbanised province in 2008 at 10% after Mpumalanga at 38%.

Figure 2.6: Net Loss/Gain of Individuals by Province, 2006 & 2011\*



Source : Stats SA, Mid-year population Estimates, 2009

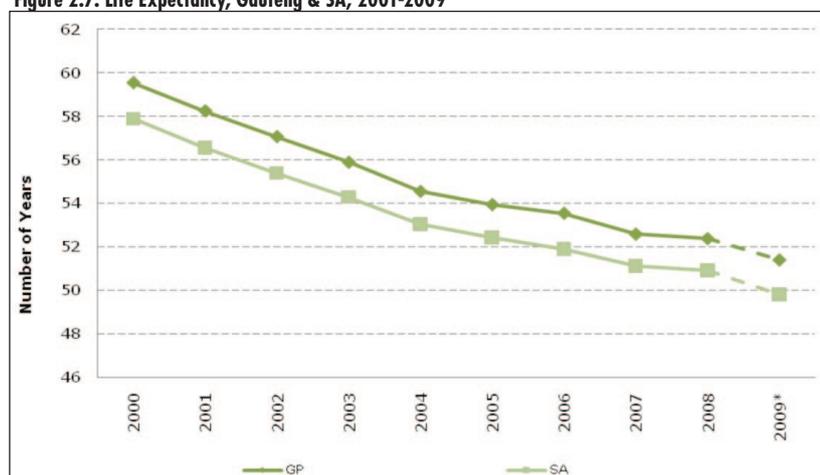
Note: \* Indicates forecast data

Figure 2.6 shows the net loss/gain of individuals across provinces in 2006 and projections for 2011. Gauteng and Western Cape remain the only provinces that experienced a net population gain and are projected to continue gaining population in 2011. KwaZulu-Natal is expected to gain by 12,000 people in 2011. Gauteng has experienced the largest inflow of individuals with an estimated 500,000 in 2006. The rate is expected to decline to 440,000 in 2011. The Western Cape reveals the same pattern, whereby the net gain is expected to decline from 244,416 in 2006 to 137,000 in 2011. The other provinces have experienced a net loss of individuals and are projected to continue with the exception of KwaZulu-Natal in 2011.

### 2.2.3 Life Expectancy

Life expectancy at birth indicates the number of years a newborn baby will live if the prevailing patterns of mortality at the time of its birth were to stay the same throughout its life. Life expectancy constitutes one of the factors that are considered in measuring the Human Development Index (HDI) along with education levels by enrolment, adult literacy and the standard of living proxied by income.

Figure 2.7: Life Expectancy, Gauteng & SA, 2001-2009\*



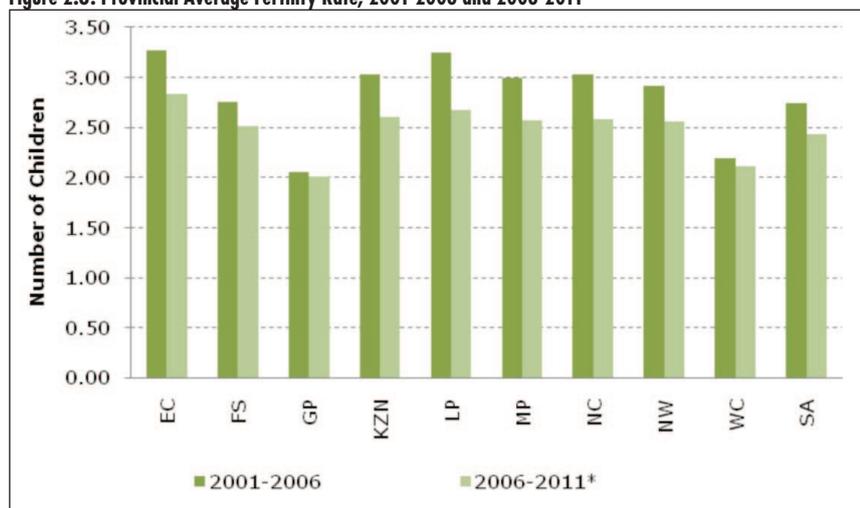
Source : IHS Global Insight, 2009

Figure 2.7 shows life expectancy for Gauteng in comparison to South Africa. Life expectancy at birth for the Gauteng population decreased from 60 years in 2000 to 52 years in 2008 and is forecast to decline to 51 years in 2009. It is evident that life expectancy is affected by the HIV/AIDS pandemic and other emerging diseases, such as animal diseases that are passed on to humans; Crimean-Congo Haemorrhagic Fever, Ebola, Anthrax and Avian flu. According to IHS Global Insight, females are expected to live longer than men throughout the review period with an average of 56 years compared to 54 years for males. For the period under review, life expectancy in Gauteng is expected to be higher than in South Africa as a whole, as Gauteng is more developed than other provinces.

### 2.2.4 Fertility and Mortality

The fertility rate refers to the number of children that would be born to a woman if she were to live to the end of her child bearing years and bear children in accordance with prevailing age specific fertility rates. Mortality refers to the number of deaths per thousand people. The difference between the two variables provides valuable demographic information about the natural population growth rate. By combining the natural growth rate with migration patterns, an indication of aggregate population growth rate can be determined. The fertility rate is an indicator of both economic and gender-specific development because as women become empowered and educated they have more opportunities to participate actively in the work force, leading to a reduction in the number of children that they bear.

Figure 2.8: Provincial Average Fertility Rate, 2001-2006 and 2006-2011\*



Source: StatsS A, Mid-year population Estimates, 2009

Figure 2.8 compares average provincial fertility rates for the periods 2001-2006 and projections for 2006 to 2011. All the provinces show declining average fertility rates over the two review periods. The Eastern Cape recorded a high average fertility rate of 3.3 children, however, it is expected to decline to 2.8 children in 2006-2011. Gauteng and Western Cape showed average fertility rates of 2.1 and 2.2 children which is expected to decline to 2 and 2.1 children in the 2006 to 2011 period. Becker<sup>3</sup> argues that better-educated families have smaller numbers of children and have more resources to spend on the education of their children, investing more in them than less-educated families. All this minimises the fertility rate of educated communities.

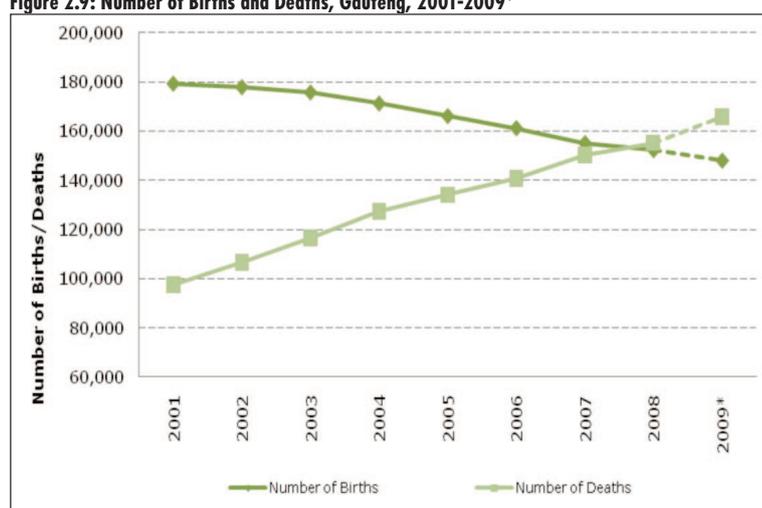
There is a negative relationship between HIV/AIDS and the fertility rate.<sup>4</sup> As infected people who are able to bear children die, the fertility rate slows down. HIV/AIDS may also cause higher child mortality due to illness. The infant<sup>5</sup> mortality rate is the number of deaths among children between birth and one year old. It is important to differentiate the infant mortality rate for children with HIV/AIDS infections from those without in order to delineate the impact of other diseases on the infant mortality rate.

3. Becker S. 1989. *Human Capital and Economy*, University of Chicago, US

4. Logan L. 2008. *African Environment and Development*, Ashgate Publisher, UK

5. This includes children between the ages of one and 12 months.

Figure 2.9: Number of Births and Deaths, Gauteng, 2001-2009\*



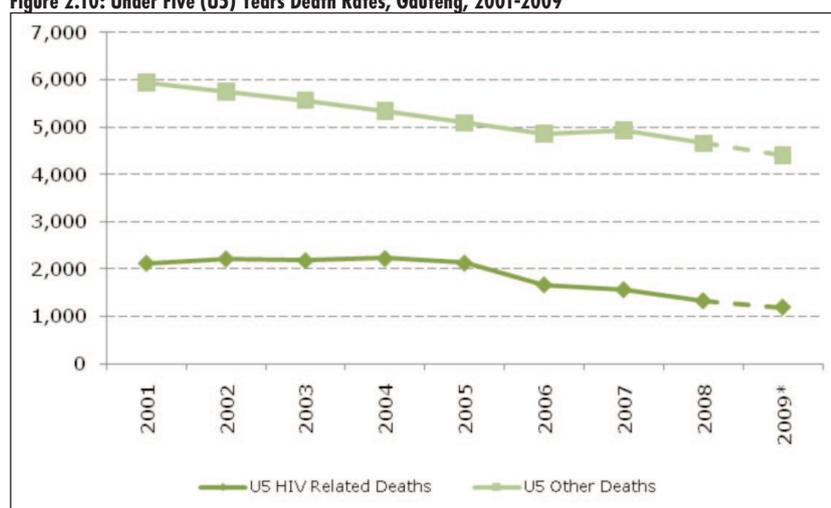
Source : IHS Global Insight, 2009

Note: \* Indicates forecast data

Figure 2.9 illustrates births and deaths for Gauteng from 2001 to 2008 and forecasts for 2009. In 2001, births and deaths in Gauteng were recorded at 180,000 and 100,000 respectively, representing natural population growth of 80,000. Since 2002, the number of births has been declining and is expected to decline further to 145,000 in 2009. This can be linked to the declining total average fertility rate in Gauteng since 2001<sup>6</sup>. However, the number of deaths associated with the rise in natural and non natural causes, has been increasing and is expected to reach 165,000 in 2009. Both variables converged in 2008 leading to a zero natural population growth. As the number of deaths is projected to be higher than the number of births in 2009, the outlook is for the province to experience a decrease in natural population growth of about 20,000 people in 2009.

According to the 2005 MDGs Country Report for South Africa, from 1998 to 2003, the mortality rates for infants and under five have decreased steadily, experiencing decreases of between 0.5% and 0.3% respectively. Figure 2.10 shows a more comprehensive picture of under five deaths over the nine years from 2001.

Figure 2.10: Under Five (U5) Years Death Rates, Gauteng, 2001-2009\*



Source : IHS Global Insight, 2009

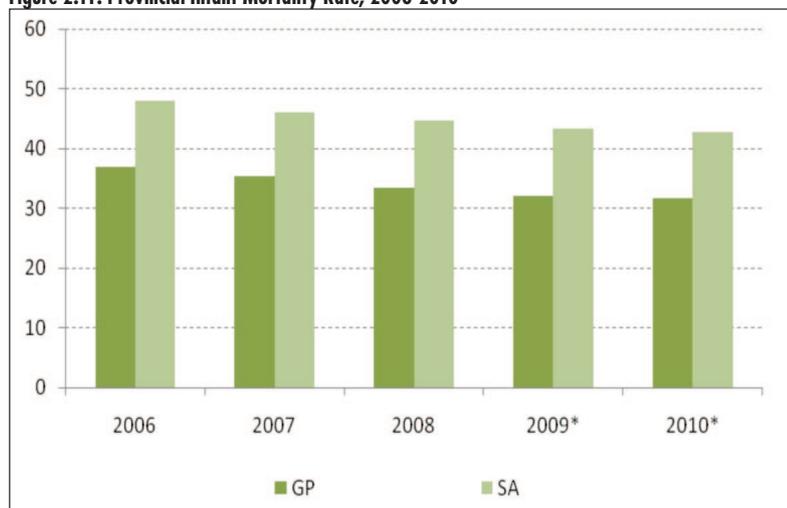
Note: \* Indicates forecast data

Figure 2.10 shows the number of deaths due to HIV/AIDS and other diseases for those below the age of five (U5) in Gauteng between 2001 and 2008 and forecasts for 2009. It is evident that throughout the review period, according to IHS Global Insight, HIV/AIDS deaths contributed approximately a quarter of total deaths in the province. According to the Medical Research Council of South Africa, the other U5 deaths were due to low birth

6. Stats SA. 2007, Mortality and Causes of Death in South Africa

weight, diarrhoeal diseases, protein-energy malnutrition and neonatal infections. The U5 deaths related to HIV and other U5 deaths were expected to reach approximately 1,000 and 5,200 respectively by 2009.

Figure 2.11: Provincial Infant Mortality Rate, 2006-2010\*



Source: Health System Trust, DHB 2008

Figure 2.11 compares the infant mortality rate for Gauteng and South Africa from 2006 to 2008 and projections for 2009 and 2010. The infant mortality rate in Gauteng and South Africa was estimated to be about 37 and 48 respectively per 1,000 children born in 2006, that is, out of every 1,000 infants born alive in Gauteng and in the country, 37 and 48 died before reaching the age of 12 months. The rate slowed to 33.4 and 44.6 per 1,000 children in 2008 and is expected to decline further to 32 and 43.4 per 1000 for Gauteng and South Africa in 2009, before reaching 31.6 and 42.8 per 1000 children in 2010.

Table 2.3: Natural and Non-Natural Causes of Death, Gauteng, 2007

Natural Causes of Death	Rank	Number	%	Non-Natural Causes of Death	Rank	Number	%
Tuberculosis	1	10,928	10.6%	Event of undetermined intent	1	5,317	44.7%
Influenza and pneumonia	2	10,727	10.4%	Other external causes of accidental injury	2	4,782	40.2%
Forms of heart disease	3	5,758	5.6%	Transport accidents	3	741	6.2%
Intestinal infectious	4	5,710	5.5%	Assault	4	636	5.3%
Cerebrovascular diseases	5	4,184	4.1%	Complications of medical and surgical care	5	372	3.1%
Diabetes mellitus	6	3,739	3.6%	Intentional self-harm	6	33	0.3%
Disorders (immune mechanism)	7	3,046	3.0%	Sequelae of external causes	7	10	0.1%
Ischaemic heart diseases	8	2,772	2.7%				
HIV	9	2,596	2.5%				
Hypertensive diseases	10	2,425	2.3%				
Other natural causes		51,360	49.7%				
<b>Total</b>		<b>103,245</b>	<b>100%</b>	<b>Total</b>		<b>11,891</b>	<b>100%</b>

Source: Stats SA, Mortality and Causes of Death in SA, 2007

Table 2.3 shows the leading natural and non-natural causes of death in Gauteng in 2007. The leading natural causes of death were tuberculosis (10.6%) and influenza and pneumonia (10.4%). Frequently, these two leading causes of death were AIDS-related opportunistic infections. The third ranked cause of natural death was various forms of heart disease (5.5%) followed by intestinal infections (5.4%) which form part of leading causes of death in children under five years old. These intestinal infections are also often HIV-related<sup>7</sup>. HIV as such caused 2.5% of deaths in 2007 and was ranked number nine, followed by hypertensive diseases (2.3%); in total there were 103,245 natural deaths. There were 11,891 deaths caused by non-natural events. The leading non-natural cause was unspecified event of undetermined intent (44.7%) followed by external causes of accidental injury (40.2%). Transport accidents (6.4%) were the third highest cause of non-natural death.

7. Beverly D & John-Langba, J. 2007. Children Institute, South Africa

## 2.2.5 HIV/AIDS Profile

The HIV/AIDS pandemic presents the country with tremendous challenges because of the negative social and economic consequences associated with the virus. As the economically active population becomes infected with the disease, the economy loses its skilled and experienced labour force; also the parents of young children die and leave orphans. The pandemic increases recruitment and training costs for replacing workers. This in turn results in increased production costs for business and government.

Figure 2.12: HIV Positive Population, Gauteng, 2001-2008



Source : IHS Global Insight, 2009

Figure 2.12 shows the number of people who were HIV positive in Gauteng between 2001 and 2008. There was an increase of 178,000 in the number of individuals infected with the virus between 2001 and 2004. The trend started to decline by about 50,000 between 2004 and 2008. The slowdown in infections could be linked to awareness campaigns by the national and provincial Departments of Health and the private sector. Furthermore, the 2005 MDGs *Country Report for South Africa* indicates that government increased expenditure on HIV/AIDS programmes from R30 million to R342 million between 1994 and 2002.

Table 2.4: HIV/AIDS Statistics, Gauteng & SA, 2001-2008

Number HIV/AIDS	2001	2002	2003	2004	2005	2006	2007	2008
<b>GP</b>	1,081,735	1,137,479	1,213,255	1,259,208	1,252,457	1,248,159	1,230,743	1,206,030
<b>S.A</b>	4,747,236	4,954,150	5,254,927	5,439,528	5,410,936	5,395,004	5,314,121	5,201,811
<b>% HIV/AIDS</b>								
<b>GP</b>	12.0%	12.4%	12.9%	13.1%	12.8%	12.5%	12.1%	11.7%
<b>S.A</b>	10.6%	10.9%	11.4%	11.7%	11.5%	11.3%	11.0%	10.7%
<b>Growth Rates</b>								
<b>GP</b>	4.7%	5.2%	6.7%	3.8%	-0.5%	-0.3%	-1.4%	-2.0%
<b>S.A</b>	<b>3.9%</b>	<b>4.4%</b>	<b>6.1%</b>	<b>3.5%</b>	<b>-0.5%</b>	<b>-0.3%</b>	<b>-1.5%</b>	<b>-2.1%</b>

Source : IHS Global Insight, 2009

Table 2.4 shows HIV/AIDS statistics for Gauteng and South Africa between 2001 and 2008. It illustrates that the proportion of people with HIV/AIDS in Gauteng and South Africa increased from 2001 to 2004 before slowing down in 2005. HIV/AIDS infections for Gauteng and South Africa declined to 11.7% and 10.7% in 2008 from 13.1% and 11.7% respectively in 2004. The rate of growth of HIV/AIDS in Gauteng and South Africa shows a similar trend for the period under review. Gauteng recorded a growth rate of 6.7% during 2003 before slowing down to 3.8% in 2004. The province registered the first negative prevalence growth rate for people with HIV/AIDS of -0.5% in 2005, deteriorating to -2% in 2008. The war against the pandemic is not yet won but expenditure was increased in the financial year 2005/06, creating a comprehensive prevention and treatment programme.

By 2005, comprehensive HIV and AIDS services and antiretroviral (ARV) treatment, were extended to more than 50,000 patients nationally. In July 2008 the Department of Health awarded a R3.6 billion tender for the supply of ARVs to support its response to HIV/AIDS. The Department indicated that the country had more than 478,000 people registered for ARV treatment in that year.

**Figure 2.13: Infants Born with HIV/AIDS, Gauteng, 2001-2009\***



Source : IHS Global Insight, 2009

Note: \* Indicates forecast data

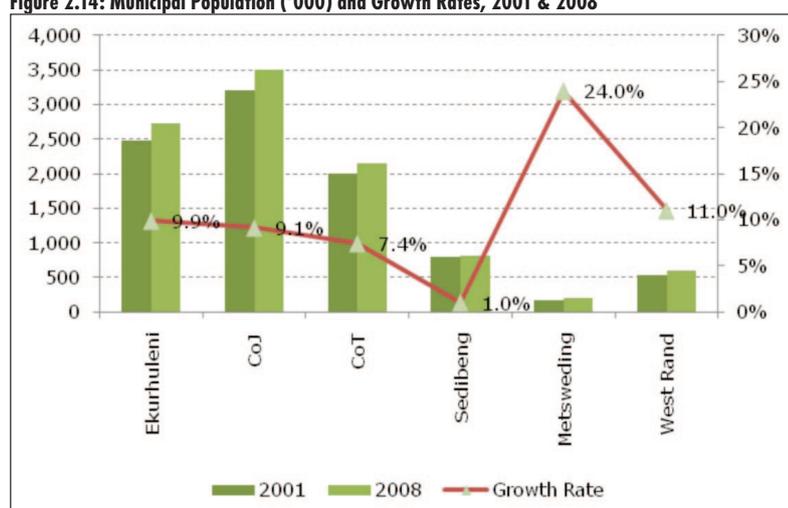
Figure 2.13 presents the number of infants born with HIV/AIDS in Gauteng from 2001 to 2008 and gives projections for 2009. The figure shows that there was a stable but decreasing trend in the number of children born with HIV between 2001 (10,500) and 2004 (10,000). The decline started from 2004 when 10,000 infants were born with HIV as opposed to 6,000 infants in 2008. The decline was expected to continue, with about 5,000 infants being born with the disease in 2009.

## 2.3 Municipal Demographic Profile

This section illustrates the demographic characteristics of the Gauteng population at municipal level. This can serve as an important guide to provincial and local government when addressing local level community service delivery issues. The section includes discussions of trends in urbanisation, HIV/AIDS and population density in the metros and districts.

### 2.3.1 Population Profile

Municipal population profiles show how the population of the province is spread amongst the municipalities. This information also shows which municipalities are growing most quickly and outlines the population spread amongst municipalities by gender and age.

**Figure 2.14: Municipal Population ('000) and Growth Rates, 2001 & 2008**


Source: IHS Global Insight, 2009

Figure 2.14 shows changes in municipal population growth between 2001 and 2008. The metros had larger populations than the districts. The CoJ had the largest population of all the municipalities and Metsweding the smallest. All municipalities experienced substantial increases in population growth rates with the exception of Sedibeng whose population grew by 1%. The population of the CoJ increased by 9.1% to 3.5 million between 2001 and 2008, whereas that of Metsweding increased by 24% to 39,362 over the review period. The large increase for CoJ is as a result of the metro being the hub of Gauteng, with people being more likely to move from other provinces to the city. Ekurhuleni, the second most populous municipality in Gauteng, recorded a 250,000 rise in population for the period under review. The increases in population growth across the municipalities largely represent population inflow from other provinces into Gauteng.

**Table 2.5: Population Shares by Gender and Age Group, Municipalities, 2008**

	00-14		15-64		65+		00-65+
	Male	Female	Male	Female	Male	Female	
<b>Ekurhuleni</b>	13.1%	12.8%	37.3%	32.3%	1.9%	2.6%	<b>100%</b>
<b>CoJ</b>	12.1%	11.9%	36.9%	34.2%	2.0%	3.0%	<b>100%</b>
<b>CoT</b>	12.7%	12.3%	35.9%	33.5%	2.3%	3.2%	<b>100%</b>
<b>Sedibeng</b>	13.4%	13.1%	35.4%	32.5%	2.5%	3.2%	<b>100%</b>
<b>Metsweding</b>	13.3%	12.9%	38.5%	30.1%	2.7%	2.6%	<b>100%</b>
<b>West Rand</b>	13.4%	12.9%	37.3%	32.0%	2.1%	2.4%	<b>100%</b>

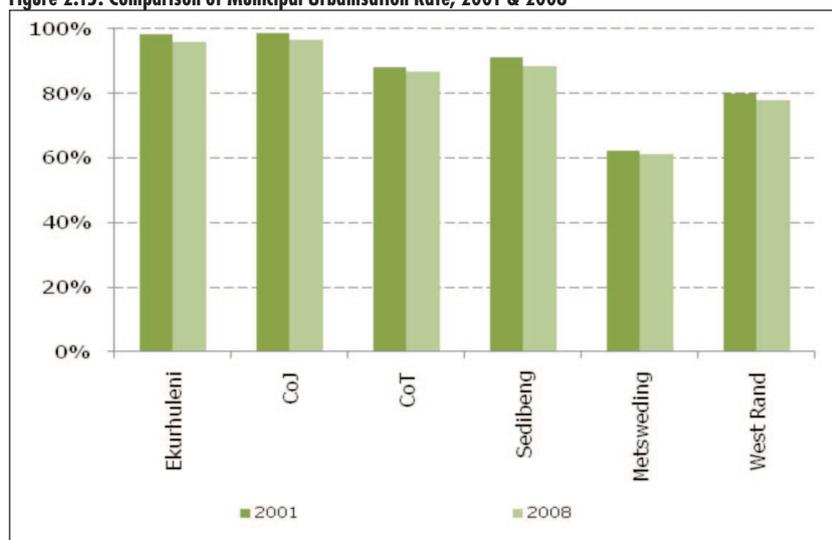
Source: IHS Global Insight, 2009

Table 2.5 shows the municipal population by age and gender in 2008. The working age population group (15-64 years) amounted to more than three quarters of total population across all municipalities, with males outnumbering females. The young male population (0-14 years) for districts and metros was greater than the female. The table also shows that in all municipalities there were more elderly females than males with the exception of Metsweding. Metsweding recorded the highest share of the male population group (15-64) at 38.5%, followed by Ekurhuleni and West Rand recording 37.3% each. Females, at 34.2%, comprise a large share of the working population in CoJ, followed by CoT at 33.5%.

### 2.3.2 Urbanisation and Migration

This section discusses population movement and density at municipal level. Population density refers to the number of people living within given areas of land in terms of km<sup>2</sup>. Migration can be linked to urbanisation and the search for a good standard of living.

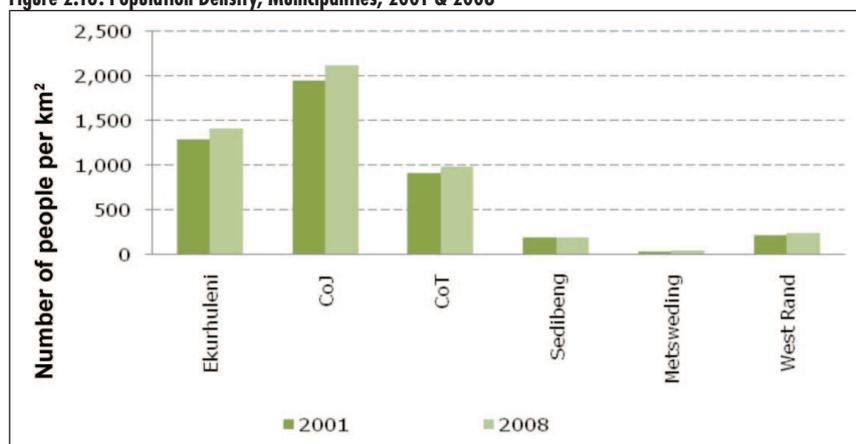
Figure 2.15: Comparison of Municipal Urbanisation Rate, 2001 & 2008



Source: IHS Global Insight, 2009

Figure 2.15 compares municipal urbanisation in 2001 and 2008. In general, most municipalities within the province are urbanised, with Ekurhuleni and CoJ recording the highest rate of over 95% each in 2001 and 2008. Metsweding is the least urbanised municipality at 62% and 61% in 2001 and 2008 respectively.

Figure 2.16: Population Density, Municipalities, 2001 & 2008

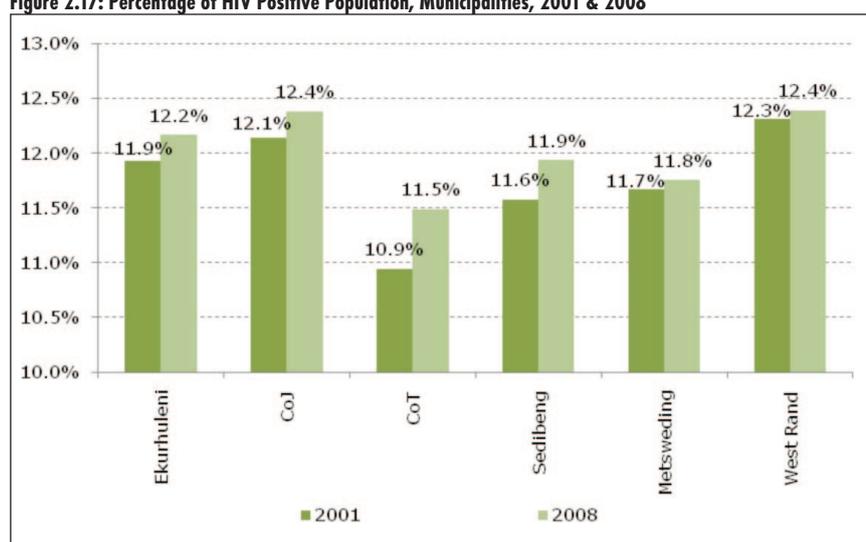


Source: IHS Global Insight, 2009

Figure 2.16 shows municipal population density for 2001 and 2008. CoJ, the most populous municipality, recorded the highest population density of 1,945 per square kilometre in 2001, increasing to 2,122 per square kilometre by 2008. This shows an increase of 178 people per square kilometre. Ekurhuleni had the second highest density at 128 followed by CoT at 68 people per square kilometre in 2008. The increases show the preferences of people in choosing the places of residence in the province, CoJ being the first choice, followed by Ekurhuleni then CoT.

### 2.3.3 HIV/AIDS Profile

The prevalence of HIV/AIDS at municipal level is one of the challenges government is facing, particularly as there is a high correlation between HIV/AIDS and poverty. Municipalities are used as direct channels of communication by the state to deliver awareness messages to communities. This section looks at the rate at which HIV infections have changed within the municipalities.

**Figure 2.17: Percentage of HIV Positive Population, Municipalities, 2001 & 2008**

Source: IHS Global Insight, 2009

Figure 2.17 compares the percentages of HIV positive people in municipal populations between 2001 and 2008. In 2001, West Rand recorded high prevalence (12.3%) followed by CoJ (12.1%). CoT (10.9%) had the lowest prevalence. At 12.4%, the West Rand and CoJ recorded the largest percentages of HIV positive inhabitants in 2008.

## 2.4 Conclusion

This Chapter has analysed the demographic profile of Gauteng and its municipalities. The analysis shows that there is a gradual change from a majority of females to a majority of males in the provincial population. The percentage of White citizens living in Gauteng declined and the percentage of Black people increased, reflecting the faster reproduction of the Black population and in-migration. With Gauteng being the industrial and commercial hub of the country, more people continue to move into the province for work, leading to the increase of the labour force.

Gauteng has remained the most urbanised province in South Africa, with declining life expectancy which is largely due to the HIV/AIDS pandemic. Nevertheless, the province has also seen a fall in the rate of infection of HIV/AIDS, which no doubt represents the positive impact of awareness campaigns by government and the private sector.



# Chapter 3: Economic Performance

## 3.1 Introduction

South Africa and the province have not been spared the effects of the severe global recession which continued through 2009. However, although the country entered recession in the first quarter of 2009, the Gauteng economy remained the highest contributor of any province to the GDP. This Chapter examines these recent global economic events and their relationship to the economic performance of South Africa and of Gauteng and its municipalities. It goes on to analyse Gauteng's economic performance and looks at how the province has contributed to GDP in comparison to other provinces. It compares the growth in Gross Domestic Product by Region (GDPR) with the GDP and includes forecasts for the period 2009 to 2012. The sectoral analysis in the chapter describes sectors' contributions to provincial GDPR and enables identification of the province's high performing sectors and their comparative advantages.

The municipal economic review analyses contributions by different municipalities to the GDPR of Gauteng. The sectoral analysis looks at sectoral contributions to the GDPR of the province in order to garner an understanding of the regional composition of sectoral activity within Gauteng. This will enable the identification of the high performing sectors and the comparative advantages of the sectors. Furthermore, trade analysis highlighting the dominant export and import items by municipalities.

## 3.2 Global Economic Review and Outlook

The global economy has been operating under difficult conditions since the beginning of 2008. The outbreak of the sub-prime lending crisis in 2008 in the United States of America (USA) led to the credit crunch and to defaults by major financial institutions. These events led to the collapse of banking systems in developed countries and to a slowdown in global economic activity. The IMF described the resultant global recession as the deepest in the last 50 years. With financial market conditions remaining difficult, asset values declined. This led to a decrease in household wealth and to diminished consumer demand for goods and services. The table below indicates revised outputs of advanced and emerging market economies<sup>1</sup> and shows how world output changed between 2008 and 2009 with projections to 2011 by the World Economic Outlook (WEO) update by the IMF.

**Table 3.1: World Economic Review and Projections<sup>2</sup>, 2008-2011\***

	Actual	Estimates	Projections	
	2008	2009	2010*	2011*
<b>World Output</b>	3%	-0.8%	3.9%	4.3%
<b>Advanced Economies</b>	0.5%	-3.2%	2.1%	2.4%
<b>USA</b>	0.4%	-2.5%	2.7%	2.4%
<b>Euro area</b>	0.6%	-3.9%	1%	1.6%
<b>Emerging and Developing Economies</b>	6.1%	2.1%	6%	6.3%
<b>Africa</b>	5.2%	1.9%	4.3%	5.3%
<b>Sub-Saharan</b>	5.6%	1.6%	4.3%	5.5%

Source: WEO Update 2010

Note: \* indicates projections

<sup>1</sup> An emerging market economy is defined as one with a low to medium per capita income. The emerging market countries are considered so because of their developments and reforms. These economies are in a transitional phase of development and their social and business activities experience growth and industrialisation. South Africa is classified as an emerging market country because it is not yet fully developed.

<sup>2</sup> This is the update of the IMF, WEO publication of October 2009 and was released in January 2010.

The table shows a steady decline in world output and other countries between 2008 and 2009 before the projected recovery in 2010. The rate of growth of world output is estimated to have declined to -0.8% in 2009, with many economies having negative growth rates. For 2010 and 2011, the global growth rate is expected to recover to 3.9% and 4.3% respectively. After negative growth of 3.2% in 2009, advanced economies are expected to register positive GDP growth rate of 2.1% and 2.4% for 2010 and 2011. At 2.7%, recovery by the USA in 2010 is expected to be better than the Euro area's 1%. For the world economy, advanced economies, USA and Euro Area, the estimates for 2009 are all negative, showing the severe impact of the recession on the developed world. Emerging and developing economies are estimated to have experienced falling growth rates in 2009 but at 2.1%, were nevertheless positive and higher than those of the developed world. Projected rates of growth for these developed economies are 6% in 2010 and 6.3% in 2011. Growth is expected to be propelled by resilient economic performance by China and India. Africa as a whole and Sub-Sahara<sup>3</sup>, are also estimated to post positive growths of 1.9% and 1.6% for 2009 respectively. The growth rates for 2010 and 2011 are forecast to be positive and increasing for Africa and the Sub-Sahara.

The IMF argues that the global recession is ending. The rebound in growth is the result of positive developments in manufacturing, returning consumer confidence and some improvement in housing markets. Stimulants for the recovery have included public-policy decisions taken by governments throughout the world. Governments in advanced economies initiated major fiscal stimulus packages and most central banks cut interest rates to inject liquidity into the markets. Emerging market countries were advised to ease monetary policy conditions in order to respond appropriately to the weakened outlook. The IMF urged the G-20<sup>4</sup> countries to implement stimulus packages amounting to 2% of GDP in 2009 and 1.5% in 2010. However, indications are that the stabilisation of the global financial markets and the rebound of the world economy will take a considerable time and will be characterised by increasing unemployment.

### 3.3 National Economic Review and Outlook

Given the global recession, the economy of South Africa is operating under particularly difficult circumstances. Statistics South Africa (Stats SA) indicated annualised growth for the last quarter of 2008 at -1.8% and at -7.4% for the first quarter of 2009. These negative growth rates brought the country into a recession, after more than ten years of positive growth. The contraction in the country's economic activity was mainly driven by declines in the manufacturing and the mining & quarrying sectors. The economy of the country and that of Gauteng, are dependent significantly on manufacturing and on metal exports and these have been under stress since the end of 2007. For the country as a whole, the decline in global demand and the decrease in trade volumes led to reduced investment and worker retrenchment. According to the 2010 Budget Review, about 890,000 people lost their jobs in 2009 because of the financial crisis.

The South African economy has however been somewhat shielded from the impact of the recession. Prudent macro-economical fundamentals created a cushion for the local economy. The National Credit Act (NCA) 34 of 2005, implemented in 2007, helped to curb the level of household indebtedness as screening procedures for credit approval closed loopholes and made access to credit more difficult.

As revenue from taxes decreases, the recession negatively affects government's ability to finance its planned capital expenditure. In delivering this year's budget, the Minister of Finance Mr. Pravin Gordhan has estimated that consolidated revenue collection for 2009/10 will be lower by R73.7 billion<sup>5</sup>. In the same period, the national budget is projected to show a deficit of R177.8 billion or 7.3% of GDP.

The following table gives projections of some of the macro-economic indicators as indicated by the Minister of Finance in tabling the 2010 National Budget.

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<sup>3</sup> This is part of Africa and consists of countries located south of the Sahara desert.

<sup>4</sup> The Group of Twenty (G-20) Finance Ministers and Central Bank Governors was established in 1999. It is an informal forum that promotes open and constructive discussion between industrial and emerging-market countries on key issues related to global economic stability. South Africa is a member of the G-20.

<sup>5</sup> This is according to the Budget Review, 2010.

**Table 3.2: Macroeconomic Indicators in Percentage, 2006–2012\***

	2006	207	2008	2009	2010*	2011*	2012*
	Actual			Estimate	Forecast		
<b>Final Household Consumption</b>	8.3	5.5	2.4	-3.5	0.9	2.6	2.9
<b>Final Government Consumption</b>	4.9	4.7	4.9	5.7	4.7	4.1	3.6
<b>Gross Fixed Capital Formation</b>	12.1	14.2	11.7	4	5.8	7.8	8.7
<b>Gross Domestic Expenditure</b>	8.6	6.4	3.3	-1.9	3.1	3.5	3.8
<b>Exports</b>	7.5	5.9	2.4	-20.2	3.8	3.9	5.4
<b>Imports</b>	18.3	9	1.4	-18.3	6.8	4.9	5.6
<b>GDP Growth</b>	5.6	5.5	3.7	-1.8	2.3	3.2	3.6
<b>CPI Inflation</b>	3.2	6.1	9.9	7.1	5.8	6.1	5.9

Source: National Treasury, Budget Review, 2010

Note: \* indicates forecasts

The table provides actual, estimated and projected percentages of macroeconomic indicators for the period 2007 to 2012. Final household consumption is estimated to reach a low of -3.5% for 2009, an indication of the financial impact on households resulting from job retrenchments (unemployment) and high household indebtedness. This consumption expenditure is expected to recover gradually attaining 0.9% in 2010 before reaching a forecast level of 2.9% in 2012. Gross fixed capital formation, which indicates investment, decreased from 11.7% in 2008 and is estimated to reach 4 % in 2009. This investment has been sustained by public corporations as the private investment contracted in 2009. Government infrastructural spending will be largely responsible for maintaining this investment which is forecast to reach 8.7% in 2012. International trade was hard hit by the recession with weakened global demand, resulting in falling exports estimated to reach -20.2% and also falling imports. GDP is expected to show aggregate negative growth rate of 1.8% for 2009 but is expected to show gradual improvements to 3.6 in 2012. However, these levels will be far lower than the pre-recession levels of over 5%. After reaching levels that are outside of the target band of 3-6% in 2008 and 2009, inflation is expected to be within the target band and reach 5.9% by 2012. The table shows that, in general, most indicators are estimated to be in negative territory for 2009, with the exception of inflation and the fixed capital formation and final government consumption.

The third quarter of 2009 saw marginal positive GDP growth of 0.9%, prompting suggestions that South Africa is coming out of the recession. The South African Reserve Bank (SARB) argued in its December 2009 Quarterly Bulletin that this improvement in GDP was brought about by the increased activity in both the secondary and tertiary sectors. However, real domestic expenditure remained slow in the third quarter of 2009. The resultant decline in final consumption expenditure by households cancelled out the effect of increased consumption expenditure by government.

### 3.4 Gauteng Economic Review and Outlook

As indicated in Chapter One, since 2005 the province's economic policy has been embodied by the GGDS. The broad objectives of the GGDS were to increase the provincial economic growth rate to 8%, reduce unemployment to 18% and halve poverty by 2014. Strategic plans and budget requirements by the GPG emanated from the Medium Term Strategic Framework (MTSF) for 2009 to 2014. This is informed by the electoral mandate, and enables the national government to identify development challenges. It outlines the medium-term strategy for dealing with these and for improving the lives of the people of the province and guides planning and allocation of resources within the different spheres of government.

The GPG administration which came into office after the April 2009 elections has defined the current five-year period of governance as one of renewal. In her State of the Province address, Premier Ms Nomvula Mokonyane indicated that her administration will focus on the creation of decent work opportunities for the province's people. The administration has promised to respond appropriately to the recession, maintaining its spending in order to reach its targets. In line with these objectives, the GGDS has been modified into the GEGDS. The goal of reducing unemployment and poverty by 2014 will be difficult in the current economic conditions. However, the hosting of the 2010 Fédération Internationale de Football Association (FIFA) World Cup together with the

infrastructure development underway and spending targets by government will serve as a buffer and help the province achieve its economic goals. Eight stadia will be used to host the 2010 FIFA World Cup matches, of these, Gauteng is home to three. Thus, the province will be at the forefront during the event and stands to benefit economically from the relatively large share of both domestic and international tourists who will be visiting the province as spectators.

Dominated as it is by manufacturing, Gauteng’s economy has not been immune to the effects of the recession which has been driven by poor performance in that sector. The provincial economy has experienced job losses, with unemployment increasing from 21.8% to 25.8% between the third quarter of 2008 and the same period in 2009, with more households thus falling into the category of those without incomes. To relieve such households from their distress, the GPG will intervene and assist such communities.

The GPG aims to respond to the recession by maintaining the focus on aggressive infrastructure-led activities to promote provincial economic growth. There are also plans to intervene directly in the provincial economy to support sectors that are in distress. Tabling the Provincial Budget Adjustment, MEC for Finance Mr Mandla Nkomfe referred to the response by the Gauteng Department of Economic Development (GDED) to the recession. The interventions by the GPG are:

- Protection of low income workers, the unemployed and vulnerable groups in society;
- Strengthening the productive capacity of the economy;
- Maintaining the planned levels of investment in infrastructure;
- Timely and targeted interventions tailored to the needs of sectors/groups in society; and
- Effective monitoring and evaluation.

### 3.4.1 Economic Review and Outlook

Gauteng province is the largest contributor to national GDP and in the last decade has added more than 30% annually to it. KwaZulu-Natal and the Western Cape follow Gauteng, with the contribution of each being less than half of Gauteng’s. The province also contributes about 10% to total African GDP.

Table 3.3: Provincial Contributions to GDP<sup>6</sup>, 2001- 2008

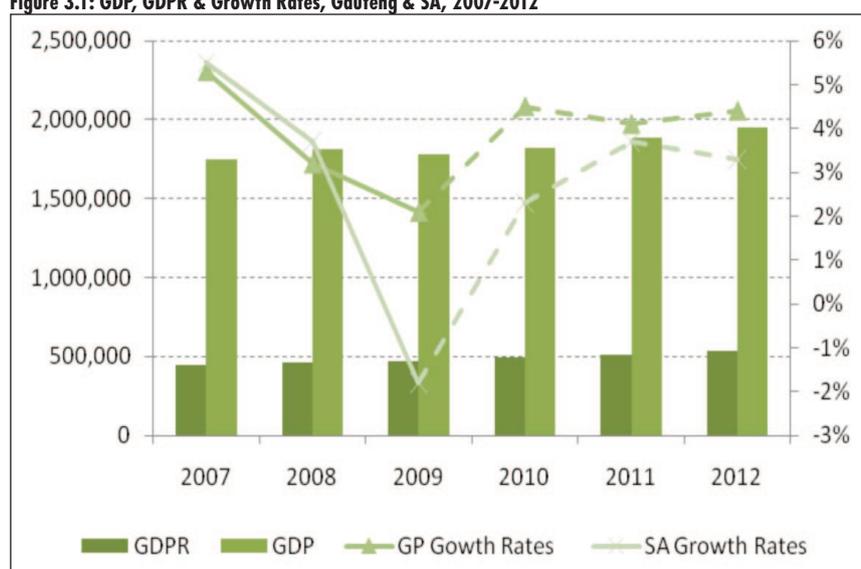
Provinces	2001	2002	2003	2004	2005	2006	2007	2008
<b>Gauteng</b>	33.1%	33.5%	33.7%	33.8%	34.3%	33.8%	33.9%	33.1%
<b>Western Cape</b>	14.2%	14.1%	14.4%	14.8%	14.6%	14.5%	14.6%	14.3%
<b>Eastern Cape</b>	8.1%	7.8%	8.0%	8.0%	7.9%	7.7%	7.6%	7.5%
<b>Northern Cape</b>	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.3%	2.3%
<b>Free State</b>	5.4%	5.6%	5.5%	5.4%	5.2%	5.4%	5.4%	5.2%
<b>KwaZulu-Natal</b>	16.5%	16.3%	16.4%	16.4%	16.2%	16.2%	16.0%	16.4%
<b>North West</b>	6.6%	6.6%	6.3%	6.2%	6.4%	6.5%	6.5%	6.5%
<b>Mpumalanga</b>	7.2%	7.1%	6.9%	6.7%	6.6%	6.9%	7.0%	7.6%
<b>Limpopo</b>	6.7%	6.7%	6.6%	6.5%	6.6%	6.8%	6.8%	7.2%

Source: Stats SA, GDP, 2009

Table 3.3 compares the provinces’ contributions to GDP over the period 2001 to 2008. Gauteng has contributed around 34% from 2002 to 2006 and thereafter 34% before falling to 33.1% in 2008. KwaZulu-Natal contributed over 16% annually in the review period, which is less than half of Gauteng’s contributions. The third highest contributions were by the Western Cape at around 15%. This clearly shows that, despite being the smallest province geographically, Gauteng is the economic hub of the country. The comparatively large size of the province’s economy and its high level of industrialisation attract people in search of better opportunities and jobs. As shown in Chapter One, the province has the highest population density of the country.

<sup>6</sup> Stats SA is providing the provincial contributions on current prices.

Figure 3.1: GDP, GDPR &amp; Growth Rates, Gauteng &amp; SA, 2007-2012



Source: Econometrix, 2009

Note: \* indicates a forecast

Figure 3.1 shows GDPR, GDP and growth rates for Gauteng and South Africa for 2007 and 2008, with forecasts for 2009 to 2012. Econometrix forecasts the GDPR and GDP to be relatively lower for 2009. Forecasts from the period 2010 show gradual improvements in the rate of economic growth for the province and the country. The figure shows that, over the review period 2007 to 2008, the economic growth rate in the province tracked that of the country but is estimated to be higher until 2012. The decreasing growth rate for 2008 and 2009 shows the effect of the financial crisis. This may have been the result of low commodity prices and strains experienced by the manufacturing sector towards the end of 2007. According to Stats SA, total manufacturing output in 2007 amounted to 5% and declined to less than 1% in 2008. The motor vehicles category experienced declines of -4.2% and -9.1% in production in 2007 and 2008 respectively. The average performance for the manufacturing sector in the first seven months of 2009 was -15.7%, with the motor vehicles category contributing -37.6% to the total. Pressures on the manufacturing sector have led to loss of jobs and to unemployment. Higher interest rates also negatively affected real consumption. The Monetary Policy Committee (MPC) increased interest rates from 10% in August 2007 to 12% in June 2008.

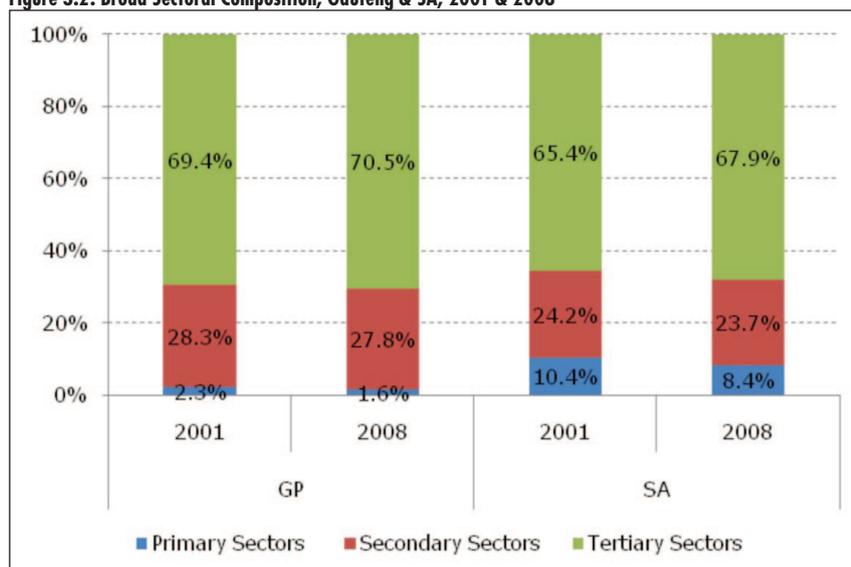
Both the growth rates for the country and the province have been decreasing since 2007 and it is estimated that the country's growth rate will plummet to -1.8% in 2009 before recovering to 2.3% the year after and reaching 3.3% by 2012. The provincial growth rate is forecast to decrease from 3.2% in 2008, to 2.1% in 2009 before improving to over 4% from 2010. The forecasts imply that the negative impact of the recession on economic performance will decrease after 2009. This is in line with IMF predictions which suggest that world economic output will recover in 2010. Improvements by the local manufacturing sector have prompted analysts to suggest the appearance of green shoots<sup>7</sup>. Given the strength of manufacturing within the South African economy, recovery in the sector can be seen as an indication of improvement in the economy as a whole. Positive GDP growth indicated for the third quarter of 2009 has also given grounds for optimism.

### 3.4.2 Sectoral Analysis

This section describes the composition of the economic sectors of Gauteng and of South Africa, their contributions and the comparative advantages of the province's economic sectors. Analysing the sectors and clustering them under the headings of primary, secondary and tertiary enables an understanding of the contributions made by each sector.

<sup>7</sup> Green shoots is used to explain the signs of economic recovery in an economic recession situation

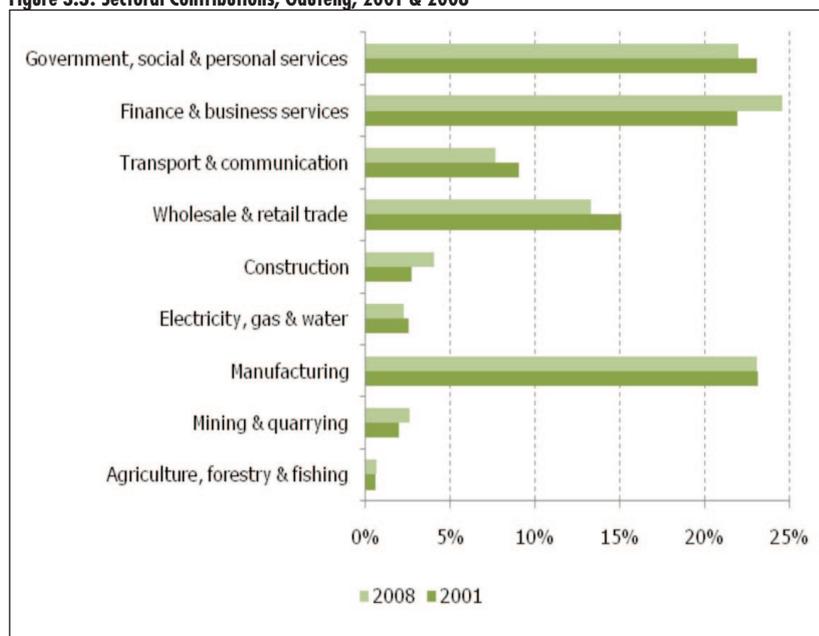
Figure 3.2: Broad Sectoral Composition, Gauteng & SA, 2001 & 2008



Source: IHS Global Insight, 2010

Figure 3.2 shows the broad sectoral composition of the economy in Gauteng and South Africa and indicates how it has changed between 2001 and 2008. The tertiary sector dominates production activities in both the province and the country, with contributions of 70.5% and 68% respectively in 2008. This shows that the nature of production has become more sophisticated, with the contribution of the primary sector being relatively small. Despite this, it has strong downstream sectoral links with the secondary sector. For example, agro-processing is a primary sector activity but because the processing of agricultural goods takes place within the manufacturing sector, it is classified as a manufacturing output. The picture for the country’s economy represents the situation for Gauteng, with the exception that the primary sector is relatively bigger for the country. Between 2001 and 2008, the national contribution by the primary sector decreased from 10.4% to 8.4%. In 2008, the primary sector constituted only 1.6% of the province’s economy.

Figure 3.3: Sectoral Contributions, Gauteng, 2001 & 2008



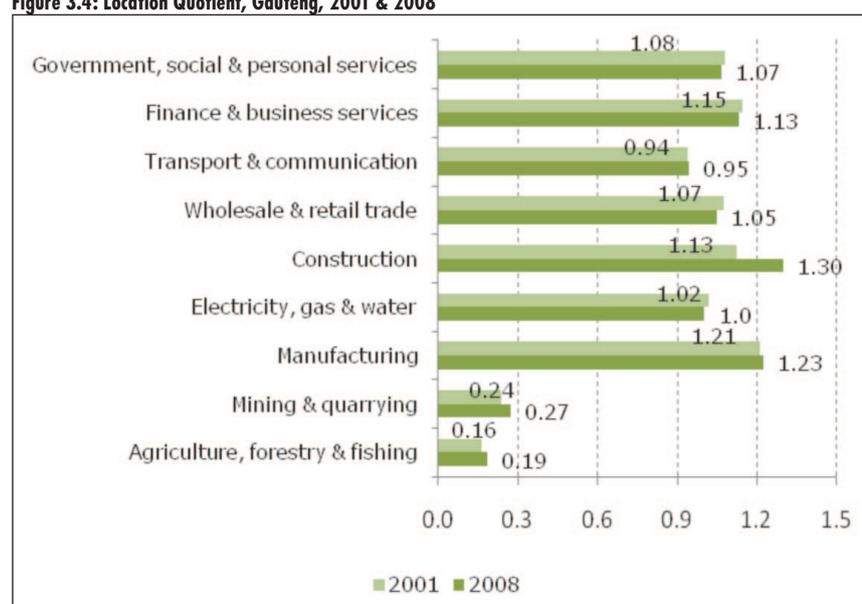
Source: IHS Global Insight, 2010

To provide a picture of the sectors that have driven growth in 2001 and 2008, Figure 3.3 compares the sectoral contributions in Gauteng. The finance & business services was the largest sector with contributions of 22% in 2001 and increasing to 24.6% in 2008. The contribution by this sector in Gauteng is due to the province hosting most of the headquarters of financial institutions. Manufacturing and government, social & personal services made the second and third largest contributions at 23% and 22% in 2008 respectively. The higher contributions by government, social & personal services are a reflection of the fact that the national government departments are based in Pretoria, the country's administrative capital.

With manufacturing, finance & business services and other sectors showing dominance in their relative contributions to production, the next figure seeks to establish whether the province has comparative advantages within those sectors which dominate its economy. The theory of comparative advantage emanates from classical economists such as David Ricardo (1772-1823), who argued that there would be benefits from trade if a nation specialised in the production of a good where it had comparative cost advantage. This implies that, where an economy has such an advantage, resources should be directed at the production of that good. To understand of the province's comparative advantages, this section compares the share of a sector in the province to a similar sector in the national economy.

Comparative advantage is calculated using the Location Quotient<sup>8</sup>. A Location Quotient larger than 1 shows a comparative advantage for a particular sector in the province compared to the same sector in the national economy.

**Figure 3.4: Location Quotient, Gauteng, 2001 & 2008**



Source: IHS Global Insight, 2009

Figure 3.4 shows the Location Quotient for economic sectors in Gauteng for 2001 and 2008. Construction had the largest comparative advantage in 2008 (1.3), an increase from 1.1 in 2001. This is not surprising given the high level of activity within the sector in preparation for the 2010 FIFA World Cup and other government infrastructural projects. The sector's growth in the province may appear to be modest but if compared to the national construction sector it is performing well. Manufacturing had the second highest Location Quotient (1.2) for both years. Finance & business services occupied the second and third positions at 1.15 and 1.13 for both years respectively and the Location Quotient for government, social & personal services was 1.0 (and point zero one difference) in the figures. With a Location Quotient of around 0.2 for both years, agriculture, forestry & fishing and mining & quarrying do not show a comparative advantage.

<sup>8</sup> IHS Global Insight defines the Location Quotient as an indication of the comparative advantage of an economy. A provincial or magisterial economy has a Location Quotient larger (smaller) than one or a comparative advantage (disadvantage) in a particular sector when the share of that sector in the provincial economy is greater (less) than the share of the same sector in the national economy. The Location Quotient is computed by taking the percentage share of the sector in the regional economy divided by the percentage share of that same sector in the national economy

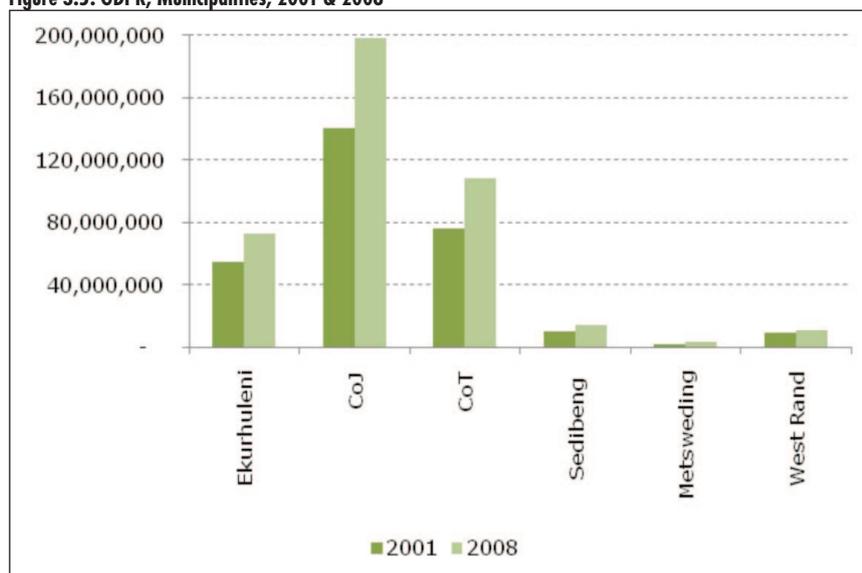
### 3.5 Municipal Economic Review

A review of the municipal economies will identify municipalities that make the largest contributions to the province’s GDP. Further analysis will show sectors with comparative advantage and which drive the economies of the municipalities.

#### 3.5.1 Economic Performance

The economic performance of the province is made up of the performances of the individual municipalities. To determine their average performance and to identify those sectors which dominated production across all municipalities, this section later on disaggregates municipalities’ economic performance and contributions into the primary, secondary and tertiary sectors.

Figure 3.5: GDP, Municipalities, 2001 & 2008



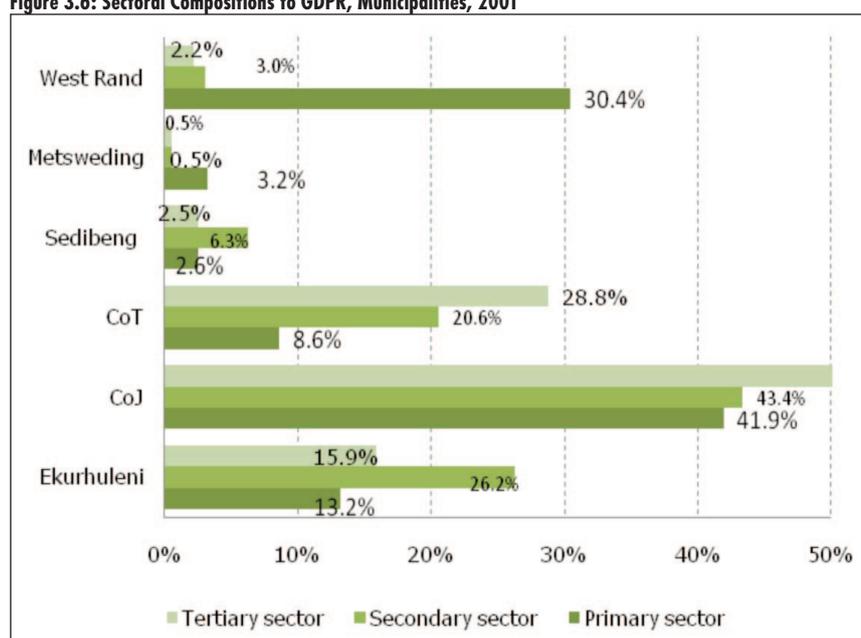
Source: IHS Global Insight, 2010

Figure 3.5 shows the GDP of the province’s six district and metropolitan municipalities for 2001 and 2008. CoJ experienced the highest economic growth for the two years and was followed by CoT and Ekurhuleni. For 2008 the three metros experienced increases and reached R197,922, R108,320 and R73,244 billions of GDP respectively. This is an indication that the metros contributed the most to the total of provincial economy over the two years. Chapter One also indicated that metros have relatively larger economic activities whereas those of districts are smaller. This explains the district municipalities’ small growths of GDP, with Sedibeng at R13,917, West Rand (R10,880) and Metsweding at R3,110 million in 2008. In general, the contribution by districts to the economy of the province is small.

#### 3.5.2 Sectoral Analysis

Sectoral analysis disaggregates the contributions of municipal economies into the primary, secondary and tertiary sectors. This makes it possible to identify the broad sectors that have driven growth within municipalities and hence in the province over the years 2001 to 2008.

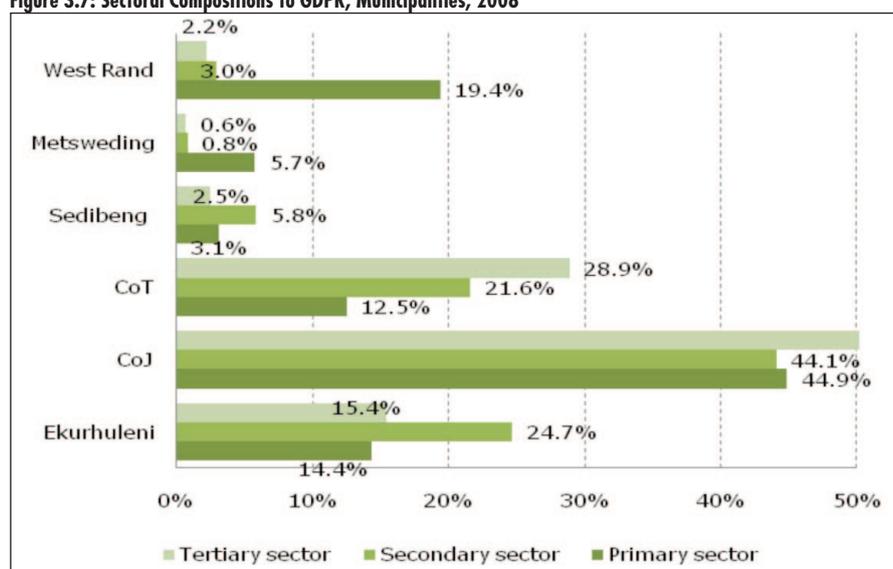
Figure 3.6: Sectoral Compositions to GDP, Municipalities, 2001



Source: IHS Global Insight, 2010

Figure 3.6 shows the contributions per municipality to the primary, secondary and tertiary sectors of the province's economy in 2001. The CoJ contributed most in all of the sectors, with its tertiary sector making the largest contribution to the provincial economy at 50%. This is related to the fact that the CoJ hosts the head offices of most of the major financial institutions, including the country's four main commercial banks. Ekurhuleni's largest contribution was in the secondary sector at 26.2% of the total. The secondary sector in Ekurhuleni is driven by manufacturing. CoT contributed 28.8% of the overall provincial tertiary sector. West Rand dominated production within the primary sector because the district has historically been the centre of mining in the province.

Figure 3.7: Sectoral Compositions to GDP, Municipalities, 2008

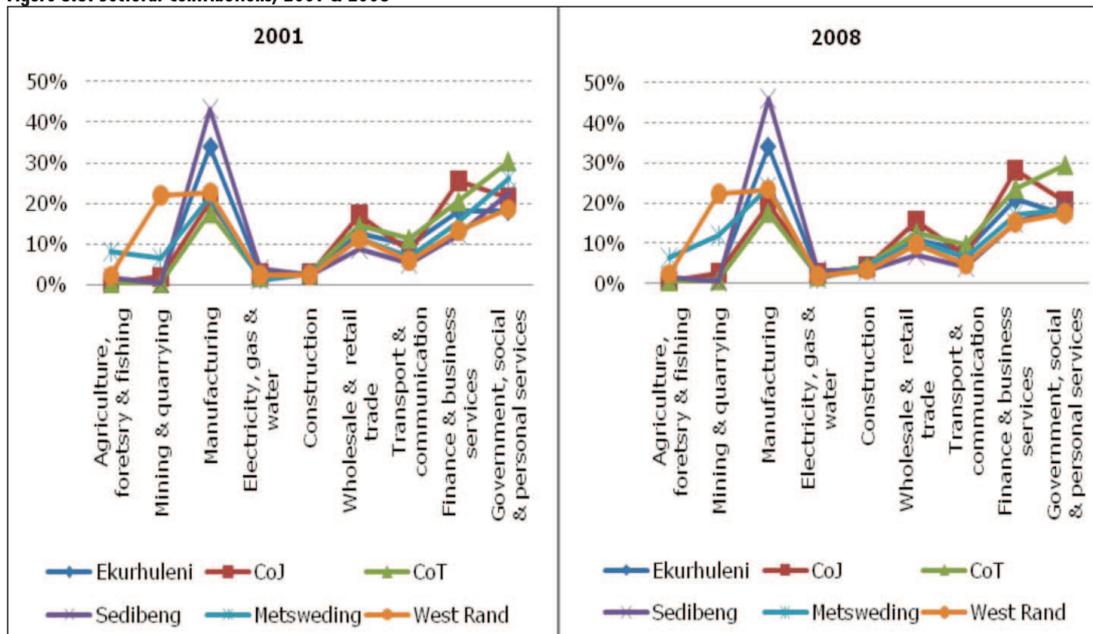


Source: IHS Global Insight, 2010

The CoJ was still the overall major contributor to all sectors in 2008, with its tertiary sector making the largest single contribution to the provincial economy (50.4%), followed by CoT's at 28.9% which was the metro's largest single contribution to the province's total. Ekurhuleni's largest contribution was in the secondary sector (24.7%). The West Rand's largest contribution remained in the primary sector, although this had dropped from 30.4% of the sector in the province in 2001 to 19.4% in 2009.

The metros make the largest contributions to provincial GDP because of the relatively large size of their sectoral contributions. Metsweding is the smallest of the municipalities and constitute the smallest components in most categories. The CoJ makes an individual exceptional contribution within the tertiary sector, followed by CoT.

Figure 3.8: Sectoral Contributions, 2001 & 2008

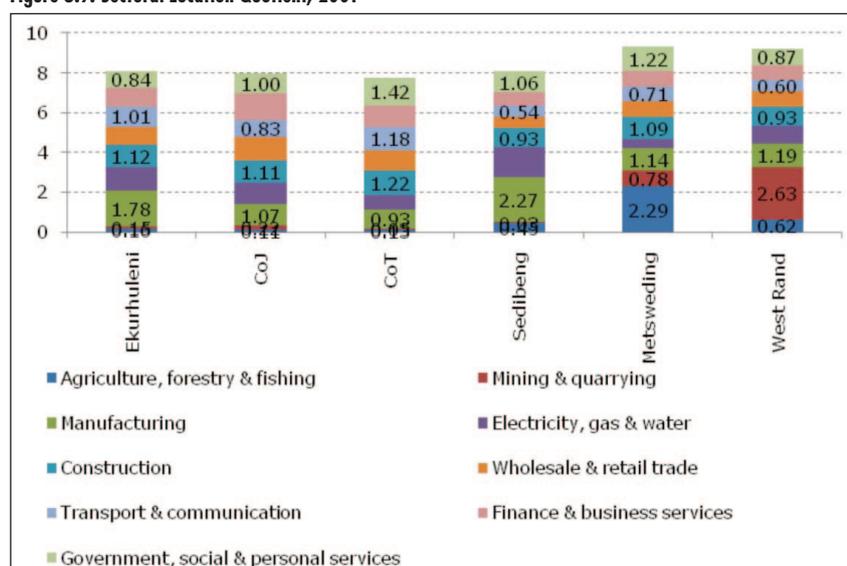


Source: IHS Global Insight, 2009

Figure 3.8 shows the sectoral compositions of the district's and metro's economies for 2001 and 2008. The dominance of manufacturing can be seen in most municipalities for the two years. In Sedibeng and Ekurhuleni, manufacturing dominated in both years with contributions at 43.2% and 33.9% respectively. The largest single sector of the CoJ economy was finance & business services at 26%. For CoT, this figure was 21% and for Ekurhuleni, 18%. Government, social & personal services contributed 30% in CoT and 26% in Metsweding. Wholesale & retail trade also made significant contributions in the three metros, at between 13% and 17%.

The figure also shows that, in 2008, manufacturing made the single largest economic contribution to the province. In Sedibeng, the contribution was 46%, followed by Ekurhuleni at 34%. The contributions by Finance & business services increased for all municipalities, led by CoJ (28%), CoT (24%) and Ekurhuleni (21%). For government, social & personal services, only CoJ experienced a decrease. These statistics are further proof that the Gauteng economy is driven mainly by manufacturing, finance & business services, government, social & personal services and then wholesale & retail trade (figure 3.4).

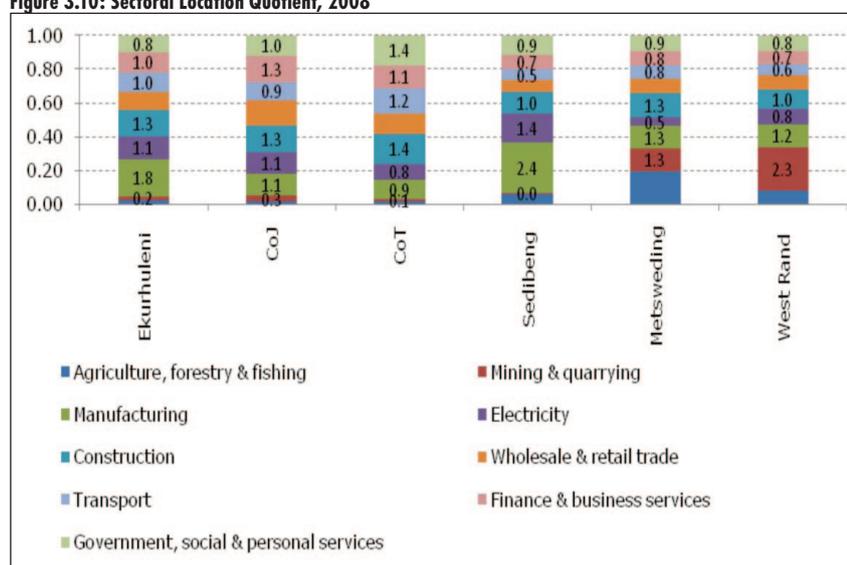
Figure 3.9: Sectoral Location Quotient, 2001



Source: IHS Global Insight, 2009

Figure 3.9 shows comparative advantages that municipalities had within the different production sectors for 2001. It indicates the shares of the different sectors within municipalities compared with their contributions nationally. The figure shows that, with the exception of the CoT, the province's municipalities had a comparative advantage in manufacturing. At almost 2.3, Sedibeng's Location Quotient was the highest, followed by that of Ekurhuleni at nearly 1.8. The West Rand had a significant comparative advantage in mining & quarrying (over 2.6) and Metsweding in agriculture, forestry & fishing (almost 2.3). CoT and Metsweding's comparative advantage in government, social & personal services sector were over 1.4 and over 1.2 respectively.

Figure 3.10: Sectoral Location Quotient, 2008



Source: IHS Global Insight, 2009

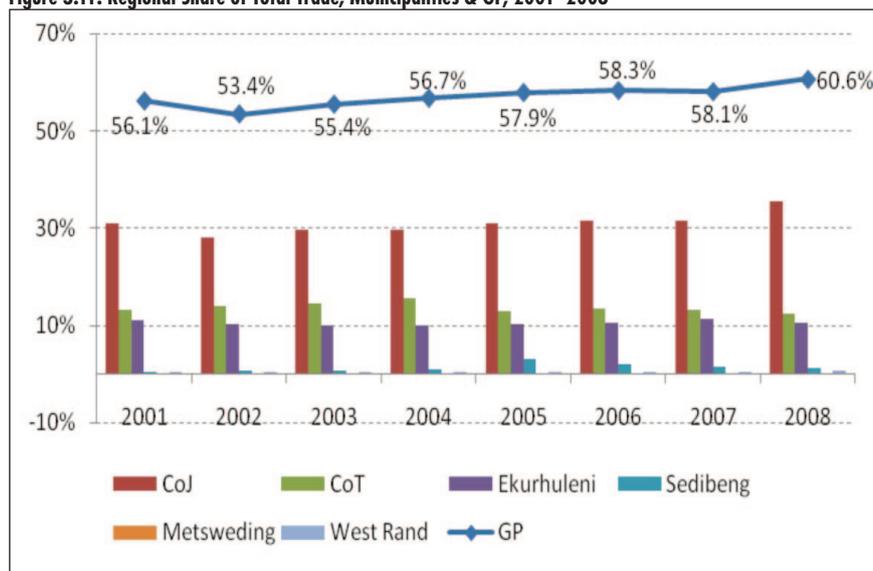
Figure 3.10 shows the Location Quotients of the same sectors for 2008. Led by Sedibeng and Ekurhuleni with Location Quotients of 2.4 and 1.8 respectively, all municipalities with the exception of CoT had a comparative advantage in manufacturing. The comparative advantage of the construction sector increased in 2008 for most municipalities, indicating increased activity within the province as compared to the country as a whole. This is related to the infrastructural developments taking place in the province in preparation for the 2010 FIFA World Cup. These developments led to the comparative advantage for construction increasing for most municipalities in

2008. The West Rand had the highest Location Quotients for mining & quarrying at 2.3, followed by Metsweding at 1.3.

### 3.5.3 Trade Analyses

Gauteng is actively involved in international trade, with the province’s trade balance mostly in deficit since 2002. Gauteng contributed more than 50% of the country’s trade over the period 2001 to 2008. According to the 2009 Provincial Economic Review and Outlook (PERO), the three main export components for Gauteng are pearls, precious stones & metals; base metals and mineral products. Imports consist mainly of mineral products, plastics and chemical products.

Figure 3.11: Regional Share of Total Trade, Municipalities & GP, 2001- 2008



Source: IHS Global Insight, 2009

Figure 3.11 shows the share of total trade for municipalities over the period 2001 to 2008 and the province’s contributions to national trade. It shows that the province’s contributions to national trade were 56% in 2001, falling to 53% in 2002 and gradually rising again to 60.6% in 2008. Throughout the period, CoJ made the largest contribution, at over 30%, followed by CoT and Ekurhuleni. The district municipalities contributed the least to trade because of their smaller economies. This means that although individual districts might be contributing more to trade, the small nature of their economies make the contributions smaller when averaged with those of the metros.

The next section disaggregates the metros’ exports and imports to identify the major components of the province’s trade. The district municipalities are excluded from this analysis because of their relatively small contributions to trade in the province. In 2008, each of them contributed less than 1.5% of provincial trade.

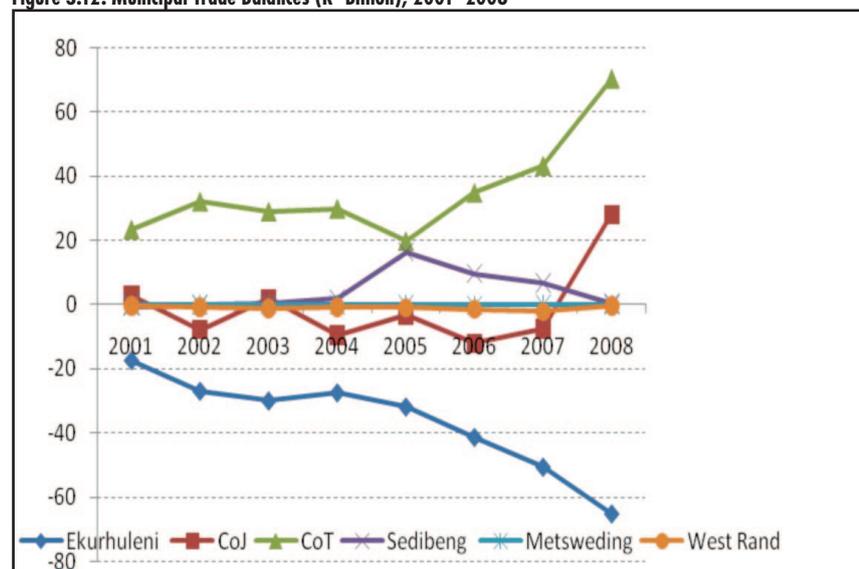
Table 3.4: Major Export & Import Items per Metro, 2008

Exports		%	Imports		%
<b>CoJ</b>	Pearls, precious or semi precious stones	43%	Machinery & mechanical appliances	37%	
	Mineral Products	23%	Mineral Products	16%	
	Base metals & articles of base metals	16%	Products of chemical or allied industries	11%	
<b>CoT</b>	Mineral products	55%	Machinery & mechanical appliances	24%	
	Base metals & articles of base metals	29%	Equipment components & parts of motor vehicles	16%	
	Vehicles, aircraft and transport equipment	6%	Vehicles, aircraft and transport equipment	14%	
<b>Ekurhuleni</b>	Machinery & mechanical appliances	26%	Machinery & mechanical appliances	43%	
	Base metals & articles of base metals	22%	Vehicles, aircraft and transport equipment	16%	
	Pearls, precious or semi precious stones	12%	Products of chemical or allied industries	11%	

Source: Quantec Research, 2009

Table 3.4 shows the three major export and import items by each of the three metros in 2008. In CoJ, pearls, precious or semi precious stones constituted the highest percentage of exports whereas imports were dominated by machinery & mechanical appliances. The largest single element of CoT's exports was mineral products and its largest import category was machinery & mechanical appliances, associated with the metro's motor vehicle assembly plants. This is because Rosslyn, which is based in the CoT, is the hub of the province's motor vehicle manufacturing industry. In Ekurhuleni, the largest single category of both exports and imports was machinery & mechanical appliances. This is related to the extent of manufacturing in the metro.

**Figure 3.12: Municipal Trade Balances (R' Billion), 2001- 2008**



Source: IHS Global Insight, 2009

Figure 3.12 shows the trade balances of the municipalities over the period 2001 to 2008. The CoT was the only municipality with a positive trade balance throughout the period. In the same period, Ekurhuleni's was consistently in deficit. CoJ showed balanced trade for 2001 and 2003 and a deficit for the other years except for 2008 when it had a surplus. Sedibeng's trade was in balance from 2001 to 2004 and in surplus from 2005 to 2007. West Rand and Metsweding both had balanced trade throughout the period. In general, the municipalities' trade balances were negative. This in turn was the reason why the trade balance for the province has in general been in deficit since 2001.

### 3.6 Conclusion

The South African economy entered a recession in the first quarter of 2009. The country was substantially shielded from the effects of the crisis because of the prudent macro-economic fundamentals that had been put in place and by high levels of government spending on infrastructure. Projections are that in 2010 the economy will see recovery and GDP results for the third quarter of 2009 confirms this. Of all of the provinces, Gauteng's contribution to GDP is the largest, with finance & business services and manufacturing one of the pillars of the provincial and national economies.

The provincial economy and that of the country have transformed to a more sophisticated form of production whereby the tertiary sector forms a significant part of the province's economy. Analysis of the municipalities' economies shows that CoJ is the major contributor to GDP, followed by Ekurhuleni and CoT. Manufacturing plays an important role in production within municipalities, dominating production in 2008 and displaying a higher comparative advantage. Trade analysis shows that CoJ is the major contributor to provincial trade, followed by CoT and Ekurhuleni.



# Chapter 4: Labour Market

## 4.1 Introduction

Labour market indicators are a reflection of economic performance as they mirror how job creation and production take place within an economy. Growth in the employment of skilled labour is one of the most important indirect contributors to economic growth. The objective of halving unemployment was adopted by the GPG from the national ASGISA strategy in 2006 with a view to enabling South Africa to achieve the MDGs. By creating more job opportunities, the province and the country would help absorb the unemployed and provide communities with jobs that would enable them to provide for their needs and not depend on government grants.

Mafiri<sup>1</sup> argues that 'Unemployment is a universal problem with which the political leadership of almost every country has to wrestle'. The global financial crisis and the resultant recession, have led the country to shed 959,000<sup>2</sup> jobs from the first to the third quarter and 89,000 job gains during the fourth quarter of 2009. Out of the 959,000 job losses, more than three quarters (360,000) were in Gauteng. However, the province managed to create 30,000 jobs (34%) of the 89,000 created in the fourth quarter of 2009. This period of recession will be a challenging one for government to achieve its labour market targets set out in the GGDS of halving unemployment by 2014.

This chapter analyses the labour market of Gauteng and the municipalities. The labour market is discussed under the topics of labour force profile, sectoral employment and employment by occupation and skills. It looks at labour remuneration and further analyses employment growth rates and forecasts to 2012. Analysis on the municipal level will not be as thorough, owing to the limited availability of data at that level of the economy.

## 4.2 Gauteng Labour Force Profile

According to Stats SA the labour force is defined as the number of individuals aged between 15 and 64 (the working age population), who are either employed or looking for work. The labour force participation rate is the proportion of the working age population that is either employed or unemployed. There are two definitions of unemployment; broad and narrow unemployment. Narrow unemployment includes those people in the economically active population who are looking for work and did not have a job during the seven days prior to survey. Broad unemployment is narrow unemployment plus discouraged work seekers. The narrow unemployment rate is the official rate used in South Africa.

**Table 4.1: Labour Market Statistics, Gauteng, 2007 & 2008**

Gauteng	2007	2008	Change	% Change
<b>Working Age Population</b>	6,928,505	7,085,320	156,815	2%
<b>Narrow Labour Force</b>	4,513,287	5,351,504	838,217	19%
<b>Broad Labour Force</b>	5,151,477	5,181,455	29,978	1%
<b>Employed</b>	3,503,025	4,055,525	552,500	16%
<b>Narrow Unemployed</b>	1,010,262	1,125,930	285,717	28%
<b>Broad Unemployed</b>	1,648,452	1,295,979	-522,522	-32%
<b>Discouraged Work seekers</b>	638,190	170,049	-468,141	-73%

Source: Quantec Research, 2009

<sup>1</sup> Mafiri M.I. (2002). *Socio-Economic Impact of Unemployment in South Africa*. University of Pretoria. South Africa.

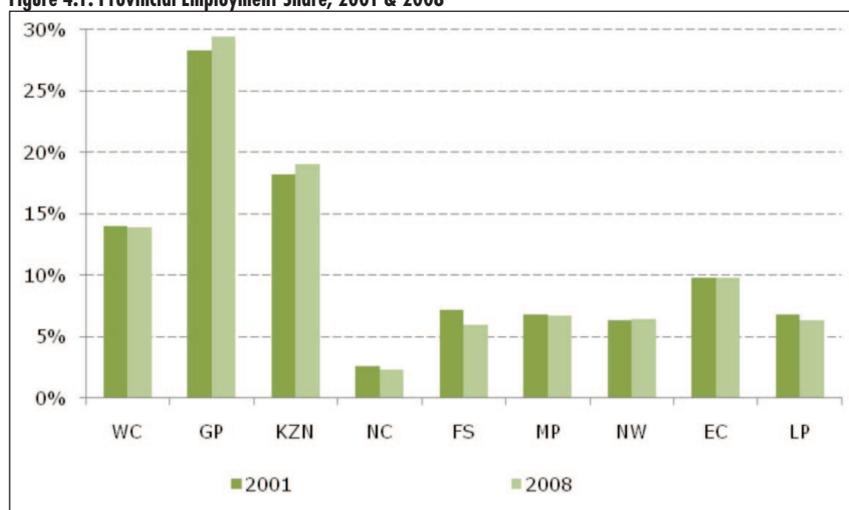
<sup>2</sup> Stats SA, Quarterly Labour Force Survey (QLFS), 2009.

Table 4.1 compares the labour market statistics for Gauteng between 2007 and 2008. The table shows that the labour force has grown from an estimated 6.9 million people to about 7.1 million over the review period. This represents close to a 2% growth rate. The narrow labour force increased by 19% and the proportion of the labour force employed increased by 16%. This reflects a rise in the absorption rate<sup>3</sup> of the labour market, even though the population growth rate was lower. Discouraged work seekers declined by 73% which led to the increased labour force numbers, offsetting the growth of employment.

### 4.3 Employment

As more people become employed in an economy, the pool of individuals that receive income increases and the demand for goods and services also increases. This is known as the income elasticity of demand for goods<sup>4</sup>. Production would have to increase to match the higher demand leading to higher economic growth, alleviation of poverty and high revenue collection by government.

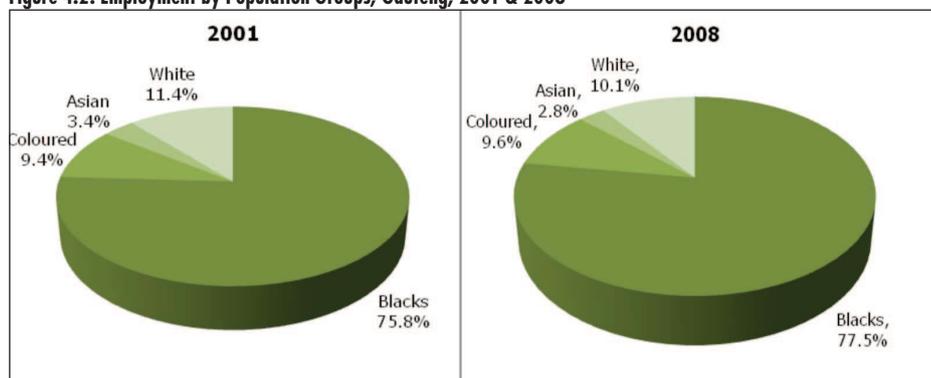
**Figure 4.1: Provincial Employment Share, 2001 & 2008**



Source: Quantec Research, 2009

Figure 4.1 looks at the changes in the provincial employment share between 2001 and 2008. In these years over 28% and 29% of South Africa’s employment was concentrated in Gauteng, which signifies one percentage point increase over the review period. The employment share of Gauteng was higher than population share which indicates that the level of the economically active population is higher than in other provinces. Gauteng, KwaZulu-Natal and the Western Cape accounted for over 60% of total employment, with Gauteng accounting for almost half of this share. The employment shares of the Free State and Limpopo declined by 1.2 and 0.5 percentage points respectively.

**Figure 4.2: Employment by Population Groups, Gauteng, 2001 & 2008**



Source: Quantec Research, 2009

3 Absorption rate is the percentage of new entrants in the labour force that are able to find employment within the economy.

4 Robert, S, P & Rubinfeld, D. 2005. Microeconomics, sixth edition, University of California, Berkeley

Figure 4.2 analyses employment by population groups for Gauteng between 2001 and 2008. The figure reveals that of the total number of individuals employed in Gauteng, the Black population group constituted more than three quarters for both years. This can be attributed to the fact that the Black population constituted more than 73% of Gauteng residents in 2001 and 2008 as indicated in Table 2.1 of Chapter Two. The share of Black employment grew between 2001 and 2008 by 1.7 and Coloured employment by 0.2 percentage points. There was a decrease in the share of employed Asians by 0.6 and Whites by 1.3 percentage points.

**Figure 4.3: Employment Growth Rate, Gauteng, 2001-2012\***



Source: Econometrix, 2009

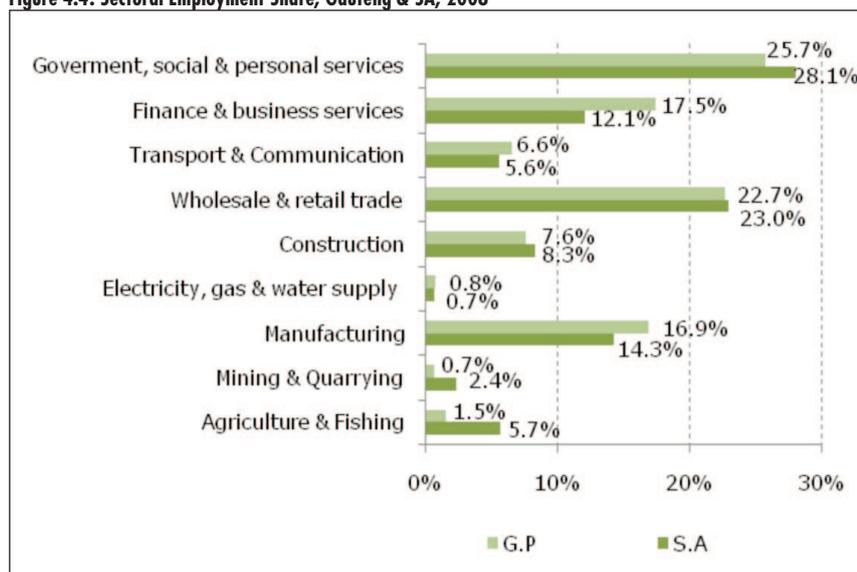
NB:\* Indicates forecast data

Figure 4.3 shows Gauteng employment growth rates from 2001 to 2008 and forecasted rates from 2009 to 2012. Employment growth declined from 2.7% in 2002 to -2% in 2003, which might be due to the high interest rates of around 13.5% at the end of 2002 that had negative economic impacts during 2003. High interest rates increase the cost of investment which could lead to less job creation, therefore reducing employment growth. The employment growth rate peaked from negative percentages to a high of 4.1% in 2005; followed by a slowdown to 2% in 2007. Econometrix is forecasting employment growth rates to increase for 2009 by 4.5% and 2010 5.4% before declining to 3.8% and 5.2% in 2011 and 2012 respectively. A large amount of the projected increase in growth is the result of capital investments for the 2010 FIFA World Cup and EPWP planned by national government.

#### 4.3.1 Sectoral Employment

Regional employment shares are subject to change over time as economic structures and other economic factors alter. Employment in Gauteng has shifted in line with structural changes in the economy. This section covers the sectoral employment share for 2008 and sectoral employment growth rates for 2001 and 2008.

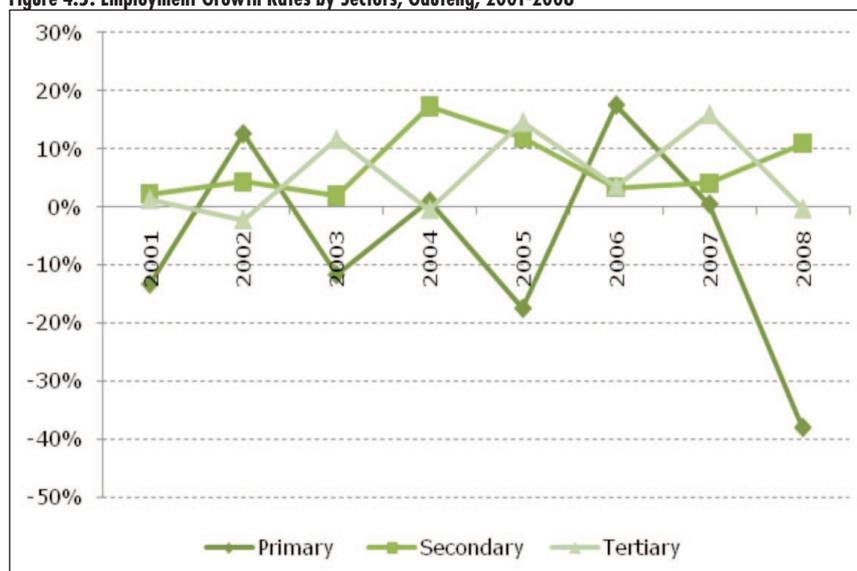
Figure 4.4: Sectoral Employment Share, Gauteng & SA, 2008



Source: Quantec Research, 2009

Figure 4.4 illustrates employment by sectoral share in Gauteng and South Africa for 2008. According to Stats SA, the provincial economy is mainly driven by activities within finance & business services followed by manufacturing. However, the highest employment occurred in government, social & personal services (28%), followed by wholesale & retail trade (23%) and manufacturing (14%) which are labour intensive. Manufacturing and finance & business services, each contributed 17% towards employment in South Africa for 2008. For the province, agriculture, forestry & fishing together with mining & quarrying sectors lost momentum by 4.1 and 2.7 percentage points from 2001 to 2008. This clearly reflects the decline of the primary sector within the province. The employment share for the agriculture, forestry & fishing and mining & quarrying sectors were much higher on the national level when compared to the province. The government, social & personal services sector accounted for the largest employment share nationally.

Figure 4.5: Employment Growth Rates by Sectors, Gauteng, 2001-2008

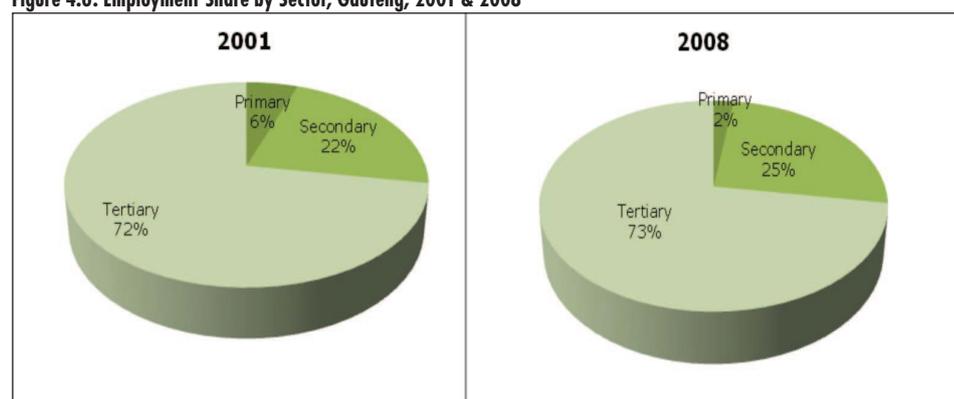


Source: Quantec Research, 2009

Figure 4.5 illustrates employment growth rates by sector for Gauteng from 2001 to 2008. The sectors have experienced inconsistent employment growth over the review period. The primary sector showed unstable employment growth, contracting by 38% in 2008; the volatility of this sector can be attributed to its dependency on agriculture which is subject to unpredictable climatic conditions. The decline could also be attributed to

the effects of seasonal employment within agriculture and the high volatility of commodity prices after 2004. Furthermore, falling employment growth rates in 2008 were due to job losses in mining as a result of the global financial crisis and the maturity of mines in the province which has caused many to shut down. Only the secondary sector experienced a consistent positive employment growth rate. The highest growth rate for the sector was 17.3% in 2004, declining to 3.5% in 2006. Growth started to pick up from 2007 because of the increase of employment in construction, linked to the implementation of public sector infrastructural projects. The tertiary sector, the largest contributor to employment within the Gauteng economy, recorded 1.3% employment growth in 2001 before slowing to -2.2% in 2002. The sector then continued with a positive trend until 2007. In 2008, the tertiary sector recorded -0.4%. This can be linked to the impact of the financial crisis and the delayed effect of the high interest rates in 2007.

**Figure 4.6: Employment Share by Sector, Gauteng, 2001 & 2008**



Source: Quantec Research, 2009

Figure 4.6 shows employment share by sector for Gauteng in 2001 and 2008. There has been a change in sectoral employment shares with the primary sector employment share declining from 6% to 2%. The employment shares of the secondary and tertiary sectors increased by three and one percentage points respectively. The decline of primary sector employment gives rise to structural unemployment when competent workers to perform tasks in this sector have to seek employment in the secondary and tertiary sectors. Such workers may not have the skills required to enter these more sophisticated sectors.

#### 4.3.2 Employment by Occupation and Skills

Employment by occupation can be categorised according to different skill levels, which are influenced mainly by education, training, the general competencies and levels of skill required within the particular occupation. The skill level is important as one can only do specialised jobs when certain skills are attained. Skill shortages and mismatches are some of the major challenges facing developing economies, posing a serious threat to economic growth and the ability to achieve socio-economic goals.

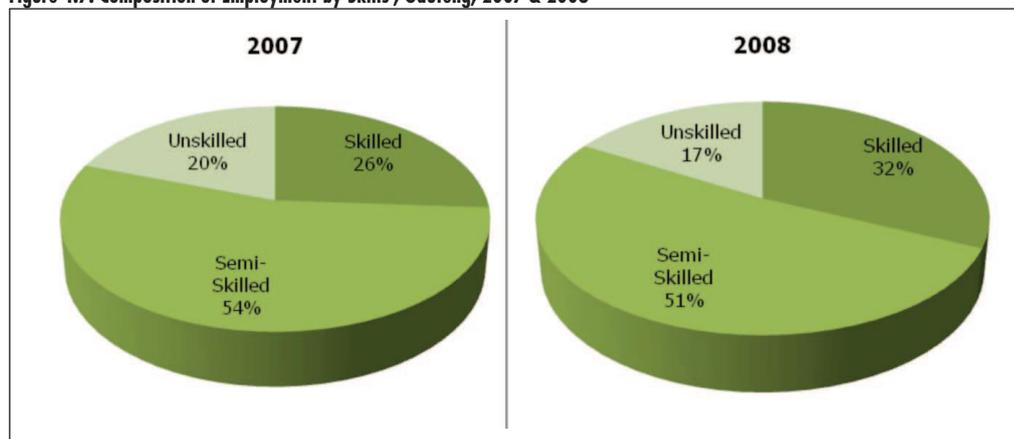
Table 4.2: Employment by Occupation, Gauteng, 2001 & 2008

	2001		2008		% Point Share Change	Net Gain/Loss
	Employment	(%)	Share	(%)		
Legislators, senior officials & managers	240,828	9.6%	422,282	11.2%	1.6%	181,453
Professionals	158,192	6.3%	312,607	8.3%	2.0%	154,414
Technician & associate professionals	327,625	13.0%	462,731	12.3%	-0.8%	135,106
Clerks	363,388	14.5%	535,940	14.2%	-0.3%	172,552
Service workers, shop & market sales	394,103	15.7%	496,306	13.2%	-2.5%	102,203
Skilled agriculture & fishery workers	50,618	2.0%	13,547	0.4%	-1.7%	-37,071
Craft & related trades workers	358,778	14.3%	556,398	14.8%	0.5%	197,620
Plant, Machine operators & assemblers	249,546	9.9%	343,585	9.1%	-0.8%	94,039
Elementary occupation <sup>6</sup>	368,673	14.7%	627,432	16.6%	2.0%	258,759
<b>Total</b>	<b>2,511,751</b>	<b>100%</b>	<b>3,770,827</b>	<b>100%</b>		<b>1,259,076</b>

Source: Quantec Research, 2009

Table 4.2 shows employment by occupation and net gain/loss between 2001 and 2008. Employment within this period almost doubled with the highest net gains recorded in the elementary occupations at 258,759 and amongst legislators, senior officials & managers at 181,453. The percentage share of some occupations decreased, resulting in a change in the overall composition of employment by occupation. However technicians & associate professionals, clerks, service workers, shop & market salespersons and machine operators & assemblers exhibited net job gains. The largest relative decline was within the service workers, shop & market sales occupation, with a decline of 2.5 percentage points, followed by skilled agriculture & fishery workers with -1.7 percentage points. The table also shows that the decline in occupation share does not translate into a decline in employment; for example, the employment share for plant, machine operators & assemblers declined by 0.8 percentage points but employment rose by 94,039. In 2001 the largest category of employment was service workers, shop & market sales. By 2008, leaving aside elementary occupations, craft and related trade workers were predominant.

Figure 4.7: Composition of Employment by Skills<sup>7</sup>, Gauteng, 2007 & 2008



Source: Quantec Research, 2009

Figure 4.7 shows the composition of employment by skill level in Gauteng in 2007 and 2008. Education is important in the acquisition of skills and skilled workers contribute significantly toward economic production. The figure shows that the share of skilled labour in Gauteng increased from 26% in 2007 to 32% in 2008. The unskilled labour force decreased by three percentage points in the same period. Numerically, Gauteng’s labour force was dominated by semi-skilled labour in both 2001 and 2008, at 54% and 51% respectively. There was a decline of three percentage points from 20% to 17% in the number of unskilled workers between 2007 and

6. Selling goods in streets, door-keeping and property watching, as well as cleaning, washing and working as labourers in the fields of mining, agriculture and fishing, construction and manufacturing. Includes: news and other vendors; garage attendants; car washers and greasers; gardeners; farm labourers; unskilled railway track workers; labourers performing lifting, digging, mixing, loading and pulling operations; garbage collectors; stevedores; sweepers; char workers etc.

7. Skilled: Legislators, senior officials & managers, professionals, technician & associate professionals.

Semi-skilled: Clerks, service workers & market sales workers, craft & related trades workers, plant & machine operators and assemblers. Unskilled: Elementary occupations

2008. The reduction in the shares of unskilled and semi-skilled labour led to a corresponding increase in the share of the skilled labour force.

In order to solve the skills shortage problem, the province initiated the Gauteng City Region Academy (GCRA) amongst other initiatives. The academy focuses on the grass roots level by granting financial assistance to matriculants to further their studies within scarce skills fields (engineering, accounting etc). In 2009 a total of 933 students were given financial support to study through Further Education and Training (FET) institutions and universities.

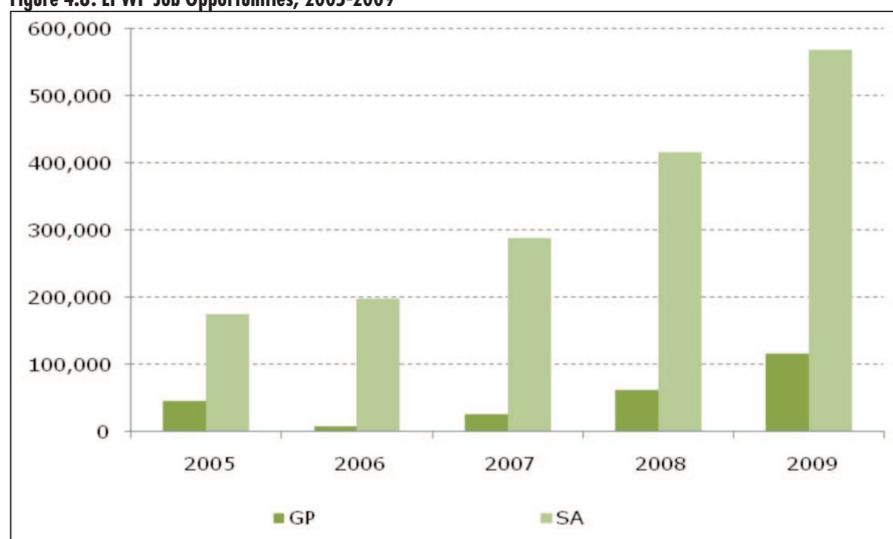
**Table 4.3: Composition of Employment by Skill Level & Population Groups, 2007 & 2008**

Population group	2007			2008			% Change		
	Skilled	Semi-Skilled	Unskilled	Skilled	Semi-Skilled	Unskilled	Skilled	Semi-Skilled	Unskilled
Black	16.4%	65.1%	18.5%	18.6%	58.6%	22.8%	2.2%	-6.5%	4.3%
Coloured	31.8%	61.1%	7.0%	37.4%	57.5%	5.1%	5.5%	-3.6%	-1.9%
Asian	59.8%	36.8%	3.4%	19.6%	58.5%	21.8%	-40.2%	21.8%	18.5%
White	59.0%	38.3%	2.7%	19.6%	58.5%	21.8%	-39.4%	20.3%	19.1%

Source: Quantec Research, 2009

Table 4.3 shows the provincial composition of employment by skill level according to the different population groups in 2007 and 2008. In 2007, skills in the Black population were concentrated in the semi-skilled category (65.1%). This category however declined in the Black population by 6.5 percentage points to 58.6% in 2008 because of the gain by the skilled (2.2%) and unskilled (4.3%) categories. The major decline in skilled labour was recorded in the Asian and White population groups, which might be linked to the brain drain of experienced professionals. The Coloured population recorded a decline of 3.6 and 1.9 percentage points in semi-skilled and unskilled categories of employment and a corresponding rise in skilled employment.

**Figure 4.8: EPWP Job Opportunities, 2005-2009**



Source: South African Presidency Mid-Term Review, 2008

Figure 4.8 shows job opportunities created by EPWP nationally and in the province over the period 2005 to 2009. The EPWP was implemented in 2004 across four sectors; infrastructure, environment & culture, social and economic sectors. The programme aimed to create one million job opportunities in the five years to 2009. The EPWP exceeded its target and created 1.65 million work opportunities. Of these, 15% were created in Gauteng. The highest number of job opportunities were created in Kwa-Zulu Natal (488,320) followed by Gauteng (260,013) and then the Eastern Cape (246,060)<sup>8</sup>. Infrastructure and environment & culture constituted 60% and 29% of the 1.65 million jobs created nationally. The next phase of EPWP aims to create a cumulative total of 4 million work opportunities by 2014. Public works will become an even more important safety net for employment as the impact of the economic recession further increases unemployment.

Table 4.4: Labour Force Educational Attainment, 2001 &amp; 2008

Education Level	2001	2008	Change	%Change
No schooling	181,248	186,845	5,596	3%
Primary not completed	548,775	503,884	-44,891	-8%
Primary completed	357,058	319,117	-37,941	-11%
Secondary not completed	2,156,518	2,732,028	575,511	27%
Secondary completed	1,415,081	2,205,309	790,228	56%
Tertiary	645,045	1,062,703	417,658	65%

Source: Quantec Research, 2009

Table 4.4 shows the educational attainments of the Gauteng labour force in 2001 and 2008. There was an increase of 3% in the labour force with no schooling. There has been an 8% and 11% decline in people with incomplete and completed primary education respectively. There was a 56% increase in workers with completed secondary education and a 65% increase in the number of people with tertiary education. The decline in those attaining primary education is concerning as it indicates a decrease in the numbers attaining basic literacy. However, the increase in the percentages of the labour force completed secondary and tertiary education shows that there is progress at the higher levels of the educational scale.

#### 4.3.3 Labour Remuneration

Labour remuneration, or the cost of labour, consists of salaries or wages paid for services rendered. The remuneration of labour is an important source of income in the economy as most households depend on salaries and wages for consumption and livelihood. For businesses, salaries and wages form a large part of the costs of production.

Table 4.5: Monthly Labour Remuneration by Sector, Gauteng, 2008

Sector	R1,000-R1,500	R1,501-R3,500	R3,501-R6,000	R6,001-R11,000	R11,001-R30,000	R30,000 or more
Agriculture, forestry & fishing	61%	32%	6%	0%	1%	0%
Mining & quarrying	4%	66%	19%	6%	4%	1%
Manufacturing	16%	35%	23%	10%	11%	5%
Electricity, gas & water	12%	27%	8%	13%	35%	6%
Construction	28%	43%	22%	4%	3%	0%
Wholesale & retail trade	33%	41%	13%	10%	3%	0%
Transport & communication	14%	38%	26%	10%	12%	0%
Finance & business services	10%	23%	16%	11%	18%	21%
Government, social & personal services	9%	23%	26%	20%	13%	9%
Private Households	77%	20%	2%	1%	0%	0%
<b>Total</b>	<b>25%</b>	<b>32%</b>	<b>18%</b>	<b>10%</b>	<b>9%</b>	<b>6%</b>

Source: Quantec Research, 2009

Table 4.5 breaks down the monthly labour remuneration by sector in Gauteng for 2008; all the income categories add to 100%. In the category of workers earning between R1,000 and R1,500 per month, those working in private households featured most strongly (77%) and followed by agriculture, forestry & fishing (61%). The sector with the largest proportion receiving remuneration of between R1,501 and R3,000 was mining & quarrying (66%), followed by construction (43%) and wholesale & retail trade (41%). The electricity, gas & water sector had a relatively high percentage of workers in the R11,001- R30,000 remuneration category. This can be linked to the fact that this sector demands skilled workers such as engineers, surveyors and the like. Finance & business services was the highest paying sector, with 21% of workers earning more than R30,000 per month. The community, social & personal services was the second highest paying sector (9%) within that category, followed by electricity, gas & water (6%).

**Table 4.6: Remuneration Share by Sector and Skills, Gauteng, 2001 & 2008**

	2001 (%)			2008 (%)		
	Unskilled	Semi-skilled	Skilled	Unskilled	Semi-skilled	Skilled
Agriculture, forestry & fishing	5.1%	1.0%	1.0%	2.0%	0.8%	0.0%
Mining & quarrying	0.5%	0.9%	0.6%	2.9%	7.1%	2.3%
<b>Primary sector</b>	<b>5.6%</b>	<b>1.9%</b>	<b>1.6%</b>	<b>4.9%</b>	<b>7.9%</b>	<b>2.3%</b>
Manufacturing	15.0%	22.2%	13.4%	16.5%	19.7%	14.9%
Electricity, gas & water	0.6%	0.7%	1.2%	0.1%	0.9%	0.9%
Construction	7.8%	10.4%	4.7%	3.4%	7.1%	1.5%
<b>Secondary sector</b>	<b>23.4%</b>	<b>33.3%</b>	<b>19.3%</b>	<b>20.0%</b>	<b>27.7%</b>	<b>17.3%</b>
Wholesale & retail trade	31.4%	27.6%	15.6%	51.0%	25.4%	14.4%
Transport & communication	4.6%	7.9%	7.0%	4.1%	7.3%	6.8%
Finance & business services	12.9%	14.8%	28.3%	9.0%	14.9%	25.3%
Government, social & personal services	12.1%	14.4%	28.2%	10.9%	13.7%	33.9%
Private household	9.9%	0.2%	0.0%	0.2%	3.1%	0.0%
<b>Tertiary sector</b>	<b>70.9%</b>	<b>64.9%</b>	<b>79.1%</b>	<b>75.2%</b>	<b>64.4%</b>	<b>80.4</b>

Source: Quantec Research, 2009

Table 4.6 compares remuneration share by sector and skills for Gauteng in 2001 and 2008. During 2001, unskilled workers in the wholesale & retail trade earned 31.4% of all remuneration in the unskilled category. By 2008 this had increased to 51%. Skilled workers in each of finance & business services and government, social & personal services earned slightly over 28% of total remuneration in the skilled category in 2001. The remuneration share for unskilled, semi-skilled and skilled workers within the mining & quarrying sector increased by 2.4, 6.2 and 1.7 percentage points respectively between the two years. This might be due to improvements of salaries and wages paid to primary sector workers after putting into effect minimum wage policy within the sector. The table also shows that although the construction industry recorded a rise in employment, remuneration within the sector declined throughout the skills categories. The table shows that there was a decline in the share of unskilled and semi-skilled remuneration. There was also an increase in the remuneration share for the skilled within the primary and tertiary sectors.

## 4.4 Unemployment

According to the narrow definition, unemployment occurs when a person is willing and able to work but is unable to find employment. The unemployment rate is defined as the percentage of those in the labour force who are unemployed but actively seeking work. The relatively high unemployment rate remains a challenge, to which the government has given priority, for Gauteng and the country. The cause of the high rate of unemployment is linked to labour mismatches; highly skilled labour is in demand but the labour force is predominantly semi-skilled and unskilled.

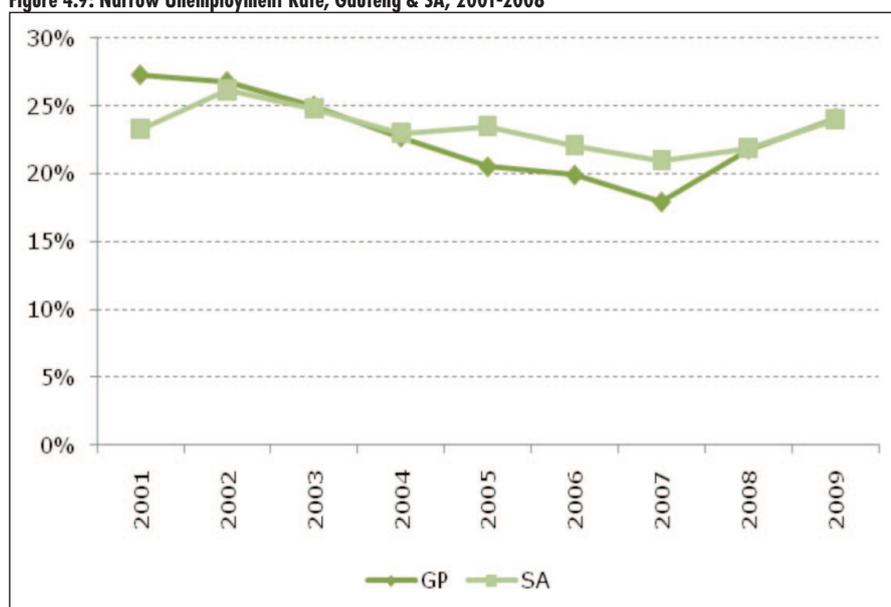
**Table 4.7: Unemployment Rate by Province, 2008 & 2009**

Unemployment by Provinces	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WC	18.1%	19.1%	19.7%	16.9%	18.4%	20.5%	22.5%	21.5%
<b>GP</b>	<b>22.7%</b>	<b>21.8%</b>	<b>21.8%</b>	<b>20.7%</b>	<b>21.7%</b>	<b>23.1%</b>	<b>25.8%</b>	<b>25.7%</b>
KZN	22.7%	22.2%	22.0%	20.8%	22.6%	19.3%	18.7%	19.2%
NC	24.9%	24.7%	22.7%	21.6%	27.4%	26.5%	29.9%	24.9%
FS	25.0%	25.9%	22.9%	22.6%	25.4%	26.9%	28.6%	25.3%
MP	23.7%	24.8%	23.2%	23.1%	24.7%	26.5%	25.7%	26.6%
NW	22.3%	22.9%	26.7%	25.2%	26.9%	27.7%	27.9%	27.0%
EC	28.1%	24.8%	27.4%	25.2%	28.4%	27.9%	26.8%	27.0%
LP	31.7%	30.6%	29.5%	25.7%	28.1%	24.9%	25.5%	26.9%
<b>RSA</b>	<b>23.1%</b>	<b>23.1%</b>	<b>23.2%</b>	<b>21.9%</b>	<b>23.5%</b>	<b>23.6%</b>	<b>24.5%</b>	<b>24.3%</b>

Source: Stats SA, Quarterly Labour Force Survey (QLFS) 2008 & 2009

Table 4.7 shows quarterly unemployment rates by provinces for 2008 and 2009. Gauteng experienced the second lowest unemployment rate during all quarters of 2008. The province recorded 22.7% in the first quarter and thereafter 21.8% during the second and third quarters, before declining to 20.7% in the fourth quarter of 2008. In 2009, Gauteng recorded the second lowest unemployment rate of 21.7% after Western Cape (18.4%) in the first quarter whereas the Eastern Cape experienced the highest unemployment rate at 28.4%. The situation worsened in the second quarter with an increase of 1.4 percentage points for the province with South Africa as a whole showing only a very small growth in unemployment of 0.1 percentage points. The table further illustrates that the provincial unemployment rate was the fifth highest in the country, at 25.8%, during the third quarter, with 234,000<sup>9</sup> job losses as compared to third quarter of 2008. The province experienced the sixth highest unemployment rate (25.7%) in the last quarter of 2009. The province reported 30,000 job increases out of the 89,000 created nationwide in the fourth quarter of 2009.

Figure 4.9: Narrow Unemployment Rate, Gauteng & SA, 2001-2008



Source: Stats SA, Labour Force Survey 2007\* & Quarterly Labour Force Survey 2008

Figure 4.9 shows the narrow unemployment rate for Gauteng and the country from 2001 to 2008. In 2001, the unemployment rate for Gauteng was higher than that of the country and from 2002 to 2004 was in line with it. The provincial unemployment rate started to slow down from 2005, and was lower than that of South Africa to 2008. According to Stats SA the 2009 average unemployment rate for both Gauteng and South Africa accelerated to 24.1% and 24% respectively. The high unemployment rate during this time can be linked to the delayed effect of high interest rates early in 2008 and also the 2009 high wage demand by workers. Furthermore the global financial crisis which led to the recession (as explained in Chapter Three) contributed to companies shedding workers. The provincial unemployment rate had been slowing down from 2002 in line with the objectives of halving unemployment and poverty by 2014. However, the impact of the global financial crisis has started to reverse these gains, leading to an increasing rate of unemployment. Employment in construction, however, is performing well as a result of infrastructural developments by government and preparation for the 2010 FIFA World Cup.

#### 4.5 Municipal Labour Force Profile

The municipal labour force profile gives a picture of how the labour force is structured within municipalities. This section also illustrates municipal contributions towards employment in the province and how the municipalities are affected by unemployment. This information is useful for decision-makers as it is indicative of the progress achieved to date and of areas that need intervention in regard to the achievement of objectives.

9. Quarterly Labour Force Survey (QLFS), Third quarter 2009

**Table 4.8: Selected Labour Market Indicators, Municipalities, 2008**

	Ekurhuleni	CoJ	CoT	Sedibeng	Metsweding	West Rand
<b>Labour force</b>	1,915,048	2,499,502	1,501,710	550,800	140,038	414,899
<b>Economically active population</b>	1,397,698	2,066,156	1,140,679	339,296	91,890	302,982
<b>Total employment</b>	884,228	2,075,534	1,108,283	154,009	64,947	188,241
<b>Unemployed</b>	360,586	419,225	143,457	101,846	11,623	69,223
<b>Not economically active</b>	517,350	433,347	361,031	211,504	48,148	111,918
<b>Labour force participation rate</b>	73.0%	82.7%	76.0%	61.6%	65.6%	73.0%
<b>Employment as % of labour force</b>	46.2%	83.0%	73.8%	28.0%	46.4%	45.4%
<b>Unemployment rate</b>	25.8%	20.3%	12.6%	30.0%	12.6%	22.8%

Source: IHS Global Insight, 2009

Table 4.8 shows selected labour market indicators for municipalities in 2008. It is important to note that total employment minus unemployment does not add up to the economically active population because unemployment at municipal level is measured from place of residence and employment from place of work. The table shows that almost one third of the Gauteng's labour force resides in the CoJ, followed by Ekurhuleni. Less than 16% of Gauteng's labour force lives in the district municipalities. Of the three metros, Ekurhuleni experienced the highest unemployment rate (25.8%) whereas CoT had the lowest (12.6%) in 2008. Amongst the districts, Sedibeng experienced the highest unemployment rate (30%) and Metsweding the lowest at 12.6%.

## 4.6 Employment

The municipal employment section gives a representation of how employment is spread amongst the municipalities by looking at municipal sectoral employment share. The section also looks at the different income categories of labour.

### 4.6.1 Sectoral Employment

**Table 4.9: Municipal Sectoral Employment, 2001 & 2008**

	Primary			Secondary			Tertiary		
	2001	2008	% point change	2001	2008	% point change	2001	2008	% point change
<b>Ekurhuleni</b>	2.5%	1.8%	<b>-0.7%</b>	28.5%	29.4%	<b>0.9%</b>	69.0%	68.8%	<b>-0.2%</b>
<b>CoJ</b>	1.7%	1.1%	<b>-0.6%</b>	22.1%	21.9%	<b>-0.2%</b>	76.2%	76.9%	<b>0.7%</b>
<b>CoT</b>	1.3%	0.8%	<b>-0.5%</b>	19.0%	20.5%	<b>1.4%</b>	79.6%	78.7%	<b>-0.9%</b>
<b>Sedibeng</b>	4.0%	2.3%	<b>-1.6%</b>	29.8%	33.0%	<b>3.1%</b>	66.2%	64.7%	<b>-1.5%</b>
<b>Metsweding</b>	12.6%	6.8%	<b>-5.8%</b>	21.7%	26.9%	<b>5.2%</b>	65.7%	66.4%	<b>0.6%</b>
<b>West Rand</b>	26.1%	16.5%	<b>-9.7%</b>	18.7%	22.5%	<b>3.8%</b>	55.1%	61.0%	<b>5.9%</b>

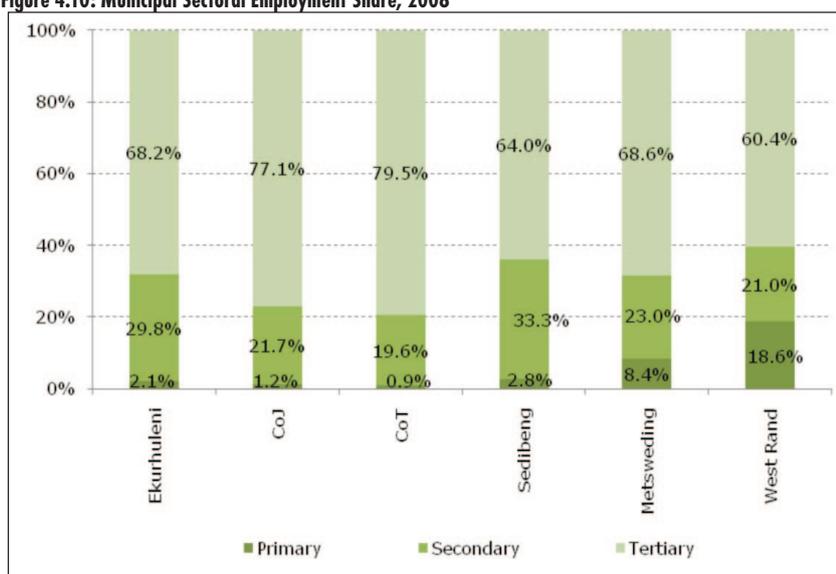
Source: IHS Global Insight, 2009

Table 4.9 compares municipal sectoral employment between 2001 and 2008. Primary sector employment declined throughout the municipalities with the West Rand experiencing the highest decline. The decline in employment within municipalities is linked to the decline in production within the primary sector. Mining is the backbone of the West Rand economy and the closure of mines in the recent past has led to workers being laid off and shrinking employment.

Employment within the secondary sector increased across all municipalities except for the CoJ where it declined by 0.2 percentage points. The secondary sector made the second highest contribution to employment and production after the tertiary sector across all municipalities in 2008. Metsweding recorded the highest increase in employment at 5.2 percentage points. Metsweding has the smallest economy and from this small base, any change to the economy has a major impact.

The tertiary sector has become into the main provincial and municipal focus of production. However this sector experienced a decline in employment in Ekurhuleni of 0.2, in CoT of 0.9 and in Sedibeng of 1.5 percentage points. The West Rand recorded the highest increase in employment within the sector at 5.9 percentage points, due to the 10,000 and 9,000 jobs created within finance & business services and wholesale & retail trade respectively.

Figure 4.10: Municipal Sectoral Employment Share, 2008



Source: Quantec Research, 2009

Figure 4.10 shows sectoral shares of employment in municipalities in 2008. Across all municipalities, the tertiary sector constituted the largest source of employment with almost 80% of employment in CoT being in this sector in 2008. This is because the CoT is the centre of national government administration and hosts all the national government departments. The primary sector was prominent in the West Rand, accounting for 18.6% of employment, followed by Metsweding with 8%. Sedibeng (33.3%) was the municipality with the highest concentration of employment in the secondary sector. The secondary sector accounted for an average 20% share of employment throughout all municipalities.

#### 4.6.2 Labour Remuneration

This section profiles the earnings of labour in the different earning categories within the municipalities. It provides detailed analysis of changes in earnings within different municipalities which, when aggregated, sum up changes in provincial labour remuneration.

Table 4.10: Change in Annual Labour Remuneration, Municipalities, between 2007 & 2008

	0-6K*	6K-18K	18K-30K	30K-54K	54K-96K	96K-192K	192K-360K	360K-1.2M*	1.2M+
Ekurhuleni	-6,199	-15,959	-4,054	-748	7,101	11,072	5,130	13,155	3,125
CoJ	-6,528	-19,851	-7,355	-4,119	6,078	12,935	8,335	20,195	6,155
CoT	-3,211	-10,657	-3,959	-3,104	1,085	4,622	1,735	15,926	5,552
Sedibeng	-3,248	-6,140	-1,101	1,582	2,603	2,612	1,816	3,066	815
Metsweding	-530	-1,839	-695	-180	1,006	1,275	721	1,530	321
West Rand	-1,458	-3,401	-869	453	1,762	2,138	1,415	2,439	504

Source: IHS Global Insight, 2009

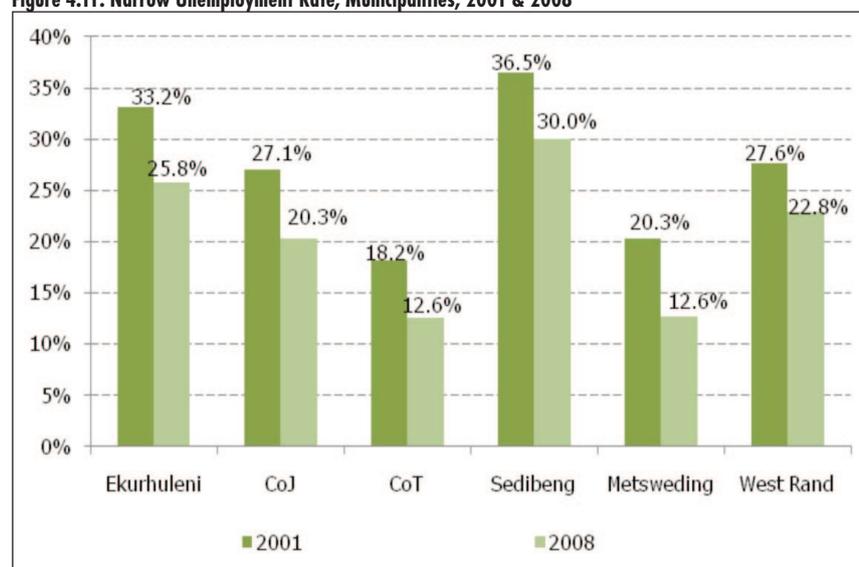
\*Note: K refers to a thousand and M a million Rands

Table 4.10 shows the number of employees whose' annual labour remuneration changed between 2007 and 2008. There was a decrease of employees earning between 0-30k across all municipalities. CoJ recorded the highest decline of individuals earning 6K-18K by 19,851 followed by Ekurhuleni at 15,959. The lowest decline was Metsweding with 695 per annum. All municipalities have shown an increase in the number of individuals earning above 54K per annum. CoJ had the highest change in the number of employees earning above 1.2m per annum (6,155), followed by CoT (5,552). There were least in Metsweding with 321 employees.

## 4.7 Unemployment

The total provincial unemployment rate is a summation of the unemployment rates of the municipalities. Unemployment remains a challenge for the province and the country with the 2009 recessionary pressure causing unemployment to increase even more. This section analyses unemployment in municipalities to determine any improvement or deterioration.

**Figure 4.11: Narrow Unemployment Rate, Municipalities, 2001 & 2008**



Source: IHS Global Insight, 2009

Figure 4.11 compares the narrow municipal unemployment rates for 2001 and 2008. Sedibeng, which has the fourth largest labour force, recorded the highest unemployment rate (36.5%) in 2001. This improved to 30% in 2008. Ekurhuleni had the second highest unemployment rate in 2001 (33.2%) which shrank to 26% in 2008. In general, the unemployment rates for all municipalities showed a declining trend between 2001 and 2008. This represents progress in lowering the unemployment rate of municipalities, reflected in the overall Gauteng unemployment rate until the economic shocks of 2009.

## 4.8 Conclusion

The provincial labour market has experienced rapid growth. Blacks constitute more than three quarters of the labour force because they constitute the largest share of the Gauteng population. The province experienced a growth in employment and a decline in unemployment between 2001 and 2007. The increase in employment was previously concentrated in the wholesale & retail trade, community, social & personal services and manufacturing sectors. Employment growth is now occurring within the construction sector and also within the highly skilled occupations of the tertiary sector. This is due to the major public sector infrastructural projects that are taking place and the preparations for the 2010 FIFA World Cup.

Increasing employment was however, followed by a rise in the unemployment rate during 2008 and 2009, resulting from the economic recession. The employment structure for the province is similar to that of the municipalities and is in fact a summation of employment in the municipalities. The difference is that municipal employment tends to be dominated in particular cases by sectors like government, social & personal services (CoT), mining & quarrying (West Rand) and finance & business services (CoJ).



# Chapter 5: Access to Services

## 5.1 Introduction

Responsibility for the provision of basic services is located at the level of local government. Assessment of the level of provision is usually expressed in terms of the number of households who have access to a particular service. Backlogs in the provision of services are thus determined by the number of households who do not have access to the required level of service. Despite the global economic downturn, basic service provision goals and targets should not be placed on hold as revenue resources may become constrained. Effective implementation of service provision by municipalities has proven to be a challenge, with municipalities varying in the extent of their backlogs and in the services they provide.

Infrastructure development can unlock economic potential and enable enhanced participation within the economy for many people. Provision of infrastructural services such as water, sanitation, transport, electricity, telecommunications, educational and health care facilities is a pre-condition for improved economic growth, welfare, quality of life and people's productivity. Well-planned and managed infrastructure creates economic opportunities. Conversely, failure to provide such services has a detrimental impact on the efficiency of a region's economy and on the standard of living that its residents enjoy. Infrastructure thus plays a dual role in the economic system, improving both economic activity and living conditions.<sup>1</sup>

This Chapter discusses access to services under the categories of education, human settlements, health care services, water and sanitation, electricity and infrastructural developments currently underway in the province. The Chapter is divided into two sections, relating to access to services in Gauteng and in the municipalities. Because the data sources only provide information at the provincial level, there are some limitations to the section on municipalities.

## 5.2 Gauteng Access to Services

The 2007 Service Charter published by the GPG outlines the service standards for each provincial department in order to provide the best possible level of service. To maximise the effect of service provision on economic development, a significant percentage of the transfers from the equitable share and conditional grants have been prioritised towards education and health care.

### 5.2.1 Education

One of the MDGs relate to the achievement of universal primary education, whereby children must be afforded the opportunity to complete primary schooling. The goals<sup>2</sup> for Early Childhood Development (ECD) relating to 0-9 year olds were agreed in 2000. The aim of these is to ensure the proper development of children: physically, emotionally, socially, cognitively, morally and spiritually.

During his speech at the tabling of the 2009 Adjustment Budget, the MEC of the Department of Finance, Mr Mandla Nkomfe, outlined how the departments reprioritised their budgets towards addressing the provincial priorities. One of these priorities is the promotion of quality education and skills development. About R217 million has been reallocated to address this.

<sup>1</sup> Meintjes C, J. 2001. *Guidelines to Regional Socio-economic Analysis*. Development Bank of Southern Africa Development Information Business Unit Development Paper 145

<sup>2</sup> Objectives were drawn from the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and Education for All (EFA), which was agreed to in Senegal in 2000. (<http://www.pmg.org.za/node/7840>)

**Table 5.1: Number of Children Subsidised, Provinces, 2008/09**

Province	Number of children subsidised	% of Children	Subsidy (Rands)
Gauteng	46,130	10.16%	11.00
KZN	83,000	18.28%	12.00
MW	26,100	5.75%	9.00
FS	36,558	8.05%	9.00
NC	28,600	6.30%	10.00
Lim	56,400	12.42%	9.00
Mpu	36,774	8.10%	11.00
WC	57,793	12.73%	9.00
EC	82,800	18.23%	12.00
<b>Total</b>	<b>454,155</b>	<b>100.00%</b>	

Source: Parliamentary Monitoring Group<sup>3</sup>, 2009

Table 5.1 shows the number of children who were subsidised per province and the subsidy rate per child per day for the financial year 2008/09. The subsidy is the financial support given to the school on behalf of the children for their primary education needs. The Eastern Cape, one of the poorest provinces, had the highest number of children receiving the subsidy (18.2%) at R12 per child per day. Gauteng had 10.2% of the number of subsidised children. The table also shows that a total of 454,155 children received subsidies in the 2008/09 financial year. However, this growth is still not sufficient to meet the ECD goals set for 2010, whereby the programme seeks to meet one million children. Furthermore according to the 2008 General Household Survey (GHS) published by Stats SA, since 2002 there has been a substantial increase throughout the country in the percentage of children aged between 0 and 9 years attending school. According to the Parliamentary Monitoring Group department briefing (2006), South Africa's ECD goals are:

- All G1 learners to have been through an accredited ECD programme;
- To reach one million children;
- All schools should be offering Grade R;
- 75% of Grade R programmes to be subsidised; and
- Participation of 0-4 year olds to increase from current levels of 13% to 30%.

**Table 5.2: Quintile Ranking of Public Schools, Gauteng, 2009**

Quintile No	Number of Schools	Learners 2009	Learner Per Capita
1	274	220,045	R 807.18
2	271	265,991	R 807.00
3	471	337,202	R 807.02
4	420	364,086	R 484.00
5	535	472,747	R 167.00
<b>Gauteng Province</b>	<b>1,971</b>	<b>1,660,071</b>	
No Fee-Schools (Q1-Q3)	1,016	823,238	R 807.18

Source: Gauteng Department of Education, 2009

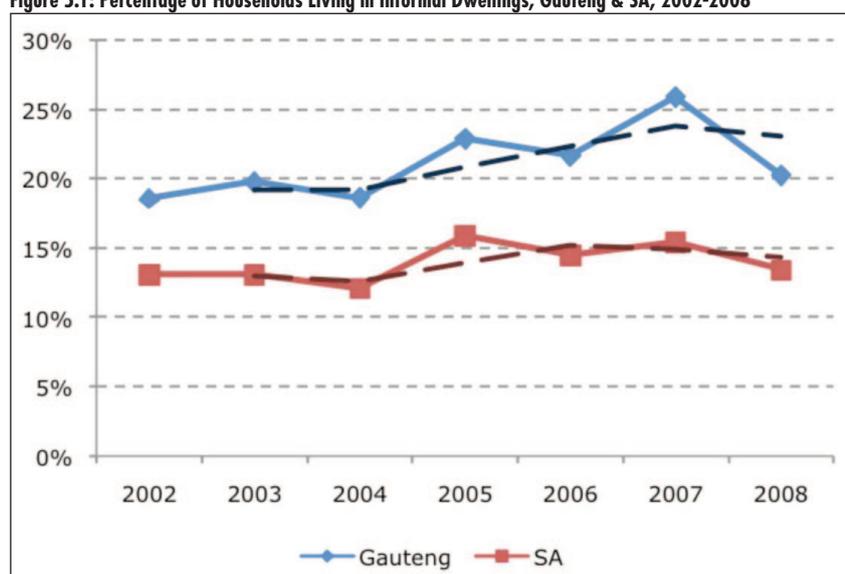
Table 5.2 shows the rankings of government-funded schools where schools are funded according to the poverty ranking of their surrounding communities. These rankings are called quintiles because they are divided into five categories according to their poverty ranking. The learner per capita is the amount that the government spends on a learner per year. The poorest schools are in Quintile 1 and the schools in areas categorized as wealthier are in Quintile 5. Schools in Quintiles 4 and 5 received allocations of R484 and R167 per child per year respectively. Schools in Quintiles 1 to 3 received approximately R807 per learner. Previously, only Quintile 1 and 2 schools were designated as no-fee school status. The extension of this status to Quintile 3 schools on a voluntary basis has resulted in a further enrolment of 337,202 learners in 471 schools. In total, 823,238 learners in 1,016 schools in the province are now benefiting from the no-fee school status. In addition to this, since April 2009 the school nutrition programme has been extended to include not only primary school children but also learners in Quintile 1 secondary schools. These are deemed high-risk schools where many pupils from poor backgrounds are not performing due to malnutrition. A total of 62,642 learners in Quintile 1 schools are benefiting from this extended service.

<sup>3</sup> Accessed from <http://www.pmg.org.za/node/7840>

## 5.2.2 Human Settlements

The provision of formal housing is a prerequisite to a complete service delivery package which provides access to basic water, electricity, refuse removal and proper sanitation facilities. In addition, it involves not only providing homes but also tarring streets and beautification through, for example, planting trees, building parks and creating walkways in townships. According to the 2008 General Household Survey by Stats SA, Gauteng has approximately 3.3 million houses. In 2009, the province calculated that 600,000 housing units lacked basic services and infrastructure. According to the 2005 MDGs Country Report for South Africa, by March of that year about 2.4 million housing subsidies had been approved and 1.74 million houses built in South Africa. This was part of the government's response to the MDGs which requests that countries commit themselves to improve the lives of slum dwellers by 2020.

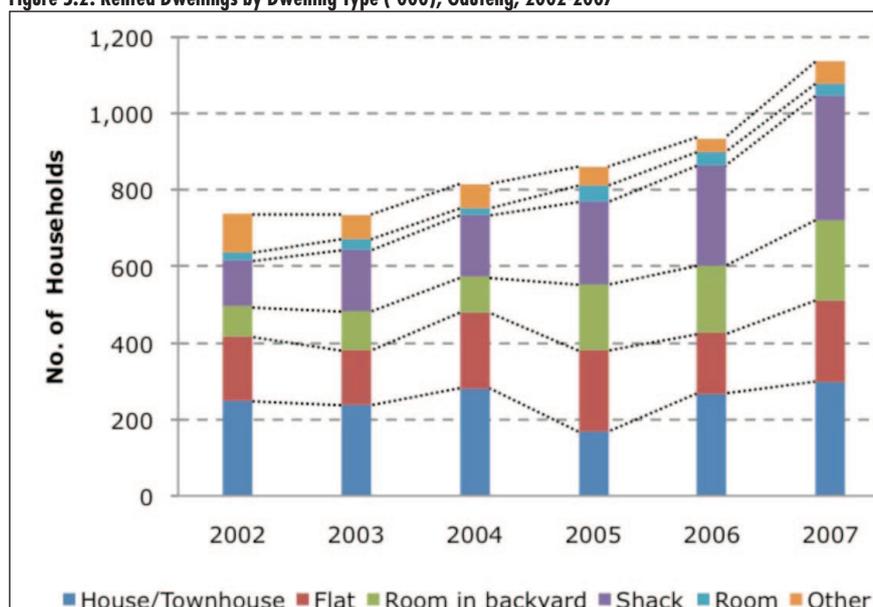
**Figure 5.1: Percentage of Households Living in Informal Dwellings, Gauteng & SA, 2002-2008**



Source: Stats SA GHS 2008

Figure 5.1 shows the percentage of households living in informal dwellings between the years 2002 and 2008 for Gauteng and South Africa. Gauteng has a larger percentage of households living in informal dwellings than does the country as a whole for the entire period under review, with the percentage point difference peaking at 10.5 in 2007. The trend of an increasing proportion of households living in informal dwellings began to decline in 2007 for both Gauteng and South Africa. In 2002, just fewer than 19% of Gauteng's households were living in informal dwellings. This increased to over 25% in 2007 and declined to approximately 20% in 2008. In-migration to Gauteng is one of the factors compounding the province's difficulties in delivering services aimed at eradicating informal dwellings.

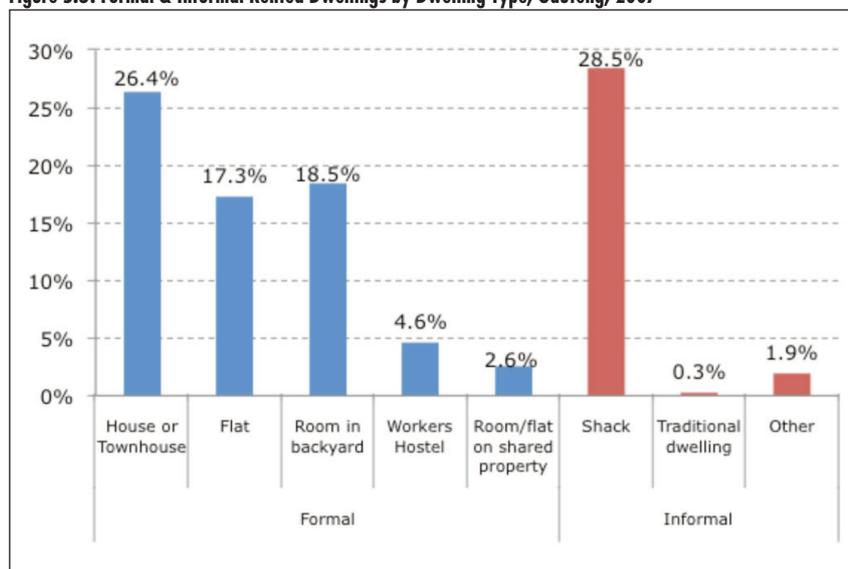
Figure 5.2: Rented Dwellings by Dwelling Type ('000), Gauteng, 2002-2007



Source: Social Housing Foundation, 2009

Figure 5.2 shows the trend in types of rented dwellings in Gauteng between 2002 and 2007. The rented shacks category has grown significantly in the province over the review period. This may be due to in-migration and to mismatches between the supply and demand for rented dwellings. Between 2006 and 2007, the number of rented shacks increased by 63,000, bringing the total number to 325,000. Rented rooms in backyards increased from 171,000 to 210,000 between 2005 and 2007.

Figure 5.3: Formal & Informal Rented Dwellings by Dwelling Type, Gauteng, 2007



Source: Stats SA GHS 2007, 2009

Figure 5.3 shows the percentages of formal and informal rented dwellings for the year 2007. Rented shacks in the informal sector made up approximately 28.5% of the rented market, indicating that a significant percentage of the housing market consisted of sub-standard rental accommodation. Gauteng, out of all the provinces, accounts for about 28% of all households (100%) who rent their primary dwellings<sup>4</sup>.

This disequilibrium between the demand for and supply of rental housing has spilled over into the informal sector (e.g. those individuals seeking to rent a room but are unable to find such accommodation in the market

4 Accessed from [http://www.shf.org.za/documentDownload/Download.aspx?doc=rent\\_rep\\_Gau.pdf](http://www.shf.org.za/documentDownload/Download.aspx?doc=rent_rep_Gau.pdf)

are left to rent in the informal sector). According to the 2005/06 Income and Expenditure Survey by Stats SA, a high proportion of poor households earning below R1,500 per month, rent their dwellings. This provides an economic opportunity by allowing owners to endorse rental agreements as a source of income. According to the Social Housing Foundation (2009), programmes such as Social Rental Housing is seen as one alternative to Reconstruction and Development Programme (RDP) housing and although the perceived initial construction costs are higher, the benefits of this housing that are formed over time are expected to be higher.

### 5.2.3 Health Care Services

The Declaration of Alma Ata<sup>5</sup> stated, “Primary Health Care is essential health care based on practical, scientifically sound and socially acceptable methods and technology, made universally accessible to individuals and families in the community through their full participation and at a cost that the community and the country can afford to maintain at every stage of their development in the spirit of self-reliance and self-determination”

WHO-UNICEF, 1978

Primary Health Care (PHC) is the term used to refer to primary level health services delivered by the Department of Health. PHC is a definition of health care that promotes the attainment by all people of a level of health that will permit them to live socially and economically productive lives<sup>6</sup>. According to the District Health Barometer(DHB) published annually by the Health Systems Trust, about 20% of Gauteng’s population have access to a medical aid scheme, the second highest rate of medical aid access in the country.

The 2009 Adjustment Budget has reallocated an additional R530 million to health care in the province. This is targeted at providing Level 1 beds<sup>7</sup>, the purchase of medical equipment and the development and implementation of the Turnaround Strategy and Plan<sup>8</sup> for community health centres and hospitals.

**Table 5.3: Provincial Health, Gauteng & SA, 2005/06-2007/08**

Indicator	Gauteng 2005/06	Gauteng 2006/07	Gauteng 2007/08	SA (most recent)
Medical Aid Coverage (%)	21.7	21.2	20.2	14.3
Non-hospital PHC expenditure per capita	283	303	312	302
% District health services expenditure on District Hospitals	24.5	21.8	23	42.7
Bed Utilisation Rate (BUR)	62.4	66.0	64.5	65.3
Nurse Clinical Workload	23.9	25.9	25.6	23.7
Proportion ANC tested for HIV	44.8	61.1	73.3	79.6
Utilisation Rate	1.6	1.9	1.7	2.2
TB Smear conversion rate	62.2	69.2	75.1	60.5
TB Case Load (new Sm+)	n/a	n/a	18 208	135 604
Stillbirth Rate	21.5	21.8	20.9	23.0

Source: Health Systems Trust, DHB, 2009

5 The Declaration of Alma-Ata was adopted at the International Conference on Primary Health Care in Alma-Ata (formerly Alma-Ata) in September 1978. It expressed the need for urgent action by all governments, all health and development workers and the world community to protect and promote the health of all the people of the world.

6 Accessed from <http://www.primaryhealthcare.uct.ac.za/approach/whatis/whatis.htm>

7 ‘Level 1 bed’ refers to a class of facility at which a range of outpatient and inpatient services are offered, mostly within the scope of general medical practitioners.

8 This refers to the strategy of the Department of Cooperative Governance aimed at improving service delivery by municipalities. The municipal turnaround strategy aims to increase involvement by communities in decision-making processes.

Table 5.3 gives information about provincial health indicators for the three financial years 2005/06 to 2007/08. Medical aid coverage declined from 21.7% in 2005/06 to 20.2% in 2006/07, although it remains above the country's average of 14.3%. The ruling party is calling for the implementation of the National Health Insurance (NHI) system to create more equitable health care services for all citizens of South Africa. Instead of a medical aid fund which only serves a group of people who have chosen to belong to, the NHI will cover the entire population. The main idea is that all the funds will be pooled in which the higher earners will subsidise the unemployed and the lower income earners for a defined and comprehensive set of benefits of health care.

PHC expenditure<sup>9</sup> per capita indicates the amount spent per patient and can show inter-district inequities where spending in each health district may differ. Only 23% of the total district budget was spent on district hospitals in 2007/08 compared to the national average of 42.7%.

The Bed Utilisation Rate (BUR) measures the occupancy of beds available by dividing the total number of patients by total usable bed days, expressed as a percentage. In the financial year 2007/08, Gauteng had a BUR of 64.5% which was close to the national average of 65.3%. The clinical workload of nurses in Gauteng has remained static at 25.6 patients per day for 2007/08. This was above the national figure of 23.7 patients per day.

The proportion of women coming to an antenatal clinic (ANC) for their first antenatal visit who are tested for HIV increased steadily from 44.8% in 2005/06 to 61.1% in 2006/07 and to 73.3% in 2007/08. The utilisation rate, which is the rate at which services are utilised by the target population represented as the average number of visits per person per year in the target population, decreased from 1.9 to 1.7 visits between 2005/06 and 2007/08. This is the lowest rate nationally and is most likely due to the province's high number of private health care facilities and specialised care.

The TB smear conversion rate is the percentage of new smear<sup>10</sup> positive pulmonary tuberculosis (PTB) cases that result in a negative smear after two months of anti-TB treatment and which are therefore no longer infectious. The TB smear conversion rate increased significantly to 75.1% in 2007. The challenge is to bring this rate to above 85% in order to align with World Health Organisation (WHO) targets. The number of stillbirths per 1,000 total births in Gauteng has declined from 21.8% in 2006 to 20.9% in 2007 and remains below the national average of 23%. The declining stillbirth rate could be linked to the declining trend in the death rate among under 5s shown in Figure 2.10 in Chapter Two.

#### **5.2.4 Water and Sanitation**

Access to water and sanitation is measured at the levels of no infrastructure, or of below, at or above RDP level. The Department of Water Affairs and Forestry (DWAF) defines RDP access to water as 'the infrastructure necessary to supply 25 litres of potable water per person per day supplied within 200 metres of the dwelling and with a minimum flow of 10 litres per minute<sup>11</sup> or 6,000 litres of potable water supplied per formal connection per month<sup>12</sup>. Houses with access to municipal piped water but at a distance greater than 200 metres from their home<sup>13</sup> are categorised as being below the RDP level.

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9 Amount spent on non-hospital PHC services by the public sector per person without medical aid coverage (in real rand terms).

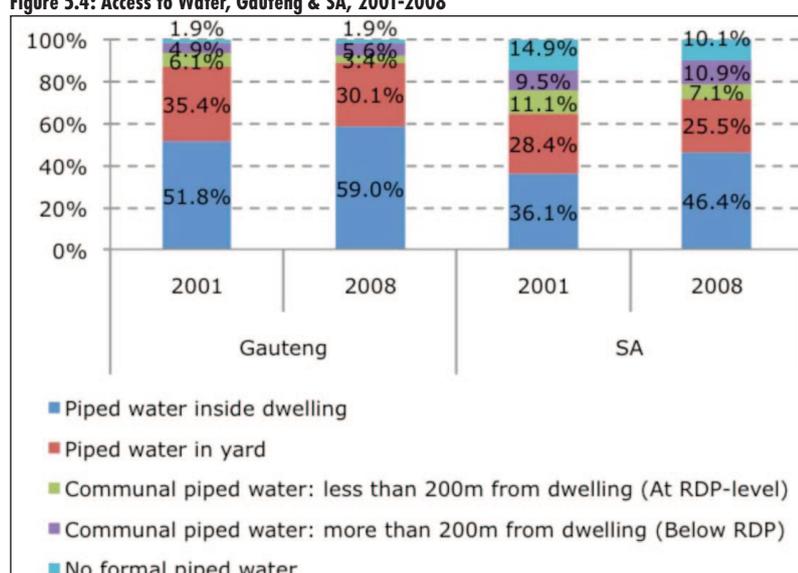
10 This is a test to check for the presence of mycobacterium. It involves taking a sputum sample, staining it so the components become visible and looking at it under a microscope.

11 In the case of communal water points

12 In the case of yard or house connections

13 IHS Global Insight, 2009

Figure 5.4: Access to Water, Gauteng &amp; SA, 2001-2008



Source: IHS Global Insight, 2009

Figure 5.4 shows the percentages of households in Gauteng and in South Africa with access to piped water that is at, above or below RDP level. For South Africa as a whole, access to piped water inside the dwelling increased from 36.1% to 46.4% between 2001 and 2008. In Gauteng, it increased from 51.8% to 59% in the same period. For South Africa and Gauteng, access to piped water inside the yard and piped water less than 200 metres from the household, decreased. In the country as a whole, the percentage of households with no formal piped water decreased from 14.9% to 10.1%. In Gauteng, the percentage remained virtually unchanged at 1.9%. However, converting this into numbers of households means that in 2001, 184,915 Gauteng households had water provision below RDP level. By 2008, this had increased by 29.6% to 239,598. This may be due to population increase and to in-migration.

Table 5.4: Access to Sanitation, Gauteng &amp; SA, 2001 &amp; 2008

	Gauteng		SA	
	2001	2008	2001	2008
Flush toilet	82.9%	84%	54.9%	58.4%
Other*	13.4%	14%	31.6%	33.5%
No Toilet	3.7%	2%	13.4%	8.2%

Source: IHS Global Insight, 2009

\*Note: 'Other' includes ventilated pit latrines and non-ventilated pit latrines and the bucket system.

Table 5.4 shows access to sanitation for Gauteng and South Africa between 2001 and 2008. In the province, the provision of proper sanitation or hygienic toilets using the flush system increased from 82.9% to 84% between 2001 and 2008. In South Africa as a whole, this figure was just under 58.4% in 2008. Access to flush toilet sanitation was thus significantly higher for the province than for the country in the period under review. Furthermore, the percentages of households in the province with access to other forms of sanitation and without toilets, were lower than the national figures. However, despite the increase in the percentage of households with access to adequate sanitation, the backlog for Gauteng still remains high with 415,059 households in 2008 without hygienic toilets<sup>14</sup> compared to 432,112 in 2001, according to IHS Global Insight.

<sup>14</sup> Hygienic toilet refers to those using the flush system and to pit latrines with a ventilation system.

### 5.2.5 Electricity

According to the Department of Energy<sup>15</sup>, South Africa has 24 power stations with a total net maximum annual capacity of 36,208 Mega Watts (MW) per annum. Electricity usage for the country is distributed as follows: residential usage 18%, industry usage 36%, transport 26%, agriculture 3% and mining and commerce 7% each. Backlogs in the provision of electricity tend to be in remote areas. This poses three challenges: topography, a relatively higher cost per connection and a lack of bulk infrastructure. Rising national electricity prices will present challenges to the provision of this service in rural and relatively poor areas.

**Table 5.5: Electrified Households & Backlogs by Provinces, 2009**

	Electrified		Backlogs	
	No. of Households	%	No. of Households	%
<b>Gauteng</b>	<b>2,387,422</b>	<b>76%</b>	<b>740,569</b>	<b>24%</b>
<b>Western Cape</b>	1,142,520	86%	191,366	14%
<b>Northern Cape</b>	222,553	82%	50,405	18%
<b>North West</b>	717,465	78%	196,605	22%
<b>Free State</b>	622,053	75%	201,919	25%
<b>Mpumalanga</b>	647,597	74%	231,485	26%
<b>Limpopo</b>	921,267	74%	329,440	26%
<b>Kwa Zulu-Natal</b>	1,586,457	66%	818,708	34%
<b>Eastern Cape</b>	998,014	60%	669,421	40%
<b>South Africa</b>	<b>9,245,357</b>	<b>75%</b>	<b>3,429,918</b>	<b>25%</b>

Source: Department of Energy, 2009

Table 5.5 shows, for 2009, the absolute numbers and percentages of households that have been electrified and the electricity backlogs. It indicates that, at 76%, Gauteng has a relatively large percentage of electrified households, with the backlog thus being 24%<sup>16</sup>. The highest percentage of electrified households is in the Western Cape (86%), which therefore has the lowest backlog of 14%. The Eastern Cape has the lowest proportion of electrified households at 60% and a backlog of 40%.

A number of electricity saving strategies have been implemented to resolve the issue of insufficient supply of electricity in the country. At the beginning of 2008, as an approach to reducing the backlog and the strain on generating resources, Eskom introduced a rebate on solar power heating. The target is for renewable energy to contribute 10,000 gigawatt hours of final energy consumption by 2013, of which solar water heating could contribute up to 23%.

### 5.2.6 Infrastructure Development

Infrastructural developments provide opportunities for impoverished areas to address social imbalances and service backlogs. For example, a new road may ease the flow of goods and services in and out of an area. This may help individuals to start new businesses and help others to seek employment using the services of the new road. Infrastructure development can be categorised as follows: new constructions, upgrades and additions, repairs and renovations, maintenance of existing buildings and management of infrastructural property.

Public infrastructure is financed from various sources including government transfers, own revenue in the case of municipalities, private and public loans and to a limited extent Public Private Partnerships (PPPs) and concessions<sup>17</sup>. Table 5.6 gives information from the Medium Term Expenditure Framework (MTEF) about infrastructural developments by the province's departments for the financial years 2009/10 to 2012/13.

<sup>15</sup> Accessed from [http://www.dme.gov.za/pdfs/energy/electricity/Fact\\_Sheet\\_2009.pdf](http://www.dme.gov.za/pdfs/energy/electricity/Fact_Sheet_2009.pdf)

<sup>16</sup> 'Backlog' and 'Electrified' household percentages are calculated as percentages of total households in a particular province.

<sup>17</sup> Financial and Fiscal Commission, 2009

**Table 5.6: MTEF Infrastructure Programme, GPG Departments, 2009/2010- 2012/13**

Department	R'000			
	Revised Estimates 2009/10	2010/11*	2011/12*	2012/13*
Department of Health (GDoH)	1,560,566	1,966,348	2,208,741	2,326,636
Department of Education (GDoE)	880,754	1,363,045	1,463,202	1,537,863
Social Development (GSDS)	168,420	121,720	136,638	146,395
Department Local Government & Housing (GDoLG&H)	3,432,086 #	3,859,831	4,415,081	4,377,913
Department of Roads & Transport (GDRT)	424,161	3,414,701	3,186,775	757,897
Department of Infrastructure & Development (GDID)	1,402,667	173,235	163,507	124,246
<b>Total</b>	<b>4,436,568</b>	<b>10,898,880</b>	<b>11,573,944</b>	<b>9,270,950</b>

Source: Gauteng Treasury, 2009

Note: \* indicates forecasts

# indicates only the Department of Housing, excluding Local Government

Provincial departments<sup>18</sup>, including GDoE, GDoH, GSDS, GDoLG&H, GDRT and GDID, will embark on infrastructural projects with the GPG allocating approximately R32 billion over the next three financial years. The figures for the GDRT include the estimates for the Gautrain Rapid Rail Link project which draws to a close in 2011. The construction of 12 new schools will commence and construction of six schools started in 2008 will be completed.

### **Housing (Human Settlements)**

The Department of Human Settlements will continue to deliver houses through its five priority programmes: the Mixed Housing Development, Eradication of Informal Settlements, Alternative Tenure, Urban Renewal and 20 Priority Township Programme (20PTP). The Adjustment Expenditure Budget for 2009/10 indicates that an amount of R80 million has been allocated to the Department of Human Settlement (formerly the Department of Housing) for the purchase of land.

Under the Mixed Housing Development programme, under which housing units for low, medium and high income earners are constructed and where beneficiaries can access government subsidies to supplement a bond from a financial institution, 2,500 stands will be serviced by providing electricity and water and 30,000 houses will be built. By 2014, Gauteng should have implemented fourteen mixed-housing projects across the province, providing over 150,000 different housing units over the five year period. Bonded housing will be subsidised to allow 2,500 houses to be developed through the finance credit-linked mechanism. During the 2009/10 financial year, the Department of Human Settlements plans to service 13,613 stands under the Eradication of Informal Settlements programme.

The aim of the Alternative Tenure programme is to provide affordable rental accommodation to assist with eliminating the housing backlog. The programme focuses on low rental and social housing and the upgrading of hostels into affordable rental units. The target of the Department of Human Settlements by the end of 2009 was to deliver 7,500 self-contained units in 54 hostels and to convert 37,000 units. There were in addition plans to construct 1,000 units with ablution facilities under the scheme to promote upgraded and affordable backyard rental accommodation and to convert 3,000 units as part of the development of low rental market housing.

The 20PTP seeks to end the marginalisation of old townships by rebuilding identified townships in Gauteng. This is in line with the GCR strategy mentioned in Chapter One, which focuses on economic activity to ensure sustainable livelihoods in townships. By the end of the programme in 2009, all streets in the identified townships were to have been tarred; vibrant commercial and transport hubs created; schools upgraded; sports and recreational facilities rehabilitated and upgraded; parks and open spaces provided; and water and sanitation extended to all households.

<sup>18</sup> Some departmental names are not reflected in the table due to merging with other departments. GDoH has merged with GSDS to form the Department of Health & Social Development but the budget figures are still reported separately. The name of the GDoLG&H has changed to the Gauteng Department of Human Settlements. The Gauteng Department of Public Transport, Roads and Works (GDPTRW) has been split into the Department of Roads & Transport (GDRT) and the Gauteng Department of Infrastructure Development (GDID).

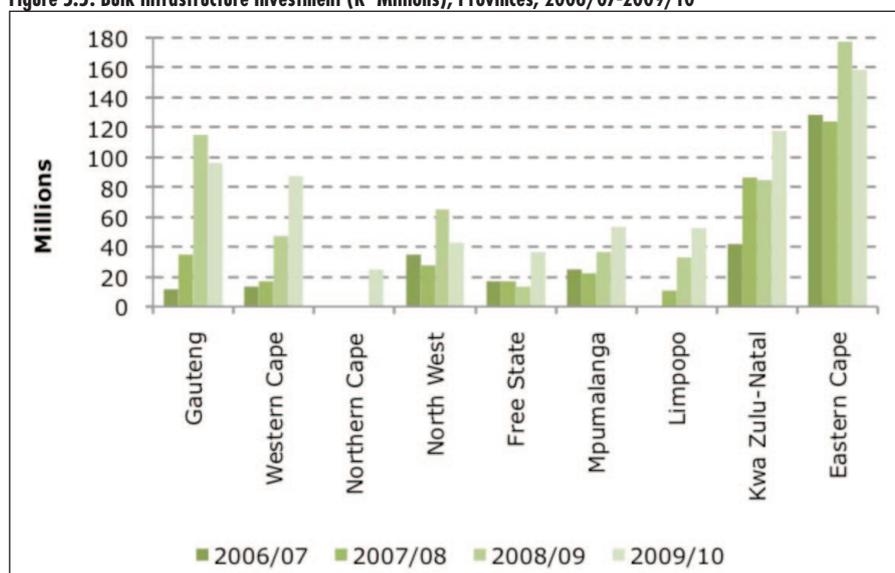
**Public Transport, Roads and Works**

The civil works for the Gautrain Rapid Rail Link project will be completed in the 2009/10 financial year. This includes the remaining civil construction works, procurement and installation of all mechanical and electrical works required for operating Phase One<sup>19</sup> and the civil construction works which consist of bridges being built at Pretoria, Midrand and Rosebank stations as well tunnelling for Phase Two<sup>20</sup>. Construction on the freeways is guided by the Gauteng Freeway Improvement Project (GFIP) aimed at reducing traffic congestion and unblocking access to economic opportunities. The project crosses the CoJ, Ekurhuleni and CoT metropolitan boundaries in order to widen freeways to at least four lanes in both directions and in some sections up to six lanes. The project has a budget of approximately R29 billion and about 30,000 direct jobs will have been created by the time the project is completed in 2011<sup>21</sup>.

**Bulk Electricity Infrastructure**

According to the Department of Minerals and Energy, the provinces that receive the highest funding allocation primarily due to lack of bulk infrastructure are the Eastern Cape, KwaZulu-Natal and Gauteng.

Figure 5.5: Bulk Infrastructure Investment (R 'Millions), Provinces, 2006/07-2009/10



Source: Department of Energy, 2009

Figure 5.5 illustrates the investment in bulk electricity infrastructure from 2006/07 to 2009/10. Towards the end of 2007 and into 2008, the country experienced major electricity shortages resulting in load shedding<sup>22</sup>. From 2007/08, there were increases in infrastructural investment in electricity in six out of the nine provinces. In Gauteng, there has been a significant increase in investment from the R35 million of the 2007/08 financial year to R115 million in 2008/09. The figure for 2009/10 was R97 million.

**5.3 Municipal Access to Services**

Municipalities are at the forefront of service delivery. A survey by Empowerdex<sup>23</sup> to assess municipalities' successes in respect of service delivery developed a status index and improvement index<sup>24</sup> and compiled them into a single overall score. Of the six metropolitans in South Africa, CoJ was ranked second after the City of Cape Town metro. CoT was placed third and Ekurhuleni fourth. Of the 46 district municipalities in South Africa, only the West Rand was ranked in the top five, coming in fifth.

19 Phase One refers to the section between Sandton Station and OR Tambo International Airport.

20 Phase Two refers to the sections between Midrand and Hatfield and between Sandton and Johannesburg Park Station.

21 Gauteng Medium Term Budget Policy Statement, Department of Finance, 2009

22 Load shedding is the process of cutting off the electric current on certain lines when the demand becomes greater than the supply.

23 Empowerdex works in the field of empowerment auditing and the development of rating methodology, and in the BEE verification arena.

24 The status index is based on the current proportion of households that have access to a particular service. The improvement index is based on the percentage change of households with access to a particular service.

### 5.3.1 Education

A number of challenges face the education system not only in the province but also nationally. The 2009 Budget vote speech by the MEC for Education, Ms. Barbara Creecy, highlighted some of these, including the underperformance of students, particularly in maths, science, computer literacy and languages in comparison with international standards. She pointed out that studies commissioned by the Development Bank of Southern Africa (DBSA) have highlighted areas of concern that affect the quality of education and the status of the teaching profession. The study indicated that the number of teacher graduates, nationally, has decreased from 70,000 in 1994 to 6,000 in 2006.

The Strategic Plan for 2009-2014 aims to respond to the underperformance of primary school learners. A turn-around strategy to improve the performance of learners will be implemented in three pilot districts: Johannesburg Central, Ekurhuleni South and Tshwane North, with 362 schools being included. The strategy includes an intensive full-time teacher development programme of up to six months for all foundation phase literacy and numeracy teachers.

### 5.3.2 Human Settlements

There is no single definition of formal housing. The Housing Act No.107 of 1997 (herein referred to as the Housing Act) simply refers to housing as permanent structures. This section examines the state of housing in the province, although, due to data constraints, the analysis is somewhat limited.

The provision of housing in the province faces a number of challenges, including in-migration and the cost of privately owned land. In CoJ, approximately 35,000 housing units were delivered over in the financial years 2006/07 and 2007/08<sup>25</sup>. These consisted of a range of housing types, including mixed-income housing developments, rental housing and upgraded hostels. The Ekurhuleni Annual Report of 2007/08 stated that plans were in place to deal with the housing backlog of 130,000 housing units at an estimated cost of R2.2 billion. A total of 8,383 housing units were constructed in the 2007/08 financial year through the Community Builder and Special Project Programme in Ekurhuleni. Furthermore, the Regularisation and Transfer of Ownership (RETRO) scheme handed over 26,690 housing units to residents. In the 2008/09 financial year, thirty-six housing projects were running simultaneously in Ekurhuleni. In the CoT, the Housing and Sustainable Development Department built 6,152 new houses in 2007/08 and relocated 6,208 families to RDP houses<sup>26</sup>.

In respect of the districts, Metsweding's backlog of formal housing was estimated in 2008<sup>27</sup> to be 25,000 units. In that year, about eighteen housing projects were being co-ordinated in the West Rand<sup>28</sup>. According to the Sedibeng IDP of 2010, 81.8% of the population has access to formal housing and 18.2% to informal housing.

### 5.3.3 Health Care Services

The district Health Services Programme is the largest programme within the provincial health budget. The tables below give selected statistics for the health service. The District Health Barometer (DHB) compiled by the Health Systems Trust ranks each service/indicator from 1 to 53 per municipality nationally. A rank of 1 indicates the best performing service nationally for that district.

25 CoJ Annual Performance Report of 2007/08

26 CoT Annual Report of 2007/08

27 Metsweding Integrated Development Plan Review 2008/2009

28 West Rand District News Letter Issue 1

**Table 5.7: Health Statistics, Metros, 2006/07-2007/08**

	Ekurhuleni		CoJ		CoT	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Medical Aid coverage (%)	21.6	18.3	18.4	20.8	28.6	24.6
Non-hospital PHC expenditure per capita (real 2007/08 prices)	307	273	336	371	334	335
% District health services expenditure on District Hospitals	13.7	13	7.6	6.5	34.3	42.4
Bed Utilisation Rate (BUR)	81.0	72.1	68.6	65.5	59.8	60.1
Nurse Clinical Workload	31.5	32.3	20.7	21.7	29.9	26.7
Proportion ANC clients tested for HIV	49.3	64.7	62.9	88.4	64.2	62.4
Utilisation Rate	1.6	1.5	1.9	1.8	2.3	1.8
TB Smear conversion rate	67.9	79.2	69.4	75.9	68.3	71.4
TB Case Load (new Sm+)	n/a	4 295	n/a	7 490	n/a	2 556
Stillbirth Rate	20.7	21.0	20.9	17.9	25.2	25.5

Source: Health Systems Trust, DHB, 2009

Table 5.7 gives information about the health care services in the three metros in Gauteng in the financial years 2006/07 and 2007/08. In Ekurhuleni, medical aid coverage declined from 21.6% to 18.3% and expenditure per capita declined by R34 from R307 to R273 over the review period. The nurse clinical workload increased to 32.3 patients per nurse per day, well above the national average of 23.7. The proportion of antenatal care (ANC) clients tested for HIV increased by 15.4 percentage points to 64.7%. The DHB indicated that Ekurhuleni has 78 clinics, one district hospital, one specialised hospital, five regional hospitals and 16 private hospitals.

The CoJ nurse clinical workload<sup>29</sup> increased slightly to 21.7 patients per nurse per day in 2007/08 but this was still below the national average of 23.7. In the same year, the per capita expenditure on PHC was R371, the highest in Gauteng. There was a significant change in the proportion of antenatal clinic clients tested for HIV, with the percentage increasing from 62.9% to 88.4%. According to the DHB, the nevirapine uptake data of HIV positive mothers and of their babies has fluctuated, making interpretation difficult. Data for mother-to-child transmission is also limited. The stillbirth rate improved to 17.9 per 1,000 births in 2007/08 from 20.9 per 1,000 in 2006/07. The CoJ has 107 clinics, one district hospital, three regional hospitals, two central hospitals and four specialised hospitals. There are also 29 private hospitals.

In CoT, the proportion of health expenditure spent on district health services increased to 42.4%, on par with the national average of 42.7%. This is probably due to the region's having four district hospitals. At 60.1%, CoT's BUR was the lowest in Gauteng and one of the lowest nationally. The stillbirth rate remained constant at approximately 25 per 1,000 births. CoT has 55 clinics, two regional hospitals, three central hospitals, three specialised hospitals and 25 private hospitals.

**Table 5.8: Best & Worst Ranked Indicators, 2007/08**

		Ekurhuleni	CoJ	CoT
<b>Rank: Best &amp; Worst Performing Indicator (1=Best)</b>	Best Performing  Rank	Clinic supervision rate and Immunisation drop out rate (DTP1-3) Rank=1 for both	Not gaining weight under 5 years rate Rank=1	Medical Aid Coverage (%) Rank=4
	Worst Performing  Rank	Utilisation rate Rank=50	Clinic supervision rate Rank=51	Proportion ANC clients tested for HIV Rank=49

Source: Health Systems Trust, DHB, 2009

Table 5.8 shows the best and worst performing indicators for each metro ranked against all other municipalities in South Africa. This illustrates in what respects a municipality has done well and what needs urgent attention. Ekurhuleni had the highest score for clinic supervision rate at 94.4%. This means that almost all the clinics received regular supervision in 2007/08. Ekurhuleni also had the lowest drop-out rate for the immunisation of children. CoJ performed well in the percentage of children weighed who had an episode of growth faltering/failure during the review period, with only 0.3% of children under five years old falling into this category. The

<sup>29</sup> The nurse clinical workload measures the average daily number of patients attended to by a professional nurse in PHC facilities. This is a measure of efficiency. Very low values indicate that scarce skills (i.e. professional nurse time) are not being optimally utilised. Very high values indicate either that the data are incorrect or that nurses are seeing too many patients per day resulting in a compromise in the quality of care of the patient or burn-out of the nurse, or both (Jackie Smith, Health Systems Trust).

CoT had one of the highest medical aid coverage rates in South Africa, ranking fourth highest. However, the proportion of women who came for their first antenatal visit and were tested for HIV remained low, with only 62.4% of women being tested.

**Table 5.9: District Health Statistics, 2006/07-2007/08**

	Sedibeng		Metsweding		West Rand	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Medical Aid coverage (%)	14.5	15.5	29.7	15.5	18.7	18.3
Non-hospital PHC expenditure per capita (real 2007/08 prices)	210	233	161	287	237	236
% District health services expenditure on District Hospitals	35.7	33.8	0.3	0	40.1	30.5
Bed Utilisation Rate (BUR)	72.5	73.1	n/a	n/a	72.5	66.1
Nurse Clinical Workload	26.5	24.2	19.9	23.2	36.8	35.7
Proportion ANC clients tested for HIV	83.8	89.3	87.4	49.9	64.7	69.5
Utilisation Rate	1.7	1.6	1.6	1.1	1.7	1.7
TB Smear conversion rate	58.2	61.0	63.9	64.8	80.7	84.9
TB Case Load (new Sm+)	n/a	2,194	n/a	215	n/a	1,458
Stillbirth Rate	24.9	26.1	n/a	n/a	15.2	14.1

Source: Health Systems Trust, DHB, 2009

Table 5.9 shows selected health statistics for the three districts in Gauteng. Sedibeng has one of the lowest medical aid coverage rates in the province, although it increased from 14.5% in 2006/07 to 15.5% in 2007/08. Per capita expenditure on PHC increased to R233 in 2007/08 but was still amongst the lowest in the country. In 2004/05, the nurse clinical workload was 42.2 patients per nurse per day. This declined to 31.8 in 2005/06, to 26.5 in 2006/07 and to 24.2 in 2007/08. At 89.3%, the proportion of ANC clients tested for HIV in 2007/08 was the highest in Gauteng. Sedibeng's clinic supervision rate was the second highest, increasing to 86.3%. The district has 31 clinics, two district hospitals, one regional hospital and seven private hospitals.

Metsweding's medical aid coverage rate has varied considerably, which can probably be attributed to the relatively small size of its population. It is the only district in the country without a district hospital, many of its services being provided by the neighbouring CoT health district. As much of Metsweding's expenditure budget was combined with that of CoT, expenditure figures should be viewed with caution. The percentage of ANC clients tested for HIV dropped significantly from 87.4% to 49.9%, although the DHB suggests that this may be inaccurate because of poor data management. Metsweding has nine clinics, one specialised hospital and one private hospital.

The West Rand has the highest nurse clinical workload in Gauteng, at 35.7 patients per nurse per day. The TB smear conversion rate that results in a negative smear after two months of anti-TB treatment is the second highest in the country and the highest in Gauteng, increasing from 80.7% in 2006/07 to 84.9% in 2007/08. The stillbirth rate has steadily decreased to 14.1 per 1,000 births and is the third best in the country. The West Rand has 27 clinics, one district hospital, one regional hospital, one specialised hospital and four private hospitals.

**Table 5.10: Best & Worst Ranked indicators, 2007/08**

		Sedibeng	Metsweding	West Rand
<b>Rank: Best &amp; Worst Performing Indicator (1=Best)</b>	Best Performing  Rank:Value	Diarrhoea incidence under 5 years Rank=1	Incidence of STI treated - new Rank=2	Delivery rate in facility Rank=1
	Worst Performing  Rank:Value	Male condom distribution rate Rank=50	Proportion ANC clients tested for HIV, Utilisation Rate & Delivery rate in facility Rank=52 for all	Male condom distribution rate Rank=49:

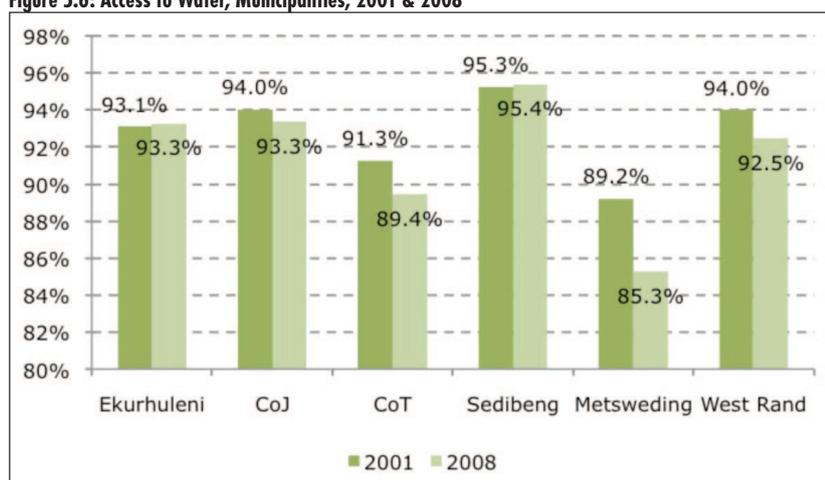
Source: Health Systems Trust, DHB, 2009

Table 5.10 shows the best and worst performing indicators for each district municipality. Figure 5.6 shows that Sedibeng has the highest access to potable water, reducing the health risk in the district. This may explain why it is ranked highly for having the lowest number of children under five per 1,000 with diarrhoea, at 83.9 children per thousand. In relation to ANC clients tested for HIV, utilisation rate (1.1 visits per person per year) and delivery rate<sup>30</sup> in facility, Metsweding was ranked the lowest nationally. The West Rand had the highest rate of deliveries taking place in health facilities under supervision of trained personnel.

### 5.3.4 Water and Sanitation

In Gauteng, there are 12 Water Service Authorities (WSA) which contract to Water Service Providers (WSP) for the provision of the service. Only the West Rand District has no WSA.

Figure 5.6: Access to Water, Municipalities, 2001 & 2008



Source: IHS Global Insight, 2009

Figure 5.6 illustrates the percentages of households in the municipalities with access to piped water in 2001 and 2008. Only Ekurhuleni and Sedibeng showed an improvement, with the percentages increasing slightly from 93.1% to 93.3% and from 95.3% to 95.4% respectively. Metsweding’s percentage declined by 3.9% percentage points from 89.2% to 85.3%, with the backlog increasing between 2001 and 2008 from 5,122 to 9,373 households according to IHS Global Insight. The three metros had a total backlog of 204,940 households, compared with a total of 34,658 for the districts.

Table 5.11: Access to Sanitation, 2001 & 2008

	2001			2008		
	Flush toilet	Other	No Toilet	Flush toilet	Other	No Toilet
Ekurhuleni	84.3%	10.6%	5.1%	84.7%	12.5%	2.8%
CoJ	87.8%	9.3%	3.0%	88.3%	9.7%	1.9%
CoT	74.4%	22.7%	2.8%	77.5%	21.4%	1.1%
Sedibeng	84.1%	13%	2.8%	85.8%	13%	1.3%
Metsweding	64.8%	25.7%	9.5%	67.3%	29.6%	3.1%
West Rand	78.9%	16.8%	4.2%	80.2%	17.3%	2.5%

Source: IHS Global Insight, 2009

As illustrated in Table 5.11, access to sanitation with the flush toilet system has improved for all municipalities. Ekurhuleni showed the smallest percentage point increase, at 0.4%. At 88.4%, the CoJ had the largest percentage of households with access to the flush toilet system in 2008, an increase from 87.8% in 2001. At 85.8%, Sedibeng had the second highest percentage of households with a flush toilet system. This seems to correlate strongly to the fact that, as shown in Table 5.10, it had the lowest diarrhoea incidence for children under the age of five years. Metsweding had the smallest percentage of households with a flush toilet system, with 64.8% in 2001 and 67.3% in 2008. It also had the highest percentage of households with no sanitation infrastructure, although this decreased from 9.5%

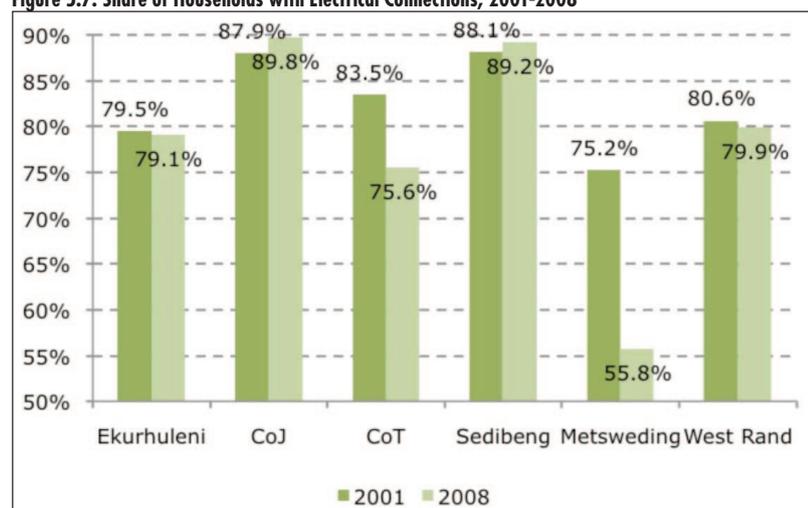
30 The percentage of deliveries taking place in health facilities under supervision of trained personnel.

to 3% over the review period. IHS Global Insight estimates the backlog for hygienic toilets in 2008 to be 128,310 households in CoT, 105,391 in CoJ, 118,557 in Ekurhuleni, 30,091 in Sedibeng, 24,772 in West Rand and 16,185 in Metsweding.

### 5.3.5 Electricity

The 2009 MTBPS reported an adjustment of about R12.4 billion to be added to the local government share. This was mainly to compensate municipalities for the higher costs of providing free basic services and particularly to take account of more expensive electricity. Of this R12.4 billion, R8.2 billion was directed to the local government equitable share and R4.2 billion for infrastructure transfers.

**Figure 5.7: Share of Households with Electrical Connections, 2001-2008**



Source: IHS Global Insight, 2009

Figure 5.7 shows that only in CoJ and Sedibeng have there been marginal increases in electrically connected households<sup>31</sup>, with an increase from 87.9% to 89.8% for CoJ and 88.1% to 89.2% for Sedibeng. Other municipalities experienced decreases, with those of the CoT and Metsweding being significant. Over the review period, the percentage of electrically connected households in the CoT decreased from 83.5% to 75.6% and in Metsweding from 75.2% to 55.8%. In Ekurhuleni and the West Rand over the same period, the percentage of households with electrical connections remained almost unchanged.

## 5.4 Conclusion

The GPG aims to provide a better life for all by implementing basic service provision to the province's communities. Overall, the municipalities have made some progress in providing these services. About 20% of Gauteng's households live in informal dwellings. The provision of formal housing as one of the service deliverables provides an economic catalyst in poor communities. Rental accommodation has been increasing over the last decade, providing an alternative source of income for home owners and temporarily helping to address the backlog of 600,000 formal units needed.

Gauteng has one of the highest percentages of households with access to water and sanitation in the country. Access to sanitation has improved in all municipalities, reducing the health risks associated with poor sanitation. The rise in the electricity tariff in 2009 and expected future increases have increased the cost of this service to the user, although the government has provided additional funds to offset this.

Medical aid coverage in the province is approximately just over 20% as compared to the national figure of 14%. The proportion of women coming for their first antenatal visit who are tested for HIV increased from 44.8% in the financial year 2005/06 to 73.3% in 2007/08. Overall, access to services within Gauteng has improved but a lot of work remains, in order to ensure a better quality of life for all.

<sup>31</sup> This does not indicate whether the electricity is used for cooking, heating and lighting but only the households that have an electrical connection.



# Chapter 6: Development Indicators

## 6.1 Introduction

Fundamental to the work of the GPG is the application of its policies to bring about social change and transformation and particularly to end poverty. This journey started with the national strategies of the Reconstruction and Development Programme (RDP), which was followed by the Growth Employment and Redistribution (GEAR) and the ASGISA. Gauteng's overarching policy response has taken the form of the GGDS. The slowdown in international, national and provincial economic activity caused by the global financial crisis (explained in Chapter One) has made it more difficult to achieve developmental goals. It is possible economies are on route to a slow and long recovery.

In order to achieve the MDGs of eradicating extreme poverty and hunger, the country needs to create opportunities for all and especially the poor. These opportunities include free primary health care and compulsory education for children between the ages of seven and 15. The government also provides financial assistance for children, to people with disabilities and to the elderly. Constant improvement and fine-tuning of policy through monitoring and evaluation are key to tracking progress towards reducing the poverty and inequality which remain the most pressing challenges for the people of Gauteng.

This Chapter looks at four main development indicators which the province and its municipalities use to track progress. The indicators illustrate where improvements have been made and which areas still need attention. The section on the province as a whole uses 'development diamonds' (a type of graphic that can represent multivariate data) for analysis. However, because of the relatively large number of municipalities, this form of graphical representation cannot be used to provide development indicator information about them.

## 6.2 Development Indicators

This section describes developments as indicated by the Gini coefficient, the Human Development Index (HDI), the percentage of people living in poverty and functional literacy rates.

The Gini coefficient is used to measure income inequality. It ranges between 0 and 1, with 0 indicating a situation of perfect equality. Thus, used in relation to households, this would mean that all have equal incomes. One indicates perfect inequality. Again in relation to households, this would mean that one household earns all the income and the others earn nothing. The closer the number to 0, the more even the distribution is.

The HDI is made up of three indices: life expectancy at birth, educational attainment (proxied by adult literacy<sup>1</sup>) and per capita income. The HDI ranges between 0 and 1, with 0 indicating no human development and 1 indicating a high level of human development.

The poverty rate is represented by the percentage of people or households living in poverty, where poverty is defined as earning an income less than the poverty income<sup>2</sup>. Poverty income is defined as the minimum monthly income needed to sustain a household and varies according to the size of the household.

The four main development indicators used in the analysis can be configured into a diamond shape known as a 'development diamond'. Each corner of the diamond represents one of the development indicators. The relative size of the diamond illustrates the level of development for a particular society or part of a society. In other words, the closer to the centre the corners are, the higher the level of development is for that society.

<sup>1</sup> The adult literacy index describes reading and writing skills that are required to cope with the demands of everyday life. Functional literacy is defined as the proportion of people aged 20 and above, that have completed a Grade Seven level of schooling

<sup>2</sup> The definition of poverty income is based on the Bureau of Market Research's Minimum Living Level (BMR report no. 235 and later editions, Minimum and Supplemented Living Levels in the main and other selected urban areas of the RSA, 1996).

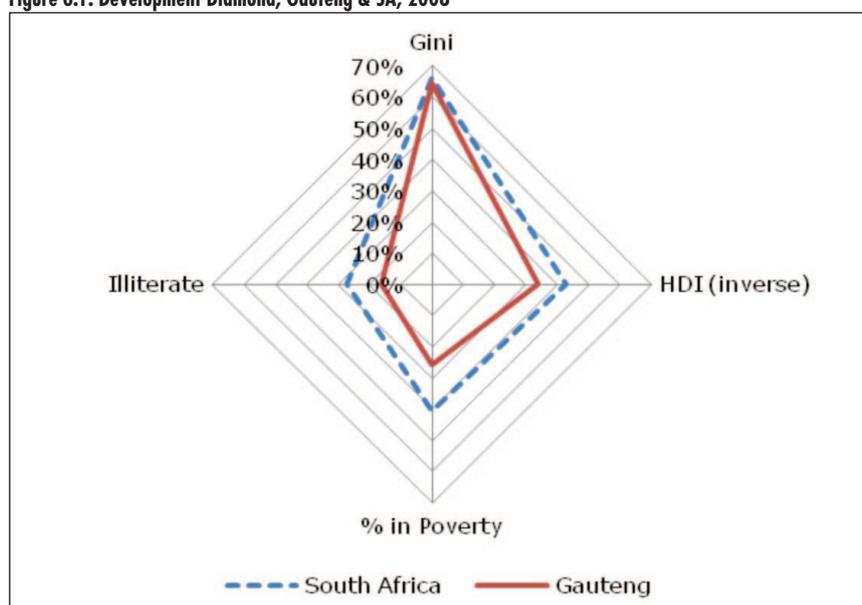
Conversely, the further that the corners of the diamond protrude from the centre, the worse off a society is in terms of development. It is important to note that in constructing the development diamond, the HDI percentage is inverted, with 1 indicating a low level of development and 0 indicating a high level of development. This is to ensure that all four development indicators can be measured relative to each other. For example, if the HDI for a particular region is 0.8, the inverse would be 0.2<sup>3</sup>. The other inverted development indicator is literacy where illiteracy is used (inverse of 'literacy'). Illiteracy, where there are inadequate reading and writing skills, describes the opposite to literacy.

### 6.3 Gauteng Development Indicators

This section uses development diamonds to provide information about the four development indicators referred to above: the Gini coefficient, HDI, literacy rates and poverty rates. It also gives information about education, the Living Standards Measure (LSM), Income Categories and Social Grants.

#### 6.3.1 Development Diamond

Figure 6.1: Development Diamond, Gauteng & SA, 2008

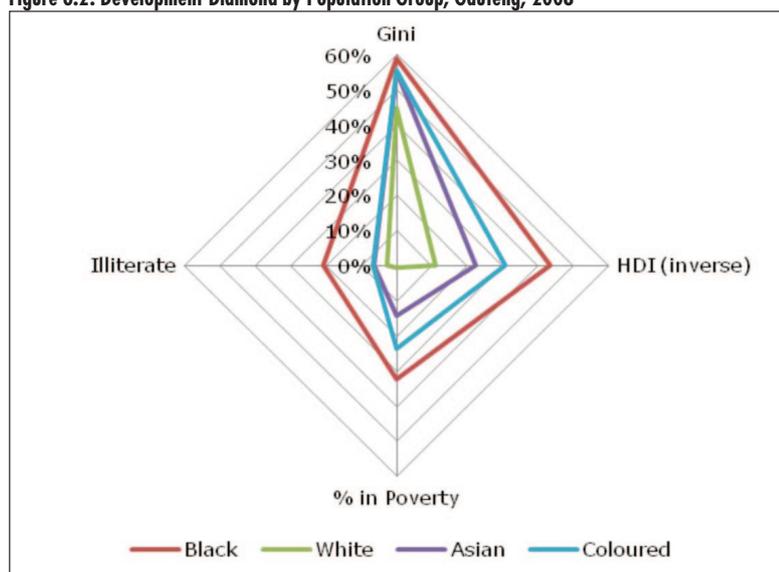


Source: IHS Global Insight, 2009

Using the four main indicators referred to in the previous section, Figure 6.1 compares development in Gauteng with that of South Africa for 2008. The Gini coefficient shows that income inequality in both Gauteng and the country poses the greatest challenge, with Gauteng having a Gini of 0.64 and South Africa 0.66. For Gauteng, the other three development indicators - HDI, the poverty rate and the literacy rate, are significantly better than for the country. This is evident from the fact that Gauteng's indicators are closer to the centre of the diamond. In Gauteng, HDI is 0.66 compared to the country's 0.57, a difference of 9 percentage points. Thus, residents of Gauteng tend to have longer and healthier lives, are able to communicate better in writing and have a greater probability of having sufficient resources to live a decent life. The percentage of individuals living in poverty, relative to the total population of the province and the country, shows a 15.1 percentage point difference. In Gauteng, 25.5% of the population live in poverty compared with 40.7% in South Africa. The illiteracy rate for Gauteng in 2008 was 16%, whereas for South Africa it was 26.9%, a 10.9 percentage point difference.

3 The inverse of 0.8 is 0.2 which is calculated as follows:  $1 - 0.8 = 0.2$

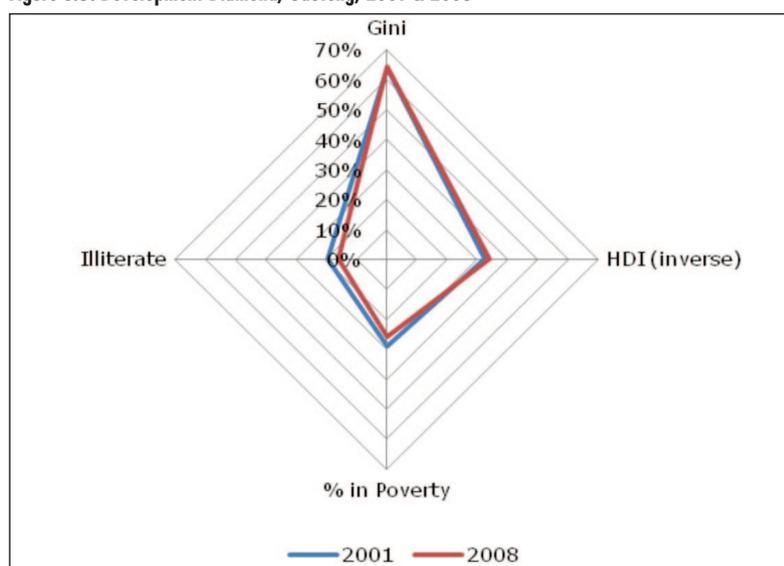
Figure 6.2: Development Diamond by Population Group, Gauteng, 2008



Source: IHS Global Insight, 2009

Figure 6.2 compares the relative levels of development across population groups within Gauteng for 2008. It is important to note that the significantly larger size of the Black population group greatly influences the average for the province’s development indicators. The difference in the level of development between the population groups is instrumental in illustrating the level of development between the different population groups. Although the White population group’s development diamond is substantially smaller compared with that of the Black population group, indicating a higher level of development, income inequality even within this group protrudes outwards significantly relative to the other three development indicators. This means that income inequality is a problem for all population groups. Large differences exist between the population groups in terms of HDI as well as the percentage living in poverty. HDI for the Black population was 0.57, for the Coloured 0.69, for the Asian 0.78 and for the White 0.89. There is thus a 32.5 percentage point difference between the Black and White population groups. Literacy is also a challenge amongst the Black population group, where only 79.3% were literate to the level measured by this indicator. In all the other population groups, this percentage was above 90%.

Figure 6.3: Development Diamond, Gauteng, 2001 & 2008



Source: IHS Global Insight, 2009

The development diamond in Figure 6.3 shows progress made in respect of the development indicators for 2001 and 2008. Income inequality and the HDI have worsened slightly, with the Gini coefficient increasing from 0.638 to 0.644 and the HDI decreasing from 0.68 to 0.66. The main improvement was in the percentage of people living in poverty, which fell from 29% to 25.6% and in the illiteracy rate, which fell from 19.4% to 16%. The reductions may be due to the growing Black middle class income group. According to Stats SA's Profiling SA Middle Class (1998-2006), the distribution of Black middle class<sup>4</sup> in South Africa has improved from 20.5% in 1998 to 39.5% in 2006. In 1998 the percentage of Black middle class households was 14.6%, this increased to 22.2% in 2006.

### 6.3.2 Poverty Gap

Measuring poverty using the headcount does not indicate the depth of poverty: that is, how far below the poverty income or poverty line<sup>5</sup> the poor fall. The poverty gap is the total amount by which the incomes of poor households would need to be raised in a given year to bring them up to the poverty line and hence out of poverty.

**Table 6.1: Provincial Poverty Comparison, 2002 and 2008**

	2002			2008		
	% of Population in poverty	Poverty Gap (R million)	% Share of Poverty Gap	% of Population in poverty	Poverty Gap (R million)	% Share of National Poverty Gap
Northern Cape	49.8%	689	2.3%	43.9%	893	2.4%
Western Cape	27.1%	1,017	3.4%	23.1%	1,111	3.0%
Free State	50.9%	1,751	5.8%	42.5%	2,124	5.7%
North-West	53.1%	2,405	8.0%	46.0%	3,058	8.2%
Mpumalanga	53.2%	2,716	9.0%	46.4%	3,778	10.2%
Gauteng	29.6%	3,307	11.0%	25.5%	4,102	11.0%
Limpopo	57.7%	4,928	16.3%	46.9%	6,230	16.8%
Eastern Cape	60.1%	6,526	21.6%	50.4%	7,766	20.9%
KwaZulu-Natal	57.7%	6,850	22.7%	49.8%	8,072	21.7%
<b>South Africa</b>	<b>47.9%</b>	<b>30,189</b>	<b>100.0%</b>	<b>40.7%</b>	<b>37,134</b>	<b>100.0%</b>

Source: IHS Global Insight, 2009

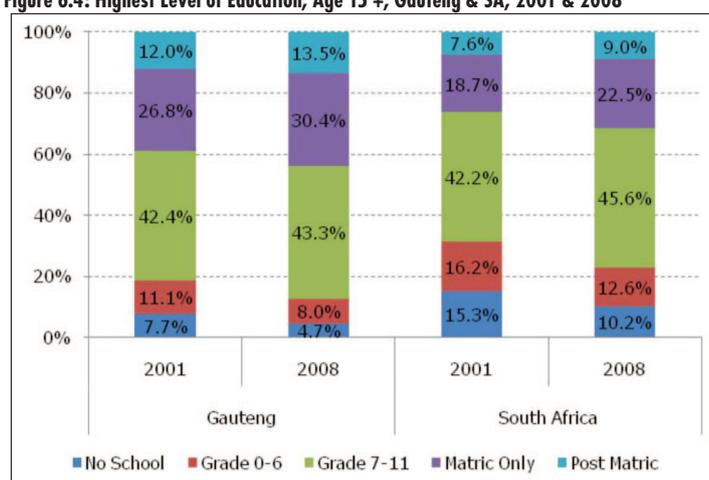
Table 6.1 compares Gauteng's 2002 and 2008 poverty rates and gaps with those of the country as a whole. The share of the population living in poverty in Gauteng declined from 29.6% in 2002 to 25.5% in 2008. However, the province's depth of poverty as measured by the poverty gap increased from R3.3 billion in 2002 to R4.1 billion in 2008. In that year, Gauteng would have needed almost R4.1 billion to bring all poor households out of poverty. These households made up 11% of the national total. Thus, the provincial share of the poverty gap remained the same, despite the decline in the poverty rate. In both 2002 and 2008, Gauteng's poverty rate was the second-lowest in the country, after the Western Cape. However, in both years it ranked fifth in terms of the share of the national poverty gap.

### 6.3.3 Education

Section 6.2 defines functional literacy, which is one of the development indicators used by the province, as the percentage of people aged 20 and above who have completed Grade seven at school.

4 Middle Class is defined or classified by Stats SA as a Household that has the following characteristics: Lives in formal housing, water tap in dwelling, flush toilet in dwelling, electricity is main light source, electricity or gas is main cooking source and has landline phone or member has cell phone.

5 The poverty income is the the minimum monthly income needed to sustain a household and varies according to household size. The larger the household, the larger the income required to keep its members out of poverty.

**Figure 6.4: Highest Level of Education, Age 15 +, Gauteng & SA, 2001 & 2008**

Source: IHS Global Insight, 2009

Figure 6.4 shows the highest level of education attained by individuals aged 15 + for Gauteng and South Africa between 2001 and 2008. The proportion of individuals without any schooling decreased from 7.7% to 4.7% for Gauteng and from 15.3% to 10.2% for South Africa. The educational attainment level with the greatest percentage of people is Grade 7 to 11, with 43.3% for Gauteng and 45.6% for South Africa in 2008. The proportion of people who only have a Matric increased from 26.8% in 2001 to 30.4% in 2008 for Gauteng and from 18.7% to 22.5% for the country as a whole.

**Table 6.2: Matric Results by Population Group, Gauteng & SA, 2008**

	Gauteng		South Africa	
	No. Wrote	Pass	No. Wrote	Pass
Black	71,687	70.4%	460,828	56.6%
Coloured	4,553	81.7%	38,213	79.5%
Asian	2,531	97.2%	14,137	88.5%
White	15,291	99.1%	40,753	99.3%
Unspecified	,019	94.7%	,732	93.0%
<b>Total</b>	<b>94,081</b>	<b>76.3%</b>	<b>554,663</b>	<b>62.2%</b>

Source: South African Institute of Race Relations, 2009

Table 6.2 shows the number of pupils, in Gauteng and South Africa in the different population groups, who wrote Matric and passed in 2008. For all population groups, the Gauteng pass rate was 76.3% compared to the national rate of 62.2%. The White and Asian population groups had the highest pass rates in Gauteng and nationally, at 99.1% and 99.3% for Whites and 97.2% and 88.5% for Asians respectively. The Black population group had a pass rate of 56.6% nationally, 13.8 percentage points below Gauteng's 70.4% pass rate. According to the GHS, the percentage of persons aged between seven and 15 years attending an educational institution in 2008 was more than 97% in all provinces. From 2007 to 2008, Gauteng had the highest enrolment rate, increasing from 97.5% to 98.5%. At 97%, the Western Cape had the lowest enrolment 2008 rate.

**Table 6.3: Number of Pupils at Private and Public Schools, Gauteng & SA, 2001 & 2008**

	Gauteng		South Africa	
	Private	Public	Private	Public
<b>2001</b>	116,498	1,444,861	245,150	11,492,976
<b>2008</b>	177,831	1,716,196	366,201	11,873,162
<b>(%) Change</b>	<b>52.6%</b>	<b>18.8%</b>	<b>49.4%</b>	<b>3.3%</b>

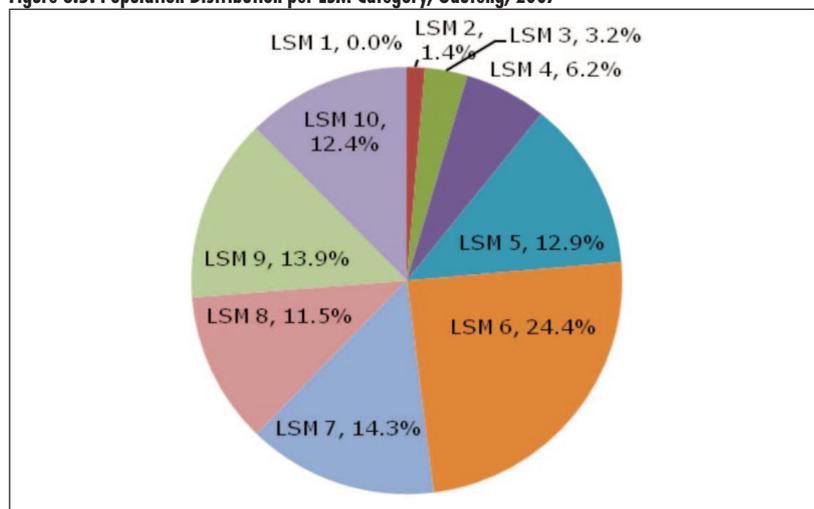
Source: South African Institute of Race Relations, 2009

Table 6.3 shows the number of children in private and public schooling in Gauteng and South Africa between 2001 and 2008. Gauteng had the highest number of pupils (177,831 pupils) in private schooling in 2008, while KwaZulu-Natal had the highest in public schooling, at 2,725,855 pupils according to the SAIRR. In terms of number of learners, private and public schooling in Gauteng grew by 52.6% and 18.8% over the period respectively. The percentage increase for public schooling in the country as a whole was 3.3%.

### 6.3.4 Living Standards Measure

In order to assess standards of living, the Living Standards Measure (LSM) divides the population into ten groups. The LSM is calculated using twenty-nine variables irrespective of population group, gender, age or any other variable used to categorise people. Some of the variables used are the degree of urbanisation and ownership of cars and major appliances. A score of 10 indicates the highest standard of living and 1 the lowest. LSM categories 1-3 are considered as low income group and 4-6 are considered to be middle-income groups. The LSM classification makes it possible to measure the size of the lower, middle and high income groups by assessing groups of people according to their living standards.

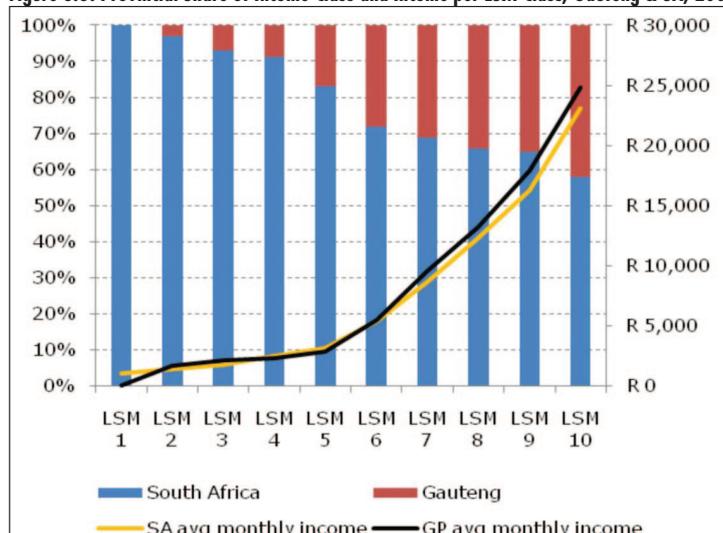
Figure 6.5: Population Distribution per LSM Category, Gauteng, 2007



Source: South African Presidency Mid-Term Review, 2008

Figure 6.5 shows the distribution of the provincial population by LSM category for 2007. At 24.4%, LSM 6 had the highest number of individuals in Gauteng. LSM 1 was virtually unpopulated. This seems very surprising and it may be that people at this level of poverty were un- or under-counted.

Figure 6.6: Provincial Share of Income Class and Income per LSM Class, Gauteng & SA, 2007

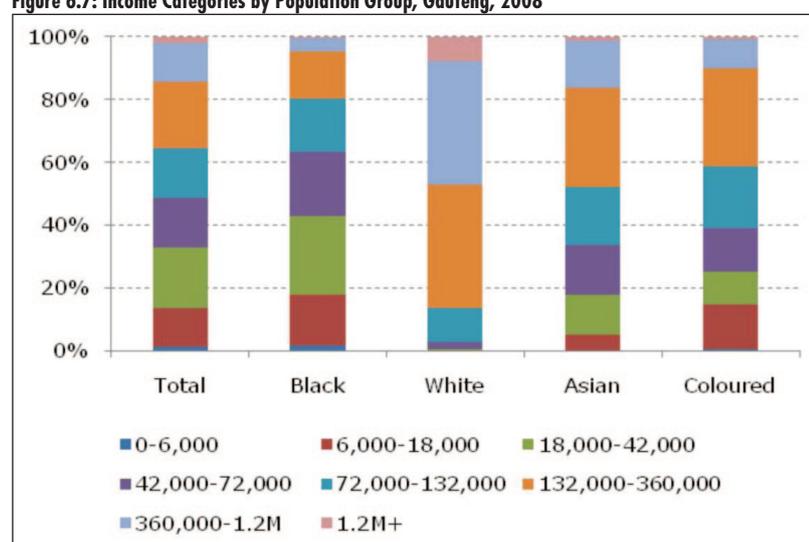


Source: South African Presidency Mid-Term Review, 2008

Figure 6.6 shows two things: the percentage of Gauteng's households in each LSM group in South Africa and the average monthly income per LSM category. As one moves across from the lower LSM through to the higher LSM categories, Gauteng's percentage increases. This indicates the higher economic opportunities that the provincial economy produces. In the country as a whole, over 30% of individuals in LSM 7 and above were from Gauteng and for LSM 10 the figure was 42%. This may be due to the higher wealth generated from large corporations based in the province.

The figure also illustrates how the average monthly income changes trajectory from LSM 5 onwards. This aligns with the income inequality shown in the development diamonds, where individuals in LSM 6-10 hold a significant proportion of wealth as compared with those in LSM 1-4. From LSM 6 onward, Gauteng's average monthly income exceeds that of the country. At LSM 10, Gauteng's average monthly income was R24,844. According to the Development Indicators Report, The Presidency, 2009, this is the third highest in the country, after Limpopo (R30,391) and Mpumalanga (R26,574).

**Figure 6.7: Income Categories by Population Group, Gauteng, 2008**



Source: IHS Global Insight, 2009

Note: M refers to millions

Figure 6.7 illustrates the distribution of households across the different income categories by population group per annum in Gauteng for 2008. At 16.3% and 14% respectively, Blacks and Coloureds had the highest percentage in the R6,000-R18,000 bracket. Within the Black population group, about 25% of households fell into the R18,000-R42,000 category with 0.2% of Whites, 12.8% of Asians and 10.7% of Coloureds falling into this category. At 31%, each of the Asian and Coloured population were in the R132,000-R360,000 category. In the White population group, approximately 39% were in the R132,000-R360,000 category, 39.6% in the R360,000-R1.2 million category and 7.7% in the R1.2 million category.

Traditionally, poverty has been measured by the lack of a minimum income (or consumption level) necessary to meet basic needs. In order to measure poverty on a global scale the World Bank defines the international poverty line as US \$1 and \$2 per day<sup>6</sup>. One of the MDGs is to eradicate extreme poverty and hunger by 2015 by halving the proportion of people whose income is less than US \$1 a day. The second target is to halve the proportion of people who suffer from hunger as measured by the proportion of the population below the minimum level of dietary consumption. The international poverty line, measured in US dollars, is not perfect but it gives an indication of the categories of the population who would be able to afford their basic needs for survival.

According to IHS Global Insight, in 2000 the percentage of people living on less than US \$1 a day in South Africa was 5.1%, with 14.5% living on less than US \$2 a day. In Gauteng in the year 2000, 2.6% of people were living on less than US \$1 a day and 7.5% on less than US \$2 a day. In 2008, the percentages were 0.7% and 2.9% respectively. Although this might suggest a significant improvement, poverty measurement goes beyond monetary criteria and takes into account a variety of social indicators in addition to income. The definition and measurement of poverty

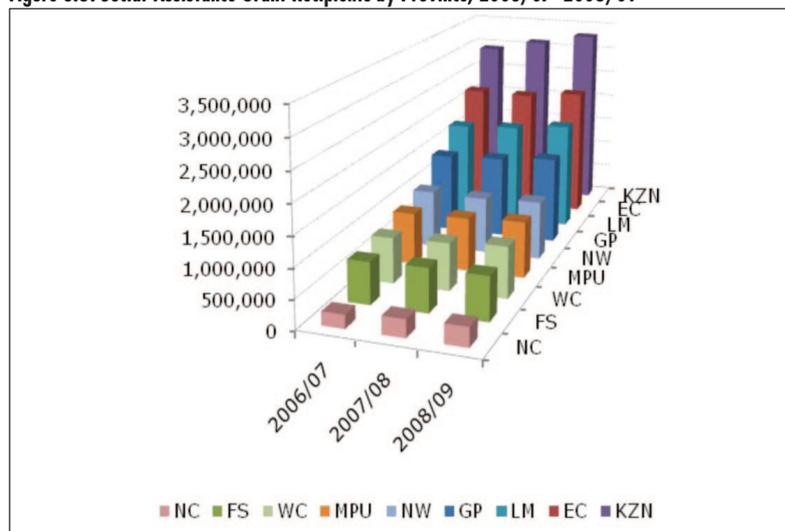
<sup>6</sup> The US \$1 per day level is generally used for the least developed countries, primarily in Africa; the US \$2 per day level is used for middle income economies such as those of East Asia and Latin America.

levels are no longer narrowly defined in terms of income level; instead the definition has been expanded to include non-monetary variables that relate to quality of life<sup>7</sup>.

### 6.3.5 Social Grants

The South African Social Security Agency Act No. 9 of 2004 established the South African Social Security Agency (SASSA). SASSA was created to promote efficiency, raise administrative standards and improve coordination and service delivery through a unified system for the administration and disbursement of social grants<sup>8</sup> and the provision of social security.

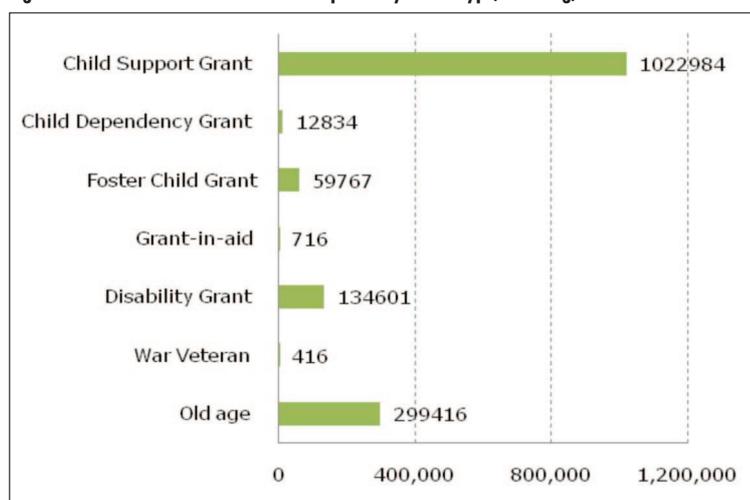
**Figure 6.8: Social-Assistance Grant Recipients by Province, 2006/07 -2008/09**



Source: South African Presidency Mid-Term Review , 2008

Figure 6.8 shows the total number of recipients who received some form of social grant between financial years 2006/07 and 2008/09. KwaZulu-Natal and the Eastern Cape had the largest numbers of individuals receiving social grants and Northern Cape and Free State the lowest. Over the three-year period, each province had a steady increase in the number of individuals receiving these grants. The Eastern Cape was the only province that experienced a decrease, between 2006/07 and 2007/08 but this increased again in 2008/09. Gauteng experienced an increase of 43,564 from 2006/07 to 2007/08 and an 80,009 increase between 2007/08 and 2008/09. This brought the total number of beneficiaries in 2008/09 to 1,530,018 in Gauteng.

**Figure 6.9: Social-Assistance Grants Recipients by Grant Type, Gauteng, 2009**



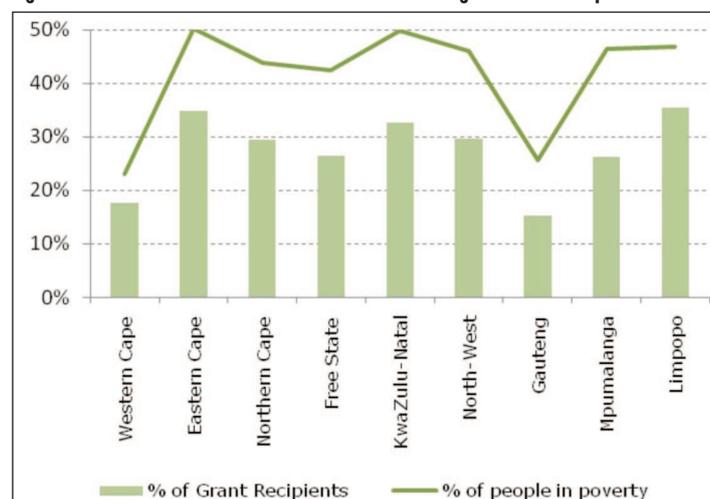
Source: South African Presidency Mid-Term Review , 2008

7 Maxwell S. 1999. *The Meaning and Measurement of Poverty*. ODI Poverty Briefing

8 Financial and Fiscal Commission. 2009. Submission for Division of Revenue 2010/11 gives additional information.

Figure 6.9, which classifies social support grant beneficiaries by grant type for Gauteng, shows that in 2009 the largest single number (1,022,984) received the Child Support Grant<sup>9</sup>. The numbers receiving the War Veteran Grant<sup>10</sup> and the Grant-in-Aid<sup>11</sup> were the smallest.

**Figure 6.10: Provincial Correlation between the Percentages of Grant Recipients & Percentage of People Living in Poverty, 2008**



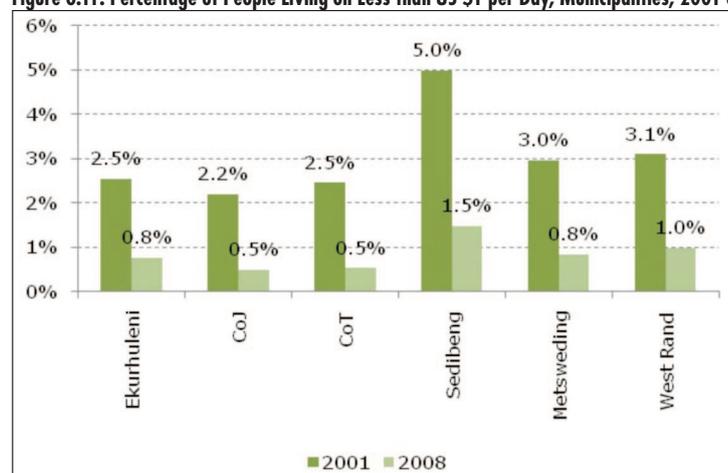
Source: South African Presidency Mid-Term Review, 2008 & IHS Global Insight, 2009

Figure 6.10 shows, per province in 2008, the percentage of people who received social assistance grants and who were living in poverty. The Eastern Cape, KwaZulu-Natal and Limpopo had the highest percentage of people living in poverty, at 50.3%, 49.8% and 46.8% respectively and therefore had the largest percentages of people receiving social assistance. Gauteng and the Western Cape had the lowest percentages of people living in poverty and thus had the lowest percentages of grant recipients, at 15.3% and 16.7% respectively.

## 6.4 Municipal Development Indicators

This section discusses development in municipalities. It looks first at the percentages of people living on less than US \$1 a day. This helps in assessing progress towards reaching the MDGs. The section then also looks at income inequality and human development within municipalities. Because of the number of municipalities, development diamonds could not be used in this section. Instead, the development indicators are shown and compared on separate diagrams.

**Figure 6.11: Percentage of People Living on Less than US \$1 per Day, Municipalities, 2001 & 2008**



Source: IHS Global Insight, 2009

<sup>9</sup> Refers to a grant paid to an eligible primary caregiver of a child.

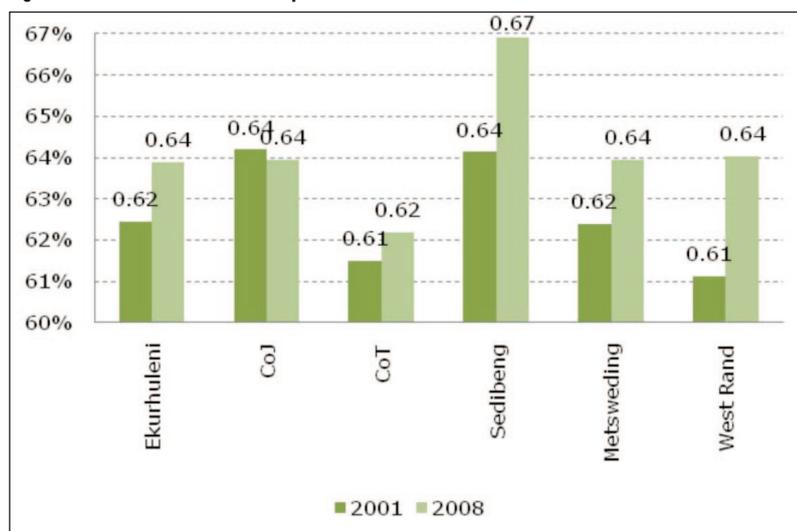
<sup>10</sup> Refers to a grant paid to a person who is older than 60 or has a physical or mental disability, is unable to provide maintenance for him or herself and has served in either the Great War (Union or British Forces), Second World War (any allied force to the government) or was a member of the Union Defence Force during hostilities in Korea.

<sup>11</sup> Refers to a grant paid to a person who is in such a physical or mental condition that he or she requires regular attendance by another person.

Figure 6.11 shows the percentage of people living on less than US \$1 per day in 2001 and 2008. Sedibeng had the highest percentage (5%) of people in this category, followed by West Rand (3.1%) and Metsweding (3%). The situation in the metropolitan municipalities was somewhat better, with the largest percentages in Ekurhuleni and CoT at 2.5%. Thus, between 2001 and 2008, the percentage of those living on less than US \$1 a day decreased for most municipalities to less than 1%. However, this improvement needs to be assessed in the light of other and non-monetary, indicators of development and quality of life.

### 6.4.1 Income Inequality

Figure 6.12: Gini Coefficient, Municipalities, 2001 & 2008



Source: IHS Global Insight, 2009

Figure 6.12 shows the changes in the Gini coefficient for the municipalities between 2001 and 2008. Income inequality increased in all municipalities except for the CoJ. Sedibeng experienced the largest increase, from 0.64 to 0.67 and at the end of the review period was the municipality with the most unequal income distribution in the province. At about 0.64 each in 2008, West Rand, Metsweding and Ekurhuleni experienced increases in income inequality.

Table 6.4: Gini Coefficient, Population Groups, Municipalities, 2008

	Black	White	Coloured	Asian
Ekurhuleni	0.57	0.44	0.56	0.56
CoJ	0.59	0.44	0.55	0.55
CoT	0.59	0.44	0.52	0.55
Sedibeng	0.59	0.46	0.66	0.54
Metsweding	0.58	0.46	0.54	*
West Rand	0.57	0.45	0.57	0.57
<b>Gauteng</b>	<b>0.59</b>	<b>0.45</b>	<b>0.56</b>	<b>0.55</b>

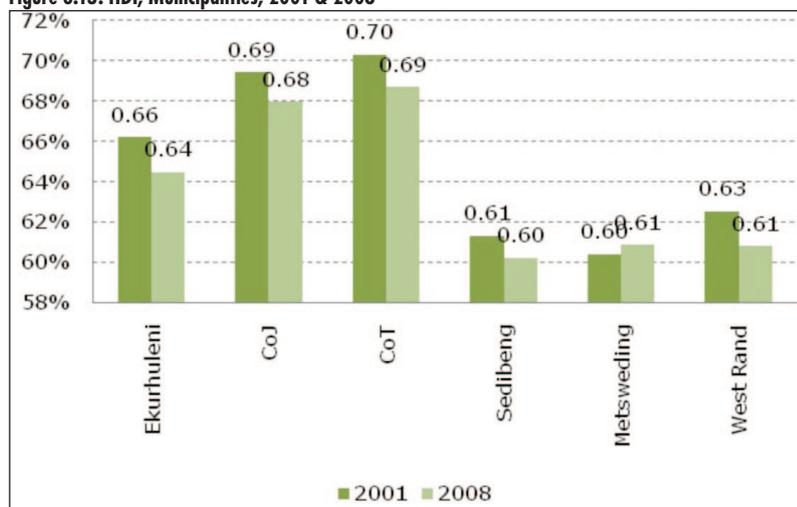
Source: IHS Global Insight, 2009

Note: \*For the Asian population group for Metsweding, no value could be determined due to the low population numbers in the district.

Table 6.4 analyses the Gini coefficient by population group at municipal level. Across all municipalities and the province as a whole, the coefficient for the Black population group was the highest, at approximately 0.59. For the province as a whole. The White population group had the lowest levels of income inequality, at between 0.44 and 0.46. The Gini coefficient for the Coloured population group varied substantially between municipalities, with Sedibeng having the highest level of inequality at 0.66.

### 6.4.2 Human Development

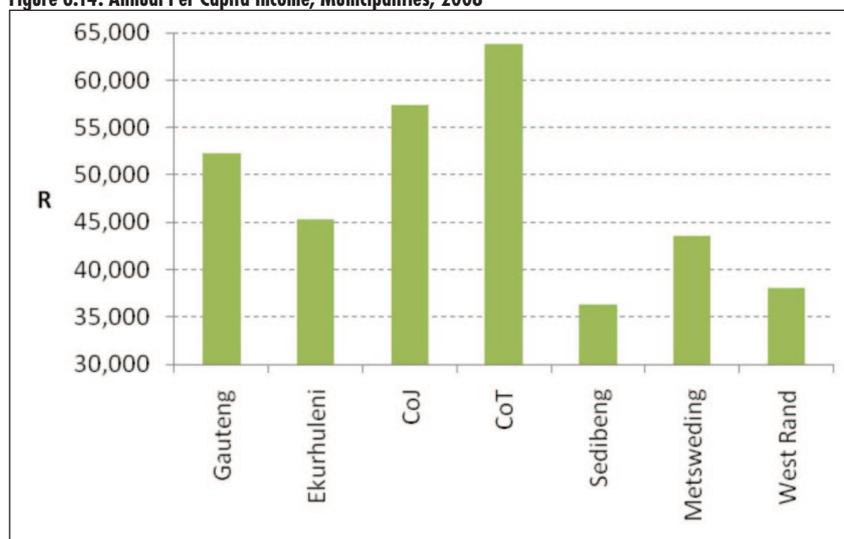
Figure 6.13: HDI, Municipalities, 2001 & 2008



Source: IHS Global Insight, 2009

Figure 6.13 shows the change in the HDI for the municipalities between 2001 and 2008. Apart from Metsweding, which had increases in the HDI from 0.60 to 0.61 over the period, every municipality experienced a decrease. The HDI for Ekurhuleni and the West Rand both decreased by 1.7 percentage points. Despite a decrease from 0.7 to 0.69%, CoT had the highest level of development according to this indicator in the review period. The metros have higher HDI scores compared with the district municipalities. This is due to the fact that economic opportunities are more prevalent within the metropolitan municipalities and therefore, as is shown in figure 6.14, they have higher annual per capita incomes.

Figure 6.14: Annual Per Capita Income, Municipalities, 2008



Source: IHS Global Insight, 2009

In 2008, the annual per capita income for Gauteng was R52,302. Among the metropolitan municipalities, CoT's was the highest at R63,837. The three municipal districts per capita income ranged from R36,347 to R43,501

**Table 6.5: HDI by Population Group, Municipalities, 2008**

	Black	White	Coloured	Asian
<b>Ekurhuleni</b>	0.55	0.88	0.65	0.76
<b>CoJ</b>	0.59	0.90	0.71	0.78
<b>CoT</b>	0.58	0.90	0.71	0.78
<b>Sedibeng</b>	0.52	0.87	0.59	0.77
<b>Metsweding</b>	0.50	0.86	0.53	*
<b>West Rand</b>	0.51	0.86	0.64	0.77
<b>Gauteng</b>	<b>0.57</b>	<b>0.89</b>	<b>0.69</b>	<b>0.78</b>

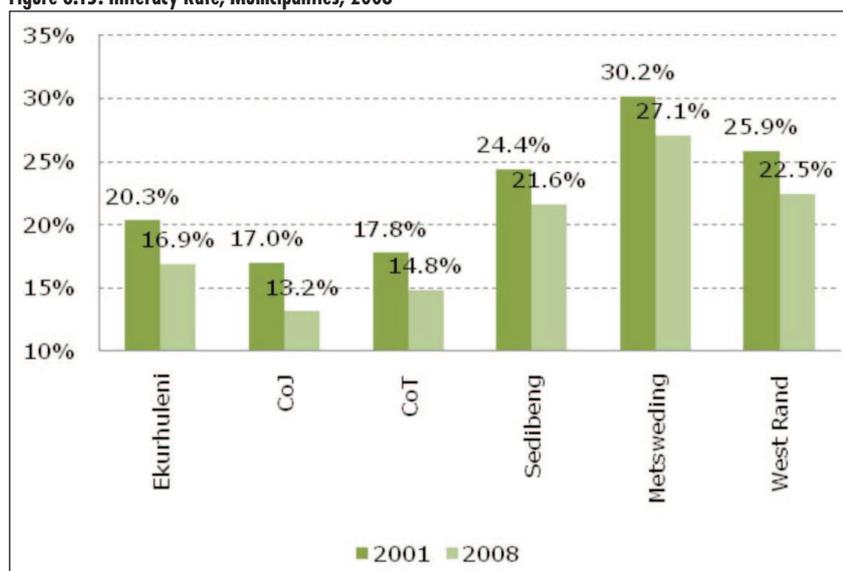
Source: IHS Global Insight, 2009

Note: \*For the Asian population group for Metsweding, no value could be determined due to the low population in that region

Table 6.5 analyses the HDI by population group at municipal level in 2008. This differs significantly between the four population groups. The highest level of development was within the White population groups in CoJ and CoT, which were both at 0.90. There were substantial differences within the Coloured group. In the metros, the scores were 0.65 (Ekurhuleni) and 0.71 (CoJ and CoT) while in the districts they were 0.53 (Metsweding), 0.59 (Sedibeng) and 0.64 (West Rand). At between 0.50 and 0.59, the Black population group had the lowest HDI levels.

### 6.4.3 Illiteracy Rate

**Figure 6.15: Illiteracy Rate, Municipalities, 2008**



Source: IHS Global Insight, 2009

As shown in Figure 6.15, illiteracy rates for all municipalities improved between 2001 and 2008. CoJ and CoT had the lowest percentages of illiterate individuals in 2008, at 13.2% and 14.8% respectively. Metsweding had the highest level of illiteracy, although it decreased from 30.2% to 27.1% in the two years under review.

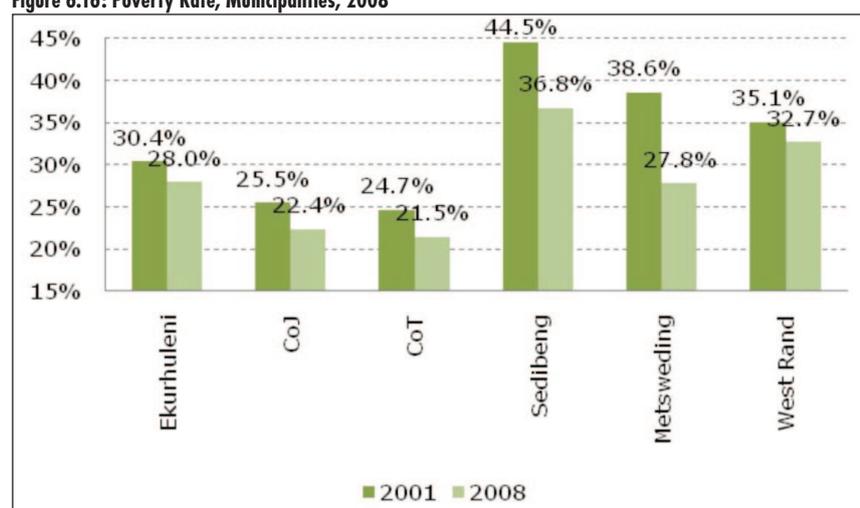
**Table 6.6: Illiteracy Rate by Population Group, Municipalities, 2008**

	Black	White	Coloured	Asian
Ekurhuleni	21.6%	3.0%	10.0%	6.8%
CoJ	16.9%	2.7%	5.0%	6.2%
CoT	20.2%	1.9%	3.8%	7.1%
Sedibeng	25.8%	3.7%	16.8%	6.6%
Metsweding	35.0%	4.2%	31.6%	6.1%
West Rand	28.1%	3.0%	13.9%	7.1%
<b>Gauteng</b>	<b>20.7%</b>	<b>2.7%</b>	<b>6.7%</b>	<b>6.5%</b>

Source: IHS Global Insight, 2009

Table 6.6 analyses illiteracy by population group at municipal level in 2008. For the province as a whole, the Black population had the highest illiteracy rate, at 20.7%. In Metsweding, 35% of the people in the Black population group were illiterate. This was the highest for any population group in any municipality in the province. Ekurhuleni, CoJ and CoT had the lowest illiteracy rates for the White and Coloured population groups. The Asian illiteracy rates variance between the metros and districts was low, ranging between 6.2% and 7.1%.

#### 6.4.4 Poverty Rate

**Figure 6.16: Poverty Rate, Municipalities, 2008**

Source: IHS Global Insight, 2009

Despite the negative picture created by the first two indicators, the Gini coefficient and the HDI, the percentage of people living in poverty decreased in all six municipalities. Metsweding experienced the largest decrease at 10.79 percentage points from 38.61% in 2001 to 27.82% in 2008. In the same year, CoT had the lowest percentage of people living in poverty, at 21.4%, with the percentage for CoJ at 22.4%. The apparently significant declines in Metsweding and Sedibeng could be due to the low population, where small changes in poverty levels can have a disproportionate effect on overall figures. An example would be a significantly wealthy family that happen to move into a low populated region thereby altering the poverty rate due to the low count of observations to make statistical inference.

**Table 6.7: Poverty Rate by Population Group, Municipalities, 2008**

	<b>Black</b>	<b>White</b>	<b>Coloured</b>	<b>Asian</b>
<b>Ekurhuleni</b>	35.2%	0.5%	29.5%	17.0%
<b>CoJ</b>	27.9%	0.3%	20.7%	13.9%
<b>CoT</b>	28.5%	0.3%	17.0%	11.8%
<b>Sedibeng</b>	43.4%	0.6%	56.9%	12.4%
<b>Metsweding</b>	35.7%	1.1%	43.6%	12.4%
<b>West Rand</b>	40.4%	0.6%	29.1%	18.6%
<b>Gauteng</b>	<b>32.4%</b>	<b>0.4%</b>	<b>23.5%</b>	<b>14.3%</b>

Source: IHS Global Insight, 2009

Table 6.7 illustrates the poverty rate between the different population groups. In 2008 across the province between 28% and 43% of Blacks lived in poverty compared with less than 1.2% of Whites. Some of the highest percentages of people living in poverty were in Sedibeng, with 43.4% of Blacks and 56.9% of Coloureds in this category. CoT had the smallest percentages living in poverty across all population groups, with 28.5% for Blacks, 0.3% for Whites, 17% for Coloureds and 11.8% for Asians. Overall, CoT had the highest levels of development in terms of three out of the four indicators, with illiteracy being the only exception.

## 6.5 Conclusion

While the percentage of people living in poverty in Gauteng is in decline and literacy rates are improving, marked income inequality remains. The increase in income inequality since 2001 must call into question the effectiveness of wealth distribution strategies and policies. Gauteng has a high percentage of South Africa's upper LSM group, and the largest single percentage of households in the province is in the middle-income LSM 6 category. Social assistance has increased steadily, with child support grants being the most numerous.

Since 2001 the CoT has performed the best with respect to income inequality, HDI and the percentage of population living in poverty. With the lowest per capita income in the province, Sedibeng remains the municipality with the lowest level of development with respect to income inequality, HDI and the percentage of people living in poverty.

# Chapter 7: The State of the Natural Environment in Gauteng

## 7.1 Introduction

This Chapter discusses the state of the natural environment in Gauteng under the topics of social environment, climate change, air quality, biodiversity, water management and waste management. It draws substantially on the Gauteng 2004 *State of the Environment Report* (SoER), issued by the Gauteng Department of Agriculture and Rural Development (GDARD)<sup>1</sup>.

The natural environment provides the habitat for humans; makes available the natural resources for economic production; and creates the appropriate atmosphere for economic production to take place. The SoER quotes the United Nations as follows:

*“In order to achieve sustainable development, environmental protection needs to be part of the development process and cannot be considered in isolation from it.”*

United Nations, 1992<sup>2</sup>

The state of the environment and in particular issues related to global warming and climate change, are matters of international concern. Industrialised countries are committed, in terms of the Kyoto Protocol, to reducing their Green House Gas (GHG) emissions. The Kyoto Protocol is a protocol to the United Nations Framework Convention on Climate Change (UNFCCC) aimed at combating global warming. It came into force in February 2005<sup>3</sup> and binds countries to reduce GHG emissions. It also offers assistance to countries to adapt to the effects of global warming by developing techniques that can help alleviate these effects. Countries are also offered mechanisms to help them meet their reduction of emissions, one of which is the “Clean Development Mechanism” (CDM). South Africa places a lot of emphasis on the environment and as a result, the country signed and ratified the Kyoto Protocol in 2002.

The most recent climate summit was held Copenhagen in December 2009. It was intended to chart a way to reduce global warming beyond 2012. However, only five countries - USA, China, India, Brazil and South Africa - signed the accord which resulted from the summit. The agreement, which is not binding, recognises that climate change is one of the challenges that need to be prioritised. Countries were encouraged to take action to keep temperature increases to below 2°Celsius. The conference was regarded by many as a failure because of the lack of formal commitment by the majority of countries.

Gauteng takes seriously its commitment to the protection of the environment and the Premier, Ms Nomvula Mokonyane, has called on the people of the province to become involved in protecting the environment and natural resources. This is in line with one of the MDGs, which addresses the issue of environmental sustainability and the integration of sustainable development into national policies.

In Gauteng, environmental issues and sustainable development are of particular importance given in-migration, the relative population density and the rapid rate of economic progress and industrialisation. If there is a lack of integrated planning, these factors combine to create the potential for serious environmental degradation.

1 Previously the Gauteng Department of Agriculture, Conservation and Environment (GDACE)

2 Gauteng Provincial Government. 2004. *State of the Environment Report*.

3 Accessed from the internet ;[http://unfccc.int/kyoto\\_protocol/items/2830.php](http://unfccc.int/kyoto_protocol/items/2830.php)

Although the province is relatively urban, food security is nevertheless important and this has led to seven agricultural hubs being established in the district municipalities to boost agricultural processes. The agriculture, forestry & fishing sector in Gauteng is relatively small, but there are strong links between this sector and the secondary sector within the provincial economy.

The manufacturing sector is a key factor because of the important role it plays within the provincial economy. Its production processes are relatively energy-intensive and also generate environmental pollution. Energy released in the form of gaseous emissions from burning substances like coal, such as that used in the generation of electricity, pollutes the environment, reduces the air quality and affects human health and the natural resource base. Production in the mining sector, although a decreasing part of the provincial economy, can damage the natural environment by permanently altering the landscape, contaminating the soil surrounding the mines and negatively affecting the health of adjacent communities.

The four areas of focus in the following section of this Chapter are air quality, biodiversity, water management and waste management. The Chapter locates these within the municipal as well as the provincial context.

## 7.2 Air Quality

Air quality is affected by the climate, the landscape, natural and economic activities that take place in an area. There are different sources of air pollution: emissions from industrial processes, domestic fuel burning, vehicle exhaust emissions and waste facilities. Gauteng has the largest concentration of economic activity in the country, is the most populous province and has the largest vehicle population in the country. These factors combined make Gauteng particularly liable to poor air quality, although changes in fuel specifications since 2006 have helped to reduce air pollution from vehicle emissions.

Coal is still a source of energy for many households in the province's townships and this negatively affects air quality, especially in winter. This brings associated health risks of respiratory diseases and deterioration in visibility. Air pollution also emits the green house gases: carbon dioxide (CO<sub>2</sub>), methane and nitrous oxide<sup>4</sup>. These are major contributors to global warming, defined as the increase in the average temperature of the earth's near-surface air and oceans and is considered to have led to extreme and irregular global weather patterns. Electrification of households, particularly in townships and informal settlements, is seen as a partial solution to fossil-fuel related gas emissions. However, this requires generation of electricity from coal, which in itself leads to pollution.

### 7.2.1 Municipal Air Quality

Many municipalities in the province are characterised by poor air quality arising from industrial pollution, landfills, vehicle emissions and veld fires. Sedibeng is one of the most highly polluted municipalities because of the level of industrialisation in the Vaal Triangle within the Emfuleni local municipality. The Vaal Triangle Priority Area has been declared because of the elevated atmospheric pollutant concentrations within the area. These result from industrial activities, combined with the fuel manufacturing activity of Sasol.

In the CoJ, air pollution is intensified by factors such as the use of coal and paraffin as energy by township households<sup>5</sup>. Waste disposal landfills form another category of air pollution as they are sources of greenhouse gases. In response to these problems, the CoJ has created six ambient air quality monitoring stations, located near emission points within the metro.

As there is a particularly high concentration of mining in the West Rand, the major air pollutants in the district are the gold mine dumps. Dust from slime dams and soil waste residue pose a threat to the district as they contain heavy metals and radio-active elements. In the CoT and Ekurhuleni, air pollution results from emissions of vehicle exhausts and also domestic and industrial fuel burning.

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4 Liebenberg-Enslin, H. (n.d.). *Gauteng 2034 Development Strategy: Air Quality Research Paper*. Airshed Planning Professionals (Pty) LTD.

5 *State of the Air Report for CoJ* (n.d.) compiled by the Environmental Management Department of the CoJ.

## 7.3 Biodiversity

Biodiversity<sup>6</sup> is the variation of life forms in a given ecosystem or for the earth as a whole. It is also used as a measure of the health of organisms in an ecosystem. The biodiversity of the province is important for maintaining its rich variety of indigenous fauna and flora, while its wetlands help to purify river water by filtering pollutants. Areas rich in vegetation purify the air by absorbing CO<sub>2</sub>. However, the rapid expansion of urban settlements and economic development in the province can threaten this biodiversity. This expansion increases the demand for resources like water, energy and land and has the potential to generate more waste.

Some facts about the biodiversity of the province are:

- More plant species occur in Gauteng per unit area than in any other province;
- Of its eight grassland vegetation types in Gauteng, two are critically endangered; and
- Gauteng is a centre of distribution for components of grasslands biodiversity.

The high population density in Gauteng and its economic development threaten the biodiversity of the province and policies aimed at increasing industrial development may intensify this. In line with the objectives of MDGs, the Premier has promised to focus on the protection of the province's biodiversity.

### 7.3.1 Municipal Biodiversity

Most of the municipalities regard their wetlands as important areas of conservation and are aware that such areas should be preserved to protect the ecosystem. In the south and central regions of the CoT, urbanisation and mining have contaminated the wetlands. However, the northern region has wetlands that are in better condition because of lower population and industrial levels. In Sedibeng, Dhlomo Dam is an important conservation area and has a relatively high biodiversity count.

## 7.4 Water Management

Water management is the process of planning, developing, distributing and ensuring the optimal use of water. The water resources of South Africa and for the province are in scarce supply. Gauteng's water resources are supplemented by raw water from the Lesotho Highlands Water Project (LHWP), which feeds into the Vaal River.

The increasing population and industrial production in the province create increased demand for water. These factors also play a role to the pollution of water, with Johannesburg Water (Pty), the company which is wholly owned by the CoJ and responsible for the supply to the city, indicating an increase in the volumes of sewage discharged in surface water. Other sources of water pollution are mining, use of fertilisers, pesticides and dumping of waste close to water resources. The 2004 SoER concluded that the water quality in Gauteng was marginal to good, but cited microbiological contamination, which refers to the presence of bacteria which could affect the quality of water and people's health. The Integrated Water Management System (IWMS) for the province is in the process of being developed.

### 7.4.1 Municipal Water Management

The municipality most affected by water pollution is the West Rand where the high concentration of mining operations has caused acid mine drainage (AMD)<sup>7</sup>. The discharge of contaminated water from deserted mines is the cause of this. It pollutes ground water with toxic heavy metals, leading to degradation of the soil quality. The problem of contaminated water from the West Rand is not confined in the district alone but also affects the rivers in Sedibeng. The 2010 Integrated Development Plan (IDP) report for Sedibeng indicates that mining and industrial activities from the West Rand contribute very significantly to pollution of the area's surface and ground water quality.

6 This section is written with reference to Chapter Seven of Gauteng 2004 State of the Environment Report.

7 Department of Environmental Affairs and Tourism. 2008. Emerging Issues Paper: Mine Water Pollution.

In Metsweding, most of the rivers have reduced water quality because of bacterial and chemical contamination resulting from urbanisation, agricultural activities and mining<sup>8</sup>. Water quality in Ekurhuleni is also unsatisfactory because of industrial pollution<sup>9</sup>.

## **7.5 Waste Management**

High population density, coupled with high levels of industrial activity, generates high volumes of waste in the province. When this is not properly managed or treated, it leads to environmental pollution. Provincial and local government are responsible for formulating plans for handling such waste.

A report by the GDED<sup>10</sup> categorises waste under a number of headings including solid, hazardous, mining, sewage waste water and effluent. The GDED estimates that about 5,729,520 tons of solid waste was generated in the province in 2006. The report identifies a number of driving forces behind the increased waste generation in the province. These include urbanisation and migration, changing economic markets, increased commercial and industrial development and lack of information regarding waste avoidance, minimisation and recycling. Information on the positive effects of re-use, reduction and recycling can have beneficial effects on waste minimisation but there is a lack of awareness and education about this. Educating the population about waste minimisation and recycling could have beneficial consequences for waste generation and management. Waste generation tends to correlate with the affluence of a society because the wealthier it becomes the more waste is generated per capita. Eighty percent of households in the province have access to weekly refuse removal services. However, these services are not standardised for low income, high density areas as the province lacks appropriate waste disposal facilities.

The Gauteng SoER of 2004 indicates that Gauteng households generated about 146kg of waste per person per year. This is not surprising as the province has the biggest economy and as a result would have a more affluent population. The high level of economic activity results in industrial waste. The Western Cape generated the second highest per capita amount of waste and KwaZulu-Natal relatively less waste.

### **7.5.1 Municipal Waste Management**

Of all the municipalities, CoT generates the greatest amount of waste, followed by CoJ and Ekurhuleni. CoT has nine landfills and CoJ four<sup>11</sup>. The Ekurhuleni metro operates five landfill sites, managed by private companies. About 1.5 million tons of waste is handled at the sites annually. In 1998, the municipality began a project to extract methane from the waste, to compress and use it for diesel production. Research is ongoing to use these landfills for the production of other energy sources.

## **7.6 Conclusion**

This Chapter has discussed the natural environment of the province. It provides habitat for humans and makes available the natural resources for economic production. The state of the environment and in particular issues related to global warming and climate change, are matters of international concern whereby industrialised countries are committed to reducing their GHG emissions. In the most recent climate summit held in Copenhagen in December 2009, countries were encouraged to take action to keep temperature increases to below 2°Celsius.

Gauteng is a relatively more urbanised province and takes the issues of the environment seriously whereby food security is placed high on the agenda; this has led to seven agricultural hubs being established in the district municipalities. The provincial agriculture, forestry & fishing sector is relatively small but there are strong links between this sector and the secondary sector. The manufacturing sector plays an important role in the province's economy but its energy-intensive production processes also generate environmental pollution.

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8 Metsweding District Municipality, IDP Review, 2009/2010

9 Environmental Framework for Ekurhuleni, June 2007.

10 Gauteng Department of Economic Development. 2008. *Gauteng 2034 Development Strategy: Bulk Service Infrastructure*.

11 Gauteng. 2004 *State of the Environment Report*.

Gauteng has the largest concentration of economic activity in the country, is the most populous province and has the largest vehicle population in the country; this makes it particularly liable to poor air quality. Coal is still a source of energy for many households in the townships and this negatively affects air quality. Many municipalities in the province are characterised by poor air quality arising from industrial pollution, landfills, vehicle emissions and veld fires.

The water resources for the province are generally scarce and are supplemented by raw water from the LHWP. The high population density and industrial activity generate high volumes of waste. A report by the GDED estimates that about 5,729,520 tons of solid waste was generated in the province in 2006. Of all the municipalities, the CoT is reported to generate the most waste.

